

AGENDA

MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF HOLLISTER REDEVELOPMENT AGENCY

DATE: Thurs. October 27, 2016 Time: 3:00 P.M. City Hall 375 Fifth St., Hollister, CA

***ANYONE WISHING TO ADDRESS THE OVERSIGHT BOARD PLEASE STEP
FORWARD AND STATE YOUR
NAME AND ADDRESS TO THE SECRETARY***

This Oversight Board has been created pursuant to §34161 through §34190 of the Health and Safety Code for the sole purpose of overseeing the actions of the Successor Agency to the City of Hollister Redevelopment Agency. In accordance with §34179 (h) of the Health and Safety Code, all Oversight Board (“Board”) actions shall not be effective for five business days, pending a request for review by the State Department of Finance (“Department”). In the event that the Department requests a review of a given Board action, it shall have forty days from the date of its request to approve the Oversight Board action or return it to the Board for reconsideration. In the event that the Department returns the Board action to the Board for reconsideration, the Board shall resubmit the modified action for Department approval, and the modified Board action shall not become effective until approved by the Department.

Persons who wish to speak on matters set for Public Hearing will be heard when the presiding officer calls for comments from those persons who are in support of/or in opposition hereto. After persons have spoken, the hearing is closed and brought to Commission level for discussion and action. There is no further comment permitted from the audience unless requested by the Chairman.

Call to Order

Pledge of Allegiance

Roll Call: Members: Bill Avera, Jamie De La Cruz, Raymond Friend, Shannon Hansen, Steve Kinsella, Holly McWhinnie, John Tobias

Verification of Agenda Posting

A. Approval of Minutes:

1. Approve minutes of the January 28, 2016 meeting. **[Pages 3-4]**

B. Communications from the Public on Items Not Listed on the Agenda: This is the time for anyone in the audience to speak on any item not on the agenda and within the subject matter jurisdiction of the Oversight Board. When the Oversight Board calls your name, please come to the podium, state your name and address for the record, and speak to the Board. Each speaker will be limited to two minutes. Please note that state law prohibits the Oversight Board from discussing or taking action on any item not on the agenda.

C. Consent – None

D. New Business

1. **Modification to loan agreements with Honda Powerhouse [PAGES 5-34]**

The Board will consider approval of Resolution No. 2016-02 OB, A Resolution of the Oversight Board of the Successor Agency to the Hollister Redevelopment Agency Approving a Loan Modification for Honda Powerhouse

2. **Cancellation of the November 24, 2016 and December 22, 2016 Oversight Board Meetings**

The Board will consider a request to cancel the regular November and December 2016 Oversight Board meetings due to a conflict with Holidays.

E. Reports of the Successor Agency, Board, and County Auditor Controller.

1. Reports from Successor Agency Staff.
2. Reports from the Oversight Board members.
3. Report from the County Auditor Controller.

ADJOURNMENT

NEXT REGULAR MEETING: January 26, 2017

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the City Clerk's office at City Hall, 375 Fifth Street, Hollister and the Development Services Department, Successor Agency Office 339 Fifth Street, Monday through Friday, 8:00 am to noon, 1:00 pm to 5 pm (offices closed between 12:00 and 1:00 p.m.). Such documents are also available on the City of Hollister website at www.hollister.ca.gov subject to staff's ability to post the documents before the meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (831) 636-4300 Ext 16. Notification of 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II].

MINUTES

MEETING OF OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HOLLISTER

January 28, 2016, 3:00 p.m.

CALL TO ORDER: Chair De La Cruz called the meeting to order at 3:08 p.m.

PLEDGE OF ALLEGIANCE: Director Friend led the pledge of allegiance.

VERIFICATION OF AGENDA POSTING: The meeting agenda was posted at City Hall January 15, 2016 at 11:30 a.m. per Government Code Section 65954.2(a).

ROLL CALL:

Present: Jaime De La Cruz, Raymond Friend, Shannon Hansen, Steve Kinsella,

Absent: Bill Avera, Holly McWhinnie, John Tobias

Staff Present: Mary Paxton, Renee Perales

San Benito County Staff Present: Janet Norris, Kelsey Maclsaac

1. Approval of Minutes:

ACTION: Director Hansen moved to approve the minutes of the October 22, 2015 Oversight Board meeting. Director Kinsella seconded. Motion passed 4-0-3.

COMMUNICATIONS FROM THE PUBLIC: None

CONSENT CALENDAR: None

OLD BUSINESS: None

NEW BUSINESS:

D-1 Election of Officers:

ACTION: Board Member De La Cruz nominated Member Tobias to serve as the Chair and Member Friend seconded. Motion passed 4-0-3. Member Friend moved to nominate Member Avera as Vice-Chair and Member De La Cruz seconded. Motion passed 4-0-3.

Report D-2 Recognized Obligation Payment Schedule 16-17:

ACTION: The Board received the report on Recognized Obligation Payment Schedule 16-17. Director Friend moved to approve Resolution 2016-01 OB approving Recognized Obligation Payment Schedule 16-17 and Director Kinsella seconded. Motion passed 4-0-3.

Report E-1 Reports from Successor Agency Staff. Staff reported a recent change to the Dissolution act changed the requirement for submittal of Recognized Obligation Payment Schedules from twice a year to once a year.

Report E-2 Reports from the Oversight Board Members: None.

Report E-3 Reports from the Oversight County Auditor Controller: None

ADJOURNMENT:

ACTION: Director Friend made a motion to adjourn the meeting at 3:14 p.m. Director Kinsella seconded. Motion passed 4-0-3.

Chair of the Oversight Board

ATTEST:

Mary M. Paxton, Secretary

**STAFF REPORT
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF HOLLISTER
REDEVELOPMENT AGENCY AGENDA**

DATE: October 20, 2016
STUDY SESSION DATE: N/A

AGENDA ITEM: Report
MEETING DATE: October 27, 2016

- **TITLE OF ITEM:** Approve the loan modification for Honda Powerhouse and authorize the execution of the Owner Participation and Loan Modification Agreement, Promissory Note and Deed of Trust between the Successor Agency to the former City of Hollister Redevelopment Agency and Honda Powerhouse.
- **BRIEF DESCRIPTION:** The Oversight Board will consider a request to approve the loan modification and authorize the execution of the modified loan documents for Honda Powerhouse at 411 San Felipe Road and to execute documents to subordinate to a senior loan subject to the modified loan documents.
- **STAFF RECOMMENDATION:** Staff recommends that the Oversight Board take the following action: Approve Resolution No. 2016-02 approving the loan modification for Honda Powerhouse and authorizing the execution of the Owner Participation and Loan Modification Agreement, Promissory Note and Deed of Trust.

DEPARTMENT SUMMARY:

In April 17, 2006, the former Hollister Redevelopment Agency (the “Agency”) approved an Owner Participation Agreement (“OPA”) with Michael S. Greenwood, Martin J. Greenwood and Dave F. Galtman in the amount of \$1,500,000 to assist with the Honda Powerhouse project. In March of 2007, the RDA approved an amendment to the OPA to provide an additional loan of \$400,000, for a combined loan amount of \$1,900,000.00 with 7% interest and a five-year term.

In the fall of 2007, the Agency approved a subordination agreement so that the redevelopment loans would be second to a loan with San Benito Bank for \$2,156,917. The construction and rehabilitation was completed in 2007 and the Hollister Honda powerhouse center opened.

The 2008 Hinderliter de Llamas Quarterly Sales Tax Reports ranked the Hollister Honda as one of the top ten sales tax generators in the City of Hollister. Even though the Hollister Honda was one of the top sales tax generators, the downturn in the economy since the onset of the Great Recession in 2008 slowed overall sales affecting the overall bottom line. A balloon payment for the \$400,000 loan would have been due in the Fall of 2009 and interest payments on the \$1.5 million dollar loan would have started in 2010.

In June 2009, the Agency approved Resolution 2009-20R, approving a deferral of all loan payments until June 15, 2011 (two years) with an option of an additional three years for the repayment of the loans. In June 2011, the Agency approved a second two-year deferral on repayment of the loan with Resolution 2011- 20R.

In June 2013, the Oversight Board considered a request from the Successor Agency to modify the loans. A copy of the June, 2103 staff report is attached. The Oversight Board directed staff to prepare a resolution to approve the amendment of the loan agreements that will do the following:

1. Combine the two loan agreements into one amended loan agreement.
2. Waive accrued and future interest payments.
3. Establish a two-tiered payment schedule
 - a. Payment of \$1000.00 per month until the San Benito Bank loan is paid off.
 - b. Payment of at least \$15,600 per month when the San Benito Bank loan is retired.
4. Twenty-year term with all unpaid principal due at the end of the 20-year term.

As staff began preparing the resolution and the amended loan documents, it was discovered that one of the business partners of the Borrower, left the business and transferred his interest in the property. In addition, some of the documentation of the Loan couldn't be found in the Dissolved RDA's files, including the promissory note evidencing a portion of the Loan in the principal amount of Four Hundred Thousand Dollars (\$400,000).

To protect the Successor Agency's rights to the additional Four Hundred Thousand Dollars (\$400,000) owed by the Borrower and due to the lien of the Loan as junior to a commercial bank loan on the Property, staff requests the Oversight Board approve and authorize the execution of the modified loan documents.

Hollister Honda is also requesting the Successor Agency to sign a subordination agreement that would allow the business to refinance their senior loan for a smaller debt than the 2007 subordination agreement and lower interest rate. Section 2.4, Security of the modified loan agreement would states the Successor Agency will agree to subordinate the Successor Agency Deed of Trust to any future refinancing provided the loan does not exceed the amount of the outstanding balance under the first mortgage loan and Honda does not receive any cash from the refinancing.

The Successor Agency staff has consulted with the State Department of Finance ("DOF") which has indicated by telephone communication received on October 20, 2016 that the DOF staff agrees with the Successor Agency staff that the modification of the Loan is the best option for the Successor Agency and all taxing entities as modifying the loan increases the chance of repayment of the Loan over time thereby reducing the amount of Real Property Tax Trust Fund ("RPTTF") monies needed by the

Successor Agency over time to pay enforceable obligations of the Dissolved RDA and thus increasing the payments over time to affected taxing agencies;

ATTACHMENTS: June 2013 Staff Report, Fourth Owner Participation and Loan Modification Agreement (Attachment A – Legal Description, Attachment B - Promissory Note, Attachment C - Deed of Trust), Resolution

CEQA: Exempt

DEPARTMENT: Successor Agency

CONTACT PERSON: Renee Perales, Project Coordinator

DEPARTMENT HEAD: **Bryan Swanson, Development Services Director**

PHONE NUMBER: (831) 636-4340

**STAFF REPORT
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF HOLLISTER
REDEVELOPMENT AGENCY AGENDA**

DATE: June 13, 2013
STUDY SESSION DATE: N/A

AGENDA ITEM: D-3 Report
MEETING DATE: June 20, 2013

- **TITLE OF ITEM:** Discussion of options to restructure an Owner Participation Agreement between the former City of Hollister Redevelopment Agency and Hollister Honda
- **BRIEF DESCRIPTION:** The Oversight Board will discuss options to restructure an Owner Participation Agreement for two loans (\$1.5 million dollars and \$400,000) for the Hollister Honda powerhouse at 411 San Felipe Road.
- **STAFF RECOMMENDATION:** Staff recommends that the Oversight Board take the following actions:
 1. Receive staff report.
 2. Direct staff to prepare a resolution recommending approval of amendments to the loan agreements.

DEPARTMENT SUMMARY:

Background: The Greenwood family purchased Tipton Motors in 2001 at 270 San Felipe Road and renamed the dealership to Greenwood Chevrolet, Buick, GMC. The Greenwood family purchased a bowling alley with a bar and restaurant nearby at 411 San Felipe Road in 2004. Closure of the bowling alley was imminent when the family purchased Family Bowl because it was losing money. The Redevelopment Agency approved a resolution in 2005 authorizing staff to prepare a letter of intent to loan \$1.5 million dollars to assist with the rehabilitation and conversion of the bowling alley to establish the first Honda Powerhouse dealership in northern California called Hollister Honda. The Redevelopment Agency (RDA) determined that the project was eligible for assistance because the former Family Bowl building was blighted, activities at the bar had become a public nuisance, and the new powerhouse could support economic development. The establishment of a power center also implemented the newly established North Gateway General Plan land use designation in the 2005-2023 General Plan revision that identified automotive sales as a primary land use on the San Felipe Road gateway corridor.

The former Hollister Redevelopment Agency approved an Owner Participation Agreement (“OPA”) with Michael S. Greenwood, Martin J. Greenwood and Dave F. Galtman and loan in the amount of \$1,500,000 to assist with the Honda Powerhouse project on April 17, 2006. In March of 2007, the RDA amended the OPA to provide an additional loan of \$400,000 for the Honda Powerhouse with 7% interest and a five year term. The March 2007 staff report for the amendment stated that the applicant would also be providing an additional \$250,000 of their own funds for rehabilitation. The Agency approved a subordination agreement in the fall of 2007 so that the combined \$1,900,000 redevelopment loans would be second to a loan with San Benito Bank for

\$2,156,917. The construction and rehabilitation was completed in 2007 and the Hollister Honda powerhouse center opened. Figure 1 provides a before and after picture of the Hollister Lanes and the new Hollister Honda. Table 1 summarizes the terms of the two loans.

Figure 1 - 411 San Felipe Road before and after RDA loan

<p align="center"><i>Family Bowl</i></p> <p align="center">BEFORE RDA LOAN</p>	<p align="center"><i>Hollister Honda</i></p> <p align="center">AFTER RDA LOAN</p>
	

The 2008 Hinderliter de Llamas Quarterly Sales Tax Reports ranked the Hollister Honda as one of the top ten sales tax generators in the City of Hollister. Even though the Hollister Honda was one of the top sales tax generators, the downturn in the economy since the onset of the Great Recession in 2008 slowed overall sales affecting the overall bottom line. A balloon payment for the \$400,000 loan would have been due in the Fall of 2009 and interest payments on the \$1.5 million dollar loan would have started in 2010. The Agency approved Resolution 2009-20R on June 15, 2009, authorizing the execution of an amendment to the owner participation agreement and loan documents to provide a deferral of all loan payments until June 15, 2011 (two years) with an option of an additional three years for the repayment of the loans. The Agency approved a second two year deferral on repayment of the loan with Resolution 2011- 20R on June 6, 2011.

Table 1 – Summary of prior Redevelopment Agency Loan Agreements

2006 Loan Amount	Interest	2006 Loan Payment terms
\$1,500,000	3% per annum (1)	<u>10/27/2007 – 10/29/2010</u> : Deferred principal and interest three years after promissory note <u>11/1/2010 – 10/1/2012</u> : 23 monthly payments of current interest only <u>11/1/2012 – 11/1/2032</u> : Amortize outstanding principal and accrued interest with 240 equal monthly payments
2007 Loan Amount	Interest	2007 Loan Payment terms
\$ 400,000	7% fixed	30 month term (3/2007 -9/2009)

Notes:

- (1) Loan agreement provided for two \$750,000 installments with 6% simple interest but allowed the interest to be reduced to 3% per annum if employment and sales targets were met by the third and fifth anniversary if rehabilitation improvements were completed and employment and sales targets were met. Honda Powerhouse met employment and sales tax targets.

Between 2008 and the present, the owners have taken several steps to weather the economic downturn. First, Hollister Honda was combined with Greenwood Chevrolet. On May 31, 2012 the owners finalized negotiations with Honda after multiple meetings to allow the construction of a wall in the Hollister Honda building to permit the establishment of other motorcycle dealerships in the building. Hollister Honda remained on the north side of the building as a Honda powerhouse. The newly formed Hollister Power Sports moved into the south side of the building. Hollister Power Sports added dealerships for Kawasaki Motorcycle on June 29, 2012, Polaris and Victory Motorcycles on August 7, 2012 and GEM electric motorcycles on January 17, 2013. Hollister Power Sports also has three mobile mechanics with a market area from north of San Francisco to San Diego. The changes have allowed the business to transition to a destination dealership for five major motorcycles brands for sales and parts. The Hollister Honda and Hollister Power Sports have 20 full-time employees and five part-time employees. Greenwood Chevrolet, which now includes Hollister Honda and Hollister Power Sports, continues to rank as one of the top sales tax generators in the City of Hollister.

Loan Agreement and the Successor Agency: The Owner Participation Agreement for the Honda Power Center is recognized as an “Asset” of the City of Hollister Successor Agency in the Dissolution Act. All payments from the loan agreement are considered to

be receivables that will be distributed to the taxiing entities. Requirements to make payments on the two Honda Powerhouse Loan Agreements begin this June.

1. \$1,500,000 Loan with an estimate of \$322,520 accrued interest: Monthly loan payments for a period of 20 years with accrued principal and interest could be an estimated \$10,108 per month. The monthly payment for just principal could be an estimated \$8,319.
2. \$400,000 Loan: A one-time balloon payment of \$573,523 with principal and interest.

Other Loans: The two Successor Agency loans are subordinate to a 2007 loan with the former San Benito Bank. Table 2 shows that there is an outstanding balance of \$2,156,917 on the San Benito Bank loan as of May 2013. Monthly principal and interest payments are \$15,917. The note for \$2+ million dollar loan is due in November of 2017 but there is not a requirement for a balloon payment and the terms can be re-negotiated at maturity.

Hollister Honda and Hollister Power Sports also has two revolving loans for merchandise in the amount of \$190,000 with monthly payments of \$11,152. The combined monthly payments at Hollister Honda and Hollister Power Sports are over \$26,000.

Table 2 - Hollister Power Center Other Loans

Other Loans	Balance	Monthly Principal and Interest	Maturity
San Benito Bank	\$2,156,917	\$15,624	11/10/2017 Note: No balloon payment. Can re-do terms at maturity.
<u>Revolving Loans</u> (a)			Revolving loans with no maturity date. Payments made until paid in full.
Loan 1	\$ 55,000	\$ 2,421	
Loan 2	\$135,000	\$ 8,731	
Total Other Loans	\$2,146,917	\$26,776	

Amendment to Loan Agreement: If the City of Hollister Successor Agency foreclosed on the owners for default on the current loan agreements, the San Benito Bank trustee would be the first to collect funds. This is because the Successor Agency Loan Agreements are subordinate to the 2007 San Benito Bank Loan.

Staff contacted the San Benito County Assessor's Office and was informed that the current assessed value of the property at 411 San Felipe Road is \$1,700,000 with a

valuation of \$600,000 for the land and \$1,100,000 for the improvements. The current assessed value of the property is less than the outstanding \$2+ million loan balance on the San Benito Bank loan. This means that if the City of Hollister Successor Agency foreclosed on the Honda powerhouse loan agreements, there would be zero dollars dispersed to the taxing entities.

Staff contacted the California Department of Finance to inquire about the possibility of amending the 2006 and 2007 loan agreements for the Honda powerhouse. Staff was advised to do the following in an e-mail communication:

1. Discuss the possibility of restructuring the loan agreements with the Successor Agency
2. Take a recommendation to the Oversight Board and include in the Oversight Board Resolution reference to the Health and Safety Code section for the Oversight Board Action.
3. Forward the resolution to the Department of Finance for a decision and advise staff at the Department of Finance on the history of the receivable and the effect of not restructuring the loan agreement.

Staff discussed the possibility of instituting foreclosure proceedings in closed session with the City of Hollister Successor Agency. Staff did not recommend pursuing foreclosure on the Honda powerhouse loans for the following reasons:

1. The assessed value of the property at 411 San Felipe Road is less than the remaining debt for the San Benito Bank Loan. Since the Successor Agency is subordinate to the San Benito Bank loan, foreclosure would result in \$0 receivables to taxing entities.
2. Greenwood Chevrolet/Hollister Honda/Hollister Power Sports are sales tax leaders in the City of Hollister. Foreclosure could result in a loss of sales tax and a vacant building.
3. Foreclosure could result in the loss of 20 Full time and five part time jobs. The April 2013 unemployment rate for San Benito County of 12.3% is nearly four percent higher than the statewide April 2013 average of 8.5% reported by the US Bureau of Labor Statistics.
4. The Hollister Honda and Hollister Power Sports help curb the leakage of sales tax from the community and provide local jobs. The City of Hollister is challenged with sales tax leakage and by the fact that nearly 50% of the workforce commutes out of the county (US Census Bureau ACS, County to County Flows 2006-2008 three year estimates). A 2008 City of Hollister Retail Project Area analysis prepared by Economic Developments Systems estimated that, "within a three and ten mile trade area demand/supply ratio, in favor of demand over the supply (e.g. leakage outside of the three and ten-mile trade area), is formidable for a City of the size of Hollister." The report estimated leakage of over \$201 million dollars from most sectors of commercial services with the exception of grocery and liquor. Since the report was prepared, there is no longer a nursery, large furniture/appliance store,

jewelry store, men's clothing store in Hollister. Hollister Honda – Hollister Power Sports is locally significant for economic development in the City of Hollister. The dealerships is a retail destination that draws customers from a large area that contribute to additional sales tax from incidental purchases at gas stations, eating establishments and other businesses.

The Successor Agency directed staff to pursue approval of an amendment to the two loan agreements with the Oversight Board.

Recommendations: Staff recommends that the Oversight Board direct staff to prepare a resolution for approval of amended loan agreements that will do the following:
following:

1. Combine the two loan agreements into one amended loan agreement for the Honda Powerhouse (Hollister Power Sports).
2. Waive accrued and future interest payments
3. Establish a two-tiered payment schedule
 - a. Payment of \$1000.00 per month until the San Benito Bank loan is paid off.
 - b. Payment of at least \$15,600 per month when the San Benito Bank loan is retired.
4. Twenty year term with all unpaid principal due at the end of the 20-year term.

The potential amendment to the loan agreement does not constitute a project under the California Environmental Quality Act (CEQA) and review under CEQA is not required.

ATTACHMENTS: None

CEQA: Exempt

DEPARTMENT: Successor Agency

CONTACT PERSON: Mary M. Paxton

DEPARTMENT HEAD: William B. Avera

PHONE NUMBER: (831) 636-4316

FOURTH OWNER PARTICIPATION AND LOAN MODIFICATION AGREEMENT
(Honda Powerhouse)

This Fourth Owner Participation and Loan Modification Agreement (the "**Agreement**") is entered into as of _____, 2016, by and between the Hollister Successor Agency, a public body, corporate and politic (the "**Successor Agency**"), as the successor to the dissolved City of Hollister Redevelopment Agency, a public body, corporate and politic (the "**Dissolved RDA**"), and Michael S. Greenwood and Martin J. Greenwood (collectively, the "**Borrower**").

RECITALS

A. The Dissolved RDA and the Borrower together with Dave F. Galtman ("**Galtman**") entered into that certain Owner Participation and Loan Agreement dated as of April 17, 2006, as modified from time to time (the "**OPA**"), pursuant to which the Dissolved RDA loaned a total of One Million Nine Hundred Thousand Dollars (\$1,900,000) to the Borrower (the "**Loan**") in connection with the rehabilitation of the real property described in the attached Exhibit A (the "**Property**").

B. On January 9, 2012, the City Council of the City of Hollister (the "**City**") adopted a resolution accepting for the City the role of Successor Agency to the Dissolved RDA.

C. On February 1, 2012, pursuant to AB x1 26 (the "**Dissolution Act**"), the Dissolved RDA was dissolved, along with all redevelopment agencies in the State of California, and all non-housing assets and obligations of the Dissolved RDA were transferred by operation of law to the Successor Agency, including the OPA, promissory notes evidencing the Loan (collectively, the "**Promissory Notes**"), and the deed of trust securing the Promissory Notes and the Loan (the "**Deed of Trust**"). Collectively, the OPA, the Promissory Notes and the Deed of Trust are referred to herein as the "**Loan Documents**".

D. Pursuant to AB 1484, effective on June 27, 2012, the Successor Agency is considered a separate legal entity from the City.

E. Galtman, one of the business partners of the Borrower, left the business and transferred its interest in the Property, without first obtaining the Dissolved RDA's consent as required by the OPA.

F. At this time, some of the executed documentation of the Loan cannot be found in the Dissolved RDA's files, including the promissory note evidencing a portion of the Loan in the principal amount of Four Hundred Thousand Dollars (\$400,000).

G. In lieu of litigation or other adversary proceedings to protect the Successor Agency's rights to the additional Four Hundred Thousand Dollars (\$400,000) owed by

the Borrower, the Successor Agency, at the direction of the Oversight Board of the Successor Agency to the City of Hollister Redevelopment Agency (the "**Oversight Board**"), and the Borrower desire to modify the Loan Documents to fully document the Dissolved RDA Loan to the Borrower and to approve the change in ownership of the Property.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, Successor Agency and the Borrower (referred to individually as the "**Party**" and collectively as the "**Parties**") agree as follows:

1. Modification of OPA. The OPA and the Loan Documents are hereby amended to reflect approvals of modifications of the Loan as reflected in Dissolved RDA Resolution No. 2007-10R, adopted on March 5, 2007, Dissolved RDA Resolution No. 2011-20R, adopted on June 15, 2009, Dissolved RDA Resolution No 2011-20R, adopted on June 6, 2011, Successor Agency Resolution No. ____, adopted on _____, 2016 and by the Oversight Board as Resolution No. ____, adopted on _____, 2016. Accordingly, Sections 1.1(w), 2.1, 2.2, 2.4 and 2.5 of the OPA, as previously modified, are replaced in their entireties as follows:

"(w). "**Term**" means the term of this Agreement, which shall commence on April 17, 2006 and shall end on the twentieth (20th) anniversary of Effective Date (as defined below) or the date of full repayment of the Loan."

"Section 2.1 Loan. The Dissolved RDA lent to the Borrower the Loan in the principal amount of One Million Nine Hundred Thousand Dollars (\$1,900,000). The amount of funds actually disbursed to the Borrower under this Agreement up to first Seven Hundred Fifty Thousand Dollars (\$750,000) in disbursements shall be referred to as the "**First Installment**". The total amount of any additional funds actually disbursed to the Borrower under this Agreement above the amount of the First Installment shall be referred to as the "**Second Installment**". The Borrower's obligation to repay the Loan shall be evidenced by the Promissory Note."

"Section 2.2 Interest. No interest shall accrue or is due under the Loan at any time, except in an Event of Default as provided in the Promissory Note."

"Section 2.4 Security. The Borrower shall secure its obligation to repay the Loan, as evidenced by the Promissory Note, by signing and delivering to the Agency the Deed of Trust. The Deed of Trust shall be recorded against the Property in a second lien position, junior only to a loan from a commercial lender in the original principal amount of Two Million Dollars (\$2,000,000). The Successor Agency will agree to subordinate the Deed of Trust to any future refinancing of the first mortgage loan only if the principal amount of the refinancing loan does not exceed the amount of the outstanding balance under the first mortgage loan and the Borrower does not receive any cash from the refinancing. Any subordination agreement shall be in a form reasonably acceptable to the Successor Agency."

"Section 2.5 Loan Repayment Schedule.

(a) Payments. Payments of principal on the Loan shall be due as follows:

(1) Until the Borrower's senior loan in the original principal amount of \$2,156,917 to San Benito Bank, as may be refinanced (the "**Senior Loan**") is fully paid, monthly payments of One Thousand Dollars (\$1,000) each month shall be due on the first of each month.

(2) After the full repayment of the Senior Loan, monthly payments of Fifteen Thousand Six Hundred Dollars (\$15,600) each month shall be due on the first of each month.

(b) Balance Due. All outstanding principal and accrued interest on the Loan shall be due in full on the earliest to occur of: (1) the expiration of the Term; (2) the date of any unapproved Transfer if the Successor Agency so elects, as provided in Section 5.3 of the OPA; and (3) the date of declaration by the Successor Agency of an Event of Default, as provided in Sections 7.1 and 7.2 of the OPA.

(c) Prepayment. The Borrower shall have the right to prepay the Loan at any time."

2. Approval of Transfer. The Successor Agency hereby approves the Transfer of Galtman's interests in the Property and the Loan Documents to the remaining two members of the original borrower under the OPA (and the Borrower herein), Michael S. Greenwood and Martin J. Greenwood.

3. Amended and Restated Promissory Note. The Successor Agency accepts the executed original of the Amended and Restated Promissory Note, attached as Exhibit B to this Agreement, as the replacement promissory note for the Promissory Note under the OPA and the promissory note for the additional \$400,000 loaned by the Dissolved RDA to the Borrower. The Successor Agency hereby cancels the Promissory Note under the OPA and the promissory note for the additional \$400,000 loaned by the Dissolved RDA to the Borrower. Any references to the Promissory Note in the OPA and the Loan Documents shall mean the Amended and Restated Promissory Note.

4. Modification of the City Deed of Trust. The Successor Agency and Trustor shall execute, with notary acknowledgements, the Modification to Deed of Trust, attached as Exhibit C to this Agreement, and have it recorded against the Property in the Official Records of San Benito County within fifteen (15) days after the Effective Date as defined in Section 6. Any references to the Deed of Trust in the OPA and the Loan Documents shall mean the Deed of Trust as modified by the Modification to Deed of Trust.

5. Attorney's Fees Enforcement. If any attorney is engaged by any Party hereto to enforce or defend any provision of this Agreement, the prevailing Party or Parties shall be entitled to costs and reasonable attorney's fees.

6. Effective Date. This Agreement shall take effect upon approval by the Oversight Board for the Successor Agency pursuant to Health & Safety Code Section 34181(e) and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h) (the "**Effective Date**").

7. Full Force and Effect. Except as set forth in this Agreement, the Loan Documents remain unmodified and are in full force and effect.

8. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the Parties.

9. Invalidity. Any provision of this Agreement which is determined by a court to be invalid or unenforceable shall be deemed severed here from, and the remaining provisions shall remain in full force and effect as if the invalid or unenforceable provision had not been a part hereof.

10. Headings. The headings used in this Agreement are for convenience only and shall be disregarded in interpreting the substantive provisions of this Agreement.

11. California Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12. Counterparts. This Agreement may be signed by the different Parties hereto in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

REMAINDER OF PAGE INTENTIONALLY BLANK

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day first above written.

SUCCESSOR AGENCY:

HOLLISTER SUCCESSOR AGENCY, a public body, corporate and politic

By: _____
William B. Avera
Executive Director

BORROWER:

Michael S. Greenwood

Martin J. Greenwood

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HOLLISTER, COUNTY OF SAN BENITO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

That part of Lot 6 as shown on the Map of Chappell's Addition, which was filed for record on April 16, 1877, in Vol. 1 of Maps, at page 57-1/2, San Benito County Records.

Beginning at a 1 inch iron pipe set at the point of intersection of the Easterly line of San Felipe Road, 116 feet wide, as established by Deed from Joe Robba and Alma Robba, husband and wife, dated March 3, 1947 and recorded in Vol. 148 of Official Records, at page 20, with the Northerly line of Lot 6 of Chappell's Addition hereinafter referred to; thence along the Easterly line of San Felipe Road South 1° 51' West 366.70 feet to a 1 inch iron pipe; thence leaving said line of San Felipe Road and running parallel with the Northerly line of said Lot 6, South 87° 28' 30" East 410.69 feet to a 1 inch iron pipe set on the Easterly line of said Lot 6; thence along said Easterly line of said Lot 6, North 1° 51' East 366.70 feet to an iron pipe set at the Northeasterly corner thereof; thence along the Northerly line of said Lot 6, North 87° 28' 30" West 410.69 feet to the point of beginning.

EXCEPTING THEREFROM, that portion conveyed to Edward G. Gong, et al by Deed recorded March 1, 1966, in Vol. 316 of Official Records, at page 421, Recorder's File No. 92985, and re-recorded April 22, 1966, in Vol. 318 of Official Records, at page 244, Recorder's File No. 93493, San Benito County Records, more particularly described as follows:

Being a fractional part of the parcel of land (hereinafter called Bartolucci-Tripoli Parcel) described by the Deed from Joe Robba and wife, to Louis Bartolucci and Battista Tripoli, dated March 21, 1962, and recorded March 30, 1962, in Vol. 275 of Official Records, at page 536, San Benito County Records, Recorder's File No. 79875, bounded by a line particularly described as follows:

Beginning at the Southwest corner of the said Bartolucci-Tripoli Parcel, at a 1" pipe set on the East line of the San Felipe Road, thence along the South line of the said Bartolucci-Tripoli Parcel, South 87° 28' 30" East 410.49 feet to the Southeast corner of the said Bartolucci-Tripoli Parcel, marked by a 1" iron pipe set; thence along the East line of the said Bartolucci-Tripoli Parcel, North 1° 51' East 183.00 feet to a 1" iron pipe set; thence North 87° 11' 46" West 410.72 feet to a 1" iron pipe set in the line common to the Bartolucci-Tripoli Parcel and the San Felipe Road; thence South 1° 51' West 185.00 feet to the point of beginning.

APN: 051-090-003

EXHIBIT B

AMENDED AND RESTATED PROMISSORY NOTE
(Honda Powerhouse)

\$1,900,000

Hollister, California
_____, 2016

FOR VALUE RECEIVED, Michael S. Greenwood and Martin J. Greenwood (collectively, the "**Borrower**"), promise to pay to the Hollister Successor Agency, a public body, corporate and politic (the "**Successor Agency**"), as the successor to the dissolved City of Hollister Redevelopment Agency, a public body, corporate and politic (the "**Dissolved RDA**"), or order, the principal sum of One Million Nine Hundred Thousand Dollars (\$1,500,000) (the "**Loan**"). The outstanding principal balance of the Loan shall not accrue interest. This Amended and Restated Promissory Note amends and restates, and cancels, in their entirety, all promissory notes, executed by the Borrower (together with Dave F. Galtman) in favor of the Dissolved RDA in connection with the Loan Agreement (as defined in Section 1).

1. Loan Agreement; Deed of Trust. This Amended and Restated Promissory Note is made pursuant to an Owner Participation and Loan Agreement for the Honda Powerhouse dated as of April 17, 2006, by and between the Borrower and the Dissolved RDA, as modified, including without limitation, the Fourth Owner Participation and Loan Modification Agreement entered into as of _____, 2016 between the Borrower and the Successor Agency (collectively, the "**Loan Agreement**"). The Loan and this Amended and Restated Promissory Note is secured by a Deed of Trust with Assignment of Rents and Security Agreement dated as of May 30, 2006, executed by Trustor together with Dave F. Galtman for benefit of the Dissolved RDA, as beneficiary, recorded on June 1, 2006, in the Official Records of San Benito County, California as Document No. 2006-0008097, as modified by that certain Modification of Deed of Trust, dated as the date of this Amended and Restated Promissory Note, executed by the Successor Agency and the Borrower and to be recorded on the Property (collectively, the "**Deed of Trust**"). Capitalized terms used but not defined in this Amended and Restated Promissory Note shall have the meanings given in the Loan Agreement.

2. Interest. No interest shall accrue or is due under the Loan at any time, except in an Event of Default as provided in Section 6.

3. Loan Repayment Schedule.

(a) Payments. Payments of principal on the Loan shall be due as follows:

(1) Until the Borrower's senior loan in the original principal amount of \$2,156,917 to San Benito Bank (the "**Senior Loan**") is fully paid, monthly payments of One Thousand Dollars (\$1,000) each month shall be due on the first of each month.

(2) After the full repayment of the Senior Loan, monthly payments of Fifteen Thousand Six Hundred Dollars (\$15,600) each month shall be due on the first of each month.

(b) Balance Due. All outstanding principal and accrued interest on the Loan shall be due in full on the earliest to occur of: (1) the expiration of the Term; (2) the date of any unapproved Transfer if the Successor Agency so elects, as provided in Section 5.3 of the Loan Agreement; and (3) the date of declaration by the Successor Agency of an Event of Default, as provided in Sections 7.1 and 7.2 of the Loan Agreement.

4. Prepayment. The Borrower shall have the right to prepay all or a portion of the principal and interest due under this Amended and Restated Promissory Note without any charge or penalty being made therefor.

5. Late Payment Fees. For any payment that is not received by the Successor Agency by the fifteenth (15th) calendar day after which it was due, Borrower shall pay a reasonable late or collection charge equal to five percent (5%) of the amount so unpaid. The Successor Agency and Borrower agree that the actual damages and costs sustained by the Successor Agency due to the failure to make timely payments would be extremely difficult to measure and that the charges specified in this paragraph represent a reasonable estimate by Borrower and the Successor Agency of a fair average compensation for such damages and costs. Such charges shall be paid by Borrower without prejudice to the right of the Successor Agency to collect any other amounts provided to be paid under this Amended and Restated Promissory Note or the Deed of Trust or, with respect to late payments, to declare a default.

6. Acceleration. Upon the occurrence of an Event of Default, the Successor Agency shall have the right to accelerate the debt evidenced by this Amended and Restated Promissory Note and declare all of the unpaid principal and interest, if any, immediately due and payable. Upon the occurrence of an Event of Default, the outstanding portion of the principal shall bear interest at the rate of the lesser of ten percent (10%), compounded annually, and the highest rate permitted by law. Any failure by the Successor Agency to pursue its legal and equitable remedies upon an Event of Default shall not constitute a waiver of the Successor Agency's right to declare an Event of Default and exercise all of its rights under this Amended and Restated Promissory Note, the Deed of Trust, and the Loan Agreement. Nor shall acceptance by the Successor Agency of any payment provided for herein constitute a waiver of the Successor Agency's right to require prompt payment of any remaining payment owed.

7. No Offset. The Borrower hereby waives any rights of offset it now has or may hereafter have against the Successor Agency, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Amended and Restated Promissory Note and the Loan Agreement.

8. Manner and Place of Payment. All payments of principal and interest and any late charge due under this Amended and Restated Promissory Note, as well as any additional payments set forth in the Deed of Trust, shall be payable in lawful money of the United States of America to the Successor Agency at 375 Fifth Street, Hollister, CA 95023, or such other address as the Successor Agency may designate in writing.

9. Waiver; Attorneys' Fees. The Borrower, for itself, its heirs, legal representatives, successors and assigns, respectively, waives diligence, presentment, protest, and demand, and notice of protest, dishonor and non-payment of this Amended and Restated Promissory Note, and expressly waives any rights to be released by reason of any extension of time or change in terms of payment, or change, alteration or release of any security given for the payments hereof, and expressly waives the right to plead any and all statutes of limitations as a defense to any demand on this Amended and Restated Promissory Note or agreement to pay the same, and agrees to pay all costs of collection when incurred, including reasonable attorneys' fees. If an action is instituted on this Amended and Restated Promissory Note, the undersigned promises to pay, in addition to the costs and disbursements allowed by law, such sum as a court may adjudge reasonable as attorneys' fees in such action.

10. Joint and Several Liability. If there is more than one individual signing this Agreement on behalf of the Borrower, the obligations of each signatory under the Agreement are joint and several, and independent of the obligations of any other person or entity.

BORROWER:

Michael S. Greenwood

Martin J. Greenwood

EXHIBIT C

MODIFICATION TO DEED OF TRUST

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

Hollister Successor Agency
375 Fifth Street
Hollister, CA 95023
Attn: Executive Director

No fee for recordation pursuant to
Government Code Section 27383

Space Above for Recorder's Use

MODIFICATION OF DEED OF TRUST

This Modification of Deed of Trust (this "**Modification of Deed of Trust**") is made as of _____, 2016 , by and between MICHAEL S. GREENWOOD, a married man as his sole and separate property as to an undivided 1/2 interest and MARTIN J. GREENWOOD, a married man as his sole and separate property as to an undivided 1/2 interest ("**Trustor**") and the HOLLISTER SUCCESSOR AGENCY, a public body, corporate and politic (the "**Successor Agency**"), as the successor to the dissolved Redevelopment Agency of the City of Hollister, a public body, corporate and politic (the "**Dissolved RDA**").

Factual Background

A. The Dissolved RDA made a loan in 2006 to Trustor in the total principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) (the "**Original Loan**").

B. The Original Loan is secured by a Deed of Trust with Assignment of Rents, and Security Agreement dated as of May 30, 2006, executed by Trustor together with Dave F. Galtman for benefit of the Dissolved RDA, as beneficiary ("**Deed of Trust**"). The Deed of Trust was recorded on June 1, 2006, in the Official Records of San Benito County, California as Document No. 2006-0008097. The Deed of Trust encumbers certain property located in San Benito County, California, described in the attached Exhibit A, incorporated herein by this reference.

C. Trustor and Successor Agency subsequently entered into that certain Fourth Owner Participation and Loan Modification Agreement, dated as

_____, 2016 (the "**4th Modification**") pursuant to which Successor Agency and Trustor confirmed the Dissolved RDA's additional advance to Trustor in 2007 in the amount of Four Hundred Thousand Dollars (\$400,000) (the "**Additional Advance**"), as further evidenced by that certain Amended and Restated Promissory Note in the original principal amount of One Million Nine Hundred Thousand Dollars (\$1,900,000), dated of even date herewith, which replaces all prior promissory notes for the Original Loan and the Additional Advance (the "**Amended and Restated Promissory Note**").

D. Trustor and Successor Agency desire that the entire loan amount of One Million Nine Hundred Thousand Dollars (\$1,900,000) (the "**Loan**") and the Amended and Restated Promissory Note be secured by the Deed of Trust.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Modification of Loan Amount. The outstanding principal balance of the Loan is One Million Nine Hundred Thousand Dollars (\$1,900,000). All references in the Deed of Trust to a loan or a promissory note in the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) are replaced with a reference to a loan and Amended and Restated Promissory Note with a principal amount of One Million Nine Hundred Thousand Dollars (\$1,900,000).
2. Replacement of Original Note. The Original Note and all promissory notes evidencing the Additional Advance have been cancelled and amended and restated in their entireties by the Amended and Restated Promissory Note, made by Trustor and payable to Successor Agency in the stated principal amount of One Million Nine Hundred Thousand Dollars (\$1,900,000).
3. Modification of Deed of Trust. The Deed of Trust is modified to secure payment and performance of the Loan as amended to date in addition to all other secured obligations thereunder. The Original Loan and Additional Advance is evidenced by the Amended and Restated Promissory Note and is secured by the Deed of Trust. All references to the Promissory Note in the Deed of Trust shall be to the Amended and Restated Promissory Note. The Deed of Trust is also modified to reflect that Michael S. Greenwood, a married man as his sole and separate property as to an undivided 1/2 interest and Martin J. Greenwood, a married man as his sole and separate property as to an undivided 1/2 interest is now the "**Trustor**".
4. Effect of Modifications. All references in any document to the Deed of Trust shall now and hereafter mean the Deed of Trust as hereby modified.
5. No Prejudice of Rights. This Modification of Deed of Trust shall not prejudice any rights or remedies of Successor Agency under the Deed of Trust, as hereby amended, or any other loan documents.
6. Full Force and Effect. As specifically hereby amended, the Deed of Trust shall remain in full force and effect. Nothing in this Modification of Deed of Trust shall impair the lien of the Deed of Trust, which shall remain a lien encumbering the Property.

7. Severability. If any court of competent jurisdiction determines any provision of this Modification of Deed of Trust to be invalid, illegal or unenforceable, that portion shall be deemed severed from the remainder of the Modification of Deed of Trust, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of this Modification of Deed of Trust.

IN WITNESS WHEREOF, the parties have entered into this Modification of Deed of Trust as of the year and date set forth above.

SUCCESSOR AGENCY:

HOLLISTER SUCCESSOR AGENCY,
a public agency, corporate and politic

By: _____
William B. Avera
Executive Director

TRUSTOR:

By: _____
Michael S. Greenwood

By: _____
Martin J. Greenwood

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

RESOLUTION 2016-02 OB

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE HOLLISTER REDEVELOPMENT AGENCY APPROVING A LOAN MODIFICATION FOR HONDA POWERHOUSE

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding Assembly Bill x1 26 ("Dissolution Act") largely constitutional; and

WHEREAS, on January 9, 2012, the City Council of the City of Hollister (the "City") adopted Resolution No. 2012-06 accepting for the City the role of successor agency to the Former RDA ("Successor Agency"); and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Hollister Redevelopment Agency ("Dissolved RDA"), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibilities of winding down the business and fiscal affairs of the dissolved redevelopment agencies; and

WHEREAS, the oversight board ("Oversight Board") for the Successor Agency has been duly constituted pursuant to the Dissolution Act; and

WHEREAS, pursuant to AB 1484, effective on June 27, 2012, the Successor Agency is considered a separate legal entity from the City; and

WHEREAS, the Dissolved RDA and Michael S. Greenwood and Martin J. Greenwood (collectively, "Borrower") together with Dave F. Galtman ("Galtman") entered into that certain Owner Participation and Loan Agreement dated as of April 17, 2006, as modified from time to time ("OPA"), pursuant to which the Dissolved RDA loaned a total of One Million Nine Hundred Thousand Dollars (\$1,900,000) to the Borrower ("Loan") in connection with the rehabilitation of certain real property known as the Honda Powerhouse ("Property"); and

WHEREAS, upon dissolution of the Dissolved RDA on February 1, 2012, all non-housing assets and obligations of the Dissolved RDA were transferred by operation of law to the Successor Agency, including the OPA, promissory notes evidencing the Loan (collectively, "Promissory Notes"), and the deed of trust securing the Promissory Notes and the Loan ("Deed of Trust"). Collectively, the OPA, the Promissory Notes and the Deed of Trust are referred to herein as the "Loan Documents"; and

WHEREAS, Galtman, one of the business partners of the Borrower, left the business and transferred his interest in the Property in 2007, without first obtaining the Dissolved RDA's consent as required by the OPA; and

WHEREAS, some of the documentation of the Loan cannot be found in the Dissolved RDA's files, including the promissory note evidencing a portion of the Loan in the principal amount of Four Hundred Thousand Dollars (\$400,000); and

WHEREAS, in lieu of litigation or other adversary proceedings to protect the Successor Agency's rights to the additional Four Hundred Thousand Dollars (\$400,000) owed by the Borrower and due to the lien of the Loan as junior to a commercial bank loan on the Property, the Successor Agency requests the approval of the Oversight Board to modify the Loan Documents to fully document the Dissolved RDA Loan to the Borrower and to approve the change in ownership of the Property; and

WHEREAS, Section 34181(e) of the Dissolution Act provides that the Oversight Board shall direct the Successor Agency to determine if any agreement between the Dissolved RDA and private parties should be renegotiated to increase net revenues to the affected taxing agencies; and

WHEREAS, the Successor Agency staff has consulted with the State Department of Finance ("DOF") which has indicated by telephone communication received on October 20, 2016 that the DOF staff agrees with the Successor Agency staff that the modification of the Loan is the best option for the Successor Agency and all taxing entities as modifying the loan increases the chance of repayment of the Loan over time thereby reducing the amount of Real Property Tax Trust Fund ("RPTTF") monies needed by the Successor Agency over time to pay enforceable obligations of the Dissolved RDA and thus increasing the payments over time to affected taxing agencies; and

WHEREAS, the Successor Agency staff has prepared the draft Fourth Owner Participation and Loan Modification Agreement, Amended and Restated Promissory Note and Modification to Deed of Trust to effectuate the modification of the Loan (the "Modification Documents") which have been presented to the Oversight Board; and

WHEREAS, by staff report accompanying this Resolution and incorporated into this Resolution by this reference ("Staff Report"), the Oversight Board has been provided with additional information upon which the findings and actions set forth in this Resolution are based.

NOW THEREFORE, BE IT RESOLVED, that the Oversight Board of the Successor Agency to the Hollister Redevelopment Agency hereby finds, resolves, and determines as follows:

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Pursuant to Health and Safety Code Section 34181(e), the modification of the Loan as set forth in the Modification Documents is in the best interest of the taxing agencies as it increases the likelihood of repayment of the Loan over time thereby reducing the amount of RPTTF needed by the Successor Agency over time to pay enforceable obligations and thus increasing the payments over time to other affected taxing agencies.

SECTION 3. The Oversight Board hereby directs the Successor Agency to modify the Loan as set forth in the Modification Documents and to enter into the Modification Documents and any document the Successor Agency's Executive Director and General Counsel deem necessary or prudent to implement the Modification Documents.

SECTION 4. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

PASSED AND ADOPTED this 27th day of October, 2016, at a regular meeting of the Oversight Board of the Successor Agency to the Hollister Redevelopment Agency by the following vote:

AYES: Oversight Board Members

NOES: Oversight Board Members

ABSENT: Oversight Board Members

ABSTAIN: Oversight Board Members

, Chair

ATTEST:

Mary M. Paxton, Secretary