



**Contra
Costa
County**

To: Successor to the Contra Costa County Redevelopment Agency
From: John Kopchik, Director, Conservation & Development Department
Date: December 8, 2015

Subject: Subordination Agreement - Palacek Manufacturing Facility Owner Participation Agreement

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to execute a subordination agreement under which the Successor Agency will subordinate a deed of trust held by the Successor Agency that secures the performance of Palacek Imports pursuant to an Owner Participation Agreement (OPA) under which Palacek was granted \$500,000 by the Redevelopment Agency in 2005.

FISCAL IMPACT:

No General Fund impact. The OPA was funded in 2005 using redevelopment funds.

BACKGROUND:

In 2005, Palacek Imports requested assistance from the Redevelopment Agency in order to make financially feasible the construction of improvements and relocation of the business to 601 Parr Blvd., North Richmond. The Redevelopment Agency provided a grant in the amount of \$500,000 for construction of improvements in accordance with terms and conditions of the Owner Participation Agreement. The construction of the improvements and relocation of the business generated significant employment opportunities in the North

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **12/08/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: December 8, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Maureen Toms,
925-674-7878

cc:

Richmond Project Area, redeveloped approximately 25 acres of underutilized land and vacant manufacturing facility, achieved major goals and objectives of the Redevelopment Plan, generated significant tax increment revenue, and stimulated further private sector reinvestment and redevelopment of the Project Area.

BACKGROUND: (CONT'D)

The owner's performance of the contingent repayment obligation for the grant was secured by a deed of trust in favor of the Redevelopment Agency. The Agency agreed to subordinate the lien of the Agency Deed of Trust only to the lien of the deed of trust to Wells Fargo Bank. The owners are in the process of refinancing the senior debt on the property, which requires a new subordination agreement to a new senior lender. The subordination agreement also updates the Agency information due to the dissolution of the Redevelopment Agency.

CONSEQUENCE OF NEGATIVE ACTION:

Without the Board's approval, the business would be unable to refinance their senior debt.

ATTACHMENTS

Subordination Agreement