



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
November 14, 2012**

TO: Mayor and City Council
FROM: Philip Vince, City Manager
SUBJECT: Economic Development Corporation Program Formation
DATE: November 9, 2012

RECOMMENDATION:

Motion to approve a Resolution authorizing \$103,000 from contingency reserves operating budget for the city manager to formulate a non-profit Economic Development Corporation (EDC) and formulate the legal bylaws and develop a request for proposal to hire a consultant to administrate and oversee the day to day functioning of an EDC

BACKGROUND:

The Martinez Specific Plan of 2006 focused on a study area incorporating some 220 acres including principally the Downtown commercial, civic core and surrounding neighborhoods and drew attention to these critical economic issues:

1. Loss of economic vitality – Martinez residents and policy makers expressed concern about the health of Martinez businesses and their ability to accommodate the needs of the community;
2. Vulnerable building stock – Many Downtown commercial buildings are built of unreinforced masonry and would be lost or seriously damaged, possibly beyond repair, in even a moderate earthquake; in addition, many buildings are in dire need of physical reinvestment after decades of deferred maintenance; if new investment is not made in the physical structures Downtown, the cost of revitalizing these buildings will continue to increase;
3. Parking – Downtown parking is in high demand in certain areas and at certain times, and visitors sometimes have trouble navigating their way to parking areas.

These Economic Development Opportunities were enunciated:

- Protect and perpetuate the small-town character and quality of life of Downtown Martinez
- Revitalize its economy by strengthening the Downtown business district as a shopping and dining destination for Martinez residents and visitors
- Capitalize on past investments such as the waterfront, Alhambra Creek and Amtrak Intermodal Station
- Promote smart growth and sustainable development in Downtown Martinez
- Provide for compact, pedestrian oriented development
- Take advantage of and enhance existing infrastructure

In addition, the City's Seismic Ordinance was adopted on July 20, 2009. A total of 22 privately-owned unreinforced masonry buildings are currently affected by the Ordinance. At the time the Ordinance was adopted, Council directed staff to work with owners to try to address financing issues associated with the work required. This effort became the Downtown Retrofit and Revitalization Program, which evolved from a series of recommendations introduced in the past three years, which include:

1. Endorsing the concept of combining building rehabilitation and business revitalization programs in a context of overall economic restructuring of the Downtown;
2. Committing to the preservation of existing buildings, where possible; and
3. Directing staff to pursue rehabilitation financing through private lenders and consider (in concept) the establishment of programs providing for Architectural Design Services, Pre-Development loans, Façade Loans, Rehabilitation funding and the Rental Rate Assurance Program.

HISTORY:

The Council Economic Development Committee (CEDC), at its meeting of June 10, 2012, requested that staff update the entire Council on the concept of the Downtown Retrofit and Revitalization Program (the "Program"). This request followed a discussion of the status of negotiations with lenders who are prepared to finance buildings requiring seismic retrofit. That discussion led the Committee to a new understanding of the complexity of the issues to be addressed in developing a public/private financing program from the perspective of lenders, property owners, tenants, as well as the perspective of the City.

At the July 11, 2012 City Council meeting, the Council directed staff to explore the concept of establishing an Economic Development Corporation (EDC). An EDC is a non-profit 501(c)(3) "public service corporation" formed with public and private sponsorship; publicly funded [initially]; created (see Cal Code 13997 which follows) specifically to pursue economic development activities, principally commercial & industrial, in the community; its operations are City-Wide, wholly public & transparent.

WHAT IT DOES:

An EDC, functioning through a Board of Directors and Executive, can provide commercial/infrastructure/industrial loans and services City-wide, and City sponsored projects large and small; services for commercial/industrial development and business growth; other activities as directed by its Board of Directors.

An EDC receives and utilizes funds from public and private sources. It operates with funding from: Company/Corporate Sponsors; Project/Program Administration; Application Fees & Over-rides on Loans; Subsidies, based upon Administering/Operating City Programs and/or Projects.

The Corporation enters into agreement(s) with lender(s) to generate both real estate & business based loan programs [city-wide]. It can participate in infrastructure financing program(s) funded through various bonding procedures and/or act in association with the City [or County/Court/Community College JPA] to effect a community benefit project or program. An EDC can also apply for and obtain grants from Public or Private Foundations and Programs, such as CDBG and HOME, which are administered through the County. It can receive, borrow or lend funds from public or private sources.

“EDC” operations represent an investment, rather than an out-of-pocket expenditure. The 501(c)(3) designation allows corporate sponsors to benefit from donations to the EDC, a tax exempt organization; our projections support developing early stage sponsorships in the range of \$100,000 which would be solicited upon corporate formation, but become available once IRS approval of the 501(c)(3) designation is obtained.

HOW IT WORKS:

Traditional loan resources are too restrictive, cumbersome and expensive. The current economic climate has had a negative impact on commercial real estate values. This has resulted in a restricted mortgage market for commercial real estate.

Public/Private Institutional Lending results in an individually tailored private-sector financing alternative for the purpose of improving URM and Non-URM properties to enhance the Downtown’s revitalization potential. Loan terms could be structured to include a long enough amortization schedule to satisfy borrowers, but not so long as to extend the risk for an unacceptable period for lenders. But, public/private sector financing is more difficult to negotiate and administer, and has no fixed pricing. Participants/Borrowers need to recognize that loans would be below market, and with a longer amortization schedule which results in lower payments.

LENDER AGREEMENTS:

No single lender wants to make loans on a substantial number of older commercial properties which could be seriously impacted by a seismic event; therefore a pool of lenders must be created to spread the risk.

Because each participating lender in a lender pool will hold only a portion of each loan, their risk will be reduced, but they will experience no economies of scale to keep loan packaging costs low. Therefore centralized loan packaging and pre-qualifying is, as proposed, appropriate to keep lender costs low:

Leveraged institutional lending, as above, accurately portrays the present economic/market/financial situation and the character of the Loan Pool Program as contemplated. Present Bank/Lender strategy should be viewed as “cash flow” rather than “equity” lending. These transactions *are not and must not* be considered conventional commercial real estate loans.

In sum, there are several reasons that an Economic Development Corporation (EDC) makes sense. It is an “umbrella” which supports financial, business growth and other economic development activities. An EDC is independent and represents all elements of the community. It leverages/uses public and private funds to finance a wide variety of community projects and programs. Attachment A details the proposed action plan for establishment of an Economic Development Corporation.

FISCAL IMPACT:

The requested \$103,000 for program administration would have to come from the Economic Uncertainty Balance in the Contingency Reserves Fund. See Attachments B and C for anticipated formation and operational costs

ACTION:

Motion to approve the formation of the Economic Development Corporation Program; adopt a resolution authorizing \$103,000 for program administration over the first 12 months; and direct staff to circulate a request for proposals for program administration.

ATTACHMENTS:

Resolution

Attachment A. Action Plan

Attachment B. Formation Costs

Attachment C. Initial (first 18 months) Operational Costs

Attachment D. Projects/Programs to be included

Appendix A Brief Overview of the Funding/Revenue Projections

Appendix B State Actions in Support of Economic Development Corporations

Appendix B-1 Façade Loan Program

Appendix B-2 Pre-development Revolving Loan Fund

Appendix B-3 Architectural Series Design

Appendix C Retrofit and Revitalization Program

Appendix C-1 Letter from Property Owner

Appendix C-2 Letter from Main Street Association

Appendix C-3 Letter from the Chamber of Commerce

Appendix C-4 Letter from California Bank of Commerce

Appendix D Economic Development Program Schedule

Appendix E Lending Program Flier for November 15 Business Meeting

RESOLUTION NO. -12

AUTHORIZING \$103,000 FROM UNASSIGNED FUND BALANCE FOR THE CITY MANAGER TO FORMULATE A NON-PROFIT ECONOMIC DEVELOPMENT CORPORATION(EDC) AND FORMULATE THE LEGAL BYLAWS AND DEVELOP A REQUEST FOR PROPOSAL TO HIRE A CONSULTANT TO ADMINISTRATE AND OVERSEE THE DAY TO DAY FUNCTIONING OF AN EDC

WHEREAS, the City of Martinez has been exploring the concept of establishing an Economic Development Corporation (EDC) which is a public/private community partnership consisting of a Board of Directors representing the entire Martinez community; and

WHEREAS, the EDC will be a non-profit 501(C)(3)program, which will require applying to the federal government and hiring an attorney to formulate the by-laws consistent with the guidelines required for this type of non-profit organization; and

WHEREAS, staff has spent the past four years developing a financial mechanism that would link private lending institutions and public resources to assist both property owners and tenants to engage in major revitalization activities , such as seismic retrofit and revitalization for 22 buildings located downtown; and

WHEREAS, it is unlikely that local government can provide the necessary funding, the public sector can help by developing the appropriate partnerships with the financial and technical assistance community to provide the resources (estimated at \$7.0 million dollars) necessary to accomplish the goal of providing for the safety of its residents; and

WHEREAS, the Retrofit and Revitalization Program has reached an important milestone in terms of accomplishing the mission set by Council, and importantly, the retrofit effort has been advanced by significant progress in the formation of private lenders to fund retrofit and rehabilitation work on downtown buildings; and

WHEREAS, due to the uncertainty and complexity of establishing an EDC, there are no funds currently appropriated to launch this program, which will require an initial installment of \$103,000 by the City to cover the initial costs in the first year of operation: hiring a firm to oversee the administration of the EDC; locating an office for the EDC Board to meet and for the consultant to run the EDC operation; and, cover the legal costs associated with formulating an EDC as a non-profit with the federal government; and

WHEREAS, staff is requesting appropriating operation funding for the first year of the EDC from Unassigned Fund Balance, which are one time funds accumulated over years to cover expenses such as these; and

WHEREAS, there is sufficient Unassigned Fund Balance funding set aside in the City's budget, some of which can be applied toward establishing the formation of an EDC; and

WHEREAS, the City is conducting two lending seminars on November 15, and Dec. 4, at the Campbell Theater, which will consist of ten lending institutions and many property owners/tenants to learn more about applying for low interest loans and the return on their investments.

NOW, THEREFORE, BE IT RESOLVED that the Martinez City Council authorize expenditure appropriations in the amount of \$103,000 from the Unassigned Fund Balance to formulate an Economic Development Corporation (EDC) over a 12 month period, establish a Board of Directors, which will consist of three members selected by the City Council, three members selected by Main Street, and three member selected by the Chamber of Commerce.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at an Adjourned Regular Meeting of said Council held on the 14th day of November, 2012, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

ACTION PLAN

In order to initiate the formation of an Economic Development Corporation (EDC) the following must be accomplished:

1. Engage Consultant and Legal Counsel to present the “EDC” character and operational elements to the CHAMBER of COMMERCE Board of Directors, the “MAIN STREET” Board of Directors and in a working session with the City Council. The Consultant will
 - a. Request approval to proceed with formation from the above groups
 - b. Establish “OFFICER” for incorporating the organization
 - c. Ask that each group formulate an Agenda for the EDC that would represent the organization’s early/mid-range Program development priorities
2. Format “DRAFT” Corporate Documents, including BY-LAWS appropriate to:
 - a. Formation of a 501(C)(3) public interest Corporation
 - b. Establish procedures for selection of a Board of Directors and Officers
 - c. Formulate Corporate powers appropriate to implement present and potential program activities
3. Obtain Board Nomination from Sponsors:
 - a. Establish the Board of Directors
 - b. Elect Officers with Corporate powers appropriate to implement present and potential operations and activities
 - c. Generate annual budget for formation and initial operating cycle (see enclosed exhibit)
 - d. Formulate program budget for operations in response to agendas presented by the sponsoring organizations and approved by their Boards of Directors
4. Formulate Application Documents and materials for submission to the Internal Revenue Service for designation as a 501(C)(3) Non-Profit Corporation

ATTACHMENT B

FORMATION COSTS* – LEGAL \$20,000 - \$25,000

Legal activities/services would include the following:

Various meetings with City Staff/Officials/Chamber of Commerce/Main Street regarding nomination/selection/ term/designation of Board of Directors.

Preparation of the following documents related to formation of the EDC:

- Articles of Incorporation
- By Laws
- Minutes of Incorporator
- Minutes for Initial Board Meeting including election of Directors
- Minutes for initial Directors' Meeting including selection of officers
- Preparation of various resolutions, as needed
- Cost of filing with Secretary of State
- Cost of obtaining corporate seal and certificates

Preparation of documents related to obtaining 501(c)(3) designation (anticipated designation time = 6-9months)

**Legal fees in the amount of \$20,000-\$25,000 include services directly related to Lender Pool Negotiation and the requisite documentation for this loan program (see below).*

ATTACHMENT C

EDC OPERATIONAL COSTS (first 18 months)

Start-Up Budget - Months one through twelve (1-12).

| | |
|---|------------------|
| Staffing (contract) - Part time contract support to the EDC | \$60,000 |
| Acct'g/Legal - various lender legal agreements – acct'g estimated at \$100/month | \$10,500 |
| Rent - surveyed net and Craig's list for Martinez downtown office space – assumes \$1/ft for 1000 s/f | \$12,000 |
| Phone/Internet - basic service from Comcast | \$1,200 |
| Answering Service – survey of services available in Central Contra Costa | \$600 |
| Supplies – basic materials and monthly usage | \$2,100 |
| Utilities – estimated based upon part-time usage | \$3,600 |
| Insurance – non-profit and office usage estimate | \$2,000 |
| Promotional Materials- marketing materials, internal and external | \$2,000 |
| Postage – estimate for meeting and communication needs | \$1,200 |
| Deposits – space and utilities | \$2,000 |
| Furniture – used (two) desk chairs and conference table | \$2,000 |
| Equipment – computers, printer, copier, phones | \$4,000 |
| TOTAL (months 1-12) | \$103,200 |
| TOTAL (months 1-18) | \$156,100 |

ATTACHMENT D

RECOMMENDED PROGRAMS

The following programs will be recommended/needed for implementation of a comprehensive revitalization program for seismically threatened [and other] downtown properties:

1. Provide an “Architectural Design Services Program” to assist building owners in identifying the rehab potential of their building(s);
2. Offer a “Pre-Development Revolving Loan Program” to assist building owners with up-front costs [hiring engineers, architects, etc.];
3. Ease the obstacles faced by property owners of downtown buildings by Streamlining the Development Review Process;
4. Provide affordable financial programs for building revitalization:
 - a. Facade loans; for exterior building improvements;
 - b. Commercial Rehabilitation Loans, for major interior and exterior rehabilitation including seismic retrofit;
 - c. Rental Rate Assurance Program that provides assurance to the lender and owner that debt service can be met and to only gradually increase tenant rental rate over several years.

APPENDIX A

BRIEF OVERVIEW OF THE FUNDING / REVENUE PROJECTIONS

| <u>Program</u> | <u>disbursed</u> | <u>fees</u> | <u>interest</u> | <u>total return</u> |
|----------------|------------------|-----------------|-----------------|---------------------|
| Arch Design | \$49,000 | \$1,400 | 0 | (\$47,600) |
| Pre-Dev Loan* | \$30,000 | \$4,500 | \$4,050 | \$38,550 |
| Façade Loan | \$60,000 | \$3,000 | \$11,214 | \$74,215 |
| Ren/Rate/Ass | \$172,800 | \$6,000 | \$62,640 | \$241,440 |
| TOTALS | \$311,800 | \$14,900 | \$77,904 | \$306,605 |

We have, in addition to the above, considered income from both fees and interest accrued from the Loan Pool Program – which is shown on the Schedule of Funding (see exhibits). The Schedule of Funding also notes Lender Program Assistance cost over five year term.

Aggregate Program Income then exceeds disbursed funds by \$93,0205 as shown on the Schedule of Funding.

We have shown the \$350,000 loan repayments beginning with year #3 – this is an administrative decision, subject to change – but all public funding sources are returned in total over the life of the Program.

We have annotated and exhibited the individual Spread Sheets for clarity.

*please note that the “Pre-Development Revolving Loan” disburses and receives funds on approximately a one year cycle – therefore the total funding requirement is estimated at \$30,000 which represents two \$15,000 loans which would return funds with interest and fees.

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APPENDIX B

**State Actions in Support of
Economic Development Corporations**

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Government Code #13997.2

Effective January 1, 2011

(a) The Legislature finds and declares all of the following:

- (1) *California economic development . . . corporations are an integral component of the state job creation effort because they are a critical link between state economic development activities and the statewide business community, providing an excellent opportunity to leverage state resources.*
- (2) *Economic Development Corporations and organizations provide broad public benefits to the residents of this state by alleviating unemployment, encouraging private investment, and diversifying local economies.*
- (3) *Economic Development Corporations engage in a wide range of programs and strategies to attract, retain, and expand businesses, including marketing the community, small business lending, and other financial services, a wide range of technical assistance to small business, preparation of economic data, and business advocacy.*
- (4) *By using public sector resources and powers to reduce the risks and costs that could prohibit investment, the public sector often sets the stage for employment-generating investment by the private sector.*

(b) For purposes of this chapter, all of the following definitions apply:

- (1) *“Local economic development [corporation] organization” means a . . . public-private job creation activity recognized by cities . . . as the lead agency within that city . . . for planning and implementation of job creation involving business expansion, business retention, and new business development.*
- (2) *“Economic Development Corporation” means a local . . . nonprofit public-private economic development organization recognized . . . by the public and private sector as the lead agency for the planning and implementation of job creation involving business retention and new business development.*
- (3) *“Economic Development” means any activity that enhances . . . productive capacity . . . of a local economy. “Economic Development” includes policies and programs expressly directed at improving the business climate in business finance, marketing, neighborhood development, small business development, business retention and expansion, . . . Economic Development is an investment program designed to leverage private sector capital in such a*

way as to induce actions that have a positive effect on the level of business activity, employment, income distribution, and fiscal solvency of the community.

- (4) "Local economic development" is a process of deliberate intervention in the normal economic process of a particular locality to stimulate economic growth of the locality by making it more attractive, resulting in more jobs, wealth, better quality of life, and fiscal solvency. Prime examples of economic development include business attraction, business expansion and retention and business creation.***
- (5) "Financial intermediary" means a firm . . . who performs intermediation between two or more parties in a financial context, such as connecting sources of funds with users of funds. A financial intermediary is typically an entity that facilitates the channeling of funds between lenders, investors, foundations, or other entities that have money and are interested in connecting with businesses or communities where their money can be deployed.***
- (6) "Triple bottom line" means the economic, environmental and social benefits arising from a project, investment, or community and economic development activity.***
- (7) "Community development" means a process designed to create conditions of economic and social prosperity for the whole community, or a targeted subset of the whole community, with the fullest possible reliance on the community's initiative and active participation.***

Façade Loan Program

| Project # | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Years 6-11 | Years 7-12 | Years 8-13 | Years 9-14 | Fees | Totals |
|----------------------|-----------|-----------|-----------|-----------|----------|------------|------------|------------|------------|--------|-----------|
| 1 | 10,000.00 | 452.28 | 452.28 | 508.68 | 508.68 | 3,414.24 | | | | 500.00 | |
| 2 | | 10,000.00 | 452.28 | 452.28 | 508.68 | | 3,414.24 | | | 500.00 | |
| 3 | | 10,000.00 | 452.28 | 452.28 | 508.68 | | 3,414.24 | | | 500.00 | |
| 4 | | | 10,000.00 | 452.28 | 452.28 | | | 3,414.24 | | 500.00 | |
| 5 | | | 10,000.00 | 452.28 | 452.28 | | | 3,414.24 | | 500.00 | |
| 6 | | | | 10,000.00 | 452.28 | | | | 3,414.24 | 500.00 | |
| Annual Disbursement: | 10,000.00 | 20,000.00 | 20,000.00 | 10,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 60,000.00 |
| Annual Payments: | 0.00 | 452.28 | 1,356.84 | 2,317.80 | 2,882.88 | 3,414.24 | 6,828.48 | 6,828.48 | 3,414.24 | | |

Disbursement Per Loan \$10,000.00
 Total Disbursements \$60,000.00
 Fee Per Project \$500.00
 Total Fees \$3,000.00
 Total Program Revenue \$ 74,215.00

| |
|---------------|
| Disbursements |
| Payments |

Total P+I Payment Per Loan = \$5,336.16
 Balloon Payment Per Loan = \$6,533.00
 Total Payments Per Loan = \$11,869.16
 Total Disbursements Per Loan = \$10,000.00
 Total Net Yield Per Loan = \$1,869.16

Pre-Development Revolving Loan Program

| Project # | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Fees | Interest |
|-----------|----------|----------|----------|----------|----------|---------|----------|
| 1 | \$15,000 | | | | | \$500 | \$450 |
| 2 | \$0 | \$15,000 | | | | \$500 | \$450 |
| 3 | \$0 | \$15,000 | | | | \$500 | \$450 |
| 4 | \$0 | \$0 | \$15,000 | | | \$500 | \$450 |
| 5 | \$0 | \$0 | \$15,000 | | | \$500 | \$450 |
| 6 | \$0 | \$0 | \$0 | \$15,000 | | \$500 | \$450 |
| 7 | \$0 | \$0 | \$0 | \$15,000 | | \$500 | \$450 |
| 8 | \$0 | \$0 | \$0 | \$0 | \$15,000 | \$500 | \$450 |
| 9 | \$0 | \$0 | \$0 | \$0 | \$15,000 | \$500 | \$450 |
| Totals: | \$15,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$4,500 | \$4,050 |

Maximum Loan Amount \$15,000.00
 Total Disbursements * \$135,000.00
 Fee Per Project \$500.00
 Total Fees \$4,500.00
 Total Interest \$4,050
 Total Program Income \$8,550

| | |
|---------------------------------|-------------|
| Total P+I Payment Per Loan = | \$450.00 |
| Balloon Payment Per Loan = | \$15,000.00 |
| Total Payments Per Loan = | \$0.00 |
| Total Disbursements Per Loan = | \$15,000.00 |
| Total Interest Yield Per Loan = | \$450.00 |

Loan Disbursed over 3-5 months

* Total Program Funding Requirement = \$30,000
 All Funds Returned to City at End of Year #5

Architectural Design Services

| Project # | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Fees | Total Disbursements |
|---------------|---------|----------|----------|---------|---------|---------|---------------------|
| 1 | \$3,500 | | | | | \$100 | \$3,500 |
| 2 | \$3,500 | | | | | \$100 | \$3,500 |
| 3 | | \$3,500 | | | | \$100 | \$3,500 |
| 4 | | \$3,500 | | | | \$100 | \$3,500 |
| 5 | | \$3,500 | | | | \$100 | \$3,500 |
| 6 | | \$3,500 | | | | \$100 | \$3,500 |
| 7 | | | \$3,500 | | | \$100 | \$3,500 |
| 8 | | | \$3,500 | | | \$100 | \$3,500 |
| 9 | | | \$3,500 | | | \$100 | \$3,500 |
| 10 | | | \$3,500 | | | \$100 | \$3,500 |
| 11 | | | | \$3,500 | | \$100 | \$3,500 |
| 12 | | | | \$3,500 | | \$100 | \$3,500 |
| 13 | | | | | \$3,500 | \$100 | \$3,500 |
| 14 | | | | | \$3,500 | \$100 | \$3,500 |
| Annual Disb.: | \$7,000 | \$14,000 | \$14,000 | \$7,000 | \$7,000 | \$1,400 | \$49,000 |

Design Fees Range \$3,000 - \$4,000

Design Fees Average

\$3,500.00

Total Disbursements

\$49,000.00

Fee Per Project

\$100.00

Total Fees

\$1,400.00

Net Program Cost

\$47,600.00

| | |
|--|---------------|
| | Disbursements |
|--|---------------|

CITY OF MARTINEZ
 RETROFIT AND REVITALIZATION PROGRAM
 SCHEDULE OF FUNDING: RESOURCES AND REQUIREMENTS
 FY 2012 through FY 2020

| RESOURCES | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Remaining Years 2017-2020 | Total |
|--|---------|---------|---------|---------|---------|------------------------------|-------------------|
| City Funded Loan | 100,000 | 100,000 | 100,000 | 50,000 | | | 350,000 |
| Prior Year Funding Surplus | | 34,650 | 70,800 | 92,157 | 77,475 | 37,270 | |
| Program Application Fees | 1,200 | 5,150 | 7,900 | 9,700 | 8,700 | 10,750 | 43,400 |
| Earned Points/Lender Loan Program | -0- | 4,000 | 8,000 | 8,000 | 10,000 | 24,000 | 54,000 |
| Lender Pool: Interest Earnings | 0 | 4,000 | 6,000 | 11,000 | 16,000 | 59,720 | 96,720 |
| Repayment of Façade Loans | 0 | 452 | 1,357 | 2,318 | 2,883 | 64,205 | 71,215 |
| Repayment of Rental Rate Assurance Loans | 0 | 0 | 0 | 0 | 1,512 | 233,440 | 235,440 |
| Pre-Development (interest on loan) | 450 | 900 | 900 | 900 | 900 | 0 | 4,050 |
| TOTAL | 101,650 | 145,152 | 194,957 | 174,075 | 117,470 | 429,385 | 854,825 (1) |
| REQUIREMENTS | | | | | | | |
| Administrative Costs | | | | | | | |
| Support Program Costs: | | | | | | | |
| Design Services | 7,000 | 14,000 | 14,000 | 7,000 | 7,000 | -0- | 49,000 |
| Pre-Development Revolving Loans | 30,000 | 0 | 0 | 0 | 0 | -0- | 30,000 |
| Façade Loan Program | 10,000 | 20,000 | 20,000 | 10,000 | -0- | -0- | 60,000 |
| Lender Program Assistance | 20,000 | 30,000 | 20,000 | 20,000 | 10,000 | -0- | 100,000 |
| Rental Rate Assurance Program | 0 | 10,800 | 28,800 | 39,600 | 43,200 | 50,400 | 172,800 |
| Parking Loan Repayment | -0- | 0 | 20,000 | 20,000 | 20,000 | 290,000 | 350,000 (2) |
| TOTAL | 67,000 | 74,352 | 102,800 | 96,600 | 80,200 | 340,400 | 761,800 (3) |
| FUNDING SURPLUS (REQUIREMENT) | 34,650 | 70,800 | 92,157 | 77,475 | 37,270 | 88,985 | 93,025 1-(2+3) |

ALBERT J. TURNBAUGH
A Professional Corporation
ATTORNEY AT LAW



706 MAIN STREET, SUITE A
MARTINEZ, CA 94553

Telephone (925) 229-4550
Facsimile (925) 229-3648

July 30, 2012

Mayor and Martinez City Council
525 Henrietta Street
Martinez, CA 94553

Re: Establishment and Support For
An Economic Development Corporation

Dear Mayor and Council Members:

I am sending this letter to memorialize my support for the establishment of an Economic Development Corporation for our city. I have addressed the City Council on different occasions when this matter has been on its agenda.

As the Council is well aware, these are difficult economic times for nearly everyone. The property owners and businesses in town have not been immune from the financial impacts caused by the downturn in the economy. Seismic retrofit of unreinforced masonry buildings is a priority, as well as efforts to revitalize our downtown. Making Martinez an attractive business location alternative is a high priority. Redevelopment is no longer available, thus it is incumbent that the best financing options for property owners and businesses be made available to facilitate the improvements necessary for the revitalization process to occur.

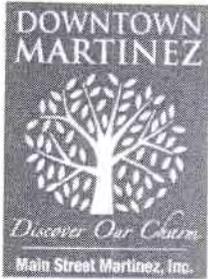
In closing, thank you in advance for your support thus far and going forward.

Very truly yours,

A handwritten signature in cursive script that reads "A. Turnbaugh".

ALBERT J. TURNBAUGH

AJT:nt
(ajtlMayor&CityCouncilN1:)



Main Street Martinez, Inc.
 PO Box 776
 Martinez, CA 94553
 (925) 228-3577
 Fax (925) 228-2650

501(c)(3) Non Profit Organization
 ID # 68-400720009

BOARD OF DIRECTORS

John Curtis, President
 Martinez Museum Director

George Bell, VP
 Martinez resident Director

Terry Edwards, VP
 PakMail Center of Martinez

Cathy Ivers, Secretary
 Shell Oil Products Martinez Refinery

Rachael Ford, Treasurer
 City of Martinez, Planning
 Commissioner

Directors:
 Debra Dodson
 Martinez Arts Association

Gay Gerlack,
 City of Martinez, Parks & Recreation,
 Marina, Cultural Commission

Russ Gorman
 GLT Sign Solutions

Ernie Guerrero
 La Tapatia Mexican Restaurant

Larry Lippow
 Lippow Development Co.

Renee Malone
 Leah's Closet Vice President

Pablo Martinez
 Carlos Shoe Repair

Richard Stahlberg
 Stahlberg Photography Director

Charlene West
 Char's Flower Shoppe

Ex Officio
 Rob Schroder,
 Mayor, City of Martinez

Martinez City Council
 C/o Phil Vince, City Manager
 City of Martinez
 525 Henrietta Street
 Martinez, California 94553

Dear Council Members:

Several individuals including Bob Clayton and Bernie Notas have provided background information to Main Street Martinez about the use of Economic Development Corporations (EDC's) as a mechanism for the revitalization of downtown business districts. Bob and Bernie also met with some of our Main Street representatives to answer questions. Further, our Board received a very informative presentation on the subject by a group which was headed up by the City Manager.

It is our understanding that the Council is now studying the potential use of an EDC to serve as an agent for economic development in the City, with the use of some public seed money to foster private investment from the lender community. We understand that five or more banks have expressed preliminary interest in pursuing this effort, but that they will need a structure, such as an EDC, to serve as an implementation arm for a public/private partnership.

We appreciate that EDC's represent opportunities for enhanced partnerships with organizations such as Chambers of Commerce, Main Streets and Cities. We agree that EDC's are intended to augment, rather than compete with, other community revitalization efforts. And we agree that EDC's can be used to promote the retrofitting of URM buildings in particular. If an EDC is implemented in Martinez, we understand that the City wishes to make it available for use by beneficiaries in areas outside of downtown, thereby enabling such parties to also benefit from the EDC's capabilities.

Main Street Martinez is continually searching for ways to promote the preservation and revitalization of our downtown

business district. We agree that EDCs are a tool that the City should consider for this purpose and we encourage the Council to evaluate the feasibility of implementing an EDC in Martinez. Should the Council decide to proceed with an EDC as a revitalization tool in Martinez, Main Street will lend its support to the City. In addition, we look forward to further discussions with the City and other parties regarding the Main Street role in the formation of the EDC and its subsequent operation.

Sincerely,

A handwritten signature in dark ink, appearing to read "JDCurtis", with a long horizontal flourish extending to the right.

John D. Curtis
President
Main Street Martinez



Martinez Chamber of Commerce
603 Marina Vista Ave.
Martinez, CA 94553

Attn: Martinez City Council
City of Martinez
525 Henrietta St.
Martinez, CA 94553

September 19, 2012

To the Martinez City Council,

The Martinez Chamber of Commerce's mission is to have a healthy business climate throughout the Martinez area. As an advocate of our members, and liaison to local government, the Martinez Chamber of Commerce Board of Directors would like to Voice its support of the creation of an Economic Development Corporation (EDC).

We agree that establishing such a nonprofit organization will allow the opportunity for funding sources in the downtown area and throughout Martinez, leading to activities beneficial to business development and the betterment of the community.

Sincerely,

A handwritten signature in cursive script that reads "Marie Knutson".

Marie Knutson
Chairperson
Martinez Chamber of Commerce

July 13, 2012

Mr. Philip Vince, City Manager
City of Martinez
525 Henrietta Street
Martinez, CA 94553



RE: Martinez Commercial Revitalization Loan Program

Dear Mr. Vince:

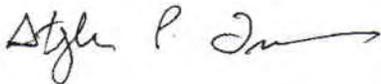
Pursuant to your letter, I met with Bob Clayton and Bernie Notas, of Urban Financial Services Group, who briefly outlined the Downtown Revitalization Program being formulated by the City of Martinez.

California Bank of Commerce is a commercial bank headquartered in Lafayette, CA that focuses on developing relationships with privately, family and closely held businesses located throughout Northern California. When possible and consistent with our mission and purpose, we seek business opportunities to support and participate in initiatives that can perpetuate growth in both commerce and business expansion in surrounding business communities.

We understand that a key element to any urban revitalization program is access to capital and financing. We are willing to participate in discussions about the viability of financing programs related to the Downtown Revitalization Program as well as their potential form and structure. As I am sure you can appreciate, it is difficult to put a program in place that is "one size fits all". Each financing opportunity needs to be evaluated on its individual merits. Furthermore, we would advocate including a number of lenders in your discussions.

Please keep us informed on the progress of the City's Revitalization Program, and provide us with the schedule of meetings that you envision will further define the character and the goals of this Program.

Sincerely,



Stephen P. Tessler
Executive Vice President
(925) 444-2933
stessler@bankcbc.com

cc: Bob Clayton, Bernie Notas, Urban Financial Services

ECONOMIC DEVELOPMENT PROGRAM SCHEDULE #2

(ESTIMATED)

| MONTH # | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | |
|-------------------------------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|--|
| EDC FORMATION | | | | | | | | | | | | | | | | | | | |
| CORPORATION | | | | | | | | | | | | | | | | | | | |
| 501C3 DESIGNATION | | | | | | | | | | | | | | | | | | | |
| BOARD FORMATION | | | | | | | | | | | | | | | | | | | |
| LOAN COMMITTEE FORMATION | | | | | | | | | | | | | | | | | | | |
| LENDER POOL PROGRAM | | | | | | | | | | | | | | | | | | | |
| LENDER AGREEMENTS | | | | | | | | | | | | | | | | | | | |
| LOAN IMPLEMENTATION | | | | | | | | | | | | | | | | | | | |
| CDC 504 | | | | | | | | | | | | | | | | | | | |
| J.P.A. / NEGOTIATIONS | | | | | | | | | | | | | | | | | | | |
| INFRA-STRUCTURE LOAN - IBANK | | | | | | | | | | | | | | | | | | | |
| INDUSTRIAL DEVELOPMENT ISSUES | | | | | | | | | | | | | | | | | | | |
| OTHER LOANS / GRANTS | | | | | | | | | | | | | | | | | | | |

**Martinez Small Business Financing Seminar
Draft of Seminar
September 19, 2012**

Who:

The information seminar is structured for community members interested in starting or expanding a small business in the City of Martinez. It will also provide lenders access to potential borrowers.

What:

I would envision three to four half hour sessions, with one hour at the end to allow the attendees to speak with the lenders.

We would have the following speakers:

-Representative from Bay Area Development Corporation, the only SBA Certified Development Company located in Contra Costa County.

-Representatives of Banks active in SBA lending. The question is do we have one SBA Business Development Officer or do we ask each of the banks located in Martinez if they would like to participate in a panel on SBA lending. My preference would be to ask all banks representatives to be present. Some may or may not want to participate in the panel, but they can be there after the sessions to speak to potential borrowers about their banks lending interests. Asking all the banks will give us the opportunity to meet the local managers and the SBA BDO's. This could be also the beginning of our process to develop the consortium of lenders for the URM Building lending.

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-Representatives from Oakland Business Development Corporation, Opportunity Fund and Working Solutions Microloan Program. These are all organizations that provide micro loans to small business in the bay area.

When:

The seminar occur in a three (3) hour time period. We will need to speak to the City Manager, Chamber Manager and Main Street Martinez Manager to determine if morning, mid-day or afternoon/evening is the best time to get the best turnout. It is possible that that we can give the seminar a few times to ensure that we have reached as many people a possible.

Where:

It could be held at the Meeting Facility on Main Street, or possibly at a room at City Hall. This would somewhat depend on where or not the City Manager would like to have the City take the lead. The best location could be where we can get the space donated.

Why: Small businesses are the economic engine of any community. They are a primary source for providing employment opportunities, a major source of business innovation and a source of sales tax for the City of Martinez. It has become more difficult in the last few years for small businesses to obtain capital. This seminar will put the lenders and borrows together it an attempt to facilitate business growth in the City of Martinez