

**MINUTES OF THE FOWLER CITY COUNCIL
SPECIAL MEETING
AUGUST 4, 2005**

Mayor Simonian called the meeting to order in the Council Chambers at 5:30 p. m. Roll call was taken. There were no public presentations.

Councilmembers present: Simonian, Cardenas, Nagata
Councilmembers absent: Shaw, Aguayo

City staff present: City Manager Elias, City Clerk Davis, Police Chief
Jamgochian, Finance Director Wong, City Attorney Wolfe

CONSIDER FORGIVING BALANCE OF CDBG LOAN TO PICKER PARTS, INC. IN THE AMOUNT OF APPROXIMATELY \$41,000, AND RECONVEYING THE LIEN

City Attorney Wolfe said that although this matter had been discussed at the August 2, 2005 meeting, it had come to staff's attention that foreclosure proceedings would be initiated on the Picker Parts, Inc. property the following day, August 5, 2005, unless the Council reconsidered forgiving the CDBG loan. He explained that the City has a lien on the property securing a Community Block Grant (CDBG) loan of approximately \$41,000 that has been in default. The property is currently in escrow, and since there is not enough value left in the property to pay off this loan, Picker Parts, Inc. had asked the City to forgive the loan. Two taxing agencies that had liens against the property had already agreed to forgive their liens. He noted that the City had indirectly benefitted from the loan since it was used to pay for a water line expansion project. Mr. Wolfe said that if the property was foreclosed, there would still be no money to pay off the City's lien. There is also a security lien on three personal residences of the seller's corporate officers that will be foreclosed if the loan is not forgiven.

Larry Fortune, of Fortune Realty in Fresno, explained the lien waiver and foreclosure proceedings. He further explained that if the lien were not waived it would take months to try to sell the property again. If the lien is waived, the property could be sold immediately.

City Manager Elias stated that he had spoken to the buyer who plans to clean-up and market the property. He noted that the funds that were loaned originated through CDBG's revolving loan program, and that on average 35 percent of these types of loans go into default. Although the City has loaned CDBG funds to several businesses, this is the only loan that has been in default.

Councilmember Cardenas made a motion to forgive the balance of the CDBG loan to Picker Parts, Inc. in the amount of \$41,000, and reconveying the lien, seconded by Mayor

Simonian. The motion carried on a 3-0-2 roll call vote, with Mayor Pro-Tem Shaw and Councilmember Aguayo absent.

ADJOURNMENT

Having no further business, Councilmember Cardenas made a motion to adjourn, seconded by Councilmember Nagata. The meeting was adjourned at 5:50 p. m.