

**CITY OF OAKLAND  
COUNCIL AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2005 JUN 29 PM 3: 30

TO: Office of the City Administrator  
ATTN: Deborah A. Edgerly  
FROM: CEDA, Commercial Lending  
DATE: July 12, 2005

**SUBJECT: RESOLUTIONS AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE LOAN RESTRUCTURING WITH STANTON D. BLUIETT DBA PILL HILL PRINTING FOR OUTSTANDING PRINCIPAL NOTES TOTALING \$240,000 AND UNION STREET MANUFACTURING, LLC, DBA COMET SKATEBOARDS FOR OUTSTANDING PRINCIPAL NOTES TOTALING \$225,000**

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**SUMMARY**

In accordance with City of Oakland policy, and consistent with standard terms and conditions of City of Oakland commercial loan agreements, City staff has negotiated over the past several months for the collection of four separate defaulted loans to two borrowers. The borrowers are Stanton D. Bluiett, dba Pill Hill Printing, and Union Street Manufacturing, LLC, dba Comet Skateboards. The defaulted loans were funded from \$22 million of 1996 US Department of Housing and Urban Development (HUD) Enhanced Enterprise Community (EEC) Section 108 loan guaranty authority and a \$22 million award of Economic Development Initiative (EDI) loan loss reserve funds.

The loans were recommended by City staff and approved by City Council to expand employment opportunities for low-to-moderate income residents in distressed communities and broaden opportunities for these residents to obtain capital for expansion of business ventures. Staff's recommendation to fund these loans was based partially on the probability that the borrowers possessed the ability to execute their respective business plans and through the execution of those business plans, generate sufficient revenue to repay their respective debts.

Particulars of the four defaulted notes are:

1. *Union Street Manufacturing, LLC, dba Comet Skateboards* - A HUD EEC Section 108 loan in the amount of \$160,000 and a HUD EEC EDI loan in the amount of \$65,000, totaling \$225,000.
2. *Stanton D. Bluiett dba Pill Hill Printing* - A HUD EEC Section 108 loan in the amount of \$120,000 and an HUD EEC EDI loan in the amount of \$120,000, totaling \$240,000.

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In working with City staff, the owners of both Comet Skateboards and Pill Hill Printing have proposed various scenarios to restructure their respective notes. Staff has reviewed and evaluated each proposed term revision and has discussed with the borrowers those term revisions which could be supported by staff based on local and federal program guidelines and the City's underlying obligation with HUD for the Section 108 notes.

In addition to the financial default caused by non-payment of the loans, these loans are also classified as being in "technical default" as a result of the businesses not meeting designated HUD requirements for hiring EEC and low to moderate income residents.

Staff has prepared the attached resolutions for City Council's consideration and approval, outlining proposed terms of the restructured loan agreements, including terms for immediate partial loan payoff and conditions by which the City would accept a reinstatement of payments for any balances remaining.

### **FISCAL IMPACT**

Staff recommended restructurings of the Union Street Manufacturing loan and the Pill Hill Printing loan will serve the following purposes: 1) provide immediate payoff of outstanding loan balances, 2) provide substantial pay down of loan balances, 3) provide borrowers necessary time to execute restructuring plans for greatest opportunity of resuming regular payment within one year of restructuring; 4) retain Pill Hill Printing as an Oakland based business and the label and identity of Oakland based Comet Skateboards, and 5) reduce City's cost for foreclosure and collection of defaulted loans.

The fiscal impacts of restructuring the loans are:

1. An HUD EEC Section 108 loan in the amount of \$120,000 plus interest and penalties will be paid in full by the borrower prior to the expected maturity of June 2012.
2. Deferred payment of two HUD EEC EDI loans totaling \$185,000 will be deferred no more than a one year period which will not impact the City's ability to repay HUD.
3. There will be adjustments to the collateral positions of the two remaining HUD EEC EDI loans.

#### **1. Union Street Manufacturing, LLC, dba Comet Skateboards**

The funding source for the \$160,000 loan is from One Stop Small Business Center Organization (#88579), HUD 108 Fund No. (#2107), HUD 108 EEC Disbursement Project (#G02951). The funding source for the \$65,000 loan is from One Stop Small Business Center Organization (#88579), HUD EDI Grant Fund (#2105), HUD EDI Disbursement Project (#H66631). The collateral consists of a first security interest in the equipment. This equipment has been relocated and will likely require significant costs for the City to retrieve through foreclosure proceedings.

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The restructuring of these loans will enable the City to recoup funds in a greater amount than if foreclosure proceeding were to be initiated. If loan terms are not restructured, the HUD EEC Section 108 loan may not be recovered to allow the City to reimburse the City repayment accounts to pay HUD for this debt.

## 2. Stanton D. Bluiett dba Pill Hill Printing

The funding source for the \$120,000 loan is One Stop Small Business Center Organization (#88579), HUD 108 Fund (#2107), HUD 108 EEC Disbursement Project (#G02951). The funding source for the second \$120,000 loan is One Stop Small Business Center Organization (#88579), HUD EDI Grant Fund (#2105), HUD EDI Disbursement Project (#H66631). The collateral consists of a first and second deed of trust on the borrower's residential property. This request to restructure the loans will enable the City to recover the HUD EEC Section 108 funds in full prior to the maturity date of the loan (12/2012) and grant a six month period of deferred principal and interest payments on the HUD EEC EDI portion to allow the borrower the opportunity to increase revenue through securing additional contracts. From the increased anticipated revenues from additional contracts, the borrower will be able to remain in business and resume restructured monthly payments on the remaining HUD EEC EDI loan. If loan terms are not restructured, the HUD EEC Section 108 loan will not be recovered to allow the City to reimburse the City repayment accounts to pay the HUD for this debt.

## **BACKGROUND**

Approximately three months ago, both business owners contacted the City requesting the restructuring of their loans based on the economic and business factors which have prevented them from repaying their loans as agreed.

### 1. Union Street Manufacturing, LLC, dba Comet Skateboards

Union Street Manufacturing is the limited liability company created in January of 2002 to succeed Comet Skateboards, Inc. which was founded in August, 1997, by Jason Salfi and Jonathan Reese. Comet Skateboards began operations as a designer and manufacturer of downhill skateboards. In March 1998, Comet signed a three-year lease on its first warehouse facility, 1401 Mendell Street, Bayview/Hunters Point, San Francisco. During 1998, the team built up its line of vertically laminated, hardwood long boards. In January 1999, the owners constructed the first Comet press machine. By September 1999, they completed a first wave of prototypes for the PROFLEX series.

Sales for 1999 were \$9,000. Sales for 2000 were \$91,600. In March 2001, the company secured a \$40,000 loan from the Oakland Business Development Corporation (OBDC) and moved its headquarters from San Francisco to West Oakland to take advantage of cheaper real estate and a more strategic distribution location. The OBDC loan is in a current status.

Beginning in 2002 and proceeding rapidly since then, the majority of skateboard manufacturing moved offshore to reduce manufacturing and labor costs. This trend negatively impacted Comet Skateboards as two-thirds of their 2002 revenue was derived from contract manufacturing of

other companies' skateboards. This contract manufacturing income was central to their financial planning and strategy. As more contract manufacturing moved offshore, Comet's revenue failed to meet original projections and the company suffered substantial losses. By December 2004, the company was unable to make the payments on its HUD EEC Section 108/EDI loans. These loans defaulted effective March 1, 2005. The loans are in arrears in the approximate amount of \$24,917.74 as of July 1, 2005. On March 1, 2005, the Borrower submitted a proposal to restructure their loans.

## 2. Stanton D. Bluiett dba Pill Hill Printing

Pill Hill Printing is a West Oakland based company, which has been in business 13 years. The business is a full-service printing firm, which provides offset printing, full color printing, binding, cutting and copying service. Pill Hill Printing has a full darkroom and computerized graphic design equipment. In early 2002 the borrower began leasing a 3,000 sq. ft. warehouse space at 1357-5<sup>th</sup> Street in West Oakland and currently conducts all business from that address.

In July, 2001, the City extended two (2) loans totaling \$240,000 to Mr. Bluiett to purchase printing equipment and provide working capital to assist the expansion of his existing Oakland business. The City collateralized the two loans by recording a senior UCC-1 filing on all existing and new business equipment, 2<sup>nd</sup> and 3<sup>rd</sup> Deeds of Trust on the personal residence of Stanton and Laquita Bluiett, a required key man life insurance policy in the amount of \$250,000 with the City named as primary beneficiary, and an executed personal guarantee of Mr. Bluiett. The loans are in arrears in the approximate amount of \$60,689.25. Structural changes in the printing industry significantly reduce the market demand for his services. The proliferation and increasing sophistication of desktop publishing software has enabled many former printing clients to effectively perform print work formerly contracted with Pill Hill Printing.

## KEY ISSUES AND IMPACT

Specific loan information provided in this section is a summary of current status of each loan and a framework of possible restructuring scenarios. Staff's request of City Council is to authorize the City Administrator to continue negotiations with each respective borrower to develop specific terms of any restructuring.

### 1. Union Street Manufacturing, LLC, dba Comet Skateboards

In mid-February 2005, Comet Skateboards' owners advised City staff of a proposal to purchase Comet's skateboard manufacturing equipment. The equipment, believed valued at \$60,000, and located in Chico, California, would be purchased by Glissade Snowboards, Union Street Manufacturing's parent company for use by Level 2 Skateboard, also a subsidiary of Glissade Snowboards. Proceeds from this sale would be utilized to repay part of Comet's HUD EEC Section 108 loan. The City would receive personal guarantees from the Union Street Manufacturing principals to secure repayment of the remaining balances of the HUD EEC Section 108/EDI loans in return for releasing the City's liens on the collateralized equipment. Union Street Manufacturing anticipates repayment of remaining balances owed to the City from

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proceeds of Comet Skateboards' sales through agreements with Level 2 and entrepreneurial endeavors undertaken by partners of Union Street Manufacturing.

The summary below outlines principal loan amount and estimated payoff amount.

Borrower Loan Summary			
	Funding Source	Loan Amount	Estimated Payoff Amt.
1	HUD EEC Section 108	\$160,000	\$148,680.30
2	HUD EEC EDI	\$ 65,000	\$59,261.82
	<b>Totals</b>	<b>\$225,000</b>	<b>\$207,942.12</b>

The two loans were funded through two separate funding sources. The funding sources and loan terms were as follows:

- (1) \$160,000 HUD EEC Section 108 Loan - 7% interest rate, 7-year term. Principal payments to be deferred for initial 12 months; Beginning month 13, principal and interest will be fully amortized over the remaining 6-years and 4 months term, due and payable monthly.
- (2) \$65,000 HUD EEC EDI Loan - 3% interest rate, 7-year term. Principal payments will be deferred and no interest will be charged for the initial 12 months; beginning month 13, principal and 3% interest will be fully amortized over the remaining 6-years and 4 months term, due and payable monthly.

Below is a summary of loan payments during the calendar years 2002 through 2005.

<b>Comet Skateboards Loan Repayment History (Calendar Year 2002 thru 2005)</b>					
<b>Payment Due Date</b>	<b>Amount Paid (both loans)</b>		<b>Amount Due (both loans)</b>		<b>Date Paid</b>
	<b>HUD EEC 108</b>	<b>HUD EEC EDI</b>	<b>HUD EEC 108</b>	<b>HUD EEC EDI</b>	
Sept 2002	3,997.93	0.00	933.33	320.83	Sept 24, 2002
Oct 2002	0.00	0.00	933.33	320.83	No payment
Nov 2002	0.00	0.00	933.33	320.83	No payment
Dec 2002	0.00	0.00	933.33	320.83	No payment
Jan 2003	1,008.30	148.55	933.33	320.83	Mar. 5,2003
Feb 2003	1,008.30	148.55	933.33	320.83	Apr. 2, 2003
Mar 2003	910.73	134.18	933.33	320.83	Apr. 2, 2003
Apr 2003	960.74	141.54	933.33	320.83	Apr. 2, 2003
May 2003	944.55	141.88	933.33	320.83	May 14, 2003
June 2003	944.55	141.88	933.33	320.83	June 23, 2003
July 2003	1,022.46	153.49	933.33	320.83	July 14, 2003
Aug 2003	944.55	145.98	933.33	379.17	Sept 5, 2003
Sept 2003	975.23	171.82	933.33	379.17	Sept 24, 2003
Oct 2003	2,666.44	663.92	2,640.04	627.64	Oct. 15, 2003
Nov 2003	2,666.44	1,214.37	2,640.04	627.64	Dec, 5, 2003
Dec 2003	2,666.44	633.92	2,640.04	627.64	Jan. 7, 2004
Jan 2004	2,666.44	633.92	2,640.04	627.64	Jan. 30, 2004
Feb 2004	2,666.44	633.92	2,640.04	627.64	Feb. 17, 2004
Mar 2004	2,666.44	633.92	2,640.04	627.64	Apr. 9, 2004
Apr 2004	2,666.44	633.92	2,640.04	627.64	Apr. 9, 2004
May 2004	2,666.44	633.92	2,640.04	627.64	Apr. 26, 2004
June 2004	2,666.44	633.92	2,640.04	627.64	June 3, 2004
July 2004	2,666.44	633.92	2,640.04	627.64	July 16, 2004
Aug 2004	2,666.44	633.92	2,640.04	627.64	Aug. 17, 2004
Sept 2004	2,666.44	633.92	2,640.04	627.64	Sept 16, 2004
Oct 2004	2,666.44	633.92	2,640.04	627.64	Oct. 21, 2004
Nov 2004	2,666.44	633.92	2,640.04	627.64	Nov. 15, 2004
<b>Dec 2004</b>	<b>0.00</b>	<b>0.00</b>	<b>2640.04</b>	<b>627.64</b>	<b>No payment</b>
<b>Jan 2005</b>	<b>0.00</b>	<b>0.00</b>	<b>2640.04</b>	<b>627.64</b>	<b>No payment</b>
<b>Feb 2005</b>	<b>0.00</b>	<b>0.00</b>	<b>2640.04</b>	<b>627.64</b>	<b>No payment</b>
<b>Mar 2005</b>	<b>0.00</b>	<b>0.00</b>	<b>2640.04</b>	<b>627.64</b>	<b>No payment</b>
<b>Apr 2005</b>	<b>0.00</b>	<b>0.00</b>	<b>2640.04</b>	<b>627.64</b>	<b>No payment</b>
<b>May 2005</b>	<b>0.00</b>	<b>0.00</b>	<b>2640.04</b>	<b>627.64</b>	<b>No payment</b>
<b>June 2005</b>	<b>0.00</b>	<b>0.00</b>	<b>2640.04</b>	<b>627.64</b>	<b>No payment</b>
<b>Totals</b>	<b>\$50,047.50</b>	<b>\$10,813.20</b>	<b>\$67,5474.13</b>	<b>\$17,640.91</b>	

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In March 2005, Comet Skateboards requested the City loans be restructured while accepting the offer from investors to advance \$60,000 for the acquisition of its equipment and/or company's assets. The \$60,000 payment will reinstate the HUD EEC Section 108 loan and prepay approximately 14 months of principal and interest (\$2,640.04/month) for this loan. The HUD EEC EDI loan will be deferred for 9-12 months. The requested restructuring of City loans are as follows:

- 1.) HUD EEC Section 108 Loan
  - a. To receive a \$60,000 payment to reinstate the HUD EEC Section 108 loan. Total reinstatement to bring payments current through July 1, 2005 will be \$22,771.64.
  - b. Remaining balance from the \$60,000 payment after the HUD EEC Section 108 loan is brought current will be \$37,228.36 which will prepay 14 months of principal and interest loan payments.
  
- 2.) HUD EEC EDI Loan
  - a. Deferral payments for a period of twelve (12) months. Interest and penalties will continue to accrue until paid in full.

## 2. Stanton D. Bluiett dba Pill Hill Printing

In mid-2004, staff reviewed Mr. Bluiett's business financials and had concerns regarding the ability of his business to service restructured debt while experiencing declining sales and operational difficulties.

Since mid-2003 staff has worked diligently with Mr. Bluiett to assist with the development of a proposal to restructure the loans and bring the loan payments to a current status. Mr. Bluiett was unable to sustain regular payments as arranged and his request to restructure his notes was denied by staff due to Mr. Bluiett's inability to supply staff with necessary financial documentation to evaluate Pill Hill Printing ability to service restructured debt. Subsequently, City staff pursued collection actions and recorded a Notice of Default on March 22, 2004. The ninety (90) day redemption period to bring the loans current expired on June 22, 2004. Mr. Bluiett filed a Chapter-13 bankruptcy on June 18, 2004 to stop the City's foreclosure action against his residential property located at 1241 Gateway Drive, Vallejo, California.

The summary below outlines loan principal and estimated payoff amounts.

Borrower Loan Summary			
	Funding Source	Loan Amount	Estimated Payoff Amt.
1	HUD EEC Section 108	\$120,000	\$146,846.32
2	HUD EEC EDI	\$120,000	\$128,773.56
	<b>Totals</b>	<b>\$240,000</b>	<b>\$275,619.88</b>

The two loans were funded through two separate funding sources. The funding sources and loan terms were as follows:

- (1) \$120,000 HUD EEC Section 108 Loan - 8% interest rate, 10-year term. Principal payments to be deferred for initial 12 months; Beginning month 13, principal and interest to be fully amortized over the remaining 9-year term, due and payable monthly.
  
- (2) \$120,000 HUD EEC EDI Loan - 3.5% interest rate, 7-year term. Principal payments will be deferred and no interest will be charged for the initial 12 months; beginning month 13, principal and 3.5% interest to be fully amortized over the remaining 6-year term, due and payable monthly.



Below is a summary of loan payments during the calendar years 2002 through 2004.

<b>Pill Hill Loan Repayment History (Calendar Year 2002 thru 2004)</b>					
<b>Payment Due Date</b>	<b>Amount Paid</b>		<b>Amount Due</b>		<b>Date Paid</b>
	<b>(both loans)</b>		<b>(both loans)</b>		
	<b>HUD EEC 108</b>	<b>HUD EEC EDI</b>	<b>HUD EEC 108</b>	<b>HUD EEC EDI</b>	
July 2002	\$828.25	\$411.75	\$828.25	\$411.75	July 10, 2002
Aug 2002	864.63	432.34	864.63	432.34	Sept 16, 2002
Sept 2002	784.74	418.39	784.74	418.39	Sept 16, 2002
Oct 2002	862.81	431.57	862.81	431.57	Jan. 13, 2003
Nov 2002	836.23	418.20	836.23	418.20	Jan. 13, 2003
Dec 2002	836.24	419.95	836.24	419.95	Jan. 13, 2003
Jan 2003	1,656.76	771.17	1,656.76	771.17	Feb. 24, 2003
Feb 2003	1,656.76	771.17	1,656.76	771.17	May 5, 2003
Mar 2003	1,656.76	771.17	1,656.76	771.17	May 5, 2003
Apr 2003	1,656.76	771.17	1,656.76	771.17	May 5, 2003
May 2003	1,577.87	734.45	1,577.87	734.45	May 5, 2003
June 2003	0.00	0.00	1,656.76	771.17	No payment
July 2003	0.00	0.00	1,656.76	771.17	No payment
Aug 2003	0.00	0.00	1,656.76	771.17	No payment
Sept 2003	0.00	0.00	1,656.76	771.17	No payment
Oct 2003	0.00	0.00	1,656.76	771.17	No payment
Nov 2003	0.00	0.00	1,656.76	771.17	No payment
Dec 2003	0.00	0.00	1,656.76	771.17	No payment
Jan 2004	0.00	0.00	1,656.76	771.17	No payment
Feb 2004	0.00	0.00	1,656.76	771.17	No payment
Mar 2004	0.00	0.00	1,656.76	771.17	No payment
Apr 2004	0.00	0.00	1,656.76	771.17	No payment
May 2004	0.00	0.00	1,656.76	771.17	No payment
June 2004	0.00	0.00	1,656.76	771.17	No payment
<b>Totals</b>	<b>\$13,217.81</b>	<b>\$6,351.33</b>	<b>\$34,755.69</b>	<b>\$16,376.54</b>	

Although Mr. Bluiett filed for Chapter 13 bankruptcy on June 18, 2004, that does not relieve him from his obligation to fully satisfy the repayment terms of the City's secured debt. Mr. Bluiett's requested restructured loan terms are as follows:

(1) HUD EEC Section 108 Loan

- a. Full pay-off of delinquent interest and remaining principal balance totaling \$126,289.34, full pay-off of this note would be achieved through Mr. Bluiett's refinancing of his Vallejo property.
- b. Forgiveness of late fees (\$2,890.25) and servicing fees (\$572.25).
- c. HUD Pre-payment penalty paid in full, totaling (\$10,103.64).
- d. Foreclosure fees of \$1,600 to be paid in full.
- e. City of Oakland would subordinate to second position through the refinancing of his property.

(2) HUD EEC EDI Loan

- a. Deferral payments for a period of up to nine (9) months. Interest and penalties will continue to accrue until paid in full.
- b. Full payments of principal and interest to resume in April 1, 2006 and continue until note is fully satisfied.

The City of Oakland's Real Estate division has completed an appraisal of the residential property held as collateral for the two loans. On February 17, 2005, we received a limited restricted appraisal report determining the market value of the subject collateralized residential property to be \$500,000.

City of Oakland Contracts

Mr. Bluiett contends that his ability to repay his debt to the City is in part related to his ability to secure City of Oakland printing contracts and has requested that his record of contracting with the City be included in this report to City Council.

The summary below provides a brief history of the City of Oakland printing contracts and Purchase Orders to Pill Hill Printing issued through Purchasing for the years indicated. The information contained in this report was provided by the City's Purchasing Division.

Summary of City of Oakland Term Contracts and Individual Bid Contracts/Purchase Orders			
	Contract Year	Amount	Number of Contracts/PO's
1	1999	\$13,354.66	8
2	2000	27,924.71	11
3	2001	134,341.09	36
4	2002	66,765.42	29
5	2003	31,273.40	27
6	2004	15,986.27	22
7	2005	33,964.95	11
	Totals	\$323,610.50	144

The table below provides a summary of current Purchasing approved contracts between the City of Oakland and Pill Hill printing.

Summary of Current Open Term Contracts					
	PO#	Contract Term	Description	Contract Limit	Paid To Date
1	72836	4/05 – 6/06	Misc. Envelopes	\$49,999	\$ 2,952.57
2	68662	3/05 – 2/06	Stock Envelopes	77,926	24,582.95
3	57289	2/04 – 6/05	Business Cards	30,000	11,071.37
			Totals	\$157,925	\$38,606.89

### **SUSTAINABLE OPPORTUNITIES**

The City would retain Pill Hill Printing as a local business and continue to receive business taxes from revenue generated by this business as well as maintaining Pill Hill Printing as a potential employer in West Oakland.

Union Street Manufacturing would continue to brand its Comet Skateboards as located in Oakland and its principals would continue to pursue collaboration to bring philanthropic opportunities to Oakland.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

**Not applicable.**

**RECOMMENDATIONS/CONCLUSION**

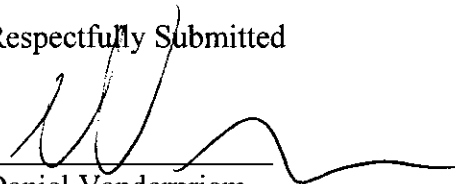
Staff recommends that the borrower's request for loan restructuring of loan terms and that City Council authorize the City Administrator to negotiate the restructuring of the Pill Hill Printing and Comet Skateboards loans. Staff further recommends that City Council direct staff to protect the City's interest to the fullest extent provided in those negotiations, including maintaining the option of foreclosure with the intent to collect all monies owed to the City.

A summary of commercial loans has been attached for City Council's consideration of these restructuring requests (Attachment #1).

**ACTION REQUESTED OF THE CITY COUNCIL**

It is staff's recommendation that the City Council approve the attached resolutions authorizing the City Administrator to consider loan restructuring requests by Stanton D. Bluiett dba Pill Hill printing for outstanding principal notes totaling \$240,000 and Union Street Manufacturing, LLC, dba Comet skateboards for outstanding principal notes totaling \$225,000.

Respectfully Submitted



Daniel Vanderprie  
Director of Redevelopment, Economic  
Development, Community Development  
and Housing

Reviewed and Prepared by:  
Gregory Hunter, Manager  
Commercial Lending

Prepared by:  
Lisa Brown, Project Manager  
Commercial Lending

**APPROVED FOR FORWARDING TO  
THE COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:**

  
Office of the City Administrator

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COMMERCIAL LOAN PORTFOLIO SUMMARY  
CURRENT VS. DELINQUENT/DEFAULTED

CURRENT ACCOUNTS		DELINQUENT/DEFAULTED ACCOUNTS			
Borrower	Loan Amount	Borrower	Loan Amount	Collection Initiated	Collection Action
1 Fruitvale Development Corporation	\$3,300,000	1 Just Real Estate, LLC	\$1,450,000	Y	Collections
2 ORA-Jack London (Acorn) Gateway	\$2,100,000	2 EMHS	\$1,100,000	Y	Collections/ Judgment '01
3 Negherbon Auto Center	\$1,000,000	3 3J's & BH Enterprises	\$500,000	Y	Collections
4 Lake Merritt Hotel Associates	\$800,000	4 Gregory Truck Body	\$350,000	Y	Collections
5 Sunrise Specialty	\$796,000	5 Blackboard Entertainment	\$250,000	Y	Settlement
6 Connell Auto Center	\$700,000	6 Pill Hill Printng	\$240,000	Y	Collections/ Bankruptcy
7 Niman Ranch Properties	\$600,000	7 Technical Leasing	\$240,000	Y	Collections
8 Niman McConnell	\$600,000	8 Comet Skateboards	\$225,000	Y	Collections
9 Lamumba Corp. dba Geoffrey's Inner	\$271,200	9 Ken Mitchell (Stone's Easy Stop)	\$205,000	Y	Paid in Full
10 United Market	\$250,000	10 Athlete's Foot	\$150,000	Y	Litigation
11 Ahmed Dobashi dba Kwikway Laundry	\$249,500	11 Carrie's Landing	\$150,000	Y	Closed
12 Tri Dot Enter. dba Domino's Pizza	\$125,000	12 Mercury Computer Corp.	\$100,000	Y	Collections
13 Frankie's Inc. dba It's a Grind	\$100,000	13 Just Dessert, Inc.	\$100,000	Y	Litigation
14 Upland Sports Group	\$99,900	14 Brew's Vision Unlimited	\$95,000	Y	Settlement
15 J. Malnick	\$99,500	15 All About Hair	\$77,000	Y	Closed
16 Luka's LLC	\$99,500	16 Uniforms of America	\$55,700	Y	Collections/ Judgment '01
17 Acapulco Records	\$99,000	17 TP School Supplies	\$55,000	Y	Delinquent

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**CURRENT VS. DELINQUENT/DEFAULTED**

CURRENT ACCOUNTS		DELINQUENT/DEFAULTED ACCOUNTS			
Borrower	Loan Amount	Borrower	Loan Amount	Collection Initiated	Collection Action
18 La Loma Medical Center	\$95,000	18 Wanda's Cofe Barista	\$48,000	Y	Collections/ Court Action
19 FunBath Co.	\$90,000	19 Android Designs	\$47,500	Y	Partially Paid Off
20 Food King Meats Property	\$68,648	20 General Nutrition Center	\$30,000	Y	Partially Paid Off
21 Gazzalli's Supermarket	\$65,000	21 Allan's Ham & Bacon	\$28,000	Y	Partially Paid Off
22 Flex Therapy & Fitness	\$65,000	22 Print Shop	\$28,000	Y	Collections/ Judgment '01
23 Playa Azul Restaurant	\$60,000	23 Steel City Gym	\$25,000	Y	Collections/ Judgment '01
24 McNeill Manufacturing Inc.	\$60,000	24 Black-N-Style	\$20,000	Y	Closed
25 Glacier Bay	\$45,000	25 Breahn Construction	\$10,000	Y	Collections/ Bankruptcy
26 Stump & Sons	\$35,000	26 Piazza Pizzeria	\$10,000	Y	Collections/ Judgment
27 Simco Construction	\$30,000	27 Just for You Janitorial	\$10,000	Y	Bankruptcy
28 Los Medanos Fund	\$12,500	28 Victor's Café	\$9,742	Y	Collections/ Judgment '01
29 Big O Tires	\$10,000	29 R & D Barbecue	\$7,905		
30 Day's Publications	\$10,000				
<b>Total Principal Value</b>	<b>\$11,915,748</b>	<b>Total Principal Value</b>	<b>\$5,616,847</b>		
Percent Current of \$ Loaned	68.0%	Percent Defaulted of \$ Loaned	32.0%		

# OAKLAND CITY COUNCIL

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND



RESOLUTION NO. \_\_\_\_\_ C. M. S.

2005 JUN 29 PM 3:31

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

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**A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A LOAN RESTRUCTURING FOR STANTON D. BLUIETT DBA PILL HILL PRINTING FOR OUTSTANDING PRINCIPAL NOTES TOTALING \$240,000.**

WHEREAS, The City Council, on July 24, 2001, authorized by Resolution No. 76605 C.M.S two loans to Stanton D. Bluiett, dba Pill Hill Printing, totaling \$240,000, which are described as follows:

1. A loan of HUD 108 Enhanced Enterprise Community ("EEC") revolving loan funds in an amount of \$120,000 to finance the acquisition equipment and working capital;
2. A loan of HUD Economic Development Initiative ("EDI") funds in the amount of \$120,000 to finance the acquisition of equipment and working capital; and

WHEREAS, Pill Hill Printing has been delinquent in excess of 90 days forcing the City to pursue collection action to recover re-payment of loan amounts issued by the City of Oakland for \$120,000 in HUD 108 funds and \$120,000 in EDI loan funds, totaling \$240,000 in outstanding principal; and

WHEREAS, the Pill Hill Printing loans are secured by real property and other collateral available for the City to collect delinquent and defaulted loan balances; and

WHEREAS, the Pill Hill Printing has requested their loan repayments to be restructured to assist with satisfying the agreed debt structures; and

WHEREAS, the Pill Hill Printing has developed a payment plan to effectively repay outstanding balances on both loans; and

WHEREAS, staff reviewed the Pill Hill Printing request to restructure the \$120,000 HUD Section 108 loan and a \$120,000 EEC EDI loan and determined that it met the requirements to amend the promissory notes; now therefore be it

RESOLVED: That the City Administrator is authorized to negotiate and execute terms associated with the agreed upon restructuring of the loans to Stanton D. Bluiett, dba Pill Hill Printing; and be it

FURTHER RESOLVED: that the restructured terms shall continue to protect the City of Oakland's interest; and be it

FURTHER RESOLVED: That prior to execution, all restructuring loan documents shall be reviewed and approved as to form and legality by the Office of the City Attorney.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2005

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND CHAIRPERSON DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

Attest: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California



# OAKLAND CITY COUNCIL

OFFICE OF THE CITY CLERK  
OAKLAND

RESOLUTION NO. \_\_\_\_\_ C. M. S. 2005 JUN 29 PM 3:31

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

**A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE LOAN RESTRUCTURING REQUEST BY UNION STREET MANUFACTURING, LLC, DBA COMET SKATEBOARDS FOR OUTSTANDING PRINCIPAL NOTES TOTALING \$225,000.**

WHEREAS, The City Council, on May 7, 2002, authorized by Resolution No. 77103 C.M.S two loans to Union Street Manufacturing, LLC dba Comet Skateboards, totaling \$225,000, which are described as follows:

1. A loan of HUD 108 Enhanced Enterprise Community ("EEC") revolving loan funds in an amount of \$160,000 to finance the acquisition equipment and working capital;
2. A loan of Economic Development Initiative ("EDI") funds in the amount of \$65,000 to finance the acquisition equipment and working capital; and

WHEREAS, Comet Skateboards is delinquent in excess of 90 days forcing the City to pursue collection action to recover the outstanding loan principal totaling \$225,000 of combined HUD EEC 108 and EEC EDI loan funds; and

WHEREAS, the Union Street Manufacturing, LLC loans are secured by manufacturing equipment and personal guarantees of Union Street Manufacturing, LLC principles, and

WHEREAS, the Union Street Manufacturing, LLC has requested their loan be restructured to assist with satisfying the agreed debt repayment schedule; and

WHEREAS, the Union Street Manufacturing, LLC has developed a business liquidation plan to effectively repay outstanding balances on both loans; and

WHEREAS, staff has reviewed the Union Street Manufacturing, LLC business liquidation plan and determined that a proposed structure could be developed to meet the requirements of the existing promissory note; now therefore be it

RESOLVED: That the City Administrator is authorized to negotiate and execute terms associated with a restructuring of the HUD EEC 108 and EDI loans to Union Street Manufacturing, LLC dba Comet Skateboards; and be it

FURTHER RESOLVED: That prior to execution, all restructuring loan documents shall be reviewed and approved as to form and legality by the Office of the City Attorney.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2005

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND CHAIRPERSON DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

Attest: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California