

LAW OFFICE OF
MERHAB ROBINSON & JACKSON
A PROFESSIONAL CORPORATION

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ROBERT M. TENNANT
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February 19, 2009

Via E-Mail Steve.Pougnnet@palmsprings-ca.gov
and Regular U.S. Mail

FEB 23 2009

Mr. Steve Pougnnet, Mayor
City of Palm Springs
3200 East Tahquitz Canyon Way
Palm Springs, CA 92262

cc: D. READY
T. WILSON

Re: Santiago Sunrise Village Mobile Home Park Corporation,
A California Nonprofit Corporation

Dear Mr. Mayor:

This office is general counsel to Santiago Sunrise Village Mobile Home Park Corporation, a California non profit corporation ("Sunrise Corporation") formed in August, 2000 and organized to operate exclusively for public charitable uses and purposes by lessening the burden of the government of the City of Palm Springs. To that end, the Sunrise Corporation acquired the Sunrise Village Mobile Home Park located at 1500 E. San Rafael in the City of Palm Springs ("the Park") with bonds issued by the City of Palm Springs (the "Issuer" or "City"). The purpose of this letter is to address issues relating to the relationship between the Sunrise Corporation and the Issuer.

The organizational documents of the Sunrise Corporation require that at least one board member of the Sunrise Corporation be appointed by the City of Palm Springs Redevelopment Agency ("Agency") and that such person be a member of the Agency. The initial appointed member was Mr. John Raymond, who has since left the Agency for another city. Accordingly, request is hereby made that you instruct the Agency to appoint another member of the Agency to sit on the board of directors of the Sunrise Corporation. Failure to do so could result in the loss of Sunrise Corporation's tax exempt status and similar tax concerns with respect to the Issuer's bonds.

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A non-related yet equally important issue between the parties concerns funding for an office and laundry facilities at the Park. Currently there are two buildings at the Park that previously operated as laundry facilities. They have been vandalized to the point of disrepair requiring their demolition. The Park financing includes HUD financing under section 207 of the National Housing Act and Regulations. HUD has placed the Park into its "enforcement center" due to exigent health and safety deficiencies related to the laundry facilities. Specifically, the existing laundry facilities must be repaired or torn down. Neither the existing laundry facilities or the current office space are ADA compliant. The Park's management company has recommended that the facilities be torn down and a single facility at a central location, with an office, be constructed to provide for security to deter future vandalism. Plans for the construction and request for funds were presented to Mr. John Raymond who advised the Sunrise Corporation that he had received initial consent to the project and funding from the then mayor and at least one council member. It was determined that the best structure of the transaction would be an amendment to the DDA between the Sunrise Corporation and the City. This office prepared such an amendment and the matter was initially heard at a council meeting in November, 2008 but was rescheduled to be heard in December, 2008. Mr. Raymond advised the Sunrise Corporation that someone anonymously raised an issue regarding the City spending money on laundry facilities when fire hydrants should be considered. In response, Mr. Raymond requested the Fire Chief inspect the Park and was told that no improvements were necessary to the Park's fire hydrant system. Notwithstanding, since Mr. Raymond's departure, the Sunrise Corporation has not been able to get a response from any of the individuals who have taken over his duties as to why the matter has not been put back on the agenda for council approval.

In addition to the need to comply with the HUD violation, the residents of the Park are in desperate need of laundry facilities in the Park. If necessary, they are more than willing to fill the council chambers and voice their needs. When Mr. Raymond advised the management company that approval of the funds for the laundry facilities was imminent, the management company advised the residents. They are now questioning what the City is holding up the project. The Sunrise Corporation does not have the funds necessary to construct the facilities without the assistance it was told it would receive from the City. The Chairman of the Board of the Sunrise Corporation, Mr. Garry Edmundson, and the Chairman of the Board of the management company, Mr. Richard Simonian, hereby request a meeting with you to discuss the request for funds for the laundry facilities.

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Please respond at your earliest convenience to the two issues above which affect the interests of both the City and Sunrise Corporation.

Sincerely yours,



Marla Merhab Robinson

MMR:lho

cc: Mr. Garry Edmundson
Mr. Richard Simonian
Ms. Aimee Molsberry

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CITY OF PALM SPRINGS
COMMUNITY REDEVELOPMENT AGENCY
MINUTES
WEDNESDAY, FEBRUARY 2, 2005
PALM SPRINGS CITY COUNCIL CHAMBER

CALL TO ORDER: Chair Oden called the meeting to order at 7:23 P.M.

ROLL CALL:

PRESENT: Agency Members Foat, Mills, Pougnet, McCulloch, Chair Oden.

ABSENT: None.

PUBLIC COMMENTS: None.

CONSENT AGENDA:

ACTION: Approve Consent Items A. and B. Motion Agency Member Pougnet, seconded by Agency Member McCulloch and unanimously carried on a roll call vote.

A. ACTION: Approve Minutes from the January 5, 2005, Community Redevelopment Agency meeting. Approved as part of the Consent Agenda.

B. ACTION: Adopt Resolution No. 1273 "A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS, CALIFORNIA, APPROVING A MEMORANDUM OF UNDERSTANDING WITH MILDRED BROWNE REGARDING THE EXCHANGE OF A 4.96 ACRE AGENCY-OWNED PARCEL AT THE NORTHWEST CORNER OF SUNRISE WAY AND TAHQUITZ CANYON WAY FOR A 7.9 ACRE PARCEL WEST OF BMW OF PALM SPRINGS, MERGED AREA #1 AND MERGED AREA #2." Agreement Number 0492C. Approved as part of the Consent Agenda.

PUBLIC HEARINGS: None.

LEGISLATIVE ITEMS:

C. Designation of the 'Governmental Representative' to the Santiago Sunrise Village Mobile Home Park Corporation:
ACTION: Appoint John Raymond as the 'Governmental Representative' to the Santiago Sunrise Village Mobile Home Park Corporation. Motion Agency Member Mills, seconded by Agency Member Foat and unanimously carried.

ADJOURNMENT: The Community Redevelopment Agency adjourned at 7:26 P.M.

APPROVED BY A MOTION OF THE CITY OF PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY THIS 16th DAY OF FEBRUARY, 2005.

Attest:


Assistant Secretary


Chair