

REDEVELOPMENT AGENCY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER R-03974

ADOPTED ON NOVEMBER 22, 2005

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO APPROVING THE ACTIONS NECESSARY FOR THE NTC FOUNDATION TO APPLY FOR THE NEW MARKET TAX CREDITS AND HISTORIC TAX CREDITS.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Naval Training Center [NTC] Redevelopment Project Area [Project]; and

WHEREAS, the Agency and McMillin-NTC, LLC [Master Developer], entered into a Disposition and Development Agreement [DDA] in June 2000, for the purposes of effectuating the Redevelopment Plan for the Naval Training Center Redevelopment Project, adopted by the City Council in May 1997, and the Naval Training Center Reuse Plan, adopted by the City Council in October 1998; and

WHEREAS, pursuant to Section 1.8 (g)(a) of the DDA, the Master Developer shall cause the (Civic Arts and Cultural) Foundation [Foundation] to be established as a Section 501 (c) (3) nonprofit public benefit corporation; and

WHEREAS, the Foundation received nonprofit status from the Internal Revenue Service as a Section 501 (c)(3) nonprofit public benefit corporation on May 8, 2001; and

WHEREAS, the Foundation is responsible for rehabilitating of the Civic Arts and Cultural Center in preparation for subleasing the buildings; and

WHEREAS, in February 2004, the Agency entered into a Rehabilitation Grant Agreement with the Foundation which provided the Foundation with a grant of \$5.85 million in HUD 108 loan proceeds for the Stage One rehabilitation of Buildings 175, 176, 200, and 201; and

WHEREAS, the Foundation has commenced a \$27 million capital campaign to raise funds for the rehabilitation of six historic buildings (NTC buildings 175, 176, 177, 200, 201, and 202) which comprise Phase 1 of the Foundation's rehabilitation program (Attachment 1). A component of the Foundation's capital campaign requires that equity be raised through the syndication of New Markets Tax Credits and Historic Tax Credits; and

WHEREAS, in order for the Foundation, a non-profit tax exempt organization, to participate in the tax credits markets, it must create a wholly-owned for-profit subsidiary. The Foundation has proposed establishing three for-profit subsidiaries, which will hold the leasehold and sub-leasehold interests, respectively, in the Phase 1 buildings; NOW THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego, as follows:

1. That pursuant to CEQA Guidelines Section 15060 (c)(2), this activity is not a "project" and is therefore not subject to CEQA.
2. That it approves an assignment of the NTC Foundation's rights and obligations, under the NTC Disposition and Development Agreement, to NTC Liberty Station, Inc. as to specific buildings in the Civic, Arts and Cultural Center.

3. That it consents to the proposed assignment and assumption of the lease to Buildings 177 and 200 from NTC Foundation to NTC Liberty Station, Inc. and the proposed subleases to NTC Tenant, L.P.

4. That it authorizes the Redevelopment Agency to enter into ground leases with NTC Liberty Station, Inc. for Buildings 175, 176, 201 and 202 and the proposed subleases to NTC Tenant, L.P.

5. That it authorizes the Executive Director, or designee, to execute documents necessary for the Foundation, a non-profit tax exempt organization, to participate in the tax credit markets.

APPROVED: MICHAEL J. AGUIRRE, General Counsel

By _____
Rachel H. Witt
Chief Deputy General Counsel

RHW:als
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Or.Dept: CCDC
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