

OVERSIGHT BOARD RESOLUTION NUMBER OB-2012-20

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN
DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE
SETTLEMENT AGREEMENT AND RELEASE RELATED TO THE
MERCADO PROPERTY

WHEREAS, the former Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego; and

WHEREAS, in accordance with Assembly Bill x1 26 (AB 26), the Former RDA dissolved as of February 1, 2012, at which time the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), assumed the Former RDA's assets and obligations; and

WHEREAS, in 2010, the Former RDA filed litigation in the San Diego Superior Court, designated as Case No. 37-2010-00093850-CU-OR-CTL (Litigation), asserting causes of action to quiet title and for slander of title against LandGrant Development Unlimited (LandGrant), Mercado Alliance, LLC (Mercado Alliance), C. Samuel Marasco (Marasco), related to certain property within the Barrio Logan community of San Diego bounded by Crosby Street on the north, Cal Trans Coronado Bay Bridge Right-of-Way and Chicano Park on the south, National Avenue on the east, and Main Street on the west (Mercado Property); and

WHEREAS, the Former RDA also asserted a cause of action in the Litigation for recovery of a surety bond against Mercado Alliance and American Contractors Indemnity Company (American Contractors), given that the court in previous litigation (Case No. GIC 865872) had required the defendants to post a bond for \$100,000 as a condition of an injunction order related to the Mercado Property; and

WHEREAS, on February 16, 2012, the Successor Agency filed a motion for summary adjudication in the Litigation, seeking to quiet title to the Mercado Property and to cancel certain instruments that had been recorded on the Mercado Property; and

WHEREAS, on April 20, 2012, the court granted the Successor Agency's motion, thereby leaving only two active causes of action, including (1) recovery of surety bond against Mercado and American Contractors and (2) slander of title against LandGrant, Mercado Alliance and Marasco; and

WHEREAS, the Successor Agency and LandGrant, Mercado Alliance, Marasco, and American Contractors have negotiated a proposed Settlement Agreement and Release (Settlement Agreement) to resolve the remaining causes of action in the Litigation and also to resolve Mercado Alliance's claim for reimbursement under an earlier disposition and development agreement between Mercado Alliance and the Former RDA; and

WHEREAS, on July 31, 2012, the Successor Agency's board (i.e., the San Diego City Council) approved the Successor Agency's execution of the Settlement Agreement, a copy of which is attached to the Staff Report accompanying this item.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board that the Settlement Agreement is hereby approved.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on August 7, 2012.



Chair, Oversight Board