

OVERSIGHT BOARD RESOLUTION NUMBER OB-2012-24

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE PROPOSED TERMINATION AND SURRENDER OF LEASE AGREEMENT WITH PRICE CHARITIES RELATED TO A SUCCESSOR AGENCY OFFICE SPACE LEASE LOCATED AT 4305 UNIVERSITY AVENUE IN CITY HEIGHTS

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 (City); 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, the Successor Agency is winding down the Former RDA's affairs in accordance with AB 26, enacted on June 28, 2011, and Assembly Bill 1484 (AB 1484), enacted on June 27, 2012 (collectively, the Dissolution Laws); and

WHEREAS, in May 2003, the Former RDA (Tenant) entered into an Office Lease Agreement (Lease Agreement) with Urban Village Commercial, LLC, currently Price Charities (Landlord), for office space within the City Heights Center, an office building located at 4305 University Avenue; and

WHEREAS, the lease commenced on April 1, 2004 for a term of ten (10) years with two five-year extensions and was entered for the purpose of leasing field office space for Former RDA staff and for the Mid-City Community Service Center for the City Heights community; and

WHEREAS, the Mid-City Community Service Center was closed in June 2005 due to budget constraints; and

WHEREAS, the Lease Agreement was amended by the First Amendment to Office Lease Agreement (Lease Amendment) by the Former RDA and Price Charities in August 2006 to allow the Former RDA staff to move to a smaller suite within the City Heights Center; and

WHEREAS, the office space identified in the Lease Amendment is no longer needed by the Successor Agency as a result of the dissolution and winding down of the Former RDA pursuant to the Dissolution Laws; and

WHEREAS, the Lease Agreement and Lease Amendment do not have applicable termination provisions, but Price Charities, in the interest of mutual cooperation, has agreed to terminate the lease; and

WHEREAS, Price Charities has identified a new/suitable tenant, to occupy the space; and

WHEREAS, the Successor Agency and Price Charities propose to execute the Termination and Surrender of Lease Agreement (Termination Agreement), a copy of which is attached to the staff report accompanying this item, wherein Price Charities agrees to accept a lump sum termination payment of \$27,603.12 plus approximately \$300.00 for utilities charges and direct expenses currently owed under the Lease Agreement and Lease Amendment terms, and the Successor Agency is to be released from any future liability or obligations under the Lease Agreement and Lease Amendment; and

WHEREAS, the lump sum termination payment is an amount equivalent to the difference between rental payments Price Charities would have received from the Successor Agency under the current Lease Amendment and the rental payments to be received from the new lessee; and


WHEREAS, approval of the Termination Agreement will save Successor Agency \$44,882.88 over the remaining term of the obligation under the Lease Amendment and those savings can then be distributed to other taxing entities on a pro-rata basis; and

WHEREAS, the termination payment is less than the amount owed for the balance of the Lease Amendment term, as identified on the Recognized Obligation Payment Schedules (ROPS) #1 and #2 and listed most recently in ROPS #3 (January – June 2013), as Item #141; and

WHEREAS, with this action, and approval by the State Department of Finance, Item #141 on ROPS #3 will then be removed from future ROPS.

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

**PASSED AND ADOPTED** by the Oversight Board at a duly noticed meeting of the Oversight Board held on September 18 2012.

  
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Chair, Oversight Board