

OVERSIGHT BOARD RESOLUTION NUMBER OB-2012-36

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE FIRST AMENDMENT TO THE OWNER PARTICIPATION AGREEMENT FOR MARKET CREEK PLAZA IN SOUTHEASTERN SAN DIEGO AND THE SUCCESSOR AGENCY'S RELATED PAYMENT OF \$2,400,000

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 required to administer the winding down of the Former RDA's operations and to ensure compliance with the Former RDA's obligations in accordance with AB 26, as amended by Assembly Bill 1484 (AB 1484); and

WHEREAS, the Former RDA and Market Creek Partners, LLC, a California limited liability company (Developer), entered into that certain Owner Participation Agreement (OPA) in or about December 2000 regarding development of the 19-acre Market Creek Plaza site (Site), presently located within the Central Imperial Component Area of the Southeastern San Diego Merged Redevelopment Project Area; and

WHEREAS, the OPA included the Former RDA's obligation to reimburse the Developer for the construction of certain public improvements needed for development of the Site, in an amount up to \$3,800,000, as well as the Developer's obligation to construct a 300,000-square-foot commercial retail center on the Site; and

WHEREAS, the Developer has completed the public improvements envisioned by the OPA, as well as a portion of the private improvements envisioned by the OPA; and

WHEREAS, as of February 1, 2012, the Successor Agency has assumed the Former RDA's rights and obligations under the OPA by operation of AB 26; and

WHEREAS, in light of the present circumstances, the Successor Agency and the Developer have negotiated the proposed First Amendment to the OPA, including certain attachments thereto, all of which are attached to the staff report accompanying this item; and

WHEREAS, the First Amendment to the OPA will, among other things: (i) reduce the amount of the Successor Agency's reimbursement obligation for the completed public improvements from \$3,800,000 to \$2,400,000; (ii) reduce the original Site from 19 acres to approximately 6.5 acres (Reduced Site); (iii) reduce the scope of development to reflect the completed shopping center on the Reduced Site; (iv) release certain community benefit covenants from the undeveloped parcels, but retain such covenants as to the developed parcels, within the Site; and (v) retain the Jacobs Community Center building on the property tax rolls through June 30, 2014; and

WHEREAS, the approved second Recognized Obligation Payment Schedule, covering the six-month period from July through December 2012 (ROPS 2), contemplates the Successor Agency's payment of up to \$3,800,000 to the Developer under the OPA.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. The First Amendment to the OPA, including all attachments thereto, is approved.

2. The Successor Agency's payment of \$2,400,000 to reimburse the Developer for the cost of completed public improvements, as required by the First Amendment to the OPA and consistent with ROPS 2, is approved.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on November 20, 2012.



Chair, Oversight Board