

RESOLUTION NUMBER R- 307027

DATE OF FINAL PASSAGE SEP 29 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING A FIRST AMENDMENT
TO THE THIRD REHABILITATION GRANT AGREEMENT
WITH NTC FOUNDATION.

WHEREAS, the former Naval Training Center (NTC) has been transformed into a new urban village called Liberty Station; and

WHEREAS, the NTC Foundation (Foundation) was established in June 2000, pursuant to the Naval Training Center Disposition and Development Agreement (DDA) between the Redevelopment Agency of the City of San Diego (Agency) and McMillin-NTC, LLC, a Delaware limited liability company; and

WHEREAS, the Foundation is responsible for rehabilitating and managing the 26 buildings that make up the Civic, Arts, and Cultural Center (CACC) in the NTC Historic Core; and

WHEREAS, under two prior grant agreements, the Agency provided funding to rehabilitate 7 of the 26 CACC buildings; and

WHEREAS, in September 2010, the Agency entered into a Third Rehabilitation Grant Agreement (Third Grant) with the Foundation to provide \$4 million for the rehabilitation of part of the Foundation's Phase 2 development that includes Buildings 2, 3, 14, 15, 16, 17, 26, and Officer Quarters D (Phase 2 Properties), with the \$4 million being designated for the renovation and rehabilitation of Buildings 2 and 3, and Officer Quarters D; and

WHEREAS, in March 2011, the Redevelopment Agency transferred the Phase 2 Properties to the City, together with all of the Agency's rights and obligations under the Third

Grant, and all other related Agency assets, including accounts receivable, to allow the City to satisfy its obligations under the Third Grant; and

WHEREAS, the Third Grant funds will be used as leverage to create a \$22 million financing package combining bank financing, New Markets Tax Credits, and Historic Tax Credits; and

WHEREAS, in formulating the budget for the Phase 2 development, it was assumed that prevailing wage laws would only apply to the rehabilitation of buildings using Third Grant funds, but it has been determined that prevailing wage laws apply to the rehabilitation of all eight buildings, creating an approximate \$995,000 shortfall in the Phase 2 budget; and

WHEREAS, in February 2011, the Agency approved the payment of certain property taxes and assessments related to the NTC redevelopment from NTC tax increment revenue in an amount not to exceed \$1,250,000; and

WHEREAS, the Agency will receive a partial refund of such taxes and assessments approximately in the amount of \$800,000, which City staff recommends be allocated to cover a portion of the Phase 2 budget shortfall; and

WHEREAS, the remaining shortfall may be covered either by additional tax credit allocations and/or adjustments to the tenant improvement allowance line item in the Phase 2 budget; and

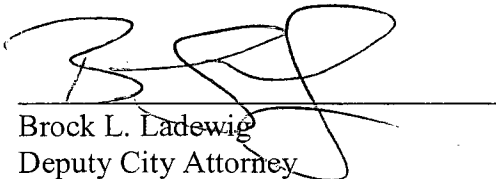
WHEREAS, the proposed "First Amendment to Third Rehabilitation Grant Agreement" will allow the use of the property tax refund, including the refund of interest and penalties, up to \$800,000 to assist in the rehabilitation of the Phase 2 Properties in accordance with the DDA, which is in furtherance of important municipal and other public purposes and is consistent with the overall goals and objectives of the NTC Redevelopment Plan; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

1. That the Council finds and determines that the proposed transactions will further the public purposes of implementing the NTC Redevelopment Plan and achieving its goals and purposes.
2. The Mayor or his designee is authorized to execute and deliver, for and on behalf of the City, the "First Amendment to Third Rehabilitation Grant Agreement" (First Amendment), on file in the Office of the City Clerk as Document No. RR- 307027, and to execute and deliver all documents necessary and appropriate and in the best interests of the City to carry out and implement the First Amendment.
3. The Chief Financial Officer or her designee is authorized to appropriate and expend an amount not to exceed \$800,000 from property tax revenue, including interest and penalties, refunded from the San Diego County Assessor to grant to the NTC Foundation, pursuant to the terms of the First Amendment, and contingent upon a Comptroller's Certificate as to the receipt and availability of the applicable property tax refund to do so.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Brock L. Ladewig
Deputy City Attorney

BLL:mcm:sc
8/31/2011
09/20/2011 Cor. Copy
Or.Dept:Redev Agency
PL#2011-07670

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 9/27/2011.

ELIZABETH S. MALAND
City Clerk

By Mary Zamora
Deputy City Clerk

Approved: 9-29-11
(date)

Jerry Sanders
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor