

RESOLUTION NUMBER R- 310427

DATE OF FINAL PASSAGE MAY 27 2016

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING AND DIRECTING THE EXECUTION OF A NEW PERCENTAGE GROUND LEASE WITH MG STONEWOOD GARDEN APARTMENTS L.P. FOR 8.06 ACRES OF REAL PROPERTY COMMONLY KNOWN AS STONEWOOD GARDEN APARTMENTS.

WHEREAS, the City of San Diego (City) owns that certain real property consisting of approximately 8.06 acres commonly known as Stonewood Garden Apartments in San Diego, California (Property), in the Point Loma/Loma Portal community; and

WHEREAS, in 1977, the City entered into a ground lease agreement (Ground Lease) with Gentry & Coles, a general partnership, to construct and operate 253 apartment units and two managers' units on the Property. The Ground Lease requires 51 apartment units be reserved for low-income households receiving assistance pursuant to Section 8 of the Housing Act of 1937. The Ground Lease expires April 1, 2034; and

WHEREAS, the Ground Lease was assigned to MG Stonewood Garden Apartments L.P., a California limited partnership (Stonewood) in 2003; and

WHEREAS, Stonewood has requested a new percentage ground lease (New Lease) with a forty-year lease term to refinance an existing loan and complete approximately \$7,600,000 in capital improvements; and

WHEREAS, as consideration of the New Lease, Stonewood will pay the City a one-time negotiated amount of \$2,952,000 upon the commencement date as defined in the New Lease; and

WHEREAS, the annual rent payable to the City will be equal to 8.4% of all gross income collected from Stonewood's operations on the Property, with a required minimum monthly rent

in the amount of \$22,487.07 during the first five years of the lease term and subject to adjustment thereafter, as described in the New Lease; and

WHEREAS, the New Lease requires 51 apartment units be reserved for low-income households receiving assistance pursuant to Section 8 of the Housing Act of 1937 or another similar government program intended to provide rental subsidies for low-income households during the lease term; and

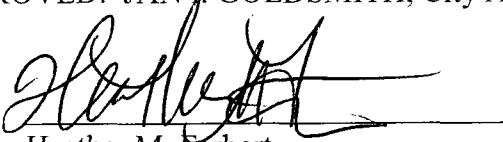
WHEREAS, as appraised by an independent fee appraiser, the market value of the Property is \$19,000,000; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, that the Mayor, or his designee, is authorized and directed to execute that certain Percentage Ground Lease with MG Stonewood Garden Apartments L.P., a California limited partnership, on file in the Office of the City Clerk as Document No. RR- 310427, for 8.06 acres of real property described in the Percentage Ground Lease.

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute and deliver all such agreements and all other instruments necessary to effect and complete the transaction contemplated by this Resolution.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to deposit rent revenue and the one-time negotiated amount of \$2,952,000 into General Fund 100000.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Heather M. Ferbert
Deputy City Attorney

HMF:nja
04/15/16
Or.Dept: READ
Doc. No.: 1267589

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAY 17 2016.

ELIZABETH S. MALAND
City Clerk

By *Stacy Mead*
Deputy City Clerk

Approved: 5/27/16
(date)

Kevin L. Faulconer
KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on MAY 17 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherr Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 27 2016.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

(Seal)

By Sty Brady, Deputy

Office of the City Clerk, San Diego, California

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