

REDEVELOPMENT AGENCY MINUTES

SPECIAL REDEVELOPMENT AGENCY MEETING
JUNE 22, 1999

The meeting called to order as the City Council at 10:10 a.m.

Roll Call Mathis, Wear, Kehoe, Stevens, Warden, Stallings,
McCarty, Vargas, and Mayor Golding

City Manager, Michael T. Uberuaga
Assistant City Manager, Penelope Culbreth-Graft
City Attorney, Casey Gwinn
City Attorney, Leslie Devaney
Secretary, Charles Abdelnour
Secretary, Jack Fishkin

The meeting adjourned as the City Council at 10:13 a.m.

The meeting reconvened as the Redevelopment Agency at 10:14 a.m.

CONSENT-ADOPTION

1. Approving resolutions to:

- Item A. Authorizing the bid packet, as presented, for the design and construction of Southcrest Street Improvements; and
- Item B. Granting authorization to advertise and receive bids for construction of the Southcrest Street Improvements (west side of 39th Street between Boston Avenue and Newton Avenue in an amount not to exceed \$120,000; and
- Item C. Granting authorization to award the contract to the lowest qualified bidder, provided that the bid is within the established budget and all other requirements are met; and
- Item D. Making certain findings of benefit to the Mt. Hope and Gateway Center West Redevelopment Project Areas for the use of housing set-aside funds within the Southcrest Redevelopment Project Area.

See Southeastern Economic Development Corporation report no. 99-009, dated April 27, 1999.

Council Companion item no. 342.

No one spoke in opposition to this item.

Motion by Member Wear to approve

Second by Member Warden

Vote: 9-0

Redevelopment Agency Resolution number R-03004; City Council Resolution number R-291840.

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The meeting adjourned as the Redevelopment Agency at 10:18 a.m.

The meeting reconvened as the City Council at 10:19 a.m.

The meeting adjourned as the City Council at 10:20 a.m.

ADOPTION

1. Approving resolution to:

Authorizing the actions that may be required for the removal and remediation of hazardous materials from property located at 6901 Linda Vista Road, San Diego, in the Linda Vista Shopping Center Redevelopment Project pursuant to the Health and Safety Code Section 33459 et. Seq.

See Real Estate Assets Department report RA 99-6, dated June 3, 1999.

Public Testimony - In Opposition

Robert J. Hanna, representing Wells Fargo Bank, Trustee, and Scripps Bank, Trustee, spoke in opposition to the cleanup.

Motion by Member Stallings to approve
Second by Member Warden
Vote: 9-0

Redevelopment Agency Resolution number R-03005.

The meeting adjourned as the Redevelopment Agency at 11:49 a.m.

The meeting reconvened as the Redevelopment Agency at 2:00 p.m.

Chair Golding stated we have one item, the assignment of the exclusive negotiation agreement for Redevelopment/Reuse of the Naval Training Center. There will be two organizations that will be before us on this matter. A 5-10 minute presentation by City staff; and presentation by McMillin and Lennar Communities.

Chair Golding said what we have before us today is a selection of a master developer for the Naval Training Center. The Naval Training Center is one of the more complicated projects that this City has undertaken, because we have not been through a base closure before. Where we acted under the Base Closure act and had to also cause that development to occur under specific rules. There are not only the City and States rules, but also the Department of Defense rules adopted by the United States Congress. This is probably one of the more complex land use projects that we will undertake. She thanked members of the Naval Training Center Taskforce, who met for a number of years. When the base was first closed to work on and ultimately proposed to this council a land use plan for the Naval Training Center. The Naval

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Training Center is unique in our community because of its location. This Naval Training Center Reuse Project has 430 acres, 225 acres are tideland trust, 200 structures and 52 are designated as contributing to historic district. Chair Golding said the master developer is going to be responsible for implementing not deciding on, but implementing the Naval Training Reuse Plan. The Plan has already been approved by this council, years of public testimony and public hearings. April 29, 1997, the City Council approved and adopted the Naval Training Center as a Redevelopment Project. April 30, 1997 the Naval Training Center stop functioning as a military base, and went into a caretaker status, which was not actively functioning as a military base. October 20, 1999, the City Council approved the final reuse plan, and the environmental impact statement. In August, we issued RFQ's with an October 16, 1998 deadline and we had five (5) teams respond t that RFQ. The process started in 1993 to this day, from December 1998 to May 1999, we had very distinguish selection committee and highly qualified selection committee. They made a selection. We are here today, because on May 18, 1999, the Council made a decision to jointly consider proposals from both finalists.

ADOPTION

3. Approving resolution and document to:

This item continued at the request of the Agency, meeting of May 18, 1999, and June 1, 1999. That each candidate/developer make a presentation at the June 22, 1999 meeting.

Subitem A: (RA 99-130)

Authorizing the Executive Director, or designee, to execute an Exclusive Negotiation Agreement with Lennar Communities & LNR Property Corporation for the redevelopment of the Naval Training Center.

OR

Subitem B: (RA 99-145)

Authorizing the Executive Director, or designee, to execute an Exclusive Negotiation Agreement with McMillin Companies, LLC for the redevelopment of the Naval Training Center.

AND

Subitem C: (RA 99-131)

Amend the FY 1998-1999 Agency Budget increasing the Naval Training Center fund by \$250,000 in Developer Proceeds and authorizing expenditure of said funds.

See Deputy Executive Director report dated May 13, 1999, RA 99-3.

AGENCY ACTION:

Approval of Subitems A and C; or
Approval of Subitems B and C

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Item 3 (continued)

Gail Goldberg, City Planner, presented staff report, gave an overview of the selection process and selection committee. She stated, we were here on May 18, 1999 with a recommendation, and the City Council/Redevelopment Agency asked both of the finalist to prepare a summary of their proposals, and come back on June 1, 1999. On June 1, the City Council asked the City Planner prepare a side by side comparison of the two proposals, and return on June 22, 1999. Ms. Goldberg presented a slide presentation, side by side comparison of the two proposals.

Public Testimony - Corky McMillin Presentation

Walter Heiberg, representing the McMillin Companies, said he will be the project manager on this project. He gave a brief background of McMillin experience and history in San Diego.

Corky McMillin, chairman, CEO, owner, Corkey McMillin Companies, privately owned San Diego Company. He said this project can be a showcase for San Diego, also a legacy for this Agency and City Council. He talked about the depth of experience, the McMillin Management Team has demonstrated its ability to successfully developed large mixed-use project in San Diego for over 38 years.

Mike Frey, chairman and CEO, EBF and Associates, a private partnership, manages five private investment funds, been in business 11 years, and done 3 previous projects with McMillin Companies in San Diego.

Ron Harper, President, Harper Construction Company, 25 years in San Diego. We are a government contractor, done military projects, rehab, removal, renewing building. Mr. Harper said done 18 projects with Corky on various projects. Mr. Harper distributed handouts.

Tim Kelley, Vice-President Nielsen\Dillingham, gave a brief background of Niesen\Dillingham on projects since 1992. Mr. Kelley said worked with Mr. Harper and McMillin on various projects.

Melford Wayne Donaldson, M.W. Donaldson Architects, said completed over 500 historical construction projects throughout seven western states. We believe in the McMillin plan. This project will be a legacy for San Diego.

Marc Kasky, Fort Mason Foundation, 23 years managing the operation of Fort Mason Center, a community base cultural center, which was formerly the site of an army base.

Corky McMillin said we are the most experienced local team, believe we can offer something unique, we have accountability, a proven record in San Diego. We can finish this project. He said, committed to it, not for ourselves but for the future generations of San Diego people.

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Item 3 (continued)

Public Testimony - Lennar Communities Presentation

Bob Santos, President of Lennar Communities, gave a brief background of various projects in San Diego and California. He said we are joined with Curt Stephenson, Senior Vice-President, L&R Company, sister company and partner in our proposal for the NTC master developer.

Gordon Carrier, Carrier Johnson Architects, talked about the vision of the NTC project, and presented a slide presentation.

Neil Arthur, said we are part of the Lennar Team, had an opportunity to study their plan, and support it.

Public Testimony - In Favor - McMillin

Greg Stein, District Director for Congressman Brian Bilbray, spoke in support of the McMillin team, their past projects in San Diego.

Pat Daniels, Hillwood Development Corporation, owned by the Perot family, Dallas, Texas, we are partners of the Corky McMillin Companies and joint ventures, and support .

Ken Seation-Msemaji, United Domestic Workers of America, spoke in support of choosing the McMillin Companies, this will benefit the City of San Diego.

Robert Adelezzi, representing himself, spoke in support of Corky McMillin, known him for 30 years, and 20 years in as a joint venture partner.

Virginia Glass, said the McMillin Company came forward in the Martin Luther Park and Library.

Bob Dingman, submit a letter in support of Corky McMillin, and said they will have an impact to the community and San Diego.

Chris Moxon, South Bay Community Services, nonprofit, he expressed support for the McMillin Companies to be the developer of the NTC redevelopment. He said McMillin has supported many of their special events and projects in San Diego.

Tina Williams, Executive Director, South Bay Family YMCA, said known the McMillin family, and staff over 7 years, and they have played a major role in the growth and development of the South Bay YMCA.

Karen McElliott, spoke in support of the McMillin Companies. She said has worked with them for 13 years on one of San Diego's most control developments, Mirmar Ranch North, known as Scripps Ranch Villages.

Bob McGill spoke in support of Corky McMillin, that he raises the money for various projects.

John Seymour spoke in support of Corky McMillin, that he has a great reputation with his employees, and would do great on this project.

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Item 3 (continued)

Public Testimony - In Favor - Lennar

Craig McVey, spoke in support of Lennar Company, that they are experienced and a qualified master developer for the naval training facility.

Gary Jones, spoke in support of the Lennar proposal, said he has dealt with them, they have high integrity, and excellent professionalism, quality of people, and deliver what they promised to him.

Rob Barnes, spoke in support of Lennar Communities, that they have direct experience for the base reuse redevelopment. They have the financial background, and would be a less risk for the City of San Diego.

Linda Sheridan, stated Jennifer Spencer, unable to stay, in favor of the Lennar proposal.

Linda Sheridan, representing San Diego Cultural Arts Alliance, she talked about the historic core. She said three things need to be considered in this selection, finances, historic core should not be ultimately privately owned, the developer needs to be available to learn and understand what they do not know in the creation of this very specialized and sensitive development for arts and culture, and the individuals that are involved in the related vocations. Arts and culture is the heart and soul of the community and its society. We have an opportunity here to create the best, the finest, the jewel of San Diego, and its quality of life for this generation, and the generations to come.

Chair Golding stated there are twenty other speakers in favor, but do not need to speak.

Public Testimony - Neutral

Wayne Rafflesberger, chair, Point Loma Association, said this project is of critical importance, someone that has direct community, track record of involvement in this particular community, San Diego. That both developers are well qualified, reuse plan, airport expansion plan. That Point Loma will be impacted, and look forward to the redevelopment of NTC.

Pat Goddard, representing San Diego Maritime Museum, and the museum interest in developing an extension of our museum on the waterfront at NTC. He said that there is a full commitment by the developer, in time and money to fully developed the historic core and the waterfront.

Andre Bordes, French American International School, that we are looking for space in the NTC Reuse plan.

Public testimony closed.

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Item 3 (continued)

Motion by Member Wear for consideration that the Redevelopment Agency enter into a six (6) month Exclusive Negotiating Agreement (ENA) with the Corky McMillin Companies as Master Developer for the Naval Training Center Reuse Plan in the Naval Training Center Redevelopment Project using the comparative document before us today as the basis for our negotiations as part of the ENA. The developer will provide the following to the Agency: (1) funding of 1.5 million dollars for six (6) months of entitlements, property management, and the city's administration cost prior to the execution of the DDA, further that, if the Agency and McMillin agree to extend the ENA beyond the six (6) month initial term, that McMillin will continue to fund these items; (2) a non-refundable deposit of \$250,000; (3) an agreement to deposit 1 million dollars to ensure performance of upon execution of the DDA; (4) funding of 34.3 million dollars for rehab, infrastructure costs in the historic core, and 11.9 million for similar improvements in the educational core, including 100,000 square feet to educational institution as selected by the agency at no cost; (5) a commitment to develop and provide 600,000 square feet of historic core for ownership by either a nonprofit foundation or the Agency/City at the Agency discretion for civic, cultural and art uses. That the 275,000 square feet, the initially developed for those uses and the balance over time as demand is created. McMillin has proposed 13.5 million in community facilities district financing, but acknowledges that they may have to tap into TOT and/or TI if infrastructure cost prove higher than anticipated. Therefore, I proposed that staff include an negotiating process a cap on TOT and/or TI that can be used by the master developer to execute the Reuse Plan as described in the RFP. And, finally should negotiations not reach agreement, then the City Manager shall seek to reenter on the negotiation process with Lennar should they choose to participate (with Stallings and Vargas voting nay)
Second by Member Kehoe
Vote: 7-2

Redevelopment Agency Resolution number R-03006 and Redevelopment Agency Document number D-03006 , and R-03148

Adjournment

The meeting adjourned at 5:40 p.m.



Secretary of the Redevelopment Agency
of the City of San Diego, California