

Resolution No. OB-2020-018

Meeting Date: January 16, 2020

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAN DIEGO COUNTYWIDE REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE FIRST AMENDMENT TO THE PURCHASE AND SALE AGREEMENT RELATED TO THE CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY'S SALE OF THE REAL PROPERTY LOCATED AT I-15 AND EL CAJON BOULEVARD IN THE NORMAL HEIGHTS NEIGHBORHOOD OF THE MID-CITY COMMUNITY PLAN AREA, IDENTIFIED AS SAN DIEGO COUNTY ASSESSOR'S PARCEL NUMBERS 447-202-31 AND 447-202-32.

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 subsequently amended (collectively, the Dissolution Laws); and

WHEREAS, the San Diego County Auditor-Controller (County Auditor), the State Controller, and the State Department of Finance (DOF) also possess certain rights and obligations under the Dissolution Laws with respect to the Successor Agency's administration of winding down the Former RDA's operations; and

WHEREAS, in late 2015, the Oversight Board and the DOF approved the Amended and Restated Long-Range Property Management Plan (LRPMP), which governs the Successor Agency's disposition of its non-housing real property assets, in accordance with California

Health and Safety Code (Code) section 34191.5(c), by four categories known as Enforceable Obligation Sites, Governmental Use Sites, Future Development Sites, and Liquidation Sites; and

WHEREAS, the LRPMP requires the Successor Agency to sell the Liquidation Sites, which will result in the local taxing entities, such as the City, the County of San Diego, local school districts, and local special districts, receiving a pro rata distribution of the net sale proceeds in the same proportion as their share of general property tax revenues; and

WHEREAS, the LRPMP also allows the Successor Agency to administratively reclassify any Future Development Site as a Liquidation Site, if the City has been unable, despite diligent efforts, to enter into a compensation agreement for the site with the other local taxing entities; and

WHEREAS, the Successor Agency's sale of the Liquidation Sites is subject to the LRPMP and the Dissolution Laws; and

WHEREAS, based on a competitive selection process approved by the Oversight Board, Civic San Diego retained the firm of Jones Lang LaSalle (JLL), a commercial real estate brokerage, to represent the Successor Agency's interests in facilitating the sale of each Liquidation Site, and JLL will receive a brokerage commission with respect to the consummated sale of each Liquidation Site; and

WHEREAS, as envisioned and permitted by the LRPMP, the Successor Agency has administratively reclassified that certain real property consisting of 20,650 square feet of vacant land located at I-15 and El Cajon Boulevard, San Diego, California, identified as San Diego County Assessor Parcel Numbers 447-202-31 and 447-202-32 (Property) from a Future Development Site to a Liquidation Site, and the Successor Agency must now sell the Property for the benefit of the local taxing entities; and

WHEREAS, based on approvals by both the Successor Agency's governing board (the City Council) and the Oversight Board, the Successor Agency and Iwashita Real Estate Development, LLC, a California limited liability company (Buyer), entered into that certain Real Property Purchase and Sale Agreement and Joint Escrow Instructions dated November 28, 2018 (Purchase Agreement), included as Attachment B to the staff report accompanying this Resolution (Staff Report); and

WHEREAS, to address Buyer's request, Civic San Diego, acting on behalf of Successor Agency, and Buyer, have negotiated the proposed First Amendment to Real Property Purchase and Sale Agreement and Joint Escrow Instructions (First Amendment), which is attached to the Staff Report as Attachment A, with respect to the Property; and

WHEREAS, the First Amendment modifies the Purchase Agreement to, among other things; (a) establish March 6, 2020, as the closing date, which allows for an extension of approximately one year from the original anticipated closing date; (b) require Buyer to make an additional earnest money deposit of \$50,000 (in addition to the earnest money deposit of \$50,000 already made under the Purchase Agreement), causing the total earnest money deposit to be \$100,000; and (c) increase the purchase price by \$100,000 for a total of \$2,200,000; and

WHEREAS, consistent with Code section 34191.5(c)(2)(B), the Successor Agency will cause the net purchase price proceeds to be transferred to the County Auditor for pro rata distribution to the local taxing entities; and

WHEREAS, the Oversight Board must approve the First Amendment before it becomes effective, and under Code section 34191.5(f), the Oversight Board's decision will become effective immediately, without any need for review by the DOF; NOW, THEREFORE,

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

1. The First Amendment is approved.

2. The Successor Agency is authorized to pay through escrow all transaction costs related to Property disposition, including reimbursement to the City for the cost of the Property appraisal, and to transfer the net purchase price proceeds to the County Auditor for pro rata distribution to the local taxing entities.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on January 16, 2020.

Approved as to Form and Legality
By George H. Eiser III, Oversight Board Counsel

A handwritten signature in blue ink, reading "Donald F. Steiner", written over a horizontal line.

Chair, Oversight Board