

A G E N D A

REGULAR MEETING OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE CITY OF SUISUN CITY REDEVELOPMENT AGENCY

FRIDAY, JANUARY 22, 2016

2:00 P.M.

SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

TELECONFERENCE NOTICE

Pursuant to Government Code Section 54953, Subdivision (b), the following Oversight Board meeting may include teleconference participation by Board member Rosemary Thurston from: 437 Southport Way, Vallejo 94591. This Notice and Agenda will be posted at the teleconference location.

Next Board Res. No. OB2016 – __

ROLL CALL

Board Members

PUBLIC COMMENT

(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).

CONSENT CALENDAR

Consent calendar items requiring little or no discussion may be acted upon with one motion.

- 1) Board Approval of the Minutes of the Regular Meeting of the Oversight Board held on November 13, 2015. – (Skinner)

GENERAL BUSINESS

- 2) Adoption of Oversight Board Resolution No. OB2016-__: Approving the Recognized Obligation Payment Schedule 16/17 (ROPS 16/17) for the Period of July 1, 2016 to June 30, 2017, and Directing Transmittal Pursuant to State Law.– (Garben)
- 3) Adoption of Oversight Board Resolution No. OB2016-__: Approving the Settlement Agreement Of Main Street West Partners Litigation And Directing The Executive Director To Forward The Executed Settlement Agreement To the Department of Finance For Approval.– (Garben)

REPORTS: *(Informational items only.)*

- 4) Chair/Boardmembers
- 5) Staff

ADJOURNMENT

A complete packet of information containing Staff Reports and exhibits related to each item is available for public review at least 72 hours prior to a Board Meeting or, in the event that it is delivered to the Boardmembers less than 72 hours prior to a Board Meeting, as soon as it is so delivered. The packet is available for review in the Suisun City Manager's Office during normal business hours, and online at www.suisun.com/successor-agency-and-oversight-board.

MINUTES

REGULAR MEETING OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE CITY OF SUISUN CITY REDEVELOPMENT AGENCY FRIDAY, NOVEMBER 13, 2015

4:00 P.M.

SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

TELECONFERENCE NOTICE

Pursuant to Government Code Section 54953, Subdivision (b), the following Oversight Board meeting may include teleconference participation by Board member Rosemary Thurston from: 437 Southport Way, Vallejo 94591. This Notice and Agenda will be posted at the teleconference location.

Next Board Res. No. OB2015 -06

ROLL CALL

Board Members

Present:

Guynn

Kearns

Thurston

Chairperson Spering

Absent:

Board Members

Sanchez

Sheldon (arrived 4:20pm)

PUBLIC COMMENT

None

CONSENT CALENDAR

Consent calendar items requiring little or no discussion may be acted upon with one motion.

- 1) Board Approval of the Minutes of the Regular Meetings of the Oversight Board held on September 18, 2015. – (Skinner)

Board Member Guynn moved to approve the minutes. Board Member Kearns seconded the motion.

AYES: Guynn, Kearns, Spering Thurston,

NOES: None

ABSENT: Sanchez, Sheldon

GENERAL BUSINESS

- 2) Adoption of Oversight Board Resolution No. OB2015-06: Determining the Loan Agreement Between the City of Suisun City and the Former Suisun City Redevelopment Agency Regarding the Harbor Center Street Extension Project is an Enforceable Obligation Pursuant to SB 107. – (Garben)

Board Member Sheldon arrived at 4:20

Motion by Board Member Kearns and seconded by Board Member Guynn to approve Resolution No. OB2015-06.

AYES: Guynn, Kearns, Sheldon, Spering, Thurston

NOES: None

ABSENT: Sanchez

- 3) Adoption of Oversight Board Resolution No. OB2015-07: Approving the Long-Range Property Management Plan for the Suisun City Successor Agency. – (Garben)

Motion by Board Member Thurston and seconded by Board Member Guynn to approve Resolution No. OB2015-06.

AYES: Guynn, Kearns, Sheldon, Spering, Thurston

NOES: None

ABSENT: Sanchez

REPORTS: *(Informational items only.)*

None

ADJOURNMENT

There being no further business the meeting was adjourned at 4:53 p.m.

Anita Skinner, Deputy City Clerk

AGENDA TRANSMITTAL

MEETING DATE: January 22, 2016

OVERSIGHT BOARD AGENDA ITEM: Adopt Oversight Board Resolution No. OB2016-__: Approving the Recognized Obligation Payment Schedule 16/17 (ROPS 16/17) for the period July 1, 2016 to June 30, 2017, and Directing Transmittal Pursuant to State Law.

FISCAL IMPACT: None. All obligations will be listed in the Successor Agency's FY 2016-17 budget.

IMPACT ON PASS THROUGHES TO OTHER TAXING ENTITIES: This item has no impact to the existing pass-through payments to other affected taxing entities.

BACKGROUND: A component of the dissolution of the former Redevelopment Agency requires that the Successor Agency prepare a ROPS and submit it to the Oversight Board. Pursuant to Health and Safety Code §34179.7(o)(1), enacted by SB 107 in the Fall of 2015, commencing with the ROPS covering the period from July 1, 2016 to June 30, 2017 and thereafter, Successor Agencies are to submit an Oversight Board approved annual ROPS to Department of Finance and the County Auditor-Controller by February 1, 2016, and each February 1 thereafter. Thus, the ROPS will be prepared only once per year as opposed to every six months as has been the case since the dissolution laws were enacted.

The following provides an overview of deadlines and process associated with the ROPS:

ROPS Submittal Deadline – February 1, 2016, is the deadline to submit a ROPS covering the period of July 1, 2016, through June 30, 2017.

ROPS Submittal/Approval Process – The Successor Agency must submit the ROPS to the County Auditor-Controller, County Administrative Officer, and the State Department of Finance (DOF) at the same time as the ROPS is submitted to the Oversight Board.

ROPS Form – The DOF has provided the form for this ROPS period.

Penalties – A penalty may be levied on the City of \$10,000 per day for each day the ROPS is delinquent. Failure to submit the ROPS within 10 days of the deadline will result in a 25% reduction of the Successor Agency's maximum administrative cost allowance for the period covered by the delinquent ROPS.

STAFF REPORT: Generally, the current ROPS includes line items that have been listed on previously adopted ROPS, but contain updated figures to accurately reflect the fiscal period between July 1, 2016 and June 30, 2017.

All other items listed on the ROPS are consistent with the payment schedules utilized on previous ROPS periods. There are no new items listed on this ROPS compared to the last ROPS approved by the Oversight Board in September 2015.

Thus, Staff recommends the Oversight Board adopt the resolution approving the ROPS, and direct its transmittal pursuant to State law.

PREPARED BY:

Jason Garben, Development Services Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

RECOMMENDATION: It is recommended that the Oversight Board:

Adopt Oversight Board Resolution No. OB2016-__: Approving the Recognized Obligation Payment Schedule 16/17 (ROPS 16/17) for the period July 1, 2016 to June 30, 2017, and Directing Transmittal Pursuant to State Law.

ATTACHMENTS:

1. Resolution NO. OB 2015- __ Approving the Recognized Obligation Payment Schedule 16/17 (ROPS 16/17) for the period July 1, 2016 to June 30, 2017, and Directing Transmittal Pursuant to State Law.

RESOLUTION NO. OB 2016 - __

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 16/17 (ROPS 16/17) FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017, AND DIRECTING TRANSMITTAL PURSUANT TO STATE LAW

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed, companion bills AB 26 X1 (AB 26) and AB 27 X1 (AB 27), requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments; and

WHEREAS, on December 29, 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of AB 26 and invalidated AB 27; and

WHEREAS, the Court's decision resulted in the implementation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, the City is, by operation of law, the Successor Agency (the "Agency") to the Redevelopment Agency for purposes of winding down the Redevelopment Agency under AB 26; and

WHEREAS, as part of the 2012-13 State budget bill, the California Legislature enacted and the Governor signed AB 1484, which enacted several technical and substantive amendments to AB 26, including certain processes and procedures relating to the submittal of the ROPS; and

WHEREAS, the California Legislature enacted and the Governor signed SB107, which enacted several additional technical and substantive amendments to the dissolution laws, including certain processes and procedures relating to the submittal of the ROPS; and

WHEREAS, pursuant to the dissolution laws, the City as Successor Agency is required to maintain a "Recognized Obligation Payment Schedule" (the "ROPS"), which schedule was revised with pertinent data for the period of July 1, 2016 through June 30, 2017, and was received and accepted by the Agency on January 12, 2016; and

WHEREAS, pursuant to the dissolution laws, the Agency has prepared the ROPS for Oversight Board approval.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to the Successor Agency does resolve as follows:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The ROPS, attached hereto and incorporated herein by this reference, is hereby adopted pursuant to Health & Safety Code Section 34180.

Section 3. The Successor Agency Executive Director or designee is authorized to take all actions necessary to implement this Resolution, including any necessary administrative corrections, in addition to the posting of this Resolution and ROPS on the Board's website, and the provision of notice of adoption of this Resolution and such Schedule to the State Department of Finance.

PASSED AND ADOPTED at a regular meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Friday, the 22nd of January 2016, by the following vote:

AYES: BOARDMEMBERS:
NOES: BOARDMEMBERS:
ABSENT: BOARDMEMBERS:
ABSTAIN: BOARDMEMBERS:

WITNESS my hand and the seal of the City of Suisun City this 22nd of January 2016.

Anita Skinner, Deputy City Clerk
Secretary

Recognized Obligation Payment Schedule (ROPS 16-17) - Summary

Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency: Suisun City
 County: Solano

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		16-17A Total	16-17B Total	ROPS 16-17 Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding				
A	Sources (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds Funding	-	-	-
C	Reserve Balance Funding	-	-	-
D	Other Funding	-	-	-
E	Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 3,068,183	\$ 1,921,338	\$ 4,989,521
F	Non-Administrative Costs	2,943,183	1,796,338	4,739,521
G	Administrative Costs	125,000	125,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 3,068,183	\$ 1,921,338	\$ 4,989,521

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

 Name Title
 /s/ _____
 Signature Date

Suisun City Recognized Obligation Payment Schedule (ROPS 16-17) - ROPS Detail

July 1, 2016 through June 30, 2017

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	16-17A				16-17B				W				
											Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF		Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF						
											Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Bond Proceeds	Reserve Balance	Other Funds		Non-Admin	Admin		
											16-17A Total		16-17B Total		16-17B Total		16-17B Total						
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 16-17 Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17A Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17B Total	
								\$ 82,549,696		\$ 4,989,521				\$ 2,943,183	\$ 125,000	\$ 3,068,183							\$ 1,921,338
4	Marina Construction Loan	Third-Party Loans	7/22/1991	8/1/2048	Dept of Boating and	Marina Construction/Rehab	All	9,787,872	N	\$ 452,070				452,070		\$ 452,070							\$ -
5	Marina Expansion Loan	Third-Party Loans	10/24/1995	10/1/2025	Sheldon Oil	Marina Expansion/Land Acquisition	All	2,680,000	N	\$ 268,000				268,000		\$ 268,000							\$ -
6	SERAF Payment	SERAF/ERAF	5/10/2010	6/30/2016	Suisun City Housing Authority (Housing Successor)	SERAF Loan Payment	All	6,904,505	N	\$ -						\$ -							\$ -
7	Unfunded Liability	Unfunded Liabilities	2/1/2012	7/18/2029	PERS Agency Employees	Unfunded PERS and Accrued Leave	All	36,200	N	\$ 36,200				36,200		\$ 36,200							\$ -
9	Successor Agency Admin Cost	Admin Costs	2/1/2012	7/18/2029	Various	Staffing, Rent/Utilities, Supplies, Legal, Oversight Board, Etc.	All	250,000	N	\$ 250,000					125,000	\$ 125,000						125,000	\$ 125,000
10	Foster Boltz Loan Guaranty	Third-Party Loans	7/31/2009	7/31/2019	Travis Credit Union	Loan Guaranty to Travis Credit Union for Equipment/Start-up Loan	All	300,000	N	\$ -						\$ -							\$ -
11	Marina Lease	Miscellaneous	5/7/1992	4/30/2022	CA State Lands Commission	Marina Lease with CA State Lands Commission	All	23,700	N	\$ -						\$ -							\$ -
12	Main Street West DDA	OPA/DDA/Construction	4/17/2006	2/13/2014	Various	DDA Obligations	All	103,700	N	\$ 103,700				76,350		\$ 76,350					27,350		\$ 27,350
13	Civic Center COP	Third-Party Loans	4/1/2004	11/1/2025	City of Suisun City	Civic Center COP Reimbursement Agreement	All	4,068,318	N	\$ 350,000				350,000		\$ 350,000							\$ -
20	2014 Series A Tax Allocation Bonds	Refunding Bonds Issued After 6/27/12	12/11/2014	10/1/2017	US Bank	2014 Series A Tax Allocation Bonds	All	380,626	N	\$ 988,501				798,188		\$ 798,188					190,313		\$ 190,313
21	2014 Series B Tax Allocation Bonds	Refunding Bonds Issued After 6/27/12	12/11/2014	10/1/2033	US Bank	2014 Series B Tax Allocation Bonds	All	57,980,775	N	\$ 2,507,050				949,875		\$ 949,875					1,557,175		\$ 1,557,175
22	One Harbor Center DDA	Property Dispositions	1/9/2015	4/28/2015	Davis & Sroaf	Appraisal to Administer One Harbor Center DDA	All	-	Y	\$ -						\$ -							\$ -
23	2014 Bond Continuing Disclosure Services	Fees	11/2/2015	6/30/2015	Don Fraser & Associates	FY17 Continuing Disclosure on 2014 Bonds	All	3,000	N	\$ 3,000						\$ -					3,000		\$ 3,000
24	2014 Bond Trustee Services	Fees	12/11/2014	6/30/2015	US Bank	FY17 Bond Trustee Fees	All	3,000	N	\$ 3,000						\$ -					3,000		\$ 3,000
25	2014 Bond Arbitrage Report	Fees	12/11/2014	6/30/2015	BLX Group, LLC	FY17 Bond Arbitrage Report	All	3,000	N	\$ 3,000						\$ -					3,000		\$ 3,000
26	2014 Series A Tax Allocation Bonds	Refunding Bonds Issued After 6/27/12	12/11/2014	10/1/2017	US Bank	2014 Series A Tax Allocation Bonds	All	-	Y	\$ -						\$ -							\$ -
27	2014 Series B Tax Allocation Bonds	Refunding Bonds Issued After 6/27/12	12/11/2014	10/1/2033	US Bank	2015 Series A Tax Allocation Bonds	All	-	Y	\$ -						\$ -							\$ -
28	MSW DDA Legal Expenses	Litigation	4/17/2006	2/13/2014	Aleshiere & Wynder	Defense of Litigation Filed Against Successor Agency RE: MSW DDA	All	25,000	N	\$ 25,000				12,500		\$ 12,500					12,500		\$ 12,500
29									N	\$ -						\$ -							\$ -
30									N	\$ -						\$ -							\$ -
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**Suisun City Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [CASH BALANCE TIPS SHEET](#)

A	B	C	D	E	F	G	H	I
		Fund Sources						
		Bond Proceeds		Reserve Balance		Other	RPTTF	
	Cash Balance Information by ROPS Period	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments
ROPS 15-16A Actuals (07/01/15 - 12/31/15)								
1	Beginning Available Cash Balance (Actual 07/01/15)		22,220		1,772,017		781,051	
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015					500,414	2,124,505	
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)		22,220		1,772,017	500,414	1,904,545	
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)							
5	ROPS 15-16A RPTTF Balances Remaining	No entry required						
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,001,011	
ROPS 15-16B Estimate (01/01/16 - 06/30/16)								
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,001,011	
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016						1,053,288	
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)						1,937,813	
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)							
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,486	

AGENDA TRANSMITTAL

MEETING DATE: January 22, 2016

OVERSIGHT BOARD AGENDA ITEM: Adopt Oversight Board Resolution No. OB2016-__: Approving the Settlement Agreement Of Main Street West Partners Litigation And Directing The Executive Director To Forward The Executed Settlement Agreement To the Department of Finance For Approval.

FISCAL IMPACT: Any sale of property, payment of fees, or other revenues from the Main Street West DDA will be distributed to the affected taxing entities.

IMPACT ON PASS THROUGHGS TO OTHER TAXING ENTITIES: This item has no impact to the existing pass-through payments to other affected taxing entities.

BACKGROUND:

MSW DDA

In mid-2005, Main Street West Partners, LLC was selected as the master developer of the Main Street West Project, which initially consisted of 13 former Redevelopment Agency-owned properties in the Waterfront District amounting to approximately 8.4 acres for development of residential, commercial, and mixed-use projects. A Disposition and Development Agreement (DDA) was executed in April 2006.

In July 2006, the Agency approved the First Amendment to the DDA, which added a 7.44-acre property (the former Crystal Middle School site) to the Project. In September 2007, the Second Amendment to the DDA was approved, which updated the Schedule of Performance. In January 2009, the Third Amendment to the DDA was approved, which allowed the former Agency to acquire property from MSW Partners, provide an advance of developer reinvestment funds in the form of a loan, and to amend the Schedule of Performance. A map is provided as Attachment 1 that provides a graphic representation of the location of these properties.

DDA Extensions

The Main Street West Project, as a whole, fell victim to the “Great Recession,” which resulted in project delays due to economic conditions beyond the control of the City or Main Street West Partners. Financing was non-existent for several years, as the real estate markets in all sectors experienced declining values, low occupancy rates, and high rates of foreclosure activity. The initial term of the DDA expired on February 19, 2014. Thus, several extensions were granted to allow additional time to modify terms and conditions to the DDA, providing for the development to move forward in light of market conditions and redevelopment agency dissolution law. The intent was to update the DDA such that the original intent of the DDA could be carried out within the confines of economic realities and the State laws governing dissolution of former redevelopment agencies. Further, the updates would benefit the City, as well as the affected taxing entities. The extensions ran through January 31, 2015.

PREPARED BY:

Jason Garben, Development Services Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

MSW Legal Action

On February 11, 2014, Main Street West Partners filed a complaint with the Solano County Superior Court for Validation under Code of Civil Procedure Section 863 and for Declaratory Relief to ask the court to validate the continued enforceability of the DDA and modifications to allow completion of the performance of the requirements of the DDA, as the dissolution law has complicated the process to update the DDA. Further, in April 2014, the California Department of Finance appeared in the lawsuit filed by Main Street West Partners and sought to change the venue of the lawsuit from Solano County to Sacramento County Superior Court.

On May 22, 2014, the Court granted a change of venue that moved the case to the Sacramento County Superior Court, and on, or about, October 1, 2014, Main Street filed a First Amended Complaint for Declaratory Relief, Impairment of Contract, and Petition for Writ of Mandate in *Main Street West Partners, LLC v. Successor Agency of the Redevelopment Agency of the City of Suisun City, et al.*, Sacramento Superior Court, Case No. 34-2014-00164737

Proposed Amendment

Even after the lawsuit was filed, the Successor Agency through the Oversight Board continued to work with Main Street West Partners on updates to the DDA that would allow the project to proceed, as well as meet the interests of all parties involved, including the affected taxing entities. In October 2014, the Successor Agency and Oversight Board approved various amendments to the DDA through the "Fourth Amendment" to the DDA which was forwarded to the DOF for review. On October 22, 2014, DOF initiated review. On December 1, 2014, Finance sent a letter denying approval of the Fourth Amendment. Successor Agency staff followed-up with DOF staff to discuss the letter and determine what information should be presented as part of a successful reconsideration by the DOF. DOF provided some clarity regarding the reasoning for the initial denial, and asked that certain findings be made by the Oversight Board and incorporated into a new resolution approving the Fourth Amendment for the second time (January 8, 2015). On February 18, 2015, DOF sent another letter denying the approval of the Fourth Amendment. Staff asked the DOF to reconsider the denial, and provided more information. This has led to a proposed settlement of the lawsuit that would approve the Fourth Amendment as it was initially approved by the Successor Agency and Oversight Board, first in October 2014, and again in January 2015.

STAFF REPORT: The settlement agreement proposed by the Attorney General's Office provides for the reconsideration of the DOF's prior February 18, 2015 denial of the Fourth Amendment to the DDA with MSW. The Successor Agency approved the settlement agreement at its January 12, 2016 meeting. In order to proceed, the settlement agreement must be submitted to the Oversight Board for approval. Upon approval by the Oversight Board, the Successor Agency is to notify Finance within three business days. Finance will, within ten (10) business days of receipt of the Oversight Board action, approve a Settlement Extension and approve, upon reconsideration, the Fourth Amendment. The approval of the Fourth Amendment will become effective on the Settlement Extension date of April 30, 2016. Once the DOF approves the Oversight Board's action to approve the settlement agreement, if so approved by the Oversight Board, MSW is required to dismiss its lawsuit in its entirety, with prejudice, meaning it cannot be re-filed later.

The reason for the extension through April 30, 2016 is to allow MSW to re-engage equity partners that have been on hold through this entire process that began approximately two years ago. No new terms or provisions of the Fourth Amendment (as initially approved by the Successor Agency or Oversight Board) are being proposed as part of the Settlement Agreement. Further, the project

must undergo all necessary environmental review and nothing in the settlement agreement is intended to override the required CEQA review.

The legal consequences of approving this settlement agreement include a mutual release of all claims by all parties and each party bears its own attorneys' fees and costs. MSW and the Successor Agency will not be able to make any claims arising from the prior dispute involving the DDA against each other, or against the DOF. Additionally, the Successor Agency will bear its own legal fees and cannot recover those legal fees and costs from the DOF or MSW for the dispute under the settlement.

Thus, staff recommends adopting the attached resolution approving the Settlement Agreement and directing staff to forward the Settlement Agreement to Finance.

RECOMMENDATION: It is recommended that the Oversight Board:

Adopt Oversight Board Resolution No. OB2016-__: Approving the Settlement Agreement Of Main Street West Partners Litigation And Directing The Executive Director To Forward The Executed Settlement Agreement To the Department of Finance For Approval.

ATTACHMENTS:

1. Property ID Map.
2. Draft Settlement Agreement.
3. January 8, 2015 Staff Report – Oversight Board Approval of Fourth Amendment
4. Resolution NO. OB 2016- __ Approving the Settlement Agreement Of Main Street West Partners Litigation And Directing The Executive Director To Forward The Executed Settlement Agreement To the Department of Finance For Approval.

RESOLUTION NO. OB2016 -__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY APPROVING THE SETTLEMENT AGREEMENT OF MAIN STREET WEST PARTNERS LITIGATION AND DIRECTING THE EXECUTIVE DIRECTOR TO FORWARD THE EXECUTED SETTLEMENT AGREEMENT TO THE DEPARTMENT OF FINANCE FOR APPROVAL.

WHEREAS, the Redevelopment Agency of the City of Suisun City (the “RDA”) entered into a Disposition and Development Agreement (the “DDA”) with Main Street West Partners (the Developer) dated April 17, 2006; and

WHEREAS, said DDA has been revised from time to time by Amendments Nos. 1 – 3; and

WHEREAS, following dissolution of the RDA, the Successor Agency (the “Agency”) became the successor-in-interest to all assets and obligations of the RDA, including the DDA; and

WHEREAS, the expiration date of the DDA was February 19, 2014. On January 17, 2014, the Oversight Board to the Successor Agency (“Oversight Board”) approved a 120-day extension to the expiration date of the DDA in Resolution No. OB 2014-01 (“First Extension”); and

WHEREAS, on January 21, 2014, the California State Department of Finance (“Finance”) initiated review of the First Extension pursuant to Health & Safety Code section 34179, subdivision (h); and

WHEREAS, on February 10, 2014, the Developer filed a Complaint for Validation under Code of Civil Procedure Section 863 and for Declaratory Relief in Solano County Superior Court, entitled *Main Street West Partners, LLC v. Successor Agency of the Redevelopment Agency of the City of Suisun City, et al.*, Solano County Superior Court Case No. FCS043017 (“Original Action”); and

WHEREAS, on February 28, 2014, Finance approved the First Extension. The Oversight Board subsequently approved further extensions to the expiration date of the DDA in Resolution Nos. OB 2014-04 (“Second Extension”), and OB 2014-07 (“Third Extension”). Finance approved the Second and Third Extensions; and

WHEREAS, on or about April 11, 2014, Finance appeared in the Original Action pursuant to Code of Civil Procedure section 863 and moved to transfer venue to Sacramento County Superior Court; and

WHEREAS, on or about May 22, 2014, the Solano County Superior Court entered an order transferring the Original Action to Sacramento County Superior Court, which assigned it Case No. 34-2014-00164737. On or about October 1, 2014, Main Street filed a First Amended Complaint for Declaratory Relief, Impairment of Contract, and Petition for Writ of Mandate in *Main Street West Partners, LLC v. Successor Agency of the Redevelopment Agency of the City of Suisun City, et al.*, Sacramento Superior Court, Case No. 34-2014-00164737 (“**Action**”); and

WHEREAS, on or about October 15, 2014 the Oversight Board approved another extension to the expiration date of the DDA in Resolution No. OB 2014-11 (“Fourth Extension”) and approved various amendments to the DDA in Resolution No. OB 2014-12. On October 22,

2014, Finance initiated review. On December 1, 2014, Finance approved the Fourth Extension, but did not approve OB 2014-12; and

WHEREAS, on or about January 8, 2015, the Oversight Board notified Finance of its Resolution Nos. OB 2015-01, which approved a further extension of the DDA, and OB 2015-02, which approved various amendments to the DDA. Finance initiated review of OB 2015-01 and OB 2015-02 pursuant to Health & Safety Code section 34179, subdivision (h), and, on February 18, 2015, sent the Oversight Board a letter stating that it did not approve OB 2015-01 and OB 2015-02; and

WHEREAS, on April 10, 2015, the Successor Agency requested that Finance reconsider its February 18, 2015, determination regarding OB 2015-01 and OB 2015-02, and provided further documentation and information in support of the request; and

WHEREAS, Finance has reviewed the request for reconsideration and the additional documentation and information provided in connection therewith; and

WHEREAS, without admission of fault or wrongdoing, by entering into the Proposed Settlement Agreement (the "Agreement"), the Parties have agreed to completely resolve any and all disputes between the Parties pertaining to the Action.

WHEREAS, The litigation resolved by the Agreement relates to the wind down of the RDA pursuant to Assembly Bill 26 of the 2011-12 First Extraordinary Session of the California Legislature ("AB x1 26") and Assembly Bill 1484 of the 2011-12 Regular Session of the California Legislature ("AB 1484") (AB x1 26 and AB 1484, collectively the "Dissolution Law"); and

WHEREAS, the Agency approved the Agreement at its January 12, 2016 meeting, and directed the Agency staff to forward to the Oversight Board for consideration.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to the Successor Agency does resolve as follows:

Section 1. The above recitals are true and correct.

Section 2. The Settlement Agreement and all of the terms and conditions therein are hereby approved, and the Executive Director is hereby directed to forward the Settlement Agreement to the California State Department of Finance.

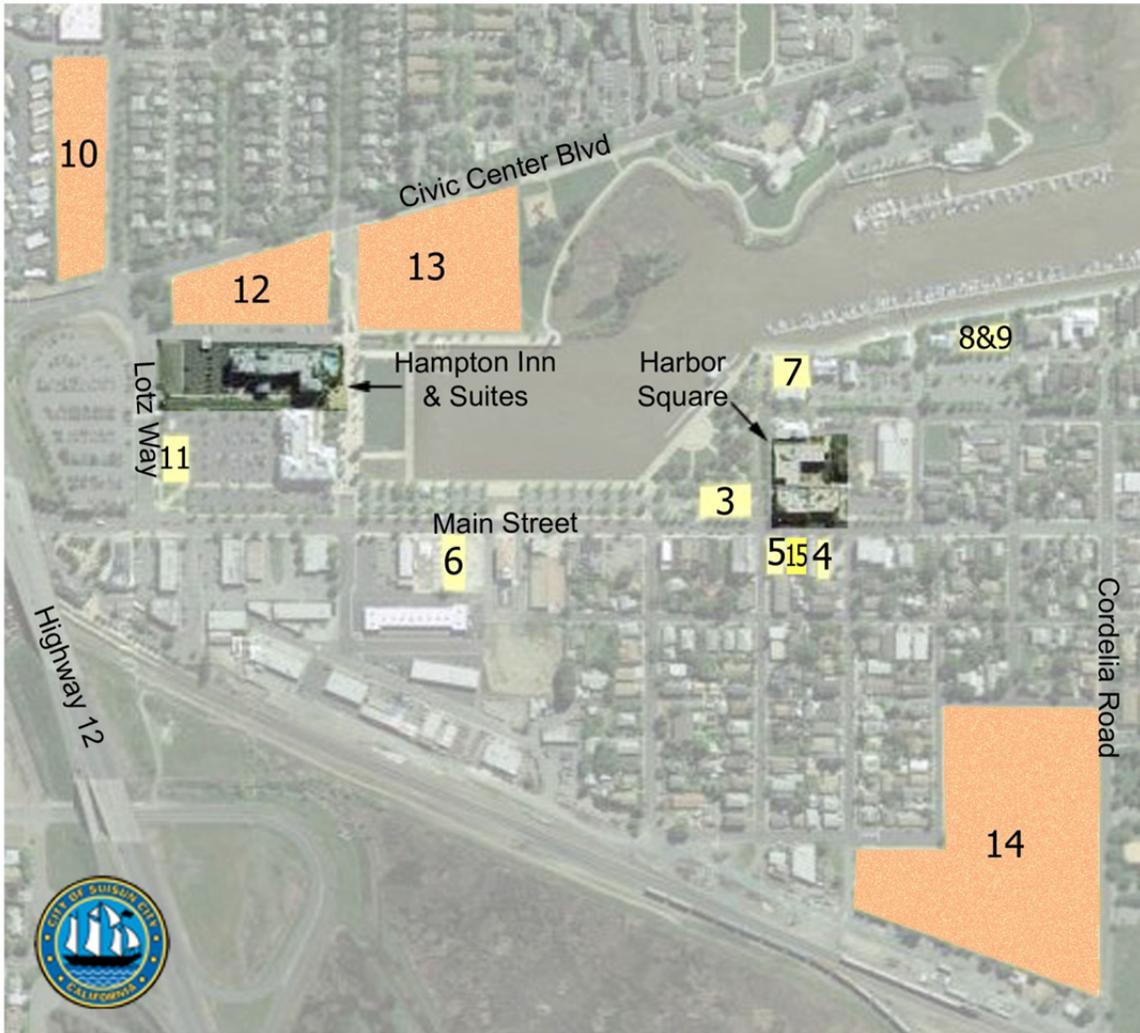
PASSED AND ADOPTED at a regular meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Friday, the 22nd of January 2016, by the following vote:

AYES:	BOARDMEMBERS:
NOES:	BOARDMEMBERS:
ABSENT:	BOARDMEMBERS:
ABSTAIN:	BOARDMEMBERS:

WITNESS my hand and the seal of the City of Suisun City this 22nd of January 2016.

Anita Skinner, Deputy City Clerk

MAIN STREET WEST DDA PARCELS



SETTLEMENT AGREEMENT

*Main Street West Partners, LLC v. Successor Agency of the Redevelopment Agency
of the City of Suisun City, et al.,*

Sacramento County Superior Court, Case No. 34-2014-00164737

PARTIES

This Settlement Agreement (“**Agreement**”) is entered into by the following parties: (1) Main Street West Partners, LLC (“**Main Street**”); (2) Successor Agency of the Redevelopment Agency of the City of Suisun City (“**Successor Agency**”); (3) the California Department of Finance and Michael Cohen, in his official capacity as California State Director of Finance (together, “**Finance**”) (all parties collectively, the “**Parties**”).

RECITALS

A. The litigation resolved by this Agreement relates to the wind down of the Redevelopment Agency for the City of Suisun City (“**RDA**”) pursuant to Assembly Bill 26 of the 2011-12 First Extraordinary Session of the California Legislature (“**AB x1 26**”) and Assembly Bill 1484 of the 2011-12 Regular Session of the California Legislature (“**AB 1484**”) (AB x1 26 and AB 1484, collectively the “**Dissolution Law**”).

B. Main Street and the RDA entered into a Disposition and Development Agreement dated April 7, 2006 (“**Original DDA**”), regarding the development of a commercial and residential project in Suisun City (“**Project**”). The Original DDA was amended by a First Amendment to the Disposition and Development Agreement dated July 25, 2006; a Second Amendment to the Disposition and Development Agreement dated September 18, 2007; and a Third Amendment to the Disposition and Development Agreement dated February 19, 2009 (as amended, the “**DDA**”).

C. Following dissolution of the RDA, the Successor Agency became the successor-in-interest to all assets and obligations of the RDA, including the DDA.

D. The expiration date of the DDA was February 19, 2014. On January 17, 2014, the Oversight Board to the Successor Agency (“**Oversight Board**”) approved a 120-day extension to the expiration date of the DDA in Resolution No. OB 2014-01 (“**First Extension**”).

E. On January 21, 2014, Finance initiated review of the First Extension pursuant to Health & Safety Code section 34179, subdivision (h).

F. On February 10, 2014, Main Street filed a Complaint for Validation under Code of Civil Procedure Section 863 and for Declaratory Relief in Solano County Superior Court, entitled *Main Street West Partners, LLC v. Successor Agency of the Redevelopment Agency of the City of Suisun City, et al.*, Solano County Superior Court Case No. FCS043017 (“**Original Action**”).

G. On February 28, 2014, Finance approved the First Extension. The Oversight Board subsequently approved further extensions to the expiration date of the DDA in Resolution Nos. OB 2014-04 (“**Second Extension**”) and OB 2014-07 (“**Third Extension**”). Finance

approved the Second and Third Extensions.

H. On or about April 11, 2014, Finance appeared in the Original Action pursuant to Code of Civil Procedure section 863 and moved to transfer venue to Sacramento County Superior Court.

I. On or about May 22, 2014, the Solano County Superior Court entered an order transferring the Original Action to Sacramento County Superior Court, which assigned it Case No. 34-2014-00164737. On or about October 1, 2014, Main Street filed a First Amended Complaint for Declaratory Relief, Impairment of Contract, and Petition for Writ of Mandate in *Main Street West Partners, LLC v. Successor Agency of the Redevelopment Agency of the City of Suisun City, et al.*, Sacramento Superior Court, Case No. 34-2014-00164737 (“**Action**”).

J. On or about October 15, 2014 the Oversight Board approved another extension to the expiration date of the DDA in Resolution No. OB 2014-11 (“**Fourth Extension**”) and approved a Fourth Amendment to the Disposition and Development Agreement in Resolution No. OB 2014-12 (“**Fourth Amendment**”). On October 22, 2014, Finance initiated review. On December 1, 2014, Finance approved the Fourth Extension, but did not approve the Fourth Amendment.

K. On or about January 8, 2015, the Oversight Board notified Finance of its Resolution Nos. OB 2015-01, which approved a further extension of the DDA, and OB 2015-02, which again approved the Fourth Amendment. Finance initiated review of OB 2015-01 and OB 2015-02 pursuant to Health & Safety Code section 34179, subdivision (h), and, on February 18, 2015, sent the Oversight Board a letter stating that it did not approve OB 2015-01 and OB 2015-02.

L. On April 10, 2015, the Successor Agency requested that Finance reconsider its February 18, 2015, determination regarding OB 2015-01 and OB 2015-02, and provided further documentation and information in support of the request.

M. Finance has reviewed the request for reconsideration and the additional documentation and information provided in connection therewith.

N. Without admission of fault or wrongdoing, by entering into this Agreement the Parties have agreed to completely resolve any and all disputes between the Parties pertaining to the Action and the matters described in Recitals A through M of this Agreement.

AGREEMENT

Accordingly, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. Principal Terms: The Parties agree to the following resolution of the litigation:

(a) To facilitate this Agreement, Main Street and the Successor Agency agree to use their best efforts to obtain Oversight Board approval for, and to execute, a further extension of the expiration date of the DDA from the expiration date provided for in Oversight Board Resolution OB 2014-11 to April 30, 2016 (“**Settlement Extension**”).

(b) If Main Street and the Successor Agency obtain Oversight Board approval for and

execute the Settlement Extension, the Successor Agency will submit the Oversight Board action approving the Settlement Extension to Finance within three (3) business days. Finance will, within ten (10) business days of receipt of the Oversight Board action, approve the Settlement Extension and approve, upon reconsideration, the Fourth Amendment, such approval to become effective on the Settlement Extension date of April 30, 2016 and that date shall be the “Effective Date” under the Fourth Amendment. The Fourth Amendment will remain in full force and effect.

(c) Upon Finance’s approval of the Settlement Extension and Fourth Amendment, as provided in paragraph (1)(b), and so notifies Main Street in writing, Main Street shall, within five (5) business days of receipt of such notice, file a request for dismissal of the Action requesting that the Court dismiss the Action and all claims and causes of action pled therein with prejudice, and shall serve the same on all Parties (“**Dismissal**”).

(d) Upon the entry of the Dismissal as provided in paragraph (1)(c), the Parties specifically and mutually release and discharge each other, including their respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, insurers, departments, divisions, sections, successors and assigns from all existing claims, obligations, damages, costs, expenses, liens, attorney fees of any nature whatsoever, whether known or unknown, suspected or not suspected to exist, claimed or not claimed, disputed or undisputed, pertaining to the Project as alleged in the Action and described in Recitals A through N of this Agreement. The Parties do not specifically or mutually release and discharge each other, including their respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, insurers, departments, divisions, sections, successors and assigns, from future claims, obligations, damages, costs, expenses, liens, or attorney fees of any nature whatsoever, that may arise in regard to the Project, including but not limited to future extensions of and/or amendments to the DDA.

2. Claims Disputed: The Agreement does not constitute, nor shall it be construed as, an admission or concession by any of the Parties for any purpose. This Agreement is a compromise settlement of the Action, and by executing this Agreement, none of the Parties admit wrongdoing, liability, or fault in connection with, nor to the merit of, the Action, or the allegations asserted therein or in connection with Recitals A through N above.

3. Successors and Assigns: This Agreement shall be binding upon the Parties’ respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, departments, divisions, sections, successors and assigns.

4. Assumption of Risk: The Parties each represent that they fully understand that if the facts pertaining in any way to the Action are later found to be different from the facts now believed to be true by any Party, each of them expressly accepts and assumes the risk of such possible differences in facts and agrees that this Agreement shall remain effective notwithstanding such differences in facts. The Parties also each represent that this Agreement was entered into under the laws current as of the effective date, and agree that this Agreement shall remain effective notwithstanding any future changes in the law.

5. **Independent Advice of Counsel:** The Parties each represent that they know and understand the contents of the Agreement and that this Agreement has been executed voluntarily. The Parties each further represent that they have had an opportunity to consult with an attorney of their choosing and that they have been fully advised by the attorney with respect to their rights and obligations and with respect to the execution of this Agreement.
6. **Entire Agreement:** No promise, inducement, understanding, or agreement not expressed has been made by or on behalf of the Parties, and this Agreement contain the entire agreement between the Parties related to the Action.
7. **No Assignment:** Each Party represents that it has not assigned, transferred, or purported to assign or transfer to any person or entity any matter released herein.
8. **Amendments in Writing:** This Agreement may not be altered, amended, modified, or otherwise changed in any respect except by a writing duly executed by the Parties. The Parties agree that they will make no claim at any time or place that this Agreement has been orally altered or modified or otherwise changed by oral communication of any kind or character.
9. **Construction:** The Parties agree that this Agreement is to be construed and interpreted without regard to the identity of the party drafting this Agreement.
10. **Additional Acts:** The Parties agree to take such actions and to execute such documents as are necessary to carry out the terms and purposes of this Agreement.
11. **Attorneys Fees:** The Parties shall each bear their respective attorney fees and costs incurred in the litigation.
12. **Enforcement:** If any Party to this Agreement files a lawsuit to enforce or interpret this Agreement, the prevailing Party in any such suit shall be entitled to reimbursement for reasonable attorney fees and costs.
13. **Choice of Law and Jurisdiction:** This Agreement shall be governed by the laws of the State of California. If any Party to this Agreement brings a lawsuit to enforce or interpret this Agreement, the lawsuit shall be filed in the Superior Court for the County of Sacramento, California.
14. **Counterparts:** This Agreement may be executed in counterparts, each of which is deemed an original and all of which shall constitute this Agreement.
15. **Effective Date:** The date on which the last counterpart of this Agreement is executed shall be the effective date of this Agreement.
16. **Authority to Execute:** Each Party represents that they have the authority to enter into and perform the obligations necessary to provide the consideration described in this Agreement. Each person signing this Agreement represents and warrants that they have the authority to sign on behalf of the Party for which they sign.

This Agreement consists of Recital Paragraphs A - N and Paragraphs 1 – 16 above.

DATED: _____

MAIN STREET WEST PARTNERS, LLC

By _____

Its _____

DATED: _____

DEPARTMENT OF FINANCE AND MICHAEL
COHEN, DIRECTOR OF FINANCE

By _____

Kari Krogseng

Its Chief Counsel

DATED: _____

SUCCESSOR AGENCY OF THE
REDEVELOPMENT AGENCY OF THE CITY OF
SUISUN CITY

By _____

Its _____

Approved as to Form and Content:
MORRIS POLICH & PURDY LLP

By: _____

[INSERT Attorney Name]
Attorneys for Petitioner/Plaintiff
Main Street West Partners, LLC

Approved as to Form and Content:
KAMALA D. HARRIS
Attorney General of California

By: _____
Aaron D. Jones, Deputy Attorney General
Attorneys for Respondents/Defendants
California Department of Finance and
Michael Cohen

Approved as to Form and Content:
ALESHIRE & WYNDER, LLP

By: _____
Anthony Taylor
Attorneys for Respondent/Defendant
Successor Agency of the Redevelopment Agency of
the City of Suisun City

AGENDA TRANSMITTAL

MEETING DATE: January 8, 2015

OVERSIGHT BOARD AGENDA ITEM: Main Street West Disposition and Development Agreement:

- a. Adoption of Oversight Board Resolution No. OB2015 - __: Authorizing the Executive Director to Extend the Term of the Main Street West Disposition and Development Agreement (DDA); and
- b. Adoption of Oversight Board Resolution No. OB2015 - __: Approving and Authorizing the Execution of the Fourth Amendment to the Disposition and Development Agreement (DDA) with Main Street West Partners, LLC After Reconsideration of the Same.

FISCAL IMPACT: Any sale of property, payment of fees, or other revenues associated with the Main Street West DDA will be distributed to the affected taxing entities.

IMPACT ON PASS THROUGHES TO OTHER TAXING ENTITIES: This item has no impact on the existing pass-through payments to the other affected taxing entities.

BACKGROUND:

On October 15, 2014, the Oversight Board adopted a resolution approving the 4th Amendment to the Main Street West DDA and also extended the term of the DDA through January 31, 2015. The staff report from the October 15 meeting is provided as Attachment 1 for reference.

The California State Department of Finance (DOF) provided its notice of intent to review the Oversight Board's action on October 22, 2014. On December 1, 2014, the DOF provided a letter approving the DDA extension, but did not approve the 4th Amendment and has returned the resolution to the Oversight Board for reconsideration. Specifically, the letter indicated the amendments do not satisfy the requirements of Section 34181(e) of the California Health and Safety Code. The DOF has indicated Section 34181(e) allows amendments to agreements only when the amendment reduces liabilities, increases net revenues, and are found by the Oversight Board to be in the best interest of the taxing entities.

Successor Agency staff followed-up with DOF staff to discuss the letter and determine what information should be presented as part of a successful reconsideration. A follow-up call with DOF management to further discuss the issues occurred on December 23, 2014. Based on the outcome of the December 23rd call, staff was provided with clarity regarding the "increase in net revenues and reduction in liabilities" thresholds, and it is clear the proposed amendments meet the thresholds. Specifically, the repayment of the line of credit was discussed as meeting the net increase in revenues requirement, and the fact that the Agency would no longer be responsible for the payment of public improvements associated with the project meets the reduction in liability requirement. The DOF asked that these findings be made by the Oversight Board and incorporated into the resolution.

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

STAFF REPORT: The proposed amendments to the MSW DDA are exactly as what was presented to the Oversight Board in October. A copy of the 4th Amendment is provided as Attachment 2. All material previously presented is attached for reference. The focus of this item is to concentrate on the information required by the DOF in order to successfully reconsider the 4th Amendment to the DDA.

As previously mentioned, the DOF cites California Health and Safety Code Section 34181(e) and is requiring that amendments to agreements must reduce liabilities, increase net revenues, and be found to be in the best interest of the taxing entities by the Oversight Board. Thus, the focus of this report will be to provide information on the increase in net revenues and reduction in liabilities based on the December 23, 2014 phone conversation with DOF management.

Net Increase in Revenues

There are two primary drivers of a net increase in revenues to the taxing entities as a result of the proposed amendment.

First, the amendment allows the \$500,000 line of credit to be repaid. Without the amendment, the repayment of the line of credit is at risk, as the repayment of the line of credit was originally contemplated to be paid from proceeds associated with the development of the residential components of the project. Allowing the project to proceed will allow MSW Partners to commence with residential development, which remains the funding mechanism to repay the line of credit.

Secondly, the DDA contains a reinvestment clause that requires MSW Partners to reinvest a portion of profits derived from the residential component of the project into development of commercial components of the project that might not otherwise be economically feasible. The pool of reinvestment dollars anticipated is between \$825,000 and \$1.5 million, which would act as a subsidy to drive additional commercial development activity that is not currently feasible. The commercial development anticipated to be spurred by the reinvestment dollars will generate approximately \$20 per square foot annually in property and sales tax that would benefit the affected taxing entities.

Reduction in Liabilities

There are two key components of the proposed amendment that will reduce liabilities.

First, the proposed amendment relieves the Successor Agency from having to pay for any public improvements associated with the project. As part of the original DDA, any public improvements required as a condition of approval of the project were required to be paid for by the Agency.

Secondly, the proposed amendment would allow MSW Partners to terminate its lawsuit filed against the Successor Agency (See Attachment 3). Eliminating the lawsuit will save money in legal costs and other unknown costs. For instance, if the lawsuit were carried forward, the property associated with the project would likely not be able to be sold until the lawsuit were resolved which would delay payment of the sale proceeds, and delay ongoing benefits associated with tax revenues to the affected taxing entities.

Benefits to Affected Taxing Entities

In order to completely satisfy the requirements of Section 34181(e) pursuant to the DOF request, the Oversight Board is also required to find the proposed amendments are in the best interest of the affected taxing entities. In addition to the previously mentioned net increase in revenues and reduction liabilities, the following provides an outline of benefits to the affected taxing entities that provide a basis for the amendment being in the best interests of the affected taxing entities:

- a) Expedited Property Sales – Allows property sales to occur sooner rather than later. Proceeds from property sales distributed to affected taxing entities.
- b) Development Impact Fees – Properties are being sold for development, not speculation, resulting in projects that will generate impact fees for taxing entities.
- c) On-Going Property Tax Revenues – Development of properties sold will result in additional property tax revenue into perpetuity to the affected taxing entities.
- d) Developer Reinvestment Effect – The reinvestment of profit from the residential component of the project is anticipated to spur development of commercial components that might not otherwise be economically feasible.
- e) Repayment of \$500,000 Line of Credit – Allowing the project to proceed will allow MSW Partners to commence with residential development, which is the funding mechanism to repay the line of credit.

DDA Extension

The current term of the DDA expires on January 31, 2015. Should the Oversight Board authorize the 4th Amendment, the DOF would then have up to approximately 45 days from the date the OB resolution is delivered to review.

Pursuant to Part Two, Article 3.04(C) of the original DDA, the Executive Director may extend times of performance in writing by mutual agreement of the Developer and the Executive Director, unless the Executive Director refers the matter of extension to the Agency Board. Further, pursuant to Part Two, Article 3.23 of the original DDA, Agency staff is authorized to execute changes to the DDA that would not substantially alter the basic business terms of the DDA. By simply extending the term of the DDA through March 31, 2015, no changes to the business terms of the DDA are proposed. Thus, it would be prudent to also extend the term of the DDA through March 31, 2015 (with no changes to business terms) to allow for the review process associated with the 4th Amendment to conclude.

Conclusion

Pursuant to Section 34181(e), the proposed amendments will reduce liabilities, increase net revenues, and are in the best interest of the taxing entities. Staff recommends the Oversight Board approve the authorization of the 4th Amendment and authorize the extension the DDA to allow the term of the DDA to extend through the approval process.

RECOMMENDATION: After reconsidering the resolution and the Staff recommends that the Oversight Board:

1. Adopt Oversight Board Resolution No. OB2015 - __: Authorizing the Executive Director to Extend the Term of the Main Street West Disposition and Development Agreement (DDA); and
2. Adopt Oversight Board Resolution No. OB2015 - __: Approving and Authorizing the Execution of the Fourth Amendment to the Disposition and Development Agreement (DDA) with Main Street West Partners, LLC After Reconsideration of the Same.

ATTACHMENTS:

1. October 15, 2014 Staff Report.
2. 4th Amendment Document.
3. Letter from MSW
4. Oversight Board Resolution No. OB2015 - __: Authorizing the Executive Director to Extend the Term of the Main Street West Disposition and Development Agreement (DDA).
5. Oversight Board Resolution No. OB2015 - __: Approving and Authorizing the Execution of the Fourth Amendment to the Disposition and Development Agreement (DDA) with Main Street West Partners, LLC After Reconsideration of the Same.