



SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY AGENDA REPORT



DEPARTMENT: Administrative Services

MEETING DATE: March 18, 2014

PREPARED BY: Lauren Vasquez, Senior Management Analyst

AGENDA LOCATION: SA CC-2

TITLE: Memorandum of Termination of Lease and Sublease between the Successor Agency, the City and Huntington Oaks Delaware Partners, LLC.; Resolution No. SA2014-06

OBJECTIVE: To terminate the Restated Monrovia Redevelopment Agency Parking Facilities Lease With Option to Purchase ("Lease") between the former Monrovia Redevelopment Agency and the City of Monrovia, and to terminate the Second Amended and Restated Parking Facilities Sublease and Assignment of Option to Purchase ("Sublease") between the City of Monrovia and Huntington Oaks Associates, LLC ("Developer").

BACKGROUND: In 1981 the former Monrovia Redevelopment Agency ("Agency") issued lease revenue bonds in the amount of \$8,365,000 to finance the acquisition and construction of the parking lot in conjunction with the construction of the Huntington Oaks shopping center. Even though the Agency issued the bonds, the Developer was obligated to make the debt service payments.

In 1993 the Developer refinanced his shopping center, and along with that, wanted the Agency to refinance the 1981 bond issue to take advantage of better interest rates. The refinancing resulted in a 1993 bond issue that was to be paid off in a 20-year time period. Again, the developer was obligated to make the debt service payments. Additionally, a Lease and Sublease were put into place to allow the Agency to lease the parking lot to the City of Monrovia, and for the City of Monrovia to sublease the parking lot to the Developer for the 20-year period that corresponded to the bond issue. Per those agreements, after completion of paying off the bonds, the Developer would have the right to purchase the parking lot from the agency for \$1. The Developer was required to pay a sum of \$300,000 to the former Monrovia Redevelopment Agency in order to exercise its rights. The Developer paid that total sum in 2003.

In April, 2013, the Developer made the last of the debt service payments on the 1993 bond issue. The Developer is now in the position to take ownership of the parking lot. Pursuant to terms of the Lease and Sublease Agreements, the Developer has timely exercised his option to purchase the property and now desires to acquire all rights and title to the property, and to confirm the termination of the Lease and Sublease Agreement.

The Memorandum of Termination of Lease and Sublease formally acknowledges that, since the Developer has successfully paid off the 1993 bond issue, the Lease and Sublease agreements between the Agency and City of Monrovia and City of Monrovia and the Developer, regarding the use of the parking lot, are terminated. Upon execution of this document the Developer will take ownership of the parking lot.

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ANALYSIS: As a result of a satisfied debt service pay off on all bonds associated with the parking lot for the Huntington Oaks parking lot, it is the obligation of the Successor Agency and the City to sign a Memorandum of Termination of Lease and Sublease and transfer property ownership to Huntington Oaks Delaware Partners, LLC. It is important to note that Staff has also been working with Huntington Oaks Delaware Partners, LLC to make sure that the City has all of the necessary easements in place regarding access to water and sewer lines under the parking lot. All necessary easements have been recorded with the County of Los Angeles.

ENVIRONMENTAL IMPACT: There is no environmental impact associated with the termination of the lease and sublease.

FISCAL IMPACT: There is no financial impact related to the termination of the lease sublease.

OPTIONS: The following options are presented for consideration:

1. Adopt Resolution No. SA2014-06. This will allow the Successor Agency to fulfill its obligation under the terms of the Lease.
2. Reject Resolution No. SA2014-06. This action would possibly place the Successor Agency in a breach of contract position.

RECOMMENDATION: Staff recommends that the Board approve the Memorandum of Termination of Lease and Sublease, thereby transferring ownership of the Huntington Oaks parking lot to Huntington Oaks Delaware Partners, LLC.

AGENCY ACTION REQUIRED: If the Board concurs, the appropriate action would be a motion to approve Resolution No. SA2014-06 and authorize the Executive Director to execute the necessary documents.

RESOLUTION NO. SA2014-06

A RESOLUTION OF THE SUCCESSOR AGENCY OF THE CITY OF MONROVIA, CALIFORNIA, APPROVING A MEMORANDUM OF TERMINATION OF LEASE AND SUBLEASE BETWEEN THE SUCCESSOR AGENCY TO THE MONROVIA REDEVELOPMENT AGENCY, THE CITY OF MONROVIA, AND HUNTINGTON OAKS DELAWARE PARTNERS, LLC, RELATED TO THE PARKING FACILITY AT HUNTINGTON OAKS SHOPPING CENTER AND APPROVING TRANSFER OF PROPERTY TO HUNTINGTON OAKS DELAWARE PARTNERS LLC.

RECITALS

WHEREAS, in 1981 the former Monrovia Redevelopment Agency (Agency) issued bonds to fund the purchase of a specified property for a parking facility at the Huntington Oaks Shopping Center Project (Property); and

WHEREAS, the City of Monrovia (City) leased the Property from the Agency and in turn subleased the Property to Huntington Oaks Associates (Developer) for parking with the agreement that the Developer would be responsible for all bond debt service and principal payments until the bonds were re-paid in full; and

WHEREAS, in 1993 the original Lease and Sublease were terminated with the refinancing of said bonds and a new Lease and Sublease were entered into by the parties for a subsequent twenty year period; and

WHEREAS, the Developer was given an option to exercise the right to purchase the Property prior to debt payment satisfaction and paid the former Agency a sum of \$300,000 to exercise that right; and

WHEREAS, the Developer has fully satisfied all bond debt and other payment obligations pursuant to the Lease and Sublease; and

WHEREAS, the Lease and Sublease expired pursuant to their terms in April 2013;

NOW, THEREFORE, BE IT RESOLVED the Board of the Successor Agency hereby finds and resolves as follows:

Section 1. The Board finds that all of the facts set forth in the Recitals of this Resolution are true and correct.

Section 2. Pursuant to the terms of the Lease and Sublease, the Board hereby approves the Memorandum of Termination of Lease and Sublease between the Successor Agency to the Monrovia Redevelopment Agency, the City of Monrovia, and Huntington Oaks Delaware Partners, LLC, in the form attached hereto as Exhibit A.

Section 3. The Board authorizes the Executive Director to execute the aforementioned Memorandum and a related Quitclaim Deed necessary for the transfer of title and interest to the Property to Huntington Oaks Delaware Partners, LLC, and to cause the same to be recorded.

PASSED, APPROVED AND ADOPTED this 18th day of March, 2014.

Mary Ann Lutz, Chair
Successor Agency to the
Monrovia Redevelopment Agency

ATTEST:

APPROVED AS TO FORM:

Alice D. Atkins, CMC, Secretary
Successor Agency to the
Monrovia Redevelopment Agency

Craig A. Steele, City Attorney
City of Monrovia

EXHIBIT A

Memorandum of Termination of Lease and Sublease

See City Council Agenda Report CC-8