

RESOLUTION NO. 013

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA APPROVING THE LONG RANGE PROPERTY MANAGEMENT PLAN FOR THE REAL PROPERTY OWNED BY THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA ENCUMBERED BY THE PASEO NUEVO LEASEHOLDS AND RELATED AGREEMENTS.

WHEREAS, in accordance with Assembly Bill No. X1 26, as amended by Assembly Bill No. 1484 (“Dissolution Act”), the Redevelopment Agency of the City of Santa Barbara (“RDA”) dissolved on February 1, 2012 and the Successor Agency to the former RDA was formed and succeeded to all of the authority, rights, powers, duties, and obligations previously vested in the RDA (“Successor Agency”);

WHEREAS, an Oversight Board of the Successor Agency to the former RDA has been duly formed as required by the Dissolution Act;

WHEREAS, the Successor Agency was issued a Finding of Completion on April 26, 2013;

WHEREAS, in accordance with Health & Safety Code Section 34191.4(a), the former RDA’s real property interest in the Paseo Nuevo Shopping Mall is owned by the Successor Agency and is encumbered by three 75-year ground leases, parking agreements, reciprocal easement agreements and other agreements (“Paseo Nuevo Agreement”) that create enforceable obligations that must be performed by either the Successor Agency or the City of Santa Barbara (“City”) until termination of the leases and other agreements in the year 2065;

WHEREAS, in accordance with Health & Safety Code Section 34191.3 et seq., the Successor Agency prepared, approved and submitted a Long Range Property Management Plan to the Oversight for review and approval; and

WHEREAS, on May 9, 2013, June 6, 2013, July 31, 2013, and September 11, 2013, the Oversight Board reviewed and, on September 11, 2013, approved the LRPMP for the former RDA’s encumbered real property interest in the Paseo Nuevo Mall finding that the LRPMP complies with the requirements of Assembly Bill No. 1484 and properly determines that the RDA’s encumbered fee interest in the Paseo Nuevo Mall should be transferred to the City so that the RDA’s and City’s obligations set forth in the Paseo Nuevo Agreements may be performed by the City for the remaining 52 year term of the Paseo Nuevo Agreements.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. At a publicly noticed meeting on September 11, 2013, the Oversight Board reviewed the Long Range Property Management Plan for the former RDA's encumbered real property interest in the Paseo Nuevo Shopping Mall and made the following findings:

A. The RDA assembled the land for the Paseo Nuevo Shopping Mall and parking structures for the purpose of eliminating blight and encouraging economic investment and vitality in the Central City Redevelopment Project Area.

B. The RDA's real property interest in the Paseo Nuevo Mall is encumbered by three 75-year leases ("Leases") which, due to the financial structure of the Leases, have resulted in neither the RDA nor the City receiving any income or revenue from the Paseo Nuevo Agreements and, instead, bind the RDA and the City to certain on-going monetary payments, parking requirements and other obligations.

C. The following financial terms in the Paseo Nuevo Agreements have resulted in the Agreements becoming an obligation of the former RDA and City instead of an asset: (i) payment of "minimum rent" by the Developer and Majors was waived by the Developer's pre-payment of \$7,780,000 and the Major's prepayment of \$1 million (each) at the 1989 closing of the transaction, (ii) payment of annual "Participation Rent" is due only if and when the Paseo Nuevo Mall income exceeds a defined "Base Income" threshold which threshold has not been reached to date and is not expected to be reached during the term of the Leases, and (iii) payment of a \$2 million loan (plus 10% interest) made to the RDA by the Developer is offset against payment of Participation Rent.

D. The Paseo Nuevo Agreements require the RDA to provide 572 on-site parking spaces and, along with the City of Santa Barbara, to provide 1,115 public parking spaces within a two block radius of the Shopping Mall until the leases terminate in the year 2065.

E. The RDA or City must provide the public parking (listed above) on a non-discriminatory basis and at the same, subsidized, hourly rate charged by the City in its other downtown Santa Barbara parking lots and structures.

F. The former RDA (now Successor Agency) is obligated under the Leases to pay to the City that portion of Paseo Nuevo's annual Parking and Business Improvement Area ("PBIA") assessment that exceeds \$100,000 ("Excess PBIA").

G. As provided in the Annual Parking Operations Agreement, the former RDA's (Successor Agency's) payment of the Excess PBIA is offset by the City's on-going maintenance and operation of the two parking structures for which the receipt of parking fee revenue is insufficient to pay the operational costs incurred by the City and by the City's contribution of the parking structures to the Paseo Nuevo development

with the expectation that the parking structures would be (and have been) returned to City ownership.

H. The Successor Agency, as the owner of the former RDA's encumbered real property interest in the Paseo Nuevo Mall, has neither the legal nor the administrative capacity to perform the on-going, long-term, obligations contained in the Paseo Nuevo Agreements for the remaining 52-years of the Agreements.

I. The City of Santa Barbara, as partner with the former RDA in development of the Paseo Nuevo Mall, has the legal, the regulatory and the administrative capacity to assume the on-going monetary and non-monetary obligations contained in the Paseo Nuevo Agreements for the duration of the Agreements and, thereafter, only the City has the legal and the regulatory ability to provide for the property's needed redevelopment and renewal.

SECTION 3. After completing its review, the Oversight Board hereby finds that the LRPMP for the Successor Agency's encumbered real property interest in the Paseo Nuevo Shopping Mall complies with the requirements of Health & Safety Code Section 34191.5 and properly determines that the property should be transferred to the City of Santa Barbara and used by the City to fulfill the on-going enforceable obligations created by the Paseo Nuevo Agreements; provided, however, the City, in accepting the property, must expressly agree to assume all existing lease obligations.

SECTION 4. The Oversight Board hereby approves the LRPMP for the former RDA's real property interest in the Paseo Nuevo Mall and directs the Successor Agency to transmit the LRPMP to the Department of Finance for approval.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

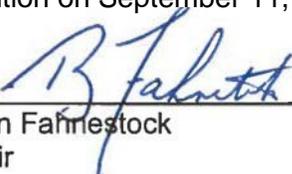
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STATE OF CALIFORNIA)
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COUNTY OF SANTA)
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OVERSIGHT BOARD OF THE)
SUCCESSOR AGENCY TO THE)
REDEVELOPMENT AGENCY OF THE)
CITY OF SANTA BARBARA)

I HEREBY CERTIFY that the forgoing resolution was adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Santa Barbara at a meeting held on September 11, 2013, by the following roll call vote:

- AYES: Oversight Board Members Jim Armstrong, Renee Bahl, Liz Limón, Chair
 Brian Fahnestock
- NOES: Chandra Wallar
- ABSENT: Carolle Van Sande, Meg Jetté
- ABSENTIONS: None

I HEREBY APPROVE the foregoing resolution on September 11, 2013.



Brian Fahnestock
Chair