

OVERSIGHT BOARD RESOLUTION NUMBER OB-2013-3

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE PROPOSED LEASE FOR A PORTION OF 625 SIXTH AVENUE IN THE PARK IT ON MARKET – NORTH BUILDING TO SUSHI DEN, A CALIFORNIA COROPRATION.

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 amended by Assembly Bill 1484 (AB 1484); and

WHEREAS, the Former RDA issued the Centre City Redevelopment Project Parking Revenue Bonds, Series 1999A (Bonds) pursuant to that certain Trust Indenture dated November 1, 1999, by and between the Former RDA and U.S. Trust Company, National Association, as Trustee (Trust Indenture); and

WHEREAS, the Bonds financed the construction of certain parking facilities, which include approximately 500 parking spaces and approximately 2,147 square feet of commercial retail space, of which approximately 459 square feet of commercial retail space is currently leased by Sushi Den, a California Corporation (Sushi Den); and

WHEREAS, based on an appraisal conducted in accordance with San Diego Municipal Code §22.0901, the reasonable market rental rate for the commercial retail space to be leased has been determined to range from \$2.50 to \$3.00 per square foot; and

WHEREAS, pursuant to the Trust Indenture, the pledged revenues used as security for the Bonds include rent from the leased commercial retail space constructed and financed by the Bonds; and

WHEREAS, the Successor Agency is obligated to cause payment on the Bonds in accordance with the terms of the Trust Indenture, as recognized on the approved Recognized Obligation Payment Schedules 1, 2 and 3, and is obligated to cause payment on the Bonds until final maturity of the Bonds on September 1, 2025; and

WHEREAS, in light of the ongoing payment obligations pursuant to the Trust Indenture, the Successor Agency proposes to enter into that certain new lease (Lease Agreement) which includes terms, among other things, as follows: (i) the space to be leased by Sushi Den consists of approximately 459 square feet of retail space to be used as a restaurant, coffeehouse, or delicatessen, at the initial base rent of \$1,285.20 per month, based on the rate of \$2.80 per square foot per month, with a right to lease a small storage space at a monthly rate of \$99; (ii) the lease shall be for a term of five (5) years, commencing on May 1, 2013, and terminating on April 30, 2018, and shall include the option to extend the Lease Agreement for one (1) additional five (5) year period, provided that Lessee is not then in default; (iii) the rent shall be adjusted annually by a fixed four percent (4%) increase, during both the initial term of the Lease Agreement and the option period, if exercised.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board that the Lease Agreement, a copy of which is attached as Exhibit A to the Staff Report accompanying this item, is hereby approved.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on May 14, 2013.



Chair, Oversight Board