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RESOLUTION NO. 87-038

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

June 9, 1987

DOCKS DEVELOPMENT

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director is hereby authorized to execute the Memorandum of Understanding for the Docks Project attached hereto as Exhibit "F".

Section 2: The Negotiation Period for the Docks Project is extended from July 12, 1987 to October 1, 1987.

Section 3: The Executive Director is directed to proceed with final development of the Master Plan and Disposition and Development Agreement (DDA) for the Docks Project and to continue negotiation with the developer using the MOU and draft Master Plan as a guideline.

Gene Rudin

CHAIR

ATTEST:

William H. Sgar

SECRETARY

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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into as of _____ 1987, by and between the Redevelopment Agency of the City of Sacramento (the "Agency") and Riverview Development Group ("Redeveloper").

RECITALS

A. On October 14, 1986, the Agency selected the Redeveloper as the party to negotiate with the Agency regarding the proposed development of the Docks Development Project (the "Project"). This selection gave the Redeveloper an exclusive right to plan and negotiate the Project with the Agency for a period of nine months.

B. On September 10, 1986, prior to its formal selection, the Redeveloper entered into an Offer to Purchase/Lease and Redevelop Land (the "Offer") with the Agency. The Offer, though not attached hereto, is incorporated herein by reference and made a part hereof.

C. In accordance with the terms of the Offer, the Redeveloper has submitted a Letter of Credit in the amount of \$300,000 as the Option Fee required in the Offer.

D. On February 9, 1987, the Agency staff and Redeveloper presented their first status report on the Project to the Agency. The written status report to the Agency dated February 9, 1987 (the "February Status Report"), and signed by the Agency's Executive Director and the City Manager of the City of Sacramento (the "City"), though not attached hereto, is incorporated herein by reference and made a part hereof.

E. The Agency and Redeveloper desire to enter into this MOU for the purpose of: (1) acknowledging the planning for the Project as of the date of this MOU, (2) developing a Master

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Plan for the Project, (3) defining the Project including possible alternatives for purposes of commencing and completing the preparation and certification of an environmental impact report ("EIR") for the Project, and (4) establishing the framework for conducting negotiations between the Agency and Redeveloper on the terms of projects agreements and disposition and development agreements (the "DDAs") and related documents including provisions for financing of the improvements made by the Agency and/or Redeveloper in connection therewith.

F. It is the intention of the parties by entering into this MOU to generally define the Project and to provide direction to the staff of the Agency and to the Redeveloper and their respective agents and consultants to proceed with planning and negotiations for the Project, subject to mutual agreement by the parties hereto and subject to compliance with all laws pertaining thereto, including public hearings and environmental clearances.

UNDERSTANDINGS

A. Parties to Project Agreements; Other Agencies; Consultations.

1. The parties to the Project agreements shall be:
 - a. the Agency;
 - b. the developer, Riverview Development Group, Inc., a California Corporation. Additional joint venture partners shall be as set forth in Project Agreements. Any changes in the composition of the Redevelopers must be approved by the Agency. Once the final project agreements have been negotiated, documentation including the final joint venture agreements will be submitted for approval by the Agency.
 - c. the City of Sacramento to the extent required to carry out the Project.
2. Other Agencies: the Agency and Redeveloper have identified in Exhibit A attached hereto other governmental agencies ("Other Agencies")

which must take action with respect to the Project. Agency and Redeveloper shall use best efforts to obtain such actions as necessary.

B. Negotiation Period.

1. For purposes of the Offer, Redeveloper Selection and this MOU, the Negotiation Period is that 270-day period as here in extended commencing October 15, 1986 and ending at 5:00 p.m. on July 12, 1987. In order to complete environmental reviews, the negotiation period has been extended to October 1, 1987.
2. If the parties have reached agreement as to the terms and conditions of Project agreements relating to the Parcels within the Project during the Negotiation Period, and the Redeveloper has executed and submitted the Project agreements to the Agency for approval, the Negotiation Period shall be automatically extended for such additional period as is necessary to obtain final Agency approval thereof including completion and certification of the EIR, and Redeveloper shall not be required to pay any additional Optional Fee or other consideration during such extended period.
3. In addition to the extension referred to in subsection B-2, above, the Negotiation Period may be extended by mutual agreement of the Agency and Redeveloper, subject to the rights of the Agency to require the Redeveloper to pay an additional monthly fee to the Agency as provided in Section 4 of the Offer.
4. If the parties fail to agree upon the terms to such Project agreements within the time limits of this MOU, the MOU shall terminate and the Redeveloper's \$300,000 Letter of Credit shall be released and returned to the Redeveloper, as provided therein. Thereafter, the Agency

shall be free to develop the Project with other developers without any legal liability or obligation to the subject Redeveloper.

C. Master Plan.

1. For the purposes of planning the Project, the Agency shall adopt a Master Plan.
 - a. The Draft Master Plan is attached hereto as Exhibit "A" of the overall staff report and incorporated herein by reference. The Draft Master Plan is subject to further revision and refinement as part of the on-going negotiations between the Agency and Redeveloper during the subject Negotiation Period.
 - b. Agency shall adopt a final Master Plan for the Project prior to the approval of any Project agreements between the parties for the Project. Such Master Plan shall include:
 - (1) A legal description of the site of the Project,
 - (2) The uses and the scope of development on the private development parcels within the site,
 - (3) A financing plan for public improvements which takes into account the private improvements related to each of the subject land use components.
 - (4) An implementation strategy for development of the subject land use components of the Project, and

- (5) The method of and basis for conveyance of the private development parcels from the Agency to the Redeveloper.

D. Scope of Project.

For the purpose of establishing the possible scope of development for the Project, the parties may negotiate the terms for the following:

1. Hotel: A hotel complex of approximately 250 to 300 rooms of a quality substantially equal to the Park Suite Hotel or Embassy Suites franchise to be located as shown on the Draft Master Plan on a triangular parcel of land at Capitol Mall, Front Street and Interstate 5. The number of parking spaces shall be in conformance with the City of Sacramento code requirements and shall be provided to the hotel as part of a larger parking facility to be developed by the Agency on site if such an arrangement is shown to be financially feasible based upon mutual negotiations between Agency and developer.
2. Office: An office building approximately 140,000 square feet and 240,000 square feet of net leasable area. Parking that shall be in conformance with the City of Sacramento code requirements. In addition, the developer has proposed a 12,000 square foot building shell encompassing a 300 seat theatre, art gallery, and 6000 square foot office for a community art center, as shown on the Master Plan Map on the block bounded by Capitol Mall, N Street, 2nd and 3rd Streets. The size of the office building would be finally determined as a result of further negotiations between the Agency and Redeveloper.
3. Residential: Up to approximately 600 residential units depending on configuration of the site availability, in three phases,

with approximately 150-200 low-rise units in phase I, approximately 200 hi-rise units in phase II and approximately 200 hi-rise units in phase III (on the PG&E property, assuming the State Museum of Railroad Technology is located exclusive of such parcel and such parcel can be used for residential purposes as finally determined by Pacific Gass and Electric Company and other appropriate government agencies) located as shown on the Draft Master Plan. Adequate parking in conformance with the City of Sacramento code requirements shall be provided on-site by means of parking structures. Residential uses may be designed and approved as condominiums but may be initially marketed as apartments.

4. Restaurant: Freestanding restaurant uses of between approximately 8,000 to 10,000 square feet located as shown on the Draft Master Plan. Parking shall be in conformance with the City of Sacramento code requirements.
5. Other uses, facilities, etc., identified in the Draft Master Plan would be negotiated between Agency and Redeveloper.

E. Method of Disposition

1. If the parties have reached agreement on the terms and conditions for development of the private development parcels, each parcel subject to this MOU within the Project shall be transferred separately from the Agency to the Redeveloper.
2. The Redeveloper's proposal to the Agency was to purchase the Office Parcel and the Residential Parcels and lease the Hotel Parcel (with an option to purchase) under a Master DDA. The Agency now proposes an option agreement for a DDA and a ground lease would be used for each individual private development parcel within the Project. In order to exercise an option agreement for a

particular DDA and ground lease, the Redeveloper would be required to provide the Agency with certain legally binding financing commitments for the total costs to build the structure or structures upon the subject parcel, and with a design/construction package approved by the Agency.

Under the Agency proposal, option agreements would be executed concurrently by the parties. The option periods for each option agreement would be based upon the schedule of performance as agreed upon by parties for phased development of the Project. In no event, would the Agency authorize the Redeveloper to exercise subsequent options until the Redeveloper has commenced substantial completion of the structure or structures on a parcel transferred as part of a prior DDA and ground lease and the Agency determines that the construction financing is sufficient to complete such structure or structures.

3. The Agency further proposes that the option agreements and DDAs would provide for the following disposition of parcels to the Redeveloper:
 - a. Hotel: ground lease with the terms to be negotiated by the parties.
 - b. Office: ground lease with the terms to be negotiated by the parties.
 - c. Restaurant (freestanding): ground lease with the terms to be negotiated by the parties.
 - d. Residential uses: ground lease with the terms to be negotiated by the parties.
4. The Agency's proposals set forth in paragraphs 2, and 3., above, are neither accepted nor rejected by the Redeveloper at the time of

this MOU. The Redeveloper must consider the impacts of such Agency proposals on its initial proposal to the Agency and evaluate the effects of such Agency proposals on the overall economic feasibility of the Project, the ability to attract investment and secure financing, the ability of the Agency to assure delivery of the Parcels of the Site to the Redeveloper and the ability of the Agency to assure the financing of the public improvements. Subject to these concerns and other uncertainties regarding certain elements of the Project which are beyond the control of the Agency and Redeveloper both parties agree to negotiate in good faith to assure that the total Project will be developed in a timely manner.

F. Public Improvements:

The DDAs shall set forth the specific method by which the Agency shall construct and install, or cause to be constructed or installed, the necessary public improvements.

1. Method of Financing: Public Improvements.

- a. During the Negotiation Period, the Agency and the Redeveloper shall consider and negotiate methods of financing the public improvements which achieve the completion of said improvements in conjunction with the implementation strategy of the Redeveloper's improvements and assures (subject to the qualifications set forth in 2., below) that construction and financing shall be supported by Project revenues, consisting of tax increments, lease payments and other revenue sources to the Agency. Such methods of financing the public improvements may include a combination of forms of tax-exempt and taxable public financing, based on considerations of security, interest rate, overall costs to the Project and other factors or private financing of the public improvements by the Redeveloper with

reimbursement to the Redeveloper from the revenues generated to the Agency by the Project.

- b. The Redeveloper's original proposal for the Project, including phasing, method of disposition, and public financing indicated that financing and construction of public improvements could be supported by Project revenues to the Agency without support or assistance from the City or City revenues, and that if lease revenue bond financing was used, a surplus of Project revenues would be created for use by the Agency or City for other purposes. The Agency recognizes that to the extent the Redeveloper and Agency negotiate changes in the concept of phasing of the Project from that originally proposed by the Redeveloper, because of the Agency's proposals as set forth in Section D of this MOU, that such changes may result in material changes to the financing plan for the public improvements as proposed by the Redeveloper. The Agency agrees that in the event of any Agency initiated changes, it will be the responsibility of the Agency, in conjunction with the Redeveloper, to demonstrate the feasibility of the financing plan.

G. Schedule.

During the Negotiation Period, the Agency and Redeveloper shall use best efforts to adhere to the schedule attached hereto as Exhibit "E" of the overall staff report and incorporated herein by reference, and to update such schedule as required and agreed to by parties.

H. Acknowledgement

The Redeveloper acknowledges that the parcels within the Project are owned by parties other than the Agency and the failure of the Agency to purchase or lease any of the parcels from their owners shall not give rise to any legal liability or obligation by the Agency to the Redeveloper.

I. Other Matters.

This MOU does not purport to set forth all of the matters that must be negotiated to the mutual satisfaction of the parties as part of the Project agreements.

IN WITNESS WHEREOF, we have executed this instrument as of the date first above written.

APPROVED AS TO FORM:

Agency Counsel

REDEVELOPMENT AGENCY OF
THE CITY OF SACRAMENTO

BY _____
William H. Edgar
Executive Director

APPROVED:

Organization

REDEVELOPER:

RIVERVIEW DEVELOPMENT
GROUP

BY _____

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Other Agencies involved in the Docks Project

1. United States Army Corps of Engineers, Sacramento District
2. United States Department of Transportation, Coast Guard, Navigation Hazards Section
3. State Lands Reclamation Board
4. State Lands Commission
5. United States Department of Interior, Sport, Fisheries and Wildlife
6. State Department of Water Resources
7. State Department of Parks and Recreation
8. State Department of Boating and Waterways
9. State Department of Fish and Game