



41

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

August 13, 1980

CITY MANAGER'S OFFICE
RECEIVED
AUG 13 1980

CITY GOVERNING BOARD
PHILLIP L. ISENBURG, MAYOR
LLOYD CONNELLY
BLAINE H. FISHER
THOMAS R. HOEBER
DOUGLAS N. POPE
JOHN ROBERTS
LYNN ROBIE
ANNE RUDIN
DANIEL E. THOMPSON

Redevelopment Agency of
the City of Sacramento
915 I Street
Sacramento, California

SUBJECT: The Travelers Hotel

SUMMARY

COUNTY GOVERNING BOARD
ILLA COLLIN
C. TOBIAS (TOBY) JOHNSON
JOSEPH E. (TED) SHEEDY
SANDRA R. SMOLEY
FRED G. WADE

It is recommended that you adopt by the attached resolution the proposed Memorandum of Understanding between Travelers Associates and the Redevelopment Agency relating to the proposed rehabilitation of the Travelers Hotel.

BACKGROUND

EXECUTIVE DIRECTOR
WILLIAM G. SELINE

Travelers Associates is a California general partnership which proposes to undertake in cooperation with Mr. Cameron Doyel, the rehabilitation of the Travelers Hotel. The managing partner of the Travelers Associates is Mr. Donald Barclay of Torrance, California. Pursuant to his prospective agreement with Mr. Doyel relating to the Travelers, Mr. Barclay has undertaken certain discussions with Agency and City staff relative to the prospective rehabilitation of the hotel. These discussions have focused on those concerns which Mr. Barclay feels are most critical to a favorable resolution of the rehabilitation of the hotel.

P.O. Box 1834
SACRAMENTO, CA 95809
630 I STREET
SACRAMENTO, CA 95814
(916) 444-9210

This Memorandum of Understanding facilitates the schematic planning of this block in implementation of the Council's direction in its Executive Session of July 21, 1980. In substance, the Memorandum provides that the Agency will allow encroachment for purposes of the erection of a shear wall (Paragraph 1), will maintain sufficient open space to allow installation of windows in the south and west faces of the building (Paragraph 2), will initiate joint discussions with Downtown Plaza Properties, Travelers and Agency to plan the block (Paragraph 3), will assure Travelers of loading access (Paragraph 4), will allow Travelers to use the under-sidewalk areas (Paragraph 5), will relieve Travelers of any obligation to provide parking (Paragraph 6), will subordinate its right to buy the building to the

APPROVED

SACRAMENTO REDEVELOPMENT AGENCY

Date 8/19/80

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
August 13, 1980
Page -2-

deed of trust of any lender (Paragraph 7), will quitclaim its interest in the party wall (Paragraph 8), will negotiate in good faith with Travelers regarding the Owner Participation Agreement (Paragraph 9), and will receive preliminary plans from Travelers within 90 days (Paragraph 10).

The Memorandum of Understanding is not a contract and is, therefore, not binding upon the Agency in a legal sense, however, it does reflect a good faith declaration of our purposes and intents at this point in time. Mr. Barclay intends to develop the hotel into office space.

FINANCIAL DATA

There is no financial impact.

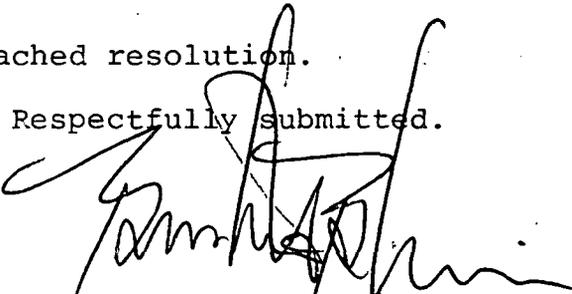
VOTE AND RECOMMENDATION OF COMMISSION

It is anticipated that at its meeting of August 18, 1980, the Sacramento Housing and Redevelopment Commission will recommend adoption of the attached resolution. In the event they fail to do so, you will be advised prior to your August 19, 1980 meeting.

RECOMMENDATION

It is recommended that you adopt the attached resolution.

Respectfully submitted.


WILLIAM G. SELINE
Executive Director

TRANSMITTAL TO COUNCIL:


WALTER J. SLIPE
City Manager

Contact Person: Brenton A. Bleier
Mac Mailes

RESOLUTION NO. _____

Adopted by the Redevelopment Agency of the City of Sacramento

August 19, 1980

APPROVING MEMORANDUM OF UNDERSTANDING FOR
TRAVELERS HOTEL REHABILITATION

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

1. The Executive Director is authorized to sign a Memorandum of Understanding, in form approved by the Chief Counsel, with the Travelers Associates, a partnership, related to the proposed rehabilitation of the Travelers Hotel, 5th & J Streets.

2. The Memorandum of Understanding is not approved as a binding contract between the Redevelopment Agency and the Travelers Hotel, and shall not cover essential terms such as a schedule of performances and rehabilitation plans.

CHAIRMAN

ATTEST:

Robert E. Roche

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY

Date 8/19/80

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (hereinafter "Memorandum") executed this ____ day of _____, 1980, by and between TRAVELERS ASSOCIATES, a California partnership (hereinafter "Travelers"), and the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body, corporate and politic (hereinafter "Agency"). Said Memorandum is made with reference to these Recitals:

A. Travelers is the prospective purchaser of that certain property located in the Capitol Mall Extension, Project No. 3, City of Sacramento, described in Exhibit "A" and commonly known as the "Travelers Hotel" (hereinafter "the Property").

B. Travelers' predecessors in interest in the Property executed that certain Owner Participation Agreement dated August 8, 1961, and recorded December 18, 1961, with Agency pertaining to the rehabilitation of the Property.

C. In order to assist Travelers in its plans for the acquisition and rehabilitation of the Property, the parties have entered into certain discussions and negotiations relating to the potential modification of the Owner Participation Agreement in certain areas.

NOW, THEREFORE, the parties have set forth this Memorandum of their understandings to set forth the status of the negotiations at this point. The matters contained herein shall not be construed as a contract or as commitments by either party but only to state generally the basis upon which they intend to negotiate a contract or modifications of the existing contract for the rehabilitation of the Property. The parties will negotiate

with the intent to draft and execute a more detailed contract dealing with the matters contained herein and any other related items.

1. The parties have agreed that Agency will allow Travelers to encroach upon certain property owned by Agency adjacent to the subject Property to the south and west to the extent necessary to construct a shear wall and appropriate footings therefor adjacent to the south and west walls of the Property. It is understood that the footings will encroach upon Agency property to the extent of approximately five feet (5') and the shear wall will encroach upon present Agency property to the extent of approximately two feet (2'). The property interest to be conveyed by Agency to Travelers in the land encroached upon is yet to be determined and the transaction may or may not involve the payment of compensation by Travelers to Agency for the interests so transferred and the amount of such compensation, if any, is yet to be determined.

2. Travelers is desirous of maintaining an area of open space along the southerly and westerly sides of the Property so as to allow the placement of windows in the southerly and westerly faces of the Travelers Hotel Building. Agency has agreed that it will maintain such an area of open space to the south and west of the subject Property and free of building construction. However, the nature and use of these spaces and the nature of the property interest which Travelers will acquire in these spaces is yet to be determined. It is understood that the aforementioned areas will be such as to provide unimpaired open space to the extent of a twenty foot (20') radius from each of the fenestral openings in the southerly and westerly faces of the Travelers Hotel Building and may or may not involve use of said space or a

portion thereof as a service drive. It is anticipated that this area will have pedestrian ingress and egress to the subject Property.

3. The open space areas referred to in Paragraph 2 above are part of a parcel of land encumbered by an Agreement between Agency and Downtown Plaza Associates, a joint venture, dated June 17, 1968, as amended and assigned. The foregoing understanding set forth in Paragraph 2 relating to the open space areas is contingent upon the satisfactory resolution of the conflicting rights, if any, which Downtown Plaza Associates may have in the open space areas so described.

4. The parties desire that suitable arrangements be made for service and loading facilities for the subject Property. The parties will consider various possibilities for location of such facilities including a loading zone on the north side of the Property along J Street or the use of a portion of one or both of the open space areas mentioned in Paragraph 2 above with access to these areas from 4th Street on the west or J Street on the north, or both. In any event, the parties agree that Travelers will be allowed reasonable service and loading facilities for the subject Property.

5. The parties agree that Travelers will be allowed, at its option, to use the under-sidewalk area along the east and north sides of the Property. As a condition of this use, however, Travelers may be required by Agency to make certain structural reinforcements to the under-sidewalk cavities. Travelers will be required to replace existing sidewalks in accordance with current standards for same and hold Agency harmless from any liability accruing as a result of Travelers' use of the under-sidewalk area and replacement of existing sidewalks.

6. It is the present intent of the parties that the requirements of the Owner Participation Agreement relating to temporary and permanent parking solutions for the subject Property are and will be satisfied by the public parking facilities available in the area of the Property. It is not the present intent of the parties that either party be required to construct or make available any additional parking related in any direct way to the subject Property.

7. Agency has agreed to subordinate its rights under the Owner Participation Agreement to purchase the Property to the deed of trust in favor of any construction and/or permanent lender who shall provide funds to rehabilitate the Property according to plans approved by the Agency. The Agency has further agreed that its Owner Participation Agreement shall be cancelled in its entirety upon the filing by Agency of a Notice of Completion of Improvements or a Certificate of Occupancy by the City of Sacramento at the conclusion of rehabilitation of the Property in accordance with approved plans.

8. The Agency will give a quitclaim deed to Travelers as to its rights in the westerly wall of the Property.

9. The parties will negotiate in good faith to amend and revise the Owner Participation Agreement to reflect the understandings set forth above.

10. Travelers will deliver preliminary plans for the rehabilitation of the Property to the Agency within ninety (90) days of the date of the execution hereof.

11. It is understood that the understandings set forth herein are expressly conditioned upon and related to the timely implementation by

Travelers of the rehabilitation of the subject Property to office building use. Travelers has not submitted any plans to Agency for the rehabilitation of this building at this time and accordingly this Memorandum does not reflect any understanding or approval of those plans. Further, these understandings are integrally related to the timely performance by Travelers of its plans. If it reasonably appears to Agency at any time that Travelers will not proceed or will not proceed in a timely fashion to achieve its plans, it is the intent of Agency to withdraw from these understandings and hold Travelers, their predecessors in interest, or their successors in interest, firmly to the existing provisions of the Owner Participation Agreement.

12. The parties acknowledge that the cooperative performance of their respective obligations pursuant to this Memorandum are essential to the accomplishment of the project and the anticipated respective benefits accruing from its completion. Each party represents to the other that that respective party shall not do any act which shall have the effect of depriving the other party from realizing the benefit of its timely, regular and good faith performance of its obligations herein contained. Each party acknowledges to the other that the foregoing is a material inducement to it to enter into this Memorandum.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first above written.

APPROVED AS TO FORM:

Chief Counsel

REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO

By _____
Executive Director

TRAVELERS ASSOCIATES

By _____

EXHIBIT "A"

DESCRIPTION OF THE PROPERTY

All that certain real property situate in the City of Sacramento,
County of Sacramento, State of California, particularly described
as follows:

Lot 4 in Block bounded by J and K, Fourth and Fifth
Streets of the City of Sacramento, according to the
official map or plan thereof.