

**GENERAL**

**Ordinance Fact Sheet**

**220694**

**Ordinance Number**

**Brief Title**

Block 66 LLC Lease Amendment

**Approval Deadline**

**Reason**

Authorizing the City Manager to execute the Second Amendment to the Restated Lease and Acquisition Agreement with Block 66, LLC, to allow the City's contribution to be paid as an offset to the purchase price

**Details**

<p><b>Reason for Legislation</b>                  Authorizing the City Manager to execute the Second Amendment to the Restated Lease and Acquisition Agreement with Block 66, LLC, to allow the City's contribution to be paid as an offset to the purchase price</p>
<p><b>Discussion</b>  <i>(Including relationship to other Council actions)</i></p> <p>Ordinance No. 170218, which was adopted by City Council on or about April 28, 2017, authorized the City and Swope Community Builders to execute a Restated Lease and Acquisition Agreement (the "Agreement"), for the purpose of providing for the assemblage, acquisition, and redevelopment of specific parcels within the East Village</p> <p>This agreement included a provision that committed \$1.2 million in City funding for demolition and blight remediation within the district.</p> <p>Subsequently, Swope Community Builders assigned its interests under the Agreement to Block 66, LLC, with the City's consent.</p> <p>The current amendment provides certain modifications to allow for the more expedited remediation of blighted parcels in the East Village area and adjusts the mechanism for the City's contribution.</p> <p>Originally, the agreement contemplated that the City would reimburse the developer up to \$1.2, which was intended to come from surplus bond funds for prior East Village redevelopment activities.</p> <p>After execution of this agreement, it was determined that these funds were restricted, and the City may need to fund this obligation from other legally available sources, including potentially the need to issue debt.</p>

**Positions / Responsibilities**

<b>Sponsor</b>	City Manager's Office
<b>Programs, Departments, or Groups Affected</b>	CMO, Finance
<b>Applicants / Proponents</b>	<i>Applicant</i>  <i>City Department</i>  <i>Other</i>
<b>Opponents</b>	<i>Groups or Individuals</i> None <i>Basis of opposition</i>
<b>Staff Recommendation</b>	<input type="checkbox"/> For  <input type="checkbox"/> Against  <i>Reason Against</i>
<b>Council Committee Actions</b>	By  <input checked="" type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions <i>(see details column for conditions)</i>
<b>Council Committee Actions</b>	<input type="checkbox"/> Do Pass <input type="checkbox"/> Do Pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold <input type="checkbox"/> Do Not Pass

**Details**

**Policy / Program Impact**

To potentially save the City money for the cost of issuing and carrying debt to fulfill this obligation, the City and developer are now proposing to reduce the maximum sale price of the optioned properties under the agreement by \$1.2 million to offset the City's funding obligation.

This agreement also adds in two specific deadlines for completion of blight remediation activities. December 31, 2023, is now established as the Outside Demolition Date, and June 30, 2024 is now established as the deadline for the developer to provide documentation to the City that the demolition and blight removal activities have been completed.

**Is it good for the children?** Yes.

<b>Policy or Program Change</b>	X <input type="checkbox"/> No <input type="checkbox"/> Yes
<b>Operational Impact Assessment</b>	

**Finances**

<b>Cost &amp; Revenue</b>	
	<i>Increase/Decrease in Revenue Expected Annually</i>
<b>Fund Sources</b>	

*(Use this space for further discussion, if necessary)*

**Applicable Dates**

**Fact Sheet Prepared by:**  
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**Reviewed by:**