

Resolution No.

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE DOWNTOWN INFRASTRUCTURE INFILL INCENTIVE REIMBURSEMENT AGREEMENT WITH OPEN WINDOW PROJECT, LLC

The Stockton City Council identified economic development and fiscal sustainability as two key goals for the City; and

On July 7, 2015, the Council approved Resolution No. 2015-07-07-1502 adopting the Downtown Infrastructure Infill Incentive Program to encourage infill development and defray public infrastructure costs in Downtown Stockton; and

In February 2016, the Council approved a Master Development Plan and Development Agreement with Open Window Project, LLC for the Open Window Project ("Project") consisting of market-rate housing and retail/commercial space; and

Phase I of the Project originally consisted of approximately 200 residential units, of which will include 150 market-rate housing units, and approximately 92,000 s.f. of commercial/retail space; and

On October 18, 2016, the Council approved a Downtown Infrastructure Infill Incentive Reimbursement Agreement with Open Window Project, LLC, of up to \$3.8 million to assist with Phase I of the Project; and

On May 9, 2017, the City Council approved an Amendment to the Reimbursement Agreement authorizing the release of \$760,000 of funding to Open Window Project, LLC and securing said funding with a lien on seven (7) properties owned by Open Window Project, LLC; and

The scope for Phase I of the Project has changed significantly from 200 residential units to 261 units, of which 231 will be market-rate housing, and encompasses an additional city block. This change in scope will require considerable infrastructure improvements above what Council initially approved in November 2016. As such, Open Window Project, LLC, is requesting an additional \$2.38 million in Downtown Infrastructure Infill Incentive funding for a total of \$6.18 million; and

The remaining balance of \$3.48 million (\$1.1 million of previously approved funds but subject to the annual budget process and the new request of \$2.38 million) will be funded with future Community Development Block Grant (CDBG) dollars received by the City through loan repayments of the Successor Agency to the CDBG fund and/or the City's annual allocation of CDBG funds; and

Open Window Project, LLC, is in the process of securing \$65.96 million in financing to begin construction of Phase I that will be insured by the U.S. Department of Housing and Urban Development (HUD) and has requested that the City Council approve changes to the Reimbursement Agreement to comply with certain requirements of HUD, one of which is that the funds not be contingent on future budget approvals; and

In order to make the additional funds requested not contingent on future budget approvals it was necessary to identify a non-general fund source for future reimbursement. CDBG funds are anticipated to be sufficient to cover the future reimbursement costs either by the loan repayments made from the Successor Agency to the CDBG fund and/or the City's annual allocation of CDBG funds; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS
FOLLOWS:

1. The City Council hereby authorizes the City Manager to execute a Second Amendment to the Downtown Infrastructure Infill Incentive Reimbursement Agreement between the City of Stockton and Open Window Project, LLC, attached as Exhibit 1 and incorporated by this reference, to:
 - a. Increase the total funding of the reimbursement by \$2.38 million for a total of \$6.18 million.
 - b. Authorize the remaining \$3.48 million reimbursement balance to be reimbursed in equal installments of \$900,000 in fiscal years 2018-19, 2019-20, and 2020-21, with the remaining balance of \$780,000 reimbursed in the fiscal year 2021-22.
 - c. Authorize the remaining \$3.48 million reimbursement balance to be funded with future dollars received by the City through loan repayments of the Successor Agency to the CDBG fund and/or the City's annual allocation of CDBG funds.

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2. The City Manager is hereby authorized to take whatever actions are necessary and appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED October 3, 2017.

MICHAEL D. TUBBS
Mayor of the City of Stockton

ATTEST:

BRET HUNTER, CMC
Interim City Clerk of the City of Stockton