

City of Culver City, California
Redevelopment Agency Agenda Item Report

Meeting Date: 12/08/2008		Item Number: A-1	
AGENDA ITEM: Approval of an Implementation Agreement with Axis Mundi RE II, LLC, for Development of the Baldwin Site (12803-23 West Washington Boulevard.)			
Contact Person/Dept.: John Fisanotti		Phone Number: (310) 253-5767	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒	Attachments: ☒
Public Notification: Master E-Mail Notification List (12/03/08)			
Department Approval: Sol Blumenfeld (11/19/08)		Exec. Director Approval: Jerry B. Fulwood (12/02/08)	
Chief Financial Officer Approval: Jeff Muir (12/02/08)			

RECOMMENDATION:

Staff recommends the Culver City Redevelopment Agency ("Agency") approve an Implementation Agreement with Axis Mundi RE II, LLC, for the development of the Baldwin Site at 12803-23 West Washington Boulevard (the "Site").

BACKGROUND:

On February 4, 2008, the Agency approved a Disposition and Development Agreement (DDA) with Axis Mundi RE II, LLC ("Axis Mundi") which provides for the sale of the Site to Axis Mundi and the subsequent development of the Site by Axis Mundi. The development proposed for the Site will create: a 37,000 square foot commercial building featuring office condominiums above ground floor retail, a 39 space public parking lot to be operated in partnership with the City, underground parking for the office users, extensive environmentally friendly "green" features and incorporates the public art component into the building design.

The DDA contained a Schedule of Performance, which listed tasks and dates which the parties must achieve leading to the sale and development of the Site. On August 20, 2008, Axis Mundi wrote to the Assistant Executive Director to request revisions to the Schedule of Performance. The request was made necessary because the current economic conditions have delayed Axis Mundi's ability to secure financing for the project.

On October 6, 2008, the Agency met in closed session to give negotiation instructions to staff regarding the requested changes to the terms of the sale of the Site.

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DISCUSSION:

Recent economic events have affected Axis Mundi's ability to line up the financing needed to meet its obligations in the Schedule of Performance to the DDA. After considering its options, the Agency directed staff to prepare amendments to the DDA in the form of an Implementation Agreement. The Implementation Agreement, which is enclosed in the Agenda packet as Attachment No. 1, is consistent with the negotiation instructions given to staff.

The primary revisions to the terms of the sale of the Site which are incorporated into the Implementation Agreement are:

- The close of escrow was moved back six months from December 10, 2008 to June 10, 2009;
- The buyer's second deposit into escrow is no longer due when entitlements for the Site are obtained. The deposit is now due 60 days before the close of escrow.

Other, secondary revisions incorporated into the Implementation Agreement include:

- Clean up of inconsistencies in the original Schedule of Performance;
- Minor Revisions to the Subterranean Easement Agreement.

FISCAL ANALYSIS:

Approval of the proposed Implementation Agreement does not change the financial terms of the DDA. It does give the developer more time to arrange financing and to close escrow on the purchase of the Site from the Agency. If the Implementation Agreement is approved, then the land sale proceeds the Agency expects to realize will still be received in Fiscal Year 2008-09, just as in the original DDA.

Barring any further time extensions, the Agency will receive \$3.2 million in land sale proceeds no later than June 2009. In June 2007, the City loaned \$9 million to the Agency, to be repaid from land sale proceeds. The Agency has made one payment so far and the loan balance is currently \$7 million. Proceeds received from the sale of the Site in June 2009 will still be received in time to make a payment against the remaining balance of the loan during Fiscal Year 2008/2009.

ATTACHMENTS:

1. Implementation Agreement

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MOTION:

That the Redevelopment Agency:

1. Approve an Implementation Agreement with Axis Mundi, RE II, LLC for the development of the Baldwin Site (12803-23 West Washington Boulevard.); and,
2. Authorize the Agency General Counsel to review/prepare the necessary documents; and,
3. Authorize the Executive Director to execute such documents.