

**MONTEREY COUNTY BOARD OF SUPERVISORS**

<b>MEETING:</b> January 11, 2011	<b>AGENDA NO.:</b> 51
<b>SUBJECT:</b> Approve an Advanced Funding Agreement with Union Community Partners for the Negotiation of Modifications to the East Garrison Development Agreement in the Fort Ord Redevelopment Area.	
<b>DEPARTMENT:</b> Resource Management Agency – Housing and Redevelopment Office	

**RECOMMENDATION:**

It is recommended that the Board of Supervisors approve an Advanced Funding Agreement with Union Community Partners for the negotiation of modifications to the East Garrison Development Agreement in the Fort Ord Redevelopment Project Area.

**SUMMARY:**

Union Community Partners (“UCP”) has acquired all the interests of the former developer of the East Garrison Project. UCP wishes to modify certain aspects of the Redevelopment Agency’s Disposition and Development Agreement and County’s Development Agreement. This Advanced Funding Agreement provides for UCP to cover the County and Agency anticipated costs of that negotiation, and creates certain mechanisms to expedite negotiations and control costs.

**DISCUSSION:**

In 2006, the Agency entered into a Disposition and Development Agreement (“DDA”), and the County entered into a Development Agreement (“DA”), with East Garrison Partners I, LLC (“EGP”) for a development of up to 1,470 dwelling units, some 34,000 square feet of commercial, retail and community uses (the “Town Center”), and the rehabilitation of the Historic District into an artist loft community. The entire area has been graded, a final subdivision map for Phase I was recorded, and Phase I infrastructure for “wet” utilities (e.g., water, sewer and storm drain) has been installed.

Early in 2009, EGP defaulted under its loan. The loan was sold to Union Community Partners in August, 2009 at a steep discount, and UCP foreclosed on the property in September, 2009. UCP has now come forward with a list of items it wishes to discuss and revise relative to its obligations under the East Garrison DDA and Development Agreement.

The proposed Advanced Funding Agreement calls for UCP to provide the County with \$150,000 to cover the costs of County and Agency staff and consultants in negotiating UCP’s proposed modifications. While this amount is non-refundable, should Agency/County costs exceed that amount, the Agency/County will receive reimbursement of only one-half of any remaining costs (up to another \$50,000). At that point, the Advanced Funding Agreement must return to the Board, should the parties still wish to negotiate.

There are provisions in the Advanced Funding Agreement designed to expedite the process and minimize costs, such as the monitoring of costs and agreement to conduct negotiations in a manner that minimizes burdens on each party. Accordingly, it is anticipated that negotiations should be able to be completed within the original budget of \$150,000.


**OTHER AGENCY INVOLVEMENT:**

County Counsel assisted in preparing and negotiating the Advanced Funding Agreement and has approved it as to form.

**FINANCING:**

The recommended action will not have any effect on the General Fund. There is a small risk that protracted negotiations will require the use of funds from the Fort Ord redevelopment project area.

Prepared by:

  
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Jim Cook,  
Director-Housing and Redevelopment

Attachment: Advanced Funding Agreement