

RESOLUTION NO. 03-14

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE  
SAN MATEO COUNTY HARBOR DISTRICT EXPRESSING  
SUPPORT FOR CONTRIBUTION OF THE PROPERTY AT 1245 SAN  
CARLOS AVENUE TO THE WHEELER PLAZA PROJECT IN THE  
CITY OF SAN CARLOS AND APPROVING A COMPENSATION  
AGREEMENT WITH THE CITY AND SAN CARLOS SUCCESSOR AGENCY**

**WHEREAS**, the City of San Carlos (the “City”) and Silverstone Development--Northern California, LLC (the “Developer”) entered into a Disposition and Development Agreement (the “DDA”) providing for the development by the Developer of a mixed-use project, including residential and commercial condominium spaces and a public parking garage, commonly referred to as the “Wheeler Plaza Project”; and

**WHEREAS**, development of the Wheeler Plaza Project has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted in 2007 and 2010; and

**WHEREAS**, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the San Carlos Successor Agency (the “Successor Agency”) identified as 1245 San Carlos Avenue; and

**WHEREAS**, in order to provide for contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project, the City and the Successor Agency entered into a Cooperation Agreement providing for the sale of that property to the Developer pursuant to the DDA for the sum of \$1, which represents the fair reuse value of the property in light of the covenants, conditions and development costs required by the DDA; and

**WHEREAS**, the transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance (“DOF”); and

**WHEREAS**, the Wheeler Plaza Project presents a unique catalyst development opportunity for the continuing success and vitality of downtown San Carlos; and

**WHEREAS**, development of the Wheeler Plaza Project will not only enhance downtown San Carlos, but will produce significant revenues for all affected taxing entities; and

**WHEREAS**, the taxing entities that will benefit from the development of the Wheeler Plaza Project (the “affected taxing entities”) are listed, together with their respective property tax shares, in Exhibit A, attached hereto and incorporated herein by this reference; and

**WHEREAS**, the San Carlos Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and reviewed a slightly modified proposal at its meeting on September 9, 2013, and at both meetings approved the contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project; and

**WHEREAS**, DOF, by letters dated July 25, 2013, and November 1, 2013, objected to the approvals by the San Carlos Oversight Board authorizing contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project without obtaining compensation agreements with all the affected taxing entities; and

**WHEREAS**, in order to satisfy the requirement presented by DOF, the City and the Successor Agency are requesting approval of a compensation agreement by each of the affected taxing entities; and

**WHEREAS**, the compensation to be derived by each of the affected taxing entities from the contribution of the 1245 San Carlos Avenue property to, and the development of, the Wheeler Plaza Project is described in Exhibit B, attached hereto and incorporated herein by this reference;

**NOW, THEREFORE**, the Board of Commissioners of the San Mateo County Harbor District does hereby resolve as follows:

**Section 1.** The Board of Commissioners hereby finds that the Wheeler Plaza Project will be of substantial benefit to the City of San Carlos, the regional community and all of the affected taxing entities, will provide revenues to the San Mateo County Harbor District greater than would be generated by a liquidation sale of the 1245 San Carlos Avenue property, and does hereby express its support for contribution of such property to the Wheeler Plaza Project.

**Section 2.** The Board of Commissioners hereby finds and determines: (a) that the sale of the 1245 San Carlos Avenue property to the Developer for the Wheeler Plaza Project for the sum of \$1 ("disposition price") is approved; (b) that the compensation to the San Mateo County Harbor District from the contribution of such property, consisting of the revenues to be derived from development of the Wheeler Plaza Project (as described in Exhibit B), is approved; and (c) that if, for any reason, Developer and City determine to increase the disposition price for the sale of the 1245 San Carlos Avenue property to an amount greater than the stated disposition price ("alternate disposition price"), such alternate disposition price is approved, subject to City's and Successor Agency's agreement that the San Mateo County Harbor District shall receive a pro rata share of the net proceeds, if any, resulting from sale of such property at the alternate disposition price.

**Section 3.** The Board of Commissioners hereby determines that this resolution shall constitute the compensation agreement between the City, the Successor Agency and the San Mateo County Harbor District, to the extent required by Health and Safety Code Section 34180(f), and directs that a copy of this resolution be provided to the City and the Successor Agency. The Board of Commissioners further authorizes and directs the General Manager to execute on behalf of the San Mateo County Harbor District, if necessary and appropriate, a separately prepared form of compensation agreement, consistent with the terms set forth in this resolution.

**PASSED AND ADOPTED** by the Board of Commissioners of the San Mateo County Harbor District this 5 day of February, 2014, by the following vote:

AYES: 3  
NOES:  
ABSENT: 2 (Brennan, Bernardo)  
ABSTAIN: 0

ATTEST: 0

APPROVED:

