

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA APPROVING A PURCHASE AND SALE
AGREEMENT BETWEEN THE CITY AND LMC-MILLENNIA
INVESTMENT COMPANY, L.P. FOR THE CONSTRUCTION
OF THE CINEMATIC ARTS ACADEMIC CENTER AND
LIBRARY

WHEREAS, to plan for the critically needed library space in Millenia, a library obligation for Lot 7 in Millenia was included in the Millenia Development Agreement, dated October 27, 2009, between the City of Chula Vista (“City”) McMillian Otay Ranch LLC (“McMillan”); and

WHEREAS, the 2011 Chula Vista Public Library Strategic Facilities Plan concluded that a new destination library should be located convenient to the South Bay Expressway (“SR 125”), preferably to the east, to best serve residents and such a site should provide sufficient capacity for the library building and parking, a high-profile location along a well-traveled route, close to other community amenities, such as shopping or recreation, and accessible by public transit; and

WHEREAS, on February 22, 2011, McMillin assigned its rights and transferred its obligations to SLF IV/McMillin Millenia JV, LLC, and this assignment imposed the obligation on the principal master developer to provide a library in the Eastern Urban Center (“EUC”) known as Millenia; and

WHEREAS, the library obligation allowed the City to consider both ownership and leasehold interests for the library; and

WHEREAS, in recent years the City began pursuing the opportunity to expand the University-Innovation District (“UID”) into the nearby Eastern Urban Center Sectional Planning Area (“SPA”), now known as Millenia, as a creative solution to jumpstart the University with significantly reduced risk and capital outlay; and

WHEREAS, the alignment of the desire to establish the first phase of the UID within the built environment of Millenia will reduce risk and development cost per acre combined with the need to establish a new destination library in compliance with the 2011 Library Strategic Facilities Plan presented an opportunity to include both uses into one building as the City’s Cinematic Arts Academic Center and Library; and

WHEREAS, Lot 7 of Millenia located at 1775 Millenia Avenue (Assessor Parcel No. 643-060-57) is an unimproved, 7.06-acre raw piece of land with entitlements (the “Property”); and

WHEREAS, Developer is the owner of the Property which is presently undeveloped and Developer has caused the preparation of certain Building Plans and Specifications for the development of a multi-story Class A office building on the Land, and related improvements,

and obtained the following building permits from the City for development of: a 168,000 sf class “A” office building (Chula Vista Building Permit No. B17-0654), a 6,100 amenity building (Chula Vista Building Permit No. B17-0656), and a parking structure (Chula Vista Building Permit No. B17-0657); and

WHEREAS, City staff has determined that the Property could serve as a location for the City’s first new library since 1995 and meet the minimum 60,000 square foot need for library space, provide 50,000 square feet for an academic partner to launch the first phase of the University, provide 58,000 square feet of Class “A” office space in warm shell condition for an industry user to lease, and provide a 6,100 square foot amenity building for tenant attraction (“Project”); and

WHEREAS, City and Developer are proposing to enter into a Purchase and Sale Agreement (“PSA”) and for the City’s acquisition of the Property for purposes of implementing the Project; and

WHEREAS, the PSA provides that the City will also concurrently engage the Developer to develop and construct the Project as provided in the PSA and the Project Development Agreement (“PDA”); and

WHEREAS, in July 2022, as part of due diligence, the City solicited competitive bids to have an appraisal performed on the Property and the appraised value was determined to be \$11,000,000 which the independent appraiser determined to be within reasonable fair market value; and

WHEREAS, City has agreed to purchase the Property from Developer for \$11,000,000.00 subject to the conditions set forth in the PSA and Developer has agreed to sell the Property to City subject to those conditions; and

WHEREAS, the PSA provides that the City will reimburse Developer for already incurred predevelopment and soft costs for the Project in the amount of \$3,145,203.00 subject to the conditions in the PSA; and

WHEREAS, Exhibit 7 of the PSA provides that the City will accept and assume the duties of the principal master developer with regard to meeting the library obligation on Lot 7.

WHEREAS, staff recommends approval of the Purchase and Sale Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista that it approves Purchase and Sale Agreement by and between the City of Chula Vista and LMC-Millenia Investment Company, L.P., a California limited partnership, in the form presented, with such modifications as may be required or approved by the City Attorney, authorizes and directs the Mayor to execute same, and directs that a copy of the executed agreement shall be kept on file in the office of the City Clerk.

Presented by

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Approved as to form by

Eric Crockett
Deputy City Manager

Glen R. Googins
City Attorney