



Building A Better Long Beach

September 15, 2008

Item 5

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to deliver a notice of default and terminate the Owner Participation Agreement with D'Orsay International Partners, LLC. (Downtown – District 1)

DISCUSSION

The Redevelopment Agency (Agency) and Long Beach Plaza Associates, the predecessor-in-interest to D'Orsay International Partners, LLC (Participant), entered into an Owner Participation Agreement (OPA) on October 31, 2003, which was amended on December 22, 2006 (First Amendment). The OPA provides, among other matters, for the sale of Agency-owned property to the Participant, to be combined with property currently owned by the Participant, for the development of a 165-room, 7-story hotel with 8,875 square feet of retail and restaurant space, rooftop pool and cabana bar (Exhibit A).

The First Amendment extended the Schedule of Performance to require the Participant to purchase the Agency's property and close escrow no later than April 30, 2007, and to commence construction of the hotel no later than July 31, 2007. A building permit was issued on December 20, 2007, and was extended through September 20, 2008. For the past four months, staff has assisted the Participant in finding a potential equity partner for the project and, more recently, a suitable buyer for its property. The Participant has explored various investment and acquisition opportunities, none of which have been successful. Despite extensive staff efforts to facilitate a potential transaction for the benefit of the Participant, on August 15, 2008, the Participant informed us that they are not prepared to purchase the Agency's property nor to commence construction of the hotel and, in fact, is attempting to sell its property.

It is therefore requested that the Executive Director be authorized to deliver, at his discretion, a notice of default to the Participant pursuant to Section 5.6.2 of the OPA, for failure to timely purchase the Agency's property and commence construction of the hotel. Should the Participant fail to cure the default within 30 days pursuant to Section 5.6.2, the OPA will terminate.

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SUGGESTED ACTION:

Adopt recommendation.

Respectfully submitted,





CRAIG BECK
EXECUTIVE DIRECTOR

CB:AJB:CSM:pku

Attachment: Exhibit A – Site Map

EXHIBIT A – SITE MAP



-  Owned by Participant
-  Owned by Agency

