

REPORT TO THE CITY COUNCIL



DATE: June 5, 2018

TITLE: Approval of Repayment Agreement Between the City and S.C. Shah Management Company, The Shah Family Trust Dated July 31, 2000, and Morningstarplaza, LLC

Prepared by: Charles L. Maynard, City Manager

Reviewed by: Jennifer Mizrahi, City Attorney

RECOMMENDATION

Approve the Repayment Agreement between the City and S.C. Shah Management Company, the Shah Family Trust Dated July, 31, 2000, and Morningstarplaza, LLC.

BACKGROUND

Pursuant to discussions, attached is the Repayment Agreement between the City of Desert Hot Springs and S.C. Shah Management Company (the "Management Company"), the Shah Family Trust Dated July 31, 2000, by and through their respective legal representatives ("Family Trust"), and Morningstarplaza, LLC ("Property Owner") (collectively, "Developer").

In 2005, the City approved Development Permit No. 03-05 and Design Review No. 02-05 for a project to be located at the southwest corner of Mission Lakes Boulevard and Little Morongo Road, having APN 664-090-019, within the city of Desert Hot Springs ("Project"). In connection with the Project, the City required that development impact fees ("DIF") of \$259,512.39 be paid to the City, which were not paid.

On October 15, 2014, the City, the Management Company, the Family Trust, and Suresh C. Shah, individually ("Shah"), entered into that certain Settlement Agreement by and between the City of Desert Hot Springs and Suresh C. Shah, S.C. Shah Management Company and Shah Family Trust ("2014 Agreement"). Through the 2014 Agreement, the City reduced the amount of DIF owed to the City in connection with the Project to \$241,660.39, (1) in recognition of certain improvements made by the Family Trust related to the Project, and (2) in exchange for the promise of Shah, the Management Company, and the Family Trust, that they would assume responsibility for the annual maintenance of landscaping, drainage basin, and street lights appurtenant to the Project. The 2014 Agreement required that the DIF be paid in three equal annual installments of \$80,533.46 each. The second and third payments have yet to be paid, which amount totals \$161,126.93.

The attached Agreement (Exhibit 1) provides that Developer will pay the City monthly installments of \$3,500 until the total amount is paid. As security, if Developer breaches the Agreement, the City will place a lien on the property.

FISCAL IMPACT

City will collect \$161,126.93 in various Development Impact Fees, which are due and owing based on the agreement.

EXHIBIT:

1) Repayment Agreement