



December 15, 2015

OWNER PARTICIPATION AGREEMENT



All Roads Lead to
**SUNROAD
AUTO**



HISTORY- Auto Park East



TERMS OF AGREEMENT

Sunroad BCV Holding Inc. will...

- 🌐 Operate on a continuous basis
- 🌐 Be devoted to the sale, lease, service and repair of new and used BMW automobiles, sports utility vehicles and trucks
- 🌐 Operate in a manner that produces the maximum amount of Sales and Use Tax revenue
- 🌐 Be at liberty to add the sale and leasing of a new product line as long as they continue the sale and lease of BMW
- 🌐 Not own more than 25% of any other dealership within 13 miles of the BMW dealership during the 20 year agreement period
- 🌐 Maintain the site and the improvements, including all landscaping in addition to the public right of way adjacent to the site in accordance with City standards



TERMS OF AGREEMENT

The City of Chula Vista has authority to...

- 🌐 Approve the change or addition of a new product line if proposed by Sunroad
- 🌐 Approve the replacement of BMW sales with another product line given;
 1. the quality of the replacement is comparable to BMW,
 2. the replacement is compatible with the current market in Chula Vista,
 3. and the sales tax revenues projected are within the terms of the agreement.
- 🌐 Should the dealership close before the 20 year period the obligation to pay goes away.



PAYMENT OF OPERATING COVENANT PURCHASE PRICE

- 🌀 The dealership must open for business on or before December 31, 2018
- 🌀 Payments on a quarterly basis over the 20 year agreement
- 🌀 An amount equal to 50% of the net sales and use tax generated by the operation of the dealership (limited to a maximum of \$3,300,000)



AB562 REPORT REQUIREMENTS

Pursuant to Govt. Code 53083(a)

Required Information

Name and Address of business entity

Sunroad BCV Holding, Inc. 4445 Eastgate Mall, Suite 400, San Diego, CA 92121

Start and end dates and schedule for the economic development subsidy

Dealership open on or before December 31, 2018

Covenant expires 20 years after Dealership opens for business

Description of the subsidy and total amount of expenditures

Maximum of \$3.3 million for the purchase of a 20 year operating covenant and maintenance agreement

Project tax revenue to the local Agency (20 years)

\$1.2 billion in taxable sales

Approximately \$6 million in new revenue to the General Fund

Estimated number of jobs created (full, part time and temporary)

40 fulltime (temporary) construction jobs, 80 full time jobs and 3 part-time positions

Statement of Public Purpose

AB 562 STATEMENT OF PUBLIC PURPOSE

Pursuant to Govt. Code 53083

Benefits to the Community

- 🌐 Increase in assessed valuation by approximately \$13 million over the current value of \$1.2 million
- 🌐 Provide approximately 40 full time (temporary) construction jobs
- 🌐 Approximately 80 permanent full time operational positions and 3 part time jobs
- 🌐 Generate approximately \$1.2 billion in taxable sales over the 20 year period of the agreement
- 🌐 Net new sales tax revenue to City of approximately \$6 million
- 🌐 Increase the property values and revitalize the neighborhood surrounding the dealership
- 🌐 Drive additional businesses and investment to the community

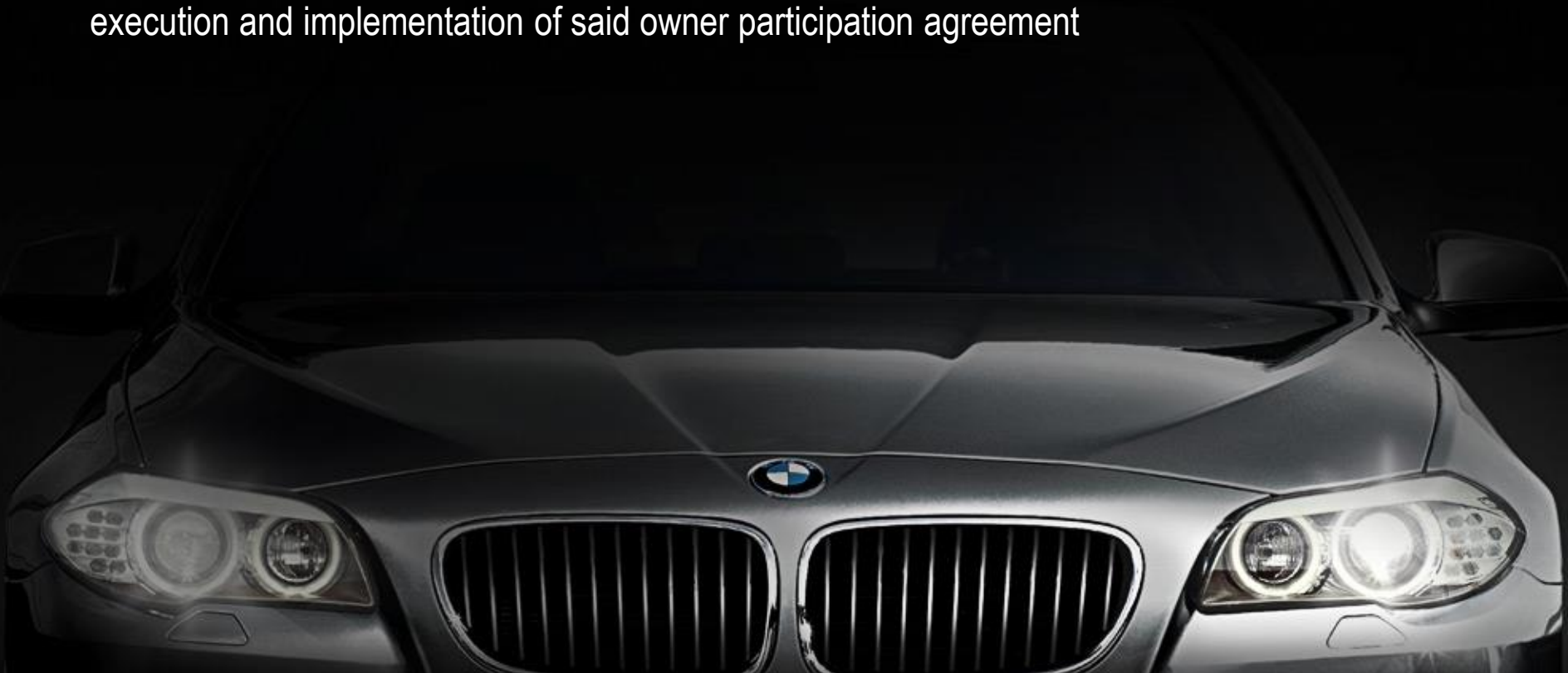


RECOMMENDATION

🌀 Hold the Public Hearing

🌀 Approve the resolution:

Approving an owner participation agreement between the City and Sunroad BCV Holding, Inc. or an affiliate; making certain findings in connection therewith; and authorizing the execution and implementation of said owner participation agreement



THANK YOU

