

## **RESOLUTION NO. 2024 -**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, APPROVING TAX SHARING REPORT AND AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND PREPARE A FIRST AMENDMENT TO THE SALES TAX SHARING AGREEMENT WITH GL HOD, LLC FOR HONDA OF THE DESERT UNDER TITLE 3, CHAPTER 3.46 OF THE CATHEDRAL CITY MUNICIPAL CODE**

**WHEREAS**, at the public hearing, duly noticed and held at the City Council meeting of Cathedral City ("City") on August 14, 2024, the City Council received testimony and other evidence in accordance with section 3.46.040.B of the Cathedral City Municipal Code ("CCMC") concerning the proposed first amendment to the Sales Tax Sharing Agreement with GL HOD, LLC for Honda of the Desert located at 68025 Kyle Road to include GL TOD, LLC for Toyota of the Desert ("Applicants") located at 68015 Kyle Road; and

**WHEREAS**, Title 3, Chapter 3.46 of the Municipal Code (the "Program") authorizes the City Council to enter into a Sales Tax Sharing Agreement with Approved Businesses to provide an incentive program for the opening, operation and expansion of retail businesses within the City; and

**WHEREAS**, the City Council finds that based on the record and evidence before it there are valid reasons for making the findings contained herein and designating Applicants as a Approved Businesses within the meaning of Title 3, Chapter 3.46 of the Municipal Code; and

**WHEREAS**, at the public hearing on August 14, 2024, the City Council opened the hearing for public testimony and presentation of additional evidence regarding the designation of the Applicants as Approved Businesses under the Program, and the terms of the Sales Tax Sharing Agreement; and

**WHEREAS**, on August 14, 2024, the City Council duly deliberated and considered all matters coming before it.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE CITY COUNCIL FOR THE CITY OF CATHEDRAL CITY, AS FOLLOWS:**

#### **SECTION 1. FINDINGS**

The City Council finds as follows:

- A. That approval of the First Amendment to the Tax Sharing Agreement will meet the purposes set forth in Section 3.46.010 of the Municipal Code and will enhance the quality of facilities, goods, and services that Honda of the

Desert and Toyota of the Desert makes available to the public and the City's residents; that the retention of the Approved Businesses will provide a desirable and attractive shopping experience for the City's residents and visitors; and will maintain sales tax revenue to the City.

- B. That the Applicants meet all requirements of the Program to be designated as Approved Businesses in accordance with Sections 3.46.020 and 3.46.030 of the Municipal Code.
- C. That the First Amendment to the Tax Sharing Agreement accurately depicts the anticipated benefits to the City and its residents of the proposed continued improvement, expansion and operation of GL HOD, LLC and GL TOD, LLC.
- D. That the staff report, Tax Sharing Report, testimony and other evidence presented to the Council during the public hearing on this matter support the findings and satisfy the requirements of Title 3, Chapter 3.46.
- E. That the Tax Sharing Report, staff report and other evidence received support providing assistance to GL HOD, LLC and GL TOD, LLC in an amount equal to fifty percent (50%) of the Sales Tax Increment (as defined in Section 3.46.020 of the Municipal Code) over a period of 16 years, but not to exceed \$4,000,000.00 paid as provided in the Tax Sharing Agreement.
- F. That the Sales Tax Base and Sales Tax Increment (both as defined in Section 3.46.020 of the Municipal Code) fairly determined and form the basis for the amount of assistance provided under the Program.
- G. That GL HOC, LLC and GL TOD, LLC have agreed to enter into a Sales Tax Sharing Agreement, Operating Covenant (which will be recorded against the sites) and Indemnity Agreement (included within the Sales Tax Sharing Agreement) in accordance with Section 3.46.030 of the Municipal Code.
- H. That the assistance provided under the Program by the City to GL HOD, LLC and GL TOD, LLC shall be in accordance with and meet the requirements of Title 3, Chapter 3.46 of the CCMC.

## **SECTION 2. APPROVAL OF APPLICANTS AS AUTHORIZED BUSINESSES**

GL HOD, LLC and GL TOD, LLC are hereby approved as a Authorized Businesses in accordance with Sections 3.46.020 and 3.46.030 of the Municipal Code.

## **SECTION 3. AUTHORIZING SALES TAX SHARING AGREEMENT**

The City Council approves and authorizes execution of a Sales Tax Sharing Agreement with the GL HOD, LLC and GL TOD, LLC to receive an amount equal to fifty percent (50%) of the Sales Tax Increment over a period of 16 years,

but not to exceed \$4,000,000.00 paid as provided in the Tax Sharing Agreement and approves and authorizes execution of a sixteen year (16) Amended and Restated Operating Covenant to be recorded against the sites.

#### **SECTION 4. AUTHORIZATION TO SIGN RESOLUTION AND DOCUMENTS**

The City Council authorizes the Mayor to sign this Resolution, and the City Manager to sign the First Amendment to the Tax Sharing Agreement and Amended and Restated Operating Covenants as the City's representative.

#### **SECTION 5. EFFECTIVE DATE**

This Resolution shall become effective immediately.

#### **SECTION 6. CERTIFICATION**

The City Clerk shall certify to the passage and adoption of this Resolution; shall enter the same in the book of original Resolutions of the City; and shall make a minute of passage and adoption thereof in the records of the proceedings of the City Council of the City, in the minutes of the meeting at which this Resolution is passed and adopted.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council for the City of Cathedral City held on this 14th day of August, 2024.

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Mark Carnevale, Mayor

ATTEST:

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Tracey R. Hermosillo, City Clerk

APPROVED AS TO FORM:

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Eric S. Vail, City Attorney