

SUMMARY REPORT PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 52201 FOR THE PROPOSED DISPOSITION BY SALE OF REAL PROPERTY LOCATED AT 12361 CHAPMAN AVENUE, GARDEN GROVE, CALIFORNIA PURSUANT TO AN AGREEMENT BETWEEN THE CITY OF GARDEN GROVE AND INVESTEL HARBOR RESORTS, LLC

This summary report has been prepared pursuant to California Government Code section 52201(a)(2)(B) with respect to the proposed Purchase and Sale Agreement (the "Agreement") between the City of Garden Grove ("City") and Investel Harbor Resorts, LLC ("Buyer"). The subject property is a vacant 10,883 square foot restaurant/banquet hall situated on an approximately 0.48 acre site located at 12361 Chapman Avenue, Garden Grove, California, and currently identified as Assessor's Parcel No. 233-171-23. The City acquired the subject property from the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") pursuant to the long-range property management plan for future development pursuant to Health and Safety Code section 34191.5

52201(B)(i): The cost of the agreement to the city, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the city, plus the expected interest on any loans or bonds to finance the agreements.

With the exception of escrow, closing, and broker costs, there will be no cost to the City associated with this Agreement. In 2015, the City acquired the subject property at no cost from the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") for future development in accordance with the approved long-range property management plan pursuant to Health and Safety Code section 34191.5. Pursuant to the proposed Agreement, Buyer will purchase the Property, as currently improved, at its appraised fair market value. The full purchase price of \$1,100,000 will be paid at closing; the City is not financing the Agreement. Since the Property is vacant, there are no relocation costs associated disposition of the Property. Pursuant to State law, the net proceeds from the disposition of the subject property will be remitted to the Orange County Auditor-Controller for distribution as property tax to the taxing entities.

52201(B)(ii): The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the general plan or zoning.

Based on an appraisal by CBRE, the "highest and best use" appraised value of the Property, as parked, is \$1,100,000.

52201(B)(iii): The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use, then the city, shall provide as part of the summary an explanation of the reasons for the difference.

Pursuant to the Agreement, Buyer will pay the full appraised value of \$1,100,000 for the Property. Accordingly, in this instance, the "conditional use" value of the Property is the same as the "highest and best use" value of the Property.

52201(B)(iv): An explanation of why the sale or lease of the property will assist in the creation of economic opportunity, with reference to all supporting facts and materials relied upon in making this explanation.

The Buyer has indicated that it intends to use the Property for restaurant / banquet hall purposes in conjunction with the operation and potential expansion of the adjacent Hyatt Hotel, and that it anticipates such use will result in the creation of additional jobs and the generation of additional sales tax to the City. The subject Property has been publicly owned and vacant for over five years, and has not generated any property taxes during this time. The sale of the Property to the Buyer will result in the Property being put back on the tax rolls and an increase of more than 15 percent of total property tax resulting from the project at full implementation when compared to the year prior to the property being acquired by the City. The renewed use of the Property by the Buyer for restaurant / banquet hall purposes will also result in the generation of additional sales tax revenues to the City and the creation of additional jobs, without any additional investment in the Property by the City.