

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, CALIFORNIA, APPROVING A PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS BETWEEN THE CITY OF GARDEN GROVE AND INVESTEL HARBOR RESORTS, LLC FOR REAL PROPERTY LOCATED AT 12361 CHAPMAN AVENUE, ASSESSOR'S PARCEL NO. 233-171-23

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, CALIFORNIA, DOES HEREBY FIND AS FOLLOWS:

A. City is the owner of that certain real property (the "Property") located at 12361 Chapman Avenue in the city of Garden Grove, and currently identified as Assessor's Parcel No. 233-171-23, which is comprised of a 20,908 square foot parcel containing an approximately 10,883 square foot building that formerly housed a restaurant.

B. The Property was acquired by the Garden Grove Agency for Community Development in 2010 and subsequently transferred by operation of law to the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency").

C. The Property is included in the Successor Agency's Long Range Property Management Plan ("LRPMP") approved by the California Department of Finance on or about March 7, 2014, which provided for the transfer of the Property, which is referred to in the LRPMP as the "Vacant Restaurant Property," from the Successor Agency to the City for future development pursuant to Health and Safety Code Sections 34191.5(c)(2)(A) and 34191.5(c)(2)(B).

D. Pursuant to the LRPMP, in 2015, the Successor Agency conveyed the Property to the City at no cost for future development purposes.

E. In accordance with California Health and Safety Code Section 34180(f), the City has entered into that certain Compensation Agreement, effective January 1, 2015, with the County of Orange, Orange County Flood Control District, Orange County Water District, Orange County Sanitation District, Orange County Vector Control District, Orange County Transportation Authority, Garden Grove Sanitary District, Orange County Superintendent of Schools, Garden Grove Unified School District, and Rancho Santiago Community College District (collectively with the City, the "Taxing Entities"), which requires the City to attempt to sell the Property and provides that the net proceeds from sale of the Property be remitted to the Orange County Auditor-Controller for distribution to the Taxing Entities in proportion to their shares of base property tax.

F. The City has negotiated the terms of a Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement") with Investel Harbor Resorts, LLC (the "Buyer"), pursuant to which the City will convey the Property to the Buyer for a purchase price of \$1,100,000.

G. An appraisal of the Property was prepared by CBRE estimating the current fair market value of the Property to be \$1,100,000. The City retained Lidgard and Associates to conduct an independent review of the CBRE appraisal. Lidgard and Associates concluded that the final estimate of market value of \$1,100,000, as of January 12, 2016, is reasonably accurate and supported by the market data and analysis contained in the CBRE appraisal report.

H. The Buyer has advised the City it intends to use the Property as a restaurant/banquet facility to accommodate visitors and guest of the Hyatt Regency Orange County hotel, which is located adjacent to the Property.

I. The Buyer anticipates that use of the Property in this manner will result in the creation of approximately 25 new jobs in the City and the generation of additional tax revenue to the City and Taxing Entities from increased food and beverage sales, increased hotel room nights sold, and returning the Property to the Orange County tax roll.

J. California Government Code Section 52201 provides that prior to a city's disposition of property acquired from a successor agency to a former redevelopment agency pursuant to a long-range property management plan: (i) the City must prepare and make available to the public a report (the "Summary Report") describing the terms of the sale and an explanation of why the sale will assist in the creation of economic opportunity; (ii) the legislative body must hold a Public Hearing following notice, and (iii) the legislative body must approve the conveyance by a resolution adopting specific findings.

K. Prior to approval of the Agreement, the City prepared a Summary Report summarizing the terms of the Agreement and made the Summary Report and Agreement available for public inspection prior to the Public Hearing in accordance with Government Code Section 52201.

L. On March 22, 2016, the City Council held a duly noticed Public Hearing regarding the Agreement as required by Government Code Section 52201.

M. The City Council has duly considered the terms of the proposed Agreement, the Summary Report, the benefits the City will derive from the Agreement, the report of City Staff, and other evidence and testimony provided at the March 22, 2016, Public Hearing.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby makes the following findings:

- A. The recitals set forth above are true and correct and are incorporated herein by reference.
- B. Conveyance of the Property to the Buyer pursuant to the proposed Agreement is consistent with the General Plan.
- C. The sale of the Property to the Buyer pursuant to the proposed Agreement will assist in the creation of economic opportunity, as defined in California Government Code Section 52200.2. Specifically, it is anticipated that the Agreement will result in the creation of new jobs without any additional City investment in the Property and will result in an increase of at least fifteen percent (15%) of total property tax to all property tax collecting entities when compared to the year prior to the Property being acquired by the City.
- D. The consideration to be paid by the Buyer for purchase of the Property pursuant to the Agreement is not less than the fair market value of the Property at its highest and best use.
- E. The Company's planned capital investment in the Business and planned expansion of the Company's Business within the City would not be feasible without the Covenants Consideration to be paid by the City pursuant to the Agreement.
- F. The Agreement does not include or require any activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The Agreement does not require any change or significant intensification in land use or density. The Buyer is not required to secure any other discretionary government approvals pursuant to the Agreement that would trigger California Environmental Quality Act (CEQA) review. Therefore, in light of the whole record, it can be seen with certainty that the project has no potential to cause a significant effect on the environment. As such, the City Council finds that approval of the Agreement is exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

SECTION 2. The Purchase and Sale Agreement and Joint Escrow Instructions between the City of Garden Grove and Investel Harbor Resorts, LLC, attached hereto at Exhibit "A", is hereby approved.

SECTION 3. The City Manager is hereby authorized to execute the Agreement, and any other related attachments, including any minor modifications as appropriate, and any other pertinent documents necessary to effectuate and/or implement the Agreement.

SECTION 4. The City Manager (or his/her duly authorized representative) is further authorized to implement the Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the Agreement. The City Manager (or his/her duly authorized representative) is hereby authorized to the extent necessary during the implementation of the Agreement to make technical or minor changes thereto after execution, as necessary to properly implement and carry out the Agreement, provided the changes shall not in any manner materially affect the rights and obligations of the City.

SECTION 5. The City Clerk shall certify to the adoption of this Resolution.

Exhibit "A"

Purchase and Sale Agreement and Joint Escrow Instructions