

City of Garden Grove
INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept:	Director	Dept:	Economic Development
Subject:	McWHINNEY REAL ESTATE SERVICES, INC. EXCLUSIVE NEGOTIATING AGREEMENT	Date:	October 9, 2007

OBJECTIVE

The purpose of this staff report is for the Garden Grove Agency for Community Development (Agency) to consider an Exclusive Negotiating Agreement (ENA) with McWhinney Real Estate Services, Inc. (the "Developer") for the development of twenty-nine (29) acres of real property in the City of Garden Grove (refer to Exhibit "A").

BACKGROUND/DISCUSSION

On May 19, 2007, the Agency sent out a Request for Proposals (RFP) for the 35-Acre Central Hub to over forty (40) prospective developers. The proposal due date was July 28, 2007. The Agency received four (4) proposals from: Gabrielino-Tongva Tribe, Vision Maker Worldwide, Park 8 Development, and McWhinney Real Estate Services, Inc.

On August 28, 2007, the Agency selected McWhinney Real Estate Services, Inc. (McWhinney) as the Developer for the twenty-nine (29) acre RFP "Development Project." McWhinney, headquartered in Loveland, Colorado, is a team of talented people who are passionate about creating great places for people and providing fabled service to their customers. McWhinney has developed innovative and sustainable master-planned communities and vertical commercial and mixed-use projects. Since 1991, McWhinney has planned and developed more than 5,000 acres in several master-planned communities and over 3.3 million square feet of vertical commercial and mixed-use properties throughout the Rocky Mountain region and on the West Coast.

McWhinney has proposed the following:

- Hotel(s) with approximately 1,200 rooms (number to be determined with further planning) with an exclusive attraction element such as a water park or other form of entertainment;
- Meeting space ranging from 30,000 square feet to 80,000 square feet;
- Retail, dining and entertainment component of approximately 120,000 square feet; and
- Structured parking.

The ENA period is for one hundred eighty (180) days. With two (2) 30-day extensions if the Developer had evidence they are making progress. General provision of the ENA include:

- A good faith deposit in the amount of \$50,000. In the event that the project terminates, the deposit, after reimbursement of any Agency expenditures, shall be returned to the developer.
- A detailed description of the proposed project, including the number and approximate square footage of hotel rooms, the approximate square footage of all of the amenities and a tentative designation of parking and landscape areas.
- Preliminary site plans, floor plans and architectural/design concepts for the development showing access roads, amount and location of parking, location and size of all proposed buildings, including height and perimeter dimensions, pedestrian and vehicular circulation system, landscaping, elevations, and the architectural character of the Development Project.
- A detailed pro forma outlining, without limitation, hard and soft costs relating to construction and development.
- Tentative schedules for the initiation of the development of the Development Project.
- Market feasibility analysis prepared by an independent third party.
- Descriptions of the proposed method of construction and permanent financing and the amount and sources of capital, as well as marketing reports describing and substantiating, on a preliminary basis, the undertakings proposed by the Developer.

The ENA will provide for the Developer to establish a period during which the Developer shall have the exclusive right to negotiate with the Agency the terms of the DDA, which will include, without limitations, the economics of the development, the site plan, and the specific uses of the Development Project.

FINANCIAL IMPACT

None. However, if the Agency decides to enter into the DDA with the Developer, the project would generate annual property tax revenues. Additional financial impacts will be identified in the final DDA for consideration.

COMMUNITY VISION IMPLEMENTATION

- Improving the City's Economic Base through development of tax-generating uses where appropriate, and
- Improve the aesthetics of the community and eliminate blighting influences.

RECOMMENDATION

Staff recommends the Agency:

- Consider approving the attached ENA with McWhinney Real Estate Services, Inc. and
- Authorize the Agency Director and Secretary to make minor modifications and execute pertinent documents on behalf of the Agency when appropriate to do so.

CHET YOSHIZAKI
Economic Development Director

By: Greg Blodgett
Sr. Project Manager

Attachment 1 - Exclusive Negotiating Agreement
Attachment 2 – McWhinney RFP