

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To: Matthew Fertal
Dept: Director
Subject: PURCHASE AND SALE AGREEMENT BETWEEN THE AGENCY AND JO ANN TRAASDAHL ET AL.

From: Chet Yoshizaki
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Dept: Economic Development
Date: October 9, 2007

OBJECTIVE

The purpose of this report is to request that the Garden Grove Agency for Community Development (Agency) consider approval of a Purchase and Sale Agreement (Agreement) between the Agency and Jo Ann Traasdahl, formerly known as Jo Ann Ayala, as Trustee of the J.O. Trust dated August 28, 2001, and John C. Nelson, as Trustee under the will of Mildred Ruth Smith, deceased, of the separate Trust for the benefit of Carri Lyn Conaty, formerly known as Carri Lyn Van Nimwegen on behalf of the Trust for the benefit of Carri Lynn Conaty and John C. Nelson as Trustee under the will of Newell Roy Owenby, Deceased, for the primary benefit of Bonnie Faye Owenby, designated "Owners", for an approximately 140,270 square foot parcel or 3.22 acres of improved real property, which is currently being used for the operation of certain retail businesses, located on the northwest corner of Garden Grove Boulevard and Brookhurst Street in the City of Garden Grove, County of Orange, State of California (the "Property"). The Property is more particularly described in Site Map (Attachment 1), a portion of the 14-acre Brookhurst Triangle site.

BACKGROUND

On Sunday, July 22, 2007, the Agency held a study session and gave staff direction on the Brookhurst Triangle including:

- Complete acquisition of Dai Lee and Jo Ann Traasdahl et al.; and bring back the Jo Ann Traasdahl et al. transaction to the Agency in August 2007.

Staff has concluded negotiations and has finalized the Agreement between the Agency and Jo Ann Traasdahl.

SUMMARY

The following is a summary of the major deal points of the Terms of Agreement:

- Purchase Price. The total purchase price for the Property shall be the sum of Eleven Million Nine Hundred Thirty-Five Thousand Seven Hundred Twenty-Five Dollars (\$11,935,725) (the "Purchase Price").
- Deposit. Within five (5) days after the parties' execution of this Agreement, the Agency shall deliver into the Escrow a deposit in the sum of Two Million Dollars (\$2,000,000) (the "Initial Deposit"), which shall be released from the Escrow to Seller.
- Additional Deposit. Upon the first anniversary of the date of this Agreement, the Agency shall deliver to the Escrow an additional deposit in the sum of One Million Dollars (\$1,000,000) (the "Additional Deposit"), which shall be released from the Escrow to Seller.
- The Initial Deposit. The Additional Deposit is collectively referred to herein as the "Deposit." The Deposit shall be credited against the Purchase Price at Closing.
- Relocation. The Seller shall not extend the term of any leases of all or portions of the Property, or enter into any new leases of all or portions of the Property, without the prior written approval of the Agency.
- Escrow. Escrow is schedule to close within 18 months from the date of this Agreement.
- Environmental. The Agency has completed Phase II environmental testing and no evidence of contamination was found. The Seller shall obtain and deliver to the Agency, at or before the Close of Escrow, an environmental insurance policy covering environmental liabilities at the Property in a form acceptable to the Agency, in its sole discretion (the "Environmental Insurance Policy"). The Environmental Insurance Policy shall have a term of not less than ten (10) years. The Seller shall pay one-half the cost of the environmental policy or \$100,000, which ever is less.

FINANCIAL IMPACT

- The Agency and or City will fund the Eleven Million Nine Hundred Thirty-Five Thousand Seven Hundred Twenty-Five Dollars (\$11,935,725) (the "Purchase Price").

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 that the Agency take the following actions:

- Approve the attached Purchase and Sale Agreement;
- Authorize the Finance Director to appropriate Agency funding of:
 1. The Initial Deposit of Two Million Dollars (\$2,000,000);
 2. Additional Deposit upon the first anniversary of the date of this Agreement One Million Dollars (\$1,000,000);
 3. And remaining balance of Eight Million Nine Thousand Thirty-Five Thousand Seven Hundred Twenty-Five Dollars (\$8,935,725) due 18 months from the date of this Agreement;
- Authorize the Agency Director and Secretary to make minor modifications and execute the 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: Site Map
Attachment 2: Purchase and Sale Agreement