

**THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**

INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	Greg Blodgett
Dept:	Director/ City Manager	Dept:	Economic Development
Subject:	ACQUISITION OF REAL PROPERTY AT 12291, 12311 HARBOR BLVD AND 12292 AND 12312 THACKERY DRIVE, GARDEN GROVE	Date:	April 24, 2012

OBJECTIVE

It is requested that The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") consider the acquisition of real property located at, 12291, 12311 Harbor Boulevard and 12292 and 12312 Thackery Drive, Garden Grove ("Subject Property"), owned by Martha Reis ("Owner").

BACKGROUND

The Garden Grove Agency for Community Development and Palm Court Lodging, LLC, entered into that certain Disposition and Development Agreement dated as of June 4, 2001 ("Original DDA"). The Original DDA provided for the development of two hotels and a restaurant on certain real property in the City of Garden Grove. The first hotel, a 275-room Sheraton was constructed by Garden Grove New Age, LLC. Kam Sang Company, Inc. ("Developer") is the successor in interest of all of the obligations and duties under the Original DDA with regard to the second hotel pursuant to an Assignment Agreement dated April 27, 2004. The Original DDA is an enforceable obligation and requires the Successor Agency to acquire the Subject Property and convey the Subject Property to the Developer.

DISCUSSION

Staff received a proposal from the Owner offering to sell the Subject Property. The Subject Property contains four parcels improved by two commercial structures and two single-family homes. Successor Agency staff has negotiated a proposed purchase price of \$2,555,500 that will be drafted into a purchase and sale agreement ("PSA") for the Successor Agency to acquire fee title interest of Subject Property. Escrow is to close within 90 days of the execution of the PSA. The Owner has agreed to waive their relocation benefits and goodwill claims for the owner-operated commercial businesses.

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April 24, 2012

Page 2

FINANCIAL IMPACT

The purchase price of \$2,555,500 inclusive of relocation costs for the owner-operated business and broker commission of \$70,000 will be paid out of Successor Agency funds.

RECOMMENDATION

Based on the abovementioned, staff recommends that the Successor Agency:

- Approve the acquisition of the Subject Property;
- Authorize the Successor Agency Director, on behalf of The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, to prepare and enter into a purchase and sale agreement and related pertinent documents for the acquisition of the Subject Property;
- Authorize the Secretary, on behalf of the Agency, and the City Clerk, on behalf of The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development to accept the Grant Deed; and
- Authorize the Finance Director to draw a warrant in the amount of \$2,625,500 and funds necessary for closing costs and payment of the broker's commission.

Greg Blodgett for

GREG BLODGETT
Senior Project Manager

Recommended for Approval

Matthew Fertal

Matthew Fertal
Director