

The City of Garden Grove Successor Agency to the
Garden Grove Agency for Community Development

INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	Kingsley Okereke
Dept:	Director	Dept:	Finance
Subject:	ACQUISITION OF REAL PROPERTY AT 12291 HARBOR BOULEVARD, AND 12511 AND 12531 TWINTREE LANE, GARDEN GROVE	Date:	November, 27 2012

OBJECTIVE

The purpose of this report is for the City of Garden Grove acting as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") to approve a Purchase and Sale Agreement (PSA) for the acquisition of real property located at 12291 Harbor Boulevard and 12511 and 12531 Twintree Lane, Garden Grove ("Subject Property"), owned by Neff Trust ("Owner").

BACKGROUND

Staff received a proposal from the Owner offering to sell the Subject Property. The Subject Property contains three parcels improved by one commercial structure and two single-family homes. Successor Agency staff negotiated the terms of the proposed purchase by the Successor Agency to acquire fee title interest of the Subject Property. Pursuant to the proposed agreement, the purchase price of the Subject Property is \$2,250,000, subject to dismissal of the suit filed by the Owner against the City and Successor Agency.

The subject property is being purchased for the Site C Hotel Development Site. The Successor Agency has been notified by the State of California Department of Finance (DOF) that it is the DOF's position that the Disposition and Development Agreement dated June 14, 2011 with Land and Design, LLC (DDA) is not an enforceable obligation. Discussions with the DOF continue and could eventually result in the DDA being approved as an enforceable obligation. A decision from the DOF is expected soon. If the DOF decision is favorable, Successor Agency approval of the PSA will facilitate the property acquisition.

DISCUSSION

The DDA provides for the development of three hotels, one full service hotel and two limited service hotels and up to and 39,000 Square feet of Conference space and 45,000 Square feet of restaurant and entertainment space on the project site.

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FINANCIAL IMPACT

If the Site C DDA is approved by the DOF as an enforceable obligation, the purchase price of \$2,250,000, and funds necessary for closing costs and the broker commission payment, will be paid out of Trust Fund Account and will be included on a future Recognized Obligation Payment Schedule.

RECOMMENDATION

It is recommended that, subject to DOF approval, the Successor Agency:

- Approve the acquisition of the subject properties;
- Authorize the Successor Agency Director to prepare and enter into a purchase and sale agreement, including dismissal of the Owner's lawsuit, and related documents for the acquisition of the subject properties;
- Authorize the City Clerk to accept the grant deeds; and
- Authorize the Finance Director to draw a warrant in the amount of \$2,250,000, and funds necessary for closing costs and broker commission payment.
- Assuming that DOF approval of the DDA as an enforceable obligation occurs after City acquisition of the properties, authorize the Director to prepare and enter into an agreement (and any necessary related documents) with the City for the transfer of the properties to the Successor Agency upon a determination by the DOF, or an appropriate court, that the DDA is an enforceable obligation and upon reimbursement to the City for the purchase price, including closing costs and broker commission payment.


KINGSLEY OKEREKE,
Finance Director


By: Greg Blodgett
Senior Project Manager

Recommended for Approval


Matthew Feral
Director