

RESOLUTION NO. OB

**A RESOLUTION OF THE OVERSIGHT BOARD OF SUCCESSOR AGENCY TO
THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION APPROVING
THE CONTINGENT AGREEMENT TO PURCHASE AND SELL REAL ESTATE
TO TOM MALKASIAN**

WHEREAS, pursuant to ABx1 26 ("AB 26") enacted in June 2011, the Commerce Community Development Commission (the "Commission"), and all other redevelopment agencies throughout the state, were dissolved as of February 1, 2012. AB 1484 was enacted in June of 2012 and substantially amended AB 26, and was codified in the Health and Safety Code; and

WHEREAS, pursuant to subdivision (b) of section 34175 of the Health and Safety Code, on February 1, 2012, the real property and other assets of dissolved redevelopment agencies were transferred to the ownership and control of successor agencies. Section 34173, subdivision (g) of the Health and Safety Code requires successor agencies to dispose of properties previously owned by the redevelopment agencies and to unwind the affairs of the dissolved redevelopment agencies; and

WHEREAS, pursuant to AB 26, the City elected to accept the duties of the successor agency to the Commission and is responsible for the disposition of the real properties previously owned by the Commission. The successor agency in Commerce is referred to as the Successor Agency to the Commerce Community Development Commission ("the Successor Agency"). By operation of law, the Successor Agency currently owns the land formerly owned by the Commission; and

WHEREAS, pursuant to section 34191.5 of the Health and Safety Code, within six months after receiving a Finding of Completion from the Department of Finance ("DOF"), each successor agency was required to submit for approval to the oversight board for the successor agencies and the DOF, a Long Range Property Management Plan ("LRPMP") that addresses the disposition and use of the real properties of the respective former redevelopment agencies. On May 24, 2013, the Successor Agency to the Commission received a Finding of Completion from the DOF. On May 19, 2014, the DOF approved the Successor Agency's LRPMP, thereby approving the Successor Agency's proposed use or disposition of all the properties listed on the LRPMP; and

WHEREAS, one property identified in the LRPMP is located at 6350 E. Washington Blvd., in the City of Commerce (also, "subject property"). The subject property consists of a 1.17 acre (51,136 square feet) industrially zoned parcel that is

encumbered by a lease with the McDonald's Corporation, who operates a 3,318 square foot fast food restaurant on site. Ground rent is \$5,248 per month, which increases to \$7,872 in December 2022. The subject property is located within a shopping center that is anchored by Costco and just east of Interstate 5; and

WHEREAS, based on an appraisal obtained by the City, the subject property has a market value of \$1,800,000. The Buyer ("Tom Malkasian") has offered to pay \$1,250,000 for the 1.17 acre with the intent to keep the integrity of the subject property, including the current lease with McDonald's Corp.; and

WHEREAS, the Agreement is consistent with the negotiations and with the approved LRPMP; and

WHEREAS, pursuant to AB 26 and AB 1484, the proposed Contingent Agreement for Purchase and Sell of the properties must also be approved by the Oversight Board for the Successor Agency. After approval by the Successor Agency and Oversight Board, the Agreement will be submitted to the DOF for its information and review consistent with the approved LRPMP.

NOW, THEREFORE, THE OVERSIGHT BOARD DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Contingent Agreement to Purchase and Sell Real Estate between the Successor Agency and Tom Malkasian is hereby approved.

Section 2. The approval of the Contingent Purchase and Sale Agreement complies with the Successor Agency's Long Range Property Management Plan, which was approved by the California Department of Finance on May 19, 2014.

Section 3. Pursuant to AB 26 and AB 1484, the Oversight Board shall submit the Agreement and approval to the DOF for its information and review.

PASSED, APPROVED and ADOPTED this 27th day of June 2018.

Hugo Argumedo
Chairperson

ATTEST:

Lena Shumway
Secretary