

RESOLUTION NO. SA 18-02

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION APPROVING THE FIRST AMENDMENT TO THE CONTINGENT AGREEMENT TO PURCHASE AND SELL REAL ESTATE TO WASH-TEL COMMERCE, LLC AND CRAIG REALTY GROUP CITADEL, LLC

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 6233 Telegraph Road in the City of Commerce. It consists of approximately 462,607 square feet of real property (approximately 10.62 acres), with APN 6336-010-908 (the "Land"). The Land is zoned for commercial use; and

WHEREAS, the Commission purchased and assembled the Land in order to work toward the goal of creating the Telegraph Road Commercial/Entertainment Corridor, which was to be a destination retail/entertainment concept wherein both architecture and uses would be compatible with and complementary to the Citadel Outlets Shopping Center and the Commerce Casino. Though redevelopment no longer exists, the Successor Agency seeks to effectuate the goal of the Commission to develop the area to "solidify the City's brand as a premier retail and entertainment destination consistent with the vision for the Telegraph Road Corridor"; and

WHEREAS, the Successor Agency has previously approved a Contingent Agreement to Purchase and Sell Real Estate and Escrow Instructions with Craig Realty and Wash-Tel. The Agreement is made contingent upon the City of Commerce, Craig Realty, and Wash-Tel completing the negotiation of a Development Agreement that will allow for the development of the

Project. The "Project" will include the following: Craig Realty Group will develop a 50,000 square foot industrial or commercial building on three (3) acres of the Land abutting the Citadel Outlets property, which would effectively be the relocation of a building within the Citadel Outlet properties so that the Citadel can address traffic-flow issues on its premises; Wash-Tel will develop three restaurants (including one sit down restaurant) on the front, southeastern portion of the Land; other uses agreed to by the Buyers and the City of Commerce, as will be further specified in the Development Agreement; and

WHEREAS, pursuant to the Agreement, Craig Realty Group will purchase approximately three (3) acres for purposes of the 50,000 square foot industrial or commercial use, while Wash-Tel Commerce will purchase the remaining seven and 62/100 (7.62) acres for purposes of developing the three restaurants and other possible uses to be defined through the forthcoming Development Agreement; and

WHEREAS, the Agreement is also made contingent on the completion of an appropriate environmental review and analysis that will be prepared pursuant to the requirements of the California Environmental Quality Act ("CEQA") to analyze the potential environmental impacts of the Project before it is considered by the City's Planning Commission and City Council. The Agreement sets forth the terms upon which Craig Realty and Wash-Tel will purchase the Land from the Successor Agency in the event the Project is ultimately approved following the CEQA environmental review process and all other applicable public review and hearing processes. Nothing in the Agreement shall limit the City's authority to disapprove the Project, in whole or in part, or to consider any alternative to the Project, including an alternative site for the Project. Nor shall anything in the Agreement in any way limit the City's discretion to modify and/or impose mitigation measures on the Project. The City maintains sole and absolute discretion to deny, modify or condition the Project, and nothing in the Agreement shall be construed to alter or impose any limitations on the City's reserved police powers and legislative discretion; and

WHEREAS, in the event the City Council does not approve the Project, the Agreement shall automatically and immediately terminate. In the event the City Council approves and certifies the CEQA document that is required for the Project and approves the Project, the date the City Council approves Development Agreement shall be considered the "Project Approval Date" for purposes of the Agreement; and

WHEREAS, based on appraisals obtained by the City, the Land has a market value of \$10,025,000.00. The Buyers have offered to pay the full appraised value for the Land, with Craig Realty Group paying \$2,831,921.00 for three (3) acres in the northeast portion of the Land and Wash-Tel Commerce paying \$7,193,079.00 for the remaining seven and 62/100 (7.62) acres; and

WHEREAS, on May 16, 2017, the Successor Agency approved the Agreement. Pursuant to AB 26 and AB 1484; and

WHEREAS, on March 28, 2018, the Oversight Board approved the Agreement; and

WHEREAS, the Successor Agency has completed the negotiation of a First Amendment to the Contingent Agreement to Purchase and Sell Real Estate and Escrow Instructions ("First Amendment"). The First Amendment makes the following changes to the Purchase Agreement. The Successor Agency sells the property directly to the City of Commerce for the nominal sum of One Dollar. The City Agrees to be bound by the original Purchase Agreement, except that approximately 1.8 acres of the 10 acres would be reserved to the City from the Wash-Tel portion

for the design, development and construction of a City Public Safety Facility that would house the city's law enforcement personnel. The City Public Safety Facility would also house other City public safety staff that would serve the City of Commerce and other areas in the region. The sale price to Wash-Tel would be adjusted accordingly. If the 1.8 acres is not used as a City Public Safety Facility within two years, then Wash-Tel and/or Craig Realty would have an option to purchase the 1.8 acres at the purchase price stated in the original Purchase Agreement.

WHEREAS, on May 23, 2018, the City and the Successor Agency approved the Agreement of Purchase and Sale and Joint Escrow Instructions ("Purchase Agreement") whereby the City purchases 10.62 acres of land from the Successor Agency in accordance with the First Amendment.

WHEREAS, on July 18, 2018, the Department of Finance informed the City that the Department approved the City's amended LRPMP, which included the concept described above and memorialized in the First Amendment; and

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The First Amendment to the Contingent Agreement to Purchase and Sell Real Estate to Wash-Tel Commerce, LLC and Craig Realty Group Citadel, LLC for the sale of 10.62 acres of land by the Successor Agency to Wash-Tel Commerce, LLC and Craig Realty Group Citadel, LLC in accordance with the First Amendment is hereby approved in substantially the form attached hereto.

Section 2. The Successor Agency Executive Director is authorized to execute any and all documents necessary to implement the Successor Agency's approval of the First Amendment to the Contingent Agreement to Purchase and Sell Real Estate to Wash-Tel Commerce, LLC and Craig Realty Group Citadel, LLC.

PASSED, APPROVED and ADOPTED this 6th day of August 2018.

Hugo A. Argumedo
Chairperson

ATTEST:

Lena Shumway
Secretary

CC Mtg: 8/6/18
Reso #: SA 18-

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