

MINUTES
GARDEN GROVE AGENCY
FOR
COMMUNITY DEVELOPMENT

A regular meeting of the Garden Grove Agency for Community Development was called to order in the Council Chamber of the Community Meeting Center, 11300 Stanford Avenue, on Tuesday, April 12, 2005, at 6:18 p.m.

ROLL CALL: PRESENT: (4) VICE CHAIR ROSEN, MEMBERS DALTON, KREBS, LEYES

ABSENT: (1) CHAIR NGUYEN

ALSO PRESENT: Director, Matthew Fertal; Assistant Director, Les Jones; Special Counsel, Celeste Brady and Douglas Evertz; Legal Counsel, John Shaw; and Secretary, Ruth Smith.

PUBLIC INPUT PERTAINING TO CLOSED SESSION

There were no comments from the public pertaining to the Closed Session item.

ADJOURN TO CLOSED SESSION

At 6:19 p.m., under the Ralph M. Brown Act, the meeting was adjourned to Closed Session in the Founders Room, to discuss the following:

PURSUANT TO GOVERNMENT CODE SECTION 54956.8

Properties: Parcels commonly referred to as the "Brookhurst Triangle" and comprised of the following parcels listed by Assessor Parcel Number (APN), address, if available, and current owner:

- APN 89-071-05 (parking lot) and 89-071-14 (10071 Garden Grove Blvd.). Owner: Jose L. Gonzalez.

- APN 89-071-06 (parking lot) and 89-071-07 and 89-071-13 (10081 Garden Grove Blvd.). Owner: Herbert Friedlander.
- APN 89-071-08 (12861 Brookhurst St.) and 89-071-12 (10115 Garden Grove Blvd.). Owner: John Nelson.
- APN 89-071-11, (10111 Garden Grove Blvd.). Owner: Dal G Ruebsamen.
- APN 89-071-24 (12882 Brookhurst St.), 89-661-03 (12791 Brookhurst St.), 89-661-04 (12801 Brookhurst St.), 89-661-05 (12857 Brookhurst St.). Owner: Chien Che Wang.
- APN 89-071-25 (10151 Garden Grove Blvd.). Owner: Joann Owen Ayala.
- APN 89-071-30 (10011 Garden Grove Blvd.). Owner: Choi Jae Moon.
- APN 89-661-06 (12753 Brookhurst St.). Owner: Susan Kim.

Agency's Negotiators: Matthew Fertal, City Manager/Agency Director
 Chet Yoshizaki, Economic Development Manager
 Greg Blodgett, Economic Development Project Manager;
 Thomas P. Clark, Agency Counsel

Negotiating Parties: Garden Grove Agency for Community Development and Scott Choppin and Mark Tolley of Urban Pacific Builders and Garden Grove Housing Investors, LLC

Under Negotiation: Potential acquisition, disposition, real property exchange, price(s) and terms of payment of the above-listed parcels of real property.

- Factors Affecting Price and Terms under Negotiation
 - Acquisition of subject property
 - Recorded covenants
 - Scope of redevelopment of subject property and offsite improvements
 - Physical condition of property at close of escrow
 - Condition of title to property at close of escrow

- Indemnities of Buyer/Seller
- Representations and warranties of Seller
- Potential highest and best use of property and potential alternative land uses
- Affordable housing requirements
- Factors affecting time of payment:
 - Conditions to closing of escrow
 - Due diligence period
 - Environmental condition and remediation of property, if any

RECESS

At 6:48 p.m., the Vice Chair declared a recess.

RECONVENE

At 7:08 p.m., the meeting was reconvened in the Council Chamber with Chair Nguyen and all Members in attendance, and Vice Chair Rosen announced that the item previously disclosed was discussed and no others. Further, that direction was given to staff, but no action was taken.

RECESS

At 7:09 p.m., the Chair declared a recess.

RECONVENE

At 7:19 p.m., the meeting was reconvened with Chair Nguyen and all Members in attendance.

ORAL COMMUNICATIONS - PUBLIC

There were no Oral Communications from the public relevant to the Agency.

RECESS

At 7:52 p.m., the Chair declared a recess.

RECONVENE

At 7:56 p.m., the meeting was reconvened with Chair Nguyen and all Agency Members in attendance.

MINUTES (F: Vault)

It was moved by Member Rosen, seconded by Member Krebs, and carried by unanimous vote, that the minutes of the Regular Meeting of the Agency held March 22, 2005, be and hereby are approved, as amended, to reflect that Member Rosen did not participate in the Closed Session discussion and left the room. Further, that comments from the public concerning the Closed Session item were invited before adjourning to Closed Session; however, no one came forward.

PUBLIC HEARING TO CONSIDER A PROPOSED PURCHASE AND SALE AGREEMENT TO HEWSON DEVELOPMENT CORPORATION FOR TWO AGENCY-OWNED PARCELS, 132-402-02 AND A PORTION OF PARCEL 132-102-20, LOCATED AT 11900 GILBERT STREET (F: A-55.313)

It was announced that this matter will not be heard tonight and will be readvertised for a public hearing to be held on April 26, 2005.

ADMINISTRATIVE HEARING TO CONSIDER AN ACTION ON A RESOLUTION OF NECESSITY TO ACQUIRE AND EXTINGUISH BY EMINENT DOMAIN PORTIONS OF CERTAIN RECIPROCAL EASEMENT RIGHTS AFFECTING CERTAIN REAL PROPERTIES OWNED BY HGGA PROMENADE AND OTHER ENTITIES LOCATED AT THE 9500 BLOCK OF CHAPMAN AVENUE, IDENTIFIED AS ASSESSOR'S PARCEL NUMBERS 132-402-09, 12, 13, 16, 18, 34, 36, 37 AND 38; AND CERTAIN REAL PROPERTY OWNED BY GILBERT STREET DEVELOPERS, LOCATED AT 11822 GILBERT STREET, IDENTIFIED AS ASSESSOR'S PARCEL NO. 132-402-32, FOR REDEVELOPMENT AND OTHER PUBLIC PURPOSES (F: A-55.303) (XR: A-55.110) (XR: A-55.106)

Member Rosen announced that he lives near this site and will leave the meeting room during the discussion of this matter. He indicated that he read all the information that was submitted and commented that both presentations were excellent and in fact the best he has seen since sitting on the City Council.

MEMBER ROSEN LEFT THE MEETING ROOM AT 8:00 P.M.

Staff report dated April 12, 2005, was introduced and reviewed by staff in its entirety.

Chair Nguyen asked the Secretary if any additional information had been received following the submittal of the Agenda packet to the Members. The Secretary responded that a communication dated April 8, 2005, from Alfred Gobar Associates RE: "Fiscal Tradeoff of Wal-Mart Renovation vs. Gilbert Street Residential"; and two packets of information with letters dated April 8, 2005, RE: "Chronology of Blight," and "History of Use" were received and will be entered into the record.

Special Counsel noted that two communications from Palmieri, Tyler, Wiener, Wilhelm & Waldron LLP, one dated April 6 and one dated April 7, amending the first, would both be submitted into the record.

Chair Nguyen declared the hearing opened and asked if anyone wished to address the Agency on the matter.

Jeff Oderman, representing Hughes Investments and tenants, addressed the Agency. He presented his legal objections to the proposed condemnation, stating that there is no necessity that this is done. He further stated that the easement does not obstruct development. He indicated that Hughes Investments has signed a letter of intent with Wal Mart, and their use is consistent with the General Plan, Redevelopment, and zoning code. Further, that residential use violates these plans. Hughes Investments has offered Gilbert Street Developers \$4 million; however, they want \$6.2 million for their interest. He stated that the Agency has a severe liability in that it is proposing to breach its contracts with Hughes Investments.

Tom Lynch, Senior Vice President of Hughes Investments, addressed the Agency. He indicated that they have a signed letter of intent with Wal-Mart, representatives of which will be visiting the site towards the end of the month. He asked the Agency not to adopt the Resolution of Necessity.

Michael Tidus, attorney from the law firm of Jackson/ DeMarco/ Peckenpaugh, representing the Gilbert Street Developers, addressed the Agency, commented that Hughes Investments has to get rid of the Reciprocal Easement Agreement (REA) to put in the Wal-Mart store, and it has to be eliminated either way. He noted that they are not asking the Agency for a cent; the entire cost is theirs.

Thom Falcon, representing La Quinta Developers and Gilbert Street Developers, addressed the Agency, alleging that Mr. Oderman gave false information. He reviewed various offers Gilbert Street Developers allegedly have received in excess of \$6 million for their

property. He cited visibility issues with a Wal-Mart at that location. He expressed his hope that the Resolution of Necessity will spark Hughes and Wal-Mart to look at what is reasonable.

There being no further comments from the audience, the hearing was declared closed.

In response to an inquiry from Member Leyes, Special Counsel spoke to the issue of the finding of blight as a necessary finding, and to the issue of notification, noting that proper notification was made.

In response to an inquiry by Member Krebs, Special Counsel noted that the Agency is not making a specific finding of blight at this time; under consideration is simply a Resolution of Necessity.

Member Krebs noted that he is not in favor of eminent domain, and he recommended that Hughes Investments and Gilbert Street Properties work it out without the Agency becoming involved.

The Director indicated that requests for proposals have been received from both entities. Because the shopping center blocks the visibility of the old Costco site, it is no longer a viable retail use unless visibility is created by the removal of a significant portion of the shopping center. Further, without Agency assistance, Wal-Mart would be a tremendous asset to the city; however, residential development also has merit, as it would strengthen the market for retail there. Residential development needs no Agency assistance; whereas Wal-Mart would require Agency assistance in an amount that would be more than the Agency is willing to put in.

Member Leyes noted that if the Resolution of Necessity is adopted, it does not confirm any use. He asked if this matter could be continued. Special Counsel responded that a cloud of acquisition has moved over and legal issues will need to be resolved early on. However, the Agency can ask the parties to continue to negotiate.

Further discussion transpired relative to continuing the matter. Member Krebs noted that he would like some additional time to look over all the material that has been presented.

Member Krebs moved, seconded by Member Leyes, that this matter be continued to the May 10, 2005, meeting.

Member Leyes commented that because this is a Resolution of Necessity for eminent domain, a super majority, or a 4/5th's vote of

the Agency is required, and a continuance would give another month for the parties to negotiate.

Member Dalton noted that he could support the continuance.

Chair Nguyen noted that she could also support the continuance; however, she asked that Hughes Investments and Gilbert Street Developers continue to work through this to come to a solution that would require no Agency assistance.

Legal Counsel noted that the public hearing has been closed, and the matter would be continued for discussion of the Resolution of Necessity.

The foregoing motion carried by the following vote:

AYES: MEMBERS: (4) DALTON, KREBS, LEYES, NGUYEN
NOES: MEMBERS: (0) NONE
ABSENT: MEMBERS: (1) ROSEN

MEMBER ROSEN REJOINED THE MEETING AT 9:25 P.M.

ADJOURNMENT

At 9:26 p.m., the meeting was declared adjourned.

RUTH E. SMITH
SECRETARY