

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9266-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING AN AGREEMENT RE DEVELOPMENT AND OPERATING COVENANTS BY AND BETWEEN THE CITY OF GARDEN GROVE AND GARDEN GROVE MXD, INC.; MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND IMPLEMENTATION OF SAID AGREEMENT RE DEVELOPMENT AND OPERATING COVENANTS

WHEREAS, the City of Garden Grove ("City") is a California municipal corporation;

WHEREAS, Garden Grove MXD, Inc., a Colorado corporation (the "Developer") and the Garden Grove Agency for Community Development (the "Former Agency") entered into that certain First Amended and Restated Development and Disposition Agreement dated April 13, 2010 ("DDA") as the same has been assigned in part to GGMXDR, Inc., a Colorado corporation ("GGMXDR") and GWGG, LLC, a Delaware limited liability company ("GWGG"). The Former Agency was succeeded by the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development pursuant to the Health & Safety Code Section 34161 *et seq.* ("Successor Agency"). The Developer and the Successor Agency entered into that certain Implementation Agreement dated October 8, 2013 to further implement the DDA ("Implementation Agreement"). The DDA and Implementation Agreement are sometimes collectively referred to herein as the "DDA, as Implemented";

WHEREAS, the Developer has proposed development of the property conveyed to it by the Former Agency pursuant to the DDA, as Implemented (the "Property"), generally consisting of a combination of a hotel, retail, restaurant, and entertainment venues, and related parking facilities, as further defined in the DDA, as Implemented, but which shall include, generally, a water park hotel facility consisting of an approximately 603 room hotel, and an approximately 3-acre water park ("Water Park Hotel") as well as approximately 40,000 square feet of retail, restaurants and entertainment uses included on the Site and related parking (together with the Water Park Hotel, the "Project");

WHEREAS, the City wishes to insure construction, opening and continued operation of the Water Park Hotel for at least twenty (20) years;

WHEREAS, the Developer desires to provide covenants assuring the completion, opening, and continuous operation of the Water Park Hotel for a period of twenty (20) years (together, the "Covenants"), in return for certain consideration (the "Consideration") to be paid by the City;

WHEREAS, City desires to pay the Consideration to Developer in the amount as set forth in the Agreement Re Development and Operating Covenants

("Agreement") which Agreement provides for the conveyance of the Covenants and the payment of the Consideration;

WHEREAS, City has authority to enter into the Agreement and provide the Consideration pursuant to Government Code Section 52200, *et seq.*;

WHEREAS, pursuant to Government Code Section 52200.4, the California legislature has declared that "the creation of economic opportunity and the provisions for appropriate continuing land use and construction policies with respect to property acquired, in whole or in part, for economic opportunity constitute public uses and purposes for which public money may be advanced or expended and private property acquired";

WHEREAS, pursuant to Government Code Section 52200.2, "economic opportunity" includes "development agreements that increase property tax revenues to all property tax collecting entities";

WHEREAS, the City Council finds that the Agreement is a development agreement which will result in an increase of at least 15 percent of total property tax resulting from the Water Park Hotel at full implementation when compared to the year prior to the Property being acquired by the Former Agency;

WHEREAS, the City (i) made the information required by Government Code Section 53083(a) available to the public in written form and on the City's website and (ii) held a noticed public hearing regarding the Agreement and City's obligation therein to pay the Consideration as required by Government Code Section 53083(b); and

WHEREAS, the City has duly considered all terms and conditions of the proposed Agreement and believes that development of the Site and operation of the Water Park Hotel thereon pursuant to the Agreement and the DDA, as Implemented is in the vital and best interest of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable requirements of State and local law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AS FOLLOWS:

1. The City Council hereby finds and determines that the recitals set forth above are true and correct and are incorporated herein by reference as if set forth in full.
2. The City Council hereby finds and determines, based upon substantial evidence provided in the record before it, that (a) the Agreement is a development agreement that will increase property tax revenues to all property tax collecting entities; (b) the implementation of the Agreement will result in an increase of at

least 15 percent of total property tax resulting from the Water Park Hotel at full implementation when compared to the year prior to the year in which the Former Agency acquired the Property; (c) implementation of the Agreement will promote the public peace, health, safety, and welfare of the City and its residents; and (d) the Consideration described in the Agreement is reasonably necessary to ensure the development, opening, and operation of the Water Park Hotel.

3. The City Council hereby finds and determines, based upon substantial evidence provided in the record before it that the Former Agency as Lead Agency and the City as Responsible Agency complied with the applicable requirements of CEQA with respect to the development and operation of the Water Park Hotel. The City Council further finds and determines that no additional environmental review is required.

4. The City Council hereby finds and determines, based upon substantial evidence provided in the record before it, that development of the Water Park Hotel will be of material benefit to the City and to the citizens of, and property owners in the City and surrounding areas, because the construction and operation of the Water Park Hotel will eliminate various conditions of blight existing in the City; ensure that the causes of blighting conditions will be either eliminated or protected against; encourage and foster the economic revitalization of the City for the people in the area and the general public as a whole; increase property tax available to the City and other taxing entities; increase sales tax and transient occupancy tax revenues available to the City; and create jobs within the City.

5. The City Council hereby authorizes execution of the Agreement by the Mayor.

Adopted this 25th day of November 2014.

ATTEST:

BRUCE A. BROADWATER
MAYOR

KATHLEEN BAILOR, CMC
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, KATHLEEN BAILOR, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California, at a meeting held on the 25th day of November 2014, by the following vote:

AYES: COUNCIL MEMBERS: (5) BEARD, JONES, NGUYEN, PHAN, BROADWATER
NOES: COUNCIL MEMBERS: (0) NONE
ABSENT: COUNCIL MEMBERS: (0) NONE

KATHLEEN BAILOR, CMC
CITY CLERK