

GARDEN GROVE OVERSIGHT BOARD

RESOLUTION NO. 49-16

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING A TERMINATION AGREEMENT UNDER WHICH THE SUCCESSOR AGENCY RELINQUISHES AN EASEMENT IN CONSIDERATION OF BEING RELIEVED FROM DUTIES TO MAINTAIN PROPERTY AND TO PROVIDE INDEMNITY UNDER THE TERMS OF THE EASEMENT AGREEMENT

WHEREAS, the Garden Grove Agency for Community Development ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Garden Grove ("City");

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Act");

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency");

WHEREAS, upon dissolution of the Agency (along with all other redevelopment agencies in the State of California) by virtue of Assembly Bill x1 26 as chaptered and effective on June 27, 2011, all rights and obligations of the Agency passed by operation of law to the Successor Agency;

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board");

WHEREAS, in 1995, the Agency entered into an agreement with JMV's Family Chevrolet & GEO, Inc. ("Developer") entitled "Disposition and Development Agreement"(the "DDA") under which the Agency conveyed certain property to Developer for the purpose of accomplishing certain development and operations as set forth in further detail in the DDA. In November 2000, the Agency and the Developer entered into a purchase and sale agreement (the "Purchase and Sale Agreement") under which the Agency agreed to convey certain land (the "Site"), upon which the Agency would construct a sign which would advertise and promote the business activities of the Developer (the "Sign"). The Developer agreed to grant an easement over a portion over Developer's property for the purpose of

having the Agency construct and thereafter maintain the Sign. The Sign has been used primarily for the advertising of the business conducted by the Developer, namely, operation of a Chevrolet dealership. The easement is provided under an instrument entitled "Sign Easement Grant", which was dated as of January 18, 2001 and recorded among the official land records of the County of Orange on March 22, 2001 as document number 20010165324 (herein, the "Easement Agreement"). A copy of the Easement Agreement has been submitted with the staff report pertaining to this matter;

WHEREAS, under the terms of the Easement Agreement, the Agency was obligated to construct a Sign and thereafter maintain the Sign. The Agency also agreed to indemnify the Developer in connection with access of the easement area or damages which might arise in connection with the activities of the Agency under the Easement Agreement. The Easement Agreement did not provide for any payments to be made by the Developer to the Agency and no payments were made to the Agency under the Easement Agreement from its inception until the dissolution of the Agency, nor have any payments been made to the Successor Agency in connection therewith and no payments are anticipated. The Agency did have an ongoing obligation to maintain the Site;

WHEREAS, neither the Sign nor the rights obtained by the Agency under the Easement Agreement currently have value. There was no revenue stream to the Agency and there is no revenue stream to the Successor Agency under the Easement Agreement. In addition, there are maintenance costs and potential liabilities associated with the continuation of the Easement Agreement;

WHEREAS, Simpson Garden Grove, Inc., a Delaware corporation doing business as Simpson Chevrolet of Garden Grove ("Simpson") has acquired all rights and liabilities of the Developer;

WHEREAS, Simpson has proposed to the Successor Agency that the Successor Agency enter into an Easement Termination Agreement substantially in the form submitted herewith (the "Termination Agreement") under which: (i) the Easement Agreement would be cancelled; (ii) Simpson would exonerate, release, indemnify and hold harmless the Successor Agency from any claims, suits, damages or losses arising from or related to the Easement Agreement; and (iii) Simpson would, at its own cost and without any financial participation by the Successor Agency or any other public agency, remove the Sign. A copy of the draft Termination Agreement is submitted herewith;

WHEREAS, the implementation of the Termination Agreement would benefit the Successor Agency and taxing agencies by eliminating responsibility for costs and avoiding potential liabilities;

WHEREAS, the Successor Agency and taxing agencies have an interest in eliminating contracts or arrangements where the result will be to reduce liabilities and increase net revenues to the taxing agencies; and

WHEREAS, the Oversight Board has reviewed the provisions of the Easement Agreement and the Termination Agreement and has determined that, based upon such review as well as the staff report and other testimony having been received and considered, it is in the interest of the Oversight Board, on behalf of taxing agencies, to approve the Termination Agreement, thereby terminating the Easement Agreement and authorizing those actions as are described in the Termination Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Oversight Board determines that each of the statements set forth in the recitals in this Resolution are true and correct.

Section 3. The Oversight Board finds and determines that the approval and execution by the Successor Agency of the Termination Agreement and the termination of the Easement Agreement would reduce liabilities and increase net revenues to the taxing entities and would be in the best interests of the taxing entities.

Section 4. The Oversight Board approves, authorizes and directs the Successor Agency to execute the Termination Agreement and to take those actions prescribed in the Termination Agreement and as are necessary or convenient to effect the termination of the Easement Agreement, including without limitation execution of a quitclaim as to the Site.

Section 5. The Director of the Successor Agency or his authorized designee is directed to post this Resolution on the Successor Agency's website and to provide a copy to the California Department of Finance by electronic means and in a manner of choosing of the Department of Finance.


Section 6. The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

The foregoing Resolution was adopted by the Oversight Board this 23rd day of March 2016.

ATTEST:



WILLIAM J. DALTON
CHAIR




TERESA POMEROY, CMC
DEPUTY SECRETARY

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

I, TERESA POMEROY, Deputy Secretary of the Oversight Board to The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was adopted by the Oversight Board, at a meeting held on the 23rd day of March 2016, by the following vote:

AYES: MEMBERS: (4) GUERRERO, JONES, MEFFORD, DALTON
NOES: MEMBERS: (0) NONE
ABSENT: MEMBERS: (1) DUNN
ABSTAIN: MEMBERS: (0) NONE



TERESA POMEROY, CMC
DEPUTY SECRETARY