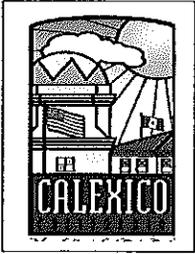


AGENDA
ITEM

14



AGENDA STAFF REPORT (Successor Agency)

DATE: October 2, 2019
TO: Successor Agency Board Members
APPROVED BY: David B. Dale, City Manager/Executive Director *DD*
PREPARED BY: Miguel Figueroa, Assistant City Manager
SUBJECT: Approval of the Second Amendment to the Exclusive Listing Agreement for Commercial Real Property with Faris Lee Investments, Inc.

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Recommendation:

Adopt a resolution approving the Second Amendment to Exclusive Listing Agreement for Commercial Real Property with Faris Lee Investments, Inc. to extend its term through March 31, 2020 and approve certain related actions.

Background:

Pursuant to Health and Safety Code (the "HSC") § 34172 (a) (1), the Community Redevelopment Agency of the City of Calexico was dissolved on February 1, 2012. Consistent with the provisions of the HSC, the City Council of the City of Calexico elected to serve in the capacity of the Successor Agency to the Community Redevelopment Agency of the City of Calexico (the "Successor Agency"). Pursuant to HSC § 34191.5 (b) and (c), the Successor Agency prepared and filed its Long-Range Property Management Plan (the "LRPMP") with the California Department of Finance (the "DOF") to address the disposition and use of the real property assets held by the Successor Agency. On June 17, 2015, DOF formally approved the Successor Agency's LRPMP and notified the Successor Agency that pursuant to HSC § 34191.3, the approved LRPMP shall govern and supersede all other provisions of the HSC relating to the disposition and use of all the real property assets of the former redevelopment agency.

The approved LRPMP, which addresses the disposition and use of the real property assets held by the Successor Agency, includes nine (9) parcels of land grouped into six (6) separate sites, of which four (4) sites have already been sold or transferred to the City, leaving two (2) sites (both of which are zoned Commercial Highway) to be sold pursuant to the approved LRPMP (the "Successor Agency Properties").

Discussion & Analysis:

On January 28, 2019, the Successor Agency and Faris Lee Investments, Inc. (the "Faris Lee") entered into an original Exclusive Listing Agreement for Commercial Real Property (the "Original Agreement") for the period of January 28, 2019 through May 27, 2019 (the "Term"). On May 15, 2019 the Successor Agency approved the First Amendment to Exclusive Listing Agreement for Commercial Real Property (the "First



Amended Agreement”) with the Agent, which extended the listing period for four (4) months through September 27, 2019 (collectively, the Original Agreement and the First Amended Agreement are hereinafter referred to as the “Original Agreement, as Amended”). Pursuant to the Listing Agreement, as Amended, during the Term the Agent listed for sale two (2) Successor Agency Properties (i.e., 220 Avenida Campillo and 2441 Scaroni Road). The Successor Agency has approved the sale of the 220 Avenida Campillo site (a vacant one-acre industrial lot) for which that sale has closed escrow. The Agent continues to market the 2441 Scaroni Road site (which includes Calxico’s Metropolitan Theatre) to potential investors.

To date, the Agent has received four (4) offers to purchase the 2441 Scaroni Road site from credible buyers; however, none have met the required thresholds for purchasing the property (i.e., the single full price offer was withdrawn because Metropolitan Theatre Corporation refused to provide their sales information and the three others offers were substantially below the listing price [one of which required a financing contingency]). The Agent plans to continue to work with the three (3) unsuccessful parties to assess their willingness to consider increasing their respective purchase offer prices and to seek additional purchase offers from other prospective buyers for the 2441 Scaroni Road site.

Since the sale of the 2441 Scaroni Road property has been delayed for reasons that were not controllable by the Agent, the Agent has requested an approximately six-month extension to the Term through March 31, 2020. Approval of the attached Resolution will approve the Second Amendment to Exclusive Listing Agreement for Commercial Real Property between the Successor Agency and the Agent, and authorize certain related actions.

The attached Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (the “CEQA”), the State CEQA Guidelines (California Code of Regulations, Title 14, § 15000 *et seq.*, hereafter the “CEQA Guidelines”), and the City’s environmental guidelines. This Resolution does not constitute a “project” for purposes of CEQA, as that term is defined by CEQA Guidelines § 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per § 15378 (b) (5) of the CEQA Guidelines.

Fiscal Impact:

Payments to Faris Lee are contingent and payable solely from the proceeds of sale. Once the 2441 Scaroni Road site is sold, the Successor Agency will transfer the net purchase price sale proceeds to the Imperial County Auditor-Controller that will in turn divide and pay over the net purchase price sale proceeds to the affected taxing entities in proportion to their respective shares of the 1% general tax levy, which will include the City.

Coordinated With:

Steven H. Dukett, Managing Director, Urban Futures, Inc.

Attachment:

Resolution (including its Exhibit A, as referenced above)

RESOLUTION NO. 2019 - _____

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF CALEXICO APPROVING THE SECOND AMENDMENT TO THE EXCLUSIVE LISTING AGREEMENT FOR COMMERCIAL REAL PROPERTY WITH FARIS LEE INVESTMENTS, INC. AND APPROVING CERTAIN RELATED ACTIONS

WHEREAS, pursuant to Health and Safety Code (the "HSC") § 34172 (a) (1), the Community Redevelopment Agency of the City of Calexico was dissolved on February 1, 2012; and

WHEREAS, consistent with the provisions of the HSC, on January 10, 2012, the City Council of the City of Calexico elected to serve as the Successor Agency to the Community Redevelopment Agency of the City of Calexico (the "Successor Agency"); and

WHEREAS, pursuant to HSC § 34191.5 (b) and (c), the Successor Agency prepared and filed its Long-Range Property Management Plan (the "LRPMP") with the California Department of Finance (the "DOF") to address the disposition and use of the real property assets held by the Successor Agency; and

WHEREAS, on June 17, 2015, DOF formally approved the Successor Agency's LRPMP and notified the Successor Agency that pursuant to HSC § 34191.3, the approved LRPMP shall govern and supersede all other provisions of the HSC relating to the disposition and use of all the real property assets of the former redevelopment agency; and

WHEREAS, the approved LRPMP, which addresses the disposition and use of the real property assets held by the Successor Agency, includes nine (9) parcels of land grouped into six (6) separate sites, of which four (4) sites have already been sold or transferred to the City, leaving two (2) sites (both of which are zoned Commercial Highway) to be sold pursuant to the approved LRPMP (the "Successor Agency Properties"); and

WHEREAS, on January 28, 2019, the Successor Agency and Faris Lee Investments, Inc. (the "Agent") entered into an original Exclusive Listing Agreement for Commercial Real Property (the "Original Agreement") for the period of January 28, 2019 through May 27, 2019 (the "Term"); and

WHEREAS, on May 15, 2019 the Successor Agency approved the First Amendment to Exclusive Listing Agreement for Commercial Real Property (the "First Amended Agreement") with the Agent, which extended the listing period for four (4) months through September 27, 2019 (collectively, the Original Agreement and the First Amended Agreement are hereinafter referred to as the "Original Agreement, as Amended"); and

WHEREAS, pursuant to the Original Agreement, as amended, during the Term the Agent listed for sale two (2) Successor Agency Properties (i.e., 220 Avenida Campillo and 2441 Scaroni Road); and

WHEREAS, the Successor Agency has approved the sale of the 220 Avenida Campillo site (a vacant one-acre industrial lot) for which that sale has closed escrow; and

WHEREAS, the Agent continues to market the 2441 Scaroni Road site (which includes Calexico's Metropolitan Theatre) to potential investors; and

WHEREAS, to date, the Agent has received four (4) offers to purchase the 2441 Scaroni Road site from credible buyers; however, none have met the required thresholds for purchasing the property (i.e., the single full price offer was withdrawn because Metropolitan Theatre Corporation refused to provide their sales information and the three others offers were below the listing price [one of which required a financing contingency]); and

WHEREAS, the Agent plans to continue to work with the three (3) unsuccessful parties to assess their willingness to consider increasing their respective purchase offer prices and to seek additional purchase offers from other prospective buyers for the 2441 Scaroni Road site; and

WHEREAS, since the sale of the 2441 Scaroni Road property has been delayed for reasons that were not controllable by the Agent, the Agent has requested an approximately six-month extension to the Term through March 31, 2020; and

WHEREAS, this Resolution will approve the Second Amendment to Exclusive Listing Agreement for Commercial Real Property between the Successor Agency and the Agent, and authorize certain related actions; and

WHEREAS, this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (the "CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, § 15000 *et seq.*, hereafter the "CEQA Guidelines"), and the City's environmental guidelines; and

WHEREAS, this Resolution does not constitute a "project" for purposes of CEQA, as that term is defined by CEQA Guidelines § 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per § 15378 (b) (5) of the CEQA Guidelines; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Successor Agency to the Community Redevelopment Agency of the City of Calexico, as follows:

Section 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Second Amendment to Exclusive Listing Agreement for Commercial Real Property with Faris Lee (attached hereto as Exhibit "A"), is approved.

Section 3. On behalf of the Successor Agency, the City Manager, in the capacity as Executive Director of the Successor Agency, or designee, is authorized and directed to execute the Second Amendment to Exclusive Listing Agreement for Commercial Real Property and to take such other actions as may be required to fulfill the intent of this Resolution.

Section 4. This Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines § 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per § 15378 (b)(5) of the Guidelines.

Section 5. This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED AND ADOPTED this ___ day of _____ 2019.

Bill Hodge, Chairman
Successor Agency to the Community
Redevelopment Agency of the City of
Calexico

ATTEST:

Gabriela T. Garcia, Secretary to the
Successor Agency to the Community
Redevelopment Agency of the City of Calexico

APPROVED AS TO LEGAL FORM:

Carlos Campos, City Attorney

CERTIFICATION:

I, Gabriela T. Garcia, Secretary for the Successor Agency to the Community Redevelopment Agency of the City of Calexico, do hereby certify that the foregoing Resolution No. 2019-__ was duly adopted by the Successor Agency to the Community Redevelopment Agency of the City of Calexico at a meeting thereof held on the ____ day of _____, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Gabriela T. Garcia, Secretary to the
Successor Agency to the Community
Redevelopment Agency of the City of
Calexico

EXHIBIT "A"

**SECOND AMENDMENT TO
EXCLUSIVE LISTING AGREEMENT
FOR COMMERCIAL REAL PROPERTY**

(see attachment)

**SECOND AMENDMENT TO
EXCLUSIVE LISTING AGREEMENT
FOR COMMERCIAL REAL PROPERTY**

THIS SECOND AMENDMENT TO EXCLUSIVE LISTING AGREEMENT FOR COMMERCIAL REAL PROPERTY (the "Second Amended Agreement") is made as of the 2nd day of October 2019, by and between the Successor Agency to the Community Redevelopment Agency of the City of Calexico (the "Successor Agency") and Faris Lee Investments, Inc. (the "Agent"). Collectively, Successor Agency and Agent are referred to herein as the "Parties".

WITNESSETH THAT:

WHEREAS, the Parties previously entered into an original Exclusive Listing Agreement for Commercial Real Property (the "Original Agreement") dated January 28, 2019 for the period of January 28, 2019 through May 27, 2019 (the "Term"); and

WHEREAS, on May 15, 2019 the Successor Agency approved the First Amendment to Exclusive Listing Agreement for Commercial Real Property (the "First Amended Agreement") with the Agent, which extended the listing period for four (4) months through September 27, 2019 (collectively, the Original Agreement and the First Amended Agreement are hereinafter referred to as the "Original Agreement, as Amended"); and

WHEREAS, pursuant to the Original Agreement, as Amended, during the Term the Agent listed for sale two (2) Successor Agency-owned real property sites (i.e., 220 Avenida Campillo and 2441 Scaroni Road); and

WHEREAS, the Successor Agency has approved the sale of the 220 Avenida Campillo site (a vacant one-acre industrial lot) for which that sale has closed escrow; and

WHEREAS, the Agent continues to market the 2441 Scaroni Road site (which includes Calexico's Metropolitan Theatre) to potential investors; and

WHEREAS, to date, the Agent has received four (4) offers to purchase the 2441 Scaroni Road site from credible buyers; however, none have met the required thresholds for purchasing the property (i.e., the single full price offer was withdrawn because Metropolitan Theatre Corporation refused to provide their sales information and the three others offers were substantially below the listing price [one of which required a financing contingency]); and

WHEREAS, the Agent plans to continue to work with the three (3) unsuccessful parties to assess their willingness to consider increasing their respective purchase offer prices and to seek additional purchase offers from other prospective buyers for the 2441 Scaroni Road site; and

WHEREAS, since the sale of the 2441 Scaroni Road property has been delayed for reasons that were not controllable by the Agent, the Agent has requested an approximately six-month extension to the Term through March 31, 2020, as evidenced by this Second Amended Agreement; and

WHEREAS, it now becomes necessary to amend the Original Agreement, as amended, and the Parties are desirous of such amendment.

NOW, THEREFORE, in consideration of the mutual undertakings herein, the Parties amend the Original Agreement, as Amended, as follows:

- 1. The second paragraph of the Original Agreement, as amended, is further amended in its entirety as follows:

“This Exclusive Listing Agreement for Commercial Real Property (the “Agreement”) is entered into by and between the Successor Agency to the Community Redevelopment Agency of the City of Calexico (“Seller”) and Faris Lee Investments, Inc., a California Corporation (“Agent”) with regard to the two (2) real properties located at: (i) 2441 Scaroni Road, Calexico, California 92231 and generally described as: Metropolitan Theatre / APNs 059-010-067, 068 and 069, land size: 4.86 acres, rentable area: 35,000 square feet; and (ii) 220 Avenida Campillo, Calexico, California 92231 and generally described as: vacant industrial land / APN 058-061-009, land size: 1-acre (the “Properties”). Therefore, Seller grants to Agent, for a term beginning on January 28, 2019 and ending at midnight Pacific Time on January 31, 2020, the exclusive and irrevocable right and authority to sell the Properties, on Terms and Conditions stated herein.”

- 2. All remaining provisions of the Original Agreement shall remain the same.

IN WITNESS WHEREOF, the Successor Agency and Agent have approved this Second Amendment to Exclusive Listing Agreement for Commercial Real Property effective the day and year first above written.

SUCCESSOR AGENCY:

AGENT:

Successor Agency to the Community
Redevelopment Agency of the
City of Calexico

Faris Lee Investments, Inc.

By: _____
David Dale
Executive Director

By: _____
Richard Chichester, President/CEO

By: _____
Jeff Conover, Senior Managing
Director