

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to revised terms for the direct sale of property located at 6000 Jefferson Boulevard to International Coffee and Tea, LLC, the corporate parent of Coffee Bean and Tea Leaf for development.

Recommendation for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

APPROVE the revised terms of sale for the City-owned property at 6000 Jefferson Boulevard to a limited liability corporation controlled by Sunny Sassoon, Executive Chairman of the Board for International Coffee and Tea, LLC; and AUTHORIZE the Economic and Workforce Development Department (EWDD) and City Attorney to finalize and execute the necessary documents to memorialize these terms, including but not limited to the Purchase and Sale Agreement, Covenant, and future intercreditor agreements.

Fiscal Impact Statement: The City Administrative Officer (CAO)/EWDD report that the proposed sale is for City-owned property located at 6000 Jefferson Boulevard to Coffee Bean for the fair market value of approximately \$7,150,000. The property is no longer needed for municipal purposes, pursuant to Council determination on October 23, 2012 (Council File No. 12-0709). Sale proceeds will be deposited into the Solid Waste Resources Revenue Fund. The proposed transaction is in accordance with Charter Section 385 (Sale of Property), and Los Angeles Administrative Code (LAAC) Sections 7.27 and 7.27.2.

Community Impact Statement: None submitted.

Summary:

On June 17, 2015, your Committee considered a May 21, 2015 Joint CAO/EWDD report relative to revised terms for the direct sale of property located at 6000 Jefferson Boulevard to International Coffee and Tea, LLC, the corporate parent of Coffee Bean and Tea Leaf for development. According to the CAO/EWDD, on October 23, 2012, Council determined that the City had no further municipal use for a vacant 3.6- acre property located at 6000 Jefferson Boulevard (Property) (Council File No. 12-0709). Subsequently, on December 12, 2014, Council approved direct sale of the Property to a limited liability corporation controlled by Sunny Sassoon, Executive Chairman of the Board for International Coffee and Tea, LLC (Buyer) for the fair market value of \$7, 150,000 less a potential credit not to exceed \$300,000 for remediation costs. In its determination, Council found that the sale and its associated terms were of economic benefit and best served the public interest. Additionally, Council's actions directed the City Attorney, in collaboration with the EWDD, to draft and execute documents necessary to transact the sale.

The May 21, 2015 Joint report proposes to modify and finalize the terms of sale of the Property to the Buyer serving the same economic development purpose and for the same development proposal anchored by a campus that consolidates Coffee Bean and Tea Leaf's headquarters and production facilities at the Property. The terms of the transaction adopted by Council for direct sale of this Property were described in detail in a November 14, 2014 Joint CAO/EWDD report. The terms originally proposed remain the same, with a few revisions to address issues related to financing the development that were not incorporated into the original deal terms, and to provide the City additional security related to the economic development benefits. Revisions to the deal points are summarized in Attachment A of the November 14, 2014 Joint report.

The current recommendation will authorize the EWDD to enter into a Purchase and Sale Agreement with the Buyer and all associated documents including intercreditor agreements, open escrow, and provide the Buyer a nine-month due diligence period, with an option to extend for an additional nine months, during which the Buyer will investigate the Property for environmental contamination, and apply for and receive entitlements for development. These recommendations are consistent with the guidance and advice of the City Attorney regarding the sale of City-owned property to serve the public interest or necessity.

LAAC Section 7.27 provides that the City may determine that the public interest is best served by the direct sale of property without notice of sale or advertisement for bids. The Project will serve the public interest through providing economic development benefits to the City including the retention of existing jobs, the addition of net new jobs to the City, facilitating the expansion of an established company in the City, and moving a public property onto the tax rolls and into productive use. Further Council actions will be necessary to complete the transaction and convey the Property, once the Project has received entitlement and completed environmental review pursuant to the California Environmental Quality Act (CEQA). The current actions to enter into the Purchase and Sale Agreement are accordingly subject to completion of the CEQA review.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendation contained in the May 21, 2015 Joint report and detailed in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	YES
KORETZ:	YES

ARL
6/17/15

-NOT OFFICIAL UNTIL COUNCIL ACTS-