

MOTION

41A

On November 28, 2017, the Economic Development Committee (EDC) approved various actions related to utilizing up to \$825,000 from the Adelante Eastside Redevelopment Project Area to acquire and facilitate the sale and development of the Ocean Queen Site located at 1300 East First Street (C.F. 14-1174-S30). Subsequent to EDC's actions, it was determined that CRA/LA, A Designated Local Authority (CRA/LA), the owner of the Ocean Queen site, will require that the City provide a security deposit into escrow in the amount of five percent of the purchase price, or \$181,250, within five days of the CRA/LA receiving approval of the transaction from the State Department of Finance.

If approved by Council, the City would provide up to \$825,000 to Self-Help Graphics and Art, Inc. (SHGA), in the form of a loan to assist with the purchase of the Ocean Queen site. The City funds would be secured by a City loan agreement and related documents. Due to the urgency in identifying a funding source for the security deposit, action is needed to allow a portion of the City funds to be used as the security deposit. It should be noted that if the City loan funds to SHGA are used for the security deposit and there is a default that causes the termination of the transaction, the City may have little recourse against SHGA to collect the amount of the deposit, since the loan will essentially be unsecured until SHGA receives title to the property. The security deposit is non-refundable once it is deposited into escrow.


SHGA currently occupies the property under a ground lease with CRA/LA that extends through 2020 but the City's Option on the property expires on January 10, 2018. The City's participation in facilitating SHGA's purchase of the property will assure that they continue to be an integral part of the Boyle Heights community by providing a slate of community services and benefits for a minimum of 10 years.

I THEREFORE MOVE that the matter of the ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to utilizing up to \$825,000 from the Adelante Eastside Redevelopment Project Area to acquire and facilitate the sale and development of the Ocean Queen Site located at 1300 East First Street, Item No. 41 on today's Council continuation agenda (C.F. 14-1174-S30) BE AMENDED to:

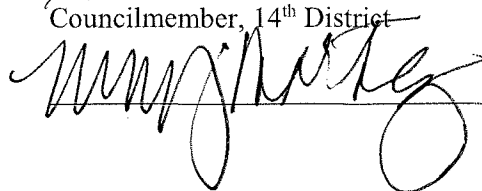
- 1) APPROVE the revised language to Recommendation 3:

AUTHORIZE the Controller to transfer up to \$825,000 from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9AT, Adelante Eastside Taxable, to Chicago Title Company upon receipt of appropriate transfer instructions from the EWDD, with an initial transfer to Chicago Title Company in the amount of \$181,250 as the non-refundable security deposit required by the City-CRA/LA Purchase and Sale Agreement and that it may be transferred independent of any other non-City funds being deposited into the same escrow."

PRESENTED BY:

  
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JOSÉ HUIZAR  
Councilmember, 14<sup>th</sup> District

SECONDED BY:

  
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December 8, 2017  
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