



AGENDA
CITY COUNCIL/SUCCESSOR AGENCY/STANTON HOUSING AUTHORITY
JOINT REGULAR MEETING
STANTON CITY HALL, 7800 KATELLA AVENUE, STANTON, CA
TUESDAY, OCTOBER 13, 2015 - 6:30 P.M.

As a courtesy to those in attendance, the City of Stanton respectfully requests that all cell phones, pagers and/or electronic devices be turned off or placed on silent mode while the meeting is in session. Thank you for your cooperation.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, CONTACT THE CITY CLERK AT (714) 379-9222. NOTIFICATION BY 9:00 A.M. ON MONDAY, OCTOBER 12, 2015 WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

Supporting, descriptive documentation for agenda items, including staff reports, is available for review in the City Clerk's Office and on the City web site at www.ci.stanton.ca.us.

- 1. CLOSED SESSION (6:00 PM)**
- 2. ROLL CALL** Council Member Ramirez
Council Member Shawver
Council Member Warren
Mayor Pro Tem Donahue
Mayor Ethans
- 3. PUBLIC COMMENT ON CLOSED SESSION ITEMS**

Closed Session may convene to consider matters of purchase / sale of real property (G.C. §54956.8), pending litigation (G.C. §54956.9(a)), potential litigation (G.C. §54956.9(b)) or personnel items (G.C. §54957.6). Records not available for public inspection.

4. CLOSED SESSION

**4A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Pursuant to Government Code Section 54956.9(a))**

Musa Madain vs. City of Stanton, Orange County Superior Court Case Number: 30-2012-00582698 (Consolidated with OCSC Case No. 30-2009-00119013)

**4B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Pursuant to Government Code Section 54956.9(a))**

Planet Aid vs. City of Stanton Civil Action Number: 8:15-cv-00634-CJC-AS

5. CALL TO ORDER / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING

6. ROLL CALL Agency/Authority Member Ramirez
Agency/Authority Member Shawver
Agency/Authority Member Warren
Vice Chairman Donahue
Chairman Ethans

7. PLEDGE OF ALLEGIANCE

8. SPECIAL PRESENTATIONS AND AWARDS

- Presentation of Certificate of Recognition honoring Mr. Joshua Costa as Veteran of the Month for the month of October 2015.
- Presentation of Certificate of Recognition to ExperTow Inc.
- Presentation regarding the City of Stanton's 60th Anniversary Celebration.

9. CONSENT CALENDAR

All items on the Consent Calendar may be acted on simultaneously, unless a Council/Board Member requests separate discussion and/or action.

CONSENT CALENDAR

9A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED

RECOMMENDED ACTION:

City Council/Agency Board waive reading of Ordinances and Resolutions.

9B. APPROVAL OF WARRANTS

City Council approve demand warrants dated September 17, September 24, and October 1, 2015, in the amount of \$2,949,383.12.

9C. APPROVAL OF MINUTES

City Council/Agency/Authority Board approve Minutes of Adjourned Joint Regular Meeting – September 22, 2015.

9D. STANTON HOUSING AUTHORITY ANNUAL REPORT FOR FISCAL YEAR 2014-2015

The attached Housing Authority Annual Report for Fiscal Year 2014-2015 is being presented for consideration as required by State Law.

RECOMMENDED ACTION:

1. Authority Board declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA, and
2. Receive and file the Annual Progress Report.

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Any writings or documents provided to a majority of the City Council/Successor Agency/Stanton Housing Authority regarding any item on this agenda will be made available for public inspection at the Public Counter at City Hall located at 7800 Katella Avenue, Stanton CA, during normal business hours.

9E. ACCEPTANCE OF THE CITYWIDE CATCH BASIN ENVIRONMENTAL CLEANUP PROGRAM PROJECT BY THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA

The Citywide Catch Basin Environmental Cleanup Program Project has been completed in accordance with the contract agreement. The final construction and inspection cost for the project was \$107,533.44. The City Engineer, in his judgment, certifies that the work was satisfactorily completed as of June 30, 2015 and recommends that the City Council accept the completed work performed on this project.

RECOMMENDED ACTION:

1. City Council declare this project categorically exempt under the California Environmental Quality Act, Class 1, and Section 15301; and
2. Accept the completion of improvements for the Citywide Catch Basin Environmental Cleanup Program Project, as certified by the City Engineer, and affix the date of June 30, 2015 as the date of completion of all work on this project; and
3. Approve the final construction contract amount of \$107,533.44 with Bio Clean Environmental Services, Inc.; and
4. Direct the City Clerk within ten (10) days from the date of acceptance to file the Notice of Completion (Attachment) with the County Recorder of the County of Orange; and
5. Direct City staff, upon expiration of the thirty-five (35) days from the filing of the "Notice of Completion," to make the retention payment to Bio Clean Environmental Services, Inc. in the amount of \$5,376.67.

9F. CHANGE ORDER FOR BEACH BOULEVARD AND VILLAGE CENTER DRIVE TRAFFIC SIGNAL IMPROVEMENT PROJECT

The construction contract for the Beach Boulevard and Village Center Drive Traffic Signal Improvement is for \$388,888.00. Change orders approved at staff level are well under the 10% maximum authorized at the time of award; at 4.6%. The latest change orders are for the cost increase for rubberized paving within the project area and to extend paving limits to improve the end product. The new costs for the mentioned would cause changes to exceed the 10% authorization limit of the City Manager. Therefore, Staff requests that the Council authorize Change Order 006 and Change Order 007 in the total additive amount of \$31,495.13.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Adopt Resolution No. 2015-34 approving the carryover of certain purchase orders from fiscal year 2014/15 to fiscal year 2015/16.

9G. SUCCESSOR AGENCY CONSIDERATION OF A RESOLUTION APPROVING THE PURCHASE AND SALE AGREEMENT WITH FRONTIER REAL ESTATE INVESTMENTS, INC FOR ELEVEN PROPERTIES LOCATED AT 11382, 11430 AND 11462 BEACH BOULEVARD

Consistent with the Successor Agencies Long Range Property Management Plan, Staff is recommending approval of the sale of eleven properties located at 11382, 11430 and 11462 Beach Boulevard to Frontier Real Estate Investments, Inc. for \$2,100,000.00. The Successor Agency had previously approved a Disposition and Development Agreement (DDA) for the sale of these properties, which was not approved by the State Department of Finance.

RECOMMENDED ACTION:

1. Successor Agency declare that the proposed disposition of the land pursuant to the Purchase and Sale Agreement is consistent with the adopted Project EIR approved for the Stanton Plaza Specific Plan and direct staff to file the notice of determination; and
2. Approve Resolution No. SA 2015-07 approving the Purchase and Sale Agreement for the sale of the properties identified by APN Nos. 131-691-49, 50, 51, 58, 59, 60, 61, 62, 63, 64, and 65 for a total of \$2,100,000.00 to Frontier Real Estate Investments, Inc.; and
3. Authorize the Executive Director to execute the necessary documents and take all actions reasonably necessary to complete the sale of the properties.

END OF CONSENT CALENDAR

10. PUBLIC HEARINGS

10A. AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTIONS 36937 AND 65858 EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF INTERNET CAFES AND CYBER CAFES PENDING STUDY AND ADOPTION OF REGULATORY AND ZONING STANDARDS

On September 8, 2015, the City Council adopted Urgency Ordinance No. 1040, a moratorium to temporarily prohibit new internet and cyber cafes from establishing in the City. The 45-day moratorium was prompted by numerous reports by jurisdictions all over the State — including the City — of illegal gambling at internet and cyber cafes. Since Urgency Ordinance No. 1040 was approved, City staff has begun studying the potential impacts of these establishments and analyzing appropriate regulatory and zoning standards. However, City staff has not completed its study and analysis, and therefore, the City Council is being asked to extend the moratorium.

RECOMMENDED ACTION:

1. City Council Conduct a public hearing; and
2. Declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines. Moreover, this Ordinance is statutorily exempt from further CEQA review under Section 15262 (feasibility and planning studies); and
3. Approve Urgency Ordinance No. 1041, entitled:

"AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTIONS 36937 AND 65858 EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF INTERNET CAFES AND CYBER CAFES PENDING STUDY AND ADOPTION OF REGULATORY AND ZONING STANDARDS."

ROLL CALL VOTE: Council Member Ramirez
Council Member Shawver
Council Member Warren
Mayor Pro Tem Donahue
Mayor Ethans

11. UNFINISHED BUSINESS None.

12. NEW BUSINESS

12A. VERIFICATION OF SUFFICIENCY OF PETITION SIGNATURES ON TRANSACTIONS AND USE TAX REPEAL INITIATIVE MEASURE AND CITY COUNCIL TERM LIMITS INITIATIVE MEASURE, AND REQUEST FURTHER DIRECTION FROM CITY COUNCIL

On August 25, 2015, signed petitions were filed with the City Clerk's office for a transactions and use tax repeal initiative measure and a City Council term limits initiative measure. Pursuant to the California Elections Code, the petitions were examined for signature verification by the City Clerk's Office with assistance from the Orange County Registrar of Voters.

In a letter dated October 1, 2015, the City Clerk's Office verified that the transactions and use tax repeal petition contained 238 valid signatures and the term limits petition contained 1,278 valid signatures, and notified the Petitioner of this fact. Under State Law, these were the minimum signature numbers needed to qualify both Measures for the ballot. Therefore, both Measures have qualified. The remainder of this report will provide the City Council with options under the California Elections Code.

RECOMMENDED ACTION:

1. City Council declare that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Receive, file, and accept both Certificates as to Verification of Signatures on Petition for each Measure as valid in all respects; and
3. Direct staff to prepare an impartial and informational report, pursuant to Elections Code Section 9212, analyzing the impact of both Measures, which must be presented to the City Council not later than 30 days after this evening.

13. ORAL COMMUNICATIONS - PUBLIC

At this time members of the public may address the City Council/Successor Agency/Stanton Housing Authority regarding any items within the subject matter jurisdiction of the City Council/Successor Agency/Stanton Housing Authority, provided that NO action may be taken on non-agenda items.

- Members of the public wishing to address the Council/Agency/Authority during Oral Communications-Public or on a particular item are requested to fill out a REQUEST TO SPEAK form and submit it to the City Clerk. Request to speak forms must be turned in prior to Oral Communications-Public.
- When the Mayor/Chairman calls you to the microphone, please state your Name, slowly and clearly, for the record. A speaker's comments shall be limited to a three (3) minute aggregate time period on Oral Communications and Agenda Items. Speakers are then to return to their seats and no further comments will be permitted.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Council/Agency/Authority and Staff need to be recognized by the Mayor/Chairman before speaking.

14. WRITTEN COMMUNICATIONS None.

15. MAYOR/CHAIRMAN COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS

15A. COMMITTEE REPORTS/ COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS

At this time Council/Agency/Authority Members may report on items not specifically described on the agenda which are of interest to the community provided no discussion or action may be taken except to provide staff direction to report back or to place the item on a future agenda.

15B. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE MEETING

At this time Council/Agency/Authority Members may place an item on a future agenda.

15C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

At this time Council/Agency/Authority Members may place an item on a future study session agenda.

Currently Scheduled: None.

16. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

17. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

17A. ORANGE COUNTY SHERIFF'S DEPARTMENT

At this time the Orange County Sheriff's Department will provide the City Council with an update on their current operations.

18. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, the foregoing agenda was posted at the Post Office, Stanton Community Services Center and City Hall, not less than 72 hours prior to the meeting. Dated this 8th day of October, 2015.



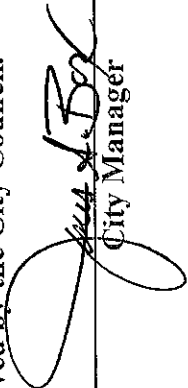
Patricia A. Vazquez, City Clerk/Secretary

**CITY OF STANTON
ACCOUNTS PAYABLE REGISTER**

September 17, 2015	\$1,826,329.22
September 24, 2015	\$148,816.48
October 1, 2015	\$974,237.42

\$2,949,383.12

Demands listed on the attached registers conform to the City of Stanton Annual Budget as approved by the City Council.


City Manager

Demands listed on the attached registers are accurate and funds are available for payment thereof.



Administrative Services Director

DRAFT

MINUTES OF THE CITY COUNCIL / SUCCESSOR AGENCY / HOUSING AUTHORITY OF THE CITY OF STANTON ADJOURNED JOINT REGULAR MEETING SEPTEMBER 22, 2015

1. CALL TO ORDER / CLOSED SESSION

The City Council meeting was called to order at 6:00 p.m. by Mayor Ethans.

2. ROLL CALL

Present: Council Member Ramirez, Mayor Pro Tem Donahue, and Mayor Ethans

Absent: Council Member Shawver and Council Member Warren.

Excused: None.

3. PUBLIC COMMENT ON CLOSED SESSION ITEMS None.

4. CLOSED SESSION

The members of the Stanton City Council of the City of Stanton proceeded to closed session at 6:00 p.m. for discussion regarding:

Council Member Shawver and Council Member Warren arrived at 6:05 p.m.

4A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Pursuant to Government Code Section 54956.9(a))

Musa Madain vs. City of Stanton, Orange County Superior Court Case Number: 30-2012-00582698 (Consolidated with OCSC Case No. 30-2009-00119013)

4B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Pursuant to Government Code Section 54956.9(a))

GRFCO, Inc. vs. City of Stanton, Orange County Superior Court Case Number: 30-2015-00794793-CU-CO-CJC

5. CALL TO ORDER / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING

The meetings were called to order at 6:30 p.m. by Mayor/Chairman Ethans.

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6. ROLL CALL

Present: Agency/Authority Member Ramirez, Agency/Authority Member Shawver, Agency/Authority Member Warren, Vice Chairman Donahue, and Chairman Ethans.

Absent: None.

Excused: None.

The City Attorney reported that the Stanton City Council met in closed session from 6:00 to 6:30 p.m.

The City Attorney reported that there was no reportable action.

7. PLEDGE OF ALLEGIANCE

Led by Captain Alan Wilkes, Orange County Fire Authority.

8. SPECIAL PRESENTATIONS AND AWARDS

- The City Council tabled this item to the first meeting in October 2015 – “Presentation regarding the City of Stanton’s 60th Anniversary Celebration”.
- Mayor Ethans proclaimed the week of October 4 through October 10, 2015 to be Fire Prevention Week “Hear the Beep Where You Sleep” and presented a proclamation to Alan Wilkes, Captain, Orange County Fire Authority.
- Presentation by Stephen M. Parker, Community Development Director, regarding OpenGov.

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9. CONSENT CALENDAR

The City Clerk requested to pull item 9I from the consent calendar for discussion at a future City Council meeting.

Motion/Second: Warren/Ramirez

Motion unanimously carried by the following vote:

AYES: 5 (Donahue, Ethans, Ramirez, Shawver, and Warren)

NOES: None

ABSTAIN: None

ABSENT: None

9I. AGREEMENT WITH HDL SOFTWARE LLC

In order to allow business license applications and renewals online, to reduce staff time and to fully utilize the new Business License Specialist position, an agreement with HdL Software LLC to provide business license software and credit card processing services is being recommended.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Authorize the City Manager to sign a three-year contract with HdL Software LLC with a not to exceed value of \$48,287 for business license software and credit card processing services.

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Motion/Second: Shawver/Ramirez

Motion to approve the balance of the Consent Calendar passed by the following vote:

AYES: 5 (Donahue, Ethans, Ramirez, Shawver, and Warren)

NOES: None

ABSTAIN: None

ABSENT: None

The City Council/Agency Board/Authority Board approved the following Consent Calendar items:

CONSENT CALENDAR

9A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED

The City Council/Agency Board waived reading of Ordinances and Resolutions.

9B. APPROVAL OF WARRANTS

The City Council approved demand warrants dated September 3 and September 10, 2015, in the amount of \$133,081.13.

9C. APPROVAL OF MINUTES

The City Council/Agency/Authority Board approved Minutes of Regular Joint Meeting – September 8, 2015.

9D. AUGUST 2015 INVESTMENT REPORT

The Investment Report as of August 31, 2015 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

1. The City Council finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment), and

2. Received and filed the Investment Report for the month of August 2015.

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9E. AUGUST 2015 INVESTMENT REPORT (SUCCESSOR AGENCY)

The Investment Report as of August 31, 2015 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

1. The Successor Agency finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment), and
2. Received and filed the Investment Report for the month of August 2015.

9F. CARRYOVER PURCHASE ORDERS FROM FY 2014-15 TO FY 2015-16

At each fiscal year end, City staff reviews remaining unspent budget appropriations at the end of the year to determine if any encumbered purchase orders should be carried forward from one fiscal year to the next. This report requests the carryover of 10 open purchase orders from FY 2014/15 to FY 2015/16, totaling \$696,804.83.

1. The City Council finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a director reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Adopted Resolution No. 2015-34 approving the carryover of certain purchase orders from fiscal year 2014/15 to fiscal year 2015/16.

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9G. REQUEST FROM PAN DE VIDA ETERNA TO OPERATE AS A NON-PROFIT ORGANIZATION FOR OPERATION OF A CHURCH AT 12602 HOOVER STREET

Pan De Vida Eterna has submitted an application for non-profit status. Chapter 5 of the Stanton Municipal Code requires that non-profit activities require City Council approval. This would exempt them from normal fees and allow them to operate as a church located at 12602 Hoover Street. In addition, the Planning Commission has granted them a Conditional Use Permit (C87-1) to operate as church with the P-D (Planned Development) Zone, located at 12602 Hoover Street.

1. The City Council finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a director reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Approved the application of Pan De Vida Eterna for non-profit status and authorized the issuance of a business license permit.

9H. APPROVE FIRST AMENDMENT TO INFORMATION TECHNOLOGY SUPPORT SERVICES AGREEMENT

BrealT has provided support to the City of Stanton since 1999. The most recent contract was written in 2012 after going through an RFP process. The contract calls for two one-year options. This Amendment would pick up the first of the two options years.

1. The City Council finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060 (c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and
2. Authorized the City Manager to sign the First Amendment to Information Technology Support Services Agreement.

END OF CONSENT CALENDAR

DRAFT

10. PUBLIC HEARINGS

10A. PERMIT PARKING CONSIDERATION FOR ASBURY AVENUE, COURSON DRIVE, HAMDEN AVENUE, LITCHFIELD AVENUE, LOWDEN STREET, LOWELL STREET, RAMBLEWOOD DRIVE, THUNDERBIRD LANE AND IN FRONT OF 10651 AND 10661 WESTERN AVENUE

The City has received a petition to establish a 24-hour permit parking area for Asbury Avenue, Courson Drive, Hamden Ave, Litchfield Avenue, Lowden Street, Lowell Street, Ramblewood Drive and Thunderbird Lane and in front of 10651 and 10661 Western Avenue. The petition is submitted for City Council consideration.

The City Council was provided a copy of a letter sent by the Apartment Association of Orange County, speaking in opposition to the permit parking program.

The public hearing was opened.

- Greg Witz, spoke in opposition to the permit parking program and requested that the City Council reject the proposed request for permit parking and research other parking solutions.
- Terri Edwards, Stanton, spoke in favor of the permit parking program.
- Priscilla Perez, Stanton, spoke in opposition to the permit parking program.
- Marvin Edwards, Stanton, spoke in favor of the permit parking program.
- Resident, Stanton, spoke in favor of the permit parking program.
- Mark Ederman, Stanton, spoke in favor of the permit parking program.
- Candice, Stanton, spoke in opposition to the permit parking program.
- Albert, Stanton, spoke in favor of the permit parking program.
- Resident, Stanton, spoke in favor of the permit parking program.

No one else appearing to speak, the public hearing was closed.

DRAFT

Motion/Second: Donahue/Shawver

Motion unanimously carried by the following vote:

AYES: 5 (Donahue, Ethans, Ramirez, Shawver, and Warren)

NOES: None

ABSTAIN: None

ABSENT: None

1. The City Council conducted a public hearing; and
2. Declared that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
3. Adopted Resolution No. 2015-30 establishing a 24-hour permit parking area for Asbury Avenue, Courson Drive, Hamden Ave, Litchfield Avenue, Lowden Street, Lowell Street, Ramblewood Drive and Thunderbird Lane and in front of 10651 Western Avenue and 10661 Western Avenue.

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11. UNFINISHED BUSINESS

11A. APPROVAL OF ORDINANCE NO. 1039

This Ordinance was introduced at the regular City Council meeting of September 8, 2015.

Motion/Second: Donahue/Ramirez

ROLL CALL VOTE:	Council Member Ramirez	AYE
	Council Member Shawver	AYE
	Council Member Warren	AYE
	Mayor Pro Tem Donahue	AYE
	Mayor Ethans	AYE

Motion unanimously carried:

1. The City Clerk read the title of Ordinance No. 1039, entitled:

“AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ADDING CHAPTER 5.70 (COFFEEHOUSES) TO TITLE 5 OF THE STANTON MUNICIPAL CODE”; and

2. Declared that the project is exempt from the California Environmental Quality Act (“CEQA”) under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and Section 15262 (Feasibility and Planning Studies); and
3. Adopted Ordinance No. 1039.

12. NEW BUSINESS None.

13. ORAL COMMUNICATIONS – PUBLIC

Glenn Vodhanel, President, Progressive Solutions Inc., spoke in opposition to consent calendar item 9I (Agreement with HdL Software LLC).

14. WRITTEN COMMUNICATIONS None.

DRAFT

15. MAYOR/CHAIRMAN/COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS

15A. COMMITTEE REPORTS/COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS

- Council Member Shawver reported on his attendance at the Public Cable Television Authority/National Association of Telecommunications Officers and Advisors 2015 Annual Conference in San Diego.
- Council Member Ramirez reported on his successful crop of pumpkins this year, which are scheduled to be donated to the City's 2015 Halloween Fun with Family and Friends event.
- Council Member Carol Warren reported on her attendance at the 2015 Livingstone CDC Recognition & Benefit Gala.
- Mayor Pro Tem Donahue spoke regarding the Stanton Community Foundations 2nd Annual Charity Shootout, which is scheduled to be held on October 7, 2015 at FT3 Tactical.
- Mayor Ethans reported on the Orange County Vector Control District's West Nile virus alerts and cases.

15B. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE COUNCIL MEETING

None.

15C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

None.

16. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

None.

DRAFT

17. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

- City Manager Box and Director Rigg provided the City Council with an update regarding construction on Stanton Central Park.

17A. ORANGE COUNTY FIRE AUTHORITY

Captain Alan Wilkes provided the City Council with an update on their current operations.

18. ADJOURNMENT Motion/Second: Ethans/ Motion carried at 7:32 p.m.

MAYOR/CHAIRMAN

ATTEST:

CITY CLERK/SECRETARY

CITY OF STANTON

REPORT TO STANTON HOUSING AUTHORITY

TO: Honorable Chairperson and Members of the Authority

DATE: October 13, 2015

SUBJECT: HOUSING AUTHORITY ANNUAL REPORT FOR FISCAL YEAR 2014-2015

REPORT IN BRIEF:

The attached Housing Authority Annual Report for Fiscal Year 2014-2015 is being presented for consideration as required by State Law.

RECOMMENDED ACTION:

1. Authority Board declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Receive and file the Annual Progress Report.

BACKGROUND:

State law requires the preparation and submittal of an annual report to the Agency Board and the State Housing and Community Development Department (HCD). The purpose of the report is to provide the Agency Board and HCD with information on the activities undertaken in the previous fiscal year by the Housing Authority.

The purpose of the report is to:

- Provide a complete report of activities during FY 2014-2015, including any bond issuances, and loans or finance agreements that the Authority has entered into;
- Show compliance with requirements of HSC Section 34312.3, such as identifying the minimum amount of housing units affordable to lower income in projects assisted by the Authority, and documenting established base rents and/or maximum rental payments for lower income households;

- Document any domestic violence tenancy terminations or Section 8 voucher terminations as required by HSC Section 34328.1;
- To report on the progress of meeting the five-year development obligation; and
- To report on the outstanding replacement housing obligations from the former redevelopment agency.

ANALYSIS/JUSTIFICATION:

The Progress Report contains a summary of actions that occurred during fiscal year 2014-2015. Included in the Progress Report is information regarding land transactions and development, as well as actions taken by the Agency to meet the five-year development obligation requirements.

In regards to land transactions, on February 24, 2015, the Housing Authority approved a Purchase and Sale Agreement with USS Cal Builders, Inc. for the sale of the property at 12282 Beach Blvd. (APNs: 131-483-01, 02, and 03) for \$1,400,000.00. The proceeds received from the sale of the property were deposited into the Housing Authority fund. The property was sold to USS Cal Builders, Inc. for the purpose of developing the property, to include a mix of uses, specifically, a restaurant, outpatient health clinic, and an assisted living facility.

The report also identifies the actions taken by the Authority in regards to meeting the five-year development and replacement housing obligation. Pursuant to Health and Safety Code Section 33334.16, for each interest in real property acquired using moneys from the Low and Moderate Income Housing Fund of the former Redevelopment Agency, within five years from the date the Housing Asset Transfer was approved by the Department of Finance, the Housing Authority must initiate activities consistent with the development of property for the purpose of providing low and moderate income housing. These activities may include, but are not limited to, zoning changes, or agreements entered into for the development and disposition of the properties. The majority of the properties transferred are related to the redevelopment of the City's Tina/Pacific neighborhood. The Authority has chosen a preferred partner, The Related Company, for the completion of the project. The Authority is currently in the process of reviewing the developer's proposal and anticipates finalizing an agreement by the first quarter of 2016.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA, this project has been determined to

be exempt under Section 15061(b)(3), as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

PUBLIC NOTIFICATION:

Through the regular agenda process.

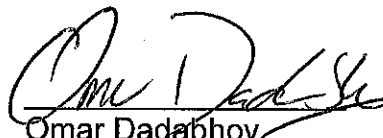
STRATEGIC PLAN OBJECTIVE ADDRESSED:

6 – Maintain and promote a responsive, high quality, and transparent government.

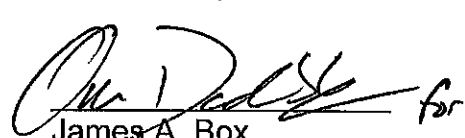
Prepared by:


Kelly Hart
Associate Planner

Reviewed by:

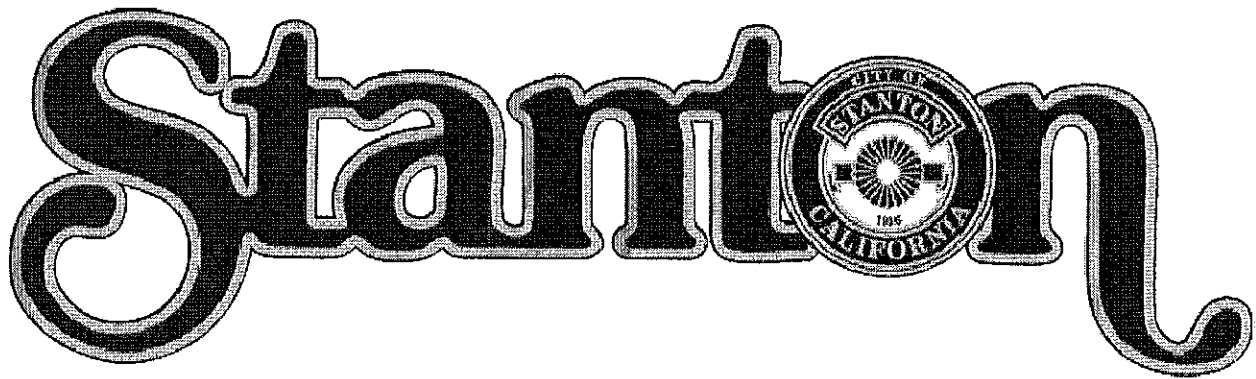

Omar Dadabhoy
Deputy Executive Director

Approved by:

 for
James A. Box
Executive Director

Attachments:

A. Annual Progress Report for Fiscal Year 2014-2015



Stanton Housing Authority

Annual Progress Report
For Fiscal Year –2014-2015

Prepared For:

STANTON HOUSING AUTHORITY BOARD

7800 KATELLA AVENUE
STANTON, CA 90680

and

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

DIVISION OF HOUSING POLICY DEVELOPMENT

P.O. Box 952053

SACRAMENTO, CA 94252-2053

(916) 445-4728

Submitted By:

THE STANTON HOUSING AUTHORITY

7800 KATELLA AVENUE
STANTON, CA 90680

OCTOBER 1, 2015

CONTACTS:

OMAR DADABHOY
DEPUTY EXECUTIVE DIRECTOR
(714) 890-4213

STANTON HOUSING AUTHORITY

FISCAL YEAR 2014-2015 ANNUAL REPORT

INTRODUCTION

Pursuant to California Health and Safety Code ("HSC") Section 34328, the Stanton Housing Authority ("Authority") is required to annually file with the city clerk of the City of Stanton and with the Department of Housing and Community Development ("HCD") a report ("Annual Report") of its activities for the preceding fiscal year. This serves as the Authority's Annual Report for the 2014-15 Fiscal Year.

LEGAL AUTHORITY

The State legislature authorizes the creation of local housing authorities under the California Housing Authorities Law (codified as California Health and Safety Code Section 34200 *et seq.*). Housing authorities are independent legal entities with the primary responsibility of providing housing for very low and low income households. A housing authority is created by resolution of the local governing body which must include findings that either of the following is true: (1) unsanitary or unsafe housing exists in the city or (2) there is a shortage of safe or sanitary housing available to persons of low income.

On January 10, 2012, the City Council of the City of Stanton adopted Resolution No. 2012-03, confirming that both aforementioned findings have been met to establish the Authority in accordance with the California Housing Authorities Law.

RECENT CHANGES TO THE HOUSING AUTHORITY

The State Legislature adopted SB 341 into law, effective January 1, 2014, which created new reporting requirements for the Housing Authority. The Housing Authority, as the Housing Successor Agency, must submit an annual financial audit of the Low and Moderate Income Housing Asset Fund to the Housing Authority Board by December 31st of each year. Additionally, the Housing Authority must provide an Annual Report that demonstrates the Housing Successor Agency compliance with the expenditures limits set forth in SB 341. The initial reporting period is January 1, 2014 through December 31, 2018. The Report must include the following information: amount deposited into the Housing Fund, balance statement for the Housing Fund, description of expenditures by category, value of the real property, a description of any transfers, description of ROPS funded projects, status of properties pursuant to the 5-year disposition period, update on inclusionary and replacement housing obligations, compliance with expenditures in the 5-year period, percentage of units restricted to Seniors, and the amount of any excess surplus.

OBJECTIVES OF THE HOUSING AUTHORITY

The Authority is a powerful tool to meet the affordable housing needs of a wide range of residents. For many housing authorities, their primary role is to interact with the Department

of Housing and Urban Development ("HUD") on behalf of their communities, and to function as the administrator of "Section 8" funds, as defined by Section 8 of the United States Housing Act of 1937. This entails determining applicants' eligibility to receive Section 8 assistance, maintaining a waiting list of eligible participants, contracting with owners, and ensuring that contracted rent prices are reasonable. However, the Authority intends to achieve a broader range of goals related to affordable housing by increasing and improving the supply and type of homes available to lower income families including, but not limited to, those receiving federal assistance through the Section 8 program.

More specifically, the Authority's future goals and objectives mirror those of the City of Stanton's Housing Element and that of the former Agency. The primary objectives of the Authority are to:

- Preserve and improve existing affordable housing;
- Provide adequate housing sites;
- Assist in development of affordable housing;
- Remove governmental constraints; and
- Promote equal housing opportunities.

CONTENTS OF AUTHORITY'S ANNUAL REPORT

This Annual Report has been developed to accomplish the following goals:

- To provide a complete report of activities during FY 2014-15, including any bond issuances, and loans or finance agreements that the Authority has entered into;
- To show compliance with requirements of HSC Section 34312.3, such as identifying the minimum amount of housing units affordable to lower income in projects assisted by the Authority, and documenting established base rents and/or maximum rental payments for lower income households;
- To document any domestic violence tenancy terminations or Section 8 voucher terminations as required by HSC Section 34328.1;
- To report on the progress of meeting the five-year development obligation; and
- To report on the outstanding replacement housing obligations from the former redevelopment agency.

HOUSING AUTHORITY DEBT OBLIGATIONS

Pursuant to HSC Section 34328, the Authority must provide a complete report of its activities taken in accordance with HSC Section 34312.3 during the prior fiscal year, which includes bonds, loans and financing agreements for multi-family rental housing projects. The Authority has not issued any bonds or entered into any loans or financing agreements related to multi-family rental housing projects.

A detailed description of the sources of cash and loans receivable are provided in Appendix 1. The Authority is not obligated to repay cash or loan receivables transferred by the Successor Agency because the Authority acts as the Housing Successor to the former Agency pursuant to HSC Section 34176.

Any future financing for the acquisition, construction, rehabilitation, or development of multi-family housing through the issuance of bonds, construction loans, mortgage loans, and/or financing agreements will be documented in future Annual Reports.

LAND TRANSACTIONS AND DEVELOPMENT

Pursuant to HSC Section 34312.3, the Authority must also report activities related to the development or transaction of land for the purposes of increasing the supply of affordable housing for lower income households. The Authority's activities in FY 2014-15 primarily consisted of receiving and maintaining properties transferred from the Agency.

On February 24, 2015, the Housing Authority approved a Purchase and Sale Agreement with USS Cal Builders, Inc. for the sale of the property at 12282 Beach Blvd. (APNs: 131-483-01, 02, and 03) for \$1,400,000.00. The proceeds received from the sale of the property were deposited into the Housing Authority fund. The property was sold to USS Cal Builders, Inc. for the purpose of developing the property, to include a mix of uses, specifically, a restaurant, outpatient health clinic, and an assisted living facility.

HOUSING UNIT COMPLIANCE

Pursuant to HSC Section 34312.3, not less than 20 percent of the units assisted by the Authority, or 15 percent in targeted areas (as defined by Section 103(b) (12) (A) of Title 26 of the United States Code) must be affordable to persons of low income. If housing projects are financed by bonds issued by the Authority, at least 10% of the units must be available to persons of very low income. Development projects financed with bonds must also be approved by the local governing body and the local school district prior to construction or ownership. Nevertheless, the power to finance, own, build, and/or operate a housing development allows the Authority to take on a more active role in the creation and maintenance of housing for low income families.

HSC Section 34312.3 establishes a set of guidelines to determine base and maximum rents that a housing authority can charge for units reserved for lower income households.

According to HSC Section 34312.3, rental payments for very low and low income households shall not exceed the amounts calculated pursuant to Section 8.

The Authority did not assist any affordable housing units in the 2014-15 Fiscal Year. As such, the Authority is not subject to the additional requirement for very low income households pursuant to HSC Section 34312.3(c)(2)(A). The Authority will ensure that income and rent levels in any future housing units will meet the requirements detailed in HSC Section 34312.3.

DOMESTIC VIOLENCE

The Authority must annually disclose data related to domestic violence incidents in units owned or operated by the Authority. Specifically, the data must include:

- Data on termination of tenancies and/or Section 8 vouchers of victims of domestic violence in housing authority units.
- Summary of steps taken by the housing authority to address any termination of tenancies and/or Section 8 vouchers of victims of domestic violence.

During Fiscal Year 2014-15, the Authority or its lessees did not terminate tenancies for based on domestic violence.

FIVE-YEAR DEVELOPMENT OBLIGATION REQUIREMENT

Pursuant to Health and Safety Code Section 33334.16, for each interest in real property acquired using moneys from the Low and Moderate Income Housing Fund of the former Redevelopment Agency, within five years from the date the Housing Asset Transfer was approved by the Department of Finance, the Housing Authority must initiate activities consistent with the development of property for the purpose of providing low and moderate income housing. These activities may include, but are not limited to, zoning changes, or agreements entered into for the development and disposition of the properties. The Housing Asset transfers to the Housing Authority were completed on May 7, 2014; the State Controller's Office approved the final Housing Asset transfers to the Stanton Housing Authority.

The majority of the properties transferred are related to the redevelopment of the City's Tina/Pacific neighborhood. The Authority has chosen a preferred partner, The Related Company, for the completion of the project. The Authority is currently in the process of reviewing the developer's proposal and anticipates finalizing an agreement by the first quarter of 2016.

REPLACEMENT HOUSING OBLIGATION

Prior to the dissolution of redevelopment, the Stanton Redevelopment Agency purchased twenty-five (25) properties in the Tina/Pacific neighborhood utilizing the Low and Moderate Income Housing Fund. The Agency relocated residents from twelve (12) of the

properties, and subsequently demolished the buildings. In total sixty-one (61) residential units were removed.

In order to meet the replacement housing obligation, the Authority is moving forward with completing the redevelopment of the Tina/Pacific neighborhood. The Authority is entering into an agreement with a preferred affordable housing developer, The Related Company, to complete the remaining acquisitions, relocations, and redevelopment of the properties. As part of the redevelopment, the Authority will be development a replacement housing plan in order to ensure all replacement housing obligations are met.

FINANCIAL STATEMENT/BUDGET

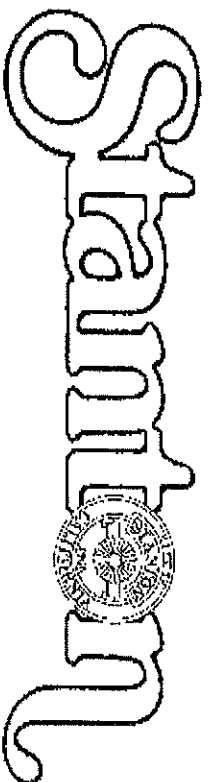
The Authority's fund balance was \$10,651,360.21 as of June 30, 2015. The fund balance is composed of \$3,166,727.13 in cash, \$4,726,881.87 in bond funds and \$2,782,919.69 in loans/advance/receivables minus \$26,168.48 in liabilities. The Housing Authority also owns \$20,512,863.00 in properties approved through the Housing Asset Transfer by the DOF.

Appendix 1

Description of Cash and Loan Receivables

General Ledger Summary Trial Balance

User: becourney
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Period 1 to 13, 2015



Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
Fund: 285	Housing Authority					
ASSETS						
285-0000-111101	Cash-Sanwa	0.00	1,391,110.38	3,692,366.87	1,916,750.12	3,166,727.13
285-0000-111415	Cash w/ F/A 2011-A Hsg	0.00	4,725,632.93	1,248.94	0.00	4,726,881.87
285-0000-123100	Accounts Receivable	0.00	1,695.49	773.03	1,695.49	773.03
285-0000-123200	Interest Receivable	0.00	141.86	344.66	141.86	344.66
285-0000-123603	Loan Receivable-Home Rehab	0.00	1,354,000.00	0.00	50,000.00	1,304,000.00
285-0000-123604	Loan Receivable-1st Time Home	0.00	40,000.00	0.00	0.00	40,000.00
285-0000-123630	Loan Receivable/Plaza Patria	0.00	0.00	0.00	0.00	0.00
285-0000-123712	United Cerebral Palsy Note	0.00	329,201.41	7,747.83	0.00	336,949.24
285-0000-123713	Allowance for uncollectible	0.00	(329,201.41)	0.00	7,747.83	(336,949.24)
285-0000-124900	Prepays	0.00	0.00	0.00	0.00	0.00
285-0000-125741	Advance to Fund 741	0.00	1,729,870.20	0.00	292,068.20	1,437,802.00
285-0000-135090	Land Held For Resale	0.00	6,393,140.72	0.00	3,393,140.72	3,000,000.00
ASSETS Totals:			15,635,591.58	3,702,481.33	5,661,544.22	13,676,528.69
LIABILITIES						
285-0000-201100	Accounts Payable	0.00	(15,331.30)	241,269.30	241,392.87	(15,454.87)
285-0000-201301	Net Wages Payable	0.00	(9,547.06)	9,547.06	9,713.61	(9,713.61)
285-0000-203200	Unearned Revenue	0.00	(12,664.40)	12,664.40	0.00	0.00
LIABILITIES Totals:			(37,542.76)	263,480.76	251,106.48	(25,168.48)
FUND BALANCE						
285-0000-304210	Resv For Lng Term Receivable	0.00	(3,111,205.80)	329,403.80	0.00	(2,781,802.00)
285-0000-304320	Fund Balance	0.00	(12,486,843.02)	0.00	329,403.80	(12,816,246.82)
FUND BALANCE Totals:			(15,598,048.82)	329,403.80	329,403.80	(15,598,048.82)

REVENUE

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
285-0000-435100	Interest Earned	4,000.00	0.00	0.00	21,990.51	(21,990.51)
285-0000-436140	Tina Wy/Pacific Ave Property R	430,000.00	0.00	0.00	537,441.00	(537,441.00)
285-0000-437135	Expense Reimbursement	0.00	0.00	1,695.49	6,022.82	(4,327.33)
285-0000-437145	Sale Of Assets	0.00	0.00	1,394,329.50	2,794,329.50	(1,400,000.00)
285-0000-437195	Other Revenue	0.00	0.00	0.00	2,200.00	(2,200.00)
285-0000-439712	Transfr from Redev Obli Reitre	0.00	0.00	0.00	66.74	(66.74)
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REVENUE Totals:		434,000.00	0.00	1,396,024.99	3,362,050.57	(1,966,025.58)
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EXPENSE						
Dept: 4100						
285-4100-602100	Special Dept Expense	6,000.00	0.00	3,494,797.00	0.00	3,494,797.00
285-4100-602110	Office Expense	1,000.00	0.00	311.69	0.00	311.69
285-4100-603120	Minor Repairs	66,000.00	0.00	71,134.60	0.00	71,134.60
285-4100-604105	Utilities	45,000.00	0.00	43,527.79	3,092.14	40,435.65
285-4100-608105	Professional Services	30,000.00	0.00	15,741.88	0.00	15,741.88
285-4100-610135	Relocation Assistance	50,000.00	0.00	17,000.67	330.08	16,670.59
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Dept 4100 EXPENSE Totals:		198,000.00	0.00	3,642,513.63	3,422.22	3,639,091.41
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Dept: 6400						
285-6400-501110	Salaries-Regular	160,758.00	0.00	173,350.26	12,219.11	161,131.15
285-6400-501115	Salaries-Overtime	0.00	0.00	140.87	0.00	140.87
285-6400-501120	Salaries-Part Time	0.00	0.00	16.96	0.00	16.96
285-6400-502100	Retirement	36,823.00	0.00	38,408.82	1,594.22	36,814.60
285-6400-502105	Workers Comp Insurance	3,101.00	0.00	3,223.76	0.00	3,223.76
285-6400-502110	Health/Life Insurance	18,841.00	0.00	19,725.05	883.18	18,841.87
285-6400-502115	Unemployment Insurance	781.00	0.00	782.23	0.00	782.23
285-6400-502120	Medicare/Fica	2,331.00	0.00	2,420.24	96.75	2,323.49
285-6400-608100	Contractual Services	2,500.00	0.00	1,672.20	139.35	1,532.85
285-6400-612105	Vehicle Replacement Charge	2,001.00	0.00	2,001.00	0.00	2,001.00
285-6400-612115	Liability Insurance Charge	9,340.00	0.00	9,340.00	0.00	9,340.00
285-6400-612120	Workers' Compensation Charge	0.00	0.00	0.00	0.00	0.00
285-6400-612125	Employee Benefits	25,528.00	0.00	25,528.00	0.00	25,528.00
285-6400-612200	Allocated Costs	11,946.00	0.00	11,946.00	0.00	11,946.00
285-6400-790100	Land Acquisition	0.00	0.00	0.00	0.00	0.00
285-6400-800712	Transfer to Succ Agency	0.00	0.00	0.00	0.00	0.00
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Dept 6400 EXPENSE Totals:		273,950.00	0.00	288,555.39	14,932.61	273,622.78
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Dept: 6600						
285-6600-760100	Demolition/Condemnation	0.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	Dept 6600 EXPENSE Totals:	0.00	0.00	0.00	0.00	0.00
	EXPENSE Totals:	471,950.00	0.00	3,931,069.02	18,354.83	3,912,714.19
	Fund 285 Totals:	(37,950.00)	(0.00)	9,622,459.90	9,622,459.90	0.00
	Report Totals:	(37,950.00)	(0.00)	9,622,459.90	9,622,459.90	0.00

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: October 13, 2015

**SUBJECT: ACCEPTANCE OF THE CITYWIDE CATCH BASIN ENVIRONMENTAL
CLEANUP PROGRAM PROJECT BY THE CITY COUNCIL OF THE
CITY OF STANTON, CALIFORNIA**

REPORT IN BRIEF:

The Citywide Catch Basin Environmental Cleanup Program Project has been completed in accordance with the contract agreement. The final construction and inspection cost for the project was \$107,533.44. The City Engineer, in his judgment, certifies that the work was satisfactorily completed as of June 30, 2015 and recommends that the City Council accept the completed work performed on this project.

RECOMMENDED ACTION:

1. City Council declare this project categorically exempt under the California Environmental Quality Act, Class 1, and Section 15301; and
2. Accept the completion of improvements for the Citywide Catch Basin Environmental Cleanup Program Project, as certified by the City Engineer, and affix the date of June 30, 2015 as the date of completion of all work on this project; and
3. Approve the final construction contract amount of \$107,533.44 with Bio Clean Environmental Services, Inc.; and
4. Direct the City Clerk within ten (10) days from the date of acceptance to file the Notice of Completion (Attachment) with the County Recorder of the County of Orange; and
5. Direct City staff, upon expiration of the thirty-five (35) days from the filing of the "Notice of Completion," to make the retention payment to Bio Clean Environmental Services, Inc. in the amount of \$5,376.67.

BACKGROUND:

On March 11, 2013, the OCTA Board of Directors authorized staff to issue the Measure M2 ECP, Tier 1 Fiscal Year 2013-14 call for projects. The City applied for and was successful in capturing \$120,000 in grant funding under the M2 Environmental Cleanup Program. The program distributes funds on a competitive basis for the purchase and installation of Best Management Practices (BMP's) such as catch basin inserts and screens.

The M2 ECP Tier 1 is designed to mitigate the more visible forms of pollutants, such as litter and debris that collects on the roadways and in the catch basins prior to being deposited in waterways and the ocean. It consists of funding for the equipment purchase and installation of screens, filters, inserts, and other "street scale" low flow diversion devices for existing catch basin structures.

Staff identified approximately sixty one (61) catch basins throughout the City for this project. These catches are located in high priority areas around the commercial, industrial, and medium to high density residential neighborhoods that are prone to high levels of trash and debris. These catch basins were retrofitted with the high capacity round curb inlet filter by Bio Clean Environmental Services, Inc. which serves to capture trash and debris and prevent them from flowing into our water ways.

On February 10, 2015, the City Council awarded the contract for the completion of the Citywide Catch Basin Environmental Cleanup Program Project to Bio Clean Environmental Services, Inc. in the amount of \$107,533.44. The project began construction in the spring of 2015 and is now complete.

ANALYSIS/JUSTIFICATION:

The Citywide Catch Basin Environmental Cleanup Program Project has been completed in conformance with contract agreement and has been accepted by the City Engineer. The payment to the contractor and the filing of the Notice of Completion is required under the terms of the Construction Agreement for this project.

FISCAL IMPACT:

This project was not funded in the FY2014-15 Capital Improvement Program. A budget adjustment was created to allocate these funds which will be from the grant. The City will receive up to \$120,000 in Tier 1 Grant Program funds. The City proposes to use an in-kind match of \$68,687 (36% of the total project cost). The in-kind matching component is comprised of the Public Works staff time required to maintain the catch basin devices over a period of ten (10) years. This amount is in excess of the 25% minimum in-kind match required to be eligible for this grant.

ENVIRONMENTAL IMPACT:

This project was categorically exempt under the California Environmental Quality Act, Class 1, and Section 15301.

LEGAL REVIEW:

None.


PUBLIC NOTIFICATION:

Notifications and advertisement were performed as prescribed by law.


STRATEGIC PLAN OBJECTIVE ADDRESSED:

Provide a quality infrastructure.


Prepared by:


Stephanie Camorlinga
Engineering Assistant

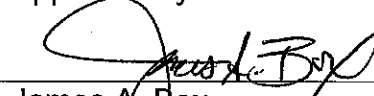
Reviewed by:


Allan Rigg, P.E. AICP
Director of Public Works

Concur:


Stephen Parker, CPA
Administrative Services Director

Approved by:


James A. Box
City Manager

ATTACHMENT:

(1) Notice of Completion

Recording requested by and
when recorded mail to:

CITY OF STANTON
7800 KATELLA AVE.
STANTON, CA 90680

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE SECTION 6103

(Space above this line for Recorder's use)

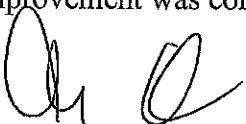
NOTICE OF COMPLETION

Notice pursuant to Civil Code Section 3093, must be filed within 10 days after completion.

Notice is hereby given that:

1. The undersigned is owner or corporate officer of the owner of the interest or estate stated below in the property hereinafter described:
2. The full name of the owner is the City of Stanton.
3. The full address of owner is 7800 Katella Avenue, Stanton, CA 90680.
4. The nature of the interest or estate of the owner is: Public Right of Way.
5. A work of improvement on the property hereinafter described was completed on June 30, 2015. The work was the Citywide Catch Basin Environmental Cleanup Program Project.
6. The name of the contractor for such work of improvement was: Bio Clean Environmental Services, Inc.
7. The property on which said work of improvement was completed is in the City of: Stanton, County of Orange, State of California.

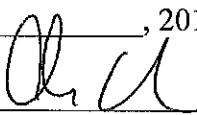
Dated: 9/22/15
Verification for Individual Owner


_____, City of Stanton
Allan Rigg, City Engineer

VERIFICATION

I, the undersigned, say: I am the City Engineer of the City of Stanton, the declarant of the foregoing Notice of Completion; I have read said Notice of Completion and know the contents thereof; the same is true of my own knowledge. I declare under penalty of perjury that the foregoing is true and correct.

Executed on 9/22/15, 2015, at Stanton, California.


_____, City of Stanton
Allan Rigg, City Engineer

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: October 13, 2015

SUBJECT: CHANGE ORDER FOR BEACH BOULEVARD AND VILLAGE CENTER DRIVE TRAFFIC SIGNAL IMPROVEMENT PROJECT

REPORT IN BRIEF:

The construction contract for the Beach Boulevard and Village Center Drive Traffic Signal Improvement is for \$388,888.00. Change orders approved at staff level are well under the 10% maximum authorized at the time of award; at 4.6%. The latest change orders are for the cost increase for rubberized paving within the project area and to extend paving limits to improve the end product. The new costs for the mentioned would cause changes to exceed the 10% authorization limit of the City Manager. Therefore, Staff requests that the Council authorize Change Order 006 and Change Order 007 in the total additive amount of \$31,495.13.

RECOMMENDED ACTION:

1. City Council approve Change Order 006 and Change Order 007 in the total additive amount of \$31,495.13 to PTM General Engineering Services, Inc. for the Beach Boulevard and Village Center Drive Traffic Signal Improvement; and
2. Authorize the Mayor to execute Change Order No. 006 and Change Order No. 007.

BACKGROUND:

On June 10, 2014, City Council awarded a construction contract to PTM General Engineering Services, Inc. for the Beach Boulevard and Village Center Drive Traffic Signal Improvements Project for the contract price of \$388,888.00. The total amount budgeted for the project is \$500,000.00. The original Caltrans

approved plans and specifications for the project specified new asphalt concrete where the medians were removed. Upon field inspection, it was specifically requested by Caltrans to install a rubberized asphalt concrete material to match the existing pavement in the intersection. Also, in order to improve the transition into the north bound left turn pocket at the intersection, paving limits were extended to include the entire lane. The work has already been completed as further delays would have caused an unsafe condition and potentially a more costly outcome. To complete this work, the Contractor has requested a total increase in the contract amount of \$31,495.13.

Total Budgeted	\$ 500,000.00
Construction Contract	\$ 388,888.00
Staff Level Approval Change Orders (4.6% of Construction Contract)	\$ 17,954.07
Change Order 006 and 007 (8.1% of Construction Contract)	\$ 31,495.13

ANALYSIS/JUSTIFICATION:

Change orders 006 and 007 are for the placement of rubberized asphalt concrete to match the existing pavement along Beach Boulevard and extending the paving limits to include the north bound left turn pocket. Both changes will provide an improved product as the pavement will last longer when transitions are more cohesive and in reduce the chance of weathering at the joints.

The contract increase as the cost requested by the contractor is \$31,495.13 which is 8.1% of the construction contract. With previously approved change orders totaling 4.6% of the construction contract, the approval of the new change orders would exceed the 10% limit authorized for the City Manager.

FISCAL IMPACT:

This project was budgeted in the FY 13-14 Capital Improvement Program with \$500,000.00 for construction and construction management. Funds for this project are available in account 220-3500-710190 using Measure M Funds. The amount budgeted for this project was \$500,000.00. As the project is nearly completed, there are sufficient funds available to cover the anticipated expenditures. This project does not have any impact on the General Fund.

ENVIRONMENTAL IMPACT:

This project is categorically exempt under the California Environmental Quality Act Section 15301, Class 1(c) as improvements to existing facilities.

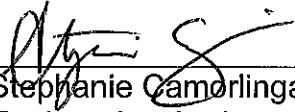
PUBLIC NOTIFICATION:

Notifications and advertisement were performed as prescribed by law.

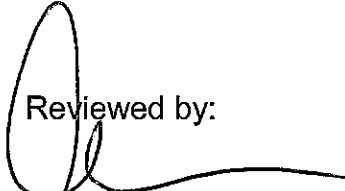
STRATEGIC PLAN OBJECTIVE ADDRESSED:

3 - Provide a quality infrastructure.

Prepared by:


Stephanie Camorlinga
Engineering Assistant

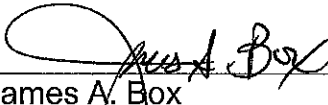
Reviewed by:


Allan Rigg, P.E. AICP
Director of Public Works

Concur:


Stephen Parker, CPA
Administrative Services Director

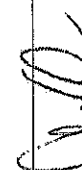
Approved by:


James A. Box
City Manager

ATTACHMENTS:

- 1) Council Change Order No. 006 and 007

DAILY EXTRA WORK REPORT

City Of Stanton Contractor Job: P14.13 - Beach And County Village Work Performed By: PTM General Engineering Services, Inc. Description of Work: CT&T Cost To Grind And Pave NB LT Beach		Change Order: 996 Billing Number: 8.0 Report Date: 7/24/2015 Perform Date: 7/23/2015	
Material/Specialist Work/Lump Sum or Unit Price Payment Invoice No.: 15144D Invoice Date: 7/23/2015 Vendor Name / Invoice Description: CT&T / Repave NB LT Lane		Contract: P14.13 Units: 1.000 Unit Price: 14,214.55 Extended: 14,214.55	
<div style="display: flex; justify-content: space-between;"> <div> Labor Charges Equipment Charges Material Charges Subtotal 14,214.55 MU 16.00% 2,274.33 Material Total 16,488.88 Activity Total 16,488.88 </div> <div> Work Total 16,488.88 Bill Subtotal 16,488.88 </div> </div>			
Accepted:  Contractor:		For Owner/Resident Engineer's Use Only <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> New Bill <input type="checkbox"/> Resubmittal </div> <div> <input type="checkbox"/> Approved for Payment <input type="checkbox"/> Returned for Correction </div> <div> Date of Action Date Received </div> </div>	
Owner:		Bill Total + 16,488.88 Method: +EW@FA Bridge: N Delay: N Page 1	

PTM General Engineering Service Inc.
P. O. Box 7745 Riverside, Ca. 92513-7745
Contractor's License # 947817 Class A; C-10; C-31;

Via E-mail

June 29, 2015

*City of Stanton
7800 Katella Ave
Stanton, Ca 90680-3162*

Attention: Armando Solis, Project Manager

*Reference: Beach Blvd. and Village Center Traffic Signal Improvements
PTM Project #P14.13*

Subject: Change Order Request

Mr. Solis,

Below is the additional cost for the provisions of including any credits applicable along with agency provisions of survey and material testing as needed.

*#1.0 Placement of AC section of 6" Type B and 2" Rubber Mix Asphalt material
#2.0 Coldmill, variable thickness, clean and haul debris, apply SS-1H tack and install 2" hot rubberized asphalt mix approx... 2,101 SF.*

<i>Description</i>	<i>U/M</i>	<i>Qty.</i>	<i>Unit Price</i>	<i>Extended Cost</i>
<i>#1.0 Placement of 2" Rubber Mix...</i>	<i>TN</i>	<i>60</i>	<i>\$31.25</i>	<i>\$1,875.00</i>
<i>#2.0 Coldmill variable thicknesses...</i>	<i>SF</i>	<i>2101</i>	<i>\$6.25</i>	<i>13,131.25</i>

Total Change Order Request *\$15,006.25*

Please free to contact me at 951.710.1000 or 951.722.5755

Thank You,

*PTM General Engineering
Brian Mendoza
Project Manager*

Phone: 951.710.1000 Fax: 951.710.1006

CITY OF STANTON

REPORT TO THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

TO: Honorable Chair and Members of the Successor Agency

DATE: October 13, 2015

**SUBJECT: CONSIDERATION OF A RESOLUTION APPROVING THE PURCHASE
AND SALE AGREEMENT WITH FRONTIER REAL ESTATE
INVESTMENTS, INC FOR ELEVEN PROPERTIES LOCATED AT 11382,
11430 AND 11462 BEACH BOULEVARD**

REPORT IN BRIEF:

Consistent with the Successor Agencies Long Range Property Management Plan, Staff is recommending approval of the sale of eleven properties located at 11382, 11430 and 11462 Beach Boulevard to Frontier Real Estate Investments, Inc. for \$2,100,000.00. The Successor Agency had previously approved a Disposition and Development Agreement (DDA) for the sale of these properties, which was not approved by the State Department of Finance.

RECOMMENDED ACTIONS:

1. Successor Agency declare that the proposed disposition of the land pursuant to the Purchase and Sale Agreement is consistent with the adopted Project EIR approved for the Stanton Plaza Specific Plan and direct staff to file the notice of determination; and
2. Approve Resolution No. SA 2015-07 approving the Purchase and Sale Agreement for the sale of the properties identified by APN Nos. 131-691-49, 50, 51, 58, 59, 60, 61, 62, 63, 64, and 65 for a total of \$2,100,000.00 to Frontier Real Estate Investments, Inc.; and
3. Authorize the Executive Director to execute the necessary documents and take all actions reasonably necessary to complete the sale of the properties.

BACKGROUND:

As part of the dissolution of the former Stanton Redevelopment Agency, the Successor Agency developed a Long Range Property Management Plan (LRPMP) to identify the disposition and use of the real properties of the former Stanton Redevelopment Agency. This plan was approved by the Oversight Board of the Successor Agency and by the Department of Finance. As part of the LRPMP, the DOF approved the Successor

Agency's plan to sell eleven properties located at 11382, 11430 and 11462 Beach Boulevard, totaling 126,975 square feet or 2.9 acres in size. This area is known as the Stanton Plaza or Renaissance Plaza and is generally located at the northeast corner of Beach Boulevard and Orangewood Avenue.

As these properties are listed as Successor Agency assets in the LRPMP, revenues generated from the sale will be distributed to the local taxing entities by the County Auditor/Controller.

ANALYSIS/JUSTIFICATION:

The Successor Agency and Oversight Board, both approved a previous Disposition and Development Agreement (DDA) for the sale of the properties under consideration as part of this agenda item. However, as the DDA allowed the Successor Agency certain rights, including review of proposed tenants by the developer, the State Department of Finance did not approve the DDA. In their decision (Attachment B) the DOF stated that "Successor Agencies shall lack the authority to, and shall not, create new enforceable obligations or begin new redevelopment work." While it is staff's opinion that the DOF lacks basis for this decision, particularly after the City, Successor Agency and Oversight Board approved an Assignment Agreement providing the City with any post-closing "rights" under the DDA, in order to expedite the process, the City Attorney's Office has prepared the attached Purchase and Sale Agreement.

To ensure that the community receives a well-designed project in a timely manner on the property, the PSA includes a condition precedent to the close of escrow which requires Frontier Real Estate to enter into an Agreement Affecting Real Property which will address all of the development concerns previously contained in the DDA. That agreement is anticipated to be presented to the City Council in the near future.

FISCAL IMPACT:

Sale of the properties will generate \$2.1 million in revenue less brokerage and escrow fees. The net proceeds from the sale of the properties will be conveyed to the County Auditor Controller's office for distribution to the taxing entities.

ENVIRONMENTAL IMPACT:

A Project EIR was adopted by the City Council as part of the Stanton Plaza Specific Plan. The scope of development proposed in the DDA is consistent with the existing Project EIR and as such, no further CEQA review is required.

LEGAL REVIEW:

The City Attorney has reviewed this report and the attached resolution on behalf of the Successor Agency.

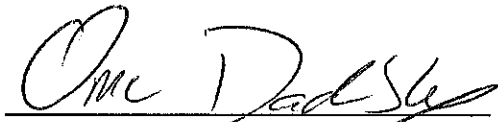
PUBLIC NOTIFICATION:

Through the normal agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

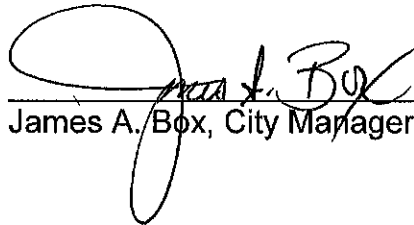
2.1 – Pursue redevelopment/revitalization opportunities identified in focused areas throughout the City – Beach Blvd.

Prepared by:



Omar M. Dadabhoy
Community Development Director

Approved by:



James A. Box, City Manager

Attachments:

- A. Resolution No. SA 2015-07 (Purchase and Sale Agreement with Frontier Development included as Exhibit A)
- B. Letter dated September 28, 2015 from the Department of Finance regarding previous Successor Agency and Oversight Board action on Disposition and Development Agreement

RESOLUTION NO. SA 2015-07

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY APPROVING A PURCHASE AND SALE AGREEMENT WITH FRONTIER REAL ESTATE INVESTMENTS, INC. FOR ELEVEN PROPERTIES LOCATED AT 11382, 11430 AND 11462 BEACH BOULEVARD

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Stanton ("Successor Agency") is the successor agency to the Stanton Redevelopment Agency ("Agency"); and

WHEREAS, pursuant to Health and Safety Code section 34179(a), the Oversight Board is the Successor Agency's oversight board; and

WHEREAS, as part of the dissolution of the Agency, the Successor Agency developed a Long Range Property Management Plan (LRPMP) to identify the disposition and use of the real properties of the former Stanton Redevelopment Agency; and

WHEREAS, the LRPMP was approved by the Oversight Board of the Successor Agency and by the Department of Finance ("DOF"); and

WHEREAS, as part of the LRPMP, the DOF approved the Successor Agency's plan to sell eleven properties located at 11382, 11430 and 11462 Beach Boulevard, totaling approximately 2.9 acres ("Property"); and

WHEREAS, staff marketed the property extensively, receiving seven development proposals, and eventually selecting Frontier Real Estate Investments, Inc. based upon the ability to finance the transaction and provide a quality development for the community and have negotiated a Purchase and Sale Agreement ("PSA") to convey the Property for Development to Frontier Real Estate Investments, Inc.; and

WHEREAS, this transaction is in the best interest of the community, city and the taxing entities as staff has negotiated a sales price of \$2.1 million, 64% higher than the value of \$1,348,107 indicated in the LRPMP; and a development schedule designed to insure the property is developed in a timely manner resulting in increased property and sales tax generation; and

WHEREAS, the Successor Agency finds and determines that the PSA is in the best interests of the Successor Agency, the community and the winding down of the Agency's business.

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

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The City of Stanton, as lead agency, previously adopted an Environmental Impact Report (SCH #2004071165) for the Stanton Plaza Specific Plan, which was certified by the City Council on January 25, 2005, regarding development of the Property in compliance with the California Environmental Quality Act ("CEQA"). The Successor Agency hereby finds and determines that the PSA will not result in any changes to the development of the Property or the circumstances surrounding the development of the Property and there is no new information regarding the development of the Property, since adoption of the Environmental Impact Report on January 25, 2005 that would require or allow additional environmental review or documentation regarding the development of the Property. The City Clerk of the City of Stanton, acting on behalf of the Successor Agency, is authorized and directed to file a Notice of Determination, as applicable, under CEQA with the appropriate official of the County of Orange, California, within five (5) days following the date of adoption of this Resolution.

Section 3. Approval of PSA. The Successor Agency hereby approves the PSA, in substantially the form attached to this Resolution as Exhibit "A" and subject to minor modifications as approved by the Executive Director and Successor Agency Counsel, and authorizes the Executive Director, acting on behalf of the Successor Agency, to sign and enter into the PSA and perform the obligations of the Successor Agency pursuant to the PSA.

Section 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that the Successor Agency would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. Certification. The City Clerk of the City of Stanton, acting on behalf of the Successor Agency, shall certify to the adoption of this Resolution.

Section 6. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Successor Agency to the Redevelopment Agency of the City of Stanton, held on this 13th day of October, 2015.

A. A. ETHANS, CHAIRMAN

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON,
SUCCESSOR AGENCY COUNSEL

ATTEST:

I, Patricia A. Vazquez, Agency Secretary of the City of Stanton, as Successor to the Redevelopment Agency of the City of Stanton, Stanton, California, DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. SA 2015-07 has been duly signed by the Chairman and attested by the Agency Secretary, all at a regular meeting of the City of Stanton, as Successor to Stanton Redevelopment Agency, held on October 13, 2015, and that the same was adopted, signed, and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, AGENCY SECRETARY

EXHIBIT A

PURCHASE AND SALE AGREEMENT
(FRONTIER REAL ESTATE INVESTMENTS, INC.)

[Attached behind this cover page]

EXHIBIT A

PURCHASE AND SALE AGREEMENT
(FRONTIER REAL ESTATE INVESTMENTS, INC.)

[Attached behind this cover page]

**PURCHASE AND SALE AGREEMENT
(Beach and Oranewood)**

by and between the

**SUCCESSOR AGENCY TO THE
CITY OF STANTON REDEVELOPMENT AGENCY,
a public body, corporate and politic**

and

**FRONTIER REAL ESTATE INVESTMENTS LLC,
a California limited liability company**

[Dated as of [TO BE DETERMINED], for reference purposes only]

PURCHASE AND SALE AGREEMENT (Beach and Oranewood)

This PURCHASE AND SALE AGREEMENT (Beach and Oranewood) ("**Agreement**") is dated as of [TO BE DETERMINED], for reference purposes only, and is entered into by and between the SUCCESSOR AGENCY TO THE CITY OF STANTON REDEVELOPMENT AGENCY, a public body, corporate and politic ("**Agency**"), and FRONTIER REAL ESTATE INVESTMENTS LLC, a California limited liability company ("**Buyer**"). Agency and Buyer enter into this Agreement with reference to the following recitals of fact (each, a "**Recital**"):

RECITALS

A. The City of Stanton Redevelopment Agency ("**RDA**") purchased approximately 2.892 acres of that certain real property generally located at the northeast corner of Beach Boulevard and Oranewood Avenue in the City of Stanton, California consisting of eleven (11) contiguous and adjacent parcels (APNs 131-691-49, 131-691-50, 131-691-51, 131-691-58, 131-691-59, 131-691-60, 131-691-61, 131-691-62, 131-691-63, 131-691-64, and 131-691-65) ("**Property**"), as more particularly defined in Section 1.1.64 of this Agreement.

B. Assembly Bill 1X 26, enacted as part of the 2011-2012 State of California budget bill, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 dissolved and set out procedures for the wind-down of all redevelopment agencies throughout the State effective February 1, 2012, and in June 2012, the California Legislature adopted Assembly Bill 1484 (Assembly Bill 1X 26 and Assembly Bill 1484 are collectively referred to herein as the "**Dissolution Act**") further modifying some of the procedures set forth in Assembly Bill 1X 26, and adding certain other procedures and requirements for the dissolution and wind-down of redevelopment agencies.

C. Agency is the successor entity to the RDA and, pursuant to the Dissolution Act, upon the RDA's dissolution the Property automatically transferred to the Agency.

D. Pursuant to Health and Safety Code section 34177(e), the Agency is responsible for disposing of the assets and properties of the former RDA, as directed by the Oversight Board to the Agency, expeditiously and in a manner aimed at maximizing value.

E. Pursuant to Health and Safety Code section 34191.5, the Property was listed on the Agency's Long Range Property Management Plan ("**LRPMP**"), to be sold expeditiously and at fair market value, and in accordance with the Dissolution Act the LRPMP has been approved by the Oversight Board to the Agency and the California Department of Finance.

F. In order to dispose of the Property expeditiously and in a manner aimed at maximizing value, Agency and Buyer desire for Buyer to acquire the Property from Agency and redevelop the Property (subject to and in accordance with the terms of the City Agreement) as a commercial/retail site that contains approximately 25,000 square feet of general retail and community service retail space (including but not limited to soft goods, food/grocery, and onsite dining) and takes into consideration the existing adjacent live/work units, as more specifically defined in Section 1.1.63 of this Agreement as the "**Project**."

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE PROMISES AND COVENANTS OF AGENCY AND SET FORTH IN THIS AGREEMENT, AGENCY AND BUYER AGREE, AS FOLLOWS:

TERMS AND CONDITIONS

1. DEFINITIONS

1.1 **Definitions.** The following words, terms and phrases are used in this Agreement with the following meanings, unless the particular context or usage of a word, term or phrase requires another interpretation:

1.1.1 **Affiliate.** Any other Person, directly or indirectly, Controlling or Controlled by or under common Control with the specified Person.

1.1.2 **Agency.** The Successor Agency to the Redevelopment Agency for the City of Stanton, a public body, corporate and politic.

1.1.3 **Agency Deed.** A grant deed conveying the Property from Agency to Buyer, at the Close of Escrow, substantially in the form of Exhibit B attached to this Agreement.

1.1.4 **Agency Parties.** Collectively, Agency and the officials, officers, employees, agents and volunteers of Agency.

1.1.5 **Agreement.** This Purchase and Sale Agreement (Beach and Orangewood) by and between Agency and Buyer, including all of the exhibits attached to this Agreement.

1.1.6 **ALTA Survey.** A survey of the Property prepared by a State licensed civil engineer or surveyor selected by Buyer in accordance with current ALTA/ASCM standards and sufficient for the Title Company to issue the Buyer Title Policy.

1.1.7 **Application.** Any agreement, application, certificate, document or submission (or amendment of any of the foregoing): (a) necessary or appropriate for the Project, including any application for any building permit, certificate of completion, utility service or hookup, easement, covenant, condition, restriction, subdivision or such other instrument as Buyer may reasonably request for the Project; or (b) to enable Buyer to seek any Approval or to use and operate the Project in accordance with this Agreement.

1.1.8 **Approval.** Any license, permit, approval, consent, certificate, ruling, variance, authorization, conditional use permit, or amendment to any of the foregoing, as shall be necessary or appropriate under any Law to commence, perform or complete the construction of the Project on the Property, including any associated CEQA Document.

1.1.9 **Bankruptcy Proceeding.** Any proceeding, whether voluntary or involuntary, under Title 11, United States Code, and any other or successor State or Federal statute relating to assignment for the benefit of creditors, appointment of a receiver or

trustee, bankruptcy, composition, insolvency, moratorium, reorganization, or similar matters.

1.1.10 **Business Day.** Any weekday on which Agency is open to conduct regular business functions with Agency personnel.

1.1.11 **Buyer.** Frontier Real Estate Investments, LLC, a California limited liability company, and any successors or assigns of Frontier Real Estate Investments, LLC, permitted under the terms and conditions of this Agreement.

1.1.12 **Buyer Parties.** Collectively, Buyer and the directors, officers, employees, agents, shareholders, members, managers and partners of Buyer.

1.1.13 **Buyer Title Policy.** An ALTA owners' policy of title insurance issued by the Title Company, with coverage in the amount of the Purchase Price, showing title to the Property vested in Buyer.

1.1.14 **CEQA.** The California Environmental Quality Act, Public Resources Code Section 21000 *et seq.*

1.1.15 **CEQA Documents.** Any exemption determination, any Negative Declaration (mitigated or otherwise) or any Environmental Impact Report (including any addendum or amendment to, or subsequent or supplemental Environmental Impact Report) required or permitted by any Government, pursuant to CEQA, to issue any Approvals for the Project.

1.1.16 **City.** The City of Stanton, a California municipal corporation.

1.1.17 **City Agreement.** Agreement Affecting Real Property between the City and Buyer detailing the development and operation of the Project following the Close of Escrow.

1.1.18 **Claim.** Any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award, assessment, fine or penalty of any kind (including consultant and expert fees and expenses and investigation costs of whatever kind or nature, and if an Indemnitor improperly fails to provide a defense for an Indemnatee, then Legal Costs) and any judgment.

1.1.19 **Close of Escrow.** The first date on which the Escrow Agent has filed all of the documents set forth in Section 3.9.1 with the County for recording in the official records of the County in accordance with Section 3.9.1.

1.1.20 **Control.** Possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of equity interests, by contract or otherwise.

1.1.21 **County.** The County of Orange, California.

1.1.22 **Default.** An Escrow Default, Monetary Default or Non-Monetary Default.

1.1.23 **Default Interest.** Interest at an annual rate equal to the lesser of: (a) eight percent (8%) per annum; or (b) the highest rate of interest, if any, that Law allows under the circumstances.

1.1.24 **Deposit.** One Hundred Thousand Dollars (\$100,000) in cash or immediately available funds.

1.1.25 **Due Diligence Completion Notice.** A written notice from Buyer delivered to Agency prior to the end of the Due Diligence Period and stating Buyer's unconditional acceptance of the condition of the Property or stating Buyer's rejection of the condition of the Property and refusal to accept a conveyance of title to the Property, describing in reasonable detail the actions that Buyer reasonably believes are indicated to allow Buyer to unconditionally accept the condition of the Property.

1.1.26 **Due Diligence Investigations.** Buyer's due diligence investigations of the Property to determine the suitability of the Property for development and operation of the Project, including investigation of the environmental and geotechnical suitability of the Property, as deemed appropriate in the reasonable discretion of Buyer, all at the sole cost and expense of Buyer.

1.1.27 **Due Diligence Period.** The time period of ninety (90) continuous calendar days commencing on the day immediately following the Effective Date.

1.1.28 **Effective Date.** The first date on which all of the following have occurred: (a) Agency has received three (3) counterpart originals of this Agreement signed by the authorized representative(s) of Buyer; (b) Agency has received a certified copy of Buyer Official Action signed by the authorized representative(s) of Buyer; (c) this Agreement is approved by the governing body of Agency; (d) this Agreement is approved by the Oversight Board to the Agency; and (e) this Agreement is signed by the authorized representative(s) of Agency; and (e) one (1) original of this Agreement signed by the authorized representative(s) of Agency has been delivered by Agency to Buyer. Agency shall send Notice of the Effective Date to Buyer within seven (7) calendar days following the Effective Date. Buyer shall sign and return a copy of such Notice to Agency within seven (7) calendar days after receipt of such Notice.

1.1.29 **Environmental Claim.** Any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses, including Legal Costs and fees and costs of environmental consultants and other experts, and all foreseeable and unforeseeable damages or costs of any kind or of any nature whatsoever, directly or indirectly, relating to or arising from any actual or alleged violation of any Environmental Laws or Hazardous Material Discharge.

1.1.30 **Environmental Laws.** All Federal, State, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct

concerning any Hazardous Material (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to hazardous substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now or may at any later time be in effect, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") [42 USC Section 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 ("RCRA") [42 USC Section 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act ("FWPCA") [33 USC Section 1251 et seq.]; the Toxic Substances Control Act ("TSCA") [15 USC Section 2601 et seq.]; the Hazardous Materials Transportation Act ("HMTA") [49 USC Section 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC Section 6901 et seq.] the Clean Air Act [42 USC Section 7401 et seq.]; the Safe Drinking Water Act [42 USC Section 300f et seq.]; the Solid Waste Disposal Act [42 USC Section 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USC Section 101 et seq.] the Emergency Planning and Community Right to Know Act [42 USC Section 11001 et seq.]; the Occupational Safety and Health Act [29 USC Section 655 and 657]; the California Underground Storage of Hazardous Substances Act [California Health & Safety Code Section 25288 et seq.]; the California Hazardous Substances Account Act [California Health & Safety Code Section 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [California Health & Safety Code Section 24249.5 et seq.]; the Porter-Cologne Water Quality Act [California Water Code Section 13000 et seq.]; together with any amendments of or regulations promulgated under the statutes cited above or any other Federal, State, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene (to the extent the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Materials on, under, or about the Property) or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

1.1.31 **Escrow.** An escrow, as defined in Civil Code Section 1057 and Financial Code Section 17003(a), that is conducted by the Escrow Agent with respect to the conveyance of the Property from Agency to Buyer pursuant to this Agreement.

1.1.32 **Escrow Agent.** First American Title Insurance Company, through its office located at 18500 Von Karman Avenue, Suite 600, Irvine, CA 92612, Attention: Ryan Hahn, or such other Person mutually agreed upon in writing by both Agency and Buyer.

1.1.33 **Escrow Closing Statement.** A statement prepared by the Escrow Agent indicating among other things, the Escrow Agent's estimate of all funds to be deposited or received by Agency or Buyer, respectively, and all charges to be paid by Agency or Buyer, respectively, through the Escrow.

1.1.34 **Escrow Default.** The unexcused failure to submit any document or funds to the Escrow Agent as reasonably necessary to close the Escrow, pursuant to the terms and conditions of this Agreement, after all other conditions precedent to the Close of Escrow for the benefit of such Party are satisfied or waived by such Party.

1.1.35 **Escrow Opening Date.** The first date on which a copy of this Agreement signed by both Agency and Buyer is deposited with the Escrow Agent which

shall occur within seven (7) calendar days of the Effective Date. If Escrow is not opened within seven (7) calendar days of the Effective Date this Agreement shall be null and void.

1.1.36 **Event of Default.** The occurrence of any one or more of the following:

(a) *Monetary Default.* A Monetary Default that continues for seven (7) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment;

(b) *Escrow Default.* An Escrow Default that continues for seven (7) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the document or funds not submitted;

(c) *Bankruptcy or Insolvency.* Buyer admits in writing that Buyer is unable to pay its debts as they become due or becomes subject to any Bankruptcy Proceeding (except an involuntary Bankruptcy Proceeding dismissed within ninety (90) calendar days after commencement), or a custodian or trustee is appointed to take possession of, or an attachment, execution or other judicial seizure is made with respect to, substantially all of Buyer's assets or Buyer's interest in this Agreement, the Property or the Project (unless such appointment, attachment, execution, or other seizure was involuntary, and is contested with diligence and continuity and vacated and discharged within ninety (90) calendar days); or

(d) *Non-Monetary Default.* Any Non-Monetary Default other than those specifically addressed in Section 1.1.36(c) that is not cured within thirty (30) calendar days after Notice to the Party alleged to be in Default describing the Non-Monetary Default in reasonable detail, or, in the case of a Non-Monetary Default that cannot with reasonable diligence be cured within thirty (30) calendar days after the effective date of such Notice, if the Party alleged to be in Default does not do all of the following: (a) within thirty (30) calendar days after the initial Notice of such Non-Monetary Default, advise the other Party of the intention of the Party alleged to be in Default to take all reasonable steps to cure such Non-Monetary Default; (b) duly commence such cure within such period; and (c) diligently prosecute such cure to completion within a reasonable time under the circumstances.

1.1.37 **Executive Director.** The Executive Director of Agency or his or her designee or successor in function.

1.1.38 **Federal.** The federal government of the United States of America.

1.1.39 **Form 593.** A California Franchise Tax Board Form 593-C.

1.1.40 **Government.** Any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever for any governmental unit (Federal, State, County, district, municipal, City, Agency or otherwise) whether now or later in existence.

1.1.41 **Hazardous Material.** Any flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants,

hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum, petroleum products and any "hazardous" or "toxic" material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (a) defined as a "hazardous substance" under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (b) designated as "hazardous substances" pursuant to 33 U.S.C. § 1321; (c) defined as a "hazardous waste" under Section 1004 of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq., as amended; (d) defined as a "hazardous substance" or "hazardous waste" under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq., or any so-called "superfund" or "superlien" law; (e) defined as a "pollutant" or "contaminant" under 42 U.S.C. § 9601(33); (f) defined as "hazardous waste" under 40 C.F.R. Part 260; (g) defined as a "hazardous chemical" under 29 C.F.R. Part 1910; (h) any matter within the definition of "hazardous substance" set forth in 15 U.S.C. § 1262; (i) any matter, waste or substance regulated under the Toxic Substances Control Act ("TSCA") [15 U.S.C. Sections 2601 et seq.]; (j) any matter, waste or substance regulated under the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq.; (k) those substances listed in the United States Department of Transportation (DOT) Table [49 C.F.R. 172.101]; (l) any matter, waste or substances designated by the EPA, or any successor authority, as a hazardous substance [40 C.F.R. Part 302]; (m) any matter, waste or substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code; (n) any substance defined as a "hazardous substance" in Section 25316 of the California Health and Safety Code; (o) subject to any other Law regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source; or (p) other substances, materials, or wastes that are, or become, regulated or classified as hazardous or toxic under Law or in the regulations adopted pursuant to said Law, including manure, asbestos, polychlorinated biphenyl, flammable explosives and radioactive material.

1.1.42 Hazardous Material Discharge. Any deposit, discharge, generation, release, or spill of a Hazardous Material that occurs at, on, under, into or from the Property, or during transportation of any Hazardous Material to or from the Property, or that arises at any time from the construction, installation, use or operation of the Project or any activities conducted at, on, under or from the Property, whether or not caused by a Party.

1.1.43 Indemnify. Where this Agreement states that any Indemnitor shall "indemnify" any Indemnitee from, against, or for a particular Claim, that the Indemnitor shall indemnify the Indemnitee and defend and hold the Indemnitee harmless from and against such Claim (alleged or otherwise). "**Indemnified**" shall have the correlative meaning.

1.1.44 Indemnitee. Any Person entitled to be Indemnified under the terms of this Agreement.

1.1.45 Indemnitor. A Party that agrees to Indemnify any other Person under the terms of this Agreement.

1.1.46 **Independent Contract Consideration.** Defined in Section 2.2.

1.1.47 **Law.** Every law, ordinance, requirement, order, proclamation, directive, rule, or regulation of any Government applicable to the Property or the Project, in any way, including any development, use, maintenance, taxation, operation, or occupancy of, or environmental conditions affecting the Property or the Project, or relating to any taxes, or otherwise relating to this Agreement or any Party's rights, obligations or remedies under this Agreement, or any transfer of any of the foregoing, whether in force on the Effective Date or passed, enacted, modified, amended or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption.

1.1.48 **Lease.** The Lease Agreement between Buyer and Tenant.

1.1.49 **Legal Costs.** In reference to any Person, all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be reimbursed for its Legal Costs), including reasonable attorneys' fees, court costs and expenses and consultant and expert witness fees and expenses.

1.1.50 **Monetary Default.** Any failure by either Party to pay or deposit, when and as this Agreement requires, any amount of money, any bond or surety or evidence of any insurance coverage required to be provided under this Agreement, whether to or with a Party or a Third Person, except to the extent constituting an Escrow Default.

1.1.51 **New Parcel Map.** A parcel map in form and substance that is reasonably satisfactory to Buyer that subdivides the Property into Parcels in compliance with Subdivision Map Act and in a manner that is consistent with the Site Plan.

1.1.52 **Non-Monetary Default.** The occurrence of any of the following, except to the extent constituting a Monetary Default or an Escrow Default: (a) any failure of a Party to perform any of its obligations under this Agreement; (b) any failure of a Party to comply with any material restriction or prohibition in this Agreement; or (c) any other event or circumstance that, with passage of time or giving of Notice, or both, or neither, would constitute a breach of this Agreement by a Party.

1.1.53 **Notice.** Any consent, demand, designation, election, notice, or request relating to this Agreement, including any Notice of Default. All Notices must be in writing.

1.1.54 **Notice of Default.** Any Notice claiming or giving Notice of a Default or alleged Default.

1.1.55 **Notify.** To give a Notice.

1.1.56 **Outside Closing Date.** The date that is sixteen (16) months following the Effective Date; provided, however, that the Parties may mutually agree in writing to extend the Outside Closing Date for up to two (2) consecutive one (1) month extensions, in the Parties' respective sole and absolute discretion.

1.1.57 **Parcel.** A legal parcel as shown as part of the Property on the New Parcel Map.

1.1.58 **Parties.** Collectively, Agency and Buyer.

1.1.59 **Party.** Individually, either Agency or Buyer, as applicable.

1.1.60 **Permitted Encumbrance.** Any or all of the following: (a) all items shown in the Preliminary Report, as exceptions to coverage under the proposed Buyer Title Policy, that are approved by Buyer pursuant to Section 2.3; (b) any lien for non-delinquent property taxes or assessments; (c) any Laws applicable to the Property; (d) the City Agreement; (e) the covenants, conditions or powers in the Agency Deed or the City Agreement; (f) any existing improvements on the Property; (g) reasonable construction, utility, access or other easements or licenses, reciprocal easement agreements, declarations of conditions, covenants and restrictions, memoranda of lease or similar agreements made or entered into in connection with the development or operation of the Project on the Property by Buyer in accordance with this Agreement, the Agency Deed or the City Agreement; and (h) any other document or encumbrance expressly required or allowed to be recorded against the Property under the terms of this Agreement or the City Agreement.

1.1.61 **Person.** Any association, corporation, governmental entity or agency, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization, or other entity of any kind.

1.1.62 **Preliminary Report.** The preliminary report issued by the Title Company in contemplation of issuance of the Buyer Title Policy, accompanied by the best available copies of all documents listed in Schedule B of the report as exceptions to coverage under the proposed policy of title insurance.

1.1.63 **Project.** The planning, design, construction and initial occupancy by Buyer of certain private, commercial improvements on the Property, including all required or associated on-site and off-site improvements, all hardscape and all landscaping, all as specifically described in the scope of development in the City Agreement, and all to be developed in accordance with plans and specifications approved by City and any conditions imposed by City in its consideration of Buyer's development application related to the Project.

1.1.64 **Property.** Approximately 2.892 acres of certain real property generally located at the northeast corner of Beach Boulevard and Orangewood Boulevard in the City of Stanton, California consisting of eleven (11) contiguous and adjacent parcels (APNs 131-691-49, 131-691-50, 131-691-51, 131-691-58, 131-691-59, 131-691-60, 131-691-61, 131-691-62, 131-691-63, 131-691-64, and 131-691-65), as more particularly described in Exhibit A attached to this Agreement.

1.1.65 **Purchase Price.** Two Million One Hundred Thousand Dollars (\$2,100,000), which amount represents the fair market value for the Property according to that certain Appraisal Report dated December 22, 2014 prepared by Kiley Company Real Estate Appraisers.

1.1.66 **Site Plan.** The site plan previously delivered by Buyer to Agency, which the Parties acknowledge may change from time to time subject to the mutual agreement of Buyer and the City.

1.1.67 **State.** The State of California.

1.1.68 **Tenant.** The Person selected by Buyer and approved by Agency (which approval shall not be unreasonably withheld, delayed or conditioned) to operate a retail store containing no less than 10,000 square feet that is located on the Parcel currently shown as having +/- 20,000 SF of retail space on the Site Plan, and may be part of a larger building that may accommodate another tenant or tenants.

1.1.69 **Third Person.** Any Person that is not a Party, an Affiliate of a Party or an elected official, officer, director, manager, shareholder, member, principal, partner, employee or agent of a Party.

1.1.70 **Title Company.** First American Title Insurance Company, or such other Person mutually agreed upon in writing by both Agency and Buyer.

1.1.71 **Title Notice.** A written notice from Buyer to Agency stating Buyer's acceptance of the state of the title to the Property, as described in the Preliminary Report for the Buyer Title Policy, or Buyer's disapproval or conditional approval of specific matters shown in Schedule B of such Preliminary Report as exceptions to coverage under the proposed Buyer Title Policy, describing in reasonable detail the actions that Buyer reasonably believes are indicated to obtain Buyer's unconditional approval of the state of the title to the Property.

1.1.72 **Title Notice Response.** The written response of Agency to the Title Notice, in which Agency either elects to: (a) cause the removal from the Preliminary Report for the Buyer Title Policy of any matters disapproved in the Title Notice; (b) obtain title or other insurance or endorsement in a form reasonably satisfactory to Buyer insuring against any matters disapproved or conditionally approved in the Title Notice; or (c) not take either action described in clause "(a)" or "(b)" of this Section 1.1.72.

1.1.73 **Title Notice Waiver.** A written notice from Buyer to Agency waiving Buyer's previous disapproval or conditional approval in the Title Notice of specific matters shown in Schedule B of the Preliminary Report for the Buyer Title Policy as exceptions to coverage under the proposed Buyer Title Policy.

1.1.74 **Unavoidable Delay.** A delay in either Party performing any obligation under this Agreement arising from or on account of any cause whatsoever beyond the Party's reasonable control, including strikes, labor troubles or other union activities, casualty, war, acts of terrorism, riots, litigation, governmental action or inaction, regional natural disasters, or inability to obtain materials. Unavoidable Delay shall not include delay caused by a Party's financial condition or insolvency.

2. **PROPERTY PURCHASE AND SALE.**

2.1 Purchase and Sale.

2.1.1 **Opening of Escrow.** Subject to all of the terms and conditions of this Agreement, Agency shall convey title to the Property to Buyer in consideration of Buyer paying the Purchase Price to Agency and Buyer's performance of Buyer's promises and covenants set forth in this Agreement. Buyer shall accept conveyance of title to the Property from Agency, subject to the Permitted Encumbrances, pursuant to the terms, conditions, covenants, and agreements set forth in this Agreement or the Agency Deed. For the purposes of exchanging documents to complete the conveyance of title to the Property from Agency to Buyer and the acquisition of title to the Property by Buyer from Agency, pursuant to the terms and conditions of this Agreement, Agency and Buyer agree to open the Escrow with the Escrow Agent. The provisions of Section 3 of this Agreement are the joint escrow instructions of the Parties to the Escrow Agent for conducting the Escrow.

2.1.2 **Deposit.** Concurrent with its opening of the Escrow, Buyer shall deliver the Deposit to the Escrow Agent. Upon the Close of Escrow, the Deposit shall be credited to Buyer towards the Purchase Price. The Deposit shall be refundable to Buyer, except upon the occurrence of an Event of Default by Buyer prior to the Close of Escrow, in which case the Escrow Agent shall promptly pay the Deposit to Agency.

2.2 Independent Contract Consideration. Upon the Effective Date, Buyer shall deliver to Agency the sum of one hundred dollars (\$100.00) ("**Independent Contract Consideration**"), which amount has been bargained for and agreed to as adequate consideration for Buyer's right to purchase the Property with the right to terminate this Agreement during the Due Diligence Period and for Agency's execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of all other consideration provided in this Agreement and is nonrefundable to Buyer in all events.

2.3 Buyer Approval of Title to Property.

2.3.1 **Title Notice.** After the Escrow Opening Date, Buyer shall request that Title Company prepare and deliver the Preliminary Report to both Agency and Buyer. Within thirty (30) calendar days following Buyer's receipt of the Preliminary Report, but in all cases before the end of the Due Diligence Period, Buyer shall send the Title Notice to Agency.

2.3.2 **Existing Encumbrance.** Buyer acknowledges that the Property is encumbered by and the subject of the Grant of Easements and Cost Sharing Agreement (Renaissance Plaza – Plaza Way) by and between the RDA, Taylor Morrison of California, LLC, Stanton Plaza Group, LLC, and Palazzo at Renaissance Plaza Maintenance Association, recorded against the Property on May 29, 2008, Recorder's Document number 2008000255023 ("Cost Sharing Agreement"). The Agency represents and warrants to Buyer that (i) the RDA is not, and as of the Close of Escrow will not be, in breach or default of the Cost Sharing Agreement, and (ii) to the actual knowledge of the Executive Director, without having undertaken any investigation, no other party to the Cost Sharing Agreement is in breach or default thereof. Upon the Close of Escrow Buyer assumes the RDA's position under the Cost Sharing Agreement and indemnifies the Agency from any and all claims or liability arising from or related to the rights, duties, obligations or benefits of the Cost Sharing Agreement to the extent such rights, duties, obligations or benefits arise from or relate to time periods subsequent to the Close of Escrow. The Agency indemnifies Buyer from any and all claims or liability arising from or related to the rights, duties, obligations or

benefits of the Cost Sharing Agreement to the extent such rights, duties, obligations or benefits arise from or relate to time periods prior to the Close of Escrow. Buyer takes the Property subject to all the rights, duties, obligations, and benefits of the Cost Sharing Agreement including but not limited to the following:

(a) Buyer shall develop the Property in an integrated and compatible manner with the SPG Phase 3 Property, as that term is defined in the Cost Sharing Agreement; and

(b) Buyer shall pay the RDA's prorata portion of the Shared Expenses, as that term is defined in the Cost Sharing Agreement, to the extent such Shared Expenses arise from or relate to time periods subsequent to the Close of Escrow. Agency shall continue to be responsible for the RDA's prorata portion of the Shared Expenses to the extent such Shared Expenses arise from or relate to time periods prior to the Close of Escrow. Buyer also acknowledges that RDA's portion is set at 26.6% of the Shared Expenses.

2.3.3 Failure to Deliver Title Notice. If Buyer fails to send the Title Notice to Agency within the time period provided in Section 2.3.1, Buyer will be deemed to disapprove the status of title to the Property and refuse to accept conveyance of title to the Property and either Buyer or Agency shall have the right to cancel the Escrow and terminate this Agreement upon seven (7) calendar days advance Notice, in their respective sole and absolute discretion.

2.3.4 Title Notice Response. Within fifteen (15) calendar days following Agency's receipt of the Title Notice (if any), Agency shall send the Title Notice Response to Buyer. If the Title Notice does not disapprove or conditionally approve any matter in the Preliminary Report or Buyer fails to deliver the Title Notice, Agency shall not be required to send the Title Notice Response. If Agency does not send the Title Notice Response, if necessary, within the time period provided in this Section 2.3.4, Agency shall be deemed to elect not to take any action in reference to the Title Notice. If Agency elects in the Title Notice Response to take any action in reference to the Title Notice, Agency shall complete such action, prior to the Close of Escrow or as otherwise specified in the Title Notice Response.

2.3.5 Title Notice Waiver. If Agency elects or is deemed to have elected not to address one or more matters set forth in the Title Notice to Buyer's reasonable satisfaction, then within ten (10) calendar days after the earlier of: (a) Buyer's receipt of Agency's Title Notice Response; or (b) the last date for Agency to deliver its Title Notice Response pursuant to Section 2.3.4, Buyer shall either: (i) refuse to accept the title to and conveyance of the Property, or (ii) waive its disapproval or conditional approval of all such matters set forth in the Title Notice by sending the Title Notice Waiver to Agency. Failure by Buyer to timely send the Title Notice Waiver, where the Title Notice Response or Agency's failure to deliver the Title Notice Response results in Agency's election not to address one or more matters set forth in the Title Notice to Buyer's reasonable satisfaction, will be deemed Buyer's continued refusal to accept the title to and conveyance of the Property, in which case either Buyer or Agency shall have the right to cancel the Escrow and terminate this Agreement upon seven (7) calendar days advance Notice, in their respective sole and absolute discretion.

2.3.6 No Termination Liability. Any termination of this Agreement and cancellation of the Escrow pursuant to a right provided in this Section 2.3 shall be without liability to the other Party or any other Person. Termination shall be accomplished by delivery of a Notice of termination to both the other Party and the Escrow Agent at least seven (7) calendar days prior to the termination date. Following issuance of a Notice of termination of this Agreement pursuant to a right provided under this Section 2.3, the Parties and the Escrow Agent shall proceed pursuant to Section 3.13. Once a Notice of termination is given pursuant to this Section 2.3, delivery of a Title Notice or Title Notice Waiver shall have no force or effect and this Agreement shall terminate in accordance with the Notice of termination.

2.3.7 New Parcel Map. During the Due Diligence Period, Buyer shall work to seek the approval, filing and recordation of the New Parcel Map.

2.4 Buyer Due Diligence Investigations.

2.4.1 Time and Expense. Buyer shall complete all Due Diligence Investigations within the Due Diligence Period and shall conduct all Due Diligence Investigations at Buyer's sole cost and expense.

2.4.2 Right to Enter. Agency licenses Buyer to enter the Property for the sole purpose of conducting the Due Diligence Investigations, subject to all of the terms and conditions of this Agreement. The license given in this Section 2.4.2 shall terminate with the termination of the Due Diligence Period. Any Due Diligence Investigations by Buyer shall not unreasonably disrupt any then existing use or occupancy of the Property. Buyer shall provide Agency forty-eight (48) hours advance written notice of Buyer's intent to enter the Property.

2.4.3 Limitations. Buyer shall not conduct any intrusive or destructive testing on any portion of the Property, other than low volume soil samples, or other testing required to prepare necessary environmental documents for the development of the Project, without Agency's prior written consent, which shall not be unreasonably withheld or delayed. Buyer shall pay all of Buyer's vendors, inspectors, surveyors, consultants or agents engaged in any inspection or testing of the Property, such that no mechanics liens or similar liens for work performed are imposed upon the Property by any such Person. Following the conduct of any Due Diligence Investigations on the Property, Buyer shall restore the Property to substantially its condition prior to the conduct of such Due Diligence Investigations.

2.4.4 Agency Delivery of Documents. Agency shall deliver to Buyer for its review all data, correspondence, documents, agreements, waivers, notices, reports, and other public records regarding the Property in the Agency's possession within ten (10) calendar days following the Effective Date.

2.4.5 Indemnification of Agency. The activities of Buyer or Buyer's agents directly or indirectly related to the Due Diligence Investigations shall be subject to Buyer's Indemnify obligations pursuant to Section 5.5. Buyer shall provide Agency with evidence of Liability Insurance (as defined in the City Agreement) prior to commencement of any Due Diligence Investigations on the Property, which shall name Agency as an

additional insured. Insurance shall be in a form and amount reasonably acceptable to the Agency.

2.4.6 Due Diligence Completion Notice. Buyer shall deliver a Due Diligence Completion Notice to Agency prior to the end of the Due Diligence Period. If Buyer does not unconditionally accept the condition of the Property by delivery of its Due Diligence Completion Notice stating such unconditional acceptance, prior to the end of the Due Diligence Period, Buyer shall be deemed to have rejected the condition of the Property and refused to accept conveyance of title to the Property. If the condition of the Property is rejected or deemed rejected by Buyer, then either Agency or Buyer shall have the right to cancel the Escrow and terminate this Agreement upon seven (7) calendar days advance Notice, in their respective sole and absolute discretion, without liability to the other Party or any other Person, by delivery of a Notice of termination to both the other Party and Escrow Agent, in which case the Parties and Escrow Agent shall proceed pursuant to Section 3.13.

2.4.7 ALTA Survey. Buyer shall obtain and deliver a completed ALTA Survey to Agency prior to the end of the Due Diligence Period, all at Buyer's sole cost and expense.

2.5 "AS-IS" Acquisition. The Close of Escrow shall evidence Buyer's unconditional and irrevocable acceptance of the Property in the Property's AS IS, WHERE IS, SUBJECT TO ALL FAULTS CONDITION AS OF THE CLOSE OF ESCROW, WITHOUT WARRANTY as to character, quality, performance, condition, title, physical condition, soil conditions, the presence or absence of fill, ocean or tidal impacts, shoring or bluff stability or support, subsurface support, zoning, land use restrictions, the availability or location of utilities or services, the location of any public infrastructure on or off of the Property (active, inactive or abandoned), the suitability of the Property for the Project or other use or the existence or absence of Hazardous Materials and with full knowledge of the physical condition of the Property, the nature of Agency's interest in and use of the Property, all laws applicable to the Property and any and all conditions, covenants, restrictions, encumbrances and all matters of record relating to the Property. The Close of Escrow shall also constitute Buyer's representation and warranty to Agency that: (a) Buyer has had ample opportunity to inspect and evaluate the Property and the feasibility of the uses and activities Buyer is entitled to conduct on the Property in accordance with this Agreement; (b) Buyer is experienced in real estate development; (c) Buyer is relying entirely on Buyer's experience, expertise and its own inspection of the Property in its current state in proceeding with acquisition of the Property; (d) Buyer accepts the Property in its present condition; (e) to the extent that Buyer's own expertise with respect to any matter regarding the Property is insufficient to enable Buyer to reach an informed conclusion regarding such matter, Buyer has engaged the services of Persons qualified to advise Buyer with respect to such matters; (f) Buyer has received assurances acceptable to Buyer by means independent of Agency or Agency's agents of the truth of all facts material to Buyer's acquisition of the Property pursuant to this Agreement; and (g) the Property is being acquired by Buyer as a result of Buyer's own knowledge, inspection and investigation of the Property and not as a result of any representation made by Agency or Agency's agents relating to the condition of the Property. Agency hereby expressly and specifically disclaims any express or implied warranties regarding the Property.

2.6 Release of Agency.

2.6.1 **Buyer Waiver and Release of Claims.** AT THE CLOSE OF ESCROW, BUYER WAIVES AND RELEASES AGENCY AND ITS REPRESENTATIVES FROM ALL CLAIMS RELATING TO THE PHYSICAL OR TITLE CONDITION OF THE PROPERTY AS OF THE CLOSE OF ESCROW, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, EXCEPT AS EXPRESSLY SET FORTH IN SECTION 2.6.2. WITH RESPECT TO THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 2.6.1, BUYER WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 AND ALL SIMILAR STATUTES, PROVISIONS OR PRINCIPLES OF LAW. CALIFORNIA CIVIL CODE SECTION 1542 PROVIDES:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

2.6.2 **Specific Obligations Excluded.** THE FOREGOING GENERAL RELEASE NOTWITHSTANDING, BUYER IS NOT RELEASING AGENCY FROM: (a) AGENCY'S EXPRESS COVENANTS UNDER THIS AGREEMENT; (b) AGENCY'S OBLIGATIONS UNDER THIS AGREEMENT THAT SURVIVE THE CLOSE OF ESCROW; (c) THIRD PERSON CONTRACT CLAIMS AGAINST AGENCY ARISING OUT OF CONTRACTS TO WHICH AGENCY IS A PARTY; (d) LIABILITY FOR A HAZARDOUS MATERIAL DISCHARGE BY AGENCY; AND (e) AGENCY'S FRAUD (WITHOUT WAIVING ANY AVAILABLE DEFENSES OR IMMUNITIES OF AGENCY UNDER APPLICABLE LAW).

Initials of Authorized
Buyer's Representative

3. **JOINT ESCROW INSTRUCTIONS**

3.1 Opening of Escrow; Escrow Instructions. The conveyance of title to the Property from Agency to Buyer shall take place through the Escrow to be administered by Escrow Agent. Buyer shall cause the Escrow to be opened within five (5) calendar days following Buyer's receipt of Notice of the occurrence of the Effective Date. Escrow Agent shall promptly confirm the Escrow Opening Date in writing to each of the Parties.

3.2 Escrow Instructions. This Section 3 constitutes the joint escrow instructions of the Parties to Escrow Agent for conduct of the Escrow for the conveyance of title to the Property, as contemplated by this Agreement. Buyer and Agency shall sign such further escrow instructions consistent with the provisions of this Agreement as may be reasonably requested by Escrow Agent. In the event of any conflict between the provisions of this Agreement and any further escrow instructions requested by Escrow Agent, the provisions of this Agreement shall control. Escrow Agent shall only proceed to close the Escrow after Escrow Agent receives approved Escrow Closing Statements from both Agency and Buyer.

3.3 Escrow Agent Authority. Agency and Buyer authorize Escrow Agent to:

3.3.1 **Charges.** Pay and charge Agency and Buyer for their respective shares of the applicable fees, taxes, charges and costs payable by either Agency or Buyer regarding the Escrow;

3.3.2 **Settlement/Closing Statements.** Release each Party's Escrow Closing Statement to the other Party;

3.3.3 **Document Recording.** File any documents delivered for recording through the Escrow with the office of the Recorder of the County for recordation in the official records of the County, pursuant to the joint instructions of the Parties; and

3.3.4 **Counterpart Documents.** Utilize documents signed by Agency or Buyer in counterparts, including attaching separate signature pages to one version of the same document.

3.4 **Buyer's Conditions Precedent to Close of Escrow.** Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Buyer, Buyer's obligation to accept conveyance of title to the Property from Agency through the Escrow shall be conditioned upon the satisfaction or waiver (waivers must be in writing and signed by Buyer) of each of the following conditions precedent prior to the Outside Closing Date:

3.4.1 **Title Policy.** Title Company is committed to issue the Buyer Title Policy to Buyer upon payment of Title Company's premium for such policy;

3.4.2 **Approvals.** Final issuance of all discretionary Approvals required from each and every Government for the construction of the Project on the Property on terms and conditions reasonably satisfactory to Buyer;

3.4.3 **Due Diligence.** Buyer timely delivers its Due Diligence Completion Notice to Agency stating Buyer's unconditional acceptance of the condition of the Property, in accordance with Section 2.4;

3.4.4 **Agency Escrow Deposits.** Agency deposits all of the items into Escrow required by Section 3.8; and

3.4.5 **Agency Pre-Closing Obligations.** Agency performs all of its material obligations required to be performed by Agency pursuant to this Agreement prior to the Close of Escrow.

3.4.6 **Removal of Leases.** Agency has removed all leases and tenancies from the Property.

3.4.7 **New Parcel Map.** The New Parcel Map has been recorded with the County.

3.4.8 **City Agreement.** Buyer and City shall have entered into the City Agreement and the "Effective Date" under the City Agreement shall have occurred.

3.5 **Agency Conditions Precedent to Close of Escrow.** Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Agency,

Agency's obligation to convey title to the Property to Buyer through the Escrow shall be conditioned upon the satisfaction or waiver (waivers must be in writing and signed by Agency) of each of the following conditions precedent prior to the Outside Closing Date:

3.5.1 **Title.** Buyer accepts the state of the title to the Property, in accordance with Section 2.3;

3.5.2 **Due Diligence.** Buyer timely delivers its Due Diligence Completion Notice to both Agency and Escrow Agent stating Buyer's unconditional acceptance of the condition of the Property, in accordance with Section 2.4;

3.5.3 **Buyer Escrow Deposits.** Buyer deposits all of the items into Escrow required by Section 3.7; and

3.5.4 **Buyer Pre-Closing Obligations.** Buyer performs all of its material obligations required to be performed by Buyer pursuant to this Agreement prior to Close of Escrow.

3.5.5 **Tenant.** Buyer has selected and Agency has approved (which approval shall not be unreasonably withheld, delayed or conditioned) the Tenant.

3.5.6 **City Agreement.** Buyer and City shall have entered into the City Agreement and the "Effective Date" under the City Agreement shall have occurred.

3.6 Failure of Conditions Not Default. Failure to satisfy Buyer's condition set forth in Section 3.4.2 shall not constitute an Escrow Default (or any other type of Default or Event of Default) by Agency under this Agreement. Failure to satisfy Agency's condition set forth in Section 3.5.6 (or Section 3.5.3, to the extent relating to Buyer's obligation to deliver a signed copy of the City Agreement under Section 3.7.4) shall not constitute an Escrow Default (or any other type of Default or Event of Default) by Buyer under this Agreement.

3.7 Buyer's Escrow Deposits. Buyer shall deposit the following items into Escrow and, concurrently, provide a copy of each document deposited into Escrow to Agency, at least one (1) Business Day prior to the Close of Escrow:

3.7.1 **Closing Funds.** All monetary amounts required to be deposited into Escrow by Buyer under the terms of this Agreement to close the Escrow, including the Purchase Price, all in immediately available funds;

3.7.2 **Certificate of Acceptance.** The Certificate of Acceptance attached to the Agency Deed signed by the authorized representative(s) of Buyer in recordable form;

3.7.3 **Escrow Closing Statement.** Buyer's Escrow Closing Statement signed by the authorized representative(s) of Buyer;

3.7.4 **City Agreement.** The City Agreement signed by authorized representatives of Buyer; and

3.7.5 **Other Reasonable Items.** Any other documents or funds required to be delivered by Buyer under the terms of this Agreement or as otherwise reasonably requested by Escrow Agent or Title Company in order to close the Escrow that have not previously been delivered by Buyer.

3.8 Agency's Escrow Deposits. Agency shall deposit the following items into Escrow and, concurrently, provide a copy of each document deposited into Escrow to Buyer, at least one (1) Business Day prior to the Close of Escrow:

3.8.1 **Closing Funds.** All monetary amounts required to be deposited into Escrow by Agency under the terms of this Agreement to close the Escrow, all in immediately available funds;

3.8.2 **Agency Deed.** The Agency Deed signed by the authorized representative(s) of Agency in recordable form;

3.8.3 **City Agreement.** The City Agreement signed by authorized representatives of City; and

3.8.4 **Escrow Closing Statement.** Agency's Escrow Closing Statement signed by the authorized representative(s) of Agency;

3.8.5 **FIRPTA Affidavit.** A FIRPTA affidavit signed by the authorized representative(s) of Agency, in the customary form used by the Escrow Agent;

3.8.6 **Form 593.** A Form 593 signed by the authorized representative(s) of Agency; and

3.8.7 **Other Reasonable Items.** Any other documents or funds required to be delivered by Agency under the terms of this Agreement or as otherwise reasonably requested by Escrow Agent or Title Company in order to close the Escrow that have not been previously delivered by Agency.

3.9 Closing Procedure. When each of Buyer's Escrow deposits, as set forth in Section 3.7, and each of Agency's Escrow deposits, as set forth in Section 3.8, are deposited into Escrow, Escrow Agent shall request confirmation in writing from both Buyer and Agency that each of their respective conditions precedent to the Close of Escrow, as set forth in Sections 3.4 and 3.5, respectively, are satisfied or waived. Within three (3) Business Days after Escrow Agent receives written confirmation from both Agency and Buyer that each of their respective conditions precedent to the Close of Escrow are satisfied or waived, Escrow Agent shall close the Escrow by doing all of the following:

3.9.1 **Recordation and Distribution of Documents.** Escrow Agent shall cause the following documents to be filed with the office of the Recorder of the County for recording in the official records of the County in the following order of priority at Close of Escrow: (a) the Agency Deed, with Buyer's Certificate of Acceptance attached; (b) the Notice of Agreement (as defined in the City Agreement); (c) the Permitted Security Instrument(s) (as defined in the City Agreement) securing the Project Construction Financing (as defined in the City Agreement); and (d) any other documents to be recorded

through Escrow upon the written joint instructions of the Parties. At Close of Escrow, Escrow Agent shall deliver conformed copies of all documents filed for recording in the official records of the County through the Escrow to Agency, Buyer and any other Person designated in the written joint escrow instructions of the Parties to receive an original or conformed copy of each such document. Each conformed copy of a document filed for recording shall show all recording information. The Parties intend and agree that this Section 3.9.1 shall establish the relative priorities of the documents to be recorded in the official records of the County through the Escrow, by providing for recordation of senior interests prior in order and time to junior interests, in the order provided in this Section 3.9.1;

3.9.2 Distribution of Other Documents. Escrow Agent shall deliver copies of all documents to be delivered through the Escrow that are not filed for recording to the Parties and any other Person designated in the written joint escrow instructions of the Parties to receive an original or copy of each such document.

3.9.3 Funds. Distribute all funds held by the Escrow Agent pursuant to the Escrow Closing Statements approved in writing by Agency and Buyer.

3.9.4 FIRPTA Affidavit. File the FIRPTA Affidavit with the United States Internal Revenue Service;

3.9.5 Form 593. File the Form 593 with the California Franchise Tax Board; and

3.9.6 Title Policy. Obtain and deliver to Buyer the Buyer Title Policy issued by the Title Company.

3.10 Close of Escrow. The Close of Escrow shall occur on or before the Outside Closing Date. The Parties may mutually agree to change the Outside Closing Date by joint written instruction to Escrow Agent. If for any reason (other than a Default or Event of Default by such Party) the Close of Escrow has not occurred on or before the Outside Closing Date, then any Party not then in Default under this Agreement may cancel the Escrow and terminate this Agreement upon seven (7) calendar days advance Notice, in their respective sole and absolute discretion, without liability to the other Party or any other Person for such cancellation and termination, by delivering Notice of termination to both the other Party and Escrow Agent. Following any such Notice of termination of this Agreement and cancellation of the Escrow, the Parties and Escrow Agent shall proceed pursuant to Section 3.13. Without limiting the right of either Party to cancel the Escrow and terminate this Agreement, pursuant to this Section 3.10, if the Escrow does not close on or before the Outside Closing Date and neither Party has exercised its contractual right to cancel the Escrow and terminate this Agreement under this Section 3.10 before the first date on which Escrow Agent Notifies both Parties that Escrow is in a position to close in accordance with the terms and conditions of this Agreement, then the Escrow shall close as soon as reasonably possible following the first date on which Escrow Agent Notifies both Parties that Escrow is in a position to close in accordance with the terms and conditions of this Agreement.

3.11 Escrow Costs. Escrow Agent shall notify Buyer and Agency of the costs to be borne by each of them at the Close of Escrow by delivering an Escrow Closing Statement to each

Agency and Buyer at least two (2) Business Days prior to the Close of Escrow. Agency and Buyer shall each pay one-half (1/2) of the premium charged by the Title Company for the basic Buyer Title Policy. Buyer shall be solely responsible for all costs of or premiums for issuance of any endorsements or other supplements to the coverage of the Buyer Title Policy that may be requested by Buyer. Agency and Buyer shall each pay one-half (1/2) of the fees and other costs that the Escrow Agent may charge for conducting the Escrow. Agency shall pay any and all recording fees, documentary transfer taxes and any and all other charges, fees and taxes levied by a Government relative to the conveyance of the Property through the Escrow.

3.12 Escrow Cancellation Charges. If the Escrow fails to close due to Agency's Default under this Agreement, Agency shall pay all ordinary and reasonable Escrow and title order cancellation charges charged by Escrow Agent or Title Company, respectively. If the Escrow fails to close due to Buyer's Default under this Agreement, Buyer shall pay all ordinary and reasonable Escrow and title order cancellation charges charged by Escrow Agent or Title Company, respectively. If the Escrow fails to close for any reason other than the Default of either Buyer or Agency, Buyer and Agency shall each pay one-half (1/2) of any ordinary and reasonable Escrow and title order cancellation charges charged by Escrow Agent or Title Company, respectively.

3.13 Escrow Cancellation. If this Agreement is terminated pursuant to a contractual right granted to a Party in this Agreement to terminate this Agreement (other than due to an Event of Default by the other Party), the Parties shall do all of the following:

3.13.1 **Cancellation Instructions.** The Parties shall, within three (3) Business Days following Escrow Agent's written request, sign any reasonable Escrow cancellation instructions requested by Escrow Agent and deliver such signed Escrow cancellation instructions to Escrow Agent;

3.13.2 **Return of Funds and Documents.** Within ten (10) Business Days following receipt by the Parties of a settlement statement of Escrow and title order cancellation charges (if any) from Escrow Agent or within twenty (20) calendar days following Notice of Termination, whichever is earlier: (a) Buyer or Escrow Agent, respectively, shall return to Agency all documents previously delivered by Agency to Buyer or Escrow Agent regarding the Escrow; (b) Agency or Escrow Agent, respectively, shall return to Buyer all documents previously delivered by Buyer to Agency or Escrow Agent regarding the Escrow; (c) Escrow Agent shall, except as otherwise provided for in this Agreement, return to Buyer all funds deposited in Escrow by Buyer, less Buyer's share of customary and reasonable Escrow and title order cancellation charges (if any) in accordance with Section 3.12; and (d) Escrow Agent shall, except as otherwise provided in this Agreement, return to Agency all funds deposited in Escrow by Agency, less Agency's share of customary and reasonable Escrow and title order cancellation charges (if any) in accordance with Section 3.12.

3.14 Report to IRS. After the Close of Escrow and prior to the last date on which such report is required to be filed with the Internal Revenue Service under applicable Federal law, if such report is required pursuant to Internal Revenue Code Section 6045(e), Escrow Agent shall report the gross proceeds of the conveyance of the Property pursuant to this Agreement to the Internal Revenue Service on Form 1099-B, W-9 or such other form(s) as may be specified by the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e). Concurrently with

the filing of such reporting form with Internal Revenue Service, Escrow Agent shall deliver a copy of the filed form to both Agency and Buyer.

3.15 Condemnation. If Agency receives written notice that all or any portion of the Property or any interest in any portion of the Property becomes the subject of any eminent domain proceeding after the Effective Date and prior to Close of Escrow, including the filing of any notice of intended condemnation or proceedings in the nature of eminent domain commenced by any Government, Agency shall give Notice to Buyer of such occurrence. Buyer shall have the option to either: (a) proceed with the Close of Escrow, in which case this Agreement shall continue in full force and effect in accordance with its terms and at the Close of Escrow, Agency shall pay to Buyer any condemnation award attributable to the Property that is paid to Agency after the Effective Date and prior to the Close of Escrow or assign to Buyer any and all rights of Agency to receive any condemnation award attributable to the Property that is to be paid after the Close of Escrow; or (b) Buyer may terminate this Agreement by Notice to Agency thirty (30) calendar days in advance of the effective date of such termination.

4. REPRESENTATIONS AND WARRANTIES OF BUYER

4.1 Representations and Warranties by Buyer. Buyer makes the following representations, covenants and warranties as of the Effective Date and acknowledges that the execution of this Agreement by Agency is made in material reliance by Agency on such covenants, representations and warranties of Buyer:

4.1.1 Buyer has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement, such that this Agreement is valid and enforceable against Buyer in accordance with its terms and each instrument to be executed by Buyer pursuant to or in connection with this Agreement will, when executed, be valid and enforceable against Buyer in accordance with its terms. No approval, consent, order or authorization of, or designation or declaration of any other person, is required in connection with the valid execution, delivery or performance of this Agreement by Buyer.

4.1.2 If Buyer becomes aware of any act or circumstance that would change or render incorrect, in whole or in part, any representation or warranty made by Buyer under this Agreement, whether as of the date given or any time thereafter, whether or not such representation or warranty was based upon Buyer's knowledge and/or belief as of a certain date, Buyer will give immediate written notice of such changed fact or circumstance to Agency.

5. REMEDIES, INDEMNITY AND TERMINATION

5.1 PRE-CLOSING LIQUIDATED DAMAGES TO AGENCY. UPON THE OCCURRENCE OF AN EVENT OF DEFAULT BY BUYER UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW, AGENCY MAY CANCEL THE ESCROW, PURSUANT TO SECTION 3.13, AND TERMINATE THIS AGREEMENT. UPON CANCELLATION OF THE ESCROW AND TERMINATION OF THIS AGREEMENT, AGENCY SHALL BE RELIEVED OF ANY OBLIGATION OF AGENCY UNDER THIS AGREEMENT TO SELL OR CONVEY THE PROPERTY TO BUYER. ANY SUCH ESCROW CANCELLATION AND TERMINATION OF THIS AGREEMENT SHALL BE WITHOUT ANY LIABILITY OF AGENCY TO BUYER OR ANY OTHER PERSON

ARISING FROM SUCH ACTION. AGENCY AND BUYER ACKNOWLEDGE THAT IT IS EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN THE AMOUNT OF DAMAGES THAT WOULD BE SUFFERED BY AGENCY, IN THE EVENT OF A CANCELLATION OF THE ESCROW AND TERMINATION OF THIS AGREEMENT DUE TO THE OCCURRENCE OF AN EVENT OF DEFAULT BY BUYER UNDER THIS AGREEMENT, PRIOR TO THE CLOSE OF ESCROW. HAVING MADE DILIGENT BUT UNSUCCESSFUL ATTEMPTS TO ASCERTAIN THE ACTUAL DAMAGES AGENCY WOULD SUFFER, IN THE EVENT OF A CANCELLATION OF THE ESCROW AND TERMINATION OF THIS AGREEMENT DUE TO THE OCCURRENCE OF AN EVENT OF DEFAULT BY BUYER UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW, AGENCY AND BUYER AGREE THAT A REASONABLE ESTIMATE OF AGENCY'S DAMAGES IN SUCH EVENT IS THE AMOUNT OF THE DEPOSIT. THEREFORE, UPON THE CANCELLATION OF THE ESCROW AND TERMINATION OF THIS AGREEMENT BY AGENCY DUE TO THE OCCURRENCE OF AN EVENT OF DEFAULT BY BUYER UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW, THE ESCROW AGENT SHALL IMMEDIATELY CANCEL THE ESCROW AND PROMPTLY DELIVER THE DEPOSIT TO AGENCY. RECEIPT OF THE DEPOSIT SHALL BE AGENCY'S SOLE AND EXCLUSIVE REMEDY UPON THE CANCELLATION OF THE ESCROW AND TERMINATION OF THIS AGREEMENT DUE TO THE OCCURRENCE OF AN EVENT OF DEFAULT BY BUYER UNDER THIS AGREEMENT, PRIOR TO THE CLOSE OF ESCROW.

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Agency Representative

Initials of Authorized
Buyer Representative

5.2 BUYER'S REMEDIES PRIOR TO CLOSE OF ESCROW.

5.2.1 LIMITATION ON REMEDIES. DURING THE CONTINUANCE OF AN EVENT OF DEFAULT BY AGENCY UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW THAT PREVENTS BUYER FROM ACQUIRING TITLE TO THE PROPERTY, BUYER SHALL BE LIMITED TO THE REMEDY OF TERMINATION OF THIS AGREEMENT (INCLUDING CANCELLATION OF THE ESCROW AND A REFUND OF THE DEPOSIT TO BUYER). UNDER NO CIRCUMSTANCES SHALL AGENCY BE LIABLE TO BUYER UNDER THIS AGREEMENT FOR COSTS OR ANY SPECULATIVE, CONSEQUENTIAL, COLLATERAL, SPECIAL, PUNITIVE OR INDIRECT DAMAGES OR FOR ANY LOSS OF PROFITS SUFFERED OR CLAIMED TO HAVE BEEN SUFFERED BY BUYER.

5.2.2 WAIVER OF RIGHTS. BUYER ACKNOWLEDGES AND AGREES THAT AGENCY WOULD NOT HAVE ENTERED INTO THIS AGREEMENT IF AGENCY WERE TO BE LIABLE TO BUYER FOR SPECIFIC PERFORMANCE OR ANY MONETARY DAMAGES, MONETARY RECOVERY OR ANY OTHER REMEDY DURING THE CONTINUANCE OF AN EVENT OF DEFAULT UNDER THIS AGREEMENT BY AGENCY PRIOR TO THE CLOSE OF ESCROW THAT PREVENTS BUYER FROM ACQUIRING TITLE TO THE PROPERTY, OTHER THAN TERMINATION OF THIS AGREEMENT (INCLUDING CANCELLATION OF THE

ESCROW AND A REFUND OF THE DEPOSIT TO BUYER). ACCORDINGLY, AGENCY AND BUYER AGREE THAT THE REMEDIES SPECIFICALLY PROVIDED FOR IN SECTION 5.2.1 ARE REASONABLE AND SHALL BE BUYER'S SOLE AND EXCLUSIVE RIGHTS AND REMEDIES DURING THE CONTINUANCE OF AN EVENT OF DEFAULT UNDER THIS AGREEMENT BY AGENCY PRIOR TO THE CLOSE OF ESCROW THAT PREVENTS BUYER FROM ACQUIRING TITLE TO THE PROPERTY. BUYER WAIVES ANY RIGHT TO PURSUE ANY REMEDY OR DAMAGES OTHER THAN THOSE SPECIFICALLY PROVIDED IN SECTION 5.2.1 REGARDING AN AGENCY EVENT OF DEFAULT PRIOR TO THE CLOSE OF ESCROW THAT PREVENTS BUYER FROM ACQUIRING TITLE TO THE PROPERTY.

5.2.3 STATEMENT OF INTENT. CALIFORNIA CIVIL CODE SECTION 1542 NOTWITHSTANDING, IT IS THE INTENTION OF BUYER TO BE BOUND BY THE LIMITATION ON DAMAGES AND REMEDIES SET FORTH IN THIS SECTION 5.2, AND, EXCEPT AS SET FORTH IN THIS SECTION 5.2, BUYER HEREBY RELEASES ANY AND ALL CLAIMS AGAINST AGENCY FOR SPECIFIC PERFORMANCE, MONETARY DAMAGES, MONETARY RECOVERY OR OTHER LEGAL OR EQUITABLE RELIEF RELATED TO ANY EVENT OF DEFAULT UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW, WHETHER OR NOT ANY SUCH RELEASED CLAIMS WERE KNOWN OR UNKNOWN TO BUYER AS OF THE EFFECTIVE DATE OF THIS AGREEMENT.

5.2.4 CIVIL CODE SECTION 1542 WAIVER. BUYER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542 RELATIVE TO THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 5.2, WHICH CIVIL CODE SECTION READS AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

5.2.5 ACKNOWLEDGMENT. BY INITIALING BELOW, BUYER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 AND ALL OTHER STATUTES AND JUDICIAL DECISIONS (WHETHER STATE OR FEDERAL) OF SIMILAR EFFECT SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 5.2.

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Buyer Representative

5.3 Legal Actions. Either Party may institute legal action, at law or in equity, to enforce or interpret the rights or obligations of the Parties under this Agreement or recover damages, subject to the provisions of Sections 5.1 or 5.2.

5.4 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties set forth in this Agreement are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by such Party, at the same or different times, of any other rights or remedies for the same Default or the same rights or remedies for any other Default by the other Party.

5.5 Indemnification.

5.5.1 **Agency Indemnity Obligations.** Agency shall Indemnify Buyer Parties against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of Agency Parties, but only to the extent that Agency may be held liable under applicable law for such wrongful intentional act or negligence and exclusive of any violation of law (including the State Constitution) relating to Agency's approval, entry into or performance of this Agreement. Nothing in this Agreement is intended nor shall be interpreted to waive any limitation on Agency's liability, any exemption from liability in favor of Agency, any claim presentment requirement for bringing an action regarding any liability of Agency or any limitations period applicable to liability of Agency, all as set forth in Government Code Sections 800 *et seq.*, Sections 900 *et seq.*, or in any other Law, or require Agency to Indemnify any Person beyond such limitations on Agency's liability.

5.5.2 **Buyer Indemnity Obligations.** Buyer shall Indemnify Agency Parties against any Claim to the extent such Claim arises from: (a) any wrongful intentional act or negligence of Buyer Parties; (b) any Claims relating to Due Diligence Investigations except for the mere discovery of existing Hazardous Materials; (c) any Application made by or at Buyer's request; (d) any agreements that Buyer (or anyone claiming by or through Buyer) makes with a Third Person regarding the Property or the Project; or (e) any Environmental Claim regarding the Project, the Property or attributable to any action or failure to act by Buyer Parties.

5.5.3 **Survival of Indemnification and Defense Obligations.** The indemnity and defense obligations of the Parties under this Agreement shall survive the expiration or earlier termination of this Agreement, until any and all actual or prospective Claims regarding any matter subject to an indemnity obligation under this Agreement are fully, finally, absolutely and completely barred by applicable statutes of limitations.

5.5.4 **Indemnification Procedures.** Wherever this Agreement requires any Indemnitor to Indemnify any Indemnitee:

(a) *Prompt Notice.* The Indemnitee shall promptly Notify the Indemnitor of any Claim.

(b) *Selection of Counsel.* The Indemnitor shall select counsel reasonably acceptable to the Indemnitee. Counsel to Indemnitor's insurance carrier that is providing coverage for a Claim shall be deemed reasonably satisfactory, except in the event of a potential or actual conflict of interest for such counsel regarding such representation or such counsel proves to be incompetent regarding such representation. Even though the Indemnitor shall defend the Claim, Indemnitee may, at Indemnitee's option and expense (except in a situation where the Indemnitor is defending Indemnitee under a reservation of rights, in which situation the Indemnitor shall pay for such separate counsel), engage separate counsel to advise it

regarding the Claim and its defense. The Indemnitee's separate counsel may attend all proceedings and meetings. The Indemnitor's counsel shall actively consult with the Indemnitee's separate counsel.

(c) *Cooperation.* The Indemnitee shall reasonably cooperate with the Indemnitor's defense of the Indemnitee.

(d) *Settlement.* The Indemnitor may only settle a Claim with the consent of the Indemnitee. Any settlement shall procure a release of the Indemnitee from the subject Claims, shall not require the Indemnitee to make any payment to the claimant and shall provide that neither the Indemnitee nor the Indemnitor on behalf of Indemnitee admits any liability.

6. GENERAL PROVISIONS

6.1 Incorporation of Recitals. The Recitals of fact set forth preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

6.2 Notices, Demands and Communications Between the Parties. Any and all Notices submitted by any Party to the other Party pursuant to or as required by this Agreement shall be proper, if in writing and sent by messenger for immediate personal delivery, nationally recognized overnight (one Business Day) courier (i.e., United Parcel Service, Federal Express, etc.) or by registered or certified United States mail, postage prepaid, return receipt requested, to the address of the recipient Party, as designated below in this Section 6.2. Notices may be sent in the same manner to such other addresses as either Party may from time to time designate by Notice in accordance with this Section 6.2. Notice shall be deemed received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that the Notice is sent by messenger for immediate personal delivery, one Business Day after delivery to a nationally recognized overnight carrier or two (2) calendar days after the Notice is placed in the United States mail in accordance with this Section 6.2. Any attorney representing a Party may give any Notice on behalf of such Party. The Notice addresses for the Parties, as of the Effective Date, are as follows:

To Buyer:

Frontier Real Estate Investments LLC
610 Newport Center Drive, Suite 410
Newport Beach, CA 92660
Attn: Dan Almquist

With Copy To:

Frontier Real Estate Investments LLC
2700 Pacific Coast Highway, Second Floor
Torrance, CA 90505
Attn: Robert M. Jonas

To Agency:

Successor Agency to the City of Stanton
Redevelopment Agency
7800 Katella Avenue
Stanton, CA 90680
Attention: Executive Director

With Copy to:

Best Best & Krieger LLP
18101 Van Karman Avenue, Suite 1000
Irvine, CA 92614
Attention: Elizabeth W. Hull, Esq.

6.3 Relationship of Parties. The Parties each intend and agree that Agency and Buyer are independent contracting entities and do not intend by this Agreement to create any partnership, joint venture, or similar business arrangement, relationship or association between them.

6.4 Warranty Against Payment of Consideration for Agreement. Buyer represents and warrants to Agency that: (a) Buyer has not employed or retained any Person to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of Buyer and Third Persons to whom fees are paid for professional services related to planning, design or construction of the Project or documentation of this Agreement; and (b) no gratuities, in the form of entertainment, gifts or otherwise have been or will be given by Buyer or any of Buyer's agents, employees or representatives to any elected or appointed official or employee of Agency in an attempt to secure this Agreement or favorable terms or conditions for this Agreement. Breach of the representations or warranties of this Section 6.4 shall entitle Agency to terminate this Agreement or cancel the Escrow (or both) upon seven (7) calendar days' Notice to Buyer and, if during the pendency of the Escrow, also to Escrow Agent.

6.5 Calculation of Time Periods. Unless otherwise specified, all references to time periods in this Agreement measured in days shall be to consecutive calendar days, all references to time periods in this Agreement measured in months shall be to consecutive calendar months and all references to time periods in this Agreement measured in years shall be to consecutive calendar years. Any reference to Business Days in this Agreement shall mean consecutive Business Days.

6.6 Principles of Interpretation. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Agreement. The Parties have both participated substantially in the negotiation, drafting and revision of this Agreement, with advice from legal and other counsel and advisers of their own selection. A word, term or phrase defined in the singular in this Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which shall govern all language in this Agreement. The words "include" and "including" in this Agreement shall be construed to be followed by the words: "without limitation." Each collective noun in this Agreement shall be interpreted as if followed by the words "(or any part of it)," except where the context clearly requires otherwise. Every reference to any document, including this Agreement, refers to such document, as modified from time to time (excepting any modification that violates this Agreement), and includes all exhibits, schedules, addenda and riders to such document. The

word "or" in this Agreement includes the word "and." Every reference to a law, statute, regulation, order, form or similar governmental requirement refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time.

6.7 Governing Law. The procedural and substantive laws of the State shall govern the interpretation and enforcement of this Agreement, without application of conflicts of laws principles. The Parties acknowledge and agree that this Agreement is entered into, is to be fully performed in and relates to real property located in the County. All legal actions arising from this Agreement shall be filed in the Superior Court of the State in and for the County or in the United States District Court with jurisdiction in the County.

6.8 Parties to the Agreement. The Parties to this Agreement are Agency and Buyer. The City is not a Party to this Agreement.

6.9 Unavoidable Delay; Extension of Time of Performance.

6.9.1 **Notice.** Subject to any specific provisions of this Agreement stating that they are not subject to Unavoidable Delay or otherwise limiting or restricting the effects of an Unavoidable Delay (if any), performance by either Party under this Agreement shall not be deemed or considered to be in Default, where any such Default is due to the occurrence of an Unavoidable Delay. Any Party claiming an Unavoidable Delay shall Notify the other Party: (a) within twenty (20) calendar days after such Party knows of any such Unavoidable Delay; and (b) within ten (10) calendar days after such Unavoidable Delay ceases to exist. To be effective, any Notice of an Unavoidable Delay must describe the Unavoidable Delay in reasonable detail. The Party claiming an extension of time to perform due to an Unavoidable Delay shall exercise reasonable efforts to cure the condition causing the Unavoidable Delay, within a reasonable time.

6.9.2 **Assumption of Economic Risks.** EACH PARTY EXPRESSLY AGREES THAT ADVERSE CHANGES IN ECONOMIC CONDITIONS, OF EITHER PARTY SPECIFICALLY OR THE ECONOMY GENERALLY, OR CHANGES IN MARKET CONDITIONS OR DEMAND OR CHANGES IN THE ECONOMIC ASSUMPTIONS OF EITHER PARTY THAT MAY HAVE PROVIDED A BASIS FOR ENTERING INTO THIS AGREEMENT SHALL NOT OPERATE TO EXCUSE OR DELAY THE PERFORMANCE OF EACH AND EVERY ONE OF EACH PARTY'S OBLIGATIONS AND COVENANTS ARISING UNDER THIS AGREEMENT. ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE PARTIES EXPRESSLY ASSUME THE RISK OF UNFORESEEABLE CHANGES IN ECONOMIC CIRCUMSTANCES OR MARKET DEMAND OR CONDITIONS AND WAIVE, TO THE GREATEST EXTENT ALLOWED BY LAW, ANY DEFENSE, CLAIM, OR CAUSE OF ACTION BASED IN WHOLE OR IN PART ON ECONOMIC NECESSITY, IMPRACTICABILITY, CHANGED ECONOMIC CIRCUMSTANCES, FRUSTRATION OF PURPOSE, OR SIMILAR THEORIES. THE PARTIES AGREE THAT ADVERSE CHANGES IN ECONOMIC CONDITIONS, EITHER OF THE PARTY SPECIFICALLY OR THE ECONOMY GENERALLY, OR CHANGES IN MARKET CONDITIONS OR DEMANDS, SHALL NOT OPERATE TO EXCUSE OR DELAY THE STRICT OBSERVANCE OF EACH AND EVERY ONE OF THE OBLIGATIONS, COVENANTS, CONDITIONS AND REQUIREMENTS OF THIS AGREEMENT. THE PARTIES EXPRESSLY ASSUME THE RISK OF SUCH ADVERSE ECONOMIC OR

MARKET CHANGES, WHETHER OR NOT FORESEEABLE AS OF THE EFFECTIVE DATE.

Initials of Authorized
Agency Representative

Initials of Authorized
Buyer Representative

6.10 Tax Consequences. Buyer acknowledges and agrees that Buyer shall bear any and all responsibility, liability, costs or expenses connected in any way with any tax consequences experienced by Buyer related to this Agreement.

6.11 Real Estate Commissions. Agency represents and warrants that the Agency has engaged Kosmont Company to provide brokerage services in connection with this Agreement and Kosmont Company is entitled to a commission or finder's fee which shall be paid pursuant to a separate agreement. The Agency shall be solely responsible for any fee, cost or commission due to Kosmont Company. The Agency has not retained or employed any other entity to provide such services. Agency shall Indemnify the Buyer against any breach of the representation and warranty set forth in this Section 6.11. Buyer has been represented by Mr. Walter Pagel and Mr. Blake Woodward of CBRE, Inc. in regards to this transaction. Buyer shall be solely responsible for any fee, cost or commission due to Mr. Pagel and/or Mr. Woodward related to this transaction and shall pay any such amount pursuant to a separate agreement. Buyer shall Indemnify the Agency against claim for fee, costs or commissions associated with this Agreement whether by Mr. Pagel, Mr. Woodward or other person claiming through Buyer.

6.12 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any Third Person to any Party or give any Third Person any right of subrogation or action over or against any Party.

6.13 Buyer Assumption of Risks of Legal Challenges. Buyer assumes the risk of delays or damages that may result to Buyer from any Third Person legal actions related to Agency's approval of this Agreement or any associated Approvals, even in the event that an error, omission or abuse of discretion by Agency is determined to have occurred. If a Third Person files a legal action regarding Agency's approval of this Agreement or any associated Approval (exclusive of legal actions alleging violation of Government Code Section 1090 by elected officials of Agency), Buyer shall have the option to either: (a) cancel the Escrow and terminate this Agreement, in which case the Parties and the Escrow Agent shall proceed in accordance with Section 3.13; or (b) Indemnify Agency against such Third Person legal action, including all Legal Costs, monetary awards, sanctions, attorney fee awards, expert witness and consulting fees, and the expenses of any and all financial or performance obligations resulting from the disposition of the legal action; provided, however, that option "(a)" under this Section 6.133 shall only be available to Buyer prior to the Close of Escrow. Should Buyer fail to Notify Agency of Buyer's election pursuant to this Section 6.133 at least fifteen (15) calendar days before response to the legal action is required by Agency, Buyer shall be deemed to have elected to cancel the Escrow and terminate this Agreement pursuant to this Section 6.133. If Buyer is deemed to have elected to cancel the Escrow and terminate this Agreement pursuant to this Section 6.133 and Buyer does not send Notice of cancellation of the Escrow to Escrow Agent and Agency and Notice of termination of this Agreement to Agency within ten (10) calendar

days following such event, then Agency shall have the right to terminate this Agreement and cancel the Escrow by sending Notice of cancellation of the Escrow to Escrow Agent and Buyer and Notice of termination of this Agreement to Buyer, without liability to Buyer or any other Person. Agency shall reasonably cooperate with Buyer in defense of Agency in any legal action subject to this Section 6.133, subject to Buyer performing Buyer's indemnity obligations for such legal action. Nothing contained in this Section 6.133 is intended to be nor shall be deemed or construed to be an express or implied admission that Agency may be liable to Buyer or any other Person for damages or other relief regarding any alleged or established failure of Agency to comply with any Law. Any legal action that is subject to this Section 6.133 (including any appeal periods and the pendency of any appeals) shall constitute an Unavoidable Delay and the time periods for performance by either Party under this Agreement may be extended pursuant to the provisions of this Agreement regarding Unavoidable Delay.

6.14 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.

6.15 Time Declared to be of the Essence. As to the performance of any obligation under this Agreement of which time is a component, the performance of such obligation within the time specified is of the essence.

6.16 Entire Agreement. This Agreement integrates all of the terms, conditions and exhibits mentioned in this Agreement or incidental to this Agreement, and supersedes all negotiations or previous agreements between the Parties with respect to all or any portion of the Property and the subject matter hereof.

6.17 Waivers and Amendments. All waivers of the provisions of this Agreement must be in writing and signed by the authorized representative(s) of the Party making the waiver. All amendments to this Agreement must be in writing and signed by the authorized representative(s) of both Agency and Buyer. Failure to insist on any one occasion upon strict compliance with any term, covenant, condition, restriction or agreement contained in this Agreement shall not be deemed a waiver of such term, covenant, condition, restriction or agreement, nor shall any waiver or relinquishment of any rights or powers under this Agreement, at any one time or more times, be deemed a waiver or relinquishment of such right or power at any other time or times.

6.18 Executive Director Implementation. Agency shall implement this Agreement through the Executive Director. The Executive Director is hereby authorized by Agency to enter into agreements referenced in this Agreement or reasonably required to implement this Agreement on behalf of Agency, issue approvals, interpretations or waivers and enter into amendments to this Agreement on behalf of Agency, to the extent that any such action(s) does/do not materially or substantially change the Project or increase the monetary obligations of Agency by more than Fifty Thousand Dollars (\$50,000) in the aggregate. All other actions shall require the consideration and approval of Agency, unless expressly provided otherwise by action of Agency. Nothing in this Section 6.18 shall restrict the submission to Agency of any matter within the Executive Director's authority under this Section 6.18, in the Executive Director's sole and absolute discretion, to obtain Agency authorization on such matter. The specific intent of this Section 6.18 is to authorize certain actions on behalf of Agency by the Executive Director, but not to require that such actions be taken by the Executive Director, without consideration by Agency.

6.19 Survival of Agreement. All of the provisions of this Agreement shall be applicable to any dispute between the Parties arising from this Agreement, whether prior to or following expiration or termination of this Agreement, until any such dispute is finally and completely resolved between the Parties, either by written settlement, entry of a non-appealable judgment or expiration of all applicable statutory limitations periods and all terms and conditions of this Agreement relating to dispute resolution and limitations on damages or remedies shall survive any expiration or termination of this Agreement.

6.20 Counterparts. This Agreement shall be signed in three (3) counterpart originals, each of which is deemed to be an original. This Agreement includes **[TO BE DETERMINED]** pages and two (2) exhibits (each exhibit is incorporated into this Agreement by reference) that constitute the entire understanding and agreement of the Parties regarding the subject matter of this Agreement.

6.21 Facsimile or Electronic Signatures. Signatures delivered by facsimile or electronic means shall be binding as originals upon the Party so signing and delivering; provided, however, that original signature(s) of each Party shall be required for each document to be recorded.

[Signatures on following page]

**SIGNATURE PAGE
TO
PURCHASE AND SALE AGREEMENT
(Beach and Oranewood)**

IN WITNESS WHEREOF, the Parties have signed and entered into this Agreement by and through the signatures of their respective authorized representative(s) as follow:

AGENCY:

SUCCESSOR AGENCY TO THE CITY OF
STANTON REDEVELOPMENT AGENCY, a
public body, corporate and politic

By: _____
Omar Dadabhoy
Executive Director

DEVELOPER:

FRONTIER REAL ESTATE INVESTMENTS
LLC, a California limited liability company

By: _____
Dan Almquist, Manager

By: _____
Robert M. Jonas, Manager

ATTEST:

By: _____
Secretary to the Board

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

By: _____
General Counsel

**EXHIBIT A
TO
PURCHASE AND SALE AGREEMENT
(Beach and Oranewood)**

LEGAL DESCRIPTION

[Attached behind this cover page]

**EXHIBIT B
TO
PURCHASE AND SALE AGREEMENT
(Beach and Oranewood)**

AGENCY DEED

[Attached behind this cover page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Frontier Real Estate Investments LLC
2700 Pacific Coast Highway, Second Floor
Torrance, CA 90505
Attn: Robert M. Jonas

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRANT DEED
(Beach and Oranewood)**

PART ONE

For valuable consideration, the receipt of which is hereby acknowledged, the Successor Agency to the City of Stanton Redevelopment Agency, a public body, corporate and politic (the "Agency"), hereby grants to Frontier Real Estate Investments LLC, a California limited liability company (the "Grantee"), the real property legally described in Exhibit "A" and by this reference incorporated into this Deed (the "Property").

PART TWO

The grant of the Property by the Agency to the Grantee in Part One is subject to the following community development terms, conditions and covenants:

Section 1. Conveyance Subject to Terms of a Purchase and Sale Agreement. The Property is conveyed subject to that certain Purchase and Sale Agreement, dated as of _____, 2015 by and between the Agency and the Grantee (the "Agreement"). The provisions of the Agreement are incorporated into this Deed by this reference and are deemed to be a part of this Deed, as though fully set forth in this Deed.

Section 2. Condition of Property. The Grantee acknowledges and agrees that the Property is accepted by the Grantee from the Agency in its "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS CONDITION," as of the date of recordation of this Deed, with no warranties, expressed or implied, as to the environmental or other physical condition of the Property, the presence or absence of any patent or latent environmental or other physical condition on or in the Property, or any other matters affecting the Property, except as otherwise expressly set forth in the Agreement.

Dated: _____

SUCCESSOR AGENCY TO THE CITY OF
STANTON REDEVELOPMENT AGENCY, a
public body, corporate and politic

By: _____
Omar Dadabhoy
Executive Director

EXHIBIT "1"
TO
GRANT DEED
(Beach and Oranewood)

Property Legal Description

[Attached behind this cover page]

CERTIFICATE OF ACCEPTANCE OF GRANT DEED

This is to certify that the interest in real property conveyed by the foregoing Grant Deed from the **SUCCESSOR AGENCY TO THE CITY OF STANTON REDEVELOPMENT AGENCY**, a public body, corporate and politic, to **FRONTIER REAL ESTATE INVESTMENTS LLC**, a California limited liability company, is hereby accepted by the undersigned, who consents to the recordation of such Grant Deed in the official records of the County of Orange, California.

FRONTIER REAL ESTATE INVESTMENTS LLC, a California limited liability company

By: _____
Dan Almquist, Manager

By: _____
Robert M. Jonas, Manager



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

September 28, 2015

Mr. Omar Dadabhoy, Community Development Director
City of Stanton
7800 Katella Avenue
Stanton, CA 90680

Dear Mr. Dadabhoy:

Subject: Objection of Oversight Board Actions

The City of Stanton Successor Agency (Agency) notified the California Department of Finance (Finance) of its August 13, 2015 and September 10, 2015 Oversight Board (OB) resolutions on August 13, 2015 and September 10, 2015. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance has made the following determinations:

OB Resolution No. SOB 2015-06

This resolution, approving a Disposition and Development Agreement (DDA) with Frontier Real Estate Investments, Inc. for eleven properties located at 11382, 11430 and 11462 Beach Boulevard, is not approved.

The Agency's Long-Range Property Management Plan (LRPMP) was approved by Finance on October 3, 2014. As part of the LRPMP, those eleven properties were approved for sale. The Agency now desires to enter into the DDA to convey the subject properties.

However, the DDA requires the Agency to perform certain responsibilities to oversee the project. Pursuant to HSC section 34177.3 (a), successor agencies shall lack the authority to, and shall not, create new enforceable obligations or begin new redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011.

OB Resolution No. SOB 2015-08

This resolution, approving an Assignment and Assumption Agreement for the DDA with Frontier Real Estate, Inc. to transfer all post-closing rights and obligations from the Agency to the City of Stanton (City) for eleven properties located at 11382, 11430 and 11462 Beach Boulevard and clarifying the OB's approval of Resolution 2015-06, is not approved.

It is our understanding the Agency and the City intend to enter into this Assignment and Assumption Agreement wherein the Agency will transfer, and the City will assume, all of the Agency's rights and obligations related to the proposed DDA between the Agency and Frontier Real estate, Inc.


Mr. Omar Dadabhoy
September 28, 2015
Page 2

However, the underlying DDA is not valid as described under OB 2015-06 above. Additionally, pursuant to HSC section 34163 (b), the Agency does not have authority to enter into a new agreement.

As authorized by HSC section 34179 (h), Finance is returning your OB actions to the board for reconsideration.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Suzanne Harrell, Managing Director, City of Stanton
Mr. Frank Davies, Property Tax Manager, Orange County

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: October 13, 2015

SUBJECT: AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTIONS 36937 AND 65858 EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF INTERNET CAFES AND CYBER CAFES PENDING STUDY AND ADOPTION OF REGULATORY AND ZONING STANDARDS

REPORT IN BRIEF:

On September 8, 2015, the City Council adopted Urgency Ordinance No. 1040, a moratorium to temporarily prohibit new internet and cyber cafes from establishing in the City. The 45-day moratorium was prompted by numerous reports by jurisdictions all over the State — including the City — of illegal gambling at internet and cyber cafes. Since Urgency Ordinance No. 1040 was approved, City staff has begun studying the potential impacts of these establishments and analyzing appropriate regulatory and zoning standards. However, City staff has not completed its study and analysis, and therefore, the City Council is being asked to extend the moratorium.

RECOMMENDED ACTION:

1. City Council conduct a public hearing; and
2. Declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines. Moreover, this Ordinance is statutorily exempt from further CEQA review under Section 15262 (feasibility and planning studies); and
3. Approve Urgency Ordinance No. 1041, entitled:

"AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTIONS 36937 AND 65858 EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF INTERNET CAFES AND CYBER CAFES PENDING STUDY AND ADOPTION OF REGULATORY AND ZONING STANDARDS."

BACKGROUND:

On September 8, 2015, the City Council adopted Urgency Ordinance No. 1040, a moratorium to temporarily prohibiting new internet and cyber cafes from establishing in the City. Urgency Ordinance No. 1040 is set to expire on October 23, 2015.

The moratorium was prompted, in part, by reports throughout the State and in the City that internet and cyber cafes are allowing illegal gambling operations at their businesses. The gambling often takes the form of "promotional sweepstakes," in which a business allows customers to play gambling-themed games on computers to win cash prizes.

Media reports have chronicled police raids on internet cafes throughout the State in which local law enforcement have seized electronic gaming machines and thousands of dollars in alleged profits from illegal gambling. (See "Hesperia Internet Cafes Raided in Illegal Gambling Probe," *LA Times*, Mar. 20, 2013; "States Battle Illegal Gambling at Internet Cafes," *USA Today*, Mar. 24, 2014; "Police Raid Milpitas Internet Cafe for 'Unlawful Gambling,'" NBC (Online), May 8, 2014; "Evidence at Internet Cafe Reveals Gambling Operation," *The Reporter*, Aug. 26, 2015.)

Due to these statewide issues, the Governor signed Assembly Bill 1439 ("AB 1439") into law in late 2014, which became effective this year. AB 1439 prohibits, in part, gambling at internet and cyber cafes. Moreover, the California Supreme Court has also ruled that sweepstakes games at internet cafes are unlawful gambling operations. (*People ex rel. v. Grewal* (2015) 61 Cal.4th 544.)

As noted, the City has not been immune to these illegal operations. In recent months, the City has also received numerous reports of illegal gambling at existing internet cafes in the City. Currently, the City is litigating against an internet cafe business that the City alleges allowed slot machine-like gambling to take place at the establishment.

During the initial 45-day period, City staff has begun studying issues related to the establishment of internet and cyber cafes in the City. The report attached as Attachment "A" to the proposed Ordinance details the City's efforts to analyze this problem. However, the City has not concluded its research or analysis, and therefore requires additional time.

ANALYSIS/JUSTIFICATION:

Government Code Section 65858 authorizes the City to extend its moratorium for an additional 10 months and 15 days. Coupled with the initial 45-day moratorium, the extended moratorium would last a year, or until September 8, 2016, unless the City Council repeals proposed Urgency Ordinance No. 1041 or extends the moratorium pursuant to Section 65858.

If approved, Urgency Ordinance No. 1041 would be immediately effective since its purpose is to preserve the public peace, health or safety. The Urgency Ordinance would continue to temporarily prohibit the establishment of new internet and cyber

cafes, which, if approved, may be in conflict with contemplated land use policies and regulations that the City is studying. The City is considering the potential impacts of internet and cyber cafes due to law enforcement issues, such as illegal gambling, at those businesses and analyzing potential regulatory and zoning ordinances to combat such illegal operations. In order for the proposed urgency ordinance to be effective, four-fifths (4/5) of the City Council must approve the ordinance.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of CEQA, the adoption of this Ordinance has been determined to not be subject to CEQA pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378). Moreover, the proposed Ordinance is statutorily exempt under Section 15262 (feasibility and planning studies).


PUBLIC NOTIFICATION:

Public notice for this item was made at three public places in accordance with Government Code Section 65090 and through the regular agenda process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

2 – Provide a high quality of life.

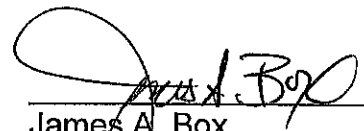
Prepared By:


Omar Dadabhoy
Community and Economic
Development Director

Concurred By:

Matthew E. Richardson
City Attorney

Approved By:


James A. Box
City Manager

Attachment:

A. Urgency Ordinance No. 1041

URGENCY ORDINANCE NO. 1041

AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, IN ACCORDANCE WITH GOVERNMENT CODE SECTIONS 36937 AND 65858, EXTENDING THE TEMPORARY MORATORIUM PROHIBITING THE ESTABLISHMENT OF INTERNET CAFES AND CYBER CAFES PENDING STUDY AND ADOPTION OF REGULATORY AND ZONING ORDINANCES

WHEREAS, Article 11, Section 7 of the California Constitution authorizes the City of Stanton ("City") to make and enforce within its limits all ordinances and regulations not in conflict with general laws; and

WHEREAS, the City has adopted a zoning code regulating the uses of land within the City, as codified in Chapter 20 of the Stanton Municipal Code ("SMC"); and

WHEREAS, the SMC also includes regulations on Internet Cafes and Cyber Cafes, which are included under the category of "Indoor Commercial Recreation Facilities" for zoning purposes (see SMC §§ 5.68, *et seq.*; 20.700.050; 20.400.090); and

WHEREAS, the City is aware that internet and cyber cafes throughout the State have been connected to illegal gambling. Some of the illicit operations are in the form of "promotional sweepstakes," in which the business allows customers to play gambling-themed games on computers to win cash prizes; and

WHEREAS, according to media reports, localities across the State have battled to shut down illegal gambling operations that occur at internet and cyber cafes (see "Hesperia Internet Cafes Raided in Illegal Gambling Probe," *LA Times*, Mar. 20, 2013; "States Battle Illegal Gambling at Internet Cafes," *USA Today*, Mar. 24, 2014; "Police Raid Milpitas Internet Cafe for 'Unlawful Gambling,'" NBC (Online), May 8, 2014; "Evidence at Internet Cafe Reveals Gambling Operation," *The Reporter*, Aug. 26, 2015); and

WHEREAS, according to the National Council on Problem Gambling, up to eight million U.S. adults have problems with gambling, which may compromise, disrupt, or damage personal, family, or vocational pursuits; and

WHEREAS, in response to public agencies' and local law enforcement requests, the Assembly Bill 1439 ("AB 1439") was passed by the State in September 2014, to prohibit, in part, online gambling that often occurs at internet cafes. AB 1439 became effective on January 1, 2015; and

WHEREAS, the California Supreme Court has also ruled that sweepstakes type of games provided at internet and cyber cafes are illegal gambling (*People ex rel. v. Grewal* (2015) 61 Cal.4th 544); and

WHEREAS, the City has also recently investigated complaints that some existing local internet and cyber cafes have allowed illegal gambling at their establishments in the City. The City is currently litigating one such case in which the establishment is alleged to be an illegal internet cafe that has allowed customers to play slot machine-like games at the establishment; and

WHEREAS, the City's existing municipal code and zoning regulations do not adequately regulate the establishment of internet cafes, including, without limitation, prohibiting illegal gambling at such establishments; and

WHEREAS, Section 36937 of the Government Code authorizes the City Council to adopt an ordinance that will take effect immediately if it is an ordinance for the immediate preservation of the public peace, health or safety, containing a declaration of the facts constituting the urgency, and is passed by a four-fifths (4/5) vote of the City Council; and

WHEREAS, Section 65858 of the Government Code also authorizes the City Council to adopt an interim urgency ordinance temporarily prohibiting land uses, which, if approved, may be in conflict with contemplated land use policies and regulations which the City is studying or intends to study within a reasonable period of time. Section 65858 also requires a four-fifths (4/5) vote of the City Council for such ordinance to be effective; and

WHEREAS, pursuant to Sections 36937 and 65858, on September 8, 2015, the City adopted Urgency Ordinance No. 1040 temporarily prohibiting the establishment of additional internet cafes and cyber cafes in the City, pending study and adoption of regulatory and zoning standards to protect the public health, safety, and welfare; and

WHEREAS, during the initial 45-day moratorium, the City has been studying issues related to internet cafes but has not yet completed its study and evaluation; and

WHEREAS, as a result, the City Council desires to extend the moratorium, pursuant to Government Code section 65858(a), which allows the City Council to extend the interim urgency ordinance based on the current and immediate threats described above, which continue. Such extension shall be for a period of ten (10) months and fifteen (15) days to allow staff and the City Council the opportunity to continue to research and select the best course of action for the City's citizens and the community at large, including the potential adoption of regulatory and zoning ordinances related to internet and cyber cafes; and

WHEREAS, pursuant to Government Code Section 65858(d), the City Council desires to issue a written report describing the measures taken to alleviate the conditions which led to the adoption of Urgency Ordinance No. 1040; and

WHEREAS, the City has substantially complied with the notice and public hearing required by Government Code Section 65858(a) of the California Government Code for the extension of Urgency Ordinance No. 1040.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON DOES ORDAIN AS FOLLOWS:

SECTION 1: CEQA. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. Moreover, this Ordinance is statutorily exempt from further CEQA review under Section 15262 (feasibility and planning studies) because this Ordinance authorizes the City to study potential regulatory and zoning standards regarding internet cafes and cyber cafes.

SECTION 2: Urgency Findings. The City Council hereby incorporates by reference the recitals of this urgency ordinance and the accompanying staff report. The City Council finds that this interim urgency ordinance temporarily extending the prohibition of the establishment of internet cafes and cyber cafes in the City is necessary to promote the immediate preservation of the public health, safety, and welfare due to numerous reports of illegal gambling operations that are alleged to occur at internet cafes and cyber cafes. This is a matter of importance to the entire City of Stanton, and is not directed at any particular property.

SECTION 3: Report Issued. The City Council hereby issues a written report, attached to this Ordinance as Exhibit "A", which describes the measures the City has taken to the alleviate the conditions that led to the adoption of Urgency Ordinance No. 1040. The report provides that the conditions have not been abated and continue to create the concerns described in Urgency Ordinance No. 1040. As a result, the report concludes that Urgency Ordinance No. 1040 needs to be extended pending further study by the City and the potential adoption of regulatory and zoning standards.

SECTION 4: Moratorium Extension. Pursuant to the authority granted to the City Council by Government Code Sections 36937 and 65858, the City Council hereby extends the moratorium established by Ordinance No. 1040 for 10 months and 15 days, as authorized by Government Code Section 65858(a), on the establishment of internet cafes and cyber cafes in the City.

(a) The City shall not issue or approve any general plan amendment, zone change, building permit, conditional use permit, minor use permit, variance, architectural and site plan review, business occupancy permit, business license, tenant improvement permit, subdivision map or other land use entitlement, license, or permit required to comply with the provisions of the SMC for the establishment of an internet cafe or cyber cafe during the time that this Interim Urgency Ordinance is in effect, and continuing for the time set forth in subdivision (b) below. The prohibitions contained in this Ordinance shall not apply to any existing lawful uses and buildings that have already received all discretionary and vested land use entitlements from the City prior to the date of this Ordinance, and which do not seek to expand or intensify said existing use or building beyond what was already approved.

(b) For the purposes of this Interim Urgency Ordinance, "internet cafe" and "cyber cafe" shall mean an establishment that provides one or more computers and/or other electronic devices for access to the world wide web, internet, e-mail, gaming, or computer software programs, and which seeks compensation, in any form, from users. Internet cafe and cyber café is synonymous with a personal computer ("PC") cafe, cyber cafe and Internet center, but does not include an Internet learning center as defined in the Stanton Municipal Code.

(c) This Interim Urgency Ordinance shall remain in effect for a period of 10 months and 15 days after the initial 45-day period expires (for a total of one year from the September 8, 2015 adoption of Ordinance No. 1040) unless repealed earlier or extended in accordance with California Government Code Section 65858.

(d) At least 10 days before this Interim Urgency Ordinance or any extension expires, City staff shall issue a written report on behalf of the City Council describing the measures taken to alleviate the condition which led to the adoption of this Interim Urgency Ordinance.

SECTION 5: Location and Custodian of Records. The documents and materials associated with this Ordinance that constitute the record of proceedings on which these findings are based are located at Stanton City Hall, 7800 Katella Ave., Stanton, California 90680. The Community Development Director is the custodian of the record of proceedings.

SECTION 6: Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Stanton hereby declares that it would have adopted this Ordinance, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections,

subsections, sentences, clauses and phrases may be declared invalid or unconstitutional.

SECTION 7: Effective Date. This Interim Urgency Ordinance shall be effective immediately. This Interim Urgency Ordinance was adopted by the necessary four-fifths vote of the members of the City Council pursuant to the authority granted to it by Article XI, Section 7 of the California Constitution, Government Code Section 36937, which authorizes the City Council to adopt an ordinance that will take effect immediately if it is an ordinance for the immediate preservation of the public peace, health or safety, and Government Code Section 65858, which allows the City to adopt an interim urgency ordinance prohibiting land uses which may be in conflict with a zoning proposal that the City Council, Planning Commission or the Planning Department is considering or studying or intends to study within a reasonable time. The City Council hereby directs the Planning Department to consider and study possible means of regulating internet cafes and cyber cafes, including zoning and other regulations permissible under State law.

PASSED, APPROVED, and ADOPTED this 13th day of October, 2015.

A. A. ETHANS, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF STANTON)

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Urgency Ordinance No. 1041 was introduced and adopted at a regular meeting of the City Council of the City of Stanton, California, held on the 13th day of October, 2015 by the following roll-call vote, to wit:

AYES: COUNCILMEMBERS: _____

NOES: COUNCILMEMBERS: _____

ABSENT: COUNCILMEMBERS: _____

ABSTAIN: COUNCILMEMBERS: _____

CITY CLERK, CITY OF STANTON



Memo

To: The Mayor and City Council
From: James A. Box, City Manager
Omar M. Dadabhoy, Community Development Director
Date: October 13, 2015
Re: REPORT ON MEASURES TAKEN TO ALLEVIATE THE
CONDITIONS WHICH LED TO THE ADOPTION OF INTERIM
URGENCY ORDINANCE NO. 1040 ESTABLISHING A
MORATORIUM ON THE ESTABLISHMENT OF INTERNET AND
CYBER CAFES

On September 8, 2015, the City Council adopted Urgency Ordinance No. 1040 ("Urgency Ordinance"), enacting a forty-five (45) day moratorium on the establishment of internet and cyber cafes. The moratorium is set to expire on October 23, 2015.

Government Code Section 65858 requires that at least ten (10) days prior to the expiration of an interim ordinance or any extension, the City Council must issue a written report describing the measures taken to alleviate the condition(s) which led to the adoption of the initial moratorium in the interim ordinance. The conditions that led to the adoption of the Urgency Ordinance were listed in the Urgency Ordinance and still exist as of the date of this report.

Since the enactment of the Urgency Ordinance, the following actions have been taken:

- (1) The City's Community Development Department has begun researching municipal codes of surrounding cities relating to internet and cyber cafes.
- (2) The City's Community Development Department has begun researching the best practices utilized by local jurisdictions throughout the State relating to internet and cyber cafes.

- (3) The City's Community Development Department has begun reviewing the City's Zoning Code and identifying which zones, if any, may be appropriate for internet and cyber cafes.
- (4) The City's Police Services has continued to investigate allegations of unlawful internet and cyber cafes in the City.
- (5) The City Attorney's Office has begun researching relevant case law regarding the regulation of internet and cyber cafes in the City.
- (6) The City Attorney has prepared a 10 month and 15-day extension for the moratorium relating to internet and cyber cafes in accordance with Government Code Section 65858.

In light of the complexity of this matter, the City requires additional time to study in-depth the issue of internet and cyber cafe regulations in the City to determine the best way to serve all interests while protecting the public health, safety, and welfare. While this study is being conducted and potential new ordinances are being prepared, City staff believes it is critical that the moratorium established by the Urgency Ordinance be extended in accordance with Government Code Section 65858 for an additional 10 months and 15 days.

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: October 13, 2015

SUBJECT: VERIFICATION OF SUFFICIENCY OF PETITION SIGNATURES ON TRANSACTIONS AND USE TAX REPEAL INITIATIVE MEASURE AND CITY COUNCIL TERM LIMITS INITIATIVE MEASURE, AND REQUEST FURTHER DIRECTION FROM CITY COUNCIL

REPORT IN BRIEF:

On August 25, 2015, signed petitions were filed with the City Clerk's office for a transactions and use tax repeal initiative measure and a City Council term limits initiative measure. Pursuant to the California Elections Code, the petitions were examined for signature verification by the City Clerk's Office with assistance from the Orange County Registrar of Voters.

In a letter dated October 1, 2015, the City Clerk's Office verified that the transactions and use tax repeal petition contained 238 valid signatures and the term limits petition contained 1,278 valid signatures, and notified the Petitioner of this fact. Under State Law, these were the minimum signature numbers needed to qualify both Measures for the ballot. Therefore, both Measures have qualified. The remainder of this report will provide the City Council with options under the California Elections Code.

RECOMMENDED ACTION:

1. City Council declare that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Receive, file, and accept both Certificates as to Verification of Signatures on Petition for each Measure as valid in all respects; and
3. Direct staff to prepare an impartial and informational report, pursuant to Elections Code Section 9212, analyzing the impact of both Measures, which must be presented to the City Council not later than 30 days after this evening.

BACKGROUND:

On November 4, 2014, Stanton voters enacted Measure GG, the Stanton 9-1-1 Public Safety and Essential City Services Protection Measure. Measure GG established a local one cent transactions and use tax that took effect on April 1, 2015, and is projected to generate \$3.3 million annually to fund essential City services.

The governing body of the City consists of five Stanton residents, elected at large by Stanton voters to represent the interests of the entire City. City Council Members serve a four-year term of office, with terms staggered to ensure continuity of leadership and service. Elections are held in November of even-numbered years. The Mayor and Mayor Pro Tem are selected by a vote of their peers annually. The City of Stanton currently has no term limits on City Council service.

ANALYSIS/JUSTIFICATION:

On March 3, 2015, the City received Notices of Intent to Circulate a Petition regarding two proposed local initiative Measures. The first measure would repeal the City's transactions and use tax in its entirety ("Repeal Measure"). The second measure would limit the amount of time a City Council Member could serve in office to two terms ("Term Limits Measure").

In accordance with the Elections Code, the City Attorney's office prepared and sent ballot titles and impartial summaries for both Measures to the petitioner on March 10, 2015. The Petitioner then had six months to gather enough signatures to qualify the Measures for the ballot. On August 25, 2015, the Petitioner submitted signed petitions for both Measures to the City Clerk's Office.

On October 1, 2015, the City Clerk's office, in conjunction with the Orange County Registrar of Voters, verified that the Repeal Measure petition contained 238 valid signatures and that the Term Limits Measure petition contained 1,278 valid signatures. The Elections Code normally requires the signatures of at least 10 percent of the City's registered voters to qualify a local initiative measure. With 1,278 signatures, the Term Limits Measure has met the 10% standard (out of a total of 12,783 registered voters in the City).

Normally, 238 signatures would be insufficient to qualify a measure in Stanton, as this does not meet the general 10% standard. However, because the Repeal Measure concerns the repeal of a local tax, a special rule under the California Constitution applies (Proposition 218) which significantly reduces the signature requirement. Under Proposition 218, the Repeal Measure only requires signatures of 5 percent of Stanton voters who voted for all candidates for Governor at the last gubernatorial election (November, 2014). The City Clerk's office has confirmed that 4,754 Stanton voters voted for all candidates for Governor at the last gubernatorial election, and therefore, the signature requirement is only 238.

Therefore, both Measures have obtained the required signatures and have qualified for the ballot. The two Certificates as to Verification of Signatures on Petition are attached to this report and it is recommended that the City Council receive, file, and accept the Certificates as valid in all respects. The remainder of this report will provide the City Council with options under the California Elections Code.

Since the Measures have obtained the required number of signatures and qualified, the City Council's options under California law are as follows:

For the Repeal Measure:

- a. Adopt the Measure as an ordinance, without alteration;
- b. Submit the Measure to the voters at the next regular municipal election. A "regular election" is one where Council Members are elected. That would be November 8, 2016;
- c. Submit the Measure to the voters at a special election between 88 and 103 days after the City Council calls the election (between January 9, 2016 and January 24, 2016);
- d. Direct staff to prepare an impartial and informational report, pursuant to Elections Code Section 9212, analyzing the impact of the Measure on the City's finances, ability to provide public services, and the like. Staff must present the report not later than 30 days after it is ordered by the City Council (November 12, 2015). If the City Council chooses this option, once the report has been prepared and presented, the City Council will need to consider the remaining options a-c above.

For the Term Limits Measure:

- a. Submit the Measure to the voters at the next regular municipal election. A "regular election" is one where Council Members are elected. That would be November 8, 2016;
- b. Direct staff to prepare an impartial and informational report pursuant to Elections Code 9212. The same rules would apply to this report. If the City Council chooses this option, once the report has been prepared and presented, the City Council will need to consider placing this Measure on the November 8, 2016 regular election ballot (option a. being the only remaining option)

Staff notes that Term Limits Measure are subject to other special rules which (i) require the voters to approve them and (ii) that they go on the next regular election ballot. (Government Code, Section 36502) Therefore, the Council may neither adopt the Term Limits Measure outright nor may it schedule the Measure for a special election.

The proposed budget for FY 2016-17 includes \$3.3 million in additional revenues from the voter-enacted TUT, which is approximately 17% of overall General Fund revenues. If this revenue source were lost due to the Repeal Measure, there would be a significant impact on the City's finances. While the FY 2015-2017 Two-Year Budget was being created, the City received notice of the intent to circulate the Repeal Measure petition for signatures. As such, the City created an Alternative Budget without benefit of Transactions and Use Tax in the Two-year Budget. That alternative budget cites the need for the immediate elimination of the improved public safety and economic development services that were included in the FY 15/16 budget as a result of the transactions and use tax's additional revenues. This includes elimination of 2 OC Sheriff's Department Deputies and 1 Code Enforcement Officer, elimination of funding for school crossing guards and elimination of additional economic development funding. In addition, the City would need to make an additional \$2.5 million in cuts to balance the budget. Those cuts, while not yet identified, would result in substantial reductions to nearly every City service including neighborhood sheriff patrols, fire protection, and others. Over \$1.2 million in cuts would need to come from the Orange County Sheriff's Department, \$560,000 in cuts would need to come from the Orange County Fire Authority, and over \$710,000 in cuts would need to come from other essential city services. While the alternative budget was created in the FY 2015-2017 Two-Year Budget, the precise impact of decreased expenditures with such a significant revenue source being eliminated cannot be accurately stated without further review and analysis by each City Department. Therefore, pertaining to the Repeal Measure, it is recommended that the City Council choose Option "d" above and direct staff to prepare a report to be presented to the Council on or before November 12, 2015 (would likely be presented at the November 10 regular meeting).

While the impact from the Term Limits Measure would likely not be as significant as the Repeal Measure, staff has not completed a thorough analysis. There may be a financial impact if Council Members were termed out after just two terms, such as budgeting for more frequent elections. In addition, newer City Council Members will require additional training classes and other meeting expenses. Nevertheless, the precise impact of the Term Limits Measure cannot be accurately stated without further review and analysis by the City. Therefore, pertaining to the Term Limits Measure, it is recommended that the City Council choose Option "b" above and direct staff to prepare a report to be presented to the Council on or before November 12, 2015 (also would likely be presented at the November 10 regular meeting).

FISCAL IMPACT:

There is no fiscal impact to the budget as a result of City Council action on this item. However, the Repeal Measure would have a minimum impact of a loss of \$3.3 million annually to the City's General Fund if approved by the voters. The Term Limits Measure would have an uncertain but more limited financial impact to the City's General Fund if approved by the voters.

ENVIRONMENTAL IMPACT:

This item is not subject to California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

LEGAL REVIEW

The City Attorney has reviewed this staff report.

PUBLIC NOTIFICATION:

Through the regular agenda process.

STRATEGIC PLAN COMPONENT ADDRESSED:

Objective 4: Ensure Fiscal Stability and Efficiency in Governance.

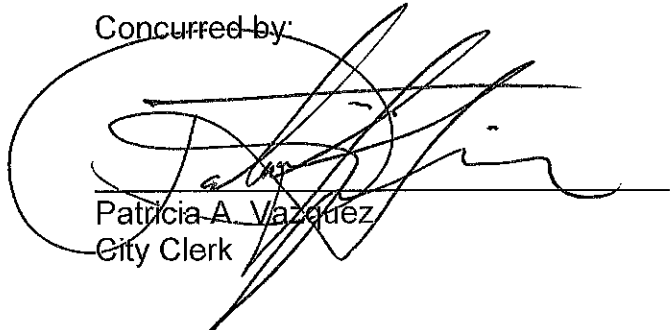
Objective 6: Maintain and Promote a Responsive, High Quality and Transparent Government.

Prepared by:



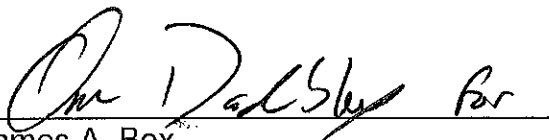
Stephen M. Parker, CPA
Administrative Services Director

Concurred by:



Patricia A. Vazquez
City Clerk

Approved by:



James A. Box
City Manager

Attachment:

- A. Certificates as to Verification of Signatures on Petition - Repeal Measure
- B. Certificates as to Verification of Signatures on Petition - Term Limits Measure

State of California)
)ss.
County of Orange

NEAL KELLEY
Registrar of Voters
Orange County

State of California)
)ss.
County of Orange

I further certify that from said examination I have determined the following facts regarding this document:

WITNESS my hand and Official Seal this 1st day of October, 2015.



NEAL KELLEY
Registrar of Voters
Orange County