

**SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF HUNTINGTON PARK**



**Regular Meeting Agenda
November 17, 2014**

6:00 p.m.
City Hall Council Chambers
6550 Miles Avenue
Huntington Park, CA 90255

CALL TO ORDER

ROLL CALL

Chair Rosa E. Perez
Vice Chair Karina Macias
Board Member Mario Gomez
Board Member Ofelia Hernandez
Board Member Valentin Palos Amezcuita

PUBLIC COMMENT

This is the time and place for the general public to address the Successor Agency on matters within their jurisdiction. Items not included previously on the agenda may only be referred to staff for administrative action or scheduled on a subsequent agenda for discussion.

REGULAR AGENDA

1. **Approve Minutes of the following Successor Agency Meeting:**
 - 1-1 Regular Successor Agency Meeting held Monday, November 3, 2014
2. **Approve the Memorandum of Understanding (MOU) with Nicholas Alexander Setting Terms for the Purchase and Sale of the Southland Steel Site**

RECOMMNDATION OF ITEM UNDER CONSIDERATION

1. Approve the Memorandum of Understanding (MOU) with Nicholas Alexander for the purchase and sale of property located at 5959-6169 Alameda Street, also known as the Southland Steel property; and
2. Authorize the Interim City Manager to execute the MOU.

ADJOURNMENT

I Donna G. Schwartz, hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted at City of Huntington Park City Hall and made available at www.hpca.gov on the 13th of November, 2014.



Donna G. Schwartz, CMC
Interim Secretary

MINUTES
Regular Meeting of the
Successor Agency to the Community Development Commission
Of the City of Huntington Park
Monday, November 3, 2014 at 6:00 p.m.

The regular meeting of the Successor Agency to the Community Development Commission of the City of Huntington Park, California was called to order at 6:05 p.m. on Monday, October 20, 2014, in the Council Chamber of City Hall at 6550 Miles Avenue, Huntington Park, California; Chair Rosa Perez presiding.

ROLL CALL

Present: Chair Rosa E. Perez; Vice Chair Karina Macias and Board Members Mario Gomez, Ofelia Hernandez and Valentin Palos Amezcuita. Other City Official and employees: Julio Morales, Executive Director, Isabel Birrueta, Counsel, Jorge Cisneros, Chief of Police, Josette Espinosa, Director of parks and Recreation, Annie Ruiz, Redevelopment Project Manager Fernanda Pelacios and Donna Schwartz, Interim Agency Secretary.

PUBLIC COMMENT - None

REGULAR AGENDA

1. **Approve Minutes of the following October 20, 2014 Successor Agency Meeting.**

Motion by Board Member Gomez to approve the Regular Successor Agency Meeting Minutes held Monday, October 20, 2014, seconded by Board Member Hernandez. Motion passed.

ROLL CALL:

AYES: Board Member(s): Amezcuita, Gomez, Hernandez, Vice Chair Macias and Chair Perez.

NOES: Board Member(s): None

2. **Continued from September 17, 2014 - Resolution Authorizing the City of Huntington Park to Implement a Contract for the Former Southland Steel Site Remediation Project**

Executive Director Morales presented the staff report and introduced Redevelopment Project Manager Palacios

Motion by Board Member Gomez to Adopt Resolution No. SA 2014-7, authorizing the City to implement a contract for the former Southland Steel Site Remediation project, seconded by Board Member Hernandez. Motion passed.

ROLL CALL:

AYES: Board Member(s): Amezquita, Gomez, Hernandez, Vice Chair Macias and Chair Perez.

NOES: Board Member(s): None

ADJOURNMENT

At 7:10 pm Chair Perez adjourned the meeting to the next Regular Meeting of the Successor Agency to the Community Development Commission of the City of Huntington Park on Monday, November 17, 2014 at 6:00 pm.

Respectfully submitted,

Donna G. Schwartz, CMC
Interim Agency Secretary



CITY OF HUNTINGTON PARK

Community Development Department
Successor Agency Agenda Report

November 17, 2014

Honorable Chair and Members of the Successor Agency
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Chair and Members of the Successor Agency:

APPROVE THE MEMORANDUM OF UNDERSTANDING WITH NICHOLAS ALEXANDER SETTING TERMS FOR THE PURCHASE AND SALE OF THE SOUTHLAND STEEL SITE

IT IS RECOMMENDED THAT THE SUCCESSOR AGENCY BOARD:

1. Approve the Memorandum of Understanding (MOU) with Nicholas Alexander for the purchase and sale of property located at 5959-6169 Alameda Street, also known as the Southland Steel property; and
2. Authorize the Interim City Manager to execute the MOU.

BACKGROUND

For the last six months staff has been diligently working with the Department of Toxic Substances Control (DTSC) under the California Land Reuse Revitalization Program (CLLRA), and has made significant progress in completing a Response Plan (Plan) outlining a cleanup strategy for the soil, soil vapor, and groundwater for the Southland Steel property. On October 2, 2014, after a 30-day public review period, the Response Plan was approved for implementation by DTSC.

Currently, the City is in the process of awarding a contract to implement soil remediation. Moreover, at the direction of DTSC, the City installed four additional groundwater wells and conducted investigations. The results from these investigations will allow the City and DTSC to quantify the costs associated with groundwater cleanup and monitoring. Additionally, this information will facilitate negotiations during the sale of the property.

APPROVE THE MEMORANDUM OF UNDERSTANDING WITH NICHOLAS ALEXANDER SETTING TERMS FOR THE PURCHASE AND SALE OF THE SOUTHLAND STEEL SITE

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Southland Steel Sale - Deal Point Summary

At the same time cleanup activities are moving forward, and per City Council direction, staff has been discussing the terms for the sale of the property with Nicholas Alexander (Buyer). As a result of these discussions, staff recommends that City Council approve the MOU, which includes the following terms previously approved by Council:

City:

- Pay for soil and soil vapor cleanup costs above \$800,000 loan (Alexander pays \$400,000 and Grant cover \$400,000), which will be paid from proceeds of sale
- Pay Jones Lang LaSalle 3% broker commission fee (~\$141,000) from proceeds of the sale
- Assign the CLRRRA agreement with DTSC to Buyer and deliver a “No Further Action” letter from DTSC

Buyer:

- Pay \$3.2 million for purchase of the land
- Enter into a separate agreement to pay \$400,000 of City clean-up loan.
- Pay for costs associated with groundwater cleanup and on-going monitoring, including reimbursement for City costs associated with the installation of water testing wells. Groundwater cleanup costs will be determined upon completion of groundwater investigative activities
- Will pay own broker commission fee

It is important to note that City staff is currently working on an ordinance requiring that any land in which the City expends money to perform environmental cleanup, must reimburse the City for all expenses incurred prior to issuing any building permits. In other words, if the sale with the current Buyer does not proceed, the future buyer of the Southland Steel property would be responsible for reimbursing the City for all environmental expenditures.

FISCAL IMPACT/FINANCING

There will be no impact to the General Fund as a result of this action. Soil and soil vapor remediation expenses will be paid from a \$1.2 million loan/grant received from DTSC and the Environmental Protection Agency (\$800,000 City loan + \$400,000 in Agency grants). Any cost exceeding the \$1.2 million will be paid from proceeds of the sale of the property.

APPROVE THE MEMORANDUM OF UNDERSTANDING WITH NICHOLAS
ALEXANDER SETTING TERMS FOR THE PURCHASE AND SALE OF THE
SOUTHLAND STEEL SITE

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The Buyer will be responsible for paying the City the \$400,000 loan and for groundwater cleanup and monitoring costs.

LEGAL AND PROGRAM REQUIREMENTS

On March 3, 2014, the City Council authorized staff to apply for funding in an amount of \$1,000,000 (\$800,000 loan/\$200,000 grant) to finance the cleanup of the Southland Steel property under the California Brownfields Revolving Loan Fund Program administered by the DTSC. The City received an additional cleanup grant of \$200,000 from the Environmental Protection Agency. The use of these two funding sources is restricted to remediation of the Southland Steel property. The sale of the property cannot be completed until soil and soil vapor clean-up is completed and liability for groundwater contamination is resolved. Approval from DOF regarding the sale and clean-up will be obtained prior to commencing soil clean-up efforts.

CONCLUSION

Upon approval by Successor Agency Board, the City Manager will execute the MOU with Nicholas Alexander.

Respectfully submitted,



JULIO MORALES
Interim City Manager

ATTACHMENTS

A: MOU with Nicholas Alexander

CITY OF HUNTINGTON PARK
AS SUCCESSOR AGENCY
(SOUTHLAND STEEL PROPERTY)

THIS MEMORANDUM OF UNDERSTANDING (the "MOU") is dated as of November 03, 2014 by and between the City of Huntington Park, as successor agency to the former Community Development Commission of the City of Huntington Park (the "Successor Agency:") and Nick Alexander Imports ("Alexander"). This MOU sets forth the preliminary intentions of the parties with respect to negotiating a definite contract for the purchase and sale of real property commonly known as 5959-6161 Alameda Avenue, Huntington Park, California (the "Property").

Paragraph 1. This MOU is not a binding agreement, but rather serves as the basis for negotiating and drafting a definitive purchase and sale agreement for the disposition of the Property between the parties that will contain some or all terms stated in this MOU as well as other terms and conditions to be determined by the parties based upon such negotiations. Neither party will rely on this MOU as binding on the other; any such reliance would be imprudent and unreasonable. Neither party will be bound with respect to the purchase or sale of the Property unless and until a definitive agreement for the purchase and sale of the Property has been approved, executed and delivered by both parties. It is understood and agreed that this MOU does not contain all the essential terms that the parties expect will be part of an agreement, and may contain terms that the parties will not make a part of an agreement, with respect to the purchase and sale of the Property. Further negotiations between the parties are contemplated before a binding agreement will be prepared, but neither party is bound to continue such negotiations. Further efforts by either party to perform due diligence, conduct environmental investigation or perform clean-up work on the Property, arrange or obtain financing, or carry out other acts in contemplation of the possible purchase and sale of the Property may not be deemed evidence of intent by either party to be bound by this MOU.

Paragraph 2. The Property includes the land and all improvements located at 5959-6161 Alameda Avenue, Huntington Park, California, together with assignment by the Successor Agency to Alexander of all leases and contracts pertaining to the Property which Alexander agrees to accept.

Paragraph 3.

(a) The purchase price payable by Alexander to the Successor Agency for the purchase of the Property shall be the sum of THREE MILLION TWO HUNDRED THOUSAND DOLLARS (\$3,200,000) in cash at the "close of escrow" as this term is defined in the next sentence. The words "close of escrow" as used in this MOU means and refer to the escrow transaction as shall be more particularly described in the purchase and sale agreement for the Property. The close of escrow shall occur upon



the satisfaction of the applicable conditions in such purchase and sale agreement in favor of Alexander and in favor of the Successor Agency.

(b) Separately from the purchase price, Alexander shall also pay the City of Huntington Park at the close of escrow (i) a sum not to exceed FOUR HUNDRED THOUSAND DOLLARS (\$400,000) for the actual costs paid by the City for the performance of the environmental soil clean-up work described in the Response Plan prepared by Eco & Associates, Inc. dated July 21, 2014 (the "Response Plan") which was approved by State of California Department of Toxic Substance Control ("State DTSC") on October 2, 2014 (the "Soil Clean-up Work"); and (ii) a sum in the amount sufficient to pay State DTSC for contribution protection and immunity from any government-initiated environmental enforcement action, which may include reimbursement of costs paid by the City for groundwater well installation, sampling and aquifer testing related to environmental contamination on the Property that existed prior to the Closing implicating California law for the benefit of the owner of the Property and its successors and assigns, including for potential releases from the Property of any of the hazardous substances discovered in soil, soil gas, and groundwater as described in the Response Plan and the Technical Memorandum prepared by Geosyntech Consultants dated October 10, 2014 (the "Technical Memorandum").

Paragraph 4.

(a) Promptly upon the execution of this MOU by the parties, the Successor Agency shall direct its attorneys to prepare and deliver to Alexanders a proposed form of the purchase and sale agreement for the Property that will include, among other things, the business terms specified in this MOU. The proposed purchase and sale agreement for the Property will not be considered binding unless it is approved and executed by both parties.

(b) The definitive purchase and sale agreement for the Property will provide that the obligations of Alexander to complete the purchase of the Property from the Successor Agency are subject to satisfaction of the following conditions precedent, the precise statement of which will be subject to the Alexanders satisfaction in its sole discretion.

- (1) review of title to the Property;
- (2) review of relevant building and building permit records in the possession of the City of Huntington Park as relate to the Property;
- (3) review of relevant correspondence to or from the Successor Agency or the City of Huntington Park, data, reports, memoranda, or other such documents in any way related to the environmental condition of the Property;
- (4) review of service and maintenance contracts of the Successor Agency or the City of Huntington Park as relates to the Property;
- (5) receipt of confirmation in a form acceptable to Alexander and the title insurance company that the Oversight Board for the Successor Agency



and the State Department of Finance have approved the transfer of the Property by the Successor Agency to Alexander or the term set forth in the purchase and sale agreement;

- (6) receipt by Alexander of a policy of title insurance in favor and with coverage of Alexander as the purchase of the Property in a form acceptable to Alexander;
- (7) confirmation by State DTSC, in form and substance acceptable to Alexander, that the Soil Clean-up Work and all necessary soil cleanup work has been completed;
- (8) receipt of a "no further action letter" from the State DTSC addressed to the Successor Agency and transferable to Alexander in a form acceptable to Alexander confirming that the Soil Clean-up Work and all necessary soil cleanup work has been completed to the satisfaction of State DTSC;
- (9) receipt of a fully executed CLRRRA agreement with State DTSC in which the owner of the Property, including Alexander as the successor in interest of the Successor Agency, is released from liability for hazardous substances released on the Property and for environmental contamination that existed on the Property prior to the Closing, including all hazardous substances in soil, soil gas, and groundwater described in the Response Plan and the Technical Memorandum in a form acceptable to Alexander;
- (10) receipt by Alexander of a Phase I Environmental Site Assessment ("ESA") Report in compliance with 40 C.F.R. 312 of the Property (which includes an assessment of the Soil Clean-up Work, the recent groundwater investigation work, and other environmental conditions) which is acceptable to Alexander;
- (11) receipt by Alexander of assurances in form and substance satisfactory to Alexander from the United States Environmental Protection Agency that Alexander will not be named as a defendant or potentially responsible party by the federal government for environmental contamination on the Property that originated prior to the Closing, or brought into any such action via a contribution claim;
- (12) determination by Alexander that it is protected against any direct third party actions for contamination on the site, including those that may be brought under federal statutory law, state statutory law, and common law.

(c) The definite purchase and sale agreement for the Property will provide that the obligations of the Successor Agency to complete the sale and disposition of the Property to Alexander are subject to satisfaction of the following conditions precedent:

- (1) the Oversight Board for the Successor Agency and the State Department of Finance have approved the transfer of the Property by the Successor Agency to Alexander;
- (2) the City of Huntington Park shall have completed the Soil Clean-Up Work;
- (3) State DTSC shall have issued to "no further action letter" to the Successor Agency in a form reasonably acceptable to the Successor Agency which



- confirms that the Soil Clean-up Work has been completed to the satisfaction of State DTSC;
- (4) receipt of a CLRRRA agreement executed by State DTSC in which the owner of the Property, including the Successor Agency, is released from any further or potential liability for releases to groundwater of hazardous materials from the Property in a form reasonably acceptable to the Successor Agency;
 - (5) confirmation to the Successor Agency by the escrow holder under the purchase and sale agreement that:
 - (i) the funds to pay for the purchase price of the Property have been provided to the escrow holder by Alexander and are available for disbursement to the Successor Agency upon the close of escrow; and
 - (ii) the funds to pay the City for the costs of the Soil Clean-Up Work in an amount not to exceed \$400,000 have been provided to the escrow holder by Alexander and are available for disbursement to the City upon the close of escrow;
 - (iii) the funds required to pay to State DTSC, if any, under the CLRRRA agreement have been provided to the escrow holder by Alexander and are available for disbursement to State DTSC upon the close of escrow;

Paragraph 5. The Successor Agency agrees to allow Alexander, its employees, agents, or contractors, at the sole cost and expense of Alexander, access to the Property for the purpose of inspections of the Property during the term of this MOU, including the performance of the Phase I ESA. The Successor Agency shall cooperate in responding to any inquiry made by the environmental consulting firm or others engaged in the performance of the Phase I ESA, including responding to questionnaires and providing documents. As significant environmental testing has already taken place on the Property, Alexander does not anticipate performing a Phase II ESA, but in the event Alexander does, the following terms and conditions apply to any such inspection of the Property by Alexander:

- (a) The inspections shall only occur during business hours or at reasonable times upon reasonable advanced notice to the Successor Agency. All activities undertaken by or on behalf of Alexander in connection with the inspections shall fully comply with applicable laws and regulations, and Alexander shall promptly restore, at its sole cost and expense, any damage to the Property arising in connection with such inspections.
- (b) Before conducting the inspections, Alexander shall submit for the approval of the Successor Agency a certificate of insurance naming the Successor Agency as an additional insured for such work of inspection. For purposes of this subparagraph, an endorsement of the existing commercial general liability policy of insurance of Alexander in favor of the Successor Agency under the existing lease affecting the Property shall be deemed to be acceptable by the Successor Agency.



(c) Alexander may not conduct any intrusive inspections such as borings of the soil on the Property without the prior written consent of the Successor Agency.

(d) If the parties do not enter into a definitive agreement regarding the Property, Alexander shall furnish the Successor Agency with copies of any reports relating to the inspections performed by Alexander or its agents, employees, or contractors.

(e) Alexander hereby releases, indemnifies and agrees to defend and hold the Successor Agency free and harmless from and against any and all obligations, lawsuits, injuries, losses, damages, claims, liens, costs, expenses, demands, liabilities, judgments, penalties, and investigation costs incurred as a result of any Phase II ESA inspections. Without limiting the generality of this indemnity, Alexander shall (i) keep the Property free and clear of any mechanics' or other lien that may be recorded or threatened against the Property by any party providing labor, materials, or services in connection with the inspections and (ii) in the absence of the express written approval of the Successor Agency or unless otherwise required by law, not file or cause to be filed any application or make any request (other than inquiries of the public records) with any governmental or quasi-governmental agency that would or could lead to a hearing before any governmental or quasi-governmental agency or that would or could lead to a note, notice, or violation of law or municipal ordinance, order, or requirement imposed on the Property by such an agency, or any change in zoning, parcelization, licenses, permits, or other entitlements or any investigation or restriction on the use of the Property, or any part thereof.

Paragraph 6. The Successor Agency shall exercise its best effort to cause the City of Huntington Park to undertake the Soil Clean-up Work on the Property; provided however, that the Successor Agency shall be under no obligation to Alexander or to any third party to provide any source of funds to the City of Huntington Park to undertake such work and further provided that nothing in this MOU shall be deemed to obligate the City of Huntington Park to budget or appropriate funds to pay for such Soil Clean-up Work except from monies to be disbursed to the City of Huntington Park by the escrow holder at the close of escrow for the transfer of the Property to Alexander or from other funds as may hereafter be specifically appropriated by the City of Huntington Park for such purposes, in the sole discretion reserved to the City of Huntington Park.

Paragraph 7. The Property shall be conveyed by the Successor Agency to Alexander upon the close of escrow in an "AS IS"/"WHERE IS"/"SUBJECT TO ALL FAULTS" condition and with certain other representations and warranties of the Successor Agency as shall be as set forth in the purchase and sale agreement for the Property, the precise statement of which shall be subject to the mutual satisfaction of the parties.

Paragraph 8. Alexander shall make certain representations and warranties to the Successor Agency in connection with its purchase of the Property as shall be set forth in the purchase and sale agreement for the Property, the precise statement of which shall be subject to the mutual satisfaction of the parties.



Paragraph 9. The parties acknowledge that upon the close of the escrow for the transfer of the Property to Alexander, each party shall be responsible for the payment of certain real estate broker fees and commissions, as shall be set forth in the purchase and sale agreement for the Property. Notwithstanding the foregoing provision of this Paragraph 8, to the contrary in no event shall the Successor Agency be responsible for the payment of any such real estate broker fee except for such real estate broker fee payable to the firm of Jones Lang & LaSalle by the Successor Agency in the amount of three percent (3%) of the purchase price of the Property (excluding of any sums payable to the City for the Soil Clean-up Work or any sums payable to State DTSC under the CLRRRA agreement).

Paragraph 10. For the purposes of this MOU notice may be issued by either party to the other as follows:

TO SUCCESSOR AGENCY:

Attn; Executive Director
6550 Miles Ave.
Huntington Park, 90255

TO ALEXANDER:

Attn: Nicholas Alexander
6333 S Alameda St,
Los Angeles, CA 90001

Any such notice shall be effective upon issuance by the party if delivered to the other party at the address indicated above in writing by personal delivery, or by next day commercial mail or by United States First Class Mail and in each such case notice shall be confirmed by Email to the address indicated above.

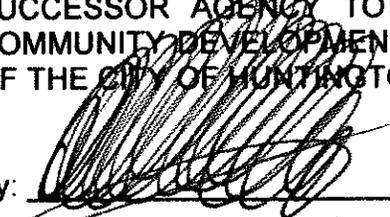


Paragraph 10. If a definitive purchase and sale agreement for the Property is executed by the parties, escrow for the transaction will be established promptly thereafter with a title insurance company escrow department as mutually designated by the parties. Both parties will execute escrow instructions and other instruments necessary to close escrow consistent with the definitive agreement. Such an escrow is presently anticipated by the parties to the MOU to be in a condition to close within thirty (30) days following the issuance by State DTSC of a "no further action letter" that is mutually acceptable to the parties for the Soil Clean-up Work as provided in Paragraph 3(b)(8), and the mutual approval by the parties of the CLRRA agreement as provided in Paragraph 3(b)(9).

This MOU may be executed in counterparts, and when each such counterpart has been executed by the authorized officer or member of a party whose name appears below, the MOU shall take effect.

Date: November 3rd 2014

CITY OF HUNTINGTON PARK AS
SUCCESSOR AGENCY TO THE FORMER
COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF HUNTINGTON PARK

By:  _____

By: Nicholas Alexander
ALEXANDER

Date: 11-10-14

By: Julio F. Morales _____

By: Julio Morales, Interim City Manager