

**RESOLUTION NO. 7775**

**CITY OF SOUTH GATE  
LOS ANGELES COUNTY, CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF SOUTH GATE ACCEPTING RECIEPT OF PAYMENT  
FROM A RECAPITALIZATION OF THE  
AZALEA REGIONAL SHOPPING CENTER**

**WHEREAS**, in 2012 the City of South Gate (“City”) and Primestor Development, Inc., on behalf of Atlantic-Firestone LLC (“Primestor” or “Developer”) entered into a 300 + page Infrastructure Financing and Fee Waiver Agreement (“Agreement”) for the development and construction of the azalea Regional Shopping Center (“Shopping Center”); and

**WHEREAS**, in consideration of the City's Agreement to finance the cost of certain off-site improvements at the intersection of Firestone Boulevard and Atlantic Boulevard, and to waive or cap certain development fees related to the Shopping Center, the Agreement provided for the City to be entitled to receive a 35% participation payment should the Developer receive net capital event proceeds from a final recapitalization (i.e., a transfer of Developer's interest in the Shopping Center to a new capital partner) post-construction of the Shopping Center that are greater than a certain specified Developer's return; and

**WHEREAS**, in a letter dated April 5, 2017 (“April 5 letter”), Primestor gave notice to the City of an anticipated final recapitalization of the Shopping Center and, subject only to any final closing adjustments, Primestor offered to pay the City \$5,046,948 as a result of a contemplated final recapitalization set to close on or about June 30, 2017; and

**WHEREAS**, notwithstanding such final recapitalization, Primestor represented it would continue to manage the day-to-day operations of the Shopping Center; and

**WHEREAS**, in response to the April 5 letter, the City Manager assigned a team comprised of City staff headed by Administrative Services Director Jackie Acosta, and assisted by a consultant of Kosmont Companies and the City Attorney’s Office, to undertake a detailed review of Primestor’s offer; and

**WHEREAS**, the City’s team, reviewed and analyzed the calculation of the offer to pay the City \$5,046,948 as set forth in Primestor's April 5 letter and the several attachments, including a MAI appraisal commissioned for this transaction, and participated in two conference calls with Primestor's principal and staff to confirm compliance with the applicable provisions of the Agreement that (1) a Final Recap Event was indeed being triggered by Primestor's transfer of an interest in the Shopping Center to a new capital partner and (2) Primestor's calculation of the City's estimated 35% participation payment in the excess Developer's return was correct.

**WHEREAS**, based on the review of documentation and various telephonic meetings with Primestor representatives, the City’s team determined that the offer made by Primestor is

consistent with the applicable formula for calculating the City's participation payment provided in the Agreement; and

**WHEREAS**, on or about May 31, 2017, the City's tendered confirmation and acceptance of the offered sum, subject to any final closing adjustments, and its agreement to reconvey its deed of trusts securing such obligations, by letter in order to give Primestor sufficient time to arrange for the closing of its transfer of an interest to the new capital partner on or about June 30, 2017;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:**

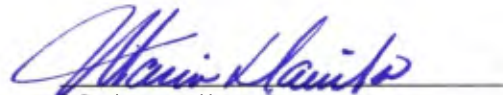
**SECTION 1.** The City Council hereby approves and ratifies the actions taken by City staff relating to its receipt and subsequent response to the April 5, 2017, offer letter and the release of its security interest in the Shopping Center.

**SECTION 2.** The City Council hereby accepts receipt of its 35% participation payment in the approximate sum of \$5,046,948, subject to final closing adjustments.

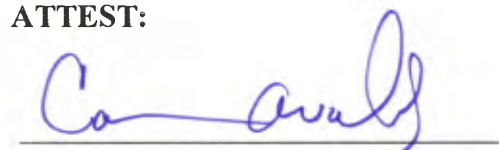
**SECTION 2.** The City Clerk shall certify to the adoption of this Resolution, which shall be effective upon its adoption.

**PASSED, APPROVED and ADOPTED** this 8<sup>th</sup> day of **August**, 2017.

**CITY OF SOUTH GATE:**


  
\_\_\_\_\_  
Maria Davila, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Carmen Avalos, City Clerk

(SEAL)

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Raul F. Salinas, City Attorney

**RESOLUTION CERTIFICATION PAGE**

**STATE OF CALIFORNIA        )**

**COUNTY OF LOS ANGELES    )       SS**

**CITY OF SOUTH GATE         )**

I, Carmen Avalos, City Clerk of the City of South Gate, California, hereby certify that the whole number of Members of the City Council of said City is five; that Resolution No. 7775 was adopted by the City Council at their Regular Meeting held on August 9, 2017, by the following vote:

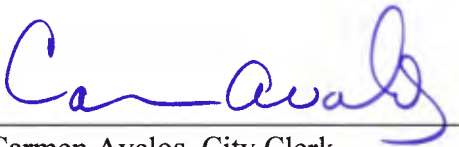
Ayes:           Council Members:   Davila, Morales, Bernal, Diaz and Rios

Noes:           Council Members:   None

Absent:         Council Members:   None

Abstain:        Council Members:

Witness my hand and the seal of said City on August 14, 2017.



Carmen Avalos, City Clerk  
City of South Gate, California