

**Property Description**

**Address:** 17201-17301 Gale Ave., # 31 on Property List

**Size:** 19.08 acres, the site is vacant

**Date Purchased:** April 2006

**IUDA Purchase Price:** \$38,800,000

**Estimated Current Value:** \$16,622,496 (as commercial at \$20 SF)

**Reason Acquired:** To facilitate redevelopment of site

**Plan and Zoning:** Automobile Zone

**Lease Revenue:** None

**Environmental:** Phase I

**Potential for Transit-Oriented Development:** None

**History of Development Proposals:** The property was the site of a failing commercial development that included a vacant Costco and Staples Office Supply store. Both had relocated to other sites in the City north of the 60 Freeway. After acquisition and remaining tenants were relocated the buildings on the site were demolished and the site is now vacant. The site is zoned with the Automobile Zone which permits new car dealerships only. The City would consider amending the zoning for an acceptable development plan. R. Y. Properties Inc. approached the IUDA on the feasibility of a commercial development on the site. Discussions between RY Properties and the IUDA included the possibility of a joint venture and R. Y. Properties willingness to include their property adjoining the site to the east in a project. On the basis of their being an owner participant the IUDA issued an Exclusive Negotiating Agreement to R.Y. Properties in January of 2011. R. Y. Properties prepared and reviewed with the IUDA staff several development scenarios for the site which the staff found generally acceptable.

**Staff Recommendation:** The staff recommends that R. Y. Properties be given the opportunity to purchase the property at reasonable price contingent upon their submitting a development plan acceptable to the City. The staff also recommends that the property at 17445 Gale Ave. (#32 on the Property List) be considered for inclusion as it is adjacent to the R. Y. Properties site. This would create a site of approximately thirty acres from Hatcher Ave. to Azusa Ave. If agreement cannot be reached with RY Properties the property would be made available for sale through direct contact and through brokers.



③① Address : 17201 E. Gale Avenue  
 17301 E. Gale Avenue  
 City : City of Industry  
 APN : 8264-001-928  
 8264-001-943  
 8264-001-944  
 Acre : 19.08 Ac.

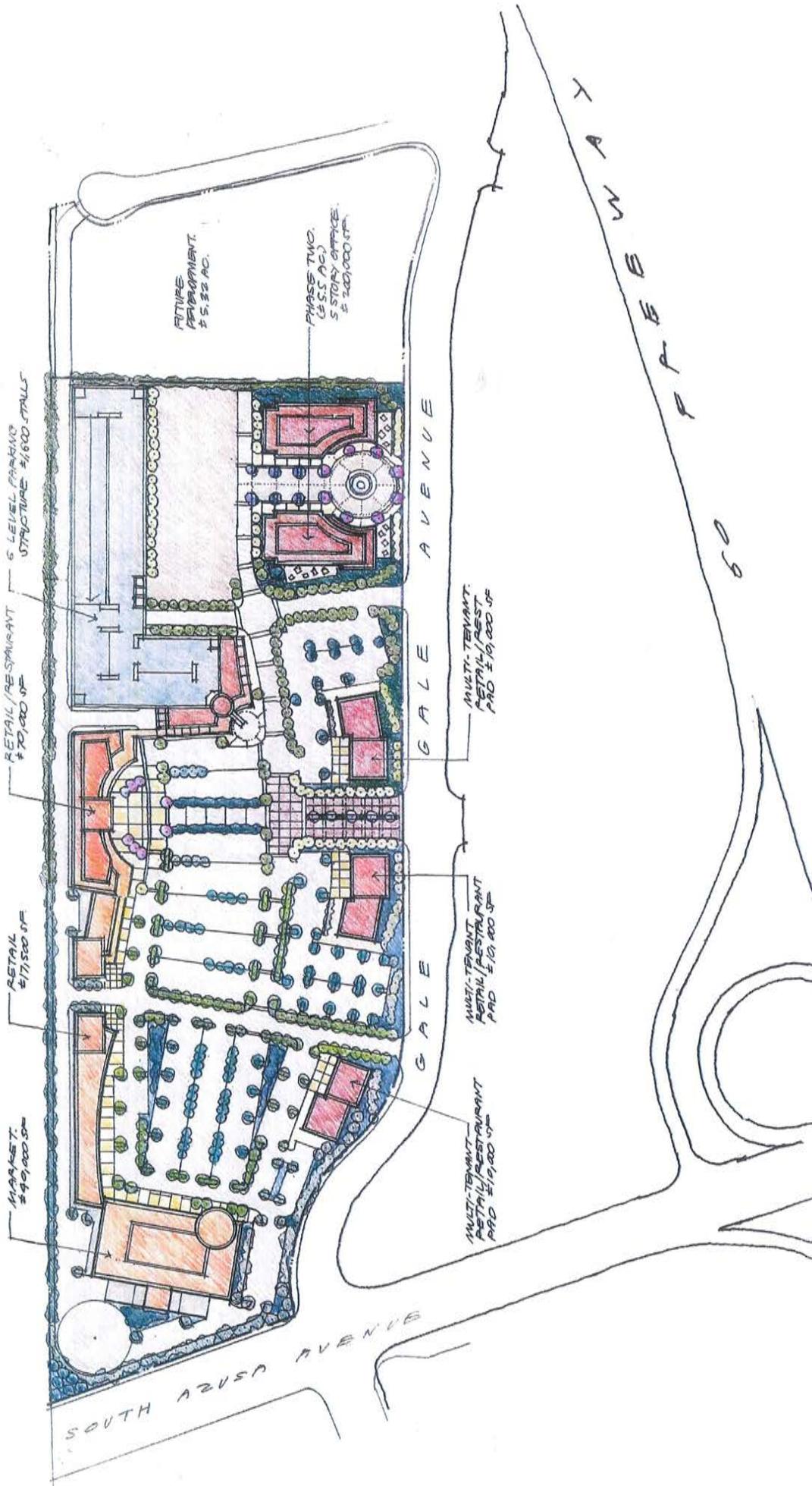
Prepared by:  
**CNC**  
 ENGINEERING  
 CONSULTING CIVIL ENGINEERS & SURVEYORS

255 N. Hacienda Blvd., Ste. 222  
 City of Industry, Ca. 91744  
 Phone (909) 336-4566  
 Fax (909) 336-7076

DESIGN BY: V.S. DRAWN BY: J.B.P.

**CITY OF INDUSTRY**  
**SUCCESSOR AGENCY OF THE INDUSTRY**  
**URBAN-DEVELOPMENT AGENCY**  
**PROPERTY LIST ITEM # 31**

CHECKED BY: D.T.M. DATE: OCTOBER 2013  
 JOB No. MP 12-03#3 SHT. 1 OF 1



**McKently Malak ARCHITECTS**  
 35 McKentley Alley, Suite 300  
 Pasadena, California 91103-3608  
 TEL 626 593 8318 FAX 626 593 8387

NORTH EAST CORNER OF  
 GALE AVENUE AND SOUTH AZUSA AVENUE  
 CITY OF INDUSTRY, CALIFORNIA  
 APRIL 27, 2011

CONCEPT SITE PLAN





## EXCLUSIVE NEGOTIATING AGREEMENT

This EXCLUSIVE NEGOTIATING AGREEMENT (this "Agreement") is made and entered into as of January 12, 2011 (the "Effective Date"), by and between the INDUSTRY URBAN-DEVELOPMENT AGENCY, a public body, corporate and politic (the "Agency") and R. Y. PROPERTIES, INC., a California corporation (the "Developer"). The Agency and Developer are each a "Party" hereunder and sometimes collectively referred to as the "Parties."

### RECITALS

A. The subject matter of this Agreement is the real property described as follows: approximately 20 acres in the City of Industry, California (the "City"), bounded by Gale Avenue, Azusa Avenue and a Southern Pacific Railroad line, consisting of Assessor's Parcel Nos. 8264-001-928, 8264-001-943, 8264-001-944 (excluding 8264-001-134), and as shown on the Site Map attached hereto as Attachment No. 1 and incorporated herein by this reference (the "Site").

B. The Site constitutes a portion of the Civic-Recreational-Industrial Redevelopment Project No. 1 of the Agency (the "Project Area").

C. The Agency and the Developer wish to enter into this Agreement to negotiate with each other to establish the terms and conditions which would be the basis for the Parties entering into a Disposition and Development Agreement ("DDA") that would result in the Developer's purchase and development of the Site with commercial and/or office buildings (the "Project").

D. The Agency wishes to facilitate the development of the Site with commercial and/or office uses which will meet the present needs of the area and improve services to the City's residents and businesses. The Developer and the Agency are willing to enter into this Agreement setting forth the terms pursuant to which the Agency will deal with the Developer on an exclusive basis for a period of one hundred eighty days (180) calendar days regarding the Developer's proposed development of the Site, and which would determine the basis upon which the Agency and Developer would attempt to negotiate and enter into a DDA for such development.

E. The Agency anticipates that following execution of this Agreement and through the ENA Period (as defined below), the staff, consultants and attorneys of the Agency will devote substantial time and effort in meeting with the Developer and its representatives in connection with the proposed Project, and in negotiating and preparing a DDA.

NOW, THEREFORE, the Parties hereto agree as follows:

1. Except as otherwise provided herein, the term of this Agreement shall commence on the Effective Date and shall end on the date which is one hundred eighty days (180) calendar days thereafter (the "ENA Period").

2. During the ENA Period, the Agency shall not negotiate with any person or entity other than the Developer regarding the disposition and development of the Site; except for

entities or persons, if any, which have an interest in the Site pursuant to applicable law or existing contractual rights or obligations.

3. During the ENA Period, the Agency and the Developer shall work together to reach an agreement which is mutually acceptable to the Agency and Developer with respect to the matters described herein, and Agency staff shall be available to meet with the Developer to discuss the Project and other issues relating to this Agreement.

4. Agency and Developer agree that, except as hereinafter provided, each Party shall be responsible for their own out-of-pocket expenses incurred in connection with the negotiation and preparation of a DDA and the other matters addressed in this Agreement.

5. If, prior to the end of the ENA Period, the Developer and the Agency (each in the exercise of their sole discretion) have not entered into a DDA, then this Agreement shall automatically terminate and neither Party hereto shall have any further rights or obligations under this Agreement.

6. The Agency and Developer acknowledge that all applicable requirements of the California Environmental Quality Act and the Guidelines for Implementation of the California Environmental Quality Act (collectively, "CEQA") must be met in order to execute and deliver a DDA, or develop the Site. The Developer shall, at its sole cost and expense, prepare and submit to the Agency and the City (for their independent review, comment, potential revision and approval prior to distribution) all environmental documents and studies required to comply with CEQA (including an environmental impact report, if one is required by CEQA).

7. The construction of the Project shall commence and be completed pursuant to a schedule of performance to be incorporated in the DDA, and the Developer shall, at its sole cost and expense, secure all governmental permits required for the development of the Site and all appropriate commitments from entities that may lease or purchase the Project.

8. The Developer agrees that there shall be no discrimination against, or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site or the Project; nor shall the Developer or any person claiming under or through the Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Site.

9. The Developer and the Agency understand and agree that neither Party is obligated to enter into a DDA. However, the Developer and the Agency shall negotiate with respect to the DDA and diligently work toward accomplishing the tasks identified herein. In the event of termination or expiration of this Agreement, the Agency shall be free at the Agency's option to negotiate with any persons or entities with respect to the development of the Site. It is understood by the Parties that this Agreement constitutes solely an exclusive right to negotiate and that the Project is subject to discretionary review by a number of other governmental agencies, environmental analysis, and public comment. It is understood by the Parties that by

execution of this Agreement the Agency is not committing itself to or agreeing to undertake any disposition of land or an interest in land (including, without limitation, the Site) to the Developer, or any other acts or activities requiring the subsequent independent exercise of discretion by the Agency, the City, or any agency or department thereof. This Agreement does not constitute a disposition of property or an interest in property, or the exercise of control over property by the Agency or the City, and does not require a public hearing. It is further understood by the Parties that execution of this Agreement by the Agency is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by the Agency and City as to any DDA and all proceedings and decisions in connection therewith, and that neither Party is obligated to enter into a DDA.

10. The Developer represents that its undertakings pursuant to this Agreement are for the purpose of redevelopment of the Site and not for speculation in land holding. The Developer recognizes that, in view of the importance of the redevelopment of the Site to the general welfare of the community, the qualifications and identity of the Developer and its principals are of particular concern to the Agency. Therefore, this Agreement may not be assigned by the Developer without the prior express written consent of the Agency, which consent may be granted or withheld in the exercise of the sole and absolute discretion of the Agency.

11. The Agency may terminate this Agreement if the Agency reasonably determines that no material progress is being made in negotiations hereunder. The Agency shall provide thirty (30) days written notice to the Developer which specifies any dissatisfaction with such progress, and the Agency shall not terminate this Agreement if the Developer cures the deficiencies specified by the Agency to the reasonable satisfaction of the Agency within such thirty (30) day period; provided however, that if Developer shall have commenced such a cure and such cure shall take longer than such thirty (30) day period, Developer shall be provided with a reasonable additional period of time to effectuate such cure. Notwithstanding anything in this Agreement to the contrary, in no event shall any cure period under this Section 11 extend beyond the expiration of the ENA Period. The Developer may terminate this Agreement upon delivery to the Agency of not less than seven (7) days prior written notice of Developer's election to terminate this Agreement.

12. Any notice, request, approval or other communication to be provided by one Party to the other shall be in writing and provided by personal service or a form of express mail or service and addressed as follows:

If to the Developer:

R. Y. Properties, Inc.  
212 S. Palm Avenue, 2<sup>nd</sup> Floor  
Alhambra, CA 91801  
Attention: Robert Y. Yu  
Tel: (626) 282-8198 Ext. 11  
Fax: (626) 282-6588

If to the Agency:

Industry Urban-Development Agency  
15625 East Stafford Street, Suite 200  
City of Industry, California 91744  
Attention: Kevin Radecki  
Tel: (626) 333-1480  
Fax: (626) 336-4273

with a copy to:

Richards, Watson & Gershon  
355 S. Grand Avenue, 40th Floor  
Los Angeles, California 90071-3101  
Attention: Jim G. Grayson, Esq.  
Tel: (213) 626-8484  
Fax: (213) 626-0078

13. This Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof. There are no agreements or understandings between the Parties and no representations by either Party to the other as an inducement to enter into this Agreement, except as expressly set forth herein. All prior negotiations between the Parties with respect to the Site are superseded by this Agreement. This Agreement may not be altered, amended or modified except by a writing executed by both Parties. The Agency shall have no obligation to enter into a DDA with the Developer and neither the Agency nor its officers, members, staff or agents have made any promises to the Developer other than to exclusively negotiate with the Developer during the ENA Period as provided herein, and no statements of the Agency or its officers, members, staff or agents as to future obligations shall be binding upon the Agency until and unless a DDA is approved and adopted by the Agency in the exercise of its sole and absolute discretion and in compliance with applicable law and then duly executed by the officers of the Agency duly authorized to do so.

14. If either Party should bring any legal proceeding relating to this Agreement, or to enforce any provision hereof, the Party in whose favor judgment is rendered shall be entitled to recover reasonable attorneys' fees and expenses of litigation from the other. The interpretation and enforcement of this Agreement shall be governed by the laws of the State of California.

15. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

[Signatures follow on next page]

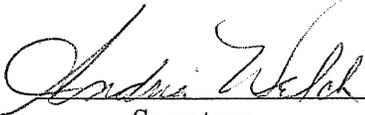
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

“Agency”

INDUSTRY URBAN-DEVELOPMENT  
AGENCY, a public body, corporate and politic

By:   
Name: L. Ronald Cipriani  
Title: Chairman

Attest:

  
Secretary

Approved as to form:

RICHARDS, WATSON & GERSHON

\_\_\_\_\_  
Agency Counsel

“Developer”

R. Y. PROPERTIES, INC.,  
a California corporation

By: \_\_\_\_\_  
Robert Yu  
President

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

“Agency”

“Developer”

INDUSTRY URBAN-DEVELOPMENT  
AGENCY, a public body, corporate and politic

R. Y. PROPERTIES, INC.,  
a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Robert Yu

President

Attest:

\_\_\_\_\_  
Secretary

Approved as to form:

RICHARDS, WATSON & GERSHON

  
\_\_\_\_\_  
Agency Counsel

UPRR ALHAMBRA SUBD



Owner : I.U.D.A.  
Tenant : VACANT LOT  
Address : -  
CITY OF INDUSTRY  
APN : 8264-001-928  
Acre : 0.51 Ac.

Owner : I.U.D.A.  
Tenant : VACANT LOT/BLDG.  
Address : -  
CITY OF INDUSTRY  
APN : 8264-001-944  
Acre : 14.25 Ac.

Owner : I.U.D.A.  
Tenant : VACANT LOT/BLDG.  
Address : -  
CITY OF INDUSTRY  
APN : 8264-001-943  
Acre : 4.17 Ac.

Owner : AUDREY ONE LLOE HO ONE LLC  
Tenant : PARKING LOT  
Address : -  
CITY OF INDUSTRY  
APN : 8264-001-134  
Acre : 0.50 Ac.

**(A)** Owner : PUENTE HILLS ASSO., LLC  
Tenant : T-SHIRT WHOLESale MART  
Address : 17435 Gale Avenue  
CITY OF INDUSTRY  
APN : 8264-001-112  
Acre : 1.53 Ac.

**(B)** Owner : PUENTE HILLS ASSO., LLC  
Tenant : EVERGREEN HERBS  
Address : 17405 Gale Avenue  
CITY OF INDUSTRY  
APN : 8264-001-128  
Acre : 4.37 Ac.

INDUSTRY URBAN DEVELOPMENT AGENCY  
PARCEL SITE PLAN  
17405 Gale Avenue  
17435 Gale Avenue  
CITY OF INDUSTRY, CA  
Date : 12/21/2010

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