



ECONOMIC DEVELOPMENT SUBSIDY / AB 562 REPORT

THE OLIVE BANQUET INC.

INTRODUCTION

This Economic Development Subsidy / AB 562 Report (“Report”) has been prepared and published pursuant to the requirements of Government Code Section 53083, which requires local agencies to provide specific information to the public and holding a duly noticed public hearing before approving certain economic development subsidies.

The City of Santa Fe Springs (“City”) desires to assist in the economic development of the City’s future downtown by bringing an Olive RestoBar and banquet hall (together, the “Restaurant”) operated by The Olive Banquet Inc. and The Olive Banquet SS LLC. The development and operation of the Restaurant is expected to generate significant economic benefits to the City, including but not limited to, the creation and retention of permanent local jobs, increased sales tax revenues, increased property tax revenues, economic activity benefiting nearby businesses, and increased community amenities. The City has the ability to implement the provisions of AB 562, a statewide economic development passed by Governor Brown in late 2013 for the purpose of allowing local jurisdictions to induce economic development. The City, The Olive Banquet Inc., and The Olive Banquet SS LLC are proposing to enter into an agreement to allocate General Funds to provide financial assistance in the form of an economic development subsidy to The Olive Banquet Inc. and The Olive Banquet SS LLC as described in the Operating Covenant Agreement, as more particularly described in this Report and in the Operating Covenant Agreement. Pursuant to Section 53083 of the California Government Code the following information will be posted on the City’s website.

1. NAME AND ADDRESS OF THE ENTITY

The Olive Banquet Inc., a California corporation, located at 9288 Lubec Street, Downey, CA 90240 and The Olive Banquet SS LLC, a California limited liability company, located at 9288 Lubec Street, Downey, CA 90240 (collectively, “Restaurant Owner”).

2. THE START AND END DATES AND THE SCHEDULE FOR THE SUBSIDY

The economic development subsidy will start when the Operative Covenant Agreement is approved by the City Council, the City receives three (3) originals of the Operative Covenant Agreement, one (1) original of the Notice of Agreement and Declaration of Covenants recorded against the property located at 11900 Telegraph Road in Santa Fe Springs (the “Property”), The Olive Banquet SS LLC enters into an agreement to purchase the Property, and all conditions to the close of escrow on the Property are satisfied. The subsidy will end ten (10) years after Restaurant Owner receives all required governmental permissions and commences Restaurant operations on the Property, and is



conditioned on Restaurant Owner's assurance that the Restaurant will remain in business pursuant to the terms and conditions set forth in the Operating Covenant Agreement.

3. DESCRIPTION OF SUBSIDY INCLUDING THE ESTIMATED TOTAL AMOUNT OF EXPENDITURE OF PUBLIC FUNDS OR REVENUE LOST BY THE LOCAL AGENCY AS A RESULT OF THE SUBSIDY

The City would provide Restaurant Owner with assistance in consideration of certain covenants and restrictions detailed in the Operating Covenant Agreement. The subsidy will be in the form of a conditional grant of funds to The Olive Banquet SS LLC in the amount of Three Million One Hundred Thousand Dollars (\$3,100,000.00) (the "Grant") to assist Restaurant Owner for a period of ten (10) years in the creation and maintenance of forty (40) full-time equivalent jobs and a minimum investment by Restaurant Owner of Six Million Dollars (\$6,000,000.00) into the City, which must be repaid in the event of default as detailed in the Operating Covenant Agreement.

4. STATEMENT OF PUBLIC PURPOSE FOR THE SUBSIDY

The Property is located on the City's primary thoroughfare, immediately adjacent to the area identified by the City as its future downtown, for which the City has commenced the process of developing a Downtown Specific Plan. The City seeks an anchor project to serve as a catalyst for its broader efforts to revitalize its downtown. The subsidy is being provided to facilitate the economic development of the City's future downtown by providing strategic incentives that will lead to permanent local jobs, increased sales tax revenues, increased property tax revenues and assessed valuation resulting from investment in and activation of the Property, economic activity benefitting nearby businesses, and enhancement of community amenities that support local quality of life and business attraction through the provision of dining and nightlife options for local residents.

5. PROJECTED TAX REVENUE TO THE LOCAL AGENCY AS A RESULT OF THE SUBSIDY

During the life of the Operating Covenant Agreement, the City is projected to receive approximately One Million Three Hundred Twenty-Seven Thousand Five Hundred Dollars (\$1,327,500) in sales tax revenue.

6. ESTIMATED NUMBER OF JOBS CREATED BY THE SUBSIDY, CATEGORIZED BY FULL-TIME, PART-TIME, AND TEMPORARY POSITIONS

The Operating Covenant Agreement requires Restaurant Owner to create and maintain forty (40) full-time equivalent jobs for a period of ten (10) years. Thus, the City and Restaurant Owner have estimated that the Operating Covenant Agreement will create forty (40) full-time jobs in the City.