

**RESOLUTION NO. SA-2017-\_\_\_\_\_**

**RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS APPROVING THE PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS BETWEEN THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS AND SCOTT PARKER WITH RESPECT TO THE REAL PROPERTY LOCATED AT 66550 AND 66620 PIERSON BOULEVARD, DESERT HOT SPRINGS, CALIFORNIA (APNS 639-293-023, -024, -025, -026, -027, -028) AND APPROVING CERTAIN RELATED ACTIONS**

**WHEREAS,** pursuant to Health and Safety Code (the “HSC”) § 34172 (a) (1), the Redevelopment Agency of the City of Desert Hot Springs dissolved February 1, 2012; and

**WHEREAS,** consistent with the provisions of the HSC, the City Council of the City of Desert Hot Springs (the “City”) previously elected to serve in the capacity of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the “Successor Agency”); and

**WHEREAS,** the Oversight Board for the Successor Agency (“Oversight Board”) has been established pursuant to HSC § 34179 to assist in the wind-down of the dissolved redevelopment agency; and

**WHEREAS,** pursuant to HSC § 34191.5 (c), the Successor Agency previously prepared and filed with the Department of Finance (“DOF”) its Oversight Board-approved Long Range Property Management Plan (“LRPMP”); and

**WHEREAS,** on May 15, 2015, the DOF approved the Successor Agency’s LRPMP and notified the Successor Agency that pursuant to HSC § 34191.3, the approved LRPMP shall govern, and supersede all other provisions relating to the disposition and use of all the real property assets of the former redevelopment agency; and

**WHEREAS,** the approved LRPMP, which addresses the disposition and use of the real property assets held by the Successor Agency, includes 44 parcels of land grouped into sixteen (16) separate sites, of which four (4) sites have already been sold or transferred to the City, leaving twelve (12) sites (3 sites zoned general commercial and 9 sites located within the City’s Vortex Specific Plan) to be sold; and

**WHEREAS,** in addition to these twelve (12) sites, the Successor Agency has two (2) surplus residential properties that are required to be sold, thereby creating a total of fourteen (14) sites to be sold (the “Successor Agency Properties”); and

**WHEREAS,** the Successor Agency is the owner of that certain real property consisting of approximately 2.87 acres of vacant land located at 66550 and 66620 Pierson Boulevard, Desert Hot Springs, California (APNs 639-293-023, -024, -025, -026, -027, and -028) (the “Property”); and



**WHEREAS,** the Property, which is one of the Successor Agency Properties, is: (i) identified as Site No. 8 of the LRPMP; (ii) described as Mixed-Use parcel with an existing approximately 28,000 square foot building; (iii) designated for future development; and (iv) more fully described within Exhibit "A" attached hereto, which is an excerpt from the LRPMP; and

**WHEREAS,** on November 15, 2016, the Successor Agency approved an Agreement with NAI Capital (the "NAI Agreement") to list and sell certain real property assets of the Successor Agency, all of which were subsequently listed for sale; and

**WHEREAS,** as a part of the NAI Agreement, NAI has agreed to prepare a Broker's Opinion of Value (the "BOV") for each Successor Agency property that is sold; and

**WHEREAS,** in response to NAI's listing, on February 23, 2017, Mr. Scott Parker, on behalf of Builder Supply, a Desert Hot Springs hardware and lumber retailer and current tenant of the Property, offered to purchase the Property for \$1,400,000 (the "Purchase Price") (a copy of the offer letter is attached to this Resolution as Exhibit "B"); and

**WHEREAS,** to determine whether the Purchase Price is fair and reasonable, the Successor Agency requested NAI to prepare a BOV, to confirm if the Purchase Price offered by Mr. Parker is fair and reasonable; and

**WHEREAS,** based on past practice, the DOF has acknowledged that BOVs are an acceptable method and basis for confirming that the value of real property being sold by a successor agency is fair and reasonable; and

**WHEREAS,** on March 14, 2017, the Successor Agency received an updated BOV from NAI Capital indicating its opinion that the market value of the Property is currently \$1,364,066 (the "BOV Market Value"); and

**WHEREAS,** in consideration that the Purchase Price offered by Mr. Parker for the Property exceeds the BOV Market Value by \$35,934, or 2.57%, it may be concluded that the purchase price offered by Mr. Parker for the Property is fair and reasonable, as more fully described within the BOV for the Property, a copy of which is attached to this Resolution as Exhibit "C"; and

**WHEREAS,** selling the Property to Mr. Parker represents the maximized value of the Property because (i) Mr. Parker, on behalf of the current tenant, Builder Supply, intends to expand the business; (ii) when the Purchase Price is taken together with Mr. Parker's commitment for reinvestment in the Site, the combined value is greater than the BOV; (iii) the proposed development of the Property meets the Successor Agency's economic development goals and the general planning of the area inasmuch as the Property will be an expansion of an already existing hardware store (the only hardware store in the City); and (iv) another developer may require the City to execute a hold harmless agreement as it pertains to relocation costs of the existing tenant, thereby costing the City an undeterminable amount of time and cost and it is for these reasons that it may be concluded that the Purchase Price is not only fair and reasonable, but will add value to Property that will exceed the BOV as well as the Purchase Price; and

**WHEREAS,** approval of this Resolution will approve the Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase and Sale Agreement") between the



Successor Agency and Mr. Parker with respect to the Property, a form of which is attached to this Resolution as Exhibit "D," and authorize certain related actions; and

**WHEREAS,** consistent with the provisions of the HSC and the LRPMP with respect to real property to be sold, the effectiveness of the Purchase and Sale Agreement is subject to the approval of the Oversight Board and the DOF; and

**WHEREAS,** due to the Successor Agency current cash-flow insolvency condition, the Oversight Board and the DOF will be requested to permit the Successor Agency to retain the net land sales proceeds for the purpose of funding enforceable obligations authorized on a Recognized Obligation Payment Schedule; and

**WHEREAS,** the proposed sale of the Property is exempt under the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, § 15000 *et seq.*, hereafter the "Guidelines") and the City's environmental guidelines, as a "common sense exemption," which provides that activities that cannot possibly have a significant effect on the environment are exempt from CEQA, 14 Cal Code Regs. §15061 (b) (3); and

**WHEREAS,** all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS AS FOLLOWS:**

**Section 1. Recitals**

That the Recitals set forth above are true and correct.

**Section 2. Approval of Agreement and Related Approvals**

That the Successor Agency Board hereby approve the Purchase and Sale Agreement and authorize the City's City Manager, acting for the Successor Agency, to (i) execute the same, (ii) make ministerial revisions to the Purchase and Sale Agreement which do not increase the Successor Agency's obligations or materially reduce the consideration payable to the Successor Agency; (iii) sign a grant deed and any other documents the execution of which is necessary or appropriate to carry out and implement the Purchase and Sale Agreement; (iv) administer the Successor Agency's obligations under the Purchase and Sale Agreement; (v) request the Oversight Board and the DOF to authorize the retention of the net land sales proceeds for the purpose of funding enforceable obligations authorized on a Recognized Obligation Payment Schedule; and (vi) take such other actions and execute such other documents as are necessary as may otherwise be required to fulfill the intent of this Resolution.

**Section 3. Declaration**

That the \$1,400,000 purchase price for the Property is determined to be fair and reasonable.



**Section 4. CEQA**

That the proposed sale of the Property is exempt under CEQA, the Guidelines and the City's environmental guidelines, as a "common sense exemption," which provides that activities that cannot possibly have a significant effect on the environment are exempt from CEQA, 14 Cal Code Regs. §15061 (b) (3).

**Section 5. Severability**

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

**Section 6. Effective Date**

That this Resolution shall take effect immediately upon adoption.

**Section 7. Certification**

That the City Clerk acting for the Successor Agency shall certify to the passage of this Resolution and enter it into the book of original resolutions.

**PASSED, APPROVED, AND ADOPTED** by the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs at a meeting held on the 21st day of March, 2017, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

[SIGNATURES FOLLOW ON THE NEXT PAGE]



**ATTEST:**

---

Jerryl Soriano, CMC  
Successor Agency Secretary

**APPROVED:**

---

Scott Matas  
Successor Agency Chairman

**APPROVED AS TO FORM:**

---

Jennifer Mizrahi  
Successor Agency General Counsel



**EXHIBIT “A”**

**Narrative for Site No. 8  
66550 and 66620 Pierson Boulevard  
(APNs 639-293-023, -024, -025, -026, -027, and -028)  
Excerpted from the  
Long-Range Property Management Plan  
(Pages 35-39)  
  
(See Attachment)**



**EXHIBIT “B”**

**February 23, 2017 Letter From  
Mr. Parker  
Offered to Purchase the Property**

**(See Attachment)**



**EXHIBIT “C”**

**March 14, 2017  
Broker’s Opinion of Value  
Prepared by  
NAI Capital**

**(See Attachment)**



**EXHIBIT “D”**

**Purchase and Sale Agreement and  
Joint Escrow Instructions  
between the  
Successor Agency to the Redevelopment Agency  
of the City of Desert Hot Springs  
and Mr. Parker**

**(See Attachment)**