

## REPORT TO THE OVERSIGHT BOARD

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**DATE:** June 20, 2018

**TITLE:** Resolution Approving Purchase and Sale Agreement and Joint Escrow Instructions With the City of Desert Hot Springs for Real Property Located on the North Side of Pierson Boulevard (APN 639-252-039)

**Prepared by:** Linda Kelly, Finance Director

**Reviewed by:** Jennifer Mizrahi, City Attorney

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### RECOMMENDATION

Adopt a Resolution of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs approving Purchase and Sale Agreement and Joint Escrow Instructions ("Purchase and Sale Agreement") between the Successor Agency to the former Desert Hot Springs Redevelopment Agency and the City of Desert Hot Springs with respect to the Real Property located on the north side of Pierson Boulevard, Desert Hot Springs, California (APN 639-252-039) and approving certain related actions.

### BACKGROUND

Pursuant to Health and Safety Code (the "HSC") § 34172 (a)(1), the Redevelopment Agency of the City of Desert Hot Springs was dissolved February 1, 2012. Consistent with the provisions of the HSC, the City Council of the City of Desert Hot Springs ("City") previously elected to serve in the capacity of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs ("Successor Agency"). 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.

On March 11, 2015, the Oversight Board approved its Resolution No. OB-2015-003, approving the Successor Agency's Long-Range Property Management Plan ("LRPMP") and on May 15, 2015, the Department of Finance ("DOF") approved the LRPMP.

### DISCUSSION

The Successor Agency is the owner of that certain real property consisting of approximately 0.15 acres of vacant land located on the north side of Pierson Boulevard, approximately 300 feet west of Palm Drive, Desert Hot Springs, California (APN 639-252-039) ("Property") and within the LRPMP, the Property is: (i) identified as Site No. 12; (ii) described as 0.15 acres of vacant land zoned Mixed-use Planning Area 0.02 in the Vortex Specific Plan; (iii) designated to be sold; and (iv) more fully described in Exhibit "A," which is an excerpt from the LRPMP, to the attached Resolution.

On November 15, 2016, the Successor Agency approved an agreement with NAI Capital ("NAI Agreement") to list and sell certain real property assets of the Successor Agency, all of which were subsequently listed for sale. As a part of the NAI Agreement, NAI has agreed to prepare a Broker's Opinion of Value ("BOV") for each Successor Agency property that is sold. The Successor Agency wishes to sell, and the City wishes to purchase the Property for the City Hall Annex project for the amount of \$22,542 ("Purchase Price").

To determine whether the Purchase Price is fair and reasonable, the Successor Agency requested NAI Capital to prepare a BOV, as 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. On May 31, 2018, the Successor Agency received

the BOV from NAI Capital indicating its opinion that the market value of the Property is currently \$22,542 ("BOV Market Value"). In consideration that the Purchase Price is equal to the BOV Market Value, it may be concluded that the purchase price for the Property is fair and reasonable, as more fully described within the BOV for the Property, a copy of which BOV is attached to the Resolution as Exhibit "B."

In June 2018, the Successor Agency and City will enter into a Purchase and Sale Agreement and Joint Escrow Instructions ("Purchase and Sale Agreement"), a copy of which is attached to the Resolution as Exhibit "C."

Consistent with the provisions of the HSC and the LRPMP, the effectiveness of the Purchase and Sale Agreement is subject to the approval of the Oversight Board. Subject to the approvals of the Oversight Board and DOF, the Successor Agency intends to distribute the land sale proceeds to the Riverside County Auditor-Controller for distribution to the taxing entities.

Consistent with the provisions of the HSC, it is recommended that the Oversight Board approve the attached Agreement and retention of the net lands proceeds for the intended stated use.

This item will go before the Successor Agency at their regularly scheduled meeting of July 3, 2018 for review and approval.

#### **FISCAL DATA**

The purchase price offered for the Property is \$22,542. Per the HSC and the LRPMP, the proceeds of sale, less the costs of sale attributable to the Successor Agency that are described within the Agreement, will be submitted to the Riverside County Auditor-Controller ("CAC"). Once received, the CAC will in turn distribute the funds to the effected taxing entities.

#### **EXHIBIT(S)**

- 1) Resolution Approving Purchase and Sale Agreement and Joint Escrow Instructions
- 2) Narrative for Site Number 12 – Excerpt from the DHS Long Range Property Management Plan (Exhibit "A" to Resolution)
- 3) May 31, 2018 Brokers Opinion of Value prepared by NAI Capital (Exhibit "B" to Resolution)
- 4) Purchase and Sale Agreement and Joint Escrow Instructions between the Successor Agency and the City (Exhibit "C" to Resolution)