

**AGENDA  
OVERSIGHT BOARD TO THE  
CITY OF SAN DIMAS SUCCESSORY AGENCY**

**JULY 21, 2016 4:00 P.M.  
SAN DIMAS COUNCIL CHAMBERS CONFERENCE ROOM  
245 EAST BONITA AVENUE  
SAN DIMAS, CA 91773**

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1. Call to Order
2. Approval of Minutes of January 21, 2016
3. Receive a report regarding the process to solicit proposals for the development of the Successor Agency owned property at 344 Bonita Ave. property and the action to proceed with an Exclusive Negotiating Agreement with Excel Hotel Group
4. Approve an Agreement with Collier International Valuation & Advisory Services for the appraisal of the 344 Bonita Ave. property – RESOLUTION NO. 38 – A RESOLUTION OF THE SAN DIMAS OVERSIGHT BOARD APPROVING ENTERING INTO AN AGREEMENT WITH COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES FOR THE PREPERATION OF AN APPRAISAL OF THE 344 W. BONITA AVE PROPERTY
5. Report on the City Loans approval process
8. Reports from Staff
9. Public Comment
10. Reports of Board Members
11. Adjournment – Next Regular Scheduled Meeting Thursday, September 15, 2016, 4:00 p.m.

MINUTES  
OVERSIGHT BOARD TO THE  
CITY OF SAN DIMAS SUCCESSOR AGENCY

JANUARY 21, 2016 4:00 P.M.  
SAN DIMAS COUNCIL CHAMBERS CONFERENCE ROOM  
245 E. BONITA AVENUE  
SAN DIMAS, CA 91773

**Present:** Board Members Curt Morris, Bonnie Bowman, A.F. Feldbush, David Hall, Ann Sparks

**Absent:** Larry Stevens, Brian Stiger

**Successor Agency Staff:** City Manager Blaine Michaelis, Assistant City Manager Ken Duran, Administrative Services Manager Michael O'Brien, Accounting Supervisor Steven Valdivia

**CALL TO ORDER**

Chair Morris called the meeting to order at 4:00 p.m.

**APPROVAL OF MINUTES OF SEPTEMBER 8, 2015**

Board member Feldbush made a motion to approve the minutes of September 8, 2016 as submitted. The motion was seconded by Board member Bowman and passed by a unanimous vote.

**SUMMARY OF SB 107 – LEGISLATIVE CHANGES TO THE REDEVELOPMENT AGENCY DISSOLUTION PROCESS**

Mr. Duran reviewed his staff report summarizing the most significant elements of SB 107 as they directly impact the San Dimas Successor Agency. In response to a question Mr. Michaelis stated that staff worked closely with its legislators to address the definition of the City's loans in the legislation and is hopeful DOF will approve the loans.

**REVIEW AND CONSIDERATION OF RESOLUTION NO. 36 – A RESOLUTION OF THE SAN DIMAS OVERSIGHT BOARD APPROVING ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR THE PERIOD OF THE JULY 1, 2106 THROUGH JUNE 30, 2017 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177**

Mr. Duran presented his staff report regarding the Administrative Budget. After some discussion Board member Hall made a motion to waive further reading and adopt Resolution No. 36 approving the Administrative Budget. The motion was seconded by Board member Feldbush and passed by a vote of 5-0-2 absent.

**REVIEW AND CONSIDERATION OF RESOLUTION NO. 37 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER REDEVELOPMENT AGENCY APPROVING THE JULY 1, 2016 THROUGH JANUARY 1, 2016 RECOGNIZED PAYMENT OBLIGATION SCHEDULE (ROPS 15 – 16B) PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180(g)**

Mr. Duran presented his staff report on the ROPS 16-17 and explained that this is the first annual ROPS submitted under the changes by SB 107. He explained that there is only one new item, the cost of a consultant to assist the Agency with preparation of a Request for Qualifications towards selecting a developer for the sale of the Bonita/Cataract property. Mr. Michaelis provided more detail on the RFQ process and explained that the Oversight Board will have to approve any sale of the property. Mr. Michaelis also answered questions regarding the hotel feasibility study.

Board member Sparks made a motion to waive further reading and adopt Resolution No. 37 approving the ROPS 16-17. The motion was seconded by Board member Bowman and passed by a vote of 5-0-2 absent.

**AMEND THE REGULAR MEETING SCHEDULE OF THE BOARD**

Mr. Duran stated that since the Board has less need to meet as frequently as their previously approved meeting schedule, staff is suggesting the Board amend their regular meeting schedule to the third Thursday of odd months at 4:00 p.m. The consensus of the Board was to accept staff's recommendation to change the regular meeting schedule.

**REPORTS FROM STAFF**

None

**PUBLIC COMMENT**

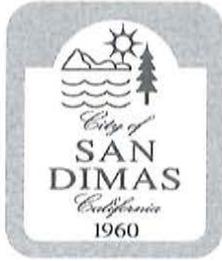
None

**REPORTS FROM BOARD MEMBERS**

None

**ADJOURNMENT**

There being no further business Chair Morris adjourned the meeting at 4:35 p.m.



## Agenda Item Staff Report San Dimas Oversight Board

**To:** Honorable Chair and Members of the Oversight Board  
*For the meeting of July 21, 2016*

**From:** Blaine Michaelis, Executive Director

**Subject:** Receive report from staff regarding the process to solicit Developer Qualifications for a hotel project on the Successor Agency's property at 344 W. Bonita Ave. Authorize staff to enter into negotiations to prepare an Exclusive Negotiation Agreement and an appraisal of the property

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### SUMMARY

Successor Agency staff has been administering a process to solicit interest and qualifications for the development of a hotel on the Successor Agency's property at Bonita and Cataract.

The process has involved the solicitation of proposals, interviews, follow up questions, site visits, and additional meetings with Kosmont Companies, our consultant with this process.

We are recommending that the Oversight Board authorize staff to proceed with the details of preparing an Exclusive Negotiating Agreement with the Excel Hotel Group of San Diego; and to authorize staff to proceed with securing an appraisal of the property to assist in the Agreement preparation process.

### BACKGROUND

The Successor Agency commissioned a hotel feasibility study late last year to help evaluate potential uses for the Agency owned property at Bonita and Cataract. The results of the study indicated favorable market conditions for a hotel. The Successor Agency and City Council

affirmed that there was a willingness to provide for land use changes that may be necessary for a hotel use at this location, including the consideration of a potential 4 story building. It was further confirmed that there was interest in the development of the entire site (a hotel would require 1 ½ to 2 acres of the 4.4 acres available); consistent with uses that reflect current zoning provisions – commercial/retail uses.

Late last year the Successor Agency retained the services of Kosmont Companies to assist with this process. Early this year the Staff initiated and conducted a Request for Qualifications process to identify a recommended developer for this site. Several developers were considered in this process – the consultant and staff's recommendation was to initiate focused attention on an agreement with the Excel Hotel Group of San Diego for the following reasons:

- Significant experience in the development and management of a variety of projects in the hotel and hospitality industry.
- Proven track record of success in hotel development and operations.
- Quality and experience of their development team – financing, design and entitlement, construction, and operation and ownership.
- Site visit to confirm their architectural, site design, and hotel amenity capabilities.
- Experience with the development of hotel products and brands that are consistent with the San Dimas Hotel market study conclusions and recommendations.
- Relationships with several hotel brands giving them an opportunity to customize the hotel brand, size and amenities that best fits the San Dimas market.
- The strength of the Excel Group team represented the best opportunity to produce a timely project in a market that may have a limited window of opportunity and viability.

#### **PROCESS PENDING FAVORABLE SUCCESSOR AGENCY AND OVERSIGHT BOARD ACTION**

- The Developer will submit a Letter of Intent to the Agency outlining the 'business expectations' they have in moving forward with a project to develop the entire site with a hotel and commercial/retail. We anticipate there will be a more detailed description of the project itself – Hotel brand, number of rooms, potential retail, restaurants etc. This document and process will evolve into the elements of the Exclusive Negotiation Agreement which will represent the roadmap for our work with this Developer to move the project forward.
- The elements of the Exclusive Negotiation Agreement will be discussed and negotiated toward a recommended mutual agreement for Successor Agency approval. The agreement will also identify tasks to be completed on a timetable and schedule.
- The sale of this property must be approved by the Oversight Board and reflect a fair market value. One of the ways to assist with determining a fair market value is to secure an appraisal to provide the justification of the sale price as the transaction proceeds through the Redevelopment Agency dissolution review process. Securing an appraisal will help us in working with the Developer to put together a recommended agreement. Staff and our consultants received proposals from 5 appraisal companies. Staff is recommending retaining the services of Colliers International Valuation & Advisory Services (CIVAS) in the amount of \$3,900. The proposals ranged from \$3,100 to \$6,500,

CIVAS is in the lower mid-range of the proposals. Our consultants have used CIVAS in the past is comfortable with their services.

**RECOMMENDATION**

1. Receive a report from staff regarding the RFQ process.
2. Authorize staff to work on an Exclusive Negotiation Agreement with Excel Hotel Group of San Diego for the Development of the Bonita Cataract property.
3. Authorize Staff to enter into an Agreement with CIVAS for the appraisal of the 344 W. Bonita Ave. property by adoption of Resolution No. 38.

# PROFESSIONAL SERVICE AGREEMENT

COLLIERS INTERNATIONAL  
VALUATION & ADVISORY SERVICES

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Los Angeles, CA 90017 | USA  
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FAX +1 213.327.3413  
WEB [www.colliers.com/valuationadvisory](http://www.colliers.com/valuationadvisory)



July 15, 2016

William J. Drewes, MAI  
Valuation Services Director  
Dir +1 949 751 2703  
[william.drewes@colliers.com](mailto:william.drewes@colliers.com)

Mr. Blaine Michaelis  
City of San Dimas  
245 East Bonita Avenue  
San Dimas, CA 91773  
(909)394-6213  
[BMichaelis@ci.san-dimas.ca.us](mailto:BMichaelis@ci.san-dimas.ca.us)

**RE: Appraisal of 4.4 acre hotel development site**

Dear Mr. Michaelis,

Thank you for considering Colliers International Valuation & Advisory Services, LLC for the assignment identified in the attached Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

## PROFESSIONAL SERVICE AGREEMENT

("Agreement")

Project	4.4-acre hotel development site ("Property")
Location	Bonita Avenue, between Cataract and Acacia Street, San Dimas, California
Project Description	Approximate 4.4-acre hotel development site
Parties	Colliers International Valuation & Advisory Services, LLC ("CIVAS") and City of San Dimas. (herein at times referred to as "Client")
Intended User	The report to be performed under this Agreement ("Appraisal") is intended for City of San Dimas. The report is not intended for any other use.  <b>It should be noted that if this engagement is directly with the owner of the Property, typically the Appraisal may not be accepted by many federally insured lenders due to FIRREA Compliance, limiting the use of this report for many potential lenders. Should this potentially impact your source of lenders, we recommend engagement be directed by a Federally Insured Lender.</b>
Intended Use	The report to be performed under this Agreement ("Appraisal") is intended only for Evaluate market value of proposed development site. The report is not intended for any other use.
Purpose	Market Value
Type of Appraisal	CIVAS will produce an Appraisal Report in which the appraiser's analysis and conclusions will be summarized within this document.
Rights Appraised	Fee Simple
Date of Value	Date of inspection

# PROFESSIONAL SERVICE AGREEMENT

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Scope of Work	<p>CIVAS and/or its designated affiliate will provide the Appraisal in accordance with USPAP, FIRREA, and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will inspect the property, research relevant market data, and perform analysis to the extent necessary to produce credible appraisal results. Based on our discussions with the Client, the Client has requested the following valuation scenarios: As Is. CIVAS anticipates developing the following valuation approaches:</p> <ul style="list-style-type: none"><li>› Sales Comparison Approach</li></ul> <p><b>Please note if it's a requirement per your underwriting or guidelines to have all approaches to value, although some approaches may be limited in application.</b></p> <p>The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.</p>
Delivery	Due three (3) weeks from the date of authorization.
Professional Fee	\$3,900
No. of Reports	One (1) Electronic Draft Appraisal, One (1) Electronic Final Appraisal and Two (2) printed Color Final Appraisal (at the request of Client)
Retainer	None.
Payment Terms	CIVAS will invoice Client for the Appraisal for the assignment upon completion.
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within __7__ business days from the date of this letter.

## Terms and Conditions

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The following is a list of information we will need to begin our analysis. Please forward with the Agreement or as soon as possible.

- › Survey with Legal Description & Site Size
- › Title Report
- › Wetland Delineation Map (if applicable)
- › Engineering studies, soil tests or environmental assessments
- › Ground lease (if applicable)
- › Existing Building or Improvement Plans
- › Individual Floor or Unit Plans
- › Current County Property Tax Bill
- › Details on any Sale, Contract, or listing of the property in the past 3 years
- › Construction Cost/Budget (within past 3 years)
- › Detailed list of personal property items
- › Property Condition Report
- › Details regarding the historical and future replacement schedule (i.e., carpets, appliances, cabinetry, laundry facilities, HVAC, etc.)
- › Capital improvements history (2 years) & budget
- › Three year & YTD Income & Expenses
- › Current Budget
- › Detailed occupancy report for the past 3 years and YTD
- › Detailed current rent roll indicating any vacant units and in-place rents
- › Details regarding any pending changes to the rent roll
- › Aged Accounts/Delinquency Report
- › Details regarding any concessions currently being offered for new and existing tenants
- › Marketing plan and/or local competitive study, if available
- › Copy of recent Appraisals or Market Studies
- › Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
- › Property Contact \_\_\_\_\_

**In addition to the items requested above, please forward any additional materials you would consider relevant in the analysis of the subject property.**

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. CIVAS is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by CIVAS or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS, by a party satisfactory to CIVAS. CIVAS does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide CIVAS with an Indemnification Agreement and/or Non-Reliance letter.

CIVAS hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

"Each report should clearly state that the report may be used, quoted or relied upon by Client, and their successors and/or assigns including:

- › The lender and its successors and assigns
- › Any statistical rating agency that provides a rating on securities backed in part by the mortgage
- › Independent auditors
- › Accountants
- › Attorneys and other professionals acting on behalf of the lender or its successors and assigns
- › Government agencies that have regulatory authority over the lender or its successors and assigns
- › Designated persons pursuant to an order or legal process of any court or government agency
- › Prospective purchasers of the mortgage"

# PROFESSIONAL SERVICE AGREEMENT

CONTINUED

The Appraisal is predicated on the following reliance language:

This report may be relied upon by Client and its respective affiliates ("Client") and any party that purchases an interest in the property from Client and a reference to this Appraisal may be included or quoted in an offering memorandum, registration statement, prospectus, sales brochure, or similar documents (in either electronic or hard format) issued, filed or released in connection with the purchase and sale of the Property. A summary of this report, only as approved by CIVAS, may be included in any such document. In addition, Client is not entitled, and no consent is given hereunder, to use this Appraisal to support the value of an ownership interest different from the interest evaluated in the Appraisal.

The Appraisal requires CIVAS to submit a Summation of the Appraisal Findings in the form of a Letter of Transmittal along with the Summary of Salient Facts and Special/Limiting Conditions applicable to the Appraisal. This will be completed in conjunction with the Appraisal at the above stated fee.

Our ability to honor the terms of this Agreement will require Client's response within three (7) business days. If you have questions regarding the enclosed, please feel free to contact me. CIVAS appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, Blaine Michaelis, agree to the above stated terms and authorize Colliers International Valuation & Advisory Services, LLC to prepare the above referenced appraisal.

\_\_\_\_\_ Date: \_\_\_\_\_

Blaine Michaelis

Respectfully,

**Colliers International Valuation & Advisory Services, LLC**



William J. Drewes, MAI  
Valuation Services Director  
Dir +1 949 751 2703  
william.drewes@colliers.com

## TERMS AND CONDITIONS

### "T&C"

- 1) The Appraisal will be subject to Colliers International Valuation & Advisory Services, LLC's ("CIVAS") Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.
- 2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.
- 3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by CIVAS for an assignment of this nature. If CIVAS is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), CIVAS will be entitled to bill the Client for the time spent to date at CIVAS' hourly rates for the personnel involved. The Client will be billed a minimum \$500 or at a rate of \$250 per hour for associate time, \$300 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost.
- 4) The fees and expenses shall be due CIVAS as agreed to in the Agreement and these T&Cs. Client agrees to pay all fees and expenses, including attorney's fees, incurred by CIVAS in connection with the collection or attempted collection of the fees and expenses. In the event Client fails to make payments when due and payable, then from the date due and payable until paid the amount due and payable, shall bear interest at 1.5% per month or the maximum rate permitted in the state in which the CIVAS office executing the Agreement is located, whichever is greater.
- 5) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.
- 6) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs, including those incurred upon appeal. The Agreement shall be governed by and construed in accordance with the laws of the state where the CIVAS office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the CIVAS office executing the Agreement is located. Client will have up to fourteen (14) days from receipt of the Draft Appraisal to review and communicate its review to CIVAS. CIVAS reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within this time period.
- 7) All statements of fact in the Appraisal which are used as the basis of the CIVAS' analyses, opinions, and conclusions will be true and correct to the best of the CIVAS' knowledge and belief. CIVAS does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to CIVAS by Client.
- 8) CIVAS shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.
- 9) Client shall provide CIVAS with such materials with respect to the Appraisal as requested by CIVAS and which are in the possession or under the control of Client. Client shall provide CIVAS with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
- 10) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of CIVAS. With respect to data provided by Client, such data shall be confidential, and CIVAS shall not disclose any information identified as confidential furnished to CIVAS. Notwithstanding the foregoing, CIVAS is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CIVAS to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
- 11) Unless specifically noted, CIVAS does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, CIVAS defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.
- 12) CIVAS understands that there is no major or significant deferred maintenance in the Property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of the fee contemplated in the Agreement.
- 13) Client acknowledges that CIVAS is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and CIVAS. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.

# PROFESSIONAL SERVICE AGREEMENT

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- 14) In the event of any dispute between Client and CIVAS relating to this Agreement, or CIVAS' or Client's performance hereunder, CIVAS and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the CIVAS office executing this Agreement is located. The arbitrator(s) shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar type damages. The prevailing party in the arbitration proceeding shall be entitled to recover from the losing party its reasonable expenses, including the costs of arbitration proceeding, and reasonable attorneys' fees.
- 15) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of the appraisal fee paid by the Client. Should the Client, or any other entitled party, make a claim against CIVAS, its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from CIVAS, its directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by CIVAS under the Agreement, and no claim shall be made for any consequential or punitive damages.
- 16) If CIVAS or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, CIVAS will notify the Client of receipt of the subpoena or notification. However, if CIVAS is not part of the lawsuit or proceedings, Client agrees to compensate CIVAS for the professional time required and to reimburse CIVAS for the expenses incurred in responding to any such subpoena or judicial notification, including any attorneys' fees, as they are incurred. CIVAS is to be compensated at the prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 17) If expert witness testimony is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of \$250 per hour for associate time, \$350 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.
- 18) Client shall indemnify and hold CIVAS, its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("CIVAS Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to CIVAS, for which recovery is sought against the CIVAS Indemnities by that third party; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of CIVAS. Client shall indemnify and hold CIVAS Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER. EXCEPT FOR IN NO EVENT WHATSOEVER SHALL CIVAS' TOTAL LIABILITY TO CLIENT FOR DIRECT DAMAGES UNDER THE AGREEMENT OR ANY OTHER DAMAGES WHATSOEVER EXCEED IN THE AGGREGATE THE TOTAL SUM OF FUNDS RECEIVED BY CIVAS FROM CLIENT.
- 19) The Appraisal and the name Colliers International Valuation & Advisory Services may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. CIVAS, its employees and appraisers have no liability to any recipients of any prepared material, and disclaim all liability to any party other than the Client.
- 20) Unless CIVAS consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by CIVAS in writing, Client hereby agrees to hold CIVAS, its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of CIVAS pursuant to the Agreement are made as employees and not as individuals. CIVAS' responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.
- 21) CIVAS agrees to maintain Professional Liability Insurance in the amount of \$1,000,000 and General Liability insurance in the amount of \$2,000,000, as well as workers compensation per local regulatory requirements. General Liability and Workers Compensation policies shall contain a full waiver of subrogation clause, but only to the extent of loss arising from or attributable to CIVAS gross negligence. Within ten (10) days of the execution of the Agreement, CIVAS will provide Client with certificates of insurance naming Client as an additional insured on the General Liability policy. CIVAS will endeavor to provide Client with written notice regarding any cancellation of any such insurance.
- 22) The use of this appraisal shall be used only for the purpose set forth by the Client. In the event that the client wishes to use this report or portions of this report for any other purpose such as, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at the Client's sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS and the Client, by a party satisfactory to CIVAS and the Client. CIVAS does consent to Client submission of the complete Appraisal to rating agencies, loan participants or your auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
- 23) Client and its affiliates, rating agencies and a limited number of investors involved in the securitization, may use and rely upon CIVAS report in connection with a planned loan securitization involving the Property including, without limitation, utilizing selected information in the Appraisal in the offering documents relating to the securitization and CIVAS agrees to cooperate in answering reasonable questions by any of the above parties in connection with the securitization.

Client agrees that it will not file, use, or permit or cause to be used in any offering documents or any other document any portion or extract of the Appraisal, or any reference to the Appraisal, without first (i) having provided the portion or portions of an offering

# PROFESSIONAL SERVICE AGREEMENT

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document or other document to CIVAS for review and (ii) having obtained the prior written consent of CIVAS to any such filing, use, amendment or modification, which consent shall not be unreasonably withheld. CIVAS shall have the right to require Client to include in any offering document or other document disclosure concerning the conditions, qualifications and assumptions of the appraisal and such other disclosure concerning the Appraisal as CIVAS shall reasonably require.

Client can use the appraised value without attribution to the Appraisal, and selected information in the Appraisal, provided Client agrees that it has complied and at all times will comply, and will use Client's best efforts to cause any underwriters to comply, with all applicable Federal and state securities laws in connection with any offering, and offering document and any use of the Appraisal. Client further agrees that neither any offering document nor any other document used in connection with any offering will contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading regarding the Appraisal, or any portion or extract thereof, or any reference to the Appraisal.

**RESOLUTION NO. 38**

**A RESOLUTION OF THE SAN DIMAS OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN DIMAS REDEVELOPMENT AGENCY APPROVING ENTERING INTO AN AGREEMENT WITH COLLIER INTERNATIONAL VALUATION & ADVISORY SERVICES FOR THE PREPARATION OF AN APPRAISAL OF THE 344 W. BONITA AVE. PROPERTY**

WHEREAS, pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency must prepare a Long Range Property Management Plan (LRPMP) which addresses the disposition and use of real properties of the former Agency, and

WHEREAS, the second amended LRPMP was approved by the Oversight Board and submitted to DOF for review and approval and was approved by DOF on February 2, 2015; and

WHEREAS, the LRPMP included the property at 344 W. Bonita Ave.; and

WHEREAS, the Use/Disposition of the property under the approved LRPMP is for the Successor Agency to sell the property for development consistent with the objectives of the former Redevelopment Agency Plan; and

WHEREAS, the Successor Agency is working with a developer on an Exclusive Negotiating Agreement; and

WHEREAS, to assist in establishing the fair valuation of the land to sell for development, the Successor Agency and Oversight Board desire to retain the services of Colliers International Valuation & Advisory Services (CIVAS) to perform an appraisal of the property; and

WHEREAS, the cost of appraisal services provided by CIVAS is \$3,900; and

WHEREAS, the Oversight Board approves the Successor Agency to entering into an Agreement with CIVAS in the amount of \$3,900; and

WHEREAS, the Oversight Board finds that the cost of the appraisal is an expense associated with the disposition of property under an approved LRPMP, and that the cost of appraisal expense is eligible as an Enforceable Obligation and will be included on the next available Recognized Obligation Payment Schedule (ROPS).

NOW THEREFORE, THE OVERSIGHT BOARD DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantive part of this Resolution.

SECTION 2 This Resolution is adopted pursuant to Health and Safety Code section 34191.5

SECTION 3 The Board hereby approves the entering into an Agreement with Collier International Valuation & Advisory Services to conduct an appraisal of 344 W. Bonita Ave.

SECTION 4. The Board hereby directs the Successor Agency to submit the Resolution to the DOF.

I HEREBY CERTIFY that the foregoing Resolution was introduced and passed by the Oversight Board of the Successor Agency to the former San Dimas Redevelopment Agency, at its meeting of July 21, 2016 by the following vote:

AYES:

NOES:

ABSENT:

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CHAIR, OVERSIGHT BOARD

Attest:

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SECRETARY, OVERSIGHT BOARD



## Oversight Board Staff Report

**DATE:** February 13, 2014  
**TO:** Successor Agency Oversight Board  
**FROM:** Ken Duran, Assistant City Manager  
**SUBJECT:** City Loans

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### **BACKGROUND**

Since the initial ROPS discussions with the Oversight Board, Agency staff has provided information to the Board regarding loans from the City to the former Redevelopment Agency, collectively referred to as City loans. There are in actuality three separate loans, referred to as the Creative Growth loan, Walker House loan and Rancho loan. The general description of each loan, as we have presented in the past is as follows:

- **Loan to Creative Growth** – Redevelopment Agency projects typically take many years to accomplish their projects. It is not unusual for property acquisitions involving multiple owners, environmental issues, competing business relationships, deed and title issues, property availability, and seller expectations to take 10 years or more per project. Therefore the need for money comes in increments such as \$400,000 to close on a property purchase, \$40,000 in business relocation assistance, \$75,000 for engineering services etc. In addition, the need for \$1.5 million to complete infrastructure improvements can arise when certain elements of a project break free.

Redevelopment resources grow very slowly and therefore need to borrow money to move projects forward. In those formative years Redevelopment cannot always demonstrate the financial capacity to secure the level of needed financing. Therefore a host city can play a role in helping an Agency bridge the decades of time to complete projects until the resources of the Agency are then sufficient to repay those loans. San Dimas was in a position to make incremental loans through the years. Not only did those loans provide timely assistance; they were also very cost effective, to the agency saving several hundred thousands of dollars in bond issuance costs.

In 2001 the city prepared a refinancing and consolidation of the remaining principal due for these loans into a 30 year loan at 5.5% interest. The Successor

Agency is considering this the origination of this City loan. The principal due on this loan was \$9,408,969.67 with annual payments of \$647,378.

- **Loan CRA for Walker House** – In late 2000 the city was introduced to the opportunity to restore/renovate the most significant historical structure in our community – the Walker House built in 1887. The Agency adopted the required findings, actively secured several grants to assist with the project, and obtained historic tax credits to work with redevelopment tax increment money to complete the project. To make the project more cost effective, the city acted as the ‘bank’ to loan the net amount needed after grants to complete the project. Alternatively, a tax allocation bond financing would have added several hundred thousand dollars to the project and financing cost. The loan was finalized in June 2009 with a 20 year term at 5.5% interest. Principal due \$6,523,256 – annual payments \$546,177. The total project cost was \$11.177 million.
- **Loan to Rancho San Dimas** – Rancho San Dimas is a project area that worked several years to accomplish the Target Center. The city provided incremental loans as needed through the years to complete the project. Upon completion of the project in 1997 the city’s assistance was consolidated into a 37 year loan at 4% interest. Principal due \$1,218,307 – annual payments \$64,015.26.

As the Board is aware from previous discussions the initial adoption of ABx1 26 did not recognize prior loans from City’s as enforceable obligations. However, the adoption of AB 1484 provided for provisions for the partial repayment of these loans under certain conditions. Those conditions included:

1. Loans can begin to be included as enforceable obligations once an Agency has been given a Finding of Completion. (HSC section 34191.1)
2. The Oversight Board must make a finding that prior loan agreements entered into by the City and former Redevelopment Agency were for legitimate redevelopment purposes. (HSC section 34191.4 (b) (1))
3. If the Board finds that the loan is an enforceable obligation that the accumulated interest on the remaining principal amount of the loan shall be recalculated from the origination at the interest rate earned by funds deposited into the Local Agency Investment Fund (LAIF). (HSC section 34191.4 (b) (2))
4. The loan shall be repaid to the City in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest earned by funds deposited into LAIF. (HSC section 34191.4 (b) (2))
5. Loan repayments shall not be made prior to 2013-14 fiscal year.
6. There is a maximum annual payment amount for City loans and SERAF loans combined based upon a formula as outlined in HSC section 34191.4 (b) (2) (A).
7. Repayments received by the City shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) (HSC section 34191.4 (b) (2) (b))
8. Twenty percent of any loan repayment shall be deducted from the loan repayment amount and transferred to the Low and Moderate Income Housing

Asset Fund; after all outstanding loans from the Low and Moderate Income Housing Funds (SERAF loans) have been paid. (HSC section 34191.4 (b) (2) (C))

In 2014 the Oversight Board reviewed the outstanding City loans and made the findings that the loans were enforceable obligations under the definitions and provisions of dissolution law and requested that Department of Finance recognize the loans as obligations. The Department of Finance denied the loans were obligations under their interpretation of the definition of loans contained within the dissolution law. Staff and the Agency Attorney disagreed with the DOF's interpretation.

In September 2015 the State Legislator approved, and the Governor signed SB 107, legislation which made a number of changes to the dissolution process for former Redevelopment Agencies. Among those changes were a couple of items that impacted the definition and interest rate calculation of city loans

- Repayment of prior City Loans – SB 107 changed the definition of “loan agreement” to – “Loans for money under which the city transferred cash to the former RDA for use for a lawful purpose and where the former RDA was obligated to repay the money pursuant to a required repayment schedule.” We had always felt that our City/Agency loans met the definition under the previous definition but DOF had denied our loans. This new language should clarify the definition such that our loans fall under this definition. This is still up to DOF's interpretation of the definition. We worked very closely with our local legislators to make sure our loans were addressed in this section.
- Interest Rate for City Loans – The interest rate applied to City loans is more clearly defined as 3% simple interest calculated on the outstanding principal from the date of origination. This rate, though not as favorable as the original interest rate on the loans, is more favorable to us than the prior interest rate language. There is still a question as to how to calculate the 3% interest back to loan origination.

Under the timing for the inclusion of city loans for repayment on the annual ROPS, the Agency will be eligible to include our loans on the ROPS 17-18 next year. In anticipation of this, staff is recommending that the Board review the city loans and new interest calculations and loan schedule at your September meeting. This will allow for the submittal to the DOF prior to inclusion on the ROPS 17-18 next spring.

This item is for information only, with a more complete report and recommended action presented to the Oversight Board in September.