
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

REGULAR MEETING AGENDA JUNE 2, 2015 3:30 P.M.

Location: City of Industry City Council Chamber
15651 East Stafford Street, City of Industry, California

Addressing the Oversight Board:

- ▶ **Agenda Items:** *Members of the public may address the Oversight Board on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Oversight Board is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the Secretary prior to the Agenda item being called and prior to the individual being heard by the Oversight Board.*

- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Oversight Board on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Oversight Board from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Oversight Board is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the Secretary prior to the Agenda item being called by the Secretary and prior to the individual being heard by the Oversight Board.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any meeting (including assisted listening devices), please contact the Office of the Secretary to the Oversight Board (626) 333-2211. Notification of at least 72 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with Government Code Section 54957.5(b), staff reports and other public records permissible for disclosure related to open session agenda items are available at City of Industry City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the Secretary of the Oversight Board during regular business hours, Monday through Friday, 9:00 a.m. to 5:00 p.m. Agendas are available on the City of Industry website: www.cityofindustry.org.*

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1. Call to Order

 2. Flag Salute

 3. Roll Call

4. Public Comments

5. **OVERSIGHT BOARD MATTERS**

- 5.1 Consideration of Resolution No. OB 2015-09 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF THE EXCLUSIVE AUTHORIZATION TO OFFER FOR SALE WITH THE HOFFMAN COMPANY.

RECOMMENDED ACTION: Adopt Resolution No. OB 2015-09.

- 5.2 Report on a recent slide failure during the mass grading operation for the Industry Business Center East Side Grading, Contract No. IBC-0380, as identified in Line Item No. 271 of the Recognized Obligation Payment Schedule.

RECOMMENDED ACTION: Receive and file the report.

6. Adjournment. Next regular Oversight Board meeting will be Tuesday, July 7, 2015, at 3:30 p.m.

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.1

CLIENT MEMORANDUM

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
FROM: VARNER & BRANDT LLP
SUBJECT: TRANSMITTAL OF JUNE 2, 2015 OVERSIGHT BOARD MEETING AGENDA ITEM NO. 5.1
DATE: MAY 26, 2015

The following memorandum provides the seven (7) board members (“Board Members”) of the Oversight Board (“Oversight Board”) to the Successor Agency to the Industry Urban-Development Agency (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

Agenda Item No.: 5.1

Subject: **Authorization to Execute Exclusive Authorization to Offer for Sale.** Approval for the Successor Agency to execute a Exclusive Authority to Offer for Sale agreement (“Agreement”) with The Scheel Dallape, Inc., dba The Hoffman Company (“Company”).

Request by Successor Agency: Successor Agency requests that the Oversight Board approve and authorize the execution of the Agreement providing for the Company to serve as the exclusive broker in connection with the marketing and sale of certain real property commonly known as Tres Hermanos Ranch, and consisting of approximately 2,465.98 acres of vacant land, which land is located in portions of the City of Diamond Bar and the City of Chino Hills (the “Property”).

Legislative Authority of the Oversight Board:

1. *California Health and Safety Code Section 34177(e):* The Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board; provided, however that the Oversight Board may direct the Successor Agency to transfer ownership of certain assets pursuant to Section 34181(a). The disposal of the assets and properties is to be completed expeditiously and in a manner aimed at maximizing value.
2. *California Health and Safety Code Section 34177(h):* The Successor Agency must expeditiously wind down the affairs of the Former Agency in accordance with the direction of the Oversight Board.

3. *California Health and Safety Code Section 34177.3(b)*: The Successor Agency may create enforceable obligations to conduct the work of winding down the former redevelopment agency, including acquiring necessary professional administrative services.
4. *California Health and Safety Code Section 34181(a)*: The Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency; provided, however that the Oversight Board may instead direct the Successor Agency to transfer ownership of those assets constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to this construction or use of such an asset. The Successor Agency must dispose of assets and property expeditiously and in a manner aimed at maximizing value.
5. *California Health and Safety Code Section 34191.3*: The disposition authority of the Successor Agency and the Oversight Board under Sections 34177(e) and 34181(a), respectively, is suspended, except as to transfers for governmental use, until the Department of Finance has approved a long-range property management plan, at which point the long-range property management plan will govern the disposition and use of real property assets of the former redevelopment agency.

Application: The Successor Agency must dispose of assets and properties of the former redevelopment agency in accordance with the direction of the Oversight Board. (HSC Sections 34177(e), 34181(a).) Despite the Oversight Board's directive authority, Section 34191.3 suspended the power to direct the disposition of assets and properties of the former redevelopment agency, except for the transfer of governmental use assets, until the DOF approved the Successor Agency's LRPMP. Approval of the Successor Agency's LRPMP occurred on February 21, 2014, making the Oversight Board's directive authority under Section 34177(e) and Section 34181(a) operative. The LRPMP identifies the Property as Property No. 68, which is a "For Sale" property.

Any disposition of property, whether governmental purpose or otherwise, must be done expeditiously and in a manner aimed at maximizing value. (HSC Sections 34177(e), 34181(a))

Based on the size, complexity and potential value of the Property, the Successor Agency elected to utilize the services of a broker to maximize value. A request for proposal was sent to seven firms. Five firms submitted proposals to the Successor Agency and three firms moved to the next phase involving interviews. Based on the Company's experience, knowledge, and recent success with similar projects, the Successor Agency selected the Company as the broker for the marketing and sale of the Property. The Successor Agency may create new enforceable obligations to facilitate the winding down of the former redevelopment agency. (HSC Section 34177.3(b))

The Agreement is an exclusive broker agreement, which sets forth the basic parameters of the Company's engagement. The term is for a period of nine (9) months with the Company

assuming responsibility for marketing the Property and screening all potential purchasers. The Company's compensation is based on a percentage of the final purchase price (less all closing costs), ranging from two percent (2%) if the sales price is \$10,000,000 or less, one and one-half percent (1.5%) if the sales price is \$10,000,001 - \$20,000,000, and one percent (1%) if the purchase price is \$20,000,001 and above. The Agreement expressly provides that the Successor Agency's approval of any sale is contingent on the prior review and approval by the Oversight Board and the California Department of Finance. The actual payment of compensation earned by the Company will be paid directly from escrow in accordance with the terms of the Agreement.

Recommendation: Based on the Successor Agency's limited staff, the Company's expertise and resources, the potential value of the Property, and the authority of the Health and Safety Code, we find the proposed approval of the Agreement is permissible and proper.

RESOLUTION NO. OB 2015-09

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF THE EXCLUSIVE AUTHORIZATION TO OFFER FOR SALE WITH THE HOFFMAN COMPANY

WHEREAS, the Successor Agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board pursuant to California Health and Safety Code Section 34177(e); and

WHEREAS, the Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency pursuant to California Health and Safety Code Section 34181(a); and

WHEREAS, the Successor Agency owns certain real property commonly known as Tres Hermanos Ranch, consisting of approximately 2,465.98 acres of vacant land, a portion of which is located in the City of Diamond Bar and a portion of which is located in the City of Chino Hills (“Property”); and

WHEREAS, the Property is identified as Property No. 68 on the Successor Agency’s long-range property management plan, which plan was approved by the California Department of Finance on February 24, 2014; and

WHEREAS, the long-range property management plan identifies and designates the Property as a “for sale” asset; and

WHEREAS, the Successor Agency desires to engage the services of The Scheel Dallape, Inc. dba The Hoffman Company (“Company”) to serve as the exclusive broker for marketing the Property, identifying potential purchasers, and assisting with consummation of the sale of the Property; and

WHEREAS, the Successor Agency may create new enforceable obligations to conduct the work of winding down the former redevelopment agency, including acquiring necessary professional services, pursuant to California Health and Safety Code Section 34177.3(b); and

WHEREAS, the Successor Agency’s engagement of the Company as the exclusive broker for the marketing and sale of the Property is made in accordance with the terms of a Exclusive

Authorization to Offer for Sale, a copy of which has been made available to the Oversight Board for inspection and is attached hereto as Attachment A; and

WHEREAS, compensation earned by the Company for services provided in connection with the marketing and sale of the Property will be paid to the Company directly from escrow pursuant to the terms of the Exclusive Authorization to Offer for Sale; and

WHEREAS, the Oversight Board has determined that the approval of the Exclusive Authorization to Offer for Sale is consistent with the terms of Health and Safety Code Sections 34177.3(b) and 34181(a) and is consistent with the obligation of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. Approval and Directive for the Execution of the Exclusive Authorization to Offer for Sale. The Oversight Board hereby approves and directs the Successor Agency to execute the Exclusive Authorization to Offer for Sale, in substantially the form attached hereto as Attachment A, wherein the Successor Agency retains the Company as the Successor Agency's exclusive broker for the marketing and sale of the Property.

Section 2. Authorization of Successor Agency. Upon approval of this resolution ("Resolution") by the California Department of Finance, the Oversight Board authorizes and directs the Executive Director and/or Assistant Secretary of the Successor Agency, jointly and severally, to execute and deliver any and all other documents which they may deem necessary or advisable in order to effectuate the approval of the Resolution.

Section 3. Delivery to the California Department of Finance. The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

Section 4. Other Actions. The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. Effect. This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on June 2, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

RESOLUTION NO. OB 2015-09
ATTACHMENT A
EXCLUSIVE AUTHORIZATION TO OFFER FOR SALE



Exclusive Authorization to Offer for Sale

1. Exclusive Authorization to Offer for Sale. The undersigned seller/owner, SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY (“Seller”), by this Exclusive Authorization to Offer for Sale (“Agreement”) dated as of _____, 2015 (“Effective Date”) hereby employs and grants THE SCHEEL DALLAPE, INC., d.b.a. THE HOFFMAN COMPANY (“Broker”), the exclusive and irrevocable right to offer for sale on behalf of the Seller the hereinafter described real property (“Property”) from the period commencing on the Effective Date and terminating nine (9) months thereafter (“Term”), as more fully described as follows:

± 2,465.98 Acres of Vacant Land, known as Tres Hermanos Ranch

City of Diamond Bar, County of Los Angeles

8701-022-270	3.44 Acres
8701-022-271	627.08 Acres
8701-022-273	<u>82.11 Acres</u>
	712.63 Acres

City of Chino Hills, County of San Bernardino

1000-011-019	158.84 Acres
1000-011-020	156.92 Acres
1000-011-021	59.9 Acres
1000-011-022	98.78 Acres
1000-021-013	319.74 Acres
1000-021-014	477.97 Acres
1000-031-014	160.2 Acres
1000-031-015	<u>321 Acres</u>
	1,753.35 Acres

2. Terms of Sale. Cash or other agreed written terms acceptable to Seller, subject in all events, to Seller’s consent, review and approval as to all terms in its sole and absolute discretion, including without limitation, price and method of payment and the terms and conditions upon which any such sale shall be consummated. In addition, Broker acknowledges and agrees that the Seller’s approval of the sale of the Property (and the terms and conditions of any such sale) shall be subject to prior review and approval by the Oversight Board of the Successor Agency to the Industry Urban-Development Agency and the California Department of Finance, each in the exercise of their respective discretion as provided by applicable law.

(a) Seller warrants that it is the owner of the Property, and has the authority to execute this Agreement. Broker, at Broker’s option, shall have the exclusive right to place a FOR SALE sign on the Property, subject to the Seller’s reasonable prior approval of the content, size and location of such sign.

(b) Seller represents that Seller has not entered into a concurrent listing Agreement with another broker regarding the Property involving Seller and a buyer, prospective buyer or other transferee.

3. Compensation to Broker. Upon the close of escrow for the purchase of the Property, Seller agrees to pay Broker (solely from funds to be received by Seller on the close of escrow), and as total compensation for its services provided under this Agreement, a percentage of the selling price if the Property is sold during the Term (or as otherwise herein expressly provided) by Broker, on the terms and conditions set forth herein, or on any other mutually agreed price and terms Seller may accept in writing; pursuant to the following cumulative fee schedule:

Sale Price Range

Up to \$10,000,000
\$10,000,001-\$20,000,000
Over \$20,000,000

Commission Percentage

Two Percent (2%) of the sales price (less the amount of all closing costs paid by Seller, the “Sales Price”)
One and One Half Percent (1.5%) of the Sales Price
One Percent (1%) of the Sales Price

(a) Broker shall cooperate with other brokers and subagents, and shall divide with such other brokers and subagents its compensation under this Agreement in any manner that is commercially reasonable and shall not increase the amount to be paid by Seller hereunder.

(b) Broker shall be entitled to compensation as provided in this Agreement if during the Term the Property is sold, conveyed, leased, or otherwise transferred by Seller without the consent of the Broker.



(c) Broker shall be entitled to the compensation as provided in this Agreement if the Property is sold within 180 calendar days following the termination date of the Term to a buyer or authorized agent/entity to whom Broker has shown the Property, or has negotiation(s) with such entities concerning the purchase of the Property, provided that such buyer or authorized agent/entity to whom Broker has shown the Property, or otherwise negotiated with respect thereto, has been clearly and expressly identified in good faith in writing to the Seller prior to the termination date of the Term.

4. Assignment. Seller hereby irrevocably assigns during the Term of this Agreement the above described compensation from Seller's proceeds in escrow. Broker may submit this Agreement, as instructions to compensate Broker pursuant to and in compliance with paragraph 3, to any escrow regarding the Property involving Seller and a buyer.

5. Cooperation. During the Term, Seller agrees to reasonably cooperate with Broker in effecting the sale of the Property, and to refer to Broker, and/or, notify Broker of all individual/entity Property inquiries at no cost to Seller. Seller's agent is Reg Bottger, who is designated by Seller to receive any and all cooperation requests.

6. Extension for Pending Transaction. The Term of this Agreement shall be extended by a term equal to the period of time for which an offer to purchase the Property is accepted by Seller during the Term, from the day such offer is accepted until such time as such purchase may be cancelled.

7. Attorney Fees. In any action or proceeding between Seller and Broker regarding the obligation to pay compensation under this Agreement, the prevailing Seller or Broker shall be entitled to reasonable attorney fees and costs from the non-prevailing Seller or Broker.

8. Successors and Assigns. This Agreement shall be binding upon Seller and Broker and their respective successors and assigns. The Broker may not assign this Agreement in whole or in part without the prior written consent of the Seller, which consent may be granted or withheld in Seller's sole and absolute discretion.

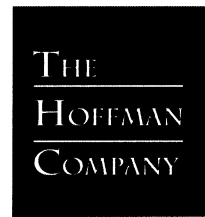
9. "AS IS". The Broker understands and agrees that the Property will be offered for sale solely on an "AS IS" basis, and the Seller will make no representations or warranties with respect to the condition of the Property (or its suitability for the purpose for which it may be required), and Seller will undertake no obligation to assist or participate with any buyer in connection with the development or use of the Property prior to or following the close of escrow.

10. Entire Agreement. All prior discussions, negotiations and agreements between the parties concerning the subject matter of this Agreement are superseded by this Agreement, which constitutes the entire contract and a complete and exclusive expression of their agreement, and may not be contradicted by evidence of any prior agreement, or contemporaneous oral agreement. If any provision of this agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. This Agreement and any supplement, addendum or modification, including any photocopy or facsimile, may be executed in counterparts.

11. Brokerage Team: The Lead Broker and Principal is Tom Dallape, and Victor Grady and Graham Gilles are Senior Vice Presidents at The Hoffman Company and will assist Mr. Dallape in representing the Seller. Tom Dallape will be directly involved in the final presentations to all potential buyers that Seller has identified as the finalists to acquire the Property.

12. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

13. Waivers and Amendments. No amendment to this Agreement shall be of any effect unless it is in writing and is executed by the parties hereto. No person is authorized to make, and by execution hereof the Seller and the Broker acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Seller or the Broker.



*Leading the Land
Brokerage Industry*
CALIFORNIA • NEVADA

By signing below, Seller and Broker acknowledge that they have read, understand, accept and have received a copy of this Agreement.

Seller _____ Date _____
SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By _____

Address _____ City _____ State _____ Zip _____

Phone _____ Fax _____ E-mail _____

Broker _____ Date _____

SCHEEL DALLAPE, INC., d.b.a. THE HOFFMAN COMPANY / CA Lic# 01473762 / NV Lic# B.1000466

By _____

Address _____ City _____ State _____ Zip _____

Phone _____ Fax _____ E-mail _____

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

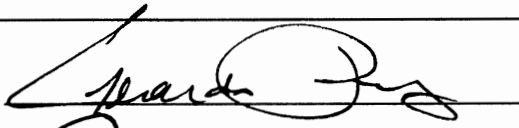
ITEM NO. 5.2


MEMORANDUM

TO: Kevin Radecki, Executive Director **DATE:** May 26, 2015
FROM: Gerry Perez
Joshua Nelson **PROJECT NO.:** IBC-0380
SUBJECT: Industry Business Center East Side Mass Grading Slide

Over the weekend of May 1-4, 2015 a portion of the hillside being cut during the construction of a buttress fill started to slide and was discovered Monday morning. The area of the slide is in the vicinity of a future 2 million gallon reclaimed water tank that the Walnut Valley Water District will construct located near the Diamond Bar neighborhood. The original construction plans specified that a buttress be constructed along the westerly side of the reservoir. In addition there was an existing ancient landslide that needed to be fully removed. The attached maps will show the rough location of the buttress and the ancient landslide. A buttress is essentially a large mass of dirt that is placed in front of and on top of an unstable hillside. A 2 horizontal to 1 vertical back slope (a 2:1 slope) was recommended. Because it failed at a 2:1 slope, they will likely recommend a flatter slope and/or a wider buttress. In addition they will most likely recommend extending the buttress further around to the north. A preliminary plan showing this concept has also been included. This will also require that additional concrete bench drains and down drains to be constructed.

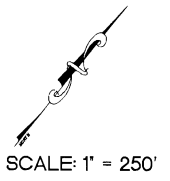
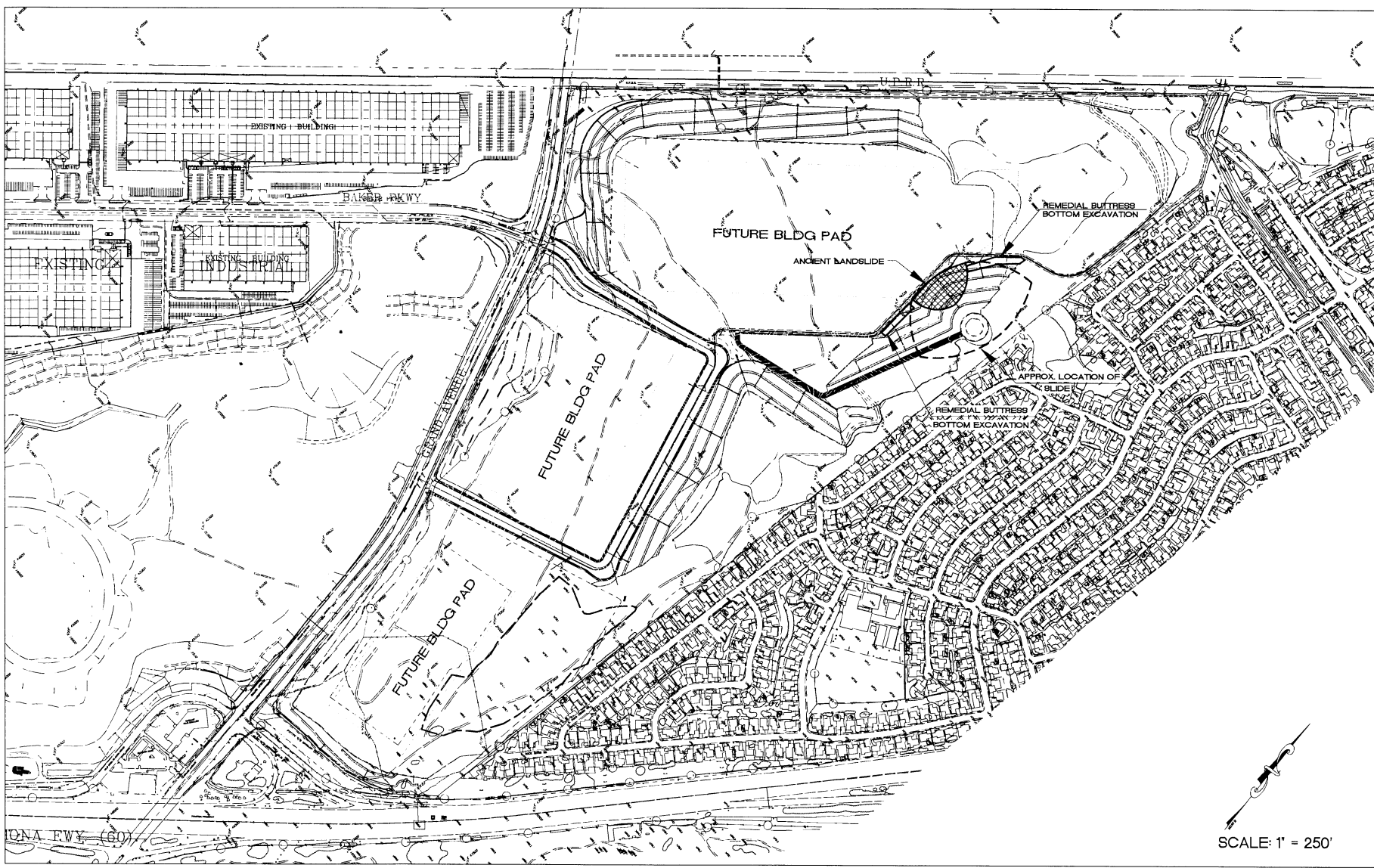
The preliminary estimate is that this slide will require the contractor to remove between 200,000 and 300,000 cubic yards more than was originally included in the bid and placed back as compacted fill. The cost to do this will be negotiated with the contractor and will be accounted for in a change order. The cost has yet to be determined, because the first step is to come up with a new plan. The designer and the soils engineer will come up with a revised plan which will be submitted to the contractor. The work will have to proceed while the change order terms are negotiated. The contractor is currently having to avoid this area and work around it. This report is to be received and filed only.

By: Gerry Perez Signature: 
Project Manager

By: Joshua Nelson Signature: 
Sr. Project Manager

GP/JN:cl

A. S. HARRIS & ASSOCIATES, INC. ENGINEERS AND ARCHITECTS, 1111 14th St. NW, Suite 200, Washington, DC 20004. TEL: (202) 638-1111. FAX: (202) 638-1112. WWW.ASHARRIS.COM



INDUSTRY BUSINESS CENTER



SLIDE AREA (WEST)

