Real Property <u>Acquisition</u> Questionnaire* for ASR
(*Applies to property purchase, or acquisition lease, license or easement)

Instructions:
- This questionnaire was developed with input from Auditor Controller, Internal Auditor and CEO Real Estate to assure that County leadership is fully informed.
- Insert the complete answer after each question below.
- When completed, save and include as an Attachment to your ASR.
- In the body of the ASR focus on the considerations relevant to the decision.
- If you need assistance, please contact CEO Real Estate.

1. What property interest is being considered for acquisition (fee, lease, license, easement)? The fee interest in a .296 acre of property as part of an equal exchange of property between the parties.
a) Why is this property being considered for acquisition? To offset the conveyance of a .296 acre of property that is necessary to reconfigure the parties respective parcels to allow development of River Road.
b) How and who identified this property for a potential acquisition? FCD LLC an affiliate of the Developer.
c) What factors are key in recommending this property for acquisition? The exchange of equal amounts of real property will result in are configured parcel of the same size an allow the development of River Road, a new public right of way and will not impact Flood Control operations.
d) How does the proposed acquisition fit into the County's/District's strategic or general plan?
e) What are the short and long term anticipated uses of the property? Creation of River Road a new public right of way on the exchange parcels, construction of a storm drain within the permanent easement, construction of various OC V!BE improvements over the quitclaimed OCFCD easement area and both parking and construction activities within the License Area.
f) Are there any limitations on the use of the property for its intended purposes? No

2. What analysis has been performed as to whether to acquire the proposed real property interest? Survey, legal descriptions, review by OCFCD, and a valuation analysis.
a) Have there been any internally or externally prepared reports regarding this property acquisition? Yes b) Who performed the analysis? OC Vibe's Engineer, OCFCD and the County Appraiser
c) Provide details about the analysis and cost/benefit comparison.

3. How was the acquisition price, or lease/license rent, determined? By a valuation analysis.

a) Who performed the appraisal or market study and what certifications do they possess? The Valuation Committee in CEO Real Estate which includes the County appraiser who is an MAI and California licensed appraiser.
b) How does the price/rent compare with comparable properties? It is compatible.
c) Does the setting of the price/rent follow industry standards and best practices? Yes
d) What are the specific maintenance requirements and other costs within the agreement and who is responsible? Provide an estimate of the costs to the County/District if applicable. None. Construction of the Storm Drain and River Road will be undertaken by the Developer.

4. What additional post-acquisition remodeling or upgrade costs will be needed for the property to meet its intended use? N/A
a) Will any of the upgrades be required to meet County, ADA, or other standards and requirements? N/A
b) Include estimates of the costs. Unknown.
c) What department will be responsible for the costs? The Developer is responsible for costs.

5. Can the County terminate the purchase/easement, lease/license? The County could stop the exchange of property and decline quitclaim the easements and provide a storm drain easement prior to the closing. The License Agreement can be terminated at any time during the term with prior written notice.

a) What would be necessary to terminate the agreement, and when can it be terminated? Written Notice before the closing.

b) Are there penalties to terminate the purchase/easement, or lease/license? No.

6. What department will be responsible for the acquisition payments? N/A
   a) Are the acquisition costs budgeted in the department's budget?
   b) What fund number will the funds for the acquisition ultimately be drawn from? None.
   c) Will any restricted funds be used for the acquisition? (Check with the Auditor Controller's General Accounting Unit and Counsel if you have questions about whether restricted funds are involved.) No.
   d) If restricted funds will be used, has County Counsel advised that this is an allowable use of the proposed restricted funds?

7. Does the proposed purchase/lease/license/easement agreement comply with the CEO Real Estate standard language? Yes.
   a) List any modified clauses and reasons for modification.

8. If this is a lease, is it a straight lease, an operating agreement, a lease with an option to purchase, or a capital lease (see details below)? This transaction includes a License Agreement between the parties that will allow the Developer to utilize a 2 acre area of District Land for up to 20 years for parking and temporary construction activities.

Capital Lease Determination: At the inception of any *potential* capital lease, it is important to contact the Auditor-Controller's Capital Asset Unit for further guidance to ensure that proper classification and accounting for the lease occurs. There are specialized accounting rules and required forms for capital leases. See further details in the County's Accounting Manual, Policy No. FA-1: *Accounting for Lease Purchases (Capital Leases)*, located on the intranet. For accounting purposes only, a capital lease exists if ANY one (1) of the following four (4) criteria is met:

i) Lease transfers ownership to the County by the end of the term.
ii) Lease contains an option to purchase the property by the end of the term for a price lower than the expected fair market value of the property? (For example $1 or $1,000, and based on this option price, for accounting purposes only, the ultimate purchase of the property is deemed reasonably assured at the inception of the lease.)
iii) Lease term is equal to 75% or more of the remaining estimated useful life of the leased property.*
iv) Present value of the minimum lease payments is equal to 90% or more of the fair value of the property at the inception of the lease.*

*Criteria iii) and iv) don't apply if the lease term begins in the last 25% of a property's estimated useful life.

To validate whether a lease is a capital lease for accounting purposes, please contact the Auditor-Controller's Capital Asset Unit at capitalassets@ac.ocgov.com .

Real Property <u>Conveyance</u> Questionnaire* for ASR
(*Applies to sale, lease, license, or easement of County or District owned assets)

Instructions:

- This questionnaire was developed with input from Auditor Controller, Internal Auditor and CEO Real Estate to assure County leadership is fully informed.
- Insert the complete answer after each question below.
- When completed, save and include as an Attachment to your ASR.
- In the body of the ASR focus on the considerations relevant to the decision.
- If you need assistance, please contact CEO Real Estate.

1. What property interest is being considered for conveyance (e.g. fee, lease, license, easement)?
   a) Why is this property being considered for lease, license, sale or other conveyance? As part of an exchange between OCFCD and FCD LLC, we will convey equal portions of real property each to the other in order to create the desired alignment for the construction of River Road, a new public Right of Way. We will also quitclaim two remnants of a former OCFCD easement that is not being used, provide a permanent easement for a storm drain and enter into a 20 year License Agreement to allow parking and construction activities.
   b) How and who identified this property as a potential conveyance? FCD LLC an affiliated company of OC V!BE, the "Developer".
   c) What factors are key in recommending this property for conveyance?
   The exchange of equal amounts of real property will result in are configured parcel of the same size an allow the development of River Road, a new public right of way and will not impact Flood Control operations.
   d) How does the proposed conveyance fit into the County's/District's strategic or general plan?
   e) What are the short and long term anticipated uses of the property? Creation of River Road a new public right of way on the exchange parcels, construction of a storm drain within the permanent easement, construction of various OC V!BE improvements over the quitclaimed OCFCD easement area and both parking and construction activities within the License Area.
   f) Are there any limitations on the use of the property in the conveyance documents? No.

2. What analysis has been performed as to whether to convey the proposed real property interest?
   Survey, legal descriptions, review by OCFCD, and a valuation analysis
   a) Have there been any internally or externally prepared reports regarding this property conveyance? Yes
   b) Who performed the analysis? OC Vibe's Engineer, OCFCD and the County Appraiser
   c) Provide details about the analysis and cost/benefit comparison.

3. How was the conveyance price, or lease/license rent, determined? By a valuation analysis.
   a) Who performed the appraisal or market study and what certifications do they possess? The Valuation Committee in CEO Real Estate which includes the County appraiser who is an MAI and California licensed appraiser.
   b) How does the price/rent compare with comparable properties? It is comparable.
   c) Does the setting of the price/rent follow industry standards and best practices? Yes
   e) What are the specific maintenance requirements and other costs within the agreement and who is responsible? The Developer is responsible for maintaining the Storm Drain easement and the License Area. Provide an estimate of the costs to the County/District if applicable. There are no additional or new costs to the District.

4. What additional post-conveyance remodeling or upgrade costs will be needed for the property to meet its intended use? None. Construction of the Storm Drain and River Road will be undertaken by the Developer.
   a) Will any of the upgrades be required to meet County, ADA, or other standards and requirements? No.

b) Include estimates of the costs. Unknown.
c) What entity will be responsible for the costs? The Developer.

5. Can the County terminate the sale/easement, lease/license? The County could stop the exchange of property and decline quitclaim the easements and provide a storm drain easement prior to the closing. The License Agreement can be terminated at any time during the term with prior written notice.
a) What would be necessary to terminate the agreement and when can it be terminated? Written Notice.
b) Are there penalties to terminate the sale/easement, lease/license? No.

6. What entity will be responsible for the payment(s)? The Developer
a) How will the funds received be used or applied? General expenses in Flood Fund 400
b) What fund number will the funds from the conveyance ultimately be deposited into? 400
c) If restricted funds might be created or supplemented, check with the Auditor Controller's General Accounting Unit and Counsel if you have questions about whether restricted funds are involved.)
d) If restricted funds might be created or supplemented, has County Counsel advised that the destination fund for the payment(s) is properly restricted? N/A

7. Does the proposed sale/easement, lease/license agreement comply with the CEO Real Estate standard language? Yes
a) List any modified clauses and reasons for modification.

8. If this is a lease, is it a straight lease, an operating agreement, a lease with an option to purchase, or a capital lease (see details below)? This transaction includes a License Agreement between the parties that will allow the Developer to utilize a 2 acre area of District Land for up to 20 years for parking and temporary construction activities.

   Capital Lease Determination: At the inception of any *potential* capital lease, it is important to contact the Auditor-Controller's Capital Asset Unit for further guidance to ensure proper classification and accounting for the lease occurs. There are specialized accounting rules and required forms for capital leases. See further details in the County's Accounting Manual, Policy No. FA-1: *Accounting for Lease Purchases (Capital Leases)*, located on the intranet. For accounting purposes only, a capital lease exists if ANY one (1) of the following four (4) criteria is met:

   i) Lease transfers ownership to another party by the end of the term.
   ii) Lease contains an option for the other party to purchase the property by the end of the term for a price lower than the expected fair market value of the property? (For example $1 or $1,000, and based on this option price, for accounting purposes only, the ultimate purchase of the property is deemed reasonably assured at the inception of the lease.)
   iii) Lease term is equal to 75% or more of the remaining estimated useful life of the leased property.*
   iv) Present value of the minimum lease payments is equal to 90% or more of the fair value of the property at the inception of the lease.*

   *Criteria iii) and iv) don't apply if the lease term begins in the last 25% of a property's estimated useful life.

   To validate whether a lease is a capital lease for accounting purposes, please contact the Auditor-Controller's Capital Asset Unit at capitalassets@ac.ocgov.com .