

Real Property Conveyance 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)?
Lease
 - a) Why is this property being considered for lease, license, sale or other conveyance? **This is an expansion and extension of term at District Attorney's 5000 Birch Street offices.**
 - b) How and who identified this property as a potential conveyance? **County partnered with Jones Lang LaSalle in the negotiation of terms for this property.**
 - c) What factors are key in recommending this property for conveyance? **District Attorney currently occupies space in this building and the lease terms are favorable for the County.**
 - d) How does the proposed conveyance fit into the County's/District's strategic or general plan? **This is a great location for District Attorney to serve the public and is within close proximity to the Harbor Justice Center Newport Beach.**
 - e) What are the short and long term anticipated uses of the property? **The initial Lease Term will expire August 31, 2034 and includes (2) five-year options to extend.**
 - f) Are there any limitations on the use of the property in the conveyance documents? **The County will use the property for administrative and office purposes consistent with services provided by District Attorney or any other lawful purpose.**
2. What analysis has been performed as to whether to convey the proposed real property interest?
 - a) Have there been any internally or externally prepared reports regarding this property conveyance? **Yes, Costar property searches were performed.**
 - b) Who performed the analysis? **Our partnering RE brokerage, Jones Lang LaSalle.**
 - c) Provide details about the analysis and cost/benefit comparison. **5000 Birch Street was determined to be the best option for District Attorney.**
3. How was the conveyance price, or lease/license rent, determined? **Fair market value.**
 - a) Who performed the appraisal or market study and what certifications do they possess? **Our partnering RE brokerage, Jones Lang LaSalle.**
 - c) How does the price/rent compare with comparable properties? **The rent is consistent with similar Newport Beach properties.**
 - 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? Provide an estimate of the costs to the County/District if applicable. **Lessor will pay and provide the tenant improvements, utilities and janitorial.**
4. What additional post-conveyance 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? **Lessor's Tenant Improvements will comply with all above standards.**
 - b) Include estimates of the costs. **Internet/phone should be County's only additional costs.**
 - c) What entity will be responsible for the costs? **See above.**
5. Can the County terminate the sale/easement, lease/license? **No.**
 - a) What would be necessary to terminate the agreement and when can it be terminated? **County may**

Attachment C - Conveyance Questionnaire

not terminate the lease.

- b) Are there penalties to terminate the sale/easement, lease/license? **N/A**
6. What entity will be responsible for the payment(s)? **District Attorney.**
- a) How will the funds received be used or applied? **Monthly rental payments.**
- b) What fund number will the funds from the conveyance ultimately be deposited into? **N/A.**
- 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. **N/A.**
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)? **Straight lease.**

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 .