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**Oversight Board  
for the  
Successor  
Agency**

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## Staff Report

ITEM NO. 6

**To:** Lemoore Oversight Board   
**From:** Judy Holwell, Project Manager  
**Date:** February 21, 2014  
**Subject:** Resolution No. 2014-06 approving a Real Estate Purchase Contract and Receipt for Deposit between the Successor Agency to the former Lemoore Redevelopment Agency and The Bennett Family Trust for the Disposition of APN 024-051-032 and APN 024-051-033

### Discussion

Since nearly two years have passed since the Lemoore Oversight Board (Board) took action on the sale of Redevelopment Agency property to the Gary & Maxine Bennett Trust (Bennett), the State of California Department of Finance (DOF) is requiring the Board to approve a newly executed contract.

In 2012, the City of Lemoore, acting on behalf of the Lemoore Successor Agency to the former Lemoore Redevelopment Agency (Agency), received the attached Letter of Intent, dated May 15, 2012, from Grubb & Ellis on behalf of its client, the Gary & Maxine Bennett Trust to purchase approximately 3.06 acres of vacant land owned by the Agency – APN 024-051-032 (approximately 2.0 acres) and APN 024-051-033 (approximately 1.06) – in the Lemoore Industrial Park to relocate and expand its irrigation systems operation. As shown on the attached map, the two parcels are adjacent to each other and are located between McCann and Sons and Lemoore Auto Mall. During a regularly scheduled City Council meeting, Council, acting as the Successor Agency, met in closed session to discuss the proposed project. Council determined that the development would be appropriate for the surrounding uses and that the offer was acceptable to the community of Lemoore. It was then that Council referred the item to the Board for consideration.

During the Board's May 24, 2012 meeting, the same Letter of Intent was presented in Closed Session. After reviewing the details of the project, the Board determined that a project of this nature would benefit both the community and the taxing agencies (e.g.

additional sales tax revenue would be generated for the City of Lemoore and proceeds from the sale of the property would increase the property tax revenue for the taxing agencies). Staff noted that the proposed offer was comparable to the sales price of other vacant parcels in the area, and in fact, prior to the downturn in the economy, the Redevelopment Agency had sold the same 2.0-acre parcel for \$45,000 per acre to Bill and Nancy Royer for the expansion of Valley Cycle & Marine. Other vacant parcels in the area sold for \$25,000 and \$50,000 per acre. After the economy began to spiral downward, the Royer's were unable to pursue their project and the property was sold back to the Redevelopment Agency for the same amount.

Since the California Health and Safety Code (HSC) Section 34181(a) requires an oversight board to direct its successor agency to dispose of assets expeditiously and in a manner aimed at maximizing value, the Board directed Agency staff to execute the Letter of Intent and to negotiate and accept an offer of not less than \$125,000 for the sale of said parcels. The Letter of Intent was executed the same day the Board met and it was forwarded to the Broker, as shown in the attached email.

Staff worked with the Broker and negotiated an agreement consistent with the Board's recommendation. Consistent with other property sales, a \$5,000 deposit is required, which is non-refundable after the proposed 60-day due diligence period. Provided that title to the property is transferred at close of escrow, a credit of 50 percent of the cost of a Phase One Environmental Report will be given and escrow fees will be split fifty-fifty.

During the time the Contract was being prepared, AB 1484 was signed into law, which suspends Section 34181(a) until after successor agencies receive a Finding of Completion (FOC) from the DOF. The Agency received its FOC on June 7, 2013. Within six months of receiving an FOC, successor agencies must submit to the DOF a Long-Range Property Management Plan (LRPMP). Furthermore, the LRPMP must be approved by DOF prior to an agency selling any property. The Agency submitted its LRPMP on September 26, 2013. Recently, the DOF advised the Agency of a needed revision. The revised LRPMP is being considered for approval at the February 25, 2014 Board meeting, just prior to this item. DOF staff advised Agency staff that it fully anticipates approval of our revised LRPMP. Following approval by the DOF of our LRPMP, properties can be sold.

In order to sell Agency property, the Board must approve the disposition by resolution following a 10-day notice to the public, which was published in the Hanford Sentinel on February 14, 2014. Additionally, the sale is subject to review by the DOF pursuant to Section 34179 and the DOF may extend its review period by up to 60 days.

If the Board agrees that the sale of said properties to Bennett for the proposed development is still in the best interest of the taxing agencies, then the Board should adopt Resolution No. 2014-06 approving the attached newly executed Real Estate Purchase Contract and Receipt for Deposit and authorize the City Manager to execute said Contract. The Contract is identical to the one executed in 2012 with the exception of the date and the Trust name change to The Bennett Family Trust. Following your

approval, staff will submit the Contract and supporting materials to the DOF requesting its approval of the transaction.

The following exhibits are attached for your review:

Exhibit A – Resolution No. 2014-06

Exhibit B – Real Estate Purchase Contract and Receipt for Deposit

Exhibit C – Letter of Intent dated May 15, 2012

Exhibit D – Email dated May 24, 2012

Exhibit E – Assessor Map showing Parcel #32 & #33

### **Budget Impact**

Approximately \$125,000 will be transferred to the County Auditor-Controller for distribution to the taxing entities.

Pursuant to Health & Safety Code Section 34177(e), proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the Oversight Board, shall be transferred to the County Auditor-Controller for distribution as property tax proceeds under Section 34188.

### **Recommendation**

That the Lemoore Oversight Board adopt Resolution No. 2014-06 approving the Real Estate Purchase Contract and Receipt for Deposit for the sale of APN 024-051-032 and APN 024-051-033 to The Bennett Family Trust for an amount not less than \$125,000 (minus one-half escrow fees & one-half cost of Phase One Environmental Report) and authorize the City Manager, or designee, to execute said Contract.