

OVERSIGHT BOARD FOR SUCCESSOR AGENCY
TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY

AGENDA

City Council Chambers
Montclair Civic Center
5111 Benito Street
Montclair, CA

Regular Meeting
Wednesday, November 13, 2013
6:00 p.m.

As a courtesy, please silence your cell phones, pagers, and other electronic devices while the meeting is in session. Thank you.

William Ruh – Chairman, Montclair Mayor Paul Eaton Appointee
Tenice Johnson – Vice Chairperson, County of San Bernardino Citizen Appointee
Terry Catlin – Inland Empire Utilities Agency Appointee
Kim Erickson – Chaffey Community College District Appointee
Phil Hillman – Ontario–Montclair School District Appointee
Mike Piotrowski – City of Montclair Employee Organization Alternate
John Richardson – County of San Bernardino Appointee

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I. PRELIMINARY MATTERS

- A. Call to Order
- B. Roll Call
- C. Oath of Office of New Oversight Board Members

II. PUBLIC COMMENT

Any person wishing to address the Oversight Board on any matter, whether or not it appears on this agenda, is requested to complete a "Speaker Request" form, available at the door. The form should be completed and submitted to the Secretary prior to the beginning of this meeting or prior to an individual agenda item being heard by the Oversight Board. Each speaker will be afforded five minutes to address the Oversight Board. No action will be taken on any item not listed on the agenda pursuant to the Ralph M. Brown Act.

III. APPROVAL OF MINUTES

- A. Minutes of the Regular Oversight Board Meeting of September 11, 2013

IV. PUBLIC HEARINGS

- A. Consider Adoption of Resolution No. 13-13, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency Approving and Adopting a Long-Range Property Management Plan Pursuant to Section 34191.5 of the Health and Safety Code 3

V. BUSINESS ITEMS

- A. Consider Adoption of Resolution No. 13-11 Replacing Resolution No. 13-06 and Approving Agreement No. 13-89 Replacing Agreement No. 13-59, an Engagement Agreement Between the Successor Agency to the City of Montclair Redevelopment Agency and Edward Z. Kotkin, for Mr. Kotkin to Act as Counsel to the Oversight Board 14
- B. Consider Adoption of Resolution No. 13-12 Replacing Resolution No. 13-07 and Approving Agreement No. 13-90 Replacing Agreement No. 13-67; a Proposal for Appraisal Services Between the Successor Agency to the City of Montclair Redevelopment Agency and Integra Realty Resources, for Integra Realty Resources to Perform Real Property Appraisals Associated With Completion of a Long-Range Property Management Plan 31
- C. Oral Report on Status of Meet and Confer Regarding Recognized Obligation Payment Schedule 13-14B

VI. COMMUNICATIONS

- A. Staff
- B. Chairman and Members

VI. ADJOURNMENT

The above actions of the Oversight Board shall not become effective for three business days, pending any request for review by DOF. If DOF requests review of the above Board actions, it will have ten days from the date of the request to approve the Oversight Board action or return it to the Oversight Board for reconsideration; and the action, if subject to review by DOF, will not be effective until approved by DOF.

The next regularly scheduled Oversight Board meeting will be held on December 11, 2013, at 6:00 p.m. in the City Council Chambers.

Reports, backup materials, and additional materials related to any item on this Agenda distributed to the Successor Agency Board after distribution of the Agenda packet are available for public inspection in the Office of the Secretary located at 5111 Benito Street, Montclair, California, between 7:00 a.m. and 6:00 p.m., Monday through Thursday.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Secretary at (909) 625-9416. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II)

I, Yvonne L. Smith, Secretary, hereby certify that I posted, or caused to be posted, a copy of this Agenda not less than 72 hours prior to this meeting on the bulletin board adjacent to the north door of Montclair City Hall on November 7, 2013.

AGENDA REPORT

SUBJECT: CONSIDER ADOPTION OF RESOLUTION NO. 13-13, A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY APPROVING AND ADOPTING A LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO SECTION 34191.5 OF THE HEALTH AND SAFETY CODE	DATE: November 13, 2013
	SECTION: PUBLIC HEARINGS
	ITEM NO.: A
	FILE I.D.: OBO050
	DEPT.: OVERSIGHT BOARD

REASON FOR CONSIDERATION: AB 1X 26 dissolved redevelopment agencies in the State of California as of February 1, 2012. On June 27, 2012, AB 1484 was enacted to make technical and substantive amendments to AB 1X 26. These laws are collectively referred to as the "Dissolution Act."

One of the responsibilities of the Successor Agency pursuant to the Dissolution Act is to prepare a Long-Range Property Management Plan that governs the disposition and use of the real properties of the former redevelopment agency. Pursuant to Health and Safety Code Section 34191.5, the Long-Range Property Management Plan shall be submitted to the Oversight Board and the Department of Finance (DOF) for approval no later than six months following DOF's issuance of a Finding of Completion to the Successor Agency. The Successor Agency to the City of Montclair Redevelopment Agency received a Finding of Completion from DOF on May 15, 2013; therefore, the deadline for submitting the Long-Range Property Management Plan for the former City of Montclair Redevelopment Agency to DOF is November 14, 2013.

Exhibit A is a checklist developed by DOF outlining the requirements that must be found in the Long-Range Property Management Plan pursuant to Health and Safety Code Section 34191.5. Because of its length, the Long-Range Property Management Plan for the Successor Agency to the City of Montclair Redevelopment Agency is included in the agenda packet for consideration.

BACKGROUND: The original plan for the disposition of assets contemplated in AB 1X 26 was the immediate sale and disposition of all redevelopment assets. However, pursuant to AB 1484, the disposition of assets became subject to the preparation of a Long-Range Property Management Plan that requires the approval of DOF. In general, the Long-Range Property Management Plan addresses the disposition and use of the real properties of the former redevelopment agency. The following components must be included in the Long-Range Property Management Plan:

1. Inventory of all properties in the Community Redevelopment Property Trust Fund ("Trust Fund"), established to serve as the repository of the former redevelopment agency's real properties. The inventory shall consist of all the following information:
 - a. **Date of acquisition** of the property and the value of the property at that time, and an estimate of the current value of the property.
 - b. **Purpose** for which the property was acquired.

- c. **Parcel data** including address, lot size, and current zoning in the former redevelopment agency plan or specific, community, or general plan.
 - d. **Estimate of the current value** of the parcel including, if available, any appraisal information.
 - e. **Estimate of any lease, rental, or any other revenues** generated by the property, and a description of the contractual requirements for the disposition of those funds.
 - f. **History of environmental contamination**, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.
 - g. Description of the **property's potential for transit-oriented development and the advancement of the planning objectives** of the successor agency.
 - h. Brief history of **previous development proposals** and activity including the rental or lease of property.
2. Address the use or disposition of all the properties in the Trust Fund. Permissible uses include:
- a. **Retention for governmental use** pursuant to subdivision (a) of Section 34181.
 - b. **Retention for future development.**
 - c. **Sale** of the property.
 - d. **Use of the property to fulfill an enforceable obligation.**
3. Separately identify and list properties in the Trust Fund dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:
- a. If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.
 - b. If the plan directs the liquidation of property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subsection 3(a) above, the proceeds from the sale shall be distributed as property tax to the taxing entities.
 - c. Property shall not be transferred to a successor agency, city, county, or city and county unless the Long-Range Property Management Plan has been approved by the oversight board and DOF.

The Long-Range Property Management Plan for the Successor Agency to the City of Montclair Redevelopment Agency contains seven properties in the Community Redevelopment Property Tax Trust Fund. These properties and their recommended disposition are listed as follows:

<i>Property</i>	<i>Proposed Disposition</i>
8752 Monte Vista Avenue (Police Impound Center)	Transfer to the City for Public Use (One third of the site is leased to Metro Nissan)

4985 Richton Street (Montclair Transcenter)	Transfer to the City for Public Use/Future Development
9499 Monte Vista Avenue (Freedom Plaza Park)	Transfer to the City for Public Use
4960 Palo Verde Street	Offer for Sale to Metro Nissan or Continue Lease (Metro Nissan Vehicle Sales Lot)
5326 San Bernardino Street (Hurst property)	Transfer to the City for Future Development
4385 Holt Boulevard (Parcel adjoining Reeder Ranch)	Transfer to the City for Public Use
No Street Address (Property remnant from Ramona Avenue Grade Separation Southeast corner State Street and Ramona Avenue)	Offer for Sale

It should be noted that Health and Safety Code Section 34191.5(c)(2)(A) governing the preparation of the Long-Range Property Management Plan allows the Long-Range Property Management Plan to provide for the transfer of properties to the City "for a project identified in an approved redevelopment plan." Unfortunately, at this time, staff is not aware of any guidance from DOF regarding what constitutes "a project identified in an approved redevelopment plan." At this point, it is impossible to guess the ultimate disposition of the above-listed parcels given DOF's decision-making processes.

As a part of DOF's decision-making process, the Successor Agency to the City of Montclair Redevelopment Agency was faced with an unusual directive from DOF to list the 98 units sold to the Montclair Housing Corporation on the Long-Range Property Management Plan. These housing units were purchased and rehabilitated by the former Redevelopment Agency with Low- to Moderate-Income Housing Funds. The 98 units contain 55-year deed restrictions for affordability; approximately 80 percent of the units are deed-restricted for very low-income families; and over 300 people currently reside in these units. In the opinion of Agency Special Counsel, these units should not be listed on the Long-Range Property Management Plan.

In April 4, 2011, the Redevelopment Agency and Montclair Housing Corporation Boards of Directors approved the sale of these 98 housing units to the Montclair Housing Corporation with the approval of Redevelopment Agency Special Counsel. The properties were sold by the Redevelopment Agency to the Montclair Housing Corporation for approximately \$12 million with the provision that all loan payments would be forgiven as long as the properties remained affordable housing subject to 55-year affordability covenants. The Montclair Housing Corporation was established in June 1994 to maintain and manage certain rental properties that the former Redevelopment Agency purchased and rehabilitated for the purpose of providing affordable housing using Low- to Moderate-Income Housing Funds to meet Health and Safety Code Inclusionary requirements. The City Council acts as the Board of Directors for the Montclair Housing Corporation.

While auditing the former City of Montclair Redevelopment Agency, the State Controller never questioned the validity of the asset transfer to the Montclair Housing Corporation. However, upon issuance of its draft Report in November 2012, the Controller's Office indicated that the housing units transferred to the Montclair Corporation should be returned to the Successor Agency. Successor Agency staff challenged the State Controller's conclusion, asserting the 98 units are existing units of affordable housing rented by over 300 tenants. In addition, all the units contain 55-year affordability covenants. The State Controller's Office advised Successor Agency staff that the units could be retained by the Montclair Housing Corporation upon the Oversight Board's adoption of a Resolution affirming such action. The Oversight Board adopted Resolution No. 13-02 approving the transfer of the housing units to the Montclair Housing Corporation on January 23, 2013. The Final Report issued by the State Controller's Office dated March 6, 2013, indicated the Oversight Board had authorized the property transfer and that no further action was necessary.

After receipt and review of Resolution No. 13-02 by DOF, a letter was received from DOF on May 15, 2013 disallowing the transfer of the 98 housing units to the Montclair Housing Corporation. The action by DOF indicated no "Meet and Confer" on this action was authorized. The letter from DOF did remand the action back to the Oversight Board for consideration. Successor Agency staff verbally communicated with DOF where it was indicated that the housing assets in question should be placed on the Long Range Property Management Plan. It should be noted that DOF did not question the placement of these 98 housing units as assets on the Housing Asset Transfer List submitted by the Successor Agency and Oversight Board in July 2012.

After conference with legal counsel, Successor Agency staff submitted Resolution No. 13-10 to the Oversight Board for consideration. This Resolution directed the Successor Agency to transfer the 98 units of rental housing to the Montclair Housing Authority (Successor Housing Agency) as housing assets. On September 11, 2013, the Oversight Board adopted Resolution No. 13-10 directing the Successor Agency to transfer the 98 low- to moderate-income housing units to the Montclair Housing Authority. On September 18, 2013, a DOF Analyst pulled Resolution No. 13-10 for review. Successor Agency staff is still waiting for a determination regarding this matter.

Staff requests that the Oversight Board go on record as objecting to the inclusion of the 98 low- to moderate-income units on the Long-Range Property Management Plan. Language has been included in Resolution No. 13-13 to this effect.

FISCAL IMPACT: Costs associated with appraisal of certain parcels for the Long-Range Property Management Plan have been included on the Recognized Obligation Payment Schedule. Staff time was involved in preparation of the Plan. However, once the Long-Range Property Management Plan is submitted to DOF for review and approval, DOF may demand the sale of parcels held for public use and direct the proceeds from any sale to be paid to reduce bond debt or to the affected taxing agencies.

RECOMMENDATION: Staff recommends the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency approve Resolution No. 13-13 approving and adopting the Long-Range Property Management Plan pursuant to Section 34191.5 of the Health and Safety Code.



Exhibit A LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state "[Agency Name] Long-Range Property Management Plan". The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name: **Successor Agency to the City of Montclair Redevelopment Agency**

Date Finding of Completion Received: May 15, 2013

Date Oversight Board Approved LRPMP: November 13, 2013

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes No

For each property the plan includes the purpose for which the property was acquired.

Yes No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

Yes No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

The Successor Agency to the City of Montclair Redevelopment Agency has included 98 units of low-to moderate-income housing (**Housing Assets**) in the Long- Range Property Management Plan currently held by the Montclair Housing Corporation. These properties are included in the PMP at the direction of the Department of Finance (DOF). **It is the opinion of the Successor Agency, Successor Agency Counsel, and the Oversight Board that these Housing Assets should not be placed in the Long-Range Property Management Plan. These housing units were purchased and rehabilitated by the former Redevelopment Agency with Low-and Moderate-Income Housing Funds. The 98 units contain 55 year deed restrictions for affordability; approximately 80 percent of the units are deed restricted for very low income families; and over 300 people currently reside in these units.**

On April 4, 2011, the Redevelopment Agency Board of Directors and the Montclair Corporation Board of Directors approved the sale of these 98 housing units to the Montclair Housing Corporation with the approval of Redevelopment Agency Special Counsel. The properties were sold by the Redevelopment Agency to the Montclair Housing Corporation for approximately \$12 million with the provision that all loan payments would be forgiven as long as the properties remained affordable housing subject to 55-year affordability covenants. The Montclair Housing Corporation was established in June 1994 to

maintain and manage certain rental properties that the former Redevelopment Agency purchased and rehabilitated for the purpose of providing affordable housing with Low- and Moderate-Income Housing Funds to meet Health and Safety Code Inclusionary requirements. The City Council acts as the Board of Directors for the Montclair Housing Corporation.

While auditing the former City of Montclair Redevelopment Agency, the State Controller never questioned the validity of the asset transfer to the Montclair Housing Corporation. However, upon issuance of its draft Report in November 2012, the Controller's Office indicated that the housing units transferred to the Montclair Corporation should be returned to the Successor Agency. Successor Agency staff responded to the State Controller's conclusion indicating that the 98 units were existing units of affordable housing containing over 300 tenants. In addition, all the units contain 55 year affordability covenants. The State Controller's staff verbally communicated to Successor Agency staff saying that the units could be retained by the Montclair Housing Corporation upon adoption of a Resolution affirming such action by the Oversight Board. The Oversight Board approved Resolution No. 13-02 approving the transfer of the housing units to the Montclair Housing Corporation on January 23, 2013. The Final Report issued by the State Controller's Office dated March 6, 2013 indicated the Oversight Board had authorized the property transfer and no further action was necessary.

After receipt and review of Resolution No. 13-02 by the Department of Finance (DOF) a letter was received from DOF on May 15, 2013 disallowing the transfer of the 98 housing units to the Montclair Housing Corporation. The action by DOF indicated no "Meet and Confer" on this action was authorized. The letter from DOF did remand the action back to the Oversight Board for consideration. Successor Agency staff verbally communicated with DOF where it was indicated that the housing assets in question should be placed on the Long Range Property Management Plan. It should be noted that DOF did not question the placement of these 98 housing units as assets on the Housing Asset Transfer list submitted by the Successor Agency and Oversight Board in July 2012.

After conference with legal counsel, Successor Agency staff submitted Resolution No. 13-10 to the Oversight Board for consideration. This resolution directed the Successor Agency to transfer the 98 units of rental housing to the Montclair Housing Authority (Successor Housing Agency) as housing assets. On September 11, 2013, the Oversight Board adopted Resolution No. 13-10 directing the Successor Agency to transfer the 98 low--and moderate-income housing units to the Montclair Housing Authority. On September 18, 2013, DOF Analyst Hanzhao Meng pulled Resolution No. 13-10 for review. Successor Agency staff is still waiting for a determination regarding this matter.

The Successor Agency Board of Directors and the Oversight Board to the Successor Agency of the City of Montclair Redevelopment Agency request DOF approve the transfer of the 98 housing units purchased with Low-and Moderate-Income Housing Funds to the Montclair Housing Authority.

Agency Contact Information

Name:

Name:

Title:

Title:

Phone:

Phone:

Email:

Email:

Date:

Date:

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: APPROVED DENIED

APPROVED/DENIED BY: _____ DATE: _____

APPROVAL OR DENIAL LETTER PROVIDED: YES DATE AGENCY NOTIFIED: _____

Form DF-LRPMP (11/15/12)

RESOLUTION NO. 13-13

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY APPROVING AND ADOPTING A LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO SECTION 34191.5 OF THE HEALTH AND SAFETY CODE

WHEREAS, pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Community Redevelopment Agency (the "Agency") transferred to the control of the Successor Agency (the Successor Agency") by operation of law; and

WHEREAS, pursuant to AB 26, all California redevelopment agencies were dissolved effective February 1, 2012; and

WHEREAS, pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency must prepare a long-range property management plan which addresses the disposition and use of the real property of the former Agency and which must be submitted to the Oversight Board for the Successor Agency (the "Oversight Board") and the Department of Finance (the "DOF") for approval no later than six months following the issuance by DOF to the Successor Agency of a finding of completion pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, Section 34191.5 of the Health and Safety Code requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency; and

WHEREAS, Section 34191.3 of the Health and Safety Code states that if DOF has not approved the long-range property management plan by January 1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to the successor agency. These sections govern the process by which property may be disposed; and

WHEREAS, the Successor Agency received DOF's Finding of Completion on May 15, 2013, and the Successor Agency's deadline for submitting the Oversight Board-approved Long-Range Property Management Plan to DOF is November 14, 2013; and

WHEREAS, the Successor Agency has prepared the Long-Range Property Management Plan ("Plan") for the disposition of Successor Agency properties. The Plan is presented to the Oversight Board consideration; and

WHEREAS, DOF required the Successor Agency to include 98 units of affordable housing in the Long-Range Property Management Plan; and

WHEREAS, these 98 units of affordable housing were purchased with Low- to Moderate-Income Housing Funds, were rehabilitated by the former Redevelopment Agency, and contain 55-year affordability covenants; and

WHEREAS, 80 percent of the 98 units are deed-restricted to and occupied by very low-income families, and over 300 people occupy the units; and

WHEREAS, the Oversight Board objects to the inclusion of these units in the Long-Range Property Management Plan; and

WHEREAS, Health and Safety Code Section 34191.5(b) requires the Successor Agency to submit a Long-Range Property Management Plan to the Oversight Board and Department of Finance for review and approval no later than six months following DOF's issuance to the Successor Agency of a Finding of Completion pursuant to Health and Safety Code Section 34279.7; and

WHEREAS, on November 4, 2013, the Successor Agency approved the Long-Range Property Management Plan in substantially the form attached to this Resolution as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to the Successor Agency to the City of Montclair Redevelopment Agency does hereby find and determine as follows:

Section 1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Approval of the Long-Range Property Management Plan through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The Successor Agency Secretary is authorized and directed to file a Notice of Exemption with the appropriate official of the County of San Bernardino, California, within five (5) days following date of adoption of this Resolution.

Section 3. The Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency hereby approves and adopts the Long-Range Property Management Plan, in substantially the form attached to this Resolution as Exhibit A, and maintains an objection to the inclusion of the 98 deed-restricted affordable housing units pursuant to Health and Safety Code Section 34191.5.

Section 4. The Oversight Board hereby directs the Successor Agency Executive Director or his designee to take any and all action necessary to carry out the purposes of this Resolution and comply with applicable law regarding preparation of the Long-Range Property Management Plan by the Oversight Board; the Successor Agency Executive Director or his designee is hereby authorized and directed to submit such Long-Range Property Management Plan to DOF, the County of San Bernardino Administrative Officer, and the San Bernardino County Auditor-Controller pursuant to Health and Safety Code Sections 34180(j) and 34191.5.

Section 5. If any provisions of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provisions or applications; and to this end, the provisions of the Resolution are

severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 6. The Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency Secretary shall certify to the adoption of this Resolution.

Section 7. This Resolution shall become effective immediately upon its adoption.

APPROVED AND ADOPTED this XX day of XX, 2013.

Chairman

ATTEST:

Secretary

I, Yvonne L. Smith, Secretary of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency, DO HEREBY CERTIFY that Resolution No. 13-13 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the XX day of XX, 2013, and that it was adopted by the following vote, to-wit:

AYES: XX
NOES: XX
ABSTAIN: XX
ABSENT: XX

Yvonne L. Smith
Secretary

AGENDA REPORT

SUBJECT:	CONSIDER ADOPTION OF RESOLUTION NO. 13-11 REPLACING RESOLUTION NO. 13-06 AND APPROVING AGREEMENT NO. 13-89 REPLACING AGREEMENT NO. 13-59, AN ENGAGEMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY AND EDWARD Z. KOTKIN, FOR MR. KOTKIN TO ACT AS COUNSEL TO THE OVERSIGHT BOARD.	DATE:	November 13, 2013
		SECTION:	BUSINESS ITEMS
		ITEM NO.:	A
		FILE I.D.:	OBO050
		DEPT.:	OVERSIGHT BOARD

REASON FOR CONSIDERATION: Although previously approved by the Oversight Board, the Department of Finance (DOF) has disallowed existing Engagement Agreement No. 13-59, between the Successor Agency and Edward Z. Kotkin because the Agreement lacked a termination date. The Oversight Board had previously approved Agreement No. 13-59 on August 14, 2013, and the Successor Agency had previously approved the Agreement with Edward Z. Kotkin on August 5, 2013.

Section 34179(n) of the Health and Safety Code of the redevelopment dissolution legislation authorizes an oversight board to direct a successor agency to provide legal advice to an oversight board beyond the advice provided by successor agency legal counsel. The Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency has requested independent legal representation for the Oversight Board.

Proposed Agreement No. 13-89 replaces Agreement No. 13-59. Proposed Agreement No. 13-89 is a revised Engagement Agreement for legal services to be provided to the Oversight Board by Edward Z. Kotkin. The revised Agreement is attached for review by the Oversight Board.

BACKGROUND: As Oversight Board Members know, DOF reviews and must approve all actions of the Successor Agency and Oversight Board. DOF disallowed Agreement No. 13-59 with Edward Z. Kotkin to act as Oversight Board Counsel because the Agreement did not have a termination date. Therefore, DOF determined that the Agreement must be revised and resubmitted to the Successor Agency, the Oversight Board, and DOF for approval. Mr. Kotkin has made slight revisions to Agreement No. 13-59, which are found in proposed Agreement No. 13-89.

The redevelopment dissolution legislation provides that an oversight board may request and shall be provided independent legal counsel. The Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency requested such independent legal counsel. Requests for Proposals (RFP) were distributed via email by Successor Agency staff to identified firms that choose to act as legal counsel to oversight boards. Responses to the RFP were received on April 4, 2013. Oversight Board Members were supplied with copies of the proposals submitted on April 9, 2013. At the Oversight Board regular meeting conducted on May 8, 2013, each firm submitting a proposal made a presentation to the Oversight Board. The firms making a presentation included the following:

<i>Legal Firm</i>	<i>Representative</i>
Cummins & White, LLP	Edward Z. Kotkin
Colantuono & Levin, PC	Holly Whatley
Harper & Burns, LLP	John Harper

On June 19, 2013, the Oversight Board selected Edward Z. Kotkin to provide legal representation. Although the redevelopment dissolution legislation affords an oversight board the opportunity to be represented by counsel, the successor agency must pay for this representation. For this reason, Successor Agency Counsel Dave McEwen believes the Successor Agency should enter into the Engagement Agreement with counsel for the Oversight Board.

In general, the Engagement Agreement includes the following provisions that should be noted by the Oversight Board:

- While the Successor Agency engages counsel, the Successor Agency will have no attorney-client relationship with counsel because the Oversight Board is the client. The client is the intended sole and exclusive third-party beneficiary of the Agreement.
- The hourly fee to be charged for legal services is \$225 per hour for such matters as review of agendas, routine legal advice, and attendance at meetings. Travel time would be billed at \$150 per hour. Most other costs and expenses would be billed at actual cost. No deposit is being requested at this time.
- The Oversight Board shall have the right to terminate the Agreement with counsel at any time upon written notice. The Successor Agency understands that only the Oversight Board may terminate the Agreement with counsel. Termination shall not relieve the Successor Agency of the obligation to pay the amounts owed to counsel for services rendered and costs incurred prior to termination of the Agreement.
- Legal counsel and the Oversight Board shall have the right to terminate the Agreement at any time upon 90 days written notice.

The Successor Agency approved revised Agreement No. 13-89 with Mr. Kotkin on November 4, 2013. The Oversight Board is requested to consider adoption of Resolution No. 13-11. The Resolution would then be forwarded to DOF for review and consideration.

FISCAL IMPACT: State law requires the Successor Agency to assume the responsibility for legal costs incurred by the Oversight Board. These costs may be claimed as administrative expenses on the Recognized Payment Obligation Schedule. The cost of providing legal counsel to the Oversight Board is unknown. Costs will depend on the complexity of legal issues for which the Oversight Board seeks direction from counsel. The Oversight Board indicated counsel would not need to be present at every Oversight Board meeting. However, some legal costs would be incurred as counsel reviews the agenda.

RECOMMENDATION: Staff recommends the Oversight Board adopt Resolution No. 13-11 replacing Resolution No. 13-06 and approving Agreement No. 13-89 replacing Agreement No. 13-59, an Engagement Agreement between the Successor Agency to the City of Montclair Redevelopment Agency and Edward Z. Kotkin, for Mr. Kotkin to act as legal counsel to the Oversight Board.

RESOLUTION NO. 13-11

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY REPLACING RESOLUTION NO. 13-06 AND APPROVING AGREEMENT NO. 13-89 REPLACING AGREEMENT NO. 13-59, AN ENGAGEMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY AND EDWARD Z. KOTKIN, FOR MR. KOTKIN TO ACT AS COUNSEL TO THE OVERSIGHT BOARD

WHEREAS, Assembly Bill 1X 26 (AB 26) was signed by the Governor on June 28, 2011 and upheld as constitutional by the California Supreme Court. On June 27, 2012, the Governor signed Assembly Bill 1484 (AB 1484). AB 26 and AB 1484 (together called the Dissolution Bills) eliminated California Redevelopment agencies statewide, established successor agencies to pay, perform, and effectuate the enforceable obligations of the former redevelopment agencies and to wind down the affairs of the former redevelopment agencies; and

WHEREAS, the City of Montclair Redevelopment Agency ("Agency") is now a dissolved redevelopment agency pursuant to the Dissolution Bills; and

WHEREAS, by Resolution considered and approved by the City Council at an open public meeting the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, pursuant to Section 34179 of the Health and Safety Code, the Successor Agency's Oversight Board was formed and the initial meeting occurred on April 25, 2012; and

WHEREAS, the Oversight Board, pursuant to Section 34179(n) of the Health and Safety Code has requested to be provided with legal representation as provided for by law; and

WHEREAS, the Oversight Board directed staff to submit proposals to legal firms for representation and the Oversight Board interviewed legal firms responding to a request for proposals on May 8, 2013; and

WHEREAS, on June 19, 2013, the Oversight Board selected Edward Z. Kotkin to act as counsel to the Oversight Board; and

WHEREAS, Successor Agency counsel has determined that the Successor Agency should enter into the agreement to pay for the services of legal counsel for the Oversight Board; and

WHEREAS, as required by the law, the Oversight Board approved Agreement No. 13-59 with Edward Z. Kotkin on August 14, 2013, and the Successor Agency approved Agreement No. 13-59 with Edward Z. Kotkin on August 5, 2013; and

WHEREAS, the Department of Finance (DOF) has disallowed Agreement No. 13-59 with Edward Z. Kotkin because the Agreement contained no date of initiation and termination; and

WHEREAS, Edward Z. Kotkin has revised his agreement, Agreement No. 13-89, to include the information requested by DOF; and

WHEREAS, the Successor Agency approved revised Agreement No. 13-89 retaining the legal services of Edward Z. Kotkin for the Oversight Board as required by law on November 4, 2013; and

WHEREAS, pursuant to the Dissolution Act, the actions of the Oversight Board, including those approved by this Resolution, do not become effective for five (5) business days pending any request for review by the Department of Finance; and if DOF requests review hereof, DOF will have forty days from the date of its request to approve this Oversight Board action or return it to the Oversight Board for reconsideration and the action, if subject to review by DOF, will not be effective until approved by DOF.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency to the City of Montclair Redevelopment Agency

Section 1. The above recitals are true and correct and are a substantive part of the Resolution.

Section 2. The Oversight Board approves the action of the Successor Agency in adoption of its Resolution No. 13-09 retaining Mr. Edward Z. Kotkin to provide legal services to the Oversight Board, and the Oversight Board now approves Agreement No. 13-89 with Edward Z. Kotkin through adoption of Resolution No. 13-11.

Section 3. The Oversight Board authorizes this Resolution to be transmitted to DOF for consideration.

Section 4. The Secretary of the Oversight Board shall certify to the adoption of this Resolution and shall maintain this Resolution on file as a public record as approved hereby.

APPROVED AND ADOPTED this XX day of XX, 2013.

Chairman

ATTEST:

I, Yvonne L. Smith, Secretary of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency, DO HEREBY CERTIFY that Resolution No. 13-09 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the XX day of XX, 2013, and that it was adopted by the following vote, to-wit:

AYES: XX
NOES: XX
ABSTAIN: XX
ABSENT: XX

Yvonne L. Smith
Secretary

ENGAGEMENT AGREEMENT

THIS ENGAGEMENT AGREEMENT is made between the Successor Agency to the City of Montclair Redevelopment Agency, a California local governmental agency (referred to as "SA"), and The Law Offices of Edward Z. Kotkin, a Professional Law Corporation ("Lawyer"). SA engages Lawyer, pursuant to the terms and conditions of this Agreement, to serve as independent general counsel to the Oversight Board for the SA ("Client"); and SA and Lawyer hereby agree, and Client hereby acknowledges, as follows:

1. **Services, Term, and Context for Services.** SA engages Lawyer, commencing on August 15, 2013, the date upon which Client approved this Agreement, to provide all legal services ("Services") reasonably required to represent Client in connection with the matter(s) ("Matter") described in the attached SCHEDULE "A" OF SERVICES ("Schedule"), as well as such other matters as may be specifically directed by Client; as noted below, if litigation is instituted or defended, an additional retainer deposit may be required prior to commencing representation on litigation. SA and Client shall be truthful with Lawyer in discussing the Matter and shall keep Lawyer apprised of all developments regarding the Matter. SA and Client understand and agree that Lawyer represents Client, and not the SA. As such, while the SA now contracts with Lawyer, the SA shall have no attorney-client relationship with Lawyer. SA understands and agrees to the duties defined herein, with no requirement or expectation that any Services shall be rendered on behalf of the SA. Client is the intended sole and exclusive third party beneficiary of this Agreement and all Services to be provided hereunder. This Agreement provides for Services that Client has determined it requires pursuant to legislation commonly referenced as "The Redevelopment Dissolution Act" and often identified as ABX1 26 and AB 1484 ("Act"). As such, absent a written amendment to this Agreement, all Services shall conclude and the term of this Agreement shall end on or before July 1, 2016. The capacity of the SA and Client to fund Lawyer's Services throughout the term of this Agreement depends upon periodic approvals by third parties in accord with the Act. As such, Client reserves its discretion to terminate this Agreement in the event that funding for Lawyer's Services becomes unavailable. Client acknowledges that this Agreement has been negotiated, prepared, and executed by and between the SA and Lawyer to Client's satisfaction.

2. **Fees.**

A. SA agrees to compensate Lawyer for Services at the hourly rates set forth in SCHEDULE "B" – FEES attached to this Agreement. Fees will be billed by each timekeeper in one-tenth (1/10) hour increments. These fees are subject to increases from time to time as may be agreed to between Client and Lawyer.

B. Time billed to SA's account for Services to Client may include, without limitation, time spent waiting in court, time spent in travel and time spent in office

conferences between the legal personnel assigned to the Matter. When such personnel engage in office conferences, each person will account for the amount of time expended. Likewise, if more than one of Lawyer's legal personnel attends a meeting, court hearing or other proceeding, each will account for the amount of time expended. Adjustments in time to reflect value of research and development that was previously done may be made; but in no case will such exceed the actual time that would be expended had such research and development not previously been done in part or whole by the firm on another matter.

C. Lawyer may furnish SA and/or Client with estimates of the amounts of fees that will be charged for certain Services from time to time. All such estimates are provided for budgeting purposes. These estimates are by their nature inexact and are not binding. However, Lawyer will endeavor to realize estimates wherever possible.

D. In acknowledging its satisfaction with this Agreement as evidenced by the signature below, Client warrants and covenants to Lawyer that it shall take such actions as may prove necessary consistent with SA's duty to pay Lawyer's fees hereunder.

E. **Costs and Expenses.** SA agrees to pay Lawyer all costs and expenses incurred in rendering Services. However, Lawyer shall not be required to advance any amount to pay costs or expenses attributable to Client. Costs and expenses may include, without limitation, long-distance telephone calls, messenger and other delivery fees, postage, charges for computer research and outside assisted legal research, such as parking, which shall be in addition to the hourly rates for travel time, clerical staff, overtime, word processing charges, process server's fees, filing fees, and other charges assessed by courts and other public agencies, court reporter's fees, jury fees, witness fees, investigator's fees, expert's fees or consultant's fees, copy costs (at our customary rate, unless volume and then allows for copying by outside service), and other similar items. Except as may be listed on the Schedule, all such items will be charged to Client at Lawyer's cost. No substantial costs will be incurred without Client's advance approval. In acknowledging its satisfaction with this Agreement as evidenced by the signature below, Client warrants and covenants to Lawyer that it shall take such actions as may prove necessary consistent with SA's duty to pay Lawyer's costs and expenses hereunder.

F. The aggregate of Lawyer's fees and SA's reimbursement to Lawyer for costs and expenses incurred during a calendar year ("Annual Fees") shall not exceed any maximum established by the SA and Client and approved by third parties in accord with the Act. In no event shall Lawyer's Annual Fees exceed thirty-six thousand dollars (\$36,000.00).

3. **Statements.** Lawyer will send SA, and upon request make available to Client, statements on a monthly basis setting forth the fees and costs incurred by Client. SA shall pay each such statement upon receipt. SA shall notify Lawyer promptly in writing if SA disputes any entry for legal services or costs on any statement; and if SA fails to do so within thirty (30) days after receipt thereof, all such entries shall be acknowledged as correct as between Lawyer and SA. If SA so requests, Attorney will provide a statement within ten

(10) days. The statements shall include the amount, rate, basis of calculation, or other method of determination of the fees and costs, which costs will be clearly identified by item and amount. SA understands and agrees that Lawyer reserves the right to redact any statement that contains attorney-client privileged communication or other information arising from or related to Lawyer's Services to Client. SA and Lawyer agree that Lawyer's transmission of statements to SA does not constitute a waiver of attorney-client privilege as between Lawyer and Client. In all instances, SA requires and Lawyer agrees that Client may request and shall promptly receive any statement hereunder, without redaction.

4. **Deposit.** At this time, no deposit is requested, as reflected in Schedule "A." At any time during the representation of Client, Lawyer may request a retainer to be used as a deposit as security against future fees and, if Lawyer's services are required for litigation, an additional retainer may be required. Typically, the amount to be requested as an additional retainer will be equal to Lawyer's estimate of a high month's worth of fees to be incurred in connection with Lawyer's representation of Client.

5. **Results.** Lawyer has made no promises or guarantees to SA or to Client concerning the outcome of the Matter, and nothing in this Agreement shall be construed as such a promise or guarantee.

6. **Termination of Services.**

A. Client shall have the right to terminate Lawyer's services at any time upon written notice to Lawyer. SA understands and agrees that only Client may terminate Lawyer. Termination hereunder shall not relieve SA of the obligation to pay the amounts owed to Lawyer for Services rendered and costs incurred prior to such termination. After receiving a termination notice, Lawyer shall immediately cease to render additional Services, except for such services as Lawyer may be required to provide under applicable law or as Lawyer deem reasonably necessary to transfer the Matter to Client or to successor legal counsel, and Lawyer shall be compensated for all such services. Client will fully cooperate with Lawyer's efforts to withdraw and transfer the Matter.

B. Lawyer and Client shall have the right to terminate this Agreement at any time upon written ninety (90) day prior written notice. After delivering such termination notice, Lawyer shall immediately cease to render additional Services, except for such services as Lawyer may be required to provide under applicable law or as Lawyer deems reasonably necessary to transfer the Matter to Client or to successor legal counsel. Upon such termination, Client shall take all steps necessary to free Lawyer of any obligation to perform further legal services including, without limitation, the execution of any documents necessary to complete Lawyer's discharge or withdrawal. The rights of Lawyer hereunder are in addition to those created by statute or recognized by rules of professional conduct.

7. Arbitration.

A. Other than a dispute over the amount of fees or costs due and owing, any dispute concerning the rights of either Client or Attorney hereunder including, but not limited to, any dispute over alleged malpractice shall, if any such dispute cannot be resolved between Client and Lawyer, be decided by arbitration by a retired judge of the Superior Court to be agreed upon by the parties. SA understands that Client may well be entitled to a jury trial as to any claim against Lawyer for malpractice or for other claims and with Client's authorization evidenced by the acknowledgment below, hereby waives hereby any such right. The SA represents that it has had the opportunity to consult independent counsel of its choice regarding its waiver of any right to a jury as specified above and as to the other terms of this Agreement and has either done so or has knowingly and willingly of its own free choice chosen not to consult such independent counsel. In acknowledging this Agreement below, Client makes an equivalent and coextensive representation to Lawyer. If the parties cannot agree upon an arbitrator, the presiding judge of the Superior Court of San Bernardino shall be requested to appoint a retired judge to act in such capacity, upon petition of any party hereto. In the event the presiding judge fails or refuses for thirty (30) days after a request to make such appointment, the court shall be petitioned to appoint a lawyer licensed to practice in California as sole arbitrator.

The prevailing party in any proceeding, whether arbitration, Superior Court, or Federal Court action, related to any provision of this Agreement will be awarded attorneys' fees and costs incurred in that action or proceeding including without limitation the value of the time spent by Lawyer to prosecute or defend such an action or support other counsel in the prosecution or defense of such action calculated at the hourly rates(s) then normally charged by Lawyer to clients which it represents on an hourly basis.

B. In the event of a dispute hereunder over the amount of fees or costs due and owing to Lawyer, Lawyer is required to serve SA and Client, prior to or at the time of filing an action or other proceeding against Client, *via* personal service or first class mail, the California State Bar's "Notice of Client's Right to Arbitrate" form. Client's failure to request arbitration within thirty (30) days after receipt of the "Notice of Client's Right to Arbitrate" form from Lawyer shall be deemed a waiver of Client's right to arbitration. (California Business & Professions Code § 6201.) In the event of Client's failure to request arbitration within thirty (30) days, Lawyer in their discretion shall have the right to proceed with an action to collect fees and costs either via a civil action or by arbitration. In the event that Client elects to arbitrate the fee dispute within thirty (30) days or Lawyer choose to proceed with arbitration following Client's waiver of its right to arbitrate, such arbitration shall be held in accordance with the procedures of the California State Bar Association.

The prevailing party in any proceeding for the collection of fees and costs, whether by arbitration or Superior Court action, will be awarded attorneys' fees and costs incurred in that action or proceeding including without limitation the value of the time spent by Lawyer to prosecute or defend such an action or support other counsel in the prosecution

or defense of such action calculated at the hourly rates(s) then normally charged by Lawyer to clients which it represents on an hourly basis.

8. Entire Agreement.

A. This Agreement contains the entire understanding among the parties hereto and supersedes any prior understandings and agreements among them with respect to the subject matter herein. There are no representations, agreements, arrangements, or understandings among the parties, oral or written, related to the subject matter of this Agreement that are not fully expressed herein. Any statements, promises, or inducements, whether made by any party or agent of any party, that are not contained in this written Agreement shall not be valid or binding. This Agreement may not be enlarged, modified, or altered except by a written agreement signed by all the parties hereto.

B. The place of performance of this Agreement shall be California. Client hereby agrees to submit to the jurisdiction of the California State or Federal Courts in the County of San Bernardino or any adjacent county with respect to any action that is brought to enforce the terms of this Agreement.

C. It is mutually understood and agreed that this Agreement shall be governed by the laws of the State of California, both as to interpretation and performance.

9. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction or arbitrator to be illegal or unenforceable, said provision shall be deemed to be severed and deleted; and neither such provision, its severance, nor its deletion shall affect the validity of the remaining provisions of this Agreement.

10. **Notice.** All notices, requests, demands, or other communications necessary to be given hereunder shall be in writing and shall be deemed to have been given if delivered or if mailed by United States Mail, postage prepaid, to the parties at the following addresses (or at such other addresses as a party may notify the other party of in writing in accordance with this section).

If to Lawyer address to:

The Law Offices of Edward Z. Kotkin
1851 East First Street, Suite 900
Santa Ana, California 92705-4066
Attention: Edward Z. Kotkin

If to Client address to:

Oversight Board for the Successor Agency to the
City of Montclair Redevelopment Agency
5111 Benito Street
Montclair, CA 91763
Marked as follows:
"Only to be opened by Oversight Board Staff"

11. **Cooperation of Clients.** It is understood and agreed that SA shall notify Lawyer of any change of address or telephone number(s) where SA and/or Client can be reached and shall furnish sufficient information so that Client may be contacted in a reasonable and timely manner during the course of Lawyer's representation of Client. It is further understood and agreed that if the representation of Client involves litigation in the State of California, it may require the presence of Client or its representative, at its expense, for the purpose of discovery or trial. It is further understood and agreed that successful defense of any litigation will require the cooperation and assistance of Client which Client agrees to give to Lawyer. It is further understood and agreed that the absence of reasonable cooperation will, at Lawyer's option, be sufficient grounds to warrant withdrawal of Lawyer from representation of Client.

12. **Retention/Destruction of Client's File.**

A. Client is entitled to a copy of the file materials maintained or generated by Lawyer with respect to Client's representation by Lawyer, except those undisclosed work product materials reflecting Lawyer's impressions, conclusions, opinions, legal research or theories, internal accounting records, and other documents not reasonably necessary to Client's representation (hereinafter "Client File"), upon reasonable notice and at Client's expense. Where Lawyer withdraws, Client cancels this Agreement and substitutes Lawyer out as attorneys of record in any litigation in which Lawyer were representing Client, or upon completion of the work for which Lawyer were retained by Client, Client is entitled, upon giving Lawyer reasonable notice, to custody of the original Client File and Lawyer, at their expense, are entitled to keep a copy of any of said Client File materials they deem desirable.

B. Subject to Paragraph 12.A. above, at the conclusion of the handling by Lawyer of the Matter to which this Agreement pertains, Lawyer may at any time, in Lawyer's absolute discretion, store the original Client File or destroy all or part of said file. Subject to Paragraph 12.A. above, and unless other arrangements are made, under Lawyer's document retention policy, Lawyer will begin to destroy portions of the original Client File once the Matter is closed. Should Client wish to retain the Client File or any portion thereof after the Matter is closed, Client must contact Lawyer at the time the Matter is concluded.

13. **Errors and Omissions Insurance Coverage.** Lawyer represents that they maintain errors and omissions insurance coverage applicable to the services to be rendered under this Agreement. The policy limits of that coverage are one million dollars (\$1,000,000) per claim and one million dollars (\$1,000,000) in the aggregate.

14. **Waiver re Payment of Client Fees by Another Party.** In connection with this Agreement, Lawyer is required by California Rules of Professional Responsibility, Rule 3-310(F) and Business and Professions Code Section 6068 to obtain a waiver of conflicts from the Client because a third party (the SA) will be responsible for legal fees and costs incurred by Lawyer in representing Client. The SA will have no right to instruct Lawyer in matters pertaining to Services by Lawyer to Client. Unless Client gives Lawyer written

permission to discuss all or a portion of Client's matters with the SA, Lawyer will not disclose any confidential or attorney-client privileged information to the SA or its officials. By signing this Agreement and initialing below this paragraph, Client consents to this arrangement, formally acknowledges that Attorney has advised Client of the advantages and disadvantages of this arrangement, and has afforded Client the opportunity to seek independent counsel to advise on the effect of this paragraph.

William Ruh

This Agreement, consisting of eleven (11) pages, including schedules, may be executed in counterparts, each of which may be deemed an original; and taken together they shall constitute one and the same Agreement. Facsimile or electronic signatures shall have the same effect as original signatures.

ACCEPTED:

THE SUCCESSOR AGENCY TO THE CITY
OF MONTCLAIR REDEVELOPMENT
AGENCY, a California local agency

Dated: _____

By: _____
Paul M. Eaton
Chairman

ATTESTED:

By: _____
Yvonne L. Smith
Secretary

APPROVED AS TO FORM:

By: _____
David R. McEwen, Esq.
Counsel to the Successor Agency

ADDITIONAL SIGNATURES FOLLOW

THIS AGREEMENT HAS IMPORTANT LEGAL SIGNIFICANCE. YOU SHOULD CONSIDER CONSULTING WITH ANOTHER ATTORNEY BEFORE SIGNING THIS AGREEMENT AS IT WOULD BE INAPPROPRIATE FOR THIS FIRM TO RENDER LEGAL ADVICE CONCERNING THIS DOCUMENT.

7

ACCEPTED:

THE LAW OFFICES OF EDWARD Z. KOTKIN

Dated: _____

By: _____
Edward Z. Kotkin, Esq.
Principal

ACKNOWLEDGED AND AGREED TO:

THE OVERSIGHT BOARD FOR THE
SUCCESSOR AGENCY TO THE CITY OF
MONTCLAIR REDEVELOPMENT AGENCY,
a California local agency

Dated: _____

By: _____
William Ruh
Chairman

SCHEDULE "A" OF SERVICES

Matter:

- 1) Representation regarding Oversight Board activities and board member duties, obligations and responsibilities.
- 2) Other matters, within the scope of the Oversight Board, as requested.

Deposit:

None

SCHEDULE "B" – FEES

HOURLY RATES, FEES & COSTS

Proposal for Legal Services to the Oversight Board for the Successor Agency
to the City of Montclair Redevelopment Agency

General Legal Services Provided at the Hourly Rate of \$225 per hour	Attendance at all Oversight Board meetings (<i>with charges billed for travel time as specified below</i>); attendance at Oversight Board management staff meetings and other routine meetings as requested by the Oversight Board; consultation with Oversight Board members and management on legal issues as requested; review of public meeting agendas, agenda submittals, and minutes of Oversight Board meetings; provision of routine legal advice on behalf of the Oversight Board and the issuance of legal opinions, as requested by the Oversight Board; monitoring and review of proposed and enacted legislation affecting the Oversight Board; the preparation or review of routine Oversight Board Resolutions; routine advice on government ethics and conflicts of interest.
Hourly Rates for Services Not Included in General Legal Services Above	Specialized Non-Litigation Legal Services (items not listed above). \$225 per hour Litigation: \$325 per hour
Paralegal Services	\$125 per hour
Travel Time	\$150 per hour

HOURLY RATES, FEES, & COSTS

Proposal for Legal Services to the Oversight Board for the Successor Agency
to the City of Montclair Redevelopment Agency

Reimbursement of Costs

Messenger & Delivery Fees.....	At Actual Cost
Postage.....	USPS Standard Rate
Copies.....	\$0.25/page
Color Copies.....	\$0.50/page
Outgoing Faxes.....	\$1.00/page
Copies (Outside Service).....	At Actual Cost
In-House CD Production.....	\$10.00/CD
Computer Research.....	At Actual Cost (percentage of firm's monthly usage under plan)
Outside Assisted Legal Research.....	At Actual Cost
Parking.....	At Actual Cost
Airfare.....	At Actual Cost
Meals.....	At Actual Cost
Hotel Accommodations.....	At Actual Cost
Process Server's Fees/Filing Fees.....	At Actual Cost
Court Reporter's Fees.....	At Actual Cost
Jury Fees.....	At Actual Cost
Witness Fees.....	At Actual Cost
Expert's Fees.....	At Actual Cost
Consultant's Fees.....	At Actual Cost

THIS AGREEMENT HAS IMPORTANT LEGAL SIGNIFICANCE. YOU SHOULD CONSIDER CONSULTING WITH ANOTHER ATTORNEY BEFORE SIGNING THIS AGREEMENT AS IT WOULD BE INAPPROPRIATE FOR THIS FIRM TO RENDER LEGAL ADVICE CONCERNING THIS DOCUMENT.

AGENDA REPORT

SUBJECT:	CONSIDER ADOPTION OF RESOLUTION NO. 13-12 REPLACING RESOLUTION NO. 13-07 AND APPROVING AGREEMENT NO. 13-90 REPLACING AGREEMENT NO. 13-67, A PROPOSAL FOR APPRAISAL SERVICES BETWEEN THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY AND INTEGRA REALTY RESOURCES, FOR INTEGRA REALTY RESOURCES TO PERFORM REAL PROPERTY APPRAISALS ASSOCIATED WITH COMPLETION OF A LONG-RANGE PROPERTY MANAGEMENT PLAN	DATE:	November 13, 2013
		SECTION:	BUSINESS ITEMS
		ITEM NO.:	B
		FILE I.D.:	OBO050
		DEPT.:	OVERSIGHT BOARD

REASON FOR CONSIDERATION: The State of California Department of Finance (DOF) disallowed Agreement No. 13-67 between the Successor Agency and Integra Realty Resources to perform real property appraisals associated with completion of the Long-Range Property Management Plan. The Agreement was disallowed because the Agreement submitted by Integra Realty Resources inadvertently used the name of the "City of Montclair" instead of the "Successor Agency to the City of Montclair Redevelopment Agency." Therefore, Successor Agency staff is requesting the Oversight Board approve Agreement No. 13-90, which makes the appropriate name correction and engages the services of Integra Realty Resources to perform real property appraisals associated with completion of the Long-Range Property Management Plan mandated by Section 34191.5 of the Health and Safety Code.

A copy of the Agreement submitted by Integra Realty Resources (Agreement No. 13-90) has been included in the agenda packet for review and consideration by the Oversight Board.

BACKGROUND: After a successor agency has received its Notice of Completion from DOF, the successor agency has six months to submit a Long-Range Property Management Plan to DOF pursuant to Health and Safety Code Section 34191.5. The Successor Agency to the City of Montclair Redevelopment Agency received its Notice of Completion from DOF on May 15, 2013. The purpose of the Long-Range Property Management Plan is to address the disposition and/or use of real properties retained by a successor agency. One of the requirements of the Long-Range Property Management Plan is to provide an estimate of current real property values including appraised values, if any.

The Successor Agency to the City of Montclair Redevelopment Agency owns seven properties subject to the provisions of the Long-Range Property Management Plan. In addition, DOF has determined that properties owned by the Montclair Housing Corporation should be placed on the Long-Range Property Management Plan. While staff has recommended most of the properties be maintained as housing or for public use, there was the need to have appraisals conducted for the following properties:

- Lease value of a portion of 8752 Monte Vista Avenue
- Lease value and sale value for 4690 Palo Verde Street
- Sale value of vacant property located on the southeast corner of Ramona Avenue and State Street

In addition, staff needed to consult with an appraisal firm regarding the estimated current values of the properties proposed to be retained by the City.

Staff developed a Request for Proposals (RFP) for appraisal services. Ten appraisal firms were sent the RFP. In response to the RFP, staff received proposals from the following firms:

- Inland Empire Consultants, Inc.
- Integra Realty Resources
- Overland Pacific & Cutler, Inc.

After review of the three proposals, staff felt the proposal presented by Integra Realty Resources was the most complete. The price for the requested appraisals is \$9,800. Additional services requested for consultation or studies would be provided upon request and billed at the hourly rate included in the proposal. The appraisals would be completed within 30 days of receiving a notice to proceed.

The Successor Agency previously approved Agreement No. 13-67 with Integra Realty Resources on August 19, 2013. The Oversight Board approved Agreement No. 13-67 with Integra Realty Resources on August 14, 2013. The Resolution approving the Agreement and the Agreement itself were submitted to DOF for review. DOF ultimately disallowed the Agreement because the appraiser inadvertently named the "City of Montclair" on the proposal instead of the "Successor Agency to the City of Montclair Redevelopment Agency." The appraiser has corrected the error on the Agreement. Therefore, the Agreement is again submitted for consideration. All terms and conditions in proposed Agreement No. 13-90 remain the same as those contained in Agreement No. 13-67.

FISCAL IMPACT: Costs incurred for appraisal services would be listed as an expense on the Recognized Obligation Payment Schedule.

As indicated above, staff reviewed the proposals submitted by the appraisers and found the proposal submitted by Integra Realty Resources contained the best responses to the RFP. The cost of the appraisal services for the three properties is \$9,800. Integra Realty Resources will provide additional consultation regarding estimated values for \$2,000.

RECOMMENDATION: Staff recommends the Oversight Board adopt Resolution No. 13-12 replacing Resolution No. 13-07 and approving Agreement No. 13-90 replacing Agreement No. 13-67, a Proposal for Appraisal Services between the Successor Agency to the City of Montclair Redevelopment Agency and Integra Realty Resources, for Integra Realty Resources to perform real property appraisals associated with completion of a Long-Range Property Management Plan.

RESOLUTION NO. 13-12

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY REPLACING RESOLUTION NO. 13-07 AND APPROVING AGREEMENT NO. 13-90 REPLACING AGREEMENT NO. 13-67, A PROPOSAL FOR APPRAISAL SERVICES BETWEEN THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY AND INTEGRA REALTY RESOURCES, FOR INTEGRA REALTY RESOURCES TO PERFORM REAL PROPERTY APPRAISALS ASSOCIATED WITH COMPLETION OF A LONG-RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, Assembly Bill IX 26 ("AB 26") was signed by the Governor on June 28, 2011 and upheld as constitutional by the California Supreme Court. On June 27, 2012, the Governor signed Assembly Bill 1484 ("AB 1484"). AB 26 and AB 1484 (together called the "Dissolution Bills") eliminated California redevelopment agencies statewide, established successor agencies to pay, perform, and effectuate the enforceable obligations of the former redevelopment agencies and to wind down the affairs of the former redevelopment agencies; and

WHEREAS, the City of Montclair Redevelopment Agency ("Agency") is now a dissolved redevelopment agency pursuant to the Dissolution Bills; and

WHEREAS, by Resolution considered and approved by the City Council at an open public meeting, the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, pursuant to Section 34179 of the Health and Safety Code, the Successor Agency's Oversight Board was formed and the initial meeting occurred on April 25, 2012; and

WHEREAS, pursuant to Section 34191.5 of the Health and Safety Code a Community Redevelopment Property Trust Fund is established to be administered by the successor agency to serve as the repository of the former redevelopment agency's real properties; and

WHEREAS, Section 34191.5(b) provides that a successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of a former redevelopment agency and the report shall be submitted to the oversight board and the Department of Finance ("DOF") for approval no later than six months following the issuance of a finding of completion; and

WHEREAS, the Successor Agency to the City of Montclair Redevelopment Agency received a Notice of Completion from DOF on May 16, 2013; and

WHEREAS, in order to prepare said Long-Range Property Management Plan, the Successor Agency must engage the services of an appraisal firm; and

WHEREAS, Successor Agency staff submitted Requests for Proposals to appraisal firms and received responses from three appraisal companies; and

WHEREAS, the Successor Agency approved Agreement No. 13-67 selecting the firm of Integra Realty Resources to provide appraisal services on August 19, 2013; and

WHEREAS, as required by law, the Oversight Board approved Agreement No. 13-67 and adopted Oversight Board Resolution No. 13-07 approving the action of the Successor Agency to engage the services of Integra Realty Resources to provide appraisal services; and

WHEREAS, DOF disallowed Agreement No. 13-67 because Integra Realty Resources made an error in its proposal using the name of the "City of Montclair" instead of the "Successor Agency to the City of Montclair Redevelopment Agency;" and

WHEREAS, the Successor Agency still finds the necessity of retaining an appraisal firm for preparation of the Long-Range Property Management Plan; and

WHEREAS, Integra Realty Resources has corrected the error and Agreement No. 13-90 is submitted for consideration by the Successor Agency; and

WHEREAS, the Oversight Board understands and agrees with the need to retain appraisal services for the Long-Range Property Management Plan; and

WHEREAS, pursuant to the Dissolution Act, the actions of the Oversight Board, including those approved by this Resolution, do not become effective for five (5) business days pending any request for review by DOF; and if DOF requests review hereof, it will have forty days from the date of its request to approve this Oversight Board action or return it to the Oversight Board for reconsideration and the action, if subject to review by DOF, would not be effective until approved by DOF.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to the Successor Agency to the City of Montclair Redevelopment Agency does hereby find and determine as follows:

Section 1. The above recitals are true and correct and are a substantive part of the Resolution.

Section 2. The Oversight Board approves the action of the Successor Agency in retaining the services of Integra Realty Resources to provide appraisal services on November 4, 2013.

Section 3. The Oversight Board adopts Resolution No. 13-12 approving the retention of Integra Realty Resources to perform appraisal services for the Long-Range Property Management Plan.

Section 4. The Secretary of the Oversight Board shall certify to the adoption of this Resolution and shall maintain this Resolution on file as a public record as approved hereby.

APPROVED AND ADOPTED this XX day of XX, 2013.

Chairman

ATTEST:

Secretary

I, Yvonne L. Smith, Secretary of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency, DO HEREBY CERTIFY that Resolution No. 13-12 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the XX day of XX, 2013, and that it was adopted by the following vote, to-wit:

AYES: XX
NOES: XX
ABSTAIN: XX
ABSENT: XX

Yvonne L. Smith
Secretary

Integra Realty Resources
Los Angeles

**Response to Request for Proposal to Provide
Real Estate Appraisal Services**

Prepared For:

Ms. Marilyn J. Staats
Deputy City Manager
Director, Economic Development Division
City of Montclair as Successor Agency to the
City of Montclair Redevelopment Agency
5111 Benito Street
Montclair, CA 91763

July 26, 2013



Integra Realty Resources
Los Angeles

16030 Ventura Boulevard
Suite 620
Encino, CA 91436-4473

T 818.290.5400
F 818.290.5401
www.irr.com



July 26, 2013

Ms. Marilyn J. Staats
Deputy City Manager
City of Montclair as Successor Agency to the
City of Montclair Redevelopment Agency
5111 Benito Street
Montclair, CA 91763

SUBJECT: Proposal to provide real estate appraisal services

Sent via UPS

Dear Ms. Staats:

Integra Realty Resources – Los Angeles (IRR-Los Angeles) is pleased to present to the City of Montclair as Successor Agency to the City of Montclair Redevelopment Agency (hereinafter referred to as "Successor Agency") qualifications for real estate services in response to your Request for Proposal (RFP), dated July 10, 2013, and with submission deadline of Wednesday, July 31, 2013.

The individuals who are authorized to represent the firm, negotiate contract terms, and make binding commitments are John G. Ellis, MAI, CRE, FRICS, Senior Managing Director, and Beth B. Finestone, MAI, FRICS, Managing Director. Mr. Ellis and Ms. Finestone can be reached at 16030 Ventura Boulevard, Suite 620, Encino, CA 91436-4473 and at (818) 290-5400.

The following information has been prepared to illustrate the firm's qualifications and resources available to provide real estate appraisal services for the three properties listed in the Successor Agency's RFP.

Experience of Key Personnel

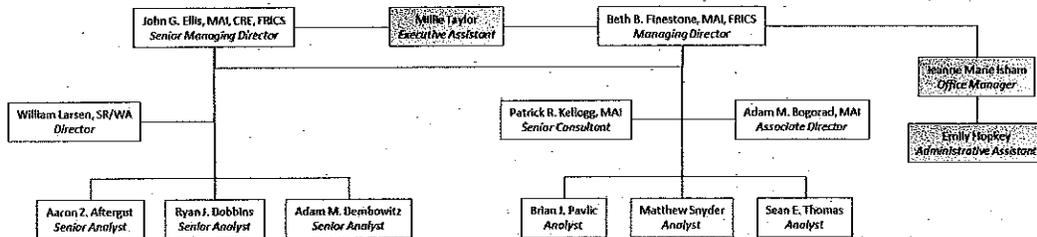
IRR-Los Angeles has a particularly strong background in providing a variety of appraisal, appraisal review, and consulting services to a wide variety of public entities, including public agencies at the federal, state, and municipal levels.

IRR-Los Angeles has a total full-time staff of 13, including 10 appraisers, three of whom are MAIs, and seven of whom are licensed as Certified General Real Estate Appraisers by the State of California. All senior professional staff members are current in their continuing education requirements in their status as general certified appraisers in the State of

California. Accordingly, they are sufficiently familiar with the requirements of the *Uniform Standards of Professional Appraisal Practice (USPAP)*, especially with Standards Rules 1 and 2 that apply to the development of real property appraisals and the preparation of real property appraisal reports. The requirements of all applicable regulations are reviewed on a regular (and not less than annual) basis to assure our current knowledge of these requirements, and the full compliance of our appraisal development and reporting. All of our work conforms to best business practices as generally recognized by other market participants, including other government agencies.

Name	Title	CGA No.
John G. Ellis, MAI, CRE, FRICS	Senior Managing Director	AG007279
Beth B. Finestone, MAI, FRICS	Managing Director	AG004030
William Larsen, SR/WA	Director	AG014297
Adam M. Bogorad, MAI	Associate Director	AG038741
Ryan J. Dobbins	Senior Analyst	AG029385
Aaron Z. Aftergut	Senior Analyst	AG040789
Adam M. Dembowitz	Senior Analyst	AG3000023

The professional qualifications and Certified General Appraiser licenses for these staff members follow at the end of this proposal. Below is an organizational chart showing the members of our firm.



Our general certified appraisers are assisted by administrative staff and researcher(s). This balance of staffing allows us to coordinate major projects in a timely and cost-efficient manner.

John G. Ellis, MAI, CRE, FRICS, Senior Managing Director, is a past president of the Southern California Chapter of the Appraisal Institute (SCCAI), the largest chapter in the United States. He has also served as an elected member of the SCCAI Board of Directors for five years, has served on various volunteer committees for the Appraisal Institute (at the local, regional, and national levels) for more almost 20 years, and is a nationally approved instructor for the Appraisal Institute. He has twice chaired the SCCAI's annual Litigation Seminar conducted for the benefit of Southern California's legal and appraisal communities. Mr. Ellis is also a member of the Counselors of Real Estate (CRE) and the International Right of Way Association (IRWA) and is a fellow of the Royal Institution of Chartered Surveyors (RICS). He is "Yellow Book" certified, having successfully completed the accredited course the *Uniform Appraisal Standards for Federal Land Acquisitions*. As senior managing director of the firm, he is involved in completing valuation and consulting assignments, overseeing the work and

the mentoring of some of the junior staff members. He has significant experience in the coordination and management of multi-property assignments.

Mr. Ellis is qualified as an expert witness in Superior and Federal courts throughout Southern California on real estate valuation issues. On several occasions, Mr. Ellis has been selected by the Los Angeles County Superior Court to act as a court-appointed, independent expert to assist the resolution of pending valuation issues and has served as an experienced arbitrator. Mr. Ellis has been retained as an expert witness by the Legal Division of the State of California Department of Transportation (Caltrans) for matters involving eminent domain in the widening of Interstate 5, Interstate 10, and Interstate 405 within the County of Los Angeles.

Beth B. Finestone, MAI, FRICS, Managing Director, has served on the peer review committee for the SCCAI and is currently serving on the education committee. In addition, she is a fellow of RICS and is working toward the SR/WA designation by the IRWA. She has been active in acquisition appraisals for Southern California Edison Company (SCE) in Tulare, Los Angeles, Kern, and Riverside counties; Orange County Transportation Authority (OCTA); Riverside County Transportation Commission as part of the expansion of the SR-91 freeway in Corona; City of Bellflower; the CRA/LA; City of Ontario; City of Inglewood; the State of California Department of General Services; and the U.S. General Services Administration. Ms. Finestone has the lead role for all acquisition work done by the firm on behalf of SCE. She completed the appraisal of 10 acres of open space land in Castaic for the State of California Department of Water Resources and appraised the Del Mar Racetrack and Thoroughbred Club for the State of California Department of General Services. Recently, Ms. Finestone appraised 845 acres of land for purchase by the State Department of Parks and Recreation proximate to the Hungry Valley State Vehicular Recreation Area. She has significant experience in working with school districts for both acquisition assignments and disposition of surplus sites. Additionally, Ms. Finestone is the sole reviewer for the Los Angeles Unified School District for appraisal review assignments which involve properties over \$1 million. She has also reviewed large numbers of appraisals for OCTA and City of Ontario. She also oversees the administration of the office and works with and mentors junior members of the staff. She has been honored locally for her professional accomplishments. In 2009 she was a *Los Angeles Business Journal* nominee for Executive of the Year – Women Making a Difference. In October 2006 Ms. Finestone was honored as one of *Real Estate Southern California's* 2006 Women of Influence for contributions to commercial real estate and devotion to community enrichment.

William Larsen, SR/WA, Director, is the immediate Past President of the Los Angeles-Bakersfield Chapter of the IRWA, has chaired and moderated the Chapter's Annual Valuation Seminar since 2008, and has been a Chapter Board member since 2004. He is also an associate member of the Appraisal Institute. Mr. Larsen has specialized in eminent domain and litigation appraisal since 1995 and has served as Project Manager on multi-property appraisal assignments involving in excess of 100 subject properties. Mr. Larsen is Yellow Book certified.

Ms. Marilyn J. Staats

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Adam M. Bogorad, MAI, Associate Director, a member of the Appraisal Institute who has worked in real estate since 2002, has completed assignments covering a wide range of property types for both public and private sector clients, including Caltrans, SCE, numerous public agencies and school districts, McDonald's USA, and a number of law firms. In addition, Mr. Bogorad has extensive experience with matters of eminent domain and has been designated as a real estate expert witness in the Superior Court of California. In 2009 he was accredited by the State Bar of California to present continuing legal education courses related to various aspects of real estate analysis.

Each of the above senior appraisers has qualified as an expert witness in real estate valuation matters.

Profile of the Firm

Integra Realty Resources – Los Angeles is the dba of Ellis Group, Inc. (founded in 1996 and incorporated in California in 1997). IRR-Los Angeles, an independently owned firm, is the result of the consolidation of Ellis Group, Inc. with Integra Realty Resources, Inc. in 1999. As a part of this national network of over 650 professions in nearly 70 local offices from coast to coast, IRR-Los Angeles enjoys comprehensive access to a wealth of data and advanced analytic tools. With more MAIs and CREs than any other company, we can coordinate appraisal, valuation, and counseling services throughout the United States. Affiliated companies in Mexico and Canada allow us to coordinate real estate counseling and valuation services throughout North America. Our clients include lending institutions, investment advisory firms, corporations, developers, investors, governmental agencies, and the legal profession.

IRR-Los Angeles is capable of providing full valuation services within the scope of a defined assignment, including analysis and definition of the appraisal problem, accurate and timely estimation of time and cost to the Successor Agency to complete the project, research and data verification, highest and best use analysis, field inspection, valuation analysis, and reporting writing. In addition, IRR-Los Angeles's senior professionals can serve as expert witnesses in support of their work product in court and/or before arbitration boards.

Since its founding, approximately 4,000 appraisal assignments have been successfully completed by the firm. Of these, nearly 800 assignments have been for public agencies (municipal, county, state, and federal) throughout Southern California.

Public Agency Assignments

Our ability to address valuation assignments which may have some relevance to the current appraisal needs of the Successor Agency is illustrated through various public agency projects as shown below.

1. City of Ontario On-call Appraisal Services: Appraisal of multiple parcels of industrial, commercial, and multi-residential properties, concentrated in the vicinity of Ontario International Airport. In addition to performing acquisition and disposition appraisals for the City of Ontario and its Housing Department, we have also been

retained to complete appraisal reviews of outside appraisals prepared by other fee appraisers for parcels within Ontario.

2. State of California Department of Transportation Designated Expert Witness: Since 2007 John Ellis has worked with Caltrans as the designated expert witness in 26 matters involving transportation corridor improvements along the I-5, I-10, I-405, and SR-138 in Los Angeles, San Bernardino, and Orange counties.
3. City of Riverside, Tyler Street-Widening Project: The appraisal of 93 parcels affected by a major street-widening project. Our involvement in this project included budgetary planning, acquisition appraisals, pre-trial exchange appraisal updates, and the preparation for expert testimony (although all cases settled before trial).
4. Orange County Transportation Authority: On-call appraisal and appraisal review services for various transportation corridor projects. During the past year we have been involved in the appraisal of open-space mitigation land, industrial and commercial properties related to transportation corridors. Some of the appraisals were the valuation of surplus land, while others were for part of full-take acquisition. We are currently involved in the review of 31 appraisals related to the Lakeview Avenue Grade Separation Project.
5. City of Inglewood On-call Appraisal Services: Appraisal of multiple parcels of commercial and residential properties in redevelopment areas of Inglewood.
6. City of Bellflower: We have completed more than 30 appraisals for the City of Bellflower relating to acquisitions for various redevelopment projects, including commercial, residential, and industrial properties. Some of the properties have had highest and best use issues as improved, and others have been vacant land.
7. Los Angeles County Metropolitan Transportation Authority (LACMTA): More than 30 assignments performed that have included the valuations of whole properties, partial interests as a part of the whole (including easements), remainder valuation, uneconomic remainders, severance damages, and benefits.
8. Los Angeles World Airports, Pipeline Land: The purpose of the appraisal was to develop an opinion of the fair market value of the fee simple interest in the land supporting various pipeline easements running through the airport property (larger parcel), including land within the runway and tarmac areas. We also estimated the fair market rent of the land supporting these pipeline easements.
9. Los Angeles World Airports, Non-Airline Industrial and Commercial Off-Airport Land: The purpose of the appraisal was to develop an opinion of the fair market value of the fee simple interest in the underlying land associated with the "Non-Airline Industrial" properties as a group and a separate fair market value for the underlying land associated with the "Commercial Off-Airport" properties as a group, on and near Los Angeles International Airport.
10. Los Angeles World Airports, Off-Airfield Commercial Land: The purpose of the appraisal was to develop a separate opinion of the fair market value of the fee simple interest in the underlying land associated with three groups of properties, the "Cargo Parcels," "Maintenance Lease Parcels," and "Temporary Construction Lease Parcels" within Los Angeles International Airport.
11. The U.S. General Services Administration (GSA), Otay Mesa Border Station Project: The subject of this appraisal was a vacant, industrial zoned site of 9.93± acres which

is located immediately adjacent to the existing commercial border crossing facility identified as the Otay Mesa Border Station. This port of entry serves as the main border crossing facility for commercial vehicles crossing between San Diego, California, and Tijuana, Mexico. The GSA used the appraisal to successfully negotiate the acquisition of the property for the expansion of the border crossing facility.

12. State of California Department of General Services: The appraisal of the Del Mar Racetrack and Thoroughbred Club which involved the appraisal of more than 430 acres of land. Some of the land was zoned open space; some was wetlands, while other was mitigation land. The land was appraised based on its current use, with no redevelopment potential considered. In addition to the land appraisal, we completed a market value analysis of the improved property with a use restriction that required the property be continued to be used as a racetrack, thoroughbred club and fairground.
13. Oxnard Union High School District: The appraisal of an 119.7± acre agricultural site in 2007 that is being considered for a new high school. Development of the property is subject to land use restrictions imposed by the Coastal Commission, the SOAR initiative, and the Oxnard Airport Sphere of Influence, which adversely affects the value of the property. In addition to a fair market value indication, we provided a rental analysis of the land to allow the school district access to the site to conduct soil testing.
14. Acquisition appraisals, appraisal updates, and appraisals for pre-trial exchange involving approximately 60 parcels in the Lincoln/Woodbury redevelopment project area of Los Angeles County. Work has been ongoing since 1997 and this project is currently active.
15. Appraisal of the Water Filtration and Distribution Plant serving the entire City of Inglewood, California: Appraisal was completed to assist the City in the completion of a bond issue for which some of its public facilities would be utilized as collateral.
16. Appraisal of the fee simple and leased fee interests of 4665 Lampson Avenue in Los Alamitos, California: This property was appraised both as vacant land (with 12.37± acres) under a community facilities zone designation, and as improved with an 86,400± square-foot, two-story office building. The valuation of the property as improved included an analysis of excess land. The leased fee analysis considered the impact of a long-term ground lease which covered the period of May 1971 to June 2021.

Client References

A substantial number of our clients retain us because of our ability to understand complex real estate valuation issues, to frame assignments in a manner which our clients (and the courts) can understand, and to be in a position of supporting our analysis and conclusions through the litigation process (including expert testimony at bench and jury trials). Below are sample references for our firm.

Ms. Marilyn J. Staats
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San Joaquin Cross Valley Loop Project			
<i>Name of Firm</i>	Southern California Edison Company		
<i>Address</i>	2131 Walnut Grove Avenue, Rosemead, CA 91170		
<i>Contact Person</i>	David L. Guder, CCIM, SR/WA Project Manager david.guder@sce.com	<i>Telephone</i>	(626) 302-4179
<i>Period of Performance</i>	2010 to 2012	<i>Contract Value</i>	\$160,000
<i>Project Manager</i>	Beth B. Finestone, MAI, FRICS	<i>Appraisers</i>	Adam M. Bogorad, MAI Adam M. Dembowitz
<i>Brief Description of Service Provided</i>			
<p>The San Joaquin Cross Valley Loop Project involved the appraisal of 49 properties in two phases. The purpose of the appraisals was for easement acquisitions, with the first phase properties involving the perfection and upgrading of existing easements. The second phase properties involved the acquisition of new easements. Property types were primarily producing agricultural land (citrus, olives, almonds, stone fruit, grapes and row crops). Other land uses included ranches, commercial and residential properties. Our appraisals considered a valuation of the part taken, as well as severance damages and project benefits.</p>			
SR-91 Widening Project			
<i>Name of Firm</i>	Overland Pacific & Cutler, Inc.		
<i>Address</i>	2280 Market Street, Suite 200, Riverside, CA 92501		
<i>Contact Person</i>	Mark R. La Bonte, SR/WA Program Manager/Principal mlabonte@opcservices.com	<i>Telephone</i>	(951) 683-2353
<i>Period of Performance</i>	February 2012 to present	<i>Contract Value</i>	\$461,950
<i>Project Manager</i>	Beth B. Finestone	<i>Appraisers</i>	Adam M. Bogorad Adam M. Dembowitz
<i>Brief Description of Service Provided</i>			
<p>Appraisal of parcels under 47 separate ownerships affected by acquisitions and easements for the SR-91 Widening Project through the City of Corona. The complete summary appraisal reports and appraisal summary statements include a valuation of the properties in the before and after condition. Some of the properties are very complex and had significant severance damage analyses due to loss of building improvements, parking, loading, etc.</p>			

I-405 Sepulveda Pass HOV Lane Project		
<i>Name of Firm</i>	State of California Department of Transportation	
<i>Address</i>	100 South Main Street, MS-6, Los Angeles, CA 90012	
<i>Contact Person</i>	Andrew P. Nierenberg, Deputy District Director, Right of Way, Caltrans District 7 andrew_p_nierenberg@dot.ca.gov	<i>Telephone</i> (213) 897-1901
<i>Period of Performance</i>	May 2009 to April 2010	<i>Contract Value</i> \$40,000
<i>Project Manager</i>	John G. Ellis, MAI, CRE, FRICS	<i>Appraiser</i> William Larsen, SR/WA
<i>Brief Description of Service Provided</i> The purpose of the appraisals (for the use of the Los Angeles County Metropolitan Transportation Authority and the State of California Department of Transportation) was to estimate the market value of the various property interests to be acquired for the I-405 Sepulveda Pass HOV Lane Project. This assignment included appraisals for partial acquisitions of eight larger parcels within the categories of commercial, multi-residential, and open space land use. The appraisals included an analysis of potential severance damages and project benefits.		

People v. NCO, Ltd, et al.		
<i>Name of Firm</i>	State of California Department of Transportation – Legal Division	
<i>Address</i>	100 South Main Street, Suite 1300, Los Angeles, CA 90012-3702	
<i>Contact Person</i>	Mark A. Berkebile, Esq. mark_berkebile@dot.ca.gov	<i>Telephone</i> (213) 687-6000
<i>Period of Performance</i>	February 2010 to January 2011	<i>Contract Value</i> \$16,000
<i>Project Manager</i>	John G. Ellis	<i>Appraiser</i> Adam M. Dembowitz
<i>Brief Description of Service Provided</i> Pre-trial exchange appraisal prepared for an environmentally contaminated commercial property in the City of Norwalk, California. The project was initially presented as a part take, but was modified to become a full take acquisition. Mr. Ellis was the principal appraiser in this assignment which included the completion of the appraisal pursuant to Caltrans standards, as well as deposition and preparation for trial. The case ultimately settled shortly before the start of trial.		

Alameda Corridor Transit Authority SR-47 Expressway Project		
<i>Name of Firm</i>	Nossaman LLP	
<i>Address</i>	777 South Figueroa Street, 34 th Floor, Los Angeles, CA 90017	
<i>Contact Person</i>	Howard D. Coleman, Esq. hcoleman@nossaman.com	<i>Telephone</i> (213) 612-7821
<i>Period of Performance</i>	June to October 2010	<i>Contract Value</i> \$59,500
<i>Project Manager</i>	John G. Ellis	<i>Appraiser</i> Adam M. Bogorad
<i>Brief Description of Service Provided</i> This current assignment includes appraisals for partial acquisitions of approximately 80 easements in five larger parcels at the Port of Long Beach. Some of the lands were at differing elevations, including submerged land within the Cerritos Channel. The appraisals include an analysis of potential severance damages and project benefits. The purpose of the appraisals for the use of the Alameda Corridor Transportation Authority (ACTA) is to estimate the market value of the various property interests to be acquired for the expansion of the Terminal Island Freeway and bridge within the Port of Long Beach.		

Milliken Avenue Grade Separation Project	
<i>Name of Firm</i>	Overland, Pacific & Cutler, Inc.
<i>Address</i>	3750 Schaufele Avenue, Suite 150, Long Beach, CA 90808
<i>Contact Person</i>	Min V. Saysay Transportation Program Manager/Principal msaysay@opcservices.com
<i>Telephone</i>	(562) 304-2000
<i>Period of Performance</i>	September 2011 to November 2012
<i>Contract Value</i>	\$73,000
<i>Project Manager</i>	Beth B. Finestone
<i>Appraiser</i>	William Larsen
<i>Brief Description of Service Provided</i> For the Milliken Avenue Grade Separation Project in the City of Ontario 11 parcels involving a combination of full and partial takes, temporary construction easements, and easement valuations at the existing Milliken Avenue/Mission Boulevard/Union Pacific Railroad at-grade crossing.	

M2 Environmental Mitigation Program	
<i>Name of Firm</i>	Orange County Transportation Authority
<i>Address</i>	550 South Main Street, Orange, CA 92863
<i>Contact Person</i>	Dan Phu Section Manager, Project Development dphu@octa.net
<i>Telephone</i>	(714) 560-5907
<i>Period of Performance</i>	2011 to 2012
<i>Contract Value</i>	\$65,550
<i>Project Manager</i>	Beth B. Finestone
<i>Appraiser</i>	Ryan J. Dobbins
<i>Brief Description of Service Provided</i> We have appraised multiple properties totaling approximately 1,300 acres as part of the ongoing M2 Environmental Mitigation Program.	

Scope of Services

In response to your recent request for proposal, this writing expresses our interest and availability for the completion of appraisal services concerning the properties referenced below. The properties are located within the City of Montclair and are owned by the Successor Agency.

Property No.	APN	Property Address	Zoning	Land Use	Lot Size (±SF)
1	1007-722-07	8752 Monte Vista Avenue	Specific Plan	Vehicle storage	120,661
2	1008-332-04	4960 Palo Verde Street	C-3 General Commercial	Vehicle storage	62,726
3	1012-141-18	NWC Dale Street and Camulos Avenue	MIP Manufacturing Industrial	Vacant	115,870

The noncondemnation purpose of the appraisals is to determine for property disposition the monthly market rent of 0.93 acres of Property No. 1 (leased to Metro Nissan), the monthly market rent and fair market values of Property No. 2 (leased to Metro Nissan), and the fair market value of Property No. 3 (remaining remnant after construction of the Ramona Avenue Grade Separation project).

Upon receiving authorization to proceed, we would complete a thorough inspection of the subject properties and review available information about their histories and operations. We would conduct an independent investigation of relevant market factors, including investigations into comparable sale properties that would be relevant in the valuation process. We would analyze this data and develop an opinion of the market rent and fair market values of the subject properties. Upon completion of our analysis, we would prepare a summary appraisal report for each in full compliance with the USPAP.

Fee and Timing

For our services as described above, our fee for the completion of an appraisal report is proposed at **\$9,800**. We propose to have our report completed within **30 days** of receiving notice to proceed.

Information to Be Provided by Client

Attached to this letter you will find Exhibit B, which is a list of information that would be useful and/or necessary for us in the completion of our appraisal services on your behalf. In completing this proposal at the above-referenced fee and timing, we have assumed that the information identified on Exhibit B will be made available to us at the onset of our assignment. In the absence of receiving some of these referenced items, it may be necessary for us to include limitations and/or special assumptions within the appraisal report, or to spend additional time (at additional cost) to identify and gather this information from other sources. If you believe any of the items identified on Exhibit B will not be available to us during the course of our appraisal, please notify us immediately so we may discuss the situation and address it to your satisfaction.

Supplemental Services

Additional services requested for consultation, special studies, negotiations, preparation of or appearance for testimony, and similar services will be provided upon request and will be billed additionally at the hourly rates set forth as Exhibit A to this proposal. Fees will be billed monthly based on the work actually completed.

Verification of Insurance

The firm maintains a valid worker's compensation insurance policy and employer's liability insurance for all persons employed in the firm and for all persons employed in the performance of services under any contract awarded. We also carry general liability insurance (bodily injury and property damage) in an amount of not less than \$1,000,000 per occurrence with a \$2,000,000 maximum. We carry certificates of insurance and an amendment to the policy for a thirty (30) days' notice in writing prior to cancellation, termination, or expiration of any kind. In addition, the firm carries professional liability insurance, and automobile liability insurance consistent with the State of California Financial Responsibility requirements, California Vehicle Code (CVC) 16020(a) as well as a thirty (30) day cancellation clause as described above. Upon selection for this contract, the Successor Agency will be added to all policies as a certificate holder.

Ms. Marilyn J. Staats
July 26, 2013
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Business License

Upon selection for this contract IRR-Los Angeles will obtain a City of Montclair Business License.

General Issues

Payment for the completion of reports will be due upon their completion. To the extent that supplemental services are requested, these will be billed on a monthly basis. For these services, if provided, an advance retainer may be requested. For these services, if provided, payment is due within 30 days of the invoice date. Fees unpaid after 30 days are subject to a finance charge equal to 1.5% per month on all unpaid balances.

This proposal is valid for 60 days.

Our appraisal analysis will incorporate the Assumptions and Limiting Conditions which are attached to this proposal. To the extent that we prepare a written appraisal report, these Assumptions and Limiting Conditions (or a set which is effectively equivalent) will be incorporated into the appraisal report.

Fees quoted herein are for the provision of professional services and are not, in any way contingent upon the valuation reported or the outcome of any pending matter for which valuation is required. In the event of any controversy, claim, or dispute between us related to this agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, including those for investigation, collection efforts, and legal fees. Disputes, if any, will be resolved through binding arbitration in Los Angeles County, California.

Damages (if any) for which the appraiser and/or appraisal firm would be liable will be limited to the amount of compensation paid as the fee for providing services.

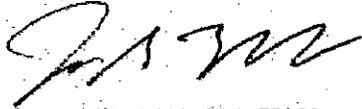
If this proposal meets with your approval, our receipt of a signed copy of this letter will serve as our notice to proceed.

Ms. Marilyn J. Staats
July 26, 2013
Page 13

Thank you for the opportunity of submitting this proposal. If you have any questions or comments about it, please call me.

Sincerely,

INTEGRA REALTY RESOURCES – LOS ANGELES



John G. Ellis, MAI, CRE, FRICS
Senior Managing Director

JGE/mt

Enclosures: Exhibit A (Schedule of Hourly Rates)
Exhibit B (Information Requested from Client)
Exhibit C (Assumptions and Limiting Conditions)
Professional Qualifications and Licenses of John G. Ellis, MAI, CRE, FRICS
Beth B. Finestone, MAI, FRICS
William Larsen, SR/WA
Adam M. Bogorad, MAI
Ryan J. Dobbins
Aaron Z. Aftergut
Adam M. Dembowitz

AGREED & ACCEPTED THIS 5th DAY OF November, 2013

BY: _____

Paul M. Eaton
NAME (PRINT)

Paul M. Eaton
AUTHORIZED SIGNATURE

EXHIBIT A

SCHEDULE OF HOURLY RATES

John G. Ellis, MAI, CRE, FRICS: (Senior Managing Director)	\$325 per hour for appraisal and consulting \$450 per hour for trial preparation and expert testimony
Beth B. Finestone, MAI, FRICS: (Managing Director)	\$300 per hour for appraisal and consulting \$350 per hour for trial preparation and expert testimony
Adam M. Bogorad, MAI (Associate Director)	\$250 per hour for appraisal and consulting \$300 per hour for trial preparation and expert testimony
Directors/Senior Consultants:	\$200 to \$250 per hour
Senior Analysts:	\$180 to \$230 per hour
Analysts:	\$140 to \$175 per hour
Researchers:	\$90 to \$135 per hour
Administrative Staff: (For supplemental documentation requests)	\$70 per hour

Effective for the six-month period starting July 1, 2013

EXHIBIT B

INFORMATION NEEDED TO COMPLETE APPRAISAL ASSIGNMENT FOR Multiple Properties, Montclair, California

A summary of items we typically need to complete a well-documented report are summarized below.

- Name and telephone number of contact to obtain access to the subject;
- A full-sized copy of a survey/site plan or legible 11x17-inch reduction depicting locations of ancillary improvements as well as the footprint of any buildings;
- The most recent title policy or commitment;
- Historical acquisition cost of subject, terms, date and legal names of parties involved or a copy of the contract;
- Any unsolicited or solicited offerings or contracts for sale of the subject within the last 12 months;
- Historical operating income and expenses statements for last three years and the current year-to-date;
- Most recent environmental and/or engineering reports;
- Executed lease or proposed draft for each property;
- Any available information on credit of tenant; and
- Any other information you would like me to consider or think would be helpful.

EXHIBIT C

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
2. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
3. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
4. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
5. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
6. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
7. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
8. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
9. Except as provided in the Agreement, neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
10. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
11. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
12. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
13. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
14. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

15. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
16. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of any property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible noncompliance. A specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
17. Except as provided in the Agreement, the appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. Except as provided in the Agreement, it may not be used or relied upon by any other party. Except as provided in the Agreement, all parties who use or rely upon any information in the report without our written consent do so at their own risk.
18. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
19. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
20. Integra is not a building or environmental inspector. Integra does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
21. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
22. Integra Realty Resources – Los Angeles, an independently owned and operated company shall prepare the appraisal for the specific purpose so stated elsewhere in this proposal. The intended use of the appraisal is stated in the General Information section of the report. Except as provided in the Agreement, the use of the appraisal report by anyone other than the Client is prohibited. Accordingly, except as provided in the Agreement, the appraisal report will be addressed to and shall be solely for the Client's use and benefit.
23. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public record, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
24. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

As will be determined during the course of the assignment, additional assumptions may be required in order to complete the assignment, which additional assumptions shall be reasonably satisfactory to Client and shall be stated in full in the report. The appraisal shall also be subject to those assumptions.

PROFESSIONAL QUALIFICATIONS AND LICENSES OF KEY PERSONNEL