

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO

LONG RANGE PROPERTY MANAGEMENT PLAN

PROPERTY DISPOSITION PROCEDURES, STRATEGIES AND PRIORITIES

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Below, property disposition procedures, strategies and priorities are set forth separately for properties to be sold by the Successor Agency to the Redevelopment Agency of the City of Rialto ("Successor Agency") pursuant to Health & Safety Code Section 34191.5(c)(2)(B) ("Successor Agency Disposition Properties") and properties to be transferred to the City for future development pursuant to Health & Safety Code Section 34191.5(c)(2)(A) ("City Disposition Properties"). Properties subject to enforceable obligations ("Enforceable Obligation Properties") shall be disposed of in accordance with the enforceable obligations governing the use and disposition of those properties. Properties that are constructed and used for a governmental purpose ("Governmental Purpose Properties") shall be transferred to the City promptly following approval of the Long Range Property Management Plan ("LRPMP") by the Oversight Board to the Successor Agency ("Oversight Board") and the Department of Finance ("DOF"); the Oversight Board and DOF shall have no further authority over the use or disposition of Governmental Use Properties following the transfer of these properties to the City.

I. Successor Agency Disposition Properties

A. List of Successor Agency Disposition Properties. The following properties are anticipated to be designated as Successor Agency Disposition Properties in the LRPMP. Numerical designations refer to the detailed discussion of each property or group of properties in the LRPMP.

- #15 – RDA Corporate Real Estate (two parcels may be marketed and sold separately if and to the extent marketing the properties together is unlikely to result in timely development and/or higher sales prices, as discussed below in Section I.B.3.)
- #16 – Cuca's Restaurant (to be sold at the end of the long-term lease; to be offered first to the existing tenant)
- #17 – East Alder Industrial
- #18 – Alder/Baseline Assemblage
- #19 – Easton/Ayala Site
- #20 – Easton/Riverside Avenue
- #21 – Miro Way

- #22 – Housing/Misc Parcels (these parcels may be marketed and sold separately if and to the extent marketing the properties together is unlikely to result in timely development and/or higher sales prices, as discussed below in Section I.B.3.)
- #23 – SW Corner of Walnut and Alder
- #24 – 274 and 290 W. West Jackson

B. Primary Goals and Objectives. The primary goal of the Successor Agency is to sell all Successor Agency Disposition Properties to buyers that are willing, capable, and ready to commence development of such properties in accordance with the City of Rialto General Plan ("General Plan") and/or any applicable specific plan.

1. Initial Marketing Period. The Successor Agency shall have the right to market Successor Agency Disposition Properties for development as described above, as opposed to land speculation, for not less than five (5) years following DOF approval of the LRPMP or until January 1, 2019, whichever occurs later ("Initial Marketing Period"). In the event the Successor Agency is unable to dispose of all Successor Agency Disposition Properties within the initial five-year Initial Marketing Period, the Successor Agency shall have the right, at its sole and absolute discretion, to extend the Initial Marketing Period by an additional five (5) years (for a total of ten (10) years) by submitting written notice to the Oversight Board stating the Successor Agency's election to extend the Initial Marketing Period. The Initial Marketing Period may also be extended for any Successor Agency Disposition Property by written notice to the Oversight Board to account for any period of time during which the Successor Agency's ability to sell such Successor Agency Disposition Property for development is impaired due to factors and/or events outside the reasonable control of the Successor Agency including, without limitation, litigation, environmental conditions, required environmental remediation activities, and/or other barriers to the sale or development of such Successor Agency Disposition Property. Whenever the term "Initial Marketing Period" is used herein, such term refers to the Initial Marketing Period, as it may be extended by the Successor Agency in accordance with this LRPMP.

Successor Agency staff will begin the process of soliciting interest in Successor Agency Disposition Properties during calendar year 2014 (or upon approval of the LRPMP by DOF). The Successor Agency and Oversight Board acknowledge and agree that achieving the timely and coordinated sale and future development of the Successor Agency Disposition Properties will benefit the taxing entities not only in the amount of the sales price ultimately received by such properties but also as a result of future property tax revenues to be received from such properties, once developed, as well as other, nearby properties the value of which will be increased as a result of the coordinated and timely development of such properties.

2. Marketing Properties after Initial Marketing Period. If the Successor Agency is unsuccessful in locating a developer for specified Successor Agency Disposition Properties within the Initial Marketing Period (as it may be extended as described in Section I.B.1., above), then the Successor Agency shall obtain guidance from the Oversight Board regarding whether

the Initial Marketing Period should be extended further, allowing the Successor Agency to continue marketing such properties for development, or whether the Successor Agency should proceed to market such properties without regard to the development plans of prospective buyers. In the event the Oversight Board directs the Successor Agency to market Successor Agency Disposition Properties without regard to the development plans of prospective buyers (which may only occur after the Initial Marketing Period expires), the Successor Agency's primary objectives with respect to the disposition of such properties will be to dispose of such properties as expeditiously as possible, while maximizing the sales price to be received by the taxing entities.

3. Consolidation of Parcels. Successor Agency Disposition Properties that are listed together in the LRPMP will be packaged together and sold to one buyer to maximize the value and development potential of such properties. In the event the Successor Agency determines that parcels listed together in the LRPMP must be sold separately, the Successor Agency shall have the authority to market and dispose of such parcels to separate buyers.

4. Marketing Strategies. Successor Agency staff will market the Successor Agency Disposition Properties using the following strategies, in the following order of priority:

a. Marketing to Adjacent Property Owners. If and to the extent the Successor Agency determines, in its sole and absolute discretion, that it would result in timely and appropriate development and/or higher sales prices, Successor Agency staff will first contact owners of properties adjacent to Successor Agency Disposition Properties to determine whether such owners are willing and able to acquire and develop such Successor Agency Disposition Properties as a consolidated development including the adjacent owner's properties and/or to expand the existing use of the adjacent owner's property(ies).

b. Marketing to Developers. Successor Agency staff may solicit interest from one or more developers that have inquired about Successor Agency Disposition Properties and/or that are known to Successor Agency and/or City staff. Successor Agency staff reserve the right to disqualify prospective developers for any reason.

c. Request for Proposals. Successor Agency staff may prepare and release one or more requests for proposals relating to the acquisition and development of one or more Successor Agency Disposition Properties. Successor Agency staff reserve the right to disqualify prospective developers for any reason.

d. Real Property Listings; Marketing to the Public. Once the Initial Marketing Period has expired and/or Successor Agency staff have determined that it is unlikely a developer will be found to develop specified Successor Agency Disposition Properties in a coordinated, consolidated and timely manner, Successor Agency staff may list such Successor Agency Disposition Properties for sale on the Multiple Listing Service ("MLS") or other real property listing services and/or may hire one or more brokers to market such properties for sale. This option will likely only be used to sell properties for the highest possible sales price,

once the Successor Agency has determined that coordinated, consolidated and timely development of such properties is unlikely.

e. Auction. Once the Initial Marketing Period has expired and/or Successor Agency staff have determined that it is unlikely a developer will be found to develop certain Successor Agency Disposition Properties in a coordinated, consolidated and timely manner, and if the Successor Agency determines that listing and/or marketing such properties for sale will not result in the highest possible sales price, Successor Agency staff may conduct an auction to dispose of the remaining Successor Agency Disposition Properties.

5. Sales Price.

a. Priorities during Initial Marketing Period. During the Initial Marketing Period, the Successor Agency's first priority will be the timely and successful development of each of the Successor Agency Disposition Properties. The Successor Agency's secondary goal will be to maximize the sales price to be received for such properties. While the Successor Agency anticipates obtaining appraisals for each of the Successor Agency Disposition Properties, the Successor Agency may be unable to find purchasers willing or able to pay the appraised fair market value for such properties and, in some cases, a sales price lower than the appraised fair market value of such properties may be justified, as described below. For example, the proposed sales price will take into account the time frame for development of the property, the long-term property tax revenue to be generated by the property once developed, and the other goals of the General Plan and any applicable specific plans. The sales price may also be adjusted to account for the cost of required infrastructure improvements, environmental remediation or other entitlement conditions, market conditions, and/or lack of buyer interest. Additionally, the sales price may be adjusted to encourage the accelerated development of Successor Agency Disposition Properties and, where applicable, adjacent properties.

b. Priorities after Initial Marketing Period. As noted above in Section I.B.2., after the Initial Marketing Period expires, the Successor Agency's primary objectives with respect to the disposition of Successor Agency Disposition Properties will be to dispose of such properties as expeditiously as possible, while maximizing the sales price to be received by the taxing entities.

c. Reimbursement of Successor Agency and/or City Costs. Any and all costs incurred (with the exception of Successor Agency staff costs) by the Successor Agency and/or the City (pursuant to an agreement between the City and the Successor Agency pursuant to Health & Safety Code Section 34173(h)) incurred or to be incurred to hold, convey, improve, and/or subsidize development of a Successor Agency Disposition Property ("Disposition Costs") shall be considered an Enforceable Obligation in accordance with Health & Safety Code Sections 34171(d)(1)(F) and 34177.3(b). Such Disposition Costs shall be placed on a Recognized Obligation Payment Schedule ("ROPS") for approval by the Oversight Board and the Department of Finance. The Successor Agency and/or the City, as applicable, shall be

reimbursed from Redevelopment Property Tax Trust Funds ("RPTTF") and/or proceeds from the sale of Successor Agency Disposition Properties, as specified in the ROPS.

d. City Land Use Actions. The City, Successor Agency and Oversight Board all acknowledge and agree that the City has the authority to amend the General Plan, adopt and amend specific plans, and amend the City's Zoning Ordinance and development standards in accordance with applicable laws (collectively, "Land Use Actions") and that such Land Use Actions may negatively impact the value of Successor Agency Disposition Properties. In no event shall the City owe any compensation to the Successor Agency or any taxing entities as a result of any such Land Use Actions.

6. Oversight Board and DOF Approval. The Successor Agency shall obtain Oversight Board and DOF approval of each conveyance of a Successor Agency Disposition Property. The Oversight Board shall have the authority to approve the sales price for each such conveyance, including transactions in which the sales price is lower than the appraised fair market value of the applicable property as described in this LRPMP. The DOF's review of Oversight Board actions approving conveyances of Successor Agency Disposition Properties shall be limited to confirming that such action conforms to this LRPMP.

7. City Acquisition of Successor Agency Disposition Properties. At any time, including after the Initial Marketing Period has expired, the City may elect to acquire any Successor Agency Disposition Property or City Disposition Property from the Successor Agency pursuant to the terms of an agreement entered into between the City and each of the taxing entities pursuant to Health & Safety Code Section 34180(f) which sets forth the compensation the City is required to pay to the taxing entities for such property.

II. City Disposition Properties

A. List of City Disposition Properties. The following properties are anticipated to be designated as City Disposition Properties in the LRPMP. Numerical designations refer to the detailed discussion of each property or group of properties in the LRPMP.

- #9 – Ayala/Baseline Industrial
- #10 – Metrolink TOD
- #11 – Walnut Industrial Park
- #12 – Gateway Commercial/Walmart
- #13 – NEC Riverside/Rialto Mixed Use
- #8 – Downtown Parking Misc
- #25 – Laurel Ave. and Renaissance Parkway

B. Primary Goals and Objectives.

1. City Option to Acquire City Disposition Properties.

a. The City shall have the option to acquire any or all of the City Disposition Properties at any time during the Initial Marketing Period. In the event the City desires to acquire a City Disposition Property from the Successor Agency during the Initial Marketing Period, neither Oversight Board nor DOF approval shall be required for the conveyance from the Successor Agency to the City; such approval shall be deemed to have occurred when the Oversight Board and DOF approve this LRPMP. To acquire a City Disposition Property from the Successor Agency, the City shall send written notice to the Successor Agency stating the City's intent to acquire such property and a deadline by which the Successor Agency shall execute and record a grant deed for such City Disposition Property in favor of the City.

b. The City may affirmatively decline to acquire one or more City Disposition Properties by written notice to the Successor Agency. Alternately, the City shall be deemed to have declined to acquire any City Disposition Properties that are owned by the Successor Agency upon the expiration of the Initial Marketing Period. In the event the City declines (or is deemed to have declined) to acquire one or more City Disposition Properties from the Successor Agency, such City Disposition Properties shall thereafter be treated as Successor Agency Disposition Properties.

c. At any time, including after the Initial Marketing Period has expired, the City may elect to acquire any City Disposition Property or Successor Agency Disposition Property from the Successor Agency pursuant to the terms of an agreement entered into between the City and each of the taxing entities pursuant to Health & Safety Code Section 34180(f) which sets forth the compensation the City is required to pay to the taxing entities for such property.

2. Compensation to Taxing Entities.

a. Compensation Agreements. The Successor Agency interprets Health and Safety Code Sections 34191.3 and 34191.5 to mean that agreements with taxing entities are not required in connection with the disposition of Successor Agency property to the sponsoring city for governmental uses or for subsequent disposition for development consistent with redevelopment and community plans in accordance with a long-range property management plan. However, pursuant to Department of Finance direction, the City will enter into an agreement with the taxing entities that addresses disposition of each parcel to be conveyed to the City pursuant to this Long Range Property Management Plan ("Compensation Agreement"). The Compensation Agreement will specify that any net unrestricted proceeds from the sale of such parcels will be distributed to all of the taxing entities on a pro rata basis in proportion to each entity's respective share of the property tax base. Notwithstanding the foregoing, this section of this Plan will not be operative if a court order, legislation or Department of Finance policy reverses the Department's directive regarding such agreements.

b. Land Use Actions. The City, Successor Agency and Oversight Board all acknowledge and agree that the City has the authority to take various Land Use Actions as described in Section I.B.5.d., above, and that such Land Use Actions may negatively impact the value of City Disposition Properties. In no event shall the City owe any compensation to the Successor Agency or any taxing entities as a result of any such Land Use Actions.

3. City Negotiations Prior to Acceptance of City Disposition Properties. The City reserves the right, during the Initial Marketing Period but prior to accepting title to the City Disposition Properties, to market such City Disposition Properties for sale and development, negotiate with prospective purchasers of the City Disposition Properties, and to enter onto the City Disposition Properties (and/or permit representatives of prospective purchasers to enter onto the City Disposition Properties) for purposes of conducting due diligence reviews of the condition of such properties. If requested by the City, the Successor Agency shall enter into Right of Entry Agreements with the City and/or prospective purchasers for such purposes. City staff shall coordinate with Successor Agency staff to ensure that the City and Successor Agency are not duplicating efforts with respect to the marketing of City Disposition Properties. City may request that Successor Agency staff participate in negotiations with prospective purchasers of City Disposition Properties.

4. Development Priorities. The City will attempt to sell City Disposition Properties to purchasers that will develop such properties for the purposes the properties were originally acquired, as described in the Implementation Plan.

5. Marketing Strategies. The City shall have full and complete discretion to use any strategy, process or method to solicit and select purchasers for City Disposition Properties. Such strategies may include, without limitation, soliciting interest from adjacent property owners and/or developers known to City staff, issuing requests for proposals regarding the acquisition and development of the City Disposition Properties, listing City Disposition Properties on the MLS or other real property listing services, and/or marketing City Disposition Properties through a broker or by City staff. The City shall have the sole and absolute discretion to package various City Disposition Properties together for sale to a single purchaser or to sell such parcels separately to one or more buyers.

6. Oversight Board and DOF Approval. The Successor Agency shall obtain Oversight Board and DOF approval of each conveyance of a City Disposition Property; provided, such approval shall be limited to confirmation that a Compensation Agreement has been entered into with respect to such conveyance, if required pursuant to Section II.B.2.a. of these procedures and applicable laws.

III. Enforceable Obligation Properties

A. List of Enforceable Obligation Properties.

- #14 – 210 Freeway Frontage. This property will be conveyed to Lewis-Hillwood Rialto Company, LLC (“LHR”) pursuant to that certain Amended and Restated Area A Contract of Sale by and between LHR and the Former Agency dated as of July 23, 2008, as amended by that certain First Amendment to Amended and Restated Area A Contract of Sale dated as of November 25, 2008.
- #1 – Downtown Parking at Cuca’s. Upon termination or expiration of the Cuca’s Lease, the properties will be treated as a City Disposition Property to be transferred to the City for Future Development (per Section II) in accordance with the Plan.

B. Disposition of Enforceable Obligation Properties. The Successor Agency shall dispose of Enforceable Obligation Properties in accordance with the enforceable obligations governing the use and disposition of those properties. Prior to such disposition, the Successor Agency shall provide documentation to the Oversight Board to confirm that the proposed sales price at which Enforceable Obligation Properties will be sold conforms to the provisions of the applicable enforceable obligation. Review of the conveyance of Enforceable Obligation Properties pursuant to an enforceable obligation by the Oversight Board (and DOF) shall be limited to confirmation that the sales price of such conveyance conforms to the terms of the enforceable obligation.

C. Expiration and/or Termination of Enforceable Obligation. In the event Enforceable Obligation Properties are not disposed of in accordance with the enforceable obligation(s) governing such properties, for whatever reason, such properties shall be treated as City Disposition Properties to the extent that such property was identified for development consistent with the implementation plan and shall be disposed of in accordance with Section II, above.

D. Project #14 Net Proceeds. In the event Project #14 is sold by the Successor Agency pursuant to the Contract of Sale (enforceable obligation), the net proceeds of the sale will be distributed to the taxing agencies pursuant to the Dissolution Act. In the event the Contract of Sale is terminated and Project #14 is treated as a City Disposition Property and transferred to the City for Future Development, pursuant to Health and Safety Code Section 34191.5(c)(2)(A), the net proceeds of the sale will either be distributed in accordance with a Compensation Agreement entered into among the City and the taxing agencies or, if the law does not require the City to enter into a Compensation Agreement with the taxing agencies, the net proceeds shall be distributed (or retained by the City) in accordance with applicable law.

IV. Governmental Purpose Properties

A. List of Governmental Purpose Properties.

- #2 – 136 S. Riverside
- #3 – Jerry Eaves Park
- #4 – Metrolink Facility
- #5 – Fire Station 205
- #6 – DSFLF Land Bank
- #7 – Airport Hangers (staff is currently engage in settlement with joint venture to determine purchase amount for improvements and other assets, which the Successor Agency is entitled to a minimum of 20% of profit.).
- #26 - 141 S. Riverside Avenue

B. Disposition of Governmental Purpose Properties to City. The Successor Agency shall convey all of the Governmental Purpose Properties to the City promptly following approval of the LRPMP by the Oversight Board and DOF. The City shall not be required to pay any compensation to the Successor Agency in exchange for the conveyance of the Governmental Purpose Properties. No further approval or action of the Oversight Board or DOF shall be required as a condition of such conveyance to the City; approval of this LRPMP by the Oversight Board and DOF shall be deemed to constitute approval of the conveyance of all Governmental Purpose Properties to the City at no cost to the City. Moreover, the Oversight Board and DOF shall have no further authority over the use or disposition of Governmental Use Properties following the transfer of these properties to the City.