

## ATTACHMENT C

### Real Property Conveyance Questionnaire\* for ASR

(\*Applies to sale, lease, license, or easement of County or District owned assets)

#### Instructions:

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

1. What property interest is being considered for conveyance (e.g. fee, lease, license, easement)?  
Third Amendment to Communications Site Ground Lease Agreement located at 595 The City Drive S, Orange, CA

Why is this property being considered for lease, license, sale or other conveyance? Approval of the Third Amendment to Communications Site Ground Lease with STC One, LLC provides a phased relocation plan for existing telecommunications facilities on County-owned property located at 595 The City Drive South, Orange, including a temporary site and new permanent site, to make way for construction of the County's Workforce Reentry Center project.

- a) How and who identified this property as a potential conveyance? This is an existing revenue producing property. CEO Real Estate and Tenant agreed this is the best site option at this time.
  - c) What factors are key in recommending this property for conveyance? County's Workforce Reentry Center project requires the relocation of the existing communications tower and equipment on property to accommodate the property redevelopment plans.
  - d) How does the proposed conveyance fit into the County's/District's strategic or general plan? The proposed conveyance is necessary for County's redevelop of the property.
  - e) What are the short and long term anticipated uses of the property? Telecommunication facilities.
  - f) Are there any limitations on the use of the property in the conveyance documents? No.
2. What analysis has been performed as to whether to convey the proposed real property interest?  
This is a County Executive Office initiative. A market analysis and lease cost comparison has been completed.
    - a) Have there been any internally or externally prepared reports regarding this property conveyance?  
Yes, a market analysis and lease cost comparison have been completed.
    - b) Who performed the analysis? The analysis was performed by CEO Real Estate.
    - c) Provide details about the analysis and cost/benefit comparison. County achieved the best terms possible through negotiations with Tenant. County is contributing \$350,000 up front towards Lessee's relocation costs in return for a projected \$1.7 Million in revenue over the 50-year term of the new license agreement.
3. How was the conveyance price, or lease/license rent, determined? CEO Real Estate negotiated the construction costs associated with the relocation with Lessee's equipment, as County requested Lessee to relocate 2 years prior to lease expiration.
    - a) Who performed the appraisal or market study and what certifications do they possess? CEO Real Estate.
    - b) How does the price/rent compare with comparable properties? The rent is "fair-market" and is consistent with similar properties in the area.
    - c) Does the setting of the price/rent follow industry standards and best practices? Yes.
    - d) What are the specific maintenance requirements and other costs within the agreement and who is responsible? Provide an estimate of the costs to the County/District if applicable. Lessee is responsible for all utility and maintenance costs.

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4. What additional post-conveyance remodeling or upgrade costs will be needed for the property to meet its intended use? N/A.
- a) Will any of the upgrades be required to meet County, ADA, or other standards and requirements? N/A
  - b) Include estimates of the costs. N/A
  - c) What entity will be responsible for the costs? The One-Time County payment in the amount of \$350,000 will be drawn from CEO Real Estate Fund 035.
5. Can the County terminate the sale/easement, lease/license? County can terminate the license only if Licensee defaults.
- a) What would be necessary to terminate the agreement and when can it be terminated? N/A.
  - b) Are there penalties to terminate the sale/easement, lease/license? N/A.
6. What entity will be responsible for the payment(s)? STC One LLC
- a) How will the funds received be used or applied? Monthly rental payments as revenue.
  - b) What fund number will the funds from the conveyance ultimately be deposited into?  
To be determined by CEO Budget & Fiscal Services.
  - c) If restricted funds might be created or supplemented, check with the Auditor Controller's General Accounting Unit and Counsel if you have questions about whether restricted funds are involved.)
  - d) If restricted funds might be created or supplemented, has County Counsel advised that the destination fund for the payment(s) is properly restricted? N/A.
7. Does the proposed sale/easement, lease/license agreement comply with the CEO Real Estate standard language? Yes.
- a) List any modified clauses and reasons for modification. The following list of clauses were modified to appropriately reflect the project and specifications:
- A. RELOCATION  
Lessor and Lessee hereby acknowledge that Lessor, pursuant to Section 13 of the First Amendment, has decided to utilize Lessor's Property in connection with a redevelopment project, which includes the construction of one or more new buildings and related amenities and improvements located on Lessor's Property (the "Project").
  - B. RENT  
Notwithstanding any contrary provision of Section 4 of the Original Lease, Section 6 of the First Amendment, Section E of the Second Amendment, or otherwise in the Lease, effective upon the First Stage Actual Completion Date, the Annual Rent due shall be reduced to zero dollars (\$0) and no further monthly installments of Annual Rent shall be due.
  - C. NEW LICENSE AGREEMENT  
In consideration of Lessee's agreement to relocate Lessee's Facility to the New License Area, Lessor shall enter into a new communications site license agreement with Lessee in the form attached to the Third Amendment as Exhibit E, which shall include a new license term of fifty years ("New License Agreement").
8. If this is a lease, is it a straight lease, an operating agreement, a lease with an option to purchase, or a capital lease (see details below)? Lease Agreement.

Capital Lease Determination: At the inception of any *potential* capital lease, it is important to contact the Auditor-Controller's Capital Asset Unit for further guidance to ensure proper classification and accounting for the lease occurs. There are specialized accounting rules and required forms for capital leases. See further details in the County's Accounting Manual, Policy No. FA-1: *Accounting for*

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*Lease Purchases (Capital Leases)*, located on the intranet. For accounting purposes only, a capital lease exists if ANY one (1) of the following four (4) criteria is met:

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

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

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