


Zimbra

gracel@ci.garden-grove.ca.us

RE: [External] Garden Grove & TPL, Coastal Conservancy, & CBH - Willowick Appraisal Meeting

From : Robin Mark <Robin.Mark@tpl.org> Thu, Jul 15, 2021 09:46 AM
Subject : RE: [External] Garden Grove & TPL, Coastal Conservancy, & CBH - Willowick Appraisal Meeting  1 attachment
To : Omar Sandoval <omars@ggcity.org>
Cc : Alex Size <Alex.Size@tpl.org>, Thomas P. Clark <tclark@stradlinglaw.com>, Grace Lee <gracel@ggcity.org>, Lisa Kim <lisak@ci.garden-grove.ca.us>, greg1 <greg1@ggcity.org>, Tily Shue <tily.shue@tpl.org>

Hi Omar,

In an email to Lisa Kim on January 7, 2021, TPL provided clarification to the City of Garden Grove that our offer to acquire the subject property could be revised subject to additional evidence of value (i.e., a third appraisal). This is in recognition that the appraisal report we received from Beth Finestone, MAI was a "Restricted Appraisal" and that further research and work on an "Appraisal Report" could produce a different value, thus giving TPL – as a nonprofit organization, the ability to revise its offer. As such, it is not correct or factual to categorize TPL's offer as "firm", as you've done in the second sentence of your July 9th email. TPL remains able to review and revise our bid based on an appraisal that sets forth a supportable and documented fair market value (FMV). Unfortunately, the appraisal the City received doesn't provide such evidence, as was documented in the appraisal review Beth Finestone, MAI provided to TPL and which TPL has provided to the City.

In reaction to the valuation discussion in your email, I should note that the presence of offers, in fact contingent offers, that the City has received is not evidence of market value. These offers are not closed sales (i.e., comps) where buyer and seller have agreed on terms, money changes hands and a deed is passed from one party to another. In addition, based on how speculative the contingencies are therein (i.e., general plan amendment, re-zoning of the property, and/or securing entitlements for a master-planned community) it is highly questionable whether a sale of the property based on the offered terms would ever come to pass (this is why appraisers typically rely heavily on comps - not offers, to determine FMV for any given property). Due to this fact and the major deficiencies of the City's contracted appraisal, the City's stated opinion of value for the property (i.e., \$90-200M) is not supported and cannot be relied upon by TPL or the City.

It is not uncommon for buyers and sellers to differ on the value of the property under discussion. In the 4,723 transactions TPL has closed across the country to date, this is something we routinely encounter, yet we are still able to eventually "come to terms" with our landowner partners and successfully move forward. A common approach when a disagreement over value exists is the procurement of a third appraisal. As you know, this is an option specifically identified under the SLA when buyer and seller can't come to terms. However, this step of receiving a third appraisal requires both parties to be working in good faith. As such, I want to stress again TPL's willingness to pay 50% of the cost to procure a third appraisal and ask that the City of Garden Grove partner with us in this process by committing to pay the balance of 50%. Whatever the City's decision is to this request, please provide a response by July 22, 2021 so that we can quickly determine our next steps.

Until then, we look forward to receiving George Hamilton Jones' response to Beth Finestone's review of their appraisal.

Thank you,

Robin Mark
323.333.6310