

OAKLAND OVERSIGHT BOARD

RESOLUTION No. 2012- 10

A RESOLUTION AUTHORIZING THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY ("ORSA") TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE CITY OF OAKLAND AND SUNFIELD DEVELOPMENT, LLC, OR ITS APPROVED AFFILIATE ("DEVELOPER"), FOR THE SALE OF PROPERTY AT FOOTHILL BOULEVARD AND SEMINARY AVENUE (the "PROPERTY") FOR NO LESS THAN \$6,000 FOR DEVELOPMENT AS A RETAIL SHOPPING CENTER, AND AUTHORIZING AN AGREEMENT WITH THE CITY OF OAKLAND TO PROVIDE \$150,000 FOR REMEDIATION/DEMOLITION OF THE SITE; THE SALE OF THE PROPERTY FROM ORSA TO DEVELOPER BEING CONTINGENT UPON TITLE TO THE PROPERTY BEING VESTED IN ORSA, AND THE PROVISION OF \$150,000 BEING CONTINGENT UPON \$150,000 FROM THE FUNDING AGREEMENT (DEFINED HEREIN) HAVING BEEN TRANSFERRED TO AND HELD BY ORSA.

WHEREAS, the City of Oakland (the "City") owns eleven contiguous vacant parcels of land located at the southwest corner of Foothill Boulevard and Seminary Avenue (the "Property"), consisting of 1.73 acres, as more particularly described in the Oakland City Council Report presented and approved on May 15, 2012; and

WHEREAS, on September 4, 2009, a Notice of Development Opportunities ("NODO") was issued to solicit development proposals for the Property; and

WHEREAS, of the three proposals received in response to the NODO, the Agency's review panel awarded the highest number of points to the proposal submitted by Sunfield Development, LLC ("Sunfield"); and

WHEREAS, Sunfield has proposed to develop approximately 26,950 square feet of new neighborhood-serving retail uses with 73 off-street parking stalls (the "Project"); and

WHEREAS, the Property was transferred by the Redevelopment Agency of the City of Oakland (the "Agency") to the City on January 31, 2012, pursuant to a Purchase and Sale Agreement entered on March 3, 2011; and

WHEREAS, \$150,000 for Remediation/Demolition of the Property was transferred to the City from the Agency under the Funding Agreement dated March 3, 2011 (the "Funding Agreement"); and

WHEREAS, on January 10, 2012, the City Council adopted Resolution No. 83679 C.M.S. electing to become the successor agency to the Redevelopment Agency of the City of Oakland pursuant to Health & Safety Code Sections 34171(j) and 34173 upon Redevelopment Agency dissolution; and

WHEREAS, the Redevelopment Agency of the City of Oakland dissolved on February 1, 2012; and

WHEREAS, on May 15, 2012, the City Council of the City of Oakland approved Ordinance No. 13114 authorizing a Disposition and Development Agreement (the "DDA") with Sunfield for the sale of the Property for \$6,000 for development of the Project and allocating \$150,000 for remediation/demolition of the site; and

WHEREAS, on July 17, 2012, the Oakland Redevelopment Successor Agency ("ORSA") approved Resolution No. 2012-0004 authorizing ORSA to enter into a Disposition and Development Agreement with the City and Sunfield for the sale of the Property for no less than \$6,000 for of the Project, and authorizing an agreement with the City to provide up to \$150,000 for remediation/demolition of the site; and

WHEREAS, the DDA will set forth the terms and conditions under which the City or ORSA, whichever holds title at the time of closing, will sell the Property to Sunfield, and by which Sunfield will expeditiously construct the Project on the Property; and

WHEREAS, California Health and Safety Code Section 34181 (a) provides that the oversight board direct the successor agency to dispose of all assets and property of the former redevelopment agency expeditiously and in a manner aimed at maximizing value for the taxing entities, and that the oversight board's approval of such disposition be at a public meeting after at least 10 days' notice to the public of the specific proposed action; and

WHEREAS, public notice of the specific action proposed in this Resolution was provided on the Oakland Oversight Board's website on August 10, 2012, ten days' in advance of the August 20, 2012 Oversight Board meeting; and

WHEREAS, it is estimated that construction of the Project will take approximately nine (9) to twelve (12) months to provide complete turn-key operation for tenants, and

WHEREAS, Sunfield has reported that it has already secured Letters of Interest (LOI's) from three substantial tenants – Walgreens, T-Mobile and UPS – for the Project; and

WHEREAS, the Property and development of the Project will soon generate financial benefits in the form of property taxes and sales taxes, and such property and sales taxes will be distributed to specified taxing entities in Alameda County pursuant to state law; and

WHEREAS, it is estimated that the developed Project on the Property will produce \$85,372 more in property taxes for the taxing entities per year in the near term, than a sale of the Property in its current vacant condition without any prospect for imminent development; and

WHEREAS, it is estimated that the developed Project on the Property will generate \$607,500 in sales taxes for the taxing entities per year in the near term, while a sale of the Property in its current condition without any prospect for imminent development would generate no sales taxes; and

WHEREAS, it is estimated that the net present value over a 10 year period accruing to the taxing entities from property taxes and sales taxes is \$4 million; and

WHEREAS, ORSA wishes to enter into the DDA for the Project along with the City to provide for a sale of the Property to Sunfield for development of the Project in the event that the Property is conveyed to ORSA; and

WHEREAS, remediation costs are listed as enforceable obligations on ORSA's approved Recognized Obligation Payment Schedule; and

WHEREAS, Health and Safety Code Section 34178(a) allows a successor agency to enter into an agreement with its sponsoring city with the approval of the oversight board; and

WHEREAS, the development of the Property will bring a vacant property to productive economic use, and act as a catalyst for the Foothill Seminary commercial district; and

WHEREAS, a reuse value analysis undertaken by Keyser Marston Associates, Inc., concludes that, based on a financial feasibility analysis of the proposed Project, the fair reuse value of the Property is nominal, and a sale of the Property to Sunfield at the price of \$6,000 is consistent with that analysis; now, therefore

Based on the foregoing recitals and the documentation presented to the Oakland Oversight Board at a public meeting, the Oakland Oversight Board does resolve as follows:

SECTION 1. The Oakland Oversight Board finds and determines that the disposition of the Property for a Project as negotiated under the DDA will be of benefit to the taxing entities that will reap substantial additional property taxes from the Property and substantial additional sales taxes generated from the Project, and that a sale under such conditions and yielding such benefits will best maximize the value of the Property for the taxing entities.

SECTION 2. The Oakland Oversight Board hereby authorizes and approves the conveyance of the Property to Sunfield Development, LLC, or an affiliated entity approved by the ORSA Administrator ("Developer"), for the price of no less than \$6,000, in return for an agreement by the Developer to expeditiously develop and operate the Project as a neighborhood-serving commercial retail center; the sale of the Property from ORSA to the Developer being contingent upon title to the Property being held by ORSA.

SECTION 3. The Oakland Oversight Board hereby authorizes the ORSA Administrator to negotiate and enter into an agreement with the City to approve the use of \$150,000 from the Funding Agreement advance from the Central City East TA Bonds Series 2006A-T (Taxable) Fund (5643) as an allowance to the Developer for environmental remediation/demolition of the Property; the approval of the use of the \$150,000 being contingent upon the \$150,000 having been transferred to and being held by ORSA.

SECTION 4. The Oakland Oversight Board hereby authorizes the ORSA Administrator or her designee to negotiate and execute a DDA with the Developer, along with the City, for the sale and development of the Property consistent with the terms of this Resolution, and consistent with all applicable laws, as well as to negotiate and execute grant deeds and any other agreements or documents as necessary to convey the Property to the Developer upon the satisfaction of any preconveyance conditions imposed by the ORSA Administrator or her designee, should ORSA acquire title to the Property or otherwise be required to execute such documents.

SECTION 5. The Oakland Oversight Board requires that all agreements associated with the Property and the Project, including without limitation the DDA, shall be reviewed and approved as to form and legality by ORSA and Oversight Board General Counsel prior to execution by ORSA, and shall be placed on file with the ORSA Secretary.

ADOPTED, OAKLAND, CALIFORNIA, August 20, 2012

PASSED BY THE FOLLOWING VOTE:

AYES- CARSON, GERARD, LEVIN, ORTIZ, QUAN, SMITH, TUCKER

NOES-

ABSENT-

ABSTENTION-

ATTEST:



SECRETARY, OAKLAND
OVERSIGHT BOARD