

MEETING DATE: May 12, 2015

ITEM VI.B: Consideration and adoption of Resolution No. 62 of the Oversight Board Approving the Transfer of Governmental Use Property from the Successor Agency to the County of Santa Clara Pursuant to Health and Safety Code Section 34181(a) and In Accordance with the Long Range Property Management Plan.

RECOMMENDED ACTION:

Adoption of Resolution No. 62 of the Oversight Board Approving the Transfer of Governmental Use Property from the Successor Agency to the County of Santa Clara Pursuant to Health and Safety Code Section 34181(a) and In Accordance with the Long Range Property Management Plan.

BACKGROUND AND DISCUSSION:

Under Health and Safety Code Section 34191.4, the Successor Agency has a Long Range Property Management Plan (“LRPMP”), which was approved by the Oversight Board on February 10, 2015, and by the California Department of Finance (“DOF”) on March 9, 2015. Per the LRPMP, one property, the County Health Center Parking Garage, is to be transferred to the County of Santa Clara for Governmental Use. The property is located and described as 93 North Main Street, Milpitas California. A public notice concerning this public meeting was posted on April 24, 2015, in accordance with Health and Safety Code Section 34181(f).

The attached resolution approves the transfer of the County Health Center Parking Garage. Exhibit A will be posted upon completion.

Counsel for the Successor Agency has submitted a legal memorandum requesting that a condition be added to the transfer and that members of the Oversight Board appointed by the County recuse themselves. Special Counsel for the Oversight Board will address the issues raised in the legal memorandum at the Oversight Board meeting.

RESOLUTION NO. 62

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE MILPITAS REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY AS REQUIRED BY THE LONG RANGE PROPERTY MANAGEMENT PLAN AND APPROVING THE CONVEYANCE DOCUMENTS

WHEREAS, the California State Legislature enacted Assembly Bill x1 26 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.), as amended by Assembly bill 1484, Statutes of 2012, enacted June 27, 2012 (the “Dissolution Law”); and

WHEREAS, pursuant to Health and Safety Code section 34191.5, the Successor Agency to the Milpitas Redevelopment Agency (the “Successor Agency”) shall prepare a long-range property management plan (“LRPMP”) to address the disposition and use of the real properties of the Successor Agency; and

WHEREAS, the LRPMP was approved by the Oversight Board on February 10, 2015 and approved by the Department of Finance on March 9, 2015; and

WHEREAS, the Successor Agency holds title to the real property commonly known as the County Health Center Parking Garage (the “Property”) located at 93 North Main Street, Milpitas, CA 95035 (Assessor’s Parcel Number 022-08-003) and more particularly described in the grant deed (the “Grant Deed”) attached hereto as Exhibit A; and

WHEREAS, the LRPMP requires that the Property be transferred to the County of Santa Clara (the “County”) for governmental use; and

WHEREAS, the requirements of Health & Safety Code section 34181(f) have been satisfied, in that the Oversight Board has held a public meeting to consider the transfer of the Property from the Successor Agency to the County, ten (10) days public notice of said transfer was provided, and members of the public have been given an opportunity to comment on the transfer of the Property.

NOW, THEREFORE, the Oversight Board of the Successor Agency resolves as follows:

Section 1. The foregoing recitals set forth above are true and correct and are incorporated herein by reference.

Section 2. Consistent with Health & Safety Code sections 34181(a) and 34191.3 and in accordance with the LRPMP, the Oversight Board hereby directs the Successor Agency to transfer ownership of the Property to the County by delivery of the Grant Deed.

Section 3. The Oversight Board hereby authorizes and directs the Successor Agency Executive Director or the Executive Director's designee to execute the Grant Deed and to take any other action and execute any other documents as may be necessary to implement the transfer

of the Property to the County pursuant to the terms approved in this Resolution, and that such action shall be taken within thirty (30) days of the effective date of this Resolution.

Section 4. This resolution will become effective as provided by Health and Safety Code section 34179 (h).

PASSED and ADOPTED this 12th day of May 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Maribel S. Medina
Oversight Board Chair

Attachment: Exhibit A – Grant Deed



CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479
 PHONE: 408-586-3050, FAX: 408-586-3056, www.ci.milpitas.ca.gov

Date: May 4, 2015
 To: Oversight Board
 From: Michael Ogaz, Milpitas City Attorney *M.O.*
 Subject: Transfer of Health Center Garage to County

Recommended Action

Direct Successor Agency staff to transfer title of the Health Center Parking Garage to the County of Santa Clara, as outlined in the Long Range Property Management Plan (LRPMP) approved by the Oversight Board and the State Department of Finance, upon the condition that the County pay \$1,979,775 to the Successor Agency to be distributed amongst the Taxing Entities as provided under Section 4.3 of the Ground Lease and also preserving the public parking provisions described in Sections 6.4 and 6.6.2 of the Ground Lease, as well as the use restrictions set forth in Sections 6.1.1 and 7.3 of the DDA and environmental monitoring as specified in the Long Range Property Management Plan. Copies of the relevant sections are attached.

In addition, the Successor Agency requests that all Board Members who are current employees of Santa Clara County or who were appointed by the County Board of Supervisors, recuse themselves from participation in the consideration of this action item on the grounds that such persons have a conflict of interest as employees of the County, a public entity with a fiscal interest in the outcome of this action item which is directly contrary to the fiscal interests of the Taxing Entities, to which each Board member owes a fiduciary duty.

Background

The Oversight Board approved the final Amended Long Range Property Management Plan ("LRPMP") on February 10, 2015. The Plan provides that transfer of the Health Center Garage is to "be retained for governmental use and transferred to the County of Santa Clara not later than 60 days following approval" of the Plan by DOF. The Plan goes on to mention that the transfer "shall take place subject to all the same conditions and covenants currently in the lease regarding public parking and environmental monitoring."

Of particular note, the LRPMP does not indicate that consideration (payment of money) for the transfer will not be required. However, review of the Option provisions within the Ground Lease (Section 4.1) indicates that significant compensation was contemplated as transfer to the County and is subject to the "terms and conditions set forth in this Article IV and the Purchase and Sale Agreement attached hereto as Exhibit C and incorporated herein by reference..." Review of the Purchase and Sale Agreement reveals the following language: "in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged..." In determining what is "valuable consideration," the Agreement goes on to state that the "Purchase Price is that amount determined in Article IV of the Ground Lease, i.e., \$1,979,775. The conclusion from all this is that the County's "governmental use" is subject to the terms of the Ground Lease which requires it to pay \$1,979,775 to the benefit of the Taxing Entities. Instead, the County seeks a windfall, getting the property free and clear, at the expense of the Taxing Entities. This is neither just nor in accord with the Dissolution Laws.

The Redevelopment Agency provided funding in accordance with the Community Redevelopment Law (the "CRL") for purchase of the Parking Garage site. The value of that purchase is reflected in the Option

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purchase price of \$1,979,775, designated in the Ground Lease. The inheritors of that value should be the Taxing Entities. The County should not receive a windfall as a result of the dissolution of redevelopment at the expense of the Taxing Entities. The spirit of the Dissolution Laws is to make the Taxing Entities the beneficiaries of excess monies and properties in the hands of the Successor to the former Redevelopment Agency.

Arguments by the County that the Purchase Price of \$1,979,775 was to be expended in 75 years and therefore has zero present value are disingenuous. It is clear from the Ground Lease, Section 4.3, that the Purchase Price applies whenever the Option is exercised and, according to Section 4.2, the Option was to be exercised "during the 12-month period prior to the Lease Termination Date." The current contemplated action of transferring title to the County effectively will terminate the Lease as it will be merged with fee title conveyed to the County. As such, the Option period is now in effect and the Purchase Price currently operative and effective. Of course, an alternative would be that the County not exercise the Option, allowing full use and title of the property to revert to the Successor Agency to the ultimate benefit of the Taxing Entities. As that would be inconsistent with transfer of title to the County, it must be assumed that the County by implication intends to exercise the Option to pay the Purchase Price since it was at the County's suggestion that the LRPMP contain a provision to transfer title of the Parking Garage to it.

However you slice it, the Taxing Entities should benefit from the value of the land purchased by the RDA at the agreed price of \$1,979,775. The Board has a fiduciary duty owed to the Taxing Entities not to give this money away to the County.

Attachments:

- A: Ground Lease, Article IV, Option to Purchase, Sections 4.1, 4.2, 4.3
- B: Ground Lease, Article VI, Management, Use And Operation of the Property, Sections 6.4, 6.6.2
- C: Disposition and Development Agreement, Article VI, Use of the Property, Section 6.1.1
- D: Disposition and Development Agreement, Article VII, Parking Garage, Section 7.3

ATTACHMENT A

collectively the “**Indemnitees**”) harmless from and against all liabilities, losses, damages, fines, deficiencies, penalties, claims, demands, suits, actions, causes of action, legal or administrative proceedings, judgments, costs and expenses (including without limitation reasonable attorneys’ fees and court costs) (all of the foregoing, collectively “**Claims**”) arising as a result of or in connection with any such contest brought by County. During any contest of an Imposition, County shall (by payment of disputed sums, if necessary) prevent any advertisement of tax sale, foreclosure of, or any divesting of Agency’s title, reversion or other interest in the Land or the Improvements. Upon final determination of the amount or validity of any Imposition contested pursuant to this Section, County shall immediately pay such Imposition and all costs and expenses relating to such challenge.

3.3 County Duty to File. County shall have the duty of making or filing any declaration, statement or report which may be necessary or advisable in connection with the determination, equalization, reduction or payment of any Imposition which is or which may become payable by County under the provisions of this Article III, and Agency shall not be responsible for the contents of any such declaration, statement or report; provided however, Agency shall cooperate with County in connection with the foregoing, including joinder in any application pertaining thereto to the extent required under Applicable Law, all at no cost to Agency.

3.4 Utilities. Throughout the Term, County shall be responsible for all costs associated with the provision of utilities and services to the Property, including without limitation electricity, gas, water, sewer, waste disposal, trash collection, janitorial, repair and maintenance services, telephone or other communication service, or any other utility service used, rendered or supplied upon or in connection with the Property or the Improvements or any part thereof. County shall also obtain, or cause to be obtained, without cost to Agency, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Land of wires, pipes, conduits and other equipment for the supply of utilities to the Property. Notwithstanding the foregoing, County shall have the right to challenge the amount or validity of the foregoing charges, provided that doing so does not result in the Land or the Improvements being subjected to any lien or other encumbrance.

ARTICLE IV OPTION TO PURCHASE

4.1 Grant of Option. Agency hereby grants to County an option to purchase the Property (“**Option**”) on the terms and conditions set forth in this Article IV and in the Purchase and Sale Agreement attached hereto as Exhibit C and incorporated herein by reference (“**Purchase Agreement**”).

4.2 Term. The Option shall be exercisable by County at any time during the 12-month period prior to the Lease Termination Date (“**Option Term**”). The Option shall terminate on the Lease Termination Date.

4.3 Purchase Price. Provided that at the time of exercise of the Option, the Health Center Site and the improvements located thereon are not used for Private Use (nor for those uses described in Section 6.1.2 of the DDA), and provided further that County covenants not to use the Health Center Site and the improvements located or to be located thereon for Private Use

(nor for those uses described in Section 6.1.2 of the DDA) during County's ownership, then the purchase price payable by County for the Property ("Purchase Price") shall be One Million Nine Hundred Seventy-Nine Thousand Seven Hundred Seventy-Five Dollars (\$1,979,775) and the foregoing use restriction shall be included in the grant deed conveying the Land to County or other appropriate instrument. If the requirements set forth in this Section 4.3 are not met, then the Parties shall meet in good faith to negotiate the Purchase Price, taking into consideration the restrictions on the Health Center Site and/or the Property pursuant to this Lease and the DDA and the need for the Health Center Garage to provide parking for the Health Center Site.

4.4 Method of Exercise.

4.4.1 Notice of Exercise. To exercise the Option, County shall provide Agency with written notice of its intent to exercise ("Notice of Exercise") prior to the expiration of the Option Term.

4.4.2 No Assignment; Option Conditions. The Option is personal to County and may not be sold, hypothecated, assigned or otherwise transferred voluntarily, involuntarily, by operation of law or otherwise absent the written consent of Agency. The Option may be exercised only by County (and not by any assignee, sublessee, or other voluntary or involuntary transferee of County's interest in the Lease or the Property) and only if at the time of delivery of the Notice of Exercise: (i) County is not in default under this Lease, (ii) County is the fee owner of the Health Center Site, (iii) the Health Center Site is in use as a County-owned and operated health or other governmental facility, and (iv) the Health Center Site is not in use as a jail, detention center, probation offices, drug or alcohol rehabilitation or similar use.

4.4.3 Execution of Purchase Agreement. Upon exercise of the Option (i) the Purchase Agreement shall be dated as of the date of the Notice of Exercise, and (ii) the Parties shall each promptly execute and deliver two counterpart copies of the Purchase Agreement to each other.

4.4.4 Escrow and Closing. Upon exercise of the Option, County and Agency shall establish an escrow as set forth in the Purchase Agreement. Close of escrow shall occur within the time period set forth in the Purchase Agreement.

4.4.5 State of Title. At close of escrow, Agency shall by grant deed convey to County, fee simple title to the Property free and clear of all title defects, liens, encumbrances, deeds of trust, and mortgages, except (i) the Permitted Title Exceptions, (ii) nondelinquent real property taxes and assessments, (iii) such exceptions to title as have arisen due to County action or which have been approved by County, and (iv) easements permitted pursuant to Section 6.6.1.

4.6 Option Upon Sale or Lease of Health Center. If the County determines to lease or sell the Health Center or the Health Center Site for private use during the Term, County shall have an option to purchase the Property for its fair market value at the time of the purchase as determined by an appraisal paid for by County and by an appraiser reasonably acceptable to the County and the Agency. To exercise the option described in this Section 4.6, County shall provide Agency with no less than one month advance written notice. The purchase and sale shall be consummated pursuant to the Purchase Agreement and this Article IV except as otherwise stated in this Section 4.6. The option described in this Section 4.6 is personal to County and may not

ATTACHMENT B

responsibilities. County shall provide Agency with a copy of the RFP for Agency review and comment prior to County's issuance of the RFP. County shall ensure that all persons or entities to which County has delegated responsibility for maintenance and operation of the Property comply with the provisions of this Agreement and all Applicable Laws. Any contracting of management services by County shall not relieve County of its primary responsibility for proper performance of management duties with respect to operation and maintenance of the Property.

6.3 License Agreements. Agency shall have the right to review all license and similar agreements affecting the Property or the Improvements, including without limitation any rooftop license agreement for communications equipment. All such agreements shall be in writing and: (i) shall be expressly subject to this Agreement, (ii) shall be terminable for cause, (iii) shall be for a term that does not exceed the Term of this Agreement and shall be terminable upon Lease Termination, (iv) shall require the licensee or permittee to provide proof of adequate insurance, and (v) shall require the licensee or permittee to indemnify, defend and hold Indemnitees harmless from and against all liability for property damage, personal injury or other Claim. No contract, license or permit entered into or granted by County shall purport to transfer or convey an interest in the Land or the Improvements.

6.4 Public Parking; Parking Fees. County shall make the Health Center Garage available for general public use at no cost during evenings, weekends, and holidays when the Health Center is not open for regular business. As of the Effective Date, the Health Center's regular business hours are 7:00 a.m. to 6:00 p.m. Monday through Friday. However, the Health Center's regular business hours are subject to change. The availability for general public use shall change according to the change in the Health Center's regular business hours and shall be subject to reasonable restrictions determined by the County to be necessary for the maintenance and security of the Health Center Garage. In addition, ninety (90) spaces on the first floor of the Health Center Garage shall be marked "Reserved" and available only to users of the Health Center at all times. County will not charge parking fees for use of the Health Center Garage, and neither Agency nor City will charge parking fees for use of the Midtown Garage East (defined in the DDA). The Parties acknowledge that it may be necessary for the County to install a validation system to ensure that the Health Center Garage is available to Health Center patrons during the Health Center's regular business hours. The Parties agree that if either determines that it is necessary or desirable to charge fees for parking, the Parties will meet and confer in good faith to develop mutually acceptable policies to ensure that the Midtown Garage East primarily serves the Library and the Health Center Garage primarily serves the Health Center. The Parties further agree that they will jointly develop a mutually acceptable policy for special event parking.

6.5 Nondiscrimination. County covenants that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, familial status, ancestry or national origin in the use, occupancy, or enjoyment of the Property or part thereof, nor shall County or any person claiming under or through County establish or permit any such practice or practices of discrimination or segregation with respect to the leasing, subleasing, transfer, use, tenure or enjoyment of the Property or part thereof or in the hiring, promotion, or employment of employees, consultants or contractors. County shall include such provisions in all leases, licenses, permits, contracts and

other instruments executed by County with respect to the Property, and shall diligently enforce the same.

6.6 Easements; Reservation of Rights.

6.6.1 Public Utility Easements. Agency reserves the right to locate and construct its own utilities and to grant nonexclusive easements across the Property for utility and other purposes including the installation, maintenance, repair and replacement of utilities; provided that the exercise of such rights do not unreasonably interfere with County's use of the Property for the purposes set forth herein. County shall have no right to grant easements, licenses or any other interest in or right to use the Property without Agency's prior written consent. Agency agrees to join in granting or dedicating such public or private utility or other easements as may be reasonably required for the development of the Project in accordance with this Lease. Agency will not unreasonably withhold its consent to County's grant of easements, permits to enter, rights of way, and similar property interests (including, without limitation, easements for telephone, electricity, water, access, and sanitary or storm sewers) that are useful or necessary for the construction of the Improvements or the County's use of the Property for the purposes permitted hereunder during the Term.

6.6.2 Public Access and Parking Rights. Agency hereby reserves public access and parking rights ("**Parking Rights**") providing Agency and members of the public with pedestrian and vehicular ingress, egress, access and parking rights in the Health Center Garage during evenings, weekends and holidays pursuant to Section 6.4 hereof and Section 7.3 of the DDA. If, during the Term of this Lease, the Health Center Garage is destroyed to the extent that it can not be utilized as a parking garage, the Parking Rights shall be suspended until such time that the Health Center Garage is repaired or replaced.

6.7 Maintenance and Inspection of the Property and the Project.

6.7.1 Maintenance. At County's sole cost and expense throughout the Term, County shall operate, maintain and manage the Property and the Improvements including all, landscaping and improvements thereon in good order and repair and in neat, clean sanitary and safe condition in compliance with all local, state and federal laws, statutes and regulations relating to the use, occupancy or operation of the Property. County shall ensure that the Health Center Garage is served by adequate lighting in accordance with applicable building codes. County shall promptly, at County's own cost and expense, make all necessary repairs, including replacements or renewals when necessary, and all such repairs shall be at least equal in quality to the original work, reasonable wear and tear accepted. County shall keep and maintain all portions of the Property in a clean and orderly condition, free of accumulation of dirt, rubbish, and graffiti. Subject to Section 15.5, County's failure to maintain the Property in accordance with this Agreement shall, in Agency's discretion, be grounds for termination of this Lease pursuant to Article XVI.

6.7.2 Inspection. At any time during the Term, upon reasonable advance notice and during normal business hours, Agency may inspect the Property to confirm that it is being properly maintained as required herein. Following its inspection, Agency may deliver to County written notification of any portions of the Property which Agency has determined are not being

ATTACHMENT C

5.19 Damages. If County fails to complete construction of the Health Center prior to completion of the North Main Street Improvements and such delay results in physical damage to the North Main Street Improvements, County shall pay to Agency an amount equal to the cost to repair all such physical damage.

ARTICLE VI

USE OF THE PROPERTY

6.1 Uses. Except as otherwise provided herein, County's obligations under this Agreement shall apply until a Certificate of Completion is issued for the Health Center. Without limiting the generality of the foregoing (i) the covenants against discrimination specified in Section 6.3 of this Agreement shall be perpetual, (ii) the covenants pertaining to use and maintenance of the Health Center Site and the improvements to be constructed thereon, including without limitation, County's obligation to comply with the Mitigation Monitoring and Reporting Program pursuant to Section 2.1.4 and the covenants set forth in Subsections 6.1.1 shall continue in effect for so long as a facility providing Primary Medical Services is located on the Health Center Site, and (iii) the covenants set forth in Section 6.1.2 shall be perpetual.

6.1.1 Medical Services. Initially, the Health Center shall provide some or all of the following primary medical services ("**Primary Medical Services**"): internal medicine, obstetrics and gynecology, pediatrics, ophthalmology/optometry, podiatry, dentistry, immunization, geriatrics, and women's, infant's and children's (WIC) supplemental nutrition services, and some or all of the following medical support services: pharmacy, radiology services, clinical laboratory, records and administration, and a community meeting room. The Parties agree that under no circumstances shall mental health, alcohol and drug rehabilitation services be offered as a primary service at the Health Center; provided however, such services may be provided to Health Center patients on a limited basis ancillary to delivery of Primary Medical Services.

6.1.2 Restriction on Use. County agrees that absent the approval of the City Council of the City of Milpitas, subject to Section 6.1.1, the Health Center Site shall not be used for the operation of law enforcement detention, jail, probation office, mental health, drug or alcohol rehabilitation facilities or any similar purpose. The provisions of this Section shall survive the recordation of a Certificate of Completion.

6.2 Maintenance. County shall maintain the Health Center and the landscaping on the Health Center Site in accordance with the Milpitas Municipal Code in a manner consistent with community standards.

6.3 Non-Discrimination and Mandatory Language in All Subsequent Deeds, Leases and Contracts. County covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, ancestry, or national origin of any person in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Health Center or the Health Center Site, nor shall County or any person claiming under or through County establish or permit any such practice or practices of discrimination or segregation with

ATTACHMENT D

Garage pursuant to this Agreement and the Garage Site Ground Lease which the Parties shall execute and deliver concurrently with the execution of this Agreement.

7.2 Garage Location. County shall construct the Health Center Garage on the Health Center Garage Site pursuant to the terms and conditions set forth in the Garage Site Ground Lease on a schedule that provides for the Health Center Garage to be open and accessible to Health Center employees and patrons no later than concurrently with the opening of the Health Center

7.3 City Use of Health Center Garage; Garage Operations; Parking Fees. The County will make the Garage available for public use as more particularly set forth in Section 6.4 of the Garage Site Ground Lease. As more particularly described in Section 6.7.1 of the Garage Site Ground Lease, County shall have responsibility for operation and maintenance of the Health Center Garage at County expense. Parking Fees are addressed in Section 6.4 of the Garage Site Ground Lease.

7.4 Garage Design. County agrees that the design and Exterior Elements (as defined in Section 2.1.3) of the Health Center Garage shall be of a quality and appearance that is consistent with the exterior appearance of the Health Center. The Health Center Garage shall include a plaza area on the corner of Calaveras Blvd. and North Main Street which shall be compatible in design and materials with the streetscape for North Main Street. County shall consult with Agency regarding the design of the Health Center Garage and shall provide an opportunity for Agency review and comment on its security features and exterior design and appearance. Prior to commencement of construction of the Health Center Garage County shall provide the City with an opportunity to review and approve the site plan for the Health Center Garage for the purpose of ensuring adequate access for emergency vehicles.

ARTICLE VIII

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL

8.1 Identity of Developer; Changes Only Pursuant to this Agreement. County has represented that it possesses the necessary expertise, skill and ability to carry out the development of the Health Center and the Health Center Garage pursuant to this Agreement and the Garage Site Ground Lease. The qualifications, experience, financial capability and expertise of County are of particular concern to the Agency. It is because of those qualifications, experience, financial capability and expertise that the Agency has entered into this Agreement with County. No voluntary or involuntary successor in interest to County shall acquire any rights or powers under this Agreement, except as hereinafter provided.

8.2 Prohibition on Transfer. Prior to the issuance of a Certificate of Completion for the Health Center pursuant to Section 5.13, County shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively "Transfer") of the whole or any part of the Health Center Site, the improvements constructed thereon, or this Agreement without the prior written approval of the Agency which the Agency may withhold in its sole and absolute discretion. Any such attempt to assign this Agreement

MEETING DATE: May 12, 2015

ITEM VI.C.2: April 22, 2015 Email from Department of Finance to Emma Karlen Regarding Review of Oversight Board Resolution No. 59.

The following email was received by Special Counsel on May 4, 2015, from the Department of Finance.

From: Mishra, Anmol
Sent: Wednesday, April 22, 2015 8:24 AM
To: 'ekarlen@ci.milpitas.ca.gov'
Cc: Smith, Jared; Griffe, Wendy; 'jcorpus@ci.milpitas.ca.gov'
Subject: Oversight Board Resolution No. 59

Good Morning,

We are in receipt of your Oversight Board Action, Resolution No. 59 relating to necessity to complete appraisal process for disposition of real property in accordance with approved Long-Range Property Management Plan, expressing concerns, and seeking assistance and direction from the department of Finance and State Controller's Office. Pursuant to HSC 34179(h) the Department of Finance (Finance) may request a review of Oversight Board actions submitted to the department. This email serves as notice that we are requesting a review of this action.

Since Finance is statutorily obligated to operate within a 40 day review period we may be contacting you to obtain further clarification and/or supporting documentation. We hope to work expeditiously with you to resolve these questions within the specified time frame.

Anmol Mishra