OVERSIGHT BOARD

JUNE 29, 2015

AGENDA MATERIALS

MILPITAS OVERSIGHT BOARD

TO THE CITY OF MILPITAS ACTING AS THE RDA SUCCESSOR AGENCY

455 EAST CALAVERAS BOULEVARD, MILPITAS, CA 95035-5479
GENERAL INFORMATION: 408-586-3000 www.ci.milpitas.ca.gov

MILPITAS OVERSIGHT BOARD MEETING

Milpitas City Hall, Committee Room
455 E. Calaveras Blvd., Milpitas, CA

MEMBERS:

Maribel Medina, Chair
Michael Mendizabal
Althea Polanski
Emma Karlen
Bruce Knopf
Mike McInerney
Glen Williams

ALTERNATES:

Jane Corpus Takahashi
Rudy Nasal
Michael Murdter
Alan Minato

DRAFT Minutes of the May 12, 2015 Meeting

I. CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Chair Medina called the meeting to order at 4:00 p.m.

ROLL CALL

MEMBERS PRESENT: Maribel Medina, Emma Karlen, Mike McInerney, Bruce Knopf, Mike Mendizabal, Althea Polanksi and Glen Williams

MEMBERS ABSENT: None

II. PUBLIC FORUM

1. Mr. Don Peoples complimented the Board for its service and said he supports the Oversight Board's goals. He explained that 86 N. Main Street has been the subject of a 15 year task to turn it into a park. The property was lost to a developer and then recovered through Redevelopment and has been in the City's General Plan. Mr. Peoples said that recently a group succeeded in establishing a 501(c) 3 for a Milpitas Community Museum, with the property as an ideal place for a museum and a visitor's center. Mr. Peoples said there is great community support for the plan, with a petition drive in the process to show the Board that support. Mr. Peoples pleaded with the Board for a mechanism to keep this property in the community, calling it a great asset.

Mr. Peoples also addressed the Board on the Cracolice property (540 S. Abel Street) saying that this property goes back approximately 60 years. Mr. Peoples said he served on the YMCA board, and that organization was at this location for many years, supported by the community, but left for reasons relating to the building and maintenance issues. Mr. Peoples said that the Cracolice building would have been first choice for a museum and requested that the Board to keep this property in the community.

Mr. Mark Tiernan addressed the Board, saying he is a former member of the Planning Commission and is a member of the Historical Society and echoed Mr. Peoples' sentiments about the Cracolice property, calling it extremely valuable to the citizens of Milpitas. Mr. Tiernan feels the property offers a great opportunity to showcase Milpitas' history and art

III. APPROVAL OF AGENDA

Moved by Ms. Polanski and seconded by Mr. Knopf, to approve the agenda. The motion passed unanimously.

IV. APPROVAL OF MINUTES FOR April 8, 2015.

Moved by Mr. McInerney and seconded by Mr. Knopf to approve the minutes of April 8, 2015. The motion passed unanimously.

V. OLD BUSINESS

None

VI. NEW BUSINESS

A. Report from Ad Hoc Committee of Oversight Board Regarding RFP Process and Recommending Adoption of Resolution No. 61 of the Oversight Board Approving Request for Proposals (RFP) for Property Located at 86 No. Main Street, Milpitas, CA.

Ms. Montoy presented the staff report recommending adoption of Resolution No 61, by which the Oversight Board Ad Hoc Committee (Medina, Polanski & Williams) recommended adoption of Resolution No. 61 approving a Request for Proposals (RFP) for the sale of Property No. 1 listed on the Long Range Property Management Plan and located at 86 N. Main Street, Milpitas, California.

Ms. Karlen asked Ms. Montoy who will receive the proposals and will the Successor Agency receive copies of the RFP. Ms. Montoy said the RFP's will be collected by her then submitted to the ad hoc committee who will review and make recommendations. Ms. Montoy noted the Successor Agency will also have an opportunity to make comments when the matter comes before the board.

Ms. Karlen referred to page 10, under Background, 3rd paragraph which says the Successor Agency will review proposals and transmit its recommendations to the Oversight Board to the City of Milpitas regarding the Successor Agency receiving copies. Ms. Montoy said that the City will receive a copy of the proposal adding that since it's an open process the Successor Agency will have a chance to opine on the process.

Mr. Tom Williams pointed out for the record, that the Successor Agency is not the Oversight Board saying they are two different entities.

After a brief discussion to clarify the confusion of the wording of the 3rd paragraph, it will be amended to read "The Successor Agency will review the proposals and transmit its recommendations to the Oversight Board to the Successor Agency ("Oversight Board.")

Moved by Ms. Polanski and seconded by Mr. Williams to approve the RFP. The motion passed unanimously.

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.
1. Consider Legal Memorandum from Successor Agency Counsel Regarding Proposed Transfer of County Health Center Parking Garage.

Ms. Montoy presented the staff report recommending adoption of Resolution No. 62 of the Oversight Board approving the transfer of governmental use property (County Health Center Parking Garage located at 93 North Main Street, Milpitas, CA) 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.

Mr. Ogaz, Successor Agency Counsel, had submitted a memorandum to the Oversight Board concerning this matter and he made a verbal presentation. He noted the property was purchased by Redevelopment Agency before the dissolution of Redevelopment and a ground lease agreement was entered into with the County whereby the County undertook to build a parking garage on the property. The ground lease provided that at such time as the ground lease shall be terminated or within 12 months prior to that, the County would pay to the Redevelopment Agency $1.9 million. He said the dissolution of Redevelopment changed everything and now it's not the Redevelopment Agency but the taxing entities who are essentially the beneficiaries of that ground lease. He argued that as fiduciaries with a responsibility to the taxing entities, the Oversight Board should make the transfer, consistent with the LRPMP requirement that transfer be subject to the terms of the lease, which is the payment of the $1.9 million. The dissolution process contemplated that assets of the RDA that can be liquidated should be liquidated to the benefit of the taxing entities. So, in this case there is $1.9 million that should be paid at termination of the lease, which is essentially now if there is an order by the Oversight Board to transfer the property.

Deputy County Counsel Ray Ruiz distributed a letter from the County dated May 12, 2015, regarding the transfer of the property. Mr. Ruiz said that the County agrees with the City of Milpitas to the extent the LRPMP restricts the use of the property in certain ways and the plan directs the transfer is subject to environmental conditions or restrictions and the public parking restrictions and those are reflected in the Grant Deed. However, the County disagrees with the Successor Agency on amending the LRPMP. He argued that the ground lease provides that the option be exercised at the end of the term; is it is not exercisable at this time.

Ms. Polanski asked how come the part about the purchase of the $1.9 is not part of what the Board is doing so that in the year 2081 it would come back to the taxing entities.

Ms. Montoy said Mr. Ogaz is correct regarding the duties of the Oversight Board and the Board's fiduciary responsibility to the taxing entities. Ms. Montoy stated the DOF letter which approved the LRPMP states the approved LRPMP shall govern and supersede all other provisions relating to the disposition and use of all the real property assets of the former Redevelopment Agency. Ms. Montoy noted the DOF letter addresses only terms and conditions with respect to the environmental matter and the parking. Other provisions concerning the lease are not set forth as conditions. The option was an option for the County to exercise within 12 months of the expiration of the lease. The County is not exercising an option.

Mr. Ogaz noted that we are operating under new legislation. The provisions are to go through and make this determination based on what you already determined in the past with the LRPMP and the DOF has approved.

Ms. Montoy brought up Mr. Ogaz's comment in his letter regarding Board members who are County employees to recuse themselves. Mr. Ogaz argued that persons who are appointed by the County and are existing employees of the County have a conflict of interest with regard to whether they should do what's best for the County or what's best for the taxing entities and that their highest duty is to the taxing entities on the Board. Mr. Ogaz asked that they recuse themselves.

Chair Medina asked Mr. Ogaz in other instances where the Board has done governmental transfers to the City were members of the Board representing the SA/City did they recuse themselves. Mr. Ogaz said he does not know if they did.

Chair Medina asked of Ms. Montoy to address the Conflict of Interest.

Ms. Montoy said another aspect of the Dissolution Law is how these boards were created and are comprised of representatives of taxing entities including two (2) members from the City and two (2) members from the County and then representatives of other taxing entities as per the legislation. There is no legal authority for Mr. Ogaz's position. The Oversight Board members serve without compensation. However, there are employees of the County and other taxing entities that serve on this board. Under the Political Reform Act, which addresses financial interests of individuals on boards such as this, governmental income does not constitute income. The other provision has to do with Government Code 1099, which discusses simultaneous representation of multiple agencies and potential incompatibility of offices and which was expressly addressed in Health and Safety Code Section 34179 (c) wherein the legislature said that board members can sit on as many as four (4) Oversight Boards.

Ms. Karlen said that whenever there's been a vote it's always 5-2. To ask whether the SA should be recused is ridiculous otherwise it would be just five (5) voting.

Mr. Ogaz said he is aware of the authorities Ms. Montoy cited and the regulations regarding financial conflict, but noted he was talking about common law conflicts of interest and asked whether the County appointees could honestly determine that they would be unbiased. Or are you basically going to vote because it's in the self-interest of the County to get this property

for free. He stated the members were "not mandated to" recuse themselves but asked them to do so as they have a conflict and can't be fair. He continued to argue that this was a termination of the lease triggering the option payment. He also noted that the lease and the deed speak valuable consideration and that there is no valuable consideration if the County just gets it "for free." He also said that the fact the payment is not in LRPMP doesn't mean it shouldn't and that the Oversight Board may add that condition.

Mr. Mendizabal agreed with Ms. Montoy's assessment of people having to recuse themselves or not recuse. He said he knew the LRPMP provides for the transfer in the manner presented and did not know if it could be amended. He said the $1.9 should have been part of the transaction. The County would get a certain percentage back. As far as the other government use buildings that went back to the City and were a part of the RDA that was decided in a court case. He stated he would be in favor of changing the agreement and would like Ms. Montoy's opinion.

Ms. Montoy responded by saying DOF has said that the LRPMP governs so if a majority wanted to do it, there are one of two ways: to approve the transfer subject to payment or table this and ask for the LRPMP to be amended. The third option would be to proceed with the item before the Board.

Mr. Mendizabal asked if DOF would be upset with us if we change things.

Ms. Montoy said DOF likes the check list of documents they have approved before. In addition, the transfers made to the Successor Agency were made pursuant to a court settlement by the various parties. With respect to other transfers of governmental property generally they are not made for compensation. When DOF determines that something qualifies as a governmental use as they have here with the approval of the LRPMP they have not required compensation.

Ms. Polanski says she agreed with Mr. Mendizabal because she thinks it should be part of the agreement. She said that money is to get back to the taxing entities. She stated she did not appreciate the lateness of County Counsel's letter. I prefer to get those things in a more timely fashion.

Mr. Knopf said that past actions before the board have definitely had financial impact or benefit for the Successor Agency. The administrative budgets are clear examples of that. The City appointed, Successor Agency representatives took full participation in both deliberations and the final votes and that he would not expect it any other way. Mr. Knopf said he respected their ability to weigh and deliberate items from both sides. He said "I believe I can be fair and I am a County employee but throughout this process I have weighed the issues looking at pros and cons and I thought about those issues on behalf of the taxing entities. I feel all of my votes to this point have represented that." In terms of this particular lease the opportunity for the County to exercise the option, he said it was a window of time at the end of the lease where the County has the opportunity, not the obligation to exercise the option and at that time pay the 1.9 million. He finished by stating the termination of Redevelopment was an action of the state legislature and the process of governmental use transfers really takes precedence over any other agreements that have been in place and that he looked at this transfer in the same way he looked at the transfer of the parking lot adjacent to the library to the City that the OB approved under the governmental use transfers.

Moved by Mr. Knopf and seconded by Mr. Williams to approve the resolution as proposed by staff.

Discussion:

Ms. Karlen addressed Mr. Knopf comments regarding that the Oversight Board "out of the goodness of your heart approved our administration budget." She said that this is the law and that the Board had used the administration budget as a weapon against this Successor Agency. She asked that Mr. Knopf not mention what he did for the Successor Agency at all because he had done nothing for the community.

Mr. Tom Williams said he echoed Ms. Karlen's comments that some of the political discussion was playing to the crowd, and the he objected. "If people were here two years ago they would find that the Oversight Board was trying to take fire stations, was trying to take away our police department office building, was trying to take our corporation yard and there was an actual amount that was dictated by this Oversight Board that at one point in time the Successor Agency (City of Milpitas) was to pay to keep our Police Station Fire Station and Corporation Yard open so for the record I object to those comments of Mr. Mendizabal and Mr. Knopf. Anybody that would like to look at the history it's available."

Ms. Polanski asked if she could understand some of the comments Mr. Knopf made and whether the option goes away with the action before the Board. Mr. Knopf said yes. Ms. Polanski said so the only thing that stays in place is the ability of the citizens of Milpitas to park there when there is non-medical center use and the other terms of the lease. Mr. Knopf said yes.

Ms. Montoy said that if this motion were to pass it would become the County's property and so there would no longer be a lease. If for some reason this motion were not to pass then this property would not transfer and the lease would remain until 2084 and the County would not be required to exercise that option.

Mr. Ogaz read terms of lease: "The Option shall be exercisable by County at any time during the 12-month period prior to the Lease Termination Date." He stated that if the Board approves the transfer that would be the lease termination date. And it's available during the 12-month period prior to that which means right now. He said the Option is available "right now" for the County and if they don't want to exercise it they should allow the transfer to go to the Successor Agency and not the County.

Mr. Glen Williams stated he did not agree with Mr. Ogaz's interpretation. The lease termination date in the lease is within quotation marks. It is a defined term within the lease. And, the defined term is a date specific and in the lease it is very specific. He said that was his interpretation of the lease and would be voting accordingly. He said he sat on this board representing the Library District and the Library District had received a transfer free of charge of the garage associated with it. He said he saw no difference between the transfers.

Ms. Polanski said that as someone who serves representing the City of Milpitas she had no problem with the conflict of interest issue presented. She asked about governmental use.

Mr. Mendizabal responded by saying that governmental use means it is determined that it is for governmental use and the Oversight Board determines which governmental use agency it goes to.

Moved by Mr. Knopf and seconded by Mr. Williams to approve the resolution as proposed by staff.
Chair Medina asked that the vote be taken by roll call. The motion passed with the following vote: **AYES:** Medina, Knopf, McInerney & Williams; **NOES:** Karlen, Mendizabal & Polanski

C. Reports and Correspondence

1. Update from successor Agency Regarding Refunding Bonds for 2003 Allocation Bonds. (Informational Item)

Ms. Montoy said that Ms. Karlen sent the memo to her on Friday, May 8, 2015 and it was forwarded to the City Clerk but the clerk was unable to get it posted, adding that it cannot be transmitted to the Board within 72 hours unless it's posted publicly.

Chair Medina asked Ms. Karlen to give a summary.

Ms. Karlen provided a brief staff report regarding an update on the allocation bonds and attached a table prepared by the Underwriter showing the annual savings achieved by the Refunding Bonds.

Chair Medina asked of Ms. Karlen that when the ROPS comes back to the Board, if the Board can have information on what legal document requires the servicing of the 50% debt service. Ms. Karlen agreed to do so.

Mr. Glen Williams congratulated and thanked Ms. Karlen for an excellent job and that the Successor Agency deserves credit for the timing and the execution of the Bond Refunding.

Mr. Glen Williams asked for the record, on the Savings Chart under Present Value, what the 2.4384314% represents.
Ms. Karlen explained that the discount rate is the bond rate.

2. April 22, 2015 Email from Department of Finance to Emma Karlen Regarding Review of Oversight Board Resolution No. 59. (Informational Item)

Ms. Montoy said DOF made a determination to review Resolution No. 59 (Appraisal Contract has not been executed by the Successor Agency.) Ms. Montoy spoke with DOF's staff analyst, who did not give a decision or determination but said it was sent to management and that Ms. Montoy should be hearing something soon.

Ms. Montoy learned that she was not on DOF's list but was assured she will be receiving copies of any correspondence.

Jenny DeAngelis from the County of Santa Clara explained that the Successor Agency has to be the one to add a third contact to DOF.

VII. SET NEXT MEETING DATE

It was agreed that the next meeting will be held Monday, June 29, 2015 at 2:00 p.m.

VIII. MEETING ADJOURNMENT

Moved by Ms. Polanski and seconded by Mr. Knopf, Chair Medina adjourned the meeting at 3:05 p.m. on the consensus of the Board.

Meeting minutes drafted and submitted by
Barbara Crump, Board Secretary

Approved on May 12, 2015:

Maribel Medina Oversight Board Chair	Barbara Crump Oversight Board Secretary

***MEETING DATE*: June 29, 2015**

ITEM VI.A: Report from Ad Hoc Committee of Oversight Board Regarding RFP Process and Recommending Approval of Resolution No. 63 Regarding Results of RFP for Property Located at 86 N. Main Street, Milpitas, CA, (Property No.1) and Directing Prioritization of Other Properties on the Long Range Property Management Plan, and the Consideration of other Alternatives for Disposition of Property No. 1.

RECOMMENDED ACTION:

The Oversight Board Ad Hoc Committee recommends Adoption of Resolution No. 63.

BACKGROUND AND DISCUSSION:

The Oversight Board adopted Resolution No. 61 which approved the issuance of a Request for Proposals (RFP) for disposition of Property No. 1 on the Long Range Property Management Plan ("LRPMP") located at 86 N. Main Street. The resolution was approved by the California Department of Finance ("DOF").

The RFP was posted on the Oversight Board's website and was distributed in accordance with City of Milpitas procedures as well as County of Santa Clara procedures in an effort to reach as many potential proposers as possible but no proposals were received. However, the RFP process closed with no proposals received. The Ad Hoc Committee discussed the fact that the subject property is remnant property which may present challenges for a purchaser.

Based on the results of the RFP and the need to proceed with the sale of the other properties on the LRPMP, the Ad Hoc Committee determined to recommend adoption of proposed Resolution No. 63. The resolution provides as follows:

(i) Addresses the results of the RFP for Property No. 1 and challenges presented by sale of that property;

(ii) Directs that the Ad Hoc Oversight Board Committee prioritize the sale of the remaining Properties Nos. 2, 3, and 4 listed on the LRPMP starting with Property No. 2; and

(iii) Directs the Ad Hoc Committee to consider alternative disposition methods for Property No. 1 including, but not limited to, issuance of a new RFP, retention of a broker, and other disposition options recommended by the Oversight Board and Successor Agency.

RESOLUTION NO. 63

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY REGARDING RESULTS OF RFP PROCESS FOR PROPERTY LOCATED AT 86 N. MAIN STREET, MILPITAS, CA, DIRECTING PRIORITZATION OF DISPOSITION OF OTHER PROPERTIES LISTED ON THE LONG RANGE PROPERTY MANAGEMENT PLAN, AND DIRECTING THE CONSIDERATION OF ALTERNATIVES FOR DISPOSITION OF THE PROPERTY AT 86 N. MAIN STREET.

WHEREAS, the Oversight Board to the RDA Successor Agency for the City of Milpitas ("Oversight Board") adopted Resolution No. 61 which approved the issuance of a Request for Proposals (RFP) for disposition of Property No. 1 on the Long Range Property Management Plan ("LRPMP") located at 86 N. Main Street; and

WHEREAS, Resolution No. 61 was approved by the California Department of Finance ("DOF"); and

WHEREAS, the RFP was posted on the Oversight Board's website and was distributed in accordance with City of Milpitas procedures as well as County of Santa Clara procedures in an effort to reach as many potential proposers as possible; and

WHEREAS, no responses or proposals were received in response to the RFP; and

WHEREAS, the Oversight Board Ad Hoc Committee has considered the challenges presented to a prospective purchaser of Property No. 1 because of its size and the fact that it is remnant property; and

WHEREAS, the Ad Hoc Committee has recommended that the Oversight Board and Successor Agency focus on larger properties listed on the LRPMP which will bring greater revenues to the taxing entities.

NOW, THEREFORE, the Oversight Board of the former Milpitas Redevelopment Agency resolves as follows:

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

Section 2. The Oversight Board hereby directs that the Ad Hoc Oversight Board Committee to prioritize the sale of the remaining Properties Nos. 2, 3, and 4 listed on the LRPMP starting with Property No. 2.

Section 3. The Oversight Board directs the Ad Hoc Committee to consider alternative disposition methods for Property No. 1 including, but not limited to, issuance of a

new RFP, retention of a broker, and other disposition options recommended by the Oversight Board and Successor Agency.

PASSED AND ADOPTED this 29h day of June 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Maribel S. Medina

***MEETING DATE*: June 29, 2015**

ITEM VI.B: Report from Ad Hoc Committee of Oversight Board Regarding RFP Process and Recommending Approval of an RFP for Property Located at Northwest Corner of Alder Drive and Barber Lane, Milpitas, CA.

RECOMMENDED ACTION:

The Oversight Board Ad Hoc Committee recommends Adoption of Resolution No. 64 Approving a Request for Proposals (RFP) for the Sale of Property No. 2 Listed on the Long Range Property Management Plan and Located at Northwest Corner of Alder Drive and Barber Lane, Milpitas, California.

BACKGROUND AND DISCUSSION:

At its meeting of April 8, 2015, the Oversight Board designated an Ad Hoc Committee of the Board to oversee the RFP process and present RFPs to the Oversight Board for approval. The Oversight Board Ad Hoc Committee conferred by telephone on June 8, 2015 and June 23, 2015, regarding disposition of Property No. 2 Located at Northwest Corner of Alder Drive and Barber Lane, Milpitas, California. All three members of the Ad Hoc Committee participated in the first call. Chair Medina and Board Member participated in the second call. Mr. Tom Williams, City Manager, represented the Successor Agency and Hilda Cantú Montoy represented the Oversight Board on both calls.

The Oversight Board Ad Hoc Committee determined that the template for the RFP concerning Property No. 1 could be used as a base. It was felt that Property No. 2 presents greater opportunities for sale and for competitive proposals. Ms. Montoy worked on the RFP as directed and transmitted drafts to the Ad Hoc Committee and Mr. Tom Williams for review and recommended edits.

The major differences between this RFP for Property No. 2 and the prior RFP include:

(i) the requirement for a deposit of $250,000;
(ii) an all cash purchase price requirement of $6 million or more;
(iii) more detailed language on the Purchase Sale Agreement; and
(iv) the addition of the inclusion of the City of Milpitas Planning and Neighborhood Service Director as a contact for land use and development-related questions.

As with the prior RFP process, the plan is for wide distribution of the RFP as that is in the best interest of the Successor Agency and Taxing Entities. In that regard, upon the Oversight Board's approval of Resolution No. 64, the Successor Agency and the County of Santa Clara will cause the distribution of the RFP. The RFP will also be posted on the Oversight Board website. Proposals will be submitted to Special Counsel for the Oversight Board. Ms. Montoy will collect and maintain the proposals which will be distributed to the Ad Hoc Committee for review.

RESOLUTION NO. 64

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING A REQUEST FOR PROPOSALS (RFP) PROCESS FOR THE SALE OF PROPERTY NO. 1 LISTED ON THE LONG RANGE PROPERTY MANAGEMENT PLAN AND LOCATED AT NORTHWEST CORNER ALDER DRIVE AND BARBER LANE (APN 086-02-086)

WHEREAS, the Oversight Board to the RDA Successor Agency for the City of Milpitas ("Oversight Board") has been established to direct the RDA Successor Agency for the City of Milpitas ("Successor Agency") to take certain actions to wind down the affairs of the Redevelopment Agency in accordance with the California Health and Safety Code; and

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a long-range property management plan (LRPMP) that addresses the disposition and use of the real properties of the former redevelopment agency for consideration by a local oversight board and California Department of Finance ("DOF"); and

WHEREAS, the LRPMP for the Successor Agency was approved by the Oversight Board on February 10, 2015, and by DOF on March 9, 2015; and

WHEREAS, the LRPMP identifies properties as assets of the Successor Agency that the Successor Agency is to sell; and

WHEREAS, the Oversight Board approved an Appraisal Contract with Valbridge Property Advisors on December 2, 2014, which provides for appraisal of properties listed on the LRPMP; and

WHEREAS, the Oversight Board desires to utilize a Request for Proposals ("RFP") process to solicit offers for the disposition of the properties; and

WHEREAS, at its meeting of April 8, 2015, the Oversight Board designated an Ad Hoc Committee of the Board to oversee the RFP process and present RFPs to the Oversight Board for approval; and

WHEREAS, the Oversight Board Ad Hoc Committee has conferred and directed the preparation of an RFP for Property No. 2 on the LRPMP located at northwest corner of Alder Drive and Barber Lane (APN 086-02-086); and

WHEREAS, the Oversight Board Ad Hoc Committee recommends that the Oversight Board approve the RFP prepared for Property No. 2.

NOW, THEREFORE, the Oversight Board of the former Milpitas Redevelopment Agency resolves as follows:

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

Section 2. The Oversight Board hereby approves the Request for Proposals for Property No. 2 listed on the LRPMP and located at northwest corner of Alder Drive and Barber Lane, Milpitas, California (APN 086-02-086). Special Counsel is directed to work with Successor Agency staff in the distribution of said RFP.

PASSED AND ADOPTED this 29th day of June 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Maribel S. Medina

REQUEST FOR PROPOSALS (**RFP**)

SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS

Sale of Real Property
NWC Alder Drive and Barber Lane
APN 086-02-086
Milpitas, CA 95035

Proposals due 5:00 P.M., PST, SEPTEMBER 30, 2015

NWC Alder Drive and Barber Lane
APN 086-02-086
Milpitas, California 95035

INTRODUCTION

The Successor Agency to the Redevelopment Agency of the City of Milpitas ("Successor Agency") is inviting proposals from qualified Bidders to purchase property located in the City of Milpitas at the NWC of Alder Drive and Barber Lane (APN 086-02-086) ("Site"). A Site view is attached at the end of this RFP as "Attachment A." The Assessor's Parcel Map is attached as "Attachment B."

The former Redevelopment Agency of the City of Milpitas owned the property until the Redevelopment Agency was dissolved pursuant to Assembly Billx1 26 ("ABx1 26"). The Successor Agency is now responsible for disposing of the property, which was included in the Successor Agency's Long Range Property Management Plan ("LRPMP").

DUE DATE

PROPOSALS (1 COPY MAILED OR DELIVERED AND 1 COPY E-MAILED) ARE DUE BY **WEDNESDAY, SEPTEMBER 30, 2015 AT 5 P.M.**

BACKGROUND

Milpitas is a general law city incorporated in 1954 and has grown from the "Little Cornfields" then to a major city with over 70,000 people now. The City is conveniently located beside Silicon Valley's east foothills, where there are endless opportunities, civic pride and the ease of 'one-stop' living.

The Site is located within the former Milpitas Redevelopment Project Area and was owned by the former Redevelopment Agency, which purchased the property on December 20, 2004. ABX1 26 amended by AB 1484 (collectively the "Dissolution Law") and codified in the California Health & Safety Code ("H&SC") dissolved redevelopment agencies in California as of February 1, 2012. Pursuant to Dissolution Law, all non-housing properties owned by the Redevelopment Agency transferred to the Successor Agency. The Successor Agency addressed the disposition of the subject property in its LRPMP, which was approved by the California Department of Finance ("DOF") on March 9, 2015. The Successor Agency is now seeking a qualified Bidder to purchase the Site.

The Successor Agency will review the proposals and transmit its recommendations to the Oversight Board to the Successor Agency ("Oversight Board). An Ad Hoc Committee of the Oversight Board will also review the proposals and make

recommendations to the Oversight Board. The Oversight Board's approval of a proposal will be submitted to DOF for final approval.

PROJECT REQUIREMENTS

The Successor Agency is seeking proposals from qualified Bidders to purchase the Site at not less than fair market value. Completing the property sale in a timely manner is especially important to the Successor Agency and the Oversight Board, which oversees the wind down of the Successor Agency. Closing shall be on an all-cash basis, not later than one hundred eighty (180) days following approval of the Bidder's offer by the State of California Department of Finance. Sale of the property is to be done expeditiously and in a manner aimed at maximizing the value to the taxing entities.

Offers of less than six million dollars ($6,000,000) will automatically be considered non-responsive and will not be forwarded to the Oversight Board for consideration.

PROPERTY DATA

1. The Site is located at the NWC of Alder Drive and Barber Lane, Milpitas, California, 95035.
2. The Site consists of Assessor Parcel Number 086-02-086. The Site is vacant and there is no current or planned use for the property.
3. The Site is zoned "Industrial Park" by the City of Milpitas. Bidders shall familiarize themselves with all City of Milpitas' zoning and entitlement issues relating to the site, and make an independent determination of whether the site can be developed for the purpose intended by the Bidder. Zoning and Planning Ordinances are found in the Milpitas Municipal Code and which, along with the General Plan, may be accessed at http://www.ci.milpitas.ca.gov/government/planning/default.asp.
4. The Site is approximately 3.34 acres in size.
5. No warranty, express or implied, other than clean title, will be provided by the Seller.

MATERIALS TO SUBMIT

The prospective Bidder shall submit one original (1) mailed or delivered with the Cashier's Check DEPOSIT attached, **and** one (1) emailed copy of its proposal with a scanned copy of the Cashier's Check DEPOSIT as follows:

Hilda Cantú Montoy
Oversight Board Special Counsel
2125 Kern Street, Suite 308
Fresno, CA 93721
Email: hildac@montoylaw.com

In order to be considered responsive, the mailed and/or delivered copy and check and the e-mailed copy must all be **received** not later than 5:00 PM on September 30, 2015. Bidders are encouraged to submit their bids early so as to not risk unanticipated delays that could invalidate their offer, and to utilize delivery confirmation services.

All submittals must include the following sections in the order enumerated below:

1. PURCHASE PRICE AND FINANCIAL CAPACITY

The Bidder shall provide the following information:

- An all-cash purchase price offer six million dollars ($6,000,000) or more and information supporting the offer.
  Note: Per Dissolution Law, the property must be sold at fair market value.
- Proof of the Bidder's financial capacity to purchase the property and readiness to proceed.
- Bidder Information
  - Name, address, phone and fax numbers for the lead Purchasing Entity (e.g., corporation, joint venture, limited partnership, etc.) and date of legal establishment.
  - Name, title, address, phone and fax numbers, and email address of the person designated as the Primary Contact for the Purchasing Entity.

2. PROPOSED TERMS AND CONDITIONS

- Acceptance of the terms and conditions of sale, including the timeframe for closing.
- DEPOSIT: A deposit of two hundred fifty thousand ($250,000) in the form of a Cashiers' Check shall be attached to the written offer, made out to the Successor Agency to the Milpitas Redevelopment Agency. Only the Successful Bidder's check will be deposited. All others will be returned to the respective Bidder.
- Within ten (10) business days from approval by the Department of Finance, the Successful Bidder will be required to increase the deposit to ten percent (10%) of the purchase price.

SELECTION PROCESS

All statements and numbers submitted in response to this RFP will be reviewed and evaluated by the Successor Agency and the Oversight Board. It is anticipated that the Oversight Board will make its determination as to the Successful Bidder 30 to 60 days after the proposals are received. After Oversight Board approval, the California Department of Finance ("DOF") must also approve the sale of the subject property prior to property disposition, the timing of which is not under the control of the Successor Agency or the Oversight Board.

SELECTION CRITERIA

Proposals for this Site will be evaluated on completeness, the purchase price, any value identified by the proposal, and the ability to meet the Project Requirements set forth in this RFP.

BIDDER RESPONSIBILITIES

Within ten (10) days of approval by the Oversight Board, the Successful Bidder shall execute a Purchase and Sale Agreement for the Property reflecting the terms approved by the Oversight Board. The Purchase and Sale Agreement shall provide for thirty days during which the Bidder may conduct any additional due diligence necessary on the Property, while the DOF reviews the Oversight Board's recommendation to approve the Purchase and Sale Agreement. During that thirty day period, the DEPOSIT shall be refunded upon notification by the Successful Bidder that it is cancelling the contract. A copy of the required Purchase and Sale Agreement form may be obtained by contacting Hilda Cantú Montoy at hildac@montoylaw.com on or after July 13, 2015.

Upon release of the Due Diligence Contingency, or, at the end of the thirty day period if the Successful Bidder has not cancelled the contract by that date, the DEPOSIT shall be non-refundable except in the event of disapproval of the Purchase and Sale Agreement by DOF, and the Due Diligence Contingency shall be presumed to have been satisfied. If the Purchase and Sale Agreement is not cancelled by the Successful Bidder, the Bidder will be responsible for purchasing the Site on an all cash basis with closing to occur not later than one hundred eighty (180) days following approval of the Bidder's offer by the Oversight Board.

RIGHTS RESERVED

The Successor Agency and Oversight Board retain the right to:

- Reject any and all proposals;
- Reject conditional or incomplete proposals or any proposal containing alterations of form or additions not called for, or irregularities of any kind;
- Determine which proposal, if any, is the best;
- Waive any irregularity in any proposal;
- Withdraw any and all of the described real property from the market.
- Approve the final Purchase and Sale Agreement

The issuance of this RFP does not commit the Successor Agency or Oversight Board to select any proposer, to pay any costs incurred in the preparation of a response to the RFP, to award any contract or rights, or take any further actions with regard to the sale of the Property.

QUESTIONS; CORRESPONDENCE

Questions regarding this RFP shall be submitted in writing as follows:

- Hilda Cantú Montoy, Oversight Board Special Counsel, is the contact for questions regarding the RFP and RFP process. Her email address is Email: hildac@montoylaw.com.

- Bill Ekern, City of Milpitas Planning and Neighborhood Services Director, is the contact for land use and development-related questions in the City of Milpitas. His email address is bekern@ci.milpitas.ca.gov.

ATTACHMENT A
SITE VIEW

ATTACHMENT B
ASSESSOR'S PARCEL MAP