

OVERSIGHT BOARD

OCTOBER 23, 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 Community Center, Large Meeting Room (7 & 8)
457 E. Calaveras Blvd., Milpitas, CA 95035

MEMBERS:

Kolvira Chheng
Emma Karlen
Bruce Knopf
Michael Mendizabal
Mike McInerney, Chair
Althea Polanski
Glen Williams

ALTERNATES:

Jenina Salcedo
Jane Corpus Takahashi
Alan Minato

Michael Murdter

DRAFT Minutes of the September 14, 2015 Meeting

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

Chair McInerney called the meeting to order at 2:36 p.m.

ROLL CALL

MEMBERS PRESENT: Kolvira Chheng, Emma Karlen, Bruce Knopf, Michael Mendizabal, Mike McInerney, Althea Polanski and Glen Williams

MEMBERS ABSENT: None

II. PUBLIC FORUM

Mr. Rob Means of 1421 Yellowstone Av, Milpitas addressed the Board saying that the current distribution of wealth makes it difficult to do things we want at the local level and that the November 2016 election provides an opportunity to change of rules so that money is more available at the local level to invest in infrastructure projects like parks and transportation systems.

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 August 10, 2015 Meeting

Moved by Mr. Mendizabal and seconded by Mr. Williams to approve the minutes of the August 10, 2015 meeting. The motion passed unanimously.

V. OLD BUSINESS

None

VI. NEW BUSINESS

A. Consider Actions Relating to Disposition of Property No. 3, located at 230 North Main Street (APN 028-34-001 through APN 028-34-094).

1. Adoption of Resolution No. 66 Approving an Amendment to the Long Range Property Management Plan for Property No 3:

- a. Change disposition from sale of the property to retention for governmental use. (Alternative A Resolution) OR**
- b. Change disposition from sale of the property pursuant to RFP process to sale of property to City for original purchase price of \$6.8 million paid by the former Redevelopment Agency. (Alternative B Resolution)**

2. Report from Ad Hoc Committee of Oversight Board Recommending Consideration and Adoption of Resolution No. 67 of the Oversight Board Approving a Request for Proposals (RFP) Process for the Sale of Property No. 3 Listed on the Long Range Property Management Plan and Located at 230 North Main Street (APN 028-34-001 through APN 028-34-094).

Ms. Montoy presented the staff report.

Board Member Polanski summarized her proposal to retain the property for governmental use.

Board Member Mendizabal summarized his proposal to sell the property to the City for the original purchase price of \$6.8 million paid by the former Milpitas Redevelopment Agency.

Ms. Montoy commented on recent legislation regarding Long Range Property Management Plan and the two proposed amendments.

City Manager Tom Williams and Interim City Attorney Gary Baum commented on the amendments.

The following 22 individuals commented on this item: Archie Atari, Mary Ann Udoutch, Guy Haas, Rob Means, Pete McHugh, The-Vu Nguyen, Judy Duffy, Roger Skuse, Margie Stephens, Diane Mihalakis, Rupee Charry, Richard Santos, Jerry Epps, Betty Shih, Steven Munzel, Ann Zeise, Laura Mello, Donn Gooch, Barbara Ebright, Bob Burrill, Dana Arbaugh and Danielle Goldstein.

There was discussion among the Board members on how to proceed with the decision to consider each amendment separately.

Moved by Ms. Polanski and seconded by Ms. Karlen to change the disposition from sale of the property to retention for governmental use. The motion failed by the following vote: **AYES:** Karlen & Polanski **NOES:** Chheng, Knopf, Mendizabal, McInerney and Williams

After a lengthy discussion it was moved by Mr. Mendizabal and seconded by Mr. Knopf to adopt Resolution No. 67 with the addition of a third Resolve clause which stated that if an executed Purchase and Sale Agreement for \$6.8 million dollars is received from the City and/or other governmental entities within 60 days of the 90 day RFP period, the RFP process shall terminate. The motion passed with the following vote: **AYES:** Chheng, Knopf, Mendizabal and Williams **NOES:** Karlen, McInerney and Polanski

There was a brief 5 minute recess.

B. Adoption of Resolution No. 68 Approving the Successor Agency's Administrative Budget for January to June 2016 (FY 15-16 B).

Ms. Montoy presented the staff report.

There were comments by Board Members Williams & Karlen and City Manager Williams regarding the future funding levels of the administrative budget

Moved by Ms. Polanski and seconded by Mr. Mendizabal to approve Resolution No. 68 approving the Administrative Budget for January 1 through June 30, 2016 (FY 15-16B). The motion passed unanimously.

C. Adoption of Resolution No. 69 Approving the Recognized Obligation Payment Schedule (ROPS 15-16 B) for the January 1 through June 30, 2016 period.

Ms. Montoy presented the staff report.

Chair McInerney thanked Board Member Karlen and her staff for their hard work in preparing the ROPS in time to have the County submit its independent review with the agenda packet.

Moved by Mr. Knopf and seconded by Mr. Williams to adopt Resolution No. 69 approving the Recognized Obligation Schedule (ROPS 15-16 B) for January 1 through June 30, 2016 period. The motion passed unanimously.

VII. NEXT MEETING

A. Identify Potential Agenda Items

Disposition of Alder Dr. and Barber Ln (Property No. 2)

B. Set Date & Time

It was agreed that the next meeting will be held Friday, October 23, 2015 at 11:00 a.m.

VIII. MEETING ADJOURNMENT

Moved by Ms. Karlen and seconded by Ms. Polanski, Chair McInerney adjourned the meeting at 5:16 p.m. on the consensus of the Board.

*Meeting minutes drafted and submitted by
Barbara Crump, Board Secretary*

Approved on October 23, 2015:

Mike McInerney
Oversight Board Chair

Barbara Crump
Oversight Board Secretary

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: October 23, 2015

ITEM VI.A. 1: Report from Ad Hoc Committee of Oversight Board Regarding Results of Request for Proposals (RFP) Process for the Sale of Property No. 2 Listed on the Long Range Property Management Plan and Located at Northwest Corner Alder Drive and Barber Lane (APN 086-02-086), Milpitas, CA and Issuance of Second RFP for Sale of the Property.

RECOMMENDED ACTION:

The Oversight Board Ad Hoc Committee recommends Adoption of Resolution No. 70 Rejecting Proposals Received from RFP Process for the Sale of Property No. 2 Listed on the Long Range Property Management Plan and Located at Northwest Corner Alder Drive and Barber Lane (APN 086-02-086), Milpitas, California and Approving Issuance of Second RFP for Sale of the Property.

BACKGROUND AND DISCUSSION:

On June 29, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 64 which approved issuance of an RFP for Property No. 2 on the LRPMP located at northwest corner of Alder Drive and Barber Lane (APN 086-02-086). The proposals were due on September 30, 2015, at 5 p.m. Two proposals were received.

The Ad Hoc Committee reviewed the two proposals and determined they did not meet the requirements of the RFP. A summary of the review is set forth in Exhibit A to the attached resolution. Upon rejection, the one deposit received would be returned to the Proposer.

The Ad Hoc Committee conferred at length as to the issuance of a Second RFP. In summary, the proposed second RFP:

- (i) Has been reformatted for easier reading and convenience of Proposers.
- (ii) Clarifies language to aid potential Proposers.
- (iii) Updates statutory requirements for the sale (under SB 107 only submittal of the award to DOF is required not approval).
- (iv) Requires an Initial Deposit of \$250,000.

- (v) Increases the minimum offer to \$6.5 Million.
- (vi) Provides for a longer Due Diligence Period (90 days vs. 30 days with a sliding scale for return of the Initial Deposit and Additional Deposit during the 90 days).
- (vii) Original proposals must be delivered to the Successor Agency with simultaneous email copy to the Successor Agency and to Special Counsel Montoy.
- (viii) Under reserved rights, includes language that the terms and conditions of a proposal may be negotiated with one or more Proposers.

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. 70, 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 and Successor Agency websites. The Ad Hoc Committee will review proposals received and make recommendations to the Oversight Board.

RESOLUTION NO. 70

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY REJECTING PROPOSALS RECEIVED FROM REQUEST FOR PROPOSALS (RFP) PROCESS FOR THE SALE OF PROPERTY NO. 2 LISTED ON THE LONG RANGE PROPERTY MANAGEMENT PLAN AND LOCATED AT NORTHWEST CORNER ALDER DRIVE AND BARBER LANE (APN 086-02-086) AND APPROVING ISSUANCE OF SECOND RFP FOR SALE OF THE PROPERTY

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, on June 29, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 64 which approved issuance 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, proposals for said RFP were due on September 30, 2015, at 5 p.m.; and

WHEREAS, responses to the RFP resulted in two proposals which did not meet the requirements of the RFP as set forth in Exhibit A to this resolution; and

WHEREAS, the Oversight Board Ad Hoc Committee recommends rejection of the two proposals, return of the deposit received from one of the Proposers, and issuance of a second RFP; and

WHEREAS, a second RFP has been prepared which clarifies language for potential Proposers, updates statutory requirements for the sale, increases the minimum offer, and provides for a longer Due Diligence Period; and

WHEREAS, the Oversight Board Ad Hoc Committee recommends that the Oversight Board approve a second RFP prepared for Property No. 2 which has been prepared as set forth above and attached as Exhibit B.

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 rejects the two proposals received as result of the RFP issued pursuant to Resolution No. 64 and authorizes the return of the one cashier's check for the deposit required under the RFP.

Section 3. The Oversight Board approves the issuance of a second 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 on October 23, 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Michael McInerney
Oversight Board Chair

EXHIBIT A TO RESOLUTION NO. 70

COMPARISON OF PROPOSALS

RFP	PROPOSAL #1	PROPOSAL #2
Format and Completeness	Yes.	No.
Timely with Offer	E-mail submitted 16 minutes late. Hard copy next day.	E-mail submitted 7 days late. No hard copy.
Minimum Offer at or Above \$6M	Yes.	Yes.
Deposit	\$250,000 cashier's check.	No deposit submitted; propose 3 days after execution of agreement.
Additional Deposit 10 days from DOF Approval	Yes, on release of Due Diligence Contingency.	Not addressed.
Due Diligence Period (DDP) (30 days)	DDP to end 15 days after City approves entitlements OR six months.	90 day DDP; Buyer sole discretion to extend DDP to 120 days.
Closing 180 days from OB Approval	90 days after "additional Due Diligence Period."	30 days after Due Diligence Period, so up to 150 days.
PSA Signed within 10 days of OB Approval	Agree to execute.	Buyer will submit PSA.
Other Buyer Requirements		<ul style="list-style-type: none"> • Seller to provide survey and title and/or policy within 3 days after execution of agreement. • Must use Fidelity Title. • Offer expires November 12.