

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:

Emma Karlen
Bruce Knopf, Vice Chair
Mike McInerney, Chair
Michael Mendizabal
Althea Polanski
Matthew Tinsley
Glen Williams

ALTERNATES:

Jane Corpus Takahashi
Alan Minato
Russell Morreale

Suzanne Carrig
Michael Murdter

DRAFT Minutes of the January 25, 2016 Meeting

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

Chair McInerney called the meeting to order at 1:04 p.m.

ROLL CALL

MEMBERS PRESENT: Bruce Knopf, Mike McInerney, Russell Morreale, Althea Polanski, Matthew Tinsley and Glen Williams

MEMBERS ABSENT: None

II. PUBLIC FORUM

None.

III. APPROVAL OF AGENDA

Chair McInerney requested Item VI.A be heard last.

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

IV. APPROVAL OF MINUTES FOR December 9, 2015 Meeting

Moved by Mr. Williams and seconded by Ms. Polanski to approve the minutes of the December 9, 2015. The motion passed with the following vote: **AYES:** Knopf, McInerney, Polanski and Williams **NOES:** 0 **ABSTAIN:** Mendizabal and Morreale **ABSENT:** 0

V. OLD BUSINESS

None

VI. NEW BUSINESS

- B. Adoption of Resolution No. 73 Approving the successor Agency's Administrative Budget for July 1, 2016 to June 30, 2017.

Ms. Montoy presented the staff report. Mr. Morreale gave an overview of the budget.

Moved by Mr. Knopf and seconded by Ms. Polanski to approve the adoption of Resolution No. 73. The motion passed unanimously.

- C. Adoption of Resolution No. 74 Approving the Recognized Obligation Payment Schedule (ROPS) for July 1, 2016 to June 30, 2017.

Ms. Montoy presented the staff report. Mr. Morreale gave an overview of the ROPS.

Moved by Mr. Mendizabal and seconded by Ms. Polanski to approve the adoption of Resolution No.74. The motion passed unanimously.

- D. Adoption of Resolution No.75 Regarding Reallocation of Line Item Amounts in the Administrative Budget for July 1 through December 31, 2015.

Ms. Montoy presented the staff report. Mr. Morreale gave an overview of the reallocation of line item amounts in the budget.

Moved by Mr. Williams and seconded by Ms. Polanski to approve the adoption of Resolution No. 75. The motion passed unanimously.

- A. Receive and Consider Report and Recommendations from the Ad Hoc Committee of the Oversight Board Regarding Results of Request for Proposals (RFP) Process for the Sale of Property No. 3 Listed on the Long Range Property Management Plan and Located at 230 N. Main Street, Milpitas, California (APN 028-34-001 through 028-34-094).
1. Adoption of Resolution No. 72 of the Oversight Board Approving the Sale of Property Located at 230 N. Main Street, Milpitas California (APN 028-34-001 through 028-34-094) to the County of Santa Clara Pursuant to the Long Range Property Management Plan and a Request for Proposals (RFP) Process.

Ms. Montoy presented the staff report that included requests by the County, received sometime shortly before the meeting, for changes to the proposed Purchase and Sale Agreement. Deputy Counsel Danielle Goldstein came forward and identified the following requested changes:

- In the Preamble delete the space for entering the effective date and delete Item 1C regarding the Effective Date and insert the phrase "effective on the date fully executed" in the Preamble so that the Preamble reads, "This real property purchase and sale agreement (the "Agreement") is entered effective on the date fully executed...."
- In Section 3A on the Due Diligence Period add at the end of the section the phrase, "pursuant to this section 3A."
- In Section 5A regarding an "as-is" purchase in the third sentence there begins a list of disclaimers, insert in disclaimer "S" the phrase, "specifically related to the above," so that "S" reads, "Any other matter specifically related to the above concerning the property."
- In Section 5B regarding Release, delete the phrase, "except for the Excluded Claims," in the first sentence and insert the phrase, "the physical condition of" and the word "physical" so that a portion of the section reads, "... for any liabilities arising from or related to the physical condition of the property, its design, development, entitlements, or any physical conditions existing or events occurring on, in or about the Property before Closing...."
- Also in Section 5B delete at the end of the first sentence the phrase, "of the Excluded Claims and/or any Liabilities of (or Claims against) the Excluded Parties," and insert after the word "release," the phrase, "any other claims for liability other than as specified above."

City Manager Williams commented on the item by recommending that the Board continue this item until the City's legal counsel had a chance to review the changes that are being proposed by County Counsel. Ms. Montoy noted that the Buyer

has 10 days to sign the Purchase Sale Agreement and the Successor Agency has 30 days after the Buyer's execution to sign it. This may allow additional time for the Successor Agency's counsel to comment on the edits which can be brought back to the Oversight Board at the February meeting.

The following individuals spoke on this item: Mr. Steve Munzel, Mr. Jerry Epps, Mr. Pete McHugh, Mr. Joseph Weinstein, Mr. Don Peoples, Ms. Nancy Mendizabal, and Danielle Goldstein.

After lengthy discussion on the City Manager's recommendation to continue the item to the next meeting and the City Manager's request to designate the site as governmental use, it was moved by Ms. Polanski and seconded by Mr. Morreale to continue this item to the next meeting to allow for the opportunity for the Milpitas City Attorney to review the purchase and sale agreement and for discussions with the County. The motion failed by the following vote: **AYES:** Morreale and Polanski **NOES:** Knopf, McInerney, Mendizabal, Tinsley, and Williams **ABSENT:** 0 **ABSTAIN:** 0

Moved by Mr. Knopf and seconded by Mr. Tinsley to approve the Resolution No 72 as well as approve the proposed amendments to purchase and sale agreement. The motion passed by the following vote: **AYES:** Knopf, McInerney, Mendizabal, Tinsley & Williams **NOES:** Morreale and Polanski **ABSENT:** 0 **ABSTAIN:** 0

VII. NEXT MEETING

A. Identify Potential Agenda Items

1. Approve the sale of the Alder Drive and Barber Lane property.
2. Consider how to proceed with the disposition of 86 North Main Street.
3. Status Report on the sale of 540 South Main Street
4. Invite someone from the County to give a presentation on the County's objective and/or planned use for pursuing the purchasing of 230 North Main Street.

B. Set Date and Time

It was agreed that the next meeting will be held on February 19, 2016 at 1:00 p.m.

VIII. MEETING ADJOURNMENT

Moved by Mr. Knopf and seconded by Ms. Polanski, Chair McInerney adjourned the meeting at 2:41p.m. on the consensus of the Board.

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

Approved on February 19, 2016.

Mike McInerney
Oversight Board Chair

Barbara Crump
Oversight Board Secretary

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: February 19, 2016

ITEM VI.A: 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 Alder Drive and Barber Lane, Milpitas, California (APN 086-02-086)

RECOMMENDED ACTION:

The Oversight Board Ad Hoc Committee recommends Adoption of Resolution No. 76 Approving the Sale of Property Located at Alder Drive and Barber Lane, Milpitas, California (APN 086-02-086) to Lodging Dynamics Development, LLC Pursuant to the Long Range Property Management Plan and a Request for Proposals (RFP) Process.

BACKGROUND AND DISCUSSION:

On October 23, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 70 which approved issuance of a second RFP for Property No. 2 on the LRPMP located at Alder Drive and Barber Lane, Milpitas, California (APN 086-02-086). Proposals were due on January 6, 2016, at 5 p.m. Four proposals were received in response to the RFP. A summary comparison of the proposals is attached to this report.

The Ad Hoc Committee reviewed the four proposals and determined that Lodging Dynamics Development, LLC submitted the highest bid and met all requirements of the RFP. Mr. Tom Williams provided input to the Ad Hoc Committee and stated the Successor Agency agrees that the property should be sold to the proposer submitting the highest bid.

In discussions with Land Dynamics legal counsel, certain clerical type edits were made to the Purchase Sale Agreement. Three other edits are reflected in the Purchase Sale Agreement which will be authorized with the approval of Resolution No. 76. The edits were submitted to the Ad Hoc Committee and Successor Agency. They include language that the deposit will be refunded if requested in the event of condemnation, eminent domain, and material and substantial damage and destruction of the property occur prior to closing as well as language authorizing assignment to an affiliate of Buyer subject to prior written consent of Buyer.

Proposed Resolution No. 76 provides as follows:

1. Approves the sale of property located at Alder Drive and Barber Lane, Milpitas, California and listed as Property No. 2 on the LRPMP to Lodging Dynamics Development, LLC.
2. The Purchase Sale Agreement attached as Exhibit A to Resolution No. 76 shall be executed by Lodging Dynamics Development, LLC within ten days of the adoption of this resolution.
3. Directs and authorizes the Successor Agency to execute the Purchase Sale Agreement attached hereto as Exhibit B within twenty days of its execution by Lodging Dynamics Development, LLC.
4. Directs and authorizes the opening of escrow and the execution of escrow instructions consistent with the Purchase Sale Agreement.
5. Authorizes the Oversight Board Chairperson, Successor Agency Executive Director, and Oversight Board Special Counsel to collectively make any non-substantive, technical, and clerical corrections to the Purchase Sale Agreement.
6. Authorizes the return of the three cashier's checks received from the other three proposers as deposits with their proposals.

**COMPARISON OF PROPOSALS
NWC ALDER DRIVE AND BARBER LANE**

RFP	PROPOSAL #1 Miltechs Inc.	PROPOSAL #2 Lodging Dynamics	PROPOSAL #3 OTO Development	PROPOSAL #4 Campbell Development
Format and Completeness	Yes	Yes	Yes	Yes
Timely Hardcopy	Yes	Yes	Yes	Yes
Timely Email Offer	Yes	Yes	Yes	Yes
Minimum Offer at or Above \$6.5M	\$6.5 M	\$7 M	\$6.5 M	\$6.8 M
Deposit Enclosed	Yes	Yes	No; Copy attached; to deposit when PSA signed	No; will deposit w/ escrow and execution of PSA
Agree to Add'l Dep.	Yes	Yes	Yes	Yes
Due Diligence Period (DDP)	Yes	Yes	Yes	Yes
Financial Capacity	Proof of Funds	Proof of Funds	Unclear	No
Nonrefund Deposit Schedule	Yes	Yes	No, propose increase to 60 days for 100% refund	No, \$170,000 NR after 120 days; \$170,000 NR after 150 days
Closing 180 days from OB Approval	Slight variation – 60 days after end of DDP	Yes	Yes	No; 180 days from opening of escrow
PSA Signed within 10 days of OB Approval	Yes	Yes	Yes	15 Business days
CONTACT	Chris Cole	Cory Turner	Steve Pieters	Tim Post

RESOLUTION NO. 76

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING THE SALE OF PROPERTY LOCATED AT ALDER DRIVE AND BARBER LANE, MILPITAS, CALIFORNIA (APN 086-02-086) TO LODGING DYNAMICS DEVELOPMENT, LLC PURSUANT TO THE LONG RANGE PROPERTY MANAGEMENT PLAN AND A REQUEST FOR PROPOSALS (RFP) PROCESS

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 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 has utilized a Request for Proposals (“RFP”) process to solicit offers for the disposition of the properties in accordance with the LRPMP; 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, one of the properties that the Successor Agency is required to sell under the LRPMP is the property identified as Property No. 2 which is located at Alder Drive and Barber Lane, Milpitas, California (APN 086-02-086); and

WHEREAS, on October 23, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 70 which approved issuance of an RFP for Property No. 2 on the LRPMP located at Alder Drive and Barber Lane, Milpitas, California (APN 086-02-086); and

WHEREAS, proposals under the RFP for Property No. 2 were due on January 6, 2016, at 5 p.m.; and

WHEREAS, four proposals were received pursuant to the RFP as described in the staff report and related attachment at this meeting of February 19, 2016; and

WHEREAS, the Successor Agency and the Oversight Board Ad Hoc Committee have reviewed the proposals; and

WHEREAS, the Ad Hoc Committee recommends the sale of Property No. 2 to Lodging Dynamics Development, LLC, as it is the proposer submitting the highest bid and it met all requirements of the RFP; and

WHEREAS, the Successor Agency agrees that LRPMP Property No. 2 should be sold to the proposer submitting the highest bid.

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:

- a. Approves the sale of Property No.2 located at Alder Drive and Barber Lane, Milpitas, California to Lodging Dynamics Development, LLC. The Purchase Sale Agreement attached hereto as Exhibit A shall be executed by Lodging Dynamics Development, LLC within ten days of the adoption of this resolution.
- b. Directs and authorizes the Successor Agency to execute the Purchase Sale Agreement attached hereto as Exhibit A within twenty days of its execution by Lodging Dynamics Development, LLC
- c. Directs and authorizes the opening of escrow and the execution of escrow instructions consistent with the Purchase Sale Agreement.

Section 3. The Oversight Board Chairperson, Successor Agency Executive Director, and Oversight Board Special Counsel are collectively authorized to make any non-substantive, technical, and clerical corrections to the Purchase Sale Agreement.

Section 4. The Oversight Board authorizes and directs the return of the three cashier's checks received from the other three proposers as deposits with their proposals.

/////

/////

/////

PASSED AND ADOPTED on February 19, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Michael McInerney
Oversight Board Chair

**REAL PROPERTY PURCHASE AND SALE AGREEMENT
AND
MUTUAL ESCROW INSTRUCTIONS**

**(NWC ALDER DRIVE AND BARBER LANE
APN NO. 086-02-086, MILPITAS, CA 95035)**

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT (the "Agreement") is entered effective on the date fully executed by and between the Successor Agency of the Former Redevelopment Agency of the City of Milpitas, a separate public entity ("Successor Agency" or "SELLER") and Lodging Dynamics Development, LLC ("BUYER").

RECITALS

A. The real property which is subject to this Agreement is generally located at the northwest corner of Alder Drive and Barber Lane, Milpitas, California, (commonly referred to as APN No. 086-02-086) and legally described in Exhibit "A" which is attached hereto and incorporated herein by reference (the "Property"). The property is vacant land.

B. The California State Legislature enacted Assembly Bill x1 26 in 2011 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code sections 33000 *et seq.*, as amended by Assembly Bill 1484 in 2012 and Senate Bill 107 in 2015) hereafter referenced as "Dissolution Law". All references to Health and Safety Code sections in this Agreement are references to the Dissolution Law.

C. Prior to the effective date of the Dissolution Law, the Redevelopment Agency of the City of Milpitas (the "Former Redevelopment Agency") owned fee interest title in and to the Property.

D. On February 1, 2012 and upon dissolution of the Former Redevelopment Agency, the City of Milpitas, acting in a separate limited capacity and as a separate legal entity, became the Successor Agency of the Former Redevelopment Agency of the City of Milpitas ("Successor Agency").

E. Successor Agency ("SELLER") now holds fee title interest in and to the Property.

F. SELLER is responsible for the disposition of the Property in accordance with the procedures and requirements of Dissolution Law. Pursuant to Health and Safety Code Section 34177, successor agencies are required to dispose of assets and properties of the Former Redevelopment Agency expeditiously and in a manner aimed at maximizing the value.

G. In accordance with Health and Safety Code Section 34191.5, the SELLER prepared and the Oversight Board of the Successor Agency ("Oversight Board") approved a "Long-Range Property Management Plan" which included sale of the Property under a Request for Proposals ("RFP") process.

H. On October 23, 2015, SELLER approved issuance of a Request for Proposals for the purchase of the Property.

I. BUYER is the developer for Lodging Dynamics Hospitality Group, the successful bidder under the RFP process.

J. SELLER has submitted this Agreement to the Oversight Board for approval which has adopted a resolution approving the sale and submitted it to the California Department of Finance (DOF).

K. The parties acknowledge and agree that the purchase and sale of the Property pursuant to this Agreement may be reviewed by the California Department of Finance (DOF).

L. SELLER desires to convey fee title interest in and to the Property to BUYER in a manner consistent with the Dissolution Law requiring, *inter alia*, the disposition of its former property.

M. BUYER desires to purchase the Property from SELLER and SELLER desires to sell the Property on the terms and conditions contained in this Agreement.

AGREEMENT

The foregoing recitals are incorporated herein as if fully set forth. For valuable consideration and subject to the terms and conditions hereof, BUYER and SELLER agree as follows:

1. PURCHASE AND SALE.

A. Conveyance of Property. SELLER agrees to sell to BUYER and BUYER agrees to purchase from SELLER, the Property on the terms and conditions set forth in this Agreement. BUYER and SELLER agree that the Property is vacant land. The Legal Description of the Property is attached as Exhibit A.

B. Purchase Price for the Property. The total purchase price to be paid by BUYER to the SELLER for the Property is Seven Million Dollars (\$7,000,000.00) (the "Purchase Price").

2. OPENING OF ESCROW AND DEPOSIT.

A. Opening Escrow. Within five (5) business days of the Effective Date of this Agreement, SELLER shall open an escrow (the "Escrow") with _____ (the "Title Company" or "Escrow Holder") for conveyance of the Property to BUYER. This Agreement shall constitute mutual instructions to the Escrow Holder. The Opening Date of escrow shall be the date on which Escrow Holder receives a fully executed copy of this Agreement. BUYER and SELLER shall execute additional escrow instructions as may be required to enable the Escrow Holder to close the escrow consistent with the terms of this Agreement and as BUYER and SELLER may approve, which approval shall not be unreasonably withheld.

B. Deposit.

- (1) **Initial Deposit.** Together with BUYER's response to the Request for Proposal, BUYER delivered to SELLER a check in the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) ("Initial Deposit"). Immediately upon the opening of Escrow, SELLER shall deliver the Initial Deposit to Escrow Holder for the benefit of BUYER.
- (2) **Additional Deposit.** Within ten (10) days of the Effective Date of this Agreement, BUYER shall deposit into Escrow such additional funds ("Additional Deposit") such that said Additional Deposit, together with the Initial Deposit equal ten percent (10%) of the Purchase Price.
- (3) **DEPOSIT.** Collectively, the Initial Deposit and the Additional Deposit shall be referred to as the "DEPOSIT".
- (4) **Conditions for Refund of DEPOSIT.** The DEPOSIT shall become nonrefundable to BUYER upon expiration of the Due Diligence Period if this Agreement has not been terminated; except that the DEPOSIT shall be refundable to BUYER if: (i) Escrow fails to close due to SELLER's default or breach of its representations or warranties under this Agreement or (ii) Closing fails to occur due to the failure of any condition to Closing set forth in this Agreement which is for the benefit of the BUYER. A full refund or partial refund of DEPOSIT may also be made to BUYER pursuant to Section 3.B of this Agreement. If upon termination of this Agreement SELLER is entitled to retain any portion of the Deposit, then BUYER shall within one (1) business day thereafter instruct Escrow Holder to immediately release such portion of the Deposit to SELLER (which obligation shall survive the termination of this Agreement). Upon termination of this Agreement, the parties shall have no further obligations hereunder except for the Surviving Obligations. As used in this Agreement, "Surviving Obligations" shall mean all obligations of BUYER and/or SELLER which are expressly stated in this Agreement to survive Close of Escrow (defined in Section 6.A) or termination of this Agreement.
- (5) **Handling of Deposit.** The Deposit shall be deposited in an interest bearing money market or savings account with a national banking association or federally chartered savings and loan association, which interest shall accrue to the benefit of the BUYER and shall be applied to the Purchase Price at the Closing.

3. DUE DILIGENCE PERIOD AND INSPECTIONS.

A. Due Diligence Period. BUYER shall have until one hundred twenty (120) days following the Effective Date to conduct BUYER's due diligence, as BUYER deems necessary, but at BUYER's sole cost and expense, including but not limited the right to review and approve the Property Materials, to inquire and meet with all governmental or quasi-governmental authorities, and to inspect and approve the physical conditions of and all other matters concerning the Property (the "Due Diligence Period"). If BUYER is not satisfied for whatever reason, or no reason, with the condition of the Property, BUYER has the affirmative duty to terminate this Agreement not

later than the expiration of the Due Diligence Period by providing SELLER and Escrow Holder written notice thereof ("Buyer's Termination Notice") prior to the end of the Due Diligence Period. If BUYER fails to deliver BUYER's Termination Notice, then, BUYER shall be deemed to have elected not to terminate this Agreement.

B. Return of Deposit During Due Diligence Period. Upon receipt of Buyer's Termination Notice in escrow pursuant to Section 3.A., the DEPOSIT or portion thereof shall be returned as follows:

- (i) The full DEPOSIT shall be refunded upon notification by the Buyer within the first (30) days of the Due Diligence Period that it is cancelling the contract.
- (ii) Seventy five percent (75%) of the DEPOSIT shall be refunded upon notification by the Buyer more than thirty (30) but less than (60) days of the Due Diligence Period that it is cancelling the contract.
- (iii) Fifty percent (50%) of the DEPOSIT shall be refunded upon notification by the Buyer more than sixty (60) but less than ninety (90) days of the Due Diligence Period that it is cancelling the contract.
- (iv) Twenty five percent (25%) of the DEPOSIT shall be refunded upon notification by the Buyer more than ninety (90) but less than one hundred twenty (120) days of the Due Diligence Period that it is cancelling the contract.

After the Due Diligence Period, if the Agreement is not terminated pursuant to Section 3.A., the DEPOSIT shall become nonrefundable.

C. Property Materials. Not later than three (3) days following the Effective Date, SELLER shall deliver to BUYER the following documents relating to the Property to the extent in the possession or control of SELLER (collectively, the "Property Materials"): (i) all soils, groundwater, environmental, property inspection and other reports and test results relating to the physical condition of the Property, including without limitation engineers' and consultants' plans, reports, and studies relating to the physical condition of the Property; (ii) all notices of violations of laws, if any, from any governmental or quasi-governmental authorities related to the Property; and (iii) other correspondence and notices from any governmental or quasi-governmental authorities related to the Property.

D. Access. Subject to this Section below, until the earlier to occur of the Close of Escrow or termination of this Agreement, BUYER shall have the right to enter upon the Property to inspect, investigate and conduct tests upon the Property, as BUYER, in its sole discretion deems necessary but at its sole cost and expense. BUYER shall keep the Property free and clear of any and all liens related to BUYER's inspections, test, and investigations. All entry onto and inspections of the Property shall be subject to the following:

- (1) BUYER shall give SELLER not less than one (1) business day prior notice of any entry onto the Property by BUYER or by BUYER's agents, employees, consultants, and contractors (collectively, "BUYER's Representatives").
- (2) If the Property is physically damaged in connection with any of BUYER's or BUYER's Representatives' activities on, in or about the Property pursuant to

this Agreement, then BUYER, at BUYER's sole cost and expense, shall promptly repair such damage.

- (3) BUYER shall indemnify, protect, defend (with counsel reasonably acceptable to SELLER) and hold harmless SELLER and each of SELLER's employees, agents, officer, directors, and City Council for, from and against any and all claims, damages, liens, suits, causes of action, legal or administrative proceedings, finds, penalties, judgments, demands, obligations, costs, liabilities and losses (including mechanics' liens) and expenses (including, without limitation, reasonable attorneys' fees) (all collectively and each individually referred to herein as the "Claims and Liabilities") for property damage (both real and personal), death or personal injury to the extent caused by the acts or negligence of BUYER or BUYER's Representatives acting on behalf of BUYER pursuant to this Agreement while on, in, or about the Property, subject to this Section 4.C below, which obligation shall survive Close of Escrow or termination of this Agreement.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS.

A. Representations by SELLER. SELLER represents and warrants to BUYER based on information and belief as follows:

- (1) The Dissolution Law requires that the Oversight Board's approval of the disposition of this property be submitted to the California Department of Finance (DOF). No other consent or approval is required for the execution and delivery of this Agreement by SELLER or the performance by SELLER of its obligations hereunder other than those already obtained by SELLER, or specifically set forth in this Agreement.
- (2) To the best of SELLER's knowledge, based on information and belief presently available to SELLER at the time of this Agreement, the Property Materials delivered to BUYER are complete copies of such documents in the actual possession or control of SELLER, and are all of the Property Materials known to be in the actual possession or control of SELLER. Prior to Closing, SELLER agrees to promptly deliver to BUYER any additional documents received by SELLER relating to the physical condition, use, and operation of the Property.
- (3) SELLER has not received written notice from any governmental or quasi-governmental authority of existing violations of any laws or other legal requirements specifically with respect to the Property.
- (4) As of the Closing, there shall be no outstanding contracts made by SELLER for any improvements to the Property which have not been fully paid for, and SELLER shall cause to be discharged and removed as an exception to title all mechanics' and materialmen's liens arising from any labor and material furnished prior to the Closing (other than those caused by work performed by BUYER).

The representations and warranties of SELLER set forth in this Section 4.A shall survive the Close of Escrow.

B. Representations by BUYER. BUYER represents and warrants to SELLER that no consent or approval from anyone other than BUYER is required for the execution and delivery of this Agreement by BUYER or the performance of BUYER of its obligations hereunder. The representations and warranties of BUYER set forth in this Section 4.B shall survive the Close of Escrow.

C. Mutual Representations and Indemnity. Each party represents and warrants to the other that it has had no dealings with any real estate broker, agent, or finder in connection with the negotiation of this Agreement. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection with this Agreement, BUYER, if such claim is based upon an alleged relationship with or any agreement alleged to have been made by BUYER, hereby agrees to indemnify, protect and defend with counsel reasonably acceptable to SELLER and hold SELLER and its officers, agents, employees, successors and assigns harmless against any and all such claims and liabilities which SELLER may or does sustain or incur by reason of such claim or claims. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, SELLER, if such claim is based upon an alleged relationship with or any agreement alleged to have been made by SELLER, hereby agrees to indemnify, protect, and defend with counsel reasonably acceptable to BUYER, and hold BUYER, officers, agents, employees, successors and assigns harmless against any and all Claims and Liabilities which BUYER may sustain or incur by reason of such claim or claims. The provisions of this Section 4.C shall survive the Close of Escrow or termination of this Agreement.

D. Covenants of SELLER. SELLER hereby agrees as follows:

- (1) After the Effective Date and prior to the Closing, no part of the Property, or any interest therein, shall be sold, encumbered or otherwise transferred without BUYER's prior written consent.
- (2) Prior to Closing, SELLER Shall promptly notify BUYER of any fact or circumstance of which SELLER becomes aware which would make any of SELLER's representations and warranties untrue in any material respect, or any covenant of SELLER under this Agreement incapable or improbably of being cured or performed.

E. Covenants of BUYER.

- (1) BUYER shall not cause or be the reason for the imposition of any mechanics' and materialmen's liens to be placed on or attached to the Property prior to Closing.
- (2) Prior to Closing, BUYER shall promptly notify SELLER of any fact or circumstance of which BUYER becomes aware which would make any of BUYER's representations and warranties untrue in any material respect, or any covenant of BUYER under this Agreement incapable of being cured or performed.

5. AS-IS.

A. "AS-IS" Purchase. BUYER EXPRESSLY ACKNOWLEDGES AND AGREES, AND REPRESENTS AND WARRANTS TO SELLER, THAT, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS EXPRESSLY SET FORTH HEREIN BUYER IS PURCHASING THE PROPERTY "AS-IS", AND "WITH ALL FAULTS", AFTER SUCH INSPECTION, ANALYSIS, EXAMINATION AND INVESTIGATION BUYER DESIRES TO MAKE AND EXPRESSLY WITHOUT SELLER'S COVENANT, WARRANTY OR REPRESENTATION AS TO PHYSICAL CONDITION, TITLE, LEASES, RENTS, REVENUES, INCOME, EXPENSES, OPERATION, ACCESS, ZONING OR OTHER REGULATION, COMPLIANCE WITH LAW, SUITABILITY FOR PARTICULAR PURPOSES OR ANY OTHER MATTER WHATSOEVER, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH IN THIS AGREEMENT OR ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING. SELLER HAS NO OBLIGATION TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS TO THE PROPERTY, OR TO PAY ANY FEES, COSTS OR EXPENSES RELATED TO THE PROPERTY EXCEPT AS PROVIDED IN THIS AGREEMENT. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (A) THE VALUE OF THE PROPERTY; (B) THE INCOME TO BE DERIVED FROM THE PROPERTY; (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES FOR DEVELOPMENT OF THE PROPERTY; (D) THE HABITABILITY, MARKETABILITY, MERCHANTABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (E) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (F) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING WITHOUT LIMITATION, SOILS AND GEOLOGY; (G) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (H) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, CALIFORNIA HEALTH AND SAFETY CODE, THE FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL RESOURCE CONSERVATION AND RECOVERY ACT, THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 CFR PART 261, CERCLA, AS AMENDED, RCRA, THE CLEAN WATER ACT, THE SAFE DRINKING WATER ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT AND THE TOXIC SUBSTANCE CONTROL ACT, AS ANY OF THE FOREGOING MAY BE AMENDED FROM TIME TO TIME AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING FROM TIME TO TIME; (I) THE PRESENCE OR ABSENCE OF HAZARDOUS

MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (J) THE CONTENT, COMPLETENESS OR ACCURACY OF THE PROPERTY DOCUMENTS AND ANY OFFERING CIRCULAR OR INFORMATION PACKAGE PROVIDED BY SELLER; (K) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS; (L) DEFICIENCY OF ANY DRAINAGE OR UNDERSHORING; (M) THAT THE PROPERTY MAY BE LOCATED ON OR NEAR EARTHQUAKE FAULTS; (N) THE EXISTENCE OR NON-EXISTENCE OF LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY; (O) THE ENTITLEMENT STATUS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, GENERAL PLAN STATUS, SPECIFIC PLAN STATUS, ZONING STATUS, SUBDIVISION STATUS UNDER THE CALIFORNIA SUBDIVISION MAP ACT; (P) THE APPLICABILITY OF THE FEDERAL OR CALIFORNIA ENDANGERED SPECIES ACTS AND THE EXISTENCE OF ANY SPECIES PROTECTED THEREUNDER; (Q) ANY NON-COMPLIANCE OF THE PROPERTY OR ANY IMPROVEMENTS; (R) ANY ERRORS, INACCURACIES OR DEFECTS IN THE WORK PRODUCT RELATING TO THE PROPERTY; OR (S) ANY OTHER MATTER CONCERNING THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND HAVING OBTAINED AND EXAMINED SUCH INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY AS BUYER HAS DEEMED NECESSARY OR APPROPRIATE, BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATIONS AND REVIEW, AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER OTHER THAN THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING. AT THE CLOSING BUYER SHALL HAVE INDEPENDENTLY CONFIRMED, SUBJECT TO THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING, TO ITS SATISFACTION ALL INFORMATION THAT IT CONSIDERS MATERIAL TO ITS PURCHASE OF THE PROPERTY, INCLUDING WITHOUT LIMITATION THE EXISTENCE OF ANY AND ALL MUNICIPAL FEES, CHARGES, OR OTHER LIABILITIES THAT MAY EXIST WITH RESPECT TO THE PROPERTY. EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS, BUYER ASSUMES ALL RISK OF DISCOVERING AND UNDERSTANDING ALL FACTS AND CIRCUMSTANCES RELATING TO THE PROPERTY, INCLUDING PHYSICAL FEATURES AND CONDITIONS, PERMIT AND ENTITLEMENT STATUS, DEVELOPMENT OBLIGATIONS, LIABILITIES, AND OTHER FACTORS RELEVANT TO THE DEVELOPMENT OF THE REAL PROPERTY. SELLER FURTHER ADVISES BUYER THAT PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1102, 1103.1(A), 3434 AND OTHER APPLICABLE PROVISIONS OF CALIFORNIA LAW, SELLER IS NOT LIABLE AND SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE OCCASIONED BY ANY CONSTRUCTION DEFECT OR OTHER DEFECT IN THE REAL OR PERSONAL PROPERTY SO DESIGNED, MANUFACTURED, CONSTRUCTED, REPAIRED, MODIFIED OR IMPROVED OR FOR ANY LOSS OR DAMAGE RESULTING FROM THE FAILURE OF SELLER OR ANY OTHER PARTY THAT PARTICIPATED IN THE DESIGN OR CONSTRUCTION OF THE PROPOSED IMPROVEMENTS ON THE PROPERTY TO USE DUE CARE IN THE DESIGN,

MANUFACTURE, CONSTRUCTION, REPAIR, MODIFICATION OR IMPROVEMENT OF SUCH REAL OR PERSONAL PROPERTY. THIS PROVISION WILL SURVIVE THE CLOSING AND CONSTITUTE MATERIAL CONSIDERATIONS FOR SELLER'S AGREEMENT TO SELL THE PROPERTY TO BUYER.

B. Release. Effective upon the Closing, except as otherwise provided herein or in any documents delivered at the Closing, BUYER, on behalf of itself, and the BUYER representatives fully, unconditionally, and irrevocably release SELLER from any and all claims that BUYER may now have or hereafter acquire against SELLER for any liabilities arising from or related to Property, its design, development, entitlements or any conditions existing or events occurring on, in or about the Property before the Closing, including without limitation any construction defects, or other conditions, latent or otherwise, including, without limitation, environmental matters affecting the Property or any portion thereof; provided, however, that nothing herein shall constitute a release of any other claims for liabilities other than as specified above. The foregoing release includes claims of which BUYER is presently unaware or which Buyer does not presently suspect to exist which, if known by BUYER, would materially affect Buyer's release of the Released Parties. In connection with this release, BUYER specifically waives the provision of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

This release by BUYER shall constitute a complete defense to any claim, cause of action, defense, contract, liability, indebtedness or obligation released pursuant to this release. Nothing in this release shall be construed as (or shall be admissible in any legal action or proceeding as) an admission by SELLER or any other released party that any defense, indebtedness, obligation, liability, claim or cause of action exists which is within the scope of those hereby released.

BUYER'S Initials

SELLER'S Initials

/////

/////

6. CLOSING AND ESCROW INSTRUCTIONS.

A. Closing. The consummation of the purchase and sale of the Property (the "Closing" or "Close of Escrow") shall take place on the Closing Date, through the escrow established with Escrow Holder ("Escrow"), as evidence by recordation of the Grant Deed described in Section 6.B. in the Official Records of Santa Clara County, California ("Official Records"). The "Closing Date" shall be _____ or such earlier date as the parties may mutually agree upon (without obligation to so agree).

B. SELLER'S Deposits.

Prior to Closing, in sufficient time prior thereto to allow Closing on the Closing Date, SELLER shall cause to be delivered into the Escrow:

(1) A Grant Deed executed by SELLER, with signatures notarized for recording in the Official Records, conveying to BUYER the Property, in the form of Exhibit B attached hereto ("Grant Deed"), which Grant Deed shall be recorded in the Official Records at the Closing;

(2) An affidavit in compliance with the Foreign Investment and Real Property Tax Act and a California Tax Withholding Form 593-C, executed by SELLER (the "Non-Foreign Status Certificate" and "Form 593-C", respectively), certifying that SELLER is not subject to withholding under federal or state law; and

(3) Such additional instruments or documents reasonably required by Escrow Holder in order to consummate the purchase and sale of the Property in accordance with the terms and conditions of this Agreement, to the extent consistent with this Agreement, including without limitation escrow instructions and an owner's affidavit reasonably required by the Title Company to enable the Title Company to issue the Title Policy to BUYER at the Closing.

C. BUYER'S Deposits. Prior to Closing, in sufficient time prior thereto to allow Closing to occur on the Closing Date, BUYER shall cause to be delivered into the Escrow the following:

(1) In immediately available funds a sum equal to the Purchase Price, plus BUYER's estimated Closing Costs, less the Deposit, together with any interest earned thereon; and

(2) Such additional instruments or documents reasonably required by Escrow Holder in order to consummate the purchase and sale of the Property in accordance with the terms and conditions of this Agreement, to the extent consistent with this Agreement, including without limitation escrow instructions.

D. Failure to Timely Close Escrow. If the Closing does not occur by the Closing Date, then either party not then in default may elect to terminate this Agreement and cancel Escrow by giving written notice of such termination and cancellation to the other party. If neither party is in default, then the cost of cancellation of the Escrow shall be shared equally between BUYER and SELLER, unless otherwise expressly provided in the Agreement. If only one of the parties hereto is in default, then such defaulting party shall pay for the entire cost of cancellation of the Escrow. The termination of this Agreement and cancellation of the Escrow, as provided herein, shall be without prejudice to whatever legal rights, as said rights may be limited by the terms contained in this Agreement, that BUYER or SELLER may have against each other arising out of this Agreement and the Escrow, which rights shall survive the termination of this Agreement.

E. Conditions to Closing.

- (1) **BUYER'S Conditions.** In addition to all other conditions to the completion of the transaction described in this Agreement, SELLER and BUYER agree that the Closing of the sale and purchase contemplated by this Agreement is subject to satisfaction, approval or waiver by BUYER of the matters specified below in this Section 6.E.(1), which conditions are solely for the benefit of the BUYER and can be unilaterally waived by BUYER:
- i. The Title Company shall be irrevocably committed to issue to BUYER at the Closing an Owner's Standard ALTA policy of title insurance in the amount of the Purchase Price, insuring the Property is vested in BUYER subject to no exceptions other than the Permitted Exceptions, in the form and with endorsements to be approved by BUYER prior to the end of the Due Diligence Period (the "Title Policy");
 - ii. There shall have been no material adverse change in the physical condition of the Property from the Effective Date through the Closing Date; and
 - iii. SELLER shall not be in material default of SELLER's obligations under this Agreement, and all of SELLER's express representations and warranties set forth in this Agreement shall continue to be true, correct, and unchanged in all material respects as of the Closing.
- (2) **SELLER's Conditions.** In addition to all other conditions to the completion of the transaction described in this Agreement, SELLER and BUYER agree that the Closing of the sale and purchase contemplated by this Agreement is subject to satisfaction, approval or waiver by SELLER of the matters specified below in this Section 6.E.(2), which conditions are solely for the benefit of SELLER and can be unilaterally waived by SELLER:
- i. BUYER shall not be in material default of BUYER's obligations under this Agreement, and all of BUYER's express representations and warranties set forth in this Agreement shall continue to be true, correct, and unchanged in all material respects as of the Closing.

F. Title. At Closing, title to the Property shall be conveyed to BUYER subject to only the following exceptions (collectively, "Permitted Exceptions"): (i) non-delinquent real property taxes and assessments (if any), (ii) the standard pre-printed exceptions and exclusions contained in an ALTA Standard coverage owner's policy of title insurance, and (iii) liens and encumbrances resulting from the acts of BUYER or any of BUYER's representatives. Anything to the contrary in this Agreement notwithstanding, SELLER shall pay or discharge, or cause to be removed, whether or not specifically objected to by BUYER, all monetary liens or encumbrances affecting the Property (other than non-delinquent real property taxes and assessments, and other than monetary liens and encumbrances created by BUYER, but otherwise including without limitation all deeds of trust and mortgages and other encumbrances relating thereto, judgment liens, mechanics' and materialmen's liens or claims of lien, and liens relating to defaulted taxes), and all liens or encumbrances voluntarily created or assumed by SELLER prior to the Close of Escrow;

and in no event shall SELLER be allowed to elect or be deemed to have elected not to pay, discharge or cause to be removed such matters.

If following the Effective Date, the Title Company discloses additional exceptions not previously disclosed as exceptions in the preliminary title report delivered to BUYER before the Effective Date, other than the Permitted Exceptions, then unless BUYER accepts to accept title as it then is without reduction of the Purchase Price, BUYER may, at its option determined in BUYER's sole and absolutely discretion, terminate this Agreement, in which event the Nonrefundable Consideration shall be released to SELLER if such exception has not been caused by SELLER's default under this Agreement (and otherwise it shall be released to BUYER), and the Deposit Balance shall be returned to BUYER.

G. Prorations.

- (1) Subject to Subsection (2) below, all revenues and expenses of the Property, including without limitation real property taxes, special taxes, assessments (if any) shall be prorated and apportioned between BUYER and SELLER as of the Closing Date, so that SELLER bears all expenses with respect to the Property, and has the benefit of all income with respect to the Property, through and including the date immediately preceding the Closing Date. If any portion of the Property is affected by any assessment or other charge, whether for taxes or bonds, or interest thereon, which is or may become payable in installments, and an installment payment of such assessment is then a lien due and payable as part of the annual ad valorem property tax bill received for the Property, then such installment shall be prorated as of the Closing Date; and if any such assessment or other charge is not payable in installments or are not billed as part of the annual ad valorem property tax bill for the Property, shall be paid in full by SELLER at the Closing. Notwithstanding the foregoing, SELLER shall be solely responsible for clearing all possessory interest taxes from the Property not later than the Closing. Any necessary adjustment due either party on receipt of a supplemental tax bill will be made by the parties outside of this Escrow within the time required by this Section 10 below, which obligation shall survive the Closing.
- (2) Subject to Subsection (1) above, if any of the items to be prorated as of Closing cannot be finally determined as of Closing, the prorations shall be made at Closing based on the last available information, and post-closing adjustments between BUYER and SELLER shall be made within twenty (20) days after the date that the actual amounts are determined, and if payment is not made within this twenty (20) day period the party owing such sums shall pay interest thereon, at the rate of ten percent (10%) per annum, from the date of delivery of the bill to the non-paying party to the date of payment. This subsection shall survive the Closing.

H. Title Charges, Other Closing Costs. If this transaction is terminated by BUYER prior to the expiration of the Due Diligence Period for any reason other than SELLER's default

hereunder, BUYER shall pay all escrow costs billed by the Escrow Holder and Title Company. If this transaction closes as provided in this Agreement:

- (1) SELLER shall pay that portion of the premium for the Title Policy attributable to ALTA Standard Owner's Policy of coverage (exclusive of endorsements), and the escrow fees;
- (2) BUYER shall pay recording fees for the recording of the Grant Deed (if any), and the portion of the premium for the Title Policy attributable to an ALTA Extended Policy coverage and endorsements issued with the Title Policy, if BUYER so elects to obtain an ALTA Extended Policy; and
- (3) All other Closing costs, if any, shall be allocated between SELLER and BUYER in accordance with the custom in Santa Clara County, California.

I. Disbursement of Funds. On the Close of Escrow, Escrow Holder shall be instructed to disburse the Purchase Price less: (i) SELLER's share of prorations as determined pursuant to Subsection G immediately above, and (ii) SELLER share of costs of Escrow in immediately available funds, as directed by SELLER.

J. Delivery of Documents. Escrow Holder shall be instructed to, upon the Close of Escrow, deliver all instruments and documents as follows:

- (1) Escrow Holder shall be instructed to deliver to SELLER:
 - i. A copy of the Grant Deed executed by SELLER, showing recording information, and certified by the Escrow Holder as being a true and complete copy of the Grant Deed recorded in the Official Records;
 - ii. A copy of the Non-Foreign Status Certificate, and Form 593-C;
 - iii. A copy of all other documents deposited into Escrow; and
 - iv. The Purchase Price, less the costs and prorations chargeable to SELLER pursuant to this Agreement.
- (2) Escrow Holder shall be instructed to deliver to BUYER following the Close of Escrow the following:
 - i. A copy of the Grant Deed signed by SELLER, showing recording information, and certified by the Escrow Holder as being a true and complete copy of the Grant Deed recorded in the Official Records;
 - ii. A copy of the Non-Foreign Status Certificate, and Form 593-C;
 - iii. The original Title Policy; and
 - iv. A copy of all other documents deposited into Escrow.

7. CONDEMNATION.

If between the date of this Agreement and the Closing Date any condemnation or eminent domain proceedings are initiated which would result in the taking of any portion of the Property, then BUYER may terminate this Agreement by written notice of the commencement or occurrence of any condemnation or eminent domain proceedings affecting the Property. If such proceedings are initiated for the taking of any part of the Property, BUYER shall then notify SELLER, within ten (10) business days after BUYER's receipt of SELLER's notice (but in no event later than the Closing Date), whether or not BUYER elects to terminate this Agreement. If BUYER elects not to terminate this Agreement or fails to make an election within such ten (10) business day period or prior to the Closing Date, whichever is earlier, then BUYER shall be deemed to have elected to proceed with the Closing without any reduction to the Purchase Price, in which event SELLER shall assign to BUYER at Closing all of SELLER's right, title and interest in and to any award made in connection with such condemnation or eminent domain proceedings, or if such payment has been received by SELLER such payment shall be credited to BUYER at the Closing, and Closing shall be delayed, if necessary, until the later to occur of (i) the Closing Date, or (ii) ten (10) days after the expiration of the ten (10) business day period. If this Agreement is terminated in accordance with this Section 7, then the Deposit shall be refunded to BUYER by the Escrow Holder, and SELLER and BUYER shall thereupon be released from all further obligations under this Agreement other than the Surviving Obligations.

8. RISK OF LOSS.

If prior to the Closing, the Improvements, or any part thereof, are materially and substantially damaged or destroyed such that the total cost of restoring the Property to the condition that existed just prior to the damage or destruction is equal to or exceeds thirty percent (30%) of the Property's fair market value prior to the damage or destruction, BUYER has the right, exercisable by giving written notice to the SELLER within ten (10) days after receiving written notice of such damage or destruction (but in any event no later than the Closing Date, either (i) to terminate this Agreement, in which case the Deposit shall be returned to BUYER, and any other money or documents in escrow shall be returned to the party depositing the same, and neither party shall have any further rights or obligations under this Agreement other than the Surviving Obligations, or (ii) to accept the Property in its then condition and to proceed with the Closing. A failure by BUYER to notify SELLER in writing within such ten (10) business day period or prior to the Closing Date, whichever is earlier, will be deemed an election to proceed under clause (ii) above. If BUYER elects (ii) in the prior sentence, all of SELLER's insurance proceeds, if any, shall be retained by SELLER.

9. DEFAULT AND REMEDIES.

- A. DEFAULT BY BUYER; LIQUIDATED DAMAGES. IF THE SALE OF THE PROPERTY IS NOT CONSUMMATED BECAUSE OF BUYER'S DEFAULT UNDER THIS AGREEMENT, ESCROW HOLDER SHALL BE INSTRUCTED BY SELLER TO CANCEL THE ESCROW, SELLER AND BUYER SHALL THEREUPON BE RELEASED FROM EACH OF ITS RESPECTIVE OBLIGATIONS HEREUNDER (OTHER THAN THE SURVIVING OBLIGATIONS), AND AS LIQUIDATED DAMAGES HEREUNDER, THE

DEPOSIT (DEFINED IN SECTION 2.B), TO THE EXTENT MADE, SHALL BE PAID TO AND RETAINED BY SELLER AS LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY BUYER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR SIGNATURES OR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE AMOUNT DESIGNATED AS LIQUIDATED DAMAGES IN THIS SECTION 9.A. HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS REASONABLE LIQUIDATED DAMAGES PURSUANT TO THE TERMS HEREOF, CALIFORNIA CIVIL CODE SECTIONS 1671 AND 1677 AND ANY RETENTION OF LIQUIDATED DAMAGES AS A RESULT THEREOF SHALL CONSTITUTE SELLER'S ONLY AND EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT ON THE PART OF BUYER. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES. THE PROVISIONS OF THIS SECTION 9.A. SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

SELLER'S INITIALS: _____ BUYER'S INITIALS: _____

- B. Default or Breach by SELLER. If SELLER materially defaults in the performance of its obligations hereunder or is otherwise in material breach of the terms hereof, such that BUYER is materially and adversely impacted, BUYER shall, at its election, have the right to:
- (1) Seek specific performance of SELLER's obligation to convey the Property to BUYER pursuant to this Agreement, and SELLER agrees that because of the unique nature of the Property, specific performance is an appropriate remedy for enforcement of SELLER's obligation to convey the Property to BUYER pursuant to the Agreement; provided, however, that in the event Buyer elects to sue Seller for specific performance of Seller's obligations under this Agreement; (i) Buyer must have reasonably demonstrated that it is prepared to deliver into Escrow all funds and documents required by this Agreement in order for the Closing to occur, and Buyer shall be ready and willing in all other respects to close Escrow in accordance with the terms and conditions of this Agreement; and (ii) Buyer must have filed a petition with the Superior Court of Santa Clara County, seeking specific performance of Seller's obligations under this Agreement, within sixty (60) days after the scheduled Closing Date (as the same may be mutually extended by the parties).
 - (2) Terminate this Agreement, upon which termination BUYER's remedy shall be the return of the Deposit and recovery of all out of pocket expenses incurred by BUYER in connection with this Agreement and BUYER's due diligence

investigations relating to the Property and all other damages incurred by BUYER as the result of SELLER's default; and

- (3) Such other rights to BUYER by law or in equity. The provisions of this Section 9.B. shall survive the Close of Escrow or the termination of this Agreement.

C. Remedies.

- (1) SELLER'S Default. If SELLER defaults hereunder, or the Closing does not occur by reason of Seller's default hereunder which is not cured within ten (10) days after Seller's first have knowledge of such default, then Buyer shall be entitled to pursue its right to specifically enforce this Agreement or to terminate this Agreement. In the event Buyer terminates this Agreement, Seller, to the extent that any Deposit has been released, or Escrow Holder, to the extent any Deposit has not been released, shall immediately return said Deposit(s) to Buyer. Seller shall also pay for all out of pocket expenses incurred by Buyer in connection with this Agreement and Buyer's due diligence investigations relating to the Property and all other damages incurred by Buyer as a result of Seller's default. Except as otherwise provided, neither party will have any further obligations under this Agreement.
- (2) BUYER'S Default. **BUYER AND SELLER AGREE THAT IN THE EVENT THE CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S DEFAULT OR BREACH (NOT DUE TO SELLER'S WRONGFUL ACTS OR OMISSIONS OR SELLERS' BREACH) HEREUNDER, THE DAMAGES TO SELLER WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THEREFORE THE DEPOSIT, TO THE EXTENT MADE AND RELEASED AND BECOME NON-REFUNDABLE, IS A REASONABLE ESTIMATE OF THE DAMAGES TO SELLERS, SUCH DAMAGES INCLUDING COSTS OF NEGOTIATING AND DRAFTING OF THIS AGREEMENT, COSTS OF COOPERATING IN SATISFYING CONDITIONS TO CLOSING, COSTS OF SEEKING ANOTHER BUYER UPON BUYER'S DEFAULT, OPPORTUNITY COSTS IN KEEPING THE PROPERTY OUT OF THE MARKETPLACE, AND OTHER COSTS INCURRED IN CONNECTION HERewith. ACCORDINGLY, BUYER AGREES THAT UPON BUYER'S RECEIPT OF NOTICE OF SUCH DEFAULT OR BREACH FROM SELLER, WHICH NOTICE SHALL SPECIFY THE BREACH IN DETAIL, AND FAILURE BY BUYER TO CURE SAID BREACH, DEFAULT OR FAILURE TO PERFORM WITHIN TEN (10) DAYS AFTER RECEIPT OF SUCH NOTICE, AND CLOSING FAILS TO OCCUR BECAUSE OF SUCH BREACH OR DEFAULT, SELLERS' DAMAGES SHALL BE LIMITED TO THE DEPOSIT, TO THE EXTENT SAID DEPOSIT HAS BEEN MADE, RELEASED AND HAVE BECOME NON-REFUNDABLE, AS LIQUIDATED DAMAGES, AS SELLER'S SOLE REMEDY IN THE EVENT OF ANY SUCH MATERIAL BREACH OR DEFAULT BY BUYER HEREUNDER. THE**

PARTIES ACKNOWLEDGE THAT SELLER'S RETENTION OF LIQUIDATED DAMAGES AS CONTEMPLATED IN THIS SECTION 9 IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER UNDER CALIFORNIA CIVIL CODE SECTIONS 1671, 1676, AND 1677. THE FOREGOING IS NOT INTENDED TO LIMIT BUYER'S SURVIVING OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY OBLIGATIONS OF BUYER TO INDEMNIFY SELLERS OR WITH RESPECT TO ANY DEFAULT BY BUYER WHICH OCCURS FOLLOWING THE APPLICABLE CLOSING.

INITIALS OF BUYER: _____ INITIALS OF SELLERS: _____ / _____

- (3) **Arbitration of Disputes. EXCEPT AS PROVIDED BELOW, IF A DISPUTE ARISES OUT OF OR RELATES TO THIS AGREEMENT, UPON THE WRITTEN DEMAND OF EITHER PARTY, THE DISPUTE SHALL BE RESOLVED BY BINDING ARBITRATION IN ACCORDANCE WITH THE AMERICAN ARBITRATION ASSOCIATION'S COMMERCIAL ARBITRATION RULES EXCEPT THAT THE ARBITRATION SHALL BE CONDUCTED BY ONE (1) ARBITRATOR WHO IS A RETIRED JUDGE OR AN ATTORNEY WITH NOT LESS THAN FIFTEEN (15) YEARS' EXPERIENCE IN REAL ESTATE MATTERS. DISCOVERY SHALL BE ALLOWED AS PROVIDED IN CODE OF CIVIL PROCEDURE SECTION 1283.05, THE PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE. THE ARBITRATOR MAY ORDER SPECIFIC PERFORMANCE WHEN THAT REMEDY IS PROVIDED FOR IN THIS AGREEMENT. THE JUDGMENT UPON THE ARBITRATION AWARD SHALL BE FINAL AND BINDING UPON THE PARTIES AND MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. IF THE PARTIES DO NOT AGREE UPON AN ARBITRATOR WITHIN FIFTEEN (15) DAYS AFTER DELIVERY OF A WRITTEN DEMAND FOR ARBITRATION, THEN THE ARBITRATOR SHALL BE CHOSEN BY THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR SHALL ALLOCATE THE FEES AND COSTS OF ARBITRATION BETWEEN THE PARTIES AND SHALL AWARD COSTS, INCLUDING REASONABLE ATTORNEY'S FEES, TO EITHER PARTY. NOTHING CONTAINED IN THIS SECTION SHALL RESTRICT EACH PARTY FOR SEEKING EQUITABLE RELIEF FROM THE COURT SYSTEM PENDING RESOLUTION OF THE ARBITRATION.**

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY

CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

SELLER'S INITIALS: _____

BUYER'S INITIALS: _____

D. Jury Waiver. BUYER and SELLER each waives the right to a jury in any litigation in connection with this Agreement, or the property, or the transactions contemplated by this Agreement. BUYER and SELLER each acknowledges that this waiver has been freely given after consultation by it with competent counsel. This section 9.D has been included only for the event that, despite the parties' intention, the agreement to utilize judicial reference or arbitration as provided above is held to be inapplicable, and nothing in this section 9.D is intended to qualify the parties' agreement to resolve all disputes via order of reference.

10. NOTICE.

All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following address:

If to BUYER: _____

With a copy to: _____

If to SELLER: _____

With a copy to:

Any notices required under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of service, if served personally on the person to whom notice is to be given, (ii) on the date of service if sent by telecopier with confirmation of successful transmission, provided the original is concurrently sent by first class mail, and provided that notices received by telecopier after 5:00 p.m. shall be deemed given on the next business day, (iii) on the next business day after deposit with a recognized overnight delivery service, or (iv) on the third day after mailing, if mailed to the party to whom notice is to be given by first class mail, registered or certified, and postage-prepaid.

11. TIME OF ESSENCE.

Time is of the essence of this Agreement.

12. GOVERNING LAW AND VENUE.

This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to any choice of law principles. Venues for all court proceedings or alternative forms of dispute resolution proceedings shall be Santa Clara County.

13. COUNTERPARTS.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. CAPTIONS.

The captions/headings in this Agreement are inserted for convenience of reference and in no way define, describe, or limit the scope or intent of this Agreement or any of the provisions hereof.

15. ASSIGNABILITY.

Buyer may not assign its rights, remedies and obligations under this Agreement, in whole or in part, without Seller's prior written consent, which may be withheld in Seller's sole discretion, except to an affiliate of Buyer. For purposes of this paragraph, an "affiliate" of Buyer is any corporation, partnership, joint venture, individual, business trust, real estate investment trust, or any other legal entity who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with Buyer.

16. BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of both parties hereto and their respective successors and permitted assigns.

17. MODIFICATIONS; WAIVER.

No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by both parties.

18. ENTIRE AGREEMENT.

This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded hereby.

19. AMBIGUITIES.

This Agreement shall be interpreted as if it had been jointly drafted by both parties. Therefore, the normal rule of construction that ambiguities are construed against the drafter is waived.

20. SEVERABILITY.

Any provision of this Agreement which is void, unenforceable or invalid or the inclusion of which would adversely affect the validity, legality or enforcement of this Agreement shall be of no effect, but all the remaining provisions of this Agreement shall remain in full force and effect.

21. SUBMISSION OF AGREEMENT.

The submission of this Agreement by one party to the other or their agents or attorneys for review will not be deemed an offer to sell or purchase the Property, and no agreement with respect to the purchase and sale of the Property will exist unless and until this Agreement is executed and delivered by both SELLER and BUYER.

22. REAL ESTATE REPORTING PERSON.

Escrow Holder is designated the "real estate reporting person" for purposes of Section 6045 of Title 16 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Holder shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Holder shall, after review and approval by SELLER (such approval not to be unreasonably withheld, conditioned or delayed), file a Form 1099 information return and send the statement to SELLER as required under the aforementioned statute and regulation.

23. COMPUTATION OF TIME.

In computing any period of time pursuant to this Agreement, the day of the act or event from which the designated period of time begins to run will not be included, and the last day of the period so computed will be included, unless it is a Saturday, Sunday, or legal holiday recognized as such in California, in which event the period runs until the end of the next day which is not a Saturday, Sunday, or such legal holiday. As used in the Agreement, "business day" shall mean a day which is not a Saturday, Sunday, or legal holiday recognized as such in California.

24. WAIVER.

No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, not shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

25. NUMBER AND GENDER.

When required by the context of this Agreement, each number (singular and plural) shall include all numbers, and each gender shall include all genders.

26. NEGOTIATED TERMS.

Each party has had the opportunity to be advised by legal counsel and other professionals in connection with this Agreement, and each party has obtained such advice as each party deems appropriate. The parties agree that the terms and conditions of this Agreement are the result of negotiations between the parties and that this Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or its professionals participated in the preparation of this Agreement.

27. SIGNATURES.

Signatures and initials to this Agreement created by the signer by electronic means and/or transmitted by telecopy or other electronic transmission shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an executed original of this Agreement with its actual signature and initials to the other party, but a failure to do so shall not affect the enforceability of this Agreement, it being expressly agreed that each party to this Agreement shall be bound by its own electronically created and/or electronically transmitted signature and initials and shall accept the electronically created and/or electronically transmitted signature and initials of the other party to this Agreement.

28. EXCLUSIVITY.

During the terms of this Agreement, SELLER shall not offer the Property or any interest therein for sale or lease to any other party, or negotiate, solicit, or entertain any offers.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

SELLER:

Successor Agency of the Former Redevelopment
Agency of the City of Milpitas

Name: _____

Title: _____

Date: _____

ATTEST:

Name: _____

Clerk, Successor Agency

BUYER:

Lodging Dynamics Development, LLC

Name: _____

Title: _____

Date: _____

ATTEST:

Name: _____

Title: _____

EXHIBIT INDEX

Exhibit Reference

Content

Exhibit A

Legal Description of Real Property

Exhibit B

Grant Deed

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: February 19, 2016

ITEM VI.B: Report from Ad Hoc Committee of Oversight Board Regarding Disposition of 86 N. Main Street, Milpitas, California Listed on the Long Range Property Management Plan as Property No. 1.

RECOMMENDED ACTION:

The Oversight Board Ad Hoc Committee recommends that the Board review this matter and consider two alternative resolutions:

- Alternative A: Resolution No. 77 of the Oversight Board of the Successor Agency of the Former Milpitas Redevelopment Agency Approving a Request for Proposals (RFP) for the Sale of Property Located at 86 N. Main Street, Milpitas, California, and listed on the Long Range Property Management Plan as Property No.1.
- Alternative B: Resolution No. 77 of the Oversight Board of the Successor Agency of the Former Milpitas Redevelopment Agency Amending the Long Range Property Management Plan To Authorize Retention of Property No. 1 Located at 86 N. Main Street for Governmental Use.

BACKGROUND AND DISCUSSION:

Last May 12, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 61 which approved issuance of an RFP for property located at 86 N. Main Street (APN 028-24-025) listed as Property No. 1 on the LRPMP. No proposals were received from the issuance of that RFP.

The Ad Hoc Committee has conferred regarding disposition of the property and determined to present two alternative resolutions for the Oversight Board's consideration.

Alternative A

This resolution authorizes issuance of a new RFP. The RFP has been revised as follows to enhance submittals and in keeping with the LRPMP and the issuance of the second RFP for the Alder Drive and Barber Lane property.

- (i) Clarifies language to aid potential Proposers.

- (ii) Updates statutory requirements for the sale (under SB 107 only submittal of the award to DOF is required not approval if it implements the approved Long Range Property Management Plan).
- (iii) Increases the response period from 30 days to 60 days.
- (iv) Reduces the Initial Deposit from \$25,000 to \$10,000.
- (v) Provides for a longer Due Diligence Period.
- (vi) Original proposals must be delivered to the Successor Agency with simultaneous email copy to the Successor Agency and to Special Counsel Montoy.
- (vii) Adds text that proposed terms for the sharing of Broker's Fees may be submitted by proposers. Any Broker's Fees agreement will be submitted to the Oversight Board's for its approval as part of a recommended award to a Successful Proposer.
- (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 this resolution, 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 and Successor Agency will review proposals received and make recommendations to the Oversight Board.

Alternative B

Based on the unsuccessful RFP and for reasons which Member Polanski and others will articulate at the Board Meeting, this alternative resolution seeks amendment of the Long Range Property Management Plan.

////

////

////

////

BOARD COUNSEL'S BRIEF SUMMARY OF DISSOLUTION LAW

1. Definition of "Governmental Use" under Dissolution Law

At this time, there is no evidence that the definition of Governmental Use under the Dissolution Law has been met or can be met. Health and Safety Code Section 34181 provides:

The oversight board shall direct the successor agency to do all of the following:

(a)(1) Dispose of all assets and properties of the former redevelopment agency; provided that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, parking facilities and lots dedicated solely to public parking, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. (emphasis added)

This language has been critical to designation of property for governmental use under the Dissolution Law.

2. No Authority for Amending Long Range Property Plan Under Current Facts

The Board should note that the California Department of Finance approved the Long Range Property Management Plan on March 9, 2015. Per the Dissolution Law, as of that date, the Long Range Property Management Plan "shall govern, and supersede all other provisions relating to, the disposition and of the real property assets of the former redevelopment agency." (Health and Safety Code Section 34191.3)

Nothing in the Dissolution Law provides for an amendment of the Long Range Property Management Plan as envisioned by Resolution 77, Alternative B. Subsection (b) of Health and Safety Code Section 34191.3 provides the only statutory authority for amendment of the Long Range Property Management Plan.

Subsection (b) of Health and Safety Code Section 34191.3 provides:

If the department [DOF] has approved a successor agency's long-range property management plan prior to January 1, 2016, the successor agency may amend its long-range property management plan once, solely to allow for retention of real properties that constitute "parking facilities and lots dedicated solely to public parking" for governmental use pursuant to Section 34181. An amendment to a successor agency's long-range property management plan under this subdivision shall be submitted to its oversight

board for review and approval pursuant to Section 3479, and any such amendment shall be submitted to the department prior to July 1, 2016.
(emphasis added)

Based on the foregoing the Long Range Property Management Plan may not be amended.

RESOLUTION NO. 77 [Alternative A]

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING A NEW REQUEST FOR PROPOSALS (RFP) FOR THE SALE OF PROPERTY LOCATED AT 86 N. MAIN STREET, MILPITAS, CALIFORNIA AND LISTED ON THE LONG RANGE PROPERTY MANAGEMENT PLAN AS PROPERTY NO. 1

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 has authorized 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 May 12, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 61 which approved issuance of an RFP for Property No. 1 on the LRPMP located at 86 N. Main Street (APN 028-24-025); and

WHEREAS, no proposals were received as a result of that RFP process; and

WHEREAS, a second RFP has been prepared which clarifies language for potential Proposers, updates statutory requirements for the sale, increase the response period from 30 days to 60 days, reduces the Initial Deposit from \$25,000 to \$10,000, increases the Due Diligence Period from 30 days to 60 days; provides for the filing of original proposals with the Successor Agency, and includes text regarding cooperation on sharing of Broker's Fees; and

WHEREAS, a new RFP for Property No. 1 has been prepared as set forth above and is attached as Exhibit A.

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 approves issuance of the Request for Proposals attached as Exhibit A for property located at 86 N. Main, Milpitas, California (APN 028-24-025) and listed on the LRPMP as Property No. 1. The Chair of the Oversight Board, the Successor Agency may collectively make technical, clerical, and formatting edits to the RFP.

PASSED AND ADOPTED on February 19, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Michael McInerney
Oversight Board Chair

EXHIBIT A TO RESOLUTION 77

**REQUEST FOR PROPOSALS (RFP)
SUCCESSOR AGENCY OF THE FORMER
REDEVELOPMENT AGENCY OF
THE CITY OF MILPITAS**

**Sale of Real Property
86 N. Main Street
APN 028-24-025
Milpitas, CA 95035**

Proposals due NLT 5:00 P.M., PST, April 19, 2016

**86 N. Main Street
APN 028-24-025
Milpitas, California 95035**

INTRODUCTION

This is a second Request for Proposals (RFP) by the Successor Agency to the Redevelopment Agency of the City of Milpitas ("Successor Agency") inviting proposals from qualified Proposers to purchase property located in the City of Milpitas at 86 N. Main Street (APN 028-24-025) ("Site"). No proposals were received from the first issuance. Among other things, this RFP clarifies language, updates statutory requirements for the sale, reduces the deposit amount, and provides for a longer Due Diligence Period. A Site View of the Property is attached at the end of this RFP as "Attachment A."

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.

DUE DATE AND TIME

Proposals are due not later than **TUESDAY, APRIL 19, 2016, 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 Area and was owned by the former Redevelopment Agency, which purchased the property on December 20, 2004.

ABX1 26 amended by AB 1484 and SB 107 (collectively the "Dissolution Law") and codified in the California Health & Safety Code dissolved redevelopment agencies in California as of February 1, 2012. Pursuant to the Dissolution Law, all non-housing properties owned by the Redevelopment Agency were transferred to the Successor Agency. The Successor Agency addressed the disposition of the subject property in its Long Range Property Management Plan ("LRPMP") which was approved by the California Department of Finance on March 9, 2015. The Successor Agency is now seeking a qualified Proposer to purchase the Site.

The Dissolution Law provides for oversight of Successor Agency wind-down activities by an Oversight Board comprised of seven members. The Successor Agency will review the proposals and transmit its recommendations to the 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 will hold a public meeting to consider recommendations and will take action on the recommendations. The Oversight Board's action on approval of a proposal will be submitted to the California Department of Finance.

PROPOSAL REQUIREMENTS

1. The Successor Agency is seeking proposals from qualified Proposers to purchase the Site at not less than fair market value.
2. Completing the property sale in a timely manner is especially important to the Successor Agency and the Oversight Board.
3. Closing shall be on an all-cash basis, not later than ninety (90) days following approval of the Proposer's offer by the Oversight Board.
4. Sale of the property is to be done expeditiously and in a manner aimed at maximizing the value to the taxing entities.
5. No warranty, express or implied, other than clean title will be provided by Seller.
6. Proposals are required to meet the requirements of this RFP.

PROPERTY DATA

1. The Site is located at 86 N. Main, Milpitas, California, 95035.
2. The Site consists of Assessor Parcel Number 028-24-025.
3. The Site is vacant and there is no current or planned use for the property.
4. The Site is zoned "Mixed Use" by the City of Milpitas. Proposers 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 Proposer.
5. 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>.
6. The Site is approximately 60.44' x 104.98' in size.

MATERIALS REQUIRED TO BE SUBMITTED

1. The prospective Proposer shall:
 - Submit one (1) original mailed or delivered Proposal together with the attached original Cashier's Check for the Deposit (described below) to:

Tom Williams

City Manager
City of Milpitas
455 East Calaveras Boulevard
Milpitas, CA 95035-5479

AND the prospective Proposer shall also:

- Simultaneously submit an emailed copy of the Proposal with a scanned copy of the Cashier's Check for the Deposit as follows:
 - To Tom Williams, City Manager, at twilliams@ci.milpitas.ca.gov. **AND**
 - To Hilda Cantú Montoy, Oversight Board Counsel at: hildac@montoylaw.com.

In order to be considered responsive, the mailed and/or delivered copy and check and the e-mailed copies must all be received not later than 5:00 PM on April 19, 2016. Proposers are encouraged to submit their proposals early so as not to risk unanticipated delays that could invalidate their offer and to utilize delivery confirmation services.

All Proposals should include the following sections in the order enumerated below:

2. PURCHASE PRICE AND FINANCIAL CAPACITY

The Proposal shall include the following information:

- a. An all-cash purchase price offer and information supporting the offer.
Note: Per Dissolution Law, the property must be sold at not less than fair market value.
- b. Proof of the Proposer's financial capacity to purchase the property and readiness to proceed.
- c. Proposer Information
 - (i) Name, address, phone and fax numbers for the lead Purchasing Entity (e.g., corporation, joint venture, limited partnership, etc.) and date of legal establishment.
 - (ii) Name, title, address, phone and fax numbers, and email address of the person designated as the Primary Contact for the Purchasing Entity.
 - (iii) Other relevant information responsive to this RFP.

3. TERMS AND CONDITIONS

The Proposal shall include:

a. Acceptance of the requirements and the terms and conditions of sale set forth in this RFP.

b. Initial Deposit: A deposit of ten thousand dollars (\$10,000) 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." No other form of an initial deposit will be accepted. Only the Successful Proposer's check will be deposited. All other Initial Deposit Checks will be returned to the respective Proposer uncashed.

c. Additional Deposit: Within ten (10) business days from the execution of the Purchase Sale Agreement by the Successful Proposer and the Successor Agency, the Successful Proposer will be required to increase the deposit to ten percent (10%) of the purchase price.

d. Within ten (10) days of approval by the Oversight Board, the Successful Proposer shall execute a Purchase and Sale Agreement for the Property reflecting the terms approved by the Oversight Board which shall be in substantial conformance to that attached hereto. The Purchase and Sale Agreement shall provide for a sixty (60) day Due Diligence Period. The Due Diligence Period shall commence upon full execution of the Purchase Sale Agreement by the parties.

e. The full Initial Deposit and Additional Deposit (hereafter collectively called "DEPOSIT") shall be refunded upon notification by the Successful Proposer within the sixty (60) days of the Due Diligence Period that it is cancelling the contract.

f. Upon release of the Due Diligence Contingency, if the Successful Proposer has not cancelled the contract by that date, the DEPOSIT shall be non-refundable. If the Purchase and Sale Agreement is not cancelled by the Successful Proposer, the Proposer will be responsible for purchasing the Site on an all cash basis with closing to occur not later than ninety (90) days following approval of the Proposer's offer by the Oversight Board.

NOTE: Proposals may include a proposal for the sharing of Broker's Fees between the Successor Agency and the Successful Proposer (Buyer). Any potential sharing will be solely between the Successful Proposer and the Successor Agency as approved by the Oversight Board. There is not and will not be any privity of contract between the Successor Agency and any broker.

SELECTION CRITERIA

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 Proposer within thirty (30) days after the proposals are received.

Proposals for this Site will be evaluated on completeness, the purchase price, and whether they meet the requirements set forth in this RFP.

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; and
- Negotiate terms and conditions of a proposal with one or more Proposer.

Issuance of this RFP does not commit the Successor Agency or Oversight Board to select a proposer, pay any costs incurred in the preparation of a response to the RFP, award any contract or rights, or take any further actions regarding 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



RESOLUTION NO. 77 [Alternative B]

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY AMENDING THE LONG RANGE PROPERTY MANAGEMENT PLAN TO AUTHORIZE RETENTION OF PROPERTY NO. 1 LOCATED AT 86 N. MAIN STREET, MILPITAS, CALIFORNIA FOR GOVERNMENTAL USE.

WHEREAS, the Oversight Board of 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 the 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 provides that 86 N. Main Street (APN 028-24-025) which is designated as Property No. 1 should be disposed by sale; and

WHEREAS, on May 12, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 61 which approved issuance of an RFP for Property No. 1 on the LRPMP located at 86 N. Main Street (APN 028-24-025); and

WHEREAS, no proposals were received as a result of that RFP process; and

WHEREAS, the Oversight Board has received testimony that Property No. 1 should be retained for governmental use; and

WHEREAS, an amendment to the LRPMP is required to allow retention of the property for governmental use.

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 Long Range Property Management Plan is amended to retain Property No. 1 for Governmental Use.

PASSED AND ADOPTED this 19th day of February 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Mike McInerney
Oversight Board Chair

OVERSIGHT BOARD STAFF REPORT

MEETING DATE: February 19, 2016

ITEM VI.C: Report from Ad Hoc Committee of Oversight Board Regarding Disposition of 230 N. Main Street, Milpitas, California Listed on the Long Range Property Management Plan as Property No. 3.

RECOMMENDED ACTION:

The Oversight Board Ad Hoc Committee recommends that the Board review this matter and consider two alternative resolutions:

- Alternative A: Resolution No. 78 of the Oversight Board of the Successor Agency of the Former Milpitas Redevelopment Agency Approving a Request for Proposals (RFP) for the Sale of Property Located at 230 N. Main Street, Milpitas, California, and listed on the Long Range Property Management Plan as Property No.3.
- Alternative B: Resolution No. 78 of the Oversight Board of the Successor Agency of the Former Milpitas Redevelopment Agency Amending the Long Range Property Management Plan To Authorize Retention of Property No. 3 Located at 230 N. Main Street for Governmental Use.

BACKGROUND AND DISCUSSION:

Last September 14, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution No. 67 which approved issuance of an RFP for property located at 230 N. Main Street (APN 028-34-001 through 028-34-094) listed as Property No. 3 on the LRPMP.

One proposal was received as a result of the issuance of the RFP. On January 25, 2016, after receiving the recommendation of the Ad Hoc Committee and receiving public testimony, the Oversight Board approved the sale to the County of Santa Clara as the Successful Proposer. On January 26, 2016, the County withdrew its offer and thereafter the deposit check was returned to the County.

The Ad Hoc Committee has determined to present two alternative resolutions for the Oversight Board's consideration.

Alternative A

This resolution authorizes issuance of a new RFP. The RFP has been revised as follows to enhance submittals and in keeping with the LRPMP and the issuance of the second RFP for the Alder Drive and Barber Lane property.

- (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 if it implements the approved Long Range Property Management Plan).
- (iv) Provides for a longer Due Diligence Period.
- (v) Original proposals must be delivered to the Successor Agency with simultaneous email copy to the Successor Agency and to Special Counsel Montoy.
- (vi) Adds text that proposed terms for the sharing of Broker's Fees may be submitted by proposers. Any Broker's Fees agreement will be submitted to the Oversight Board's for its approval as part of a recommended award to a Successful Proposer.
- (vii) *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 this resolution, 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 and Successor Agency will review proposals received and make recommendations to the Oversight Board.

Alternative B

Based on the unsuccessful RFP and for reasons which Member Polanski and others will articulate at the Board Meeting, this alternative resolution seeks amendment of the Long Range Property Management Plan. This resolution is very similar to the one presented at the September meeting.

BOARD COUNSEL'S BRIEF SUMMARY OF DISSOLUTION LAW

1. Definition of "Governmental Use" under Dissolution Law

At this time, there is no evidence that the definition of Governmental Use under the Dissolution Law has been met or can be met. Health and Safety Code Section 34181 provides:

The oversight board shall direct the successor agency to do all of the following:

(a)(1) Dispose of all assets and properties of the former redevelopment agency; provided that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, parking facilities and lots dedicated solely to public parking, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. (emphasis added)

This language has been critical to designation of property for governmental use under the Dissolution Law.

2. No Authority for Amending Long Range Property Plan Under Current Facts

The Board should note that the California Department of Finance approved the Long Range Property Management Plan on March 9, 2015. Per the Dissolution Law, as of that date, the Long Range Property Management Plan "shall govern, and supersede all other provisions relating to, the disposition and of the real property assets of the former redevelopment agency." (Health and Safety Code Section 34191.3)

Nothing in the Dissolution Law provides for an amendment of the Long Range Property Management Plan as envisioned by Resolution 78, Alternative B. Subsection (b) of Health and Safety Code Section 34191.3 provides the only statutory authority for amendment of the Long Range Property Management Plan.

Subsection (b) of Health and Safety Code Section 34191.3 provides:

If the department [DOF] has approved a successor agency's long-range property management plan prior to January 1, 2016, the successor agency may amend its long-range property management plan once, solely to allow for retention of real properties that constitute "parking facilities and lots dedicated solely to public parking" for governmental use pursuant to Section 34181. An amendment to a successor agency's long-range property management plan under this subdivision shall be submitted to its oversight

board for review and approval pursuant to Section 3479, and any such amendment shall be submitted to the department prior to July 1, 2016.
(emphasis added)

Based on the foregoing the Long Range Property Management Plan may not be amended.

RESOLUTION NO. 78 [Alternative A]

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY APPROVING A NEW REQUEST FOR PROPOSALS (RFP) PROCESS FOR THE SALE OF PROPERTY LOCATED AT 230 NORTH MAIN STREET (APN 028-34-001 THROUGH APN 028-34-094), MILPITAS, CALIFORNIA AND LISTED ON THE LONG RANGE PROPERTY MANAGEMENT PLAN AS PROPERTY NO. 3.

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 has authorized a Request for Proposals (“RFP”) process as set forth in the LRPMP 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, at its meeting of September 14, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution 67 which approved the issuance of an RFP for Property No. 3 on the LRPMP located at 230 N. Main Street (APN 028-34-001 through APN 028-34-094), Milpitas, CA; and

WHEREAS, one proposal was received as a result of the issuance of the RFP and on January 25, 2016, after receiving the recommendation of the Ad Hoc Committee and receiving

public testimony, the Oversight Board approved the sale to the County of Santa Clara as the Successful Proposer; and

WHEREAS, on January 26, 2016, the County withdrew its offer and thereafter the deposit check was returned to the County; and

WHEREAS, a new RFP for the sale of 230 N. Main Street, Milpitas, CA has been prepared for the Oversight Board's consideration.

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 approves issuance of the Request for Proposals attached as Exhibit A for property located at 230 North Main Street (APN 028-34-001 through APN 028-34-094), Milpitas, California, which is listed on the LRPMP as Property No. 3. The Chair of the Oversight Board, the Successor Agency, and Oversight Board Counsel may collectively make technical, clerical, and formatting edits to the RFP.

PASSED AND ADOPTED this 19th day of February 19, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Mike McInerney
Board Chair

REQUEST FOR PROPOSALS (RFP)
SUCCESSOR AGENCY OF THE FORMER
REDEVELOPMENT AGENCY OF
THE CITY OF MILPITAS

Sale of Real Property
230 N. Main Street
Milpitas, CA 95035

APN 028-34-001 through 028-34-094
1.609 acres of vacant land

Proposals due NLT 5:00 P.M., PST, April 19, 2016

**230 N. Main Street
APN 028-34-001 through 028-34-094
Milpitas, California 95035**

INTRODUCTION

This is a second Request for Proposals (RFP) by the Successor Agency to the Redevelopment Agency of the City of Milpitas ("Successor Agency") inviting proposals from qualified Proposers to purchase property located in the City of Milpitas at 230 N. Main Street (APN 028-24-025) ("Site"). No proposals were received from the first issuance. Among other things, this RFP clarifies language, updates statutory requirements for the sale, reduces the deposit amount, and provides for a longer Due Diligence Period. A Site View and current zoning depiction of the Property are attached at the end of this RFP as "Attachment A."

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.

DUE DATE AND TIME

Proposals are due not later than **TUESDAY, APRIL 19, 2016, 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 Area and was owned by the former Redevelopment Agency, which purchased the property on August 20, 2010.

ABX1 26 amended by AB 1484 and SB 107 (collectively the "Dissolution Law") and codified in the California Health & Safety Code dissolved redevelopment agencies in California as of February 1, 2012. Pursuant to the Dissolution Law, all non-housing properties owned by the Redevelopment Agency were transferred to the Successor Agency. The Successor Agency addressed the disposition of the subject property in its Long Range Property Management Plan ("LRPMP") which was approved by the California Department of Finance on March 9, 2015. The Successor Agency is now seeking a qualified Proposer to purchase the Site.

The Dissolution Law provides for oversight of Successor Agency wind-down activities by an Oversight Board comprised of seven members. The Successor Agency will review the proposals and transmit its recommendations to the 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 will hold a public meeting to consider recommendations and will take action on the recommendations. The Oversight Board's action on approval of a proposal will be submitted to the California Department of Finance.

PROPOSAL REQUIREMENTS

1. The Successor Agency is seeking proposals from qualified Proposers to purchase the Site at not less than fair market value.
2. Completing the property sale in a timely manner is especially important to the Successor Agency and the Oversight Board.
3. Closing shall be on an all-cash basis, not later than one hundred eighty (180) days following approval of the Proposer's offer by the Oversight Board.
4. Sale of the property is to be done expeditiously and in a manner aimed at maximizing the value to the taxing entities.
5. No warranty, express or implied, other than clean title will be provided by Seller.
6. Proposals are required to meet the requirements of this RFP.

PROPERTY DATA

1. The Site is located at 230 N. Main, Milpitas, California, 95035.
2. The Site consists of Assessor Parcel Numbers 028-34-001 through 028-34-94 and is approximately 1.609 acres in size.
3. The Site is zoned "Park and Open Space" by the City of Milpitas. Proposers 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 Proposer.
4. 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>.
5. No warranty, express or implied, other than clean title, will be provided by Seller.

/////

/////

/////

/////

MATERIALS REQUIRED TO BE SUBMITTED

1. The prospective Proposer shall:

- Submit one (1) original mailed or delivered Proposal together with the attached original Cashier's Check for the Deposit (described below) to:

Tom Williams
City Manager
City of Milpitas
455 East Calaveras Boulevard
Milpitas, CA 95035-5479

AND the prospective Proposer shall also:

- Simultaneously submit an emailed copy of the Proposal with a copy of the Cashier's Check for the Initial Deposit as follows:
 - To Tom Williams, City Manager, at twilliams@ci.milpitas.ca.gov. **AND**
 - To Hilda Cantú Montoy, Oversight Board Counsel at: hildac@montoylaw.com.

In order to be considered responsive, the mailed and/or delivered copy and check and the e-mailed copies must all be received not later than 5:00 PM on April 19, 2016. Proposers are encouraged to submit their proposals early so as not to risk unanticipated delays that could invalidate their offer and to utilize delivery confirmation services.

All Proposals should include the following sections in the order enumerated below:

2. PURCHASE PRICE AND FINANCIAL CAPACITY

The Proposal shall include the following information:

- a. An all-cash purchase price offer and information supporting the offer.
Note: Per Dissolution Law, the property must be sold at not less than fair market value.
- b. Proof of the Proposer's financial capacity to purchase the property and readiness to proceed.
- c. Proposer Information
 - (i) Name, address, phone and fax numbers for the lead Purchasing Entity (e.g., corporation, joint venture, limited partnership, etc.) and date of legal establishment.

(ii) Name, title, address, phone and fax numbers, and email address of the person designated as the Primary Contact for the Purchasing Entity.

(iii) Other relevant information responsive to this RFP.

3. TERMS AND CONDITIONS

The Proposal shall include:

a. Acceptance of the requirements and the terms and conditions of sale set forth in this RFP.

b. Deposit: A deposit of fifty thousand dollars (\$50,000) 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." No other form of a deposit will be accepted. Only the Successful Proposer's check will be deposited. All other Deposit Checks will be returned to the respective Proposer uncashed.

c. Within ten (10) days of approval by the Oversight Board, the Successful Proposer shall execute a Purchase and Sale Agreement for the Property reflecting the terms approved by the Oversight Board which shall be in substantial conformance to that attached hereto. The Purchase and Sale Agreement shall provide for a ninety (90) day Due Diligence Period. The Due Diligence Period shall commence upon full execution of the Purchase Sale Agreement by the parties.

e. The Deposit shall be refunded upon notification by the Successful Proposer within the ninety (90) days of the Due Diligence Period that it is cancelling the contract.

f. Upon release of the Due Diligence Contingency, if the Successful Proposer has not cancelled the contract by that date, the DEPOSIT shall be non-refundable. If the Purchase and Sale Agreement is not cancelled by the Successful Proposer, the Proposer 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 Proposer's offer by the Oversight Board.

NOTE: Proposals may include a proposal for the sharing of Broker's Fees between the Successor Agency and the Successful Proposer (Buyer). Any potential sharing will be solely between the Successful Proposer and the Successor Agency as approved by the Oversight Board. There is not and will not be any privity of contract between the Successor Agency and any broker.

/////

/////

SELECTION CRITERIA

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 Proposer within thirty (30) days after the proposals are received.

Proposals for this Site will be evaluated on completeness, the purchase price, and whether they meet the requirements set forth in this RFP.

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; and
- Negotiate terms and conditions of a proposal with one or more Proposer.

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

QUESTIONS; CORRESPONDENCE

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

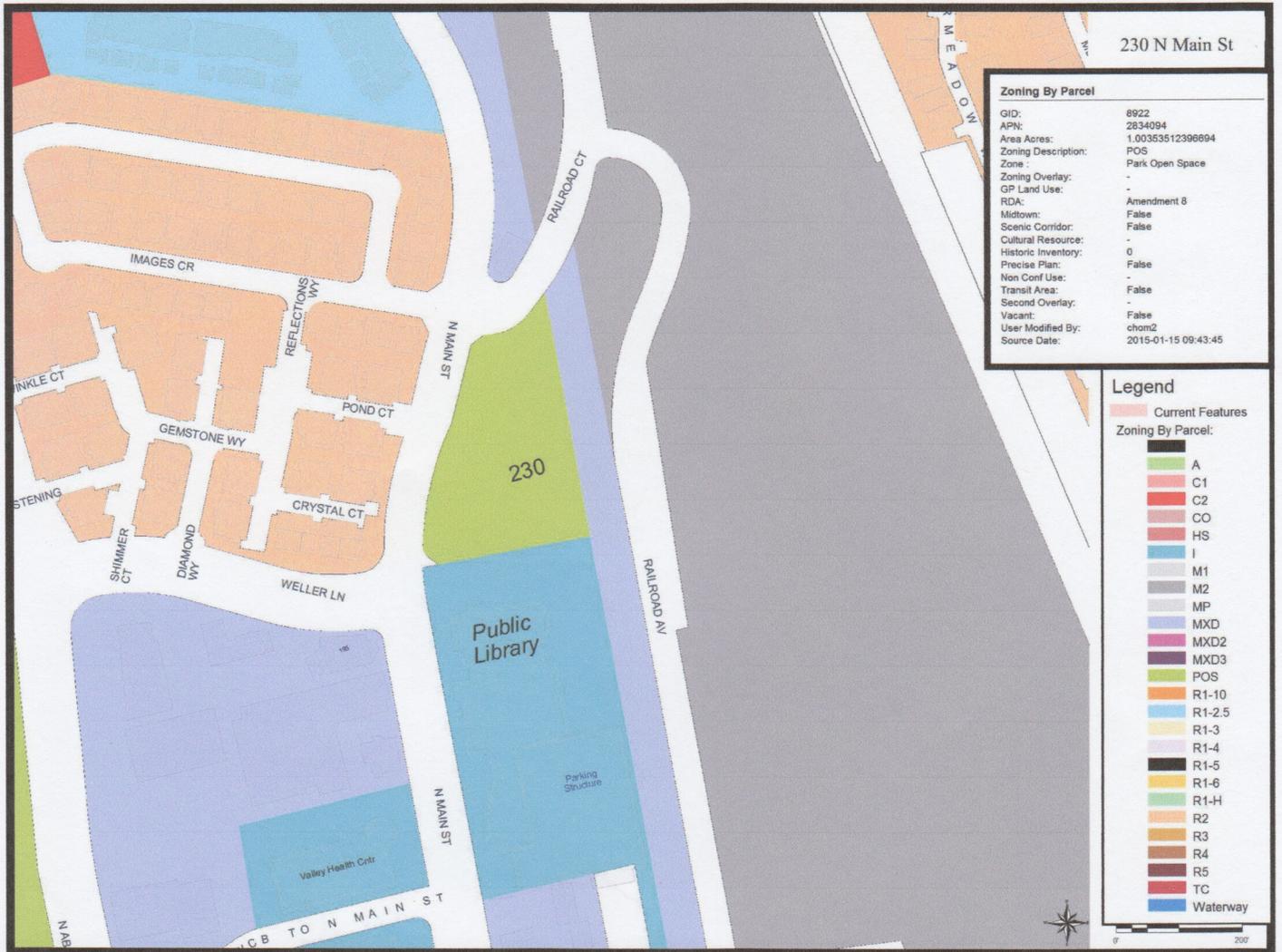
- Hilda Cantú Montoy, Oversight Board Special Counsel, is the contact for questions regarding the RFP and RFP process. Her email address is Email: hildac@montoylaw.com.
- Bill Ekern, City of Milpitas Planning and Neighborhood Services Director, is the contact for land use and development-related questions in the City of Milpitas. His email address is bekern@ci.milpitas.ca.gov.

ATTACHMENT A

Site View and Zoning Depiction

(next two pages)





Zoning By Parcel	
GID:	8922
APN:	2834094
Area Acres:	1.00353512396894
Zoning Description:	POS
Zone :	Park Open Space
Zoning Overlay:	-
GP Land Use:	-
RDA:	Amendment 8
Midtown:	False
Scenic Corridor:	False
Cultural Resource:	-
Historic Inventory:	0
Precise Plan:	False
Non Conf Use:	-
Transit Area:	False
Second Overlay:	False
Vacant:	False
User Modified By:	chom2
Source Date:	2015-01-15 09:43:45

Legend	
Current Features	
[Pink]	Current Features
Zoning By Parcel:	
[Green]	A
[Light Green]	C1
[Light Blue]	C2
[Light Purple]	CO
[Light Orange]	HS
[Light Yellow]	I
[Light Grey]	M1
[Light Blue-Gray]	M2
[Light Purple-Gray]	MP
[Light Blue-Gray]	MXD
[Light Purple-Gray]	MXD2
[Light Blue-Gray]	MXD3
[Light Green]	POS
[Light Orange]	R1-10
[Light Blue]	R1-2.5
[Light Yellow]	R1-3
[Light Purple]	R1-4
[Light Blue-Gray]	R1-5
[Light Orange]	R1-6
[Light Green]	R1-H
[Light Orange]	R2
[Light Purple]	R3
[Light Blue]	R4
[Light Orange]	R5
[Light Purple]	TC
[Blue]	Waterway

route_2015-05-14 13:28:36
 (\\wall\GIS\Encompass\Admin\Meta\View.Mxd)

This document is a graphic representation only of best available sources.
 City of Milpitas assumes no responsibility for any errors.

RESOLUTION NO. 78 [Alternative B]

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER MILPITAS REDEVELOPMENT AGENCY AMENDING THE LONG RANGE PROPERTY MANAGEMENT PLAN TO AUTHORIZE RETENTION OF PROPERTY NO. 3 LOCATED AT 230 NORTH MAIN STREET (APN 028-34-001 THROUGH APN 028-34-094), MILPITAS, CALIFORNIA FOR GOVERNMENTAL USE.

WHEREAS, the Oversight Board of 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 the 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 provides that 230 N. Main Street (APN 028-34-001 through APN 028-34-094) which is designated as Property No. 3 should be disposed by sale; and

WHEREAS, the Oversight Board has heard testimony from residents of the City of Milpitas concerning long existing plans to build a park on the site and has reviewed the surrounding land uses in close proximity to Property No. 3; and

WHEREAS, the Oversight Board sees the benefits to the community regionally with the improvements of a regional library, medical health clinic, and senior housing for Property No. 3 be retained for a community park to benefit the needs of these improved facilities and the surrounding residential properties; and

WHEREAS, the Oversight Board understands the need regionally for open space to ensure a high quality of life for residents, the environment, and a long-term vision for the State of California to provide for children; and

WHEREAS, the City of Milpitas has design plans recommended by the Milpitas Parks, Recreation, and Cultural Resources Commission and included funding in the City of Milpitas Capital Improvement Plan; and

WHEREAS, at its meeting of September 14, 2015, the Oversight Board Ad Hoc Committee recommended and the Oversight Board adopted Resolution 67 which approved the issuance of an RFP for Property No. 3 on the LRPMP located at 230 N. Main Street (APN 028-34-001 through APN 028-34-094), Milpitas, CA; and

WHEREAS, one proposal was received as a result of the issuance of the RFP and on January 25, 2016, after receiving the recommendation of the Ad Hoc Committee and receiving public testimony, the Oversight Board approved the sale to the County of Santa Clara as the Successful Proposer; and

WHEREAS, on January 26, 2016, the County withdrew its offer and thereafter the deposit check was returned to the County; and

WHEREAS, based on the foregoing, the Oversight Board believes Property No. 3 should be retained for Governmental Use and not sold as required by the Long Range Property Management Plan.

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 Long Range Property Management Plan is amended to authorize retention of Property No. 3 for Governmental Use.

PASSED AND ADOPTED this 19th day of February 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Barbara Crump
Oversight Board Secretary

Mike McInerney
Board Chair