OAKLAND OVERSIGHT BOARD

AMENDED AND RESTATED RESOLUTION No. 2012-13

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

WHEREAS, on August 20, 2012, the Oakland Oversight Board (the "Board") unanimously approved ORSA's disposition of the Property pursuant to California Health and Safety Code ("HSC") Section 34181 (a), pursuant to Oakland Oversight Board Resolution No. 2012-10 (the "Board's Resolution"), a copy of which is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, in a letter dated October 26, 2012 (the "DOF Decision"), the Department of Finance ("DOF") disallowed the Board's Resolution, and stated in its Decision that it was returning the Resolution to the Board for reconsideration by the Board pursuant to HSC Section 34179 (h); and

WHEREAS, given the importance to all of the taxing entities of the sale of the Property now to Sunfield, the Board has decided to reconsider the facts and the express provisions of AB 26 and AB 1484, as well as the over-arching policy of the legislation to provide fiscal benefits to the taxing entities; and

WHEREAS; ORSA requested a meet and confer with the DOF on its Decision, and submitted its written justification for the actions approved of in the Board's

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Resolution, a copy of which is attached hereto as Exhibit B and incorporated herein by this reference (the "Meet and Confer Request"); and

WHEREAS, the DOF declined ORSA's Meet and Confer Request; and

WHEREAS, the Board agrees with the contents of the Meet and Confer Request; and

WHEREAS, the DOF Decision states, as part of its reasoning in disallowing the sale of the Property, that "HSC Section 34191.3 suspended the requirements of HSC Section 34181 (a) and the successor agency's ability to dispose of non-governmental assets until Finance has issued a finding of completion and has approved a long range management plan"; and

WHEREAS, the express language of HSC Section 34191.3 is as follows: "the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended ... until the Department of Finance has approved a long range management plan..." (emphasis added); and

WHEREAS; Section 34177 (e) requires the disposition of assets and properties as expeditiously as possible and in a manner aimed at maximizing value, and Section and 34181 (a) states that the Board shall direct the Successor Agency to dispose of assets and properties of the former redevelopment agency and that such disposal is to be done expeditiously and in a manner aimed at maximizing value; and

WHEREAS, AB 26 and AS 1484, generally speaking, require the Successor Agency to wind down the activities of the former Redevelopment Agency for the benefit of the taxing entities, and AB 1484 (in Section 34191.3) provides that the requirement for an expeditious sale of assets and properties is suspended pending approval of the long-range management plan; and

WHEREAS, HSC Section 34191.3 suspends the requirements of Sections 34177(e) and 34181 (a), and **a suspension of a mandatory expeditious liquidation of assets and properties is not equal to a prohibition of sales prior to the approval of the long-range management plan if such sales are in the interest of and to the fiscal benefit of the taxing entities**; and

WHEREAS, jurisdictions (each a taxing entity in Alameda County and a member of the Board) have submitted individual letters to DOF (the "Taxing Entity Letters") to show that the sale of the Property to Sunfield is in the best interests of the taxing entities and will generate financial benefits for all of the taxing entities in the form of increased property taxes, business licenses, sales taxes and utility taxes, and such sale will not be available at a later time, copies the Taxing Entity Letters are attached hereto as Exhibit C and incorporated herein by this reference; and

WHEREAS, although it may be more efficient and convenient for the DOF to consider the sale of properties in the context of the long-range management plan process, the fact of the matter is that the sale of this Property to Sunfield will not be possible if ORSA must wait until the approval of the long-range property management plan, and most importantly, **by its express terms, AB 1484 does not prohibit the voluntary sale of Property by a Successor Agency, especially when it is in the best interests of the taxing entities and desired by all of the affected taxing entities, as is the case here**; and

WHEREAS, public notice of the specific action proposed in this Resolution was provided on the Oakland Oversight Board's website on November 21, 2012, ten days' in advance of the December 3, 2012 Oversight Board meeting; and

WHEREAS, as set forth in the Board's Resolution and as confirmed in the Taxing Entity Letters, the sale of the Property will soon generate financial benefits in the form of property taxes, sales taxes and other taxes and taxes will be distributed to specified taxing entities in Alameda County pursuant to state law and the sale of the Property to Sunfield cannot wait until the long-range management plan process – the sale will be lost if not made now.

Based on the foregoing recitals, the Exhibits attached to this Resolution and the documentation presented to the Oakland Oversight Board at a public meeting, the Oakland Oversight Board is reconsidering the facts and the express provisions of AB 26 and AB 1484, as well as the over-arching policy of the legislation to provide fiscal benefit to the taxing entities, and does resolve as follows:

SECTION 1. The Oakland Oversight Board finds and determines that the disposition of the Property will be of benefit to the taxing entities that will reap substantial additional property taxes, sales taxes, business license taxes, and utility taxes from the Property sale, that yielding such benefits will best maximize the value of the Property for the taxing entities, and that such sale to Sunfield now is not prohibited by AB 26 or AB 1484, but in fact is in accordance with the express language and the over-arching intent of AB 26 and AB 1484 to provide fiscal benefits to the taxing entities, that all of the affected taxing entities in Alameda County are in favor of the sale of the Property now to Sunfield, and that if the sale is postponed until the approval of the long-range property management plan, the sale will be lost, along with the loss of benefit to the affected taxing entities.

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

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

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

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

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT- GERARD, ORTIZ

ABSTENTION-

ATTEST: _____
SECRETARY, OAKLAND
OVERSIGHT BOARD

EXHIBIT A

OAKLAND OVERSIGHT BOARD

RESOLUTION No. 2012-10

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ADOPTED, OAKLAND, CALIFORNIA, August 20, 2012

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST:
SECRETARY, OAKLAND
OVERSIGHT BOARD

EXHIBIT B

MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state "[Agency Name] Request to Meet and Confer". Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance's determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance's determination letter, and no later than **November 16, 2012 for** the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance's determination letter per HSC Section 34177 (m).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance's website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance's Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

☒ Successor Agency ☐ Housing Entity

AGENCY NAME: Oakland Redevelopment Successor Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

☐ Housing Assets Transfers ☐ Due Diligence Reviews ☐ ROPS Period _____

DATE OF FINANCE'S DETERMINATION LETTER: 10/26/2012 Review of Oversight Board Action Resolution 2012-10

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

☒ Meeting at Finance ☐ Conference Call

DETAIL OF REQUEST

A. Summary of Disputed Issue(s) *(Must be specific.)*

The Oakland Redevelopment Successor Agency ("ORSA") disputes DOF's conclusions outlined in its October 26, 2012 determination letter regarding approval by the Oakland Oversight Board of ORSA's disposition of real property and transfer of funds with respect to the Foothill Seminary project per Oakland Oversight Board Resolution 2012-10.

B. Background/History *(Provide relevant background/history, if applicable.)*

SEE ATTACHMENT A.

C. Justification *(Provide additional attachments to this form, as necessary.)*

SEE ATTACHMENT B.

Agency Contact Information

Name:	Sarah T. Schlenk	Name:	
Title:	Agency Admin. Manager	Title:	
Phone:	510-238-3982	Phone:	
Email:	sschlenk@oaklandnet.com	Email:	
Date:	11/01/12	Date:	

Department of Finance Local Government Unit Use Only

REQUEST TO MEET AND CONFER DATE: ☐ APPROVED ☐ DENIED

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED: ☐ YES DATE CONFIRMED: _____

DENIAL NOTICE PROVIDED: ☐ YES DATE AGENCY NOTIFIED: _____

Form DF-MC (Revised 9/10/12)

Attachment A

Background/History

The Foothill Seminary project is not "new redevelopment work". The very early beginnings of the project extend back to 1993 and became more of a reality with the establishment of the Central City East Redevelopment Project Area and issuance of taxable bonds in 2006. (Please see the attached Foothill Seminary Redevelopment Effort Chronology and Linkages Chart). The Foothill Seminary site is made up of eleven parcels totaling 1.693 acres bounded by Foothill Boulevard, Seminary and Bancroft Avenues. On September 4, 2009, the Redevelopment Agency of the City of Oakland issued a Notice of Development Opportunities ("NODO") to solicit development proposals for this site. The NODO included a preferred alternative for retail development with required parking to be addressed on-site. This alternative was based on the needs of the surrounding community, various market studies, CCE Project Area Committee visioning and goal setting priorities and the City-wide Retail Enhancement Strategy adopted in 2008. Through a competitive RFQ/P process, the Redevelopment Agency selected a proposal by Sunfield Development, LLC ("Sunfield") for the development of a 26,950 square foot new neighborhood-serving retail center with an allowance for approximately 73 on-site parking spaces.

The Redevelopment Agency entered into a 15-month (12 months plus 3 month extension) Exclusive Negotiation Agreement ("ENA") with Sunfield on November 9, 2010. Execution of the ENA provided for exclusive negotiations between the Redevelopment Agency and Sunfield and required the developer to submit a non-refundable deposit required for the purpose of funding the Redevelopment Agency's due diligence review of the project. The stated purpose of the ENA was to further evaluate the feasibility of the community driven development proposal and to begin to negotiate the preliminary terms of a Disposition and Development Agreement ("DDA"). The ENA Schedule of Performance required the developer to expend considerable resources beyond payment of the Good Faith Deposit to evaluate the feasibility of the development proposal. The ENA period allowed the developer to demonstrate financial capacity, financial feasibility, finalize solidify cost estimates, enter into contract with architects and engineers to finalize the project design, enter into contract to secure a retail broker to secure interest from retail operators, conduct applicable market feasibility studies for retail and to also utilize the ENA period to secure CEQA review and planning entitlements. During the ENA period Sunfield expended approximately $300,000 in project predevelopment costs. On October 19, 2010, the City of Oakland Planning Commission approved design review, CEQA entitlements and Conditions of Approval for the project and Sunfield has secured letters of commitment from the major anchor and infill tenants.

Pursuant to a Purchase and Sale Agreement entered into on March 3, 2011, the property was transferred by the Redevelopment Agency to the City of Oakland on January 31, 2012. On July 17, 2012 the Oakland Redevelopment Successor Agency

("ORSA") approved Resolution No. 2012-0004 authorizing ORSA to enter into a DDA for the project, should the property be transferred to ORSA, with the intent of moving forward on the project to enable construction to begin in the Spring of 2013. ORSA approval of the transaction was sought based on the requirements of the developer's title company and partners. On August 23, 2012, the Oakland Oversight Board unanimously approved ORSA's disposition of the property for this project through a DDA, should the property be transferred to ORSA.

The Phase 2 site assessment for first two Foothill Seminary parcels that the Redevelopment Agency acquired on September 26, 2008 recommended additional environmental analysis for these two sites. The follow-up Phase 2 assessment recommended limited remediation for the proposed use which was estimated at approximately $150,000. When the Redevelopment Agency went to the ORSA to authorize the DDA on July 17, 2012, it also recommended an allocation of funding to complete the Redevelopment Agency obligation to provide remediation. The source of the $150,000 is taxable bond proceeds.

Attachment B

Justification

1. DOF concludes that the transfer of the Foothill Seminary parcels to the City was not permitted based on Health and Safety Code section 34163 (d), which states that a former redevelopment agency shall not dispose of any assets after June 27, 2011. First, the permissibility of the transfer from the Redevelopment Agency to the City is irrelevant to whether ORSA, as successor agency, may transfer the property to the developer should the City-to-Agency transfer be reversed and the property transferred back to ORSA. In fact, the developer was seeking ORSA and Oversight Board approval precisely because of the risk that the transfer to the City would be undone by the State Controller and the property returned to ORSA per the statute cited by DOF. Second, we disagree that the transfer was impermissible. While DOF correctly noted that the transfers took place on January 26, 2012, after Redevelopment Agency suspension, DOF does not acknowledge that the transfers were made pursuant to a preexisiting legally-enforceable Purchase and Sale Agreement between the Redevelopment Agency and the City entered into on March 3, 2011, prior to Agency suspension. Prior to dissolution contracts between cities and redevelopment agencies were considered valid enforceable obligations, see Health and Safety Code Section 34167(d) (5). The suspension of Agency powers to transfer properties after June 28, 2011, did not pertain to transfers pursuant to a previously-existing enforceable obligation.

2. DOF states that ORSA's plans to enter into a DDA with Sunfield for the development of the parcels is not allowed under Health and Safety Code Section 34177.3 (a) which provides that successor agencies cannot create new enforceable obligations or begin new redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011. However, Health and Safety Code Section 34177(e) permits a successor agency to dispose of real property with the approval of the oversight board, notwithstanding Section 34177.3. While AB 1484 (Section 34191.3) suspended the requirement that a successor agency dispose of property at the direction of the oversight board, it did not suspend the ability of a successor agency with oversight board approval from disposing of property if the successor agency so chooses. AB 1484 was intended to forstall the forced disposition of property prior to the successor agency's receipt of its finding of completion, not to prevent the volunter disposition of property should the oversight board approve. The use of a DDA instrument does not give rise to new redevelopment work; the DDA is simply the device that the City or ORSA will use to dispose of the real property for this project as permitted under Section 34177(e).

3. DOF concludes that the Redevelopment Agency's transfer of $150,000 to the City for remediation and demolition of the properties was not permitted because there was no contract executed prior to June 28, 2011 to develop the properties, citing Health and Safety Code Section 34177.3 (c) which prohibits transferring revenues or powers from the successor agency from to any other public entity except pursuant to an enforceable obligation on an

approved ROPS. However, as with the real property, the permissibility of the funds transfer to the City is irrelevant to the request for ORSA to approve this funding should these funds be clawed-back by the State Controller. We should also note for the record that the transfer of these funds was made pursuant to the Funding Agreement between the City and the Redevelopment Agency, a valid enforceable obligation of the Agency entered into prior to suspension, and was therefore not prohibited under the suspension rules.

4. DOF further concludes that Health and Safety Code Section 34191.3 suspended a successor agency's ability to dispose of real property assets for non-governmental purposes until DOF has issued a finding of completion and approved a long range property management plan. We take issue with DOF's legal opinion that Section 34191.3 suspended the ability of the successor agency under Health and Safety Code Section 34177(e) to voluntarily dispose of property with the approval of the oversight board; Section 34191.3 simply suspended the forced sale requirements of Section 34177(e), see above. Also, please note that while ORSA in most cases is willing to defer approval of property dispositions pending receipt of a finding of completion and approval of a long-range property management plan, in this case ORSA is seeking approval of this disposition now in order to save the transaction. As the material we submitted to the Oversight Board and DOF shows, this developer will need ORSA approval now in order to keep investors, lenders, and prospective tenants in the deal. The members of the Oversight Board understood the fiscal benefits of the transaction to the taxing entities and the need to move this project forward now in order to realize those benefits. **Failure to approve this transaction, or deferring it to next year's approval of the long range property management plan, will sink the project and the ability of the taxing entities (and the state) to benefit from the increased tax revenues generated by a developed site.**

EXHIBIT C

TONY SMITH, PH.D. Superintendent

OAKLAND UNIFIED SCHOOL DISTRICT

Community Schools, Thriving Students

December 3, 2012

Mr. Pedro R. Reyes
Chief Policy Director
California Department of Finance
915 L Street
Sacramento, CA 95814-3706

RE: Oakland Unified School District Support of Foothill and Seminary Avenue Property Disposition

Dear Mr. Reyes:

The Oakland Unified School District (OUSD) is a taxing entity in Alameda County and is a member of the Oakland Oversight Board. OUSD is writing to request the California Department of Finance to allow the disposition of the subject property by the Oakland Redevelopment Successor Agency (ORSA) to Sunfield Development, LLC, for the development of a neighborhood commercial retail shopping center, as approved by the Oversight Board. The new proposed development will generate financial benefits for all taxing agencies, including OUSD, from increased property taxes, business license taxes, sales taxes, and utility taxes.

The project will also help improve OUSD by bringing much needed commercial retail to the area which will further increase surrounding property values and thus increase the tax base to support our local Oakland schools. In addition to support from our general obligation bonds, our 2012 Facilities Master Plan relies on a strong and growing tax base to support our planned capital improvements which is part of our overall strategic vision that will serves our children, youth and their families. We need to encourage and support our commercial retail projects especially in East Oakland which will in turn help keep our schools safe and secure for our children's future.

Overall, OUSD undoubtedly considers this a very important neighborhood amenity and would replace a vacant, blighted property and would be beneficial to all taxing entities to place back into productive economic use. Approval of the disposition of this property will help advance the project and will give Sunfield Development, LLC and their lenders, investors, and title insurers the certainty that the sale of the property can go forward in order to allow development to begin. OUSD strongly urges the Department of Finance to allow the property disposition to occur without further delay.

Sincerely,

Tony Smith, Ph.D.
Superintendent,
Oakland Unified School District

1025 Second Avenue, Oakland, CA 94606

510.273.3200 ph | 510.273.3220 fax
tony.smith@ousd.k12.ca.us | www.ousd.k12.ca.us

EXHIBIT C

Alameda-Contra Costa Transit District David J. Armijo, General Manager

November 19, 2012

Mr. Pedro R. Reyes
Chief Policy Director
California Department of Finance
915 L Street
Sacramento, CA 95814-3706

RE: Foothill and Seminary Avenue Property Disposition

Dear Mr. Reyes:

The Alameda-Contra Costa Transit District (AC Transit) is a taxing entity in Alameda County and is a member of the Oakland Oversight Board. On behalf of AC Transit, I am asking the California Department of Finance to reconsider allowing the disposition of the subject property by the Oakland Redevelopment Successor Agency (ORSA) to Sunfield Development, LLC, for the development of a neighborhood commercial retail shopping center, as approved by the Oversight Board. The new proposed development will generate financial benefits for all taxing agencies, including AC Transit, from increased property taxes, business license taxes, sales taxes, and utility taxes.

In addition, the project will also help generate and improve AC Transit's ridership by bringing much needed commercial retail traffic to the area and by generating both short- and long-term job opportunities for Oakland residents. This area is also targeted for major streetscape improvements which will help improve ridership along Foothill Boulevard and Seminary Avenue on the 40, 45, and 47 bus routes in addition to other routes via transfer.

Overall, AC Transit considers this a very important neighborhood retail node. The property disposition would put an underutilized property into good use, which in turn would benefit all taxing entities by restoring its productive economic use. This property has been vacant for many years and it will continue to lose property tax revenues if it remains vacant. Approval of the disposition of this property will help advance the project and will give Sunfield Development, LLC and their lenders, investors, and title insurers the certainty that the sale of the property can go forward in order to allow development to begin. AC Transit is asking that the Department of Finance allow the property disposition to occur in order for the project to proceed at this time without further delay.

Sincerely,

David J. Armijo
General Manager

cc: AC Transit Board of Directors

Melrose High Hopes Neighborhood Crime Prevention Council Beat 27x
484 Lakepark Avenue Suite 371 Oakland, California

EXHIBIT C

November 16, 2012

Mr. Pedro R. Reyes
Chief Policy Director
California Department of Finance
915 L Street
Sacramento, CA 95814-3706

RE: Support of Foothill and Seminary Avenue Property Disposition

Dear Mr. Reyes:

We strongly support the proposed commercial project at Foothill and Seminary Avenue. The former Agency acquired the parcels over a period of several years. The proposed project includes a new 27,000 square foot neighborhood-serving retail center anchored by a 14,000 square foot Walgreen's and additional retail tenants. We strongly support this project since it would help eliminate negative blighting influences on our surrounding community and will attract local jobs. We ask that the Department of Finance support our efforts towards placing these parcels back into productive use to the benefit of our local neighborhood. By allowing the property disposition to occur, the Department will help us bring much needed neighborhood retail and jobs to our surrounding community.

Sincerely,

Preston J. Turner
Chair
Neighborhood Crime Prevention Council

EXHIBIT C

BOARD OF SUPERVISORS

KEITH CARSON
Supervisor, Fifth District

Mr. Pedro Reyes
Chief Policy Director
California Department of Finance
915 L Street
Sacramento, CA 95814-3706

RE: Support for the Property Disposition on Foothill and Seminary Avenue

Dear Mr. Reyes:

As a member of the Alameda County Board of Supervisors and a member of the Oakland Oversight Board, I am respectfully requesting that the Department of Finance allow for the disposition of the property in question on Foothill and Seminary to Sunfield Development, LLC so it can be transformed for retail and commercial use.

The proposed development of the underutilized property will provide continuous revenue to all the taxing entities though a number of avenues, including property tax, sales tax, payroll taxes and all of the other benefits enjoyed by government agencies as a result of successful economic development. Without disposition and the subsequent development of the property, the City of Oakland and other entities involved will not only lose revenue, but they will also be forced to endure the costs associated with blight and underdeveloped urban areas.

I am also Chair of the East Bay Economic Development Alliance; therefore I clearly understand the nexus between economic development, jobs, and healthy communities. Successful disposition and development of the property will allow for the creation of retail and commercial activity in a community where it is clearly lacking. Furthermore, the proposed activity will allow the City of Oakland to continue to pursue an enlightened development strategy that is aligned with other development in the region; all of these efforts are essential to keeping the East Bay one of the best places to live, work and do business as we move into the future. Thank you for your consideration.

Sincerely,

Keith Carson

Keith Carson
Vice-President
Alameda County Board of Supervisors, Fifth District

1221 OAK STREET SUITE 536. OAKLAND, CALIFORNIA 94612 510 272-6695 FAX 510 271-5151

EXHIBIT C

Peralta Community College District

333 East Eighth Street • Oakland, California 94606 • (510) 466-7200

November 28, 2012

Mr. Pedro R. Reyes
Chief Policy Director
California Department of Finance
915 L Street
Sacramento, CA 95814-3706

RE: Peralta Community College District Support of Foothill and Seminary Avenue Property Disposition

Dear Mr. Reyes:

The Peralta Community College District (PCCD) is a taxing entity in Alameda County and is a member of the Oakland Oversight Board. PCCD hereby requests in writing that the California Department of Finance allow the disposition of the subject property by the Oakland Redevelopment Successor Agency (ORSA) to Sunfield Development, LLC, for the development of a neighborhood commercial retail shopping center, as approved by the Oversight Board. The new proposed development will generate financial benefits for all taxing agencies, including PCCD, from increased property taxes, business license taxes, sales taxes, and utility taxes.

PCCD considers this disposition to be critically important as not only will it provide for the creation of a much needed neighborhood retail center that will replace a vacant, blighted property but it will also place this property back into productive economic use benefiting all. Approval of the disposition of this property will help advance the project and will give Sunfield Development, LLC and their lenders, investors, and title insurers the certainty that the sale of the property can go forward in order to allow development to begin. PCCD strongly urges the Department of Finance to allow the property disposition to occur without further delay.

Regards,

Ronald P. Gerhard
Vice Chancellor for Finance
Peralta Community College District

EXHIBIT C

MAYOR JEAN QUAN
CITY OF OAKLAND

December 3, 2012

Mr. Pedro R. Reyes
Chief Policy Director
California Department of Finance
915 L Street
Sacramento, CA 95814-3706

RE: City of Oakland Support of Foothill and Seminary Avenue Property Disposition

Dear Mr. Reyes:

As approved by the Oversight Board and on behalf of the City of Oakland, I am requesting that the California Department of Finance allow the disposition of subject property by the Oakland Redevelopment Successor Agency (ORSA) to Sunfield Development, LLC, for the development of a neighborhood commercial retail shopping center. The former agency acquired and assembled and cleared the individual parcels over a period of several years for the purpose of bringing in much needed neighborhood retail to the surrounding community. The proposed commercial project includes a new Walgreen's pharmacy store in addition to 13,000 square feet of additional neighborhood-serving retail. By allowing the disposition of subject property, the project will ultimately help the City eliminate a blighting influence and will help facilitate putting these parcels back into productive reuse for the benefit of the surrounding neighborhood.

Moreover, the proposed project will generate financial benefits for Oakland and other taxing entities from increased property taxes, business license taxes, sales taxes, utility taxes and bring in much needed jobs. These new job opportunities will give and provide hope to our underserved communities with traditionally high unemployment rates. Ultimately, approval of the disposition of this property will help advance the project and will give Sunfield Development, LLC and their lenders, investors, and title insurers the certainty that the sale of the property can go forward in order to allow development to begin.

CITY HALL • 1 FRANK H. OGAWA PLAZA, 3RD FLOOR • OAKLAND, CALIFORNIA 94612
jquan@oaklandnet.com • www.jeanquan.org • (510) 238-3141

We strongly urge the Department of Finance to allow the property disposition to occur in order to deliver clear title for the development of the Foothill/Seminary property. We consider this to undoubtedly be a very important neighborhood retail node and will place a vacant blighted property into productive economic use. We are hopeful to be given the opportunity to continue our work on this vital economic project to revitalize our East Oakland community.

Sincerely,

Jean Quan,
Mayor of Oakland