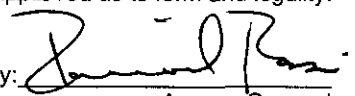


OFFICE OF THE CITY CLERK
OAKLAND **REVISED**

2004 FEB 13 AM 11:16
Approved as to form and legality:

By: 
Agency Counsel

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

RESOLUTION No. 2004-04 - C.M.S.

**A RESOLUTION AUTHORIZING THE SALE OF PRESERVATION PARK TO
THE EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION FOR A
PURCHASE PRICE OF UP TO \$7.0 MILLION, AND AUTHORIZING
EXECUTION OF A PURCHASE AND SALES AGREEMENT FOR THE SALE
OF THE PROPERTY**

WHEREAS, the California Community Redevelopment Law, Health and Safety Code Section 33430, authorizes a redevelopment agency within a survey (project) area to sell real property, Section 33432 requires that any sale of real property by a redevelopment agency in a project area must be conditioned on use of the property in conformity with the redevelopment plan, and Section 33439 provides that a redevelopment agency must retain controls and establish restrictions or covenants running with the land for property sold for private use as provided in the redevelopment plan; and

WHEREAS, the Central District Urban Renewal Plan adopted on June 12, 1969, as subsequently amended, as well as the Five-Year Implementation Plan for the Central District (1999-2004) (together, the "Central District Redevelopment Plan" or "Redevelopment Plan"), authorizes the Agency to sell property in the Central District Redevelopment Project Area (the "Central District"); and

WHEREAS, the Redevelopment Agency owns property on a the block bounded by Martin Luther King, Jr. Way, 12th Street, Castro Street, and 14th Street in the Central District , commonly known as Preservation Park, as more fully described in Exhibit A attached to this Resolution ("Preservation Park"); and

WHEREAS, the Oakland Redevelopment Agency Adopted Budget for Fiscal Year 2004-05 assumes net revenue from Preservation Park in the amount of \$430,000 for each year to balance the budget; and

WHEREAS, the Fiscal Year 2003-05 Agency budget includes a \$300,000 allocation for the Royal Hotel; and

WHEREAS, the Agency desires to sell and the East Bay Asian Local Development Corporation ("EBALDC") desires to purchase Preservation Park from the Agency in order to maintain it as a historic Victorian office complex and operate it as a business park primarily occupied by non-profit organizations; and

WHEREAS, staff has negotiated the terms of a Purchase and Sales Agreement ("PSA") with EBALDC which sets forth the terms and conditions of the sale of Preservation Park to EBALDC, and which governs the operation and maintenance of Preservation Park, as well as the use of the Preservation Park by EBALDC and any successors in interest to the property subsequent to sale through recorded covenants running with the land in perpetuity; and

WHEREAS, the PSA will require that EBALDC operate Preservation Park consistent with the Redevelopment Plan and restrict the use of the property to commercial uses; and

WHEREAS, the PSA will require that EBALDC 1) maintain the historic property in conformance with established design and maintenance guidelines, and 2) restrict the occupancy of the office complex to a composition of at least 81 percent non-profit tenants through recorded covenants running with the land; and

WHEREAS, the PSA and the grant deed that will convey the property to EBALDC will adequately condition the sale of Preservation Park on the use of Preservation Park in conformity with the Central District Redevelopment Plan, and such documents prohibit discrimination in any aspect of the property as required under the Central District Redevelopment Plan and the California Community Redevelopment Law; and

WHEREAS, Agency staff anticipates the sale to close in Fiscal Year 2004-05; and

WHEREAS, the California Community Redevelopment Law (Health & Safety Code Section 33431) requires that before any property of a redevelopment agency is sold, the Agency must first hold a public hearing; and

WHEREAS, a public hearing by the Agency was held to hear public comments on the sale of Preservation Park; and

WHEREAS, notice of the sale of Preservation Park and the public hearing was given by publication at least once a week for not less than two weeks prior to the public hearing in a newspaper of general circulation in Alameda County; and

WHEREAS, the requirements of the California Environmental Quality Act of 1970 ("CEQA"), the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied because this transaction is exempt from CEQA under section 15312 of the CEQA Guidelines (sale of surplus government property); now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby authorizes the sale of Preservation Park to EBALDC, or to an affiliated entity satisfactory to the Agency Administrator, for a purchase price of up to \$7,000,000, subject to the terms and conditions of the PSA; and be it further

RESOLVED: That the Agency finds and determines that the purchase price equals or exceeds the fair market value of the Property at its highest and best use permitted under the Redevelopment Plan, that there are no Agency subsidies to the purchaser in this transaction, and that therefore the Agency's employment and contracting programs do not apply; and be it further

RESOLVED: That the transaction shall include the following terms and conditions:

- EBALDC to purchase the property on an "as-is, where-is" basis.
- EBALDC to purchase the property subject to covenants running with the land that would impose a) maintenance and landscaping standards, and design guidelines for the purpose of maintaining the current use, condition and historical character of the property; and b) leasing restrictions to retain at least the current percentage of non-profit tenants in approximately the same percentage of net rentable office space, which is 81 percent.
- No subordination of the leasing restriction to private financing, except that after seven years, Agency staff would present for consideration to the Agency's governing board a possible request from EBALDC to subordinate the leasing restriction if such subordination is absolutely necessary to secure permanent financing for Preservation Park.
- EBALDC to have a certain period of time to review and investigate the economic, physical and environmental condition of the property to determine if the property is acceptable.
- If EBALDC has not obtained committed financing for the contemplated acquisition within 90 days of execution of a PSA (with a 60-day extension period if EBALDC can demonstrate a good-faith effort of securing private financing), EBALDC or the Agency to each have the option to terminate the PSA.

and be it further

RESOLVED: That in order to mitigate the resulting revenue shortfall with the Fiscal Year 2004-05 Agency budget from the sale of Preservation Park, the Agency hereby removes the \$300,000 allocation for the Royal Hotel; and be it further

RESOLVED: That the Agency hereby authorizes the use of proceeds from the sale of Preservation Park to cover any remaining revenue shortfall and negative fund balance associated with Preservation Park; and be it further

RESOLVED: That the Agency hereby authorizes the use of proceeds from the sale of Preservation Park to cover the Agency's closing costs associated with the transaction, and hereby appropriates funds as necessary for that purpose; and be it further

RESOLVED: That the Agency Administrator or her designee is hereby authorized to negotiate and execute a PSA with EBALDC, or an affiliated entity or entities approved by the Agency Administrator, negotiate and execute other documents necessary to facilitate the sale of Preservation Park, and negotiate a possible reduction of the purchase price, which in no event shall be less than the fair market value of Preservation Park, due to property defects, if any, that may be discovered during EBALDC's due diligence period or due to the results of EBALDC's appraisal; and be it further

RESOLVED: That all documents related to these transactions shall be reviewed and approved by Agency Counsel for form and legality prior to execution, and copies will be placed on file with the Agency Secretary; and be it further

RESOLVED: That the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the Agency's decision is based are respectively: (a) the Community & Economic Development Agency, Projects Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland CA; (b) the Community & Economic Development Agency, Planning Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland CA; and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st Floor, Oakland, CA; and be it further

RESOLVED: That the Agency hereby appoints the Agency Administrator or her designee as agent of the Redevelopment Agency to take any other action with respect to the sale of Preservation Park consistent with this Resolution and its basic purpose.

FEB 17 2004

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, ~~QUAN~~, REID, WAN, AND CHAIRPERSON DE LA FUENTE, - 7

NOES- QUAN - 1

ABSENT- 0

ABSTENTION- 0


ATTEST 
CEDA FLOYD
Secretary of the Redevelopment Agency
of the City of Oakland

Exhibit A

Proposal by: East Bay Asian Local Development Corporation (EBALDC)

EBALDC is a non-profit developer of over 784 units of affordable housing, as well as 133,000 square feet of retail and office space located in Oakland and Emeryville.

Offer Price: \$7.0 million, pending appraisal and due diligence property investigations.

Proposal Highlights:

- Maintain Preservation Park indefinitely as an affordable, historic office space with a composition with no less than 80 percent non-profit tenants.
- Written Support of Preservation Park Tenants Association; EBALDC will involve tenants in the management of the Park.
- Signed a Letter of Intent to purchase Preservation Park.
- Financing to be provided through private loans.

Proposal by: Peter Sullivan Associates, Inc. (PSA)

Peter Sullivan Associates, Inc. is a real estate investment firm. PSA owns and manages the Latham Square Building that provides 51,000 square feet of office space to for-profit and non-profit tenants.

Offer Price: \$7.5 million, subject to due diligence property investigations.

Proposal Highlights:

- Maintain current non-profit tenant composition for 5 years only.
- No explicit commitment to accept historic preservation covenants.
- Non-profit tenants to pay market rate rent for same space after the 5-year deed restriction expires. Tenant will have option to relocate to Latham Square.
- Requires 40 parking spaces at City Center West Garage at fair market rents.

- No details on source of financing, sales price to be paid in installments, with \$500,000 at close of escrow, \$41,667 per month to be paid for 12 months, followed by a payment of \$6.5 million at end of 12 months period.

Proposal by: Jubilee Restoration

A non-profit corporation that provides community services in Berkeley in the form of economic development, educational and family programs, and affordable housing to low-income families.

Offer Price: \$6.8 million, subject to due diligence property investigation.

Proposal Highlights:

- Maintain or exceed the deed restriction requirements by potentially increasing the percentage of non-profits beyond the current level.
- Will maintain the Park's historic character.
- Use Low Income Investment Fund and the Northern California Loan Fund for financing the purchase.

Proposal by: Equity Community Builders, LLC and Tides Foundation

Equity Community Builders (ECB), a limited partnership, is a San Francisco based real estate developer and project manager specializing in in-fill residential, commercial and historic rehabilitation projects. Tides Foundation is a non-profit organization that brings donors and non-profits together. ECB and Tides Foundation jointly own and manage the Thoreau Center, an office park similar to Preservation Park in the Presidio, which was converted from a historic military hospital to an office complex providing office space to 55 tenants, 99% of which are non-profits. The facility is 100% occupied.

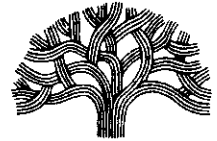
Offer Price: \$6.0 million, subject to due diligence property investigation

Proposal Highlights:

- Sponsor will maintain the current non-profit tenant mix at Preservation Park.
- Proposal implies commitment to historic preservation covenants.

EXHIBIT B

CITY OF OAKLAND



250 FRANK H. OGAWA PLAZA, SUITE 5313 • OAKLAND, CALIFORNIA 94612-2034

Community and Economic Development Agency
Redevelopment Division

November 24, 2003

(510) 238-3015
FAX (510) 238-3691
TDD (510) 839-6451

VIA FACSIMILE (510-763-4143) AND MAIL

Ms. Lynette Jung Lee
Executive Director
East Bay Asian Local Development Corporation
310 Eighth Street, Suite 200
Oakland, CA 94607

RE: Preservation Park (See Attached Exhibit A for a list of Assessor's Parcel Numbers)

Dear Ms. Lee:

I am pleased to present the following proposal ("Letter of Intent") on behalf of the Redevelopment Agency of the City of Oakland (the "Agency") to the East Bay Asian Local Development Corporation ("EBALDC") relating to real property known as "Preservation Park" as more particularly described in Exhibit A, and located in the City of Oakland's Central District Redevelopment Area as indicated on the attached map (the "Property"). The Property is composed of approximately 113,356 square feet of public and office space, of which approximately 55,604 square feet is net rentable office space serving mostly non-profit tenants. It is contemplated that the property will be conveyed by the Agency to EBALDC or a non-profit affiliate of EBALDC to be operated as public and commercial office space for mostly non-profit organizations.

This Letter of Intent is expressly subject to and conditioned on approval of the sale of the Property by the Agency's governing body (i.e., the Oakland City Council acting as the Agency's governing body) through passage of appropriate legislation. If the Agency's governing body, in its sole and absolute discretion, decides not to approve the sale of the Property, this Letter of Intent will be automatically withdrawn.

1. PRICE: The purchase price to be the cash sum of \$7,000,000, contingent on confirmation by appraisal to be completed no later than 75 days from the date of this Letter.
2. TERMS OF PAYMENT: Purchase price to be due and payable in cash at the close of escrow.
3. ENVIRONMENTAL REVIEW AND SITE CONDITIONS: EBALDC to bear costs, if any, associated with assessment of the environmental condition of the Property. EBALDC to bear costs, if

any, associated with remediation of hazardous materials contamination on the Property. EBALDC to release the Agency and City from any liability for contamination on the Property. It is understood that EBALDC is purchasing the Property on an "as is, where is" basis. However, the Agency shall complete any regularly scheduled Fiscal Year 2003/2004 maintenance and capital improvements prior to conveyance.

4. PROPERTY DESCRIPTION: Preservation Park is composed of 17 parcels measuring a total of approximately 113,356 square feet, with 16 historic buildings offering public and net rentable office space covering approximately 55,604 square feet that currently serves 47 tenants. As of the date of this Letter of Intent, non-profit organizations comprise 81% of the tenant mix at the Property
5. DOCUMENTATION: Following the expiration of the Property Approval Period (as defined below), Agency and EBALDC will negotiate and execute a Purchase and Sale Agreement ("PSA") consistent with the terms of this Letter of Intent and including such other reasonable and customary terms (including due diligence contingencies and Agency preconveyance conditions) as are mutually acceptable. The execution of the PSA to be subject to review and prior Agency/Council approval. PSA to specify condition of title to be conveyed by Agency. Title is to be free and clear of all encumbrances except for specific matters provided in the PSA.
6. AGENCY REQUIREMENTS: Conveyance of title to the Property to EBALDC to be subject to certain ongoing obligations and conditions regarding the following:
- Maintenance and landscaping standards and design guidelines, with the purpose of maintaining the current use, condition, and historical character of Preservation Park; and
 - Leasing restrictions ("Leasing Restrictions") to retain at least the current percentage of non-profit tenants in approximately the same percent of net rentable office space, which the parties agree is 81 percent.

These obligations and conditions to be recorded on title as ongoing deed covenants running with the land, enforceable by the Agency or the City. The Agency will not subordinate deed restrictions to private liens. However, after seven years the Agency's governing body will consider, in its reasonable discretion, a request by EBALDC to subordinate the Lease Restrictions to take-out financing if subordination is necessary.

The Leasing Restrictions to provide that in the event EBALDC cannot lease space in the Property to eligible non-profit tenants as needed to maintain the current mix, EBALDC may lease space to for-profit entities, for up to one year, and month-to-month thereafter, provided the subject space continues to be marketed to non-profits, and if EBALDC first demonstrates good faith in having marketed the space to eligible non-profits.

7. DEPOSIT:

Deposit of \$35,000 by EBALDC upon execution of this Letter of Intent, and another \$65,000 at execution of the Purchase and Sale Agreement. Deposit and any interest thereon to be applied towards the purchase price.

If the purchase and sale of the Property is not completed and this Letter of Intent is terminated prior to the expiration of the Property Approval Period, then the initial deposit and all interest thereon to be returned to EBALDC. If the purchase and sale of the Property is not completed after execution of the PSA for any reason, then the deposit and all interest accrued thereon to be retained by the Agency. Interest will accrue for the benefit of EBALDC, at the market rate of the escrow company's interest bearing account.

8. PROPERTY APPROVAL PERIOD:

Commencing on the date of this Letter of Intent and ending on the later of (i) 120 days from the date of the Letter of Intent; or (ii) Agency/City Council approval (the "Property Approval Period"), EBALDC to review and investigate the economic, physical and environmental condition of the Property. EBALDC to determine whether or not the Property is acceptable within the Property Approval Period.

9. FINANCING CONTINGENCY: If within 90 days of the execution of a PSA, EBALDC has not obtained committed financing for the purchase of the Property, EBALDC to have the right to terminate the PSA; provided, however, EBALDC may have an extension for a period not to exceed 60 days to obtain committed financing so long as diligent efforts to obtain such financing are being pursued by EBALDC and such financing cannot be obtained within the first 90-day period. In the event that EBALDC does not obtain committed financing within the 60-day extension period, EBALDC or the Agency will have the right to terminate the PSA, in which case the Agency will retain half of the deposit.

10. APPROVALS:

Transaction subject to the discretionary approval of the City Council acting as the Agency's governing body.

11. OPEN & CLOSE OF ESCROW: Upon signing of this Letter of Intent, escrow shall be opened at a title company in Oakland. Close of escrow shall occur no later than 30 days after the release of the Financing Contingency provided above.
12. TITLE INSURANCE: EBALDC is to secure title insurance policy, if desired, at its own expense.
13. CLOSING COSTS: EBALDC to bear all title and escrow fees and closing costs. EBALDC to pay Alameda County transfer tax. EBALDC and the Agency to share City of Oakland transfer taxes equally.
14. STUDIES AND REPORTS: Within 10 days of executing this Letter of Intent, Agency to provide copies of studies or reports relating to the Property including soils tests, surveys, regulatory reviews, engineering studies, complete copies of all leases and title. After City Council approval or EBALDC's disapproval, EBALDC shall provide copies of requested reports within 5 business days to the Agency.
15. LEASES: Prior to the close of escrow, Agency to deliver to EBALDC estoppel certificates signed by all tenants. The estoppel certificates shall be updated no more than thirty (30) days before closing.
16. RIGHT OF ENTRY: The Agency to grant right of entry to EBALDC to conduct tests and other feasibility studies. EBALDC to indemnify the Agency and City for entry.
17. BROKER'S COMMISSION: EBALDC represents that no brokers have acted on its behalf in connection with the Property.

This Letter of Intent is not intended to be contractual in nature, but is a statement of the general terms and conditions upon which the parties are prepared to consider and discuss entering into a Purchase and Sale Agreement.

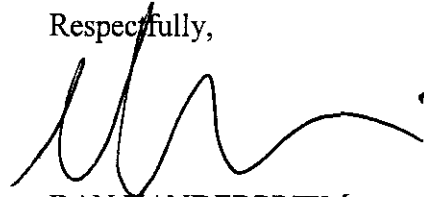
This Letter of Intent shall automatically be null and void and of no force and effect unless EBALDC has signed the acknowledgment on this Letter and returned the acknowledgment within ten (10) business days of the date of this Letter.

If the terms contained in this Letter of Intent are acceptable, please so indicate by signing in the spaces provided below and return to the undersigned.

Ms. Lynette Jung Lee
November 24, 2003
Page 5

Thank you for your consideration of the above terms and conditions. If you have any questions regarding this transaction please contact our Manager of Real Estate Services, Frank Fanelli at (510) 238-6354.

Respectfully,

A handwritten signature in black ink, appearing to read 'Dan Vanderpriem', with a stylized flourish at the end.

DAN VANDERPRIEM
Director of Redevelopment, Economic
Development and Housing

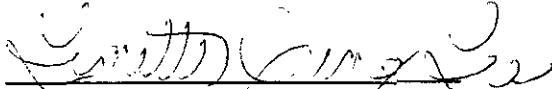
Ms. Lynette Jung Lee

November 24, 2003

Page 6

AGREED AND ACCEPTED:

EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION

By: 

Its: 

Date: 11/23

Attachment

- cc: Daniel Rossi, Deputy City Attorney
- Jens Hillmer, CEDA, Redevelopment
- Khalid Afar, CEDA, Redevelopment
- Frank Fanelli, CEDA, Real Estate Services

Exhibit A

Preservation Park Addresses and APN's

| Property | Address | APN |
|------------------|-------------------------------|--------------|
| Bartling | 1211 Preservation Park Way | 002-0019-015 |
| Bauske | 1222 Preservation Park Way | 002-0019-019 |
| Buckley | 1221 Preservation Park Way | 002-0019-014 |
| Ginn & Nile Hall | 660 & 668 – 13 th Street | 002-0019-009 |
| Higgins | 678 – 13 th Street | 002-0019-011 |
| Hunt | 1201 Martin Luther King, Jr. | 002-0019-024 |
| Jacobs | 663 – 13 th Street | 002-0019-021 |
| Park | 203 Preservation Park Way | 002-0019-016 |
| Raymond | 655 – 13 th Street | 002-0019-022 |
| Remillard | 654 – 13 Street | 002-0019-008 |
| Robinson | 1204 Preservation Park Way | 002-0019-017 |
| Standeford | 1212 Preservation Park Way | 002-0019-018 |
| Thorton | 672 – 13 Street | 002-0019-010 |
| Trowbridge | 1230 Preservation Park Way | 002-0019-020 |
| White | 1233 Preservation Park Way | 002-0019-013 |
| Bandstand | n/a | 002-0019-012 |
| Parking Lot | n/a | 002-0019-023 |

Property

