

OFFICE OF THE CITY CLERK
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REVISED

Approved as to form and legality:

By: _____
Agency Counsel

REVISED

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

RESOLUTION No. _____ C.M.S.

DRAFT

**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

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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.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

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

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