

**CITY OF OAKLAND AND
REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND
COUNCIL AND AGENCY AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

TO: Office of the City Manager and Agency Administrator
ATTN: Deborah Edgerly, Interim City Manager
FROM: Community and Economic Development Committee
DATE: October 14, 2003

2003 OCT -2 PM 3: 23

RE: A CITY COUNCIL RESOLUTION AMENDING RESOLUTION NO. 75142 C.M.S TO REPLACE COMMUNITY PLAZA DEVELOPERS, LLC, WITH JLG ASSOCIATES, LLC, AS PURCHASER AND DEVELOPER OF THE JACK LONDON GATEWAY SHOPPING CENTER; AND

A REDEVELOPMENT AGENCY RESOLUTION AMENDING RESOLUTION NO. 99-34 C.M.S TO REPLACE COMMUNITY PLAZA DEVELOPERS, LLC, WITH JLG ASSOCIATES, LLC, AS PURCHASER AND DEVELOPER OF THE JACK LONDON GATEWAY SHOPPING CENTER

SUMMARY

Staff recommends that the Redevelopment Agency and City Council approve a request to replace Community Plaza Developers, LLC (CPD) with JLG Associates, LLC (JLG) in order to facilitate the sale of Jack London Gateway Shopping Center (Center) to JLG.

CPD has managed the property for the Agency, which currently owns the Center, since 1998. Resolutions by the City Council and Agency, approved in 1999, authorized staff to sell the Center, then known as the Acorn Plaza Shopping Center, to CPD through a Development and Disposition Agreement (DDA). CPD is a limited liability corporation composed of for-profit subsidiaries of East Bay Asian Local Development Corporation (EBALDC) and Westside Economic Development Corporation (WEDC), and Portfolio Properties, Inc. (PPI).

Due to on-going problems with WEDC, City staff have continued working with EBALDC and PPI, who have requested approval to proceed with the sale of the Center to JLG. This new partnership will be comprised of subsidiaries of EBALDC, PPI and a new community-based member, West Oakland Marketplace Advancement Company (WOMAC). EBALDC/PPI and WEDC are currently negotiating the terms for the dissolution of CPD. As of this writing, no settlement has been reached. However, the action recommended in this report is to authorize staff to negotiate an agreement with new entity JLG, and any failure amongst the members of CPD to resolve issues regarding a settlement will not impede the ability of JLG to proceed with the purchase and rehabilitation of the Center.

FISCAL IMPACT

No new fiscal impact is expected as a result of this action. Grant and loan funding for the project has already been allocated. Additional discussion of the sources and uses of the previously approved funding is provided in the Project Description section of this report.

BACKGROUND

The Jack London Gateway Shopping Center was constructed in 1983 by a non-profit entity, the Greater Acorn Community Improvement Association, and financed by a federal Economic Development

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Administration grant and an Agency loan. The Center was established with a grocery store serving as the anchor tenant, but the Center and grocery store struggled financially during the first few years of operations.

The Agency subsidized the Center throughout the mid-1980's, investing nearly \$6 million before reassuming ownership of the property through a quit claim in 1986. The Agency sold the Center to a private investor, Alex Hahn, in 1989 for \$1.91 million, of which \$600,000 in proceeds were returned to the federal funding source. After Hahn closed the grocery store due to low sales, the Agency responded to concerns from the community about the deterioration of the Center and lack of a grocery store and re-acquired the property for \$2.97 million in December 1996.

The Agency commissioned a market study to determine the viability of a grocery store in the Center. The study found that a grocery store was feasible. The Agency then approved up to \$230,000 for emergency repairs, operation and maintenance costs, bringing the total Agency investment in the Center to \$8.7 million as of December 1998.

In early 1997, the Agency issued a Request for Proposals (RFP) for a new owner/operator for the Center. CPD's proposal was approved by Council in July 1997 as a result of that process. CPD is a limited liability corporation composed of PPI and subsidiaries of EBALDC and WEDC. EBALDC brings significant property development experience—both commercial and residential—to the partnership, while PPI has experience as a commercial property management firm. WEDC's role was to provide a connection to the surrounding community and assume responsibility for fundraising from foundations. CPD received strong support from the community, particularly since the surrounding neighborhood had not had a full-service grocery store since 1996.

CPD entered into an Exclusive Negotiating Agreement with the Agency in November 1997, and executed an interim Operating and Management Agreement for \$700,000 with the Agency in October 1998. In 1999, the Agency and Council approved resolutions to sell the Center to CPD for \$2.97 million through a DDA, allow CPD to assume \$4.2 million in existing EEC Flagship funds and lend an additional \$1.3 million in EEC funds (pending approval by HUD), divided evenly between grant and loan funds. More details regarding the project's financing are provided in the Project Description section of this report and in the attachments.

Under this new management, the Center has proven successful, and Gateway Foods, a full-service grocery, has been the anchor tenant since 1999. Numerous improvements, financed from the Center's cash flow and Section 108/EDI funds, have been undertaken. These include accessibility improvements, signage to promote the visibility of the Center, and parking lot repaving, as well as tenant improvements to individual stores. Aside from the first year of operations, revenue has exceeded expenses since CPD took over management of the Center (see Attachment A). The Center has also performed well in terms of job creation, meeting 96% of its job creation goals under the HUD Section 108 program as of May 2003 (see Attachment B).

However, the relationship between WEDC and EBALDC/PPI has become strained over time, resulting in a delay in the sale of the Center. Their partnership agreement called for WEDC to raise donations for capital contributions for the Center, which WEDC failed to do. Therefore, City staff requested that EBALDC and PPI seek another community-based member. They have proposed to substitute WOMAC for WEDC as their community-based member and form JLG, a new partnership. If the Council and Agency approve this action, the Agency would then sell the Center to JLG. WOMAC members are affiliated with the Council

of Acorn Residents (CARI), which has long-standing ties to the Acorn neighborhood, and have been involved with the Center in the past in an advisory capacity.

CPD's members are currently negotiating the terms for the termination of the organization, although no settlement has been reached to date. However, since the action recommended in this report is to authorize staff to negotiate an agreement with new entity JLG, any failure amongst the members of CPD to resolve issues regarding a settlement will not impede the ability of JLG to proceed with the purchase and rehabilitation of the Center.

KEY ISSUES AND IMPACTS

CPD has progressed substantially in addressing the key issues regarding the Center's operations identified by staff in 1999, including reestablishment of a full-service grocery store and other neighborhood-serving retail, job creation, and improvement of the neighborhood. CPD has attracted a variety of tenants that serve the needs of the surrounding community, including not only the grocery store, but also a credit union and other retail establishments. They have also undertaken some of the necessary improvements to tenant and common area spaces, and have further plans for the revitalization of the Center.

However, sufficient progress towards the goal of promoting community ownership of the Center has not been achieved. This is primarily due to WEDC's inability to meet its fundraising responsibilities for the Center. In addition, there have been significant disagreements between WEDC and the other members regarding each member's role, relationship with the grocery store, and funding. The proposed action will allow the partnership to replace the existing community-based member with WOMAC and to move forward with the acquisition and further revitalization of the Center, facilitating its rehabilitation and helping it continue to become a better community resource for the neighborhood.

The partnership agreement currently under negotiation between the members and WOMAC includes provisions for eventual transition of ownership to WOMAC. These provisions ensure that the goal of eventual ownership by a community organization as approved by the Agency in 1999 is preserved.

PROJECT DESCRIPTION

Jack London Gateway Shopping Center Description

Since assuming responsibility for operating the Center, CPD has proven to be a good steward of the Center, responding to community concerns and making the Center economically viable. The Center includes approximately 10,000 square feet of retail space and an additional 5,400 square feet of space leased to long-term fast food tenants including Jack-in-the-Box and McDonald's. The Center also has 481 parking spaces. Landscaping has been added to the recently repaired parking area. Signage for the Center was added this year to increase the visibility of the Center and its merchants, and improvements have been made to the interior of the Center, the roof and the general appearance of the Center.

Way Foods, a full-service grocery store occupying approximately 20,000 square feet and run by Sean Loeoe, has served as the anchor tenant in the Center since 1999, providing residents with ready access to fresh produce and meats, as well as other grocery items (including a variety of ethnic foods). In 2001 the Central Community Partnership Federal Credit Union opened for business at the Center, becoming the only financial institution in Oakland west of Interstate 980. Other stores are smaller community-serving retail, including a shoe store, discount clothing outlet, restaurants and a florist. Only one storefront is currently vacant.

The Center has met approximately 96% of its job creation goals as of May 2003, and additional jobs are expected to be generated through the planned rehabilitation of the Center's original façade. Future ideas for development at the Center, which would be privately financed, include additional development on a portion of the lot. Development of residential units has also been identified as a possibility. If successful, this would further revitalize the Center as a mixed use asset to the West Oakland neighborhood, and generate additional construction and retail employment and services.

Description of Proposed JLG Associates, LLC Partnership

CPD was selected to assume the operation and ownership of the Center via the RFP process in 1997 because it included a financially viable plan for maintaining a grocery store in the Center and drawing other retailers to serve the community. Each member also brought to the team valuable experience in one or more facets of running a community-serving shopping center. JLG retains the two performing members of the partnership, EBALDC and PPI, allowing them to capitalize on the momentum they have already begun at the Center with a new community member, WOMAC.

EBALDC, formed in 1975, is a community economic development organization dedicated to the betterment of the East Bay community, particularly the low-income and Asian and Pacific Islander population, through development of physical, human and economic assets for individuals and community organizations. EBALDC has developed over six hundred units of affordable housing as well as 190,000 square feet of retail and office space in Oakland and Emeryville. EBALDC brings valuable development expertise to the partnership and has experience dealing with the complex hiring and other requirements imposed by use of federal funds. PPI is an experienced property management firm, with offices in Oakland. PPI handles the day to day management of the Center, and has done a remarkable job of recruiting and retaining commercial tenants (including the grocery), negotiating leases, collecting rents and maintaining the Center over the last six years.

WOMAC is affiliated with the Council of Acorn Residents (CAN), providing a valuable link to residents within the neighborhood. Its principals include a core group of community organizers that have been active in advising and promoting the revitalization of the nearby Acorn housing development. WOMAC's principals have also served on the Center's Community Advisory Board as voting members for over three years, and thus are already familiar with the operations of the Center.

WOMAC's primary responsibility in the partnership at first will be marketing and promotions, with the goal of improving relations between residents and Center merchants. WOMAC has proposed to reduce commercial tenant turnover and increase profits through a community consultation process geared towards familiarizing merchants with the needs of residents, educating community members on handling their personal finances, and providing a conduit for linking merchants and community organizations. The organization will guide future development efforts at the Center so that it remains viable and benefits the surrounding West Oakland community (see Attachment C for WOMAC "Concept Statement").

The City and Agency are asked to approve the sale of the Center to JLG rather than CPD. This action will allow staff to move forward with executing the Development and Disposition Agreement (DDA) per 1999 authorization from the Agency, and sell the Center to JLG. JLG will assume responsibility for ownership of the Center, in addition to maintaining its role in its operations and management, with additional guidance and input from new member WOMAC. In accordance with the actions approved by City Council and the Agency in 1999, EBALDC or its affiliate will have 55% membership interest in the Center, PPI or its affiliate will have a 20% interest and the WOMAC as the community member will have a 25% interest.

As mentioned in the “Key Issues” section of this report, WOMAC members will receive training to increase their capacity in property management and commercial and housing development from EBALDC and PPI. The partnership agreement between WOMAC, EBALDC and PPI will include provisions guiding the eventual transition of ownership from JLG to WOMAC, fulfilling the goal of eventual ownership by a West Oakland-based community group.

Center Finances and Rehabilitation Costs

In fiscal year 1999– 2000, Agency Resolution 99-34 C.M.S. and Council Resolution 75142 C.M.S. authorized the sale of the Center to CPD for \$2.97 million through a DDA and allowed CPD to assume a total of \$5.5 million in Enhanced Enterprise Community (EEC) Flagship/HUD Section 108 program funds. Of the \$5.5 million in requested EEC funds, \$4.2 million had been approved in fiscal year 1996-1997 per Agency Resolution 96-61 C.M.S. for the acquisition and partial improvement of the Center by the Agency. This loan, if Council approves the action recommended in this report, will be assumed by JLG instead. Pending HUD approval, the remaining \$1.3 million in EEC loan and grant funds that was authorized by Council and the Agency in fiscal year 1999-2000 will be assumed by JLG once approval is given to proceed with the sale of the Center to the newly reconstituted partnership. JLG will be responsible for repayment of at least \$1.47 million, to be repaid from cash flow under the terms approved in Agency Resolution 99-34 C.M.S. This figure represents the \$2.97 million Section 108 loan minus \$1.5 million in debt service that will be paid by revenue from the property tax increment, business license fees and sales tax generated by the Center, committed by the Agency and City in 1999 to repay the remaining balance. Per the EEC program, half of the EEC funds will be provided in the form of an EEC Section 108 Loan and the other half will be provided as an Economic Development Initiative (EDI) Grant. A detailed Project Development Budget, including sources and uses and an accounting of funds spent for work completed to date, is provided as Attachment D.

	<u>SOURCES</u>	<u>USES</u>	
108 Loan	\$2,970,000	\$2,970,000	Acquisition
EDI Grant	\$2,530,000	\$2,904,497	Construction Costs
Redevelopment Funds	\$1,067,114	<u>\$1,653,576</u>	Soft Costs
Shopping Center Revenue	\$ 666,384	\$7,528,073	Total
Heron Foundation	\$ 100,000		
City NCR Grant	\$ 10,000		
<u>Overage (capital to be raised)</u>	<u>\$ 269,954</u>		
Total:	\$7,528,073		

In 2002, the Center generated a net cash flow of \$131,000, prior to payment of debt service. As of June 30, 2003, the Center’s year-to-date net income before debt service was \$155,492, exceeding budget projections by 19%.

Once a loan agreement for the remaining Section 108 loan/grant funds of \$1.3 million is approved by HUD, and the ownership of the Center transferred to JLG, the planned rehabilitation of the Center’s façade will commence.

On-Going Role of the Agency

Although the Agency will cease to have an ownership interest in the Center, and the on-going responsibility for its operation and maintenance, it will maintain an active role both as a lender and through on-going

monitoring of the Center's performance in job creation required by the HUD Section 108 program. **The** Development and Disposition Agreement adopted will include provisions for repayment of the loan and a requirement that the Center include a full-service grocery as long as the Acorn Urban Renewal Plan remains in effect. Transfer of the property to ownership by WOMAC would also require the approval of the Agency Administrator, and would not occur until WOMAC can buy out the other partners and demonstrate their ability to operate the Center effectively. The Agency will maintain the right of reentry in the event of default on the part of JLG, including a provision for resale of the property to recover costs.

SUSTAINABLE OPPORTUNITIES

The project will continue to provide and expand Opportunities to promote economic, social and environmental stability. Economic opportunities have primarily appeared in the form of jobs from the Center (mostly retail, but also some construction). In addition, the opening of the Credit Union in the Center provides an opportunity for residents to have a viable banking option in their community, and encourages investment in West Oakland.

Social sustainability is promoted through increasing opportunities for residents of West Oakland to shop in their neighborhood for groceries, clothing and other basic necessities. A local community organization, WOMAC, will have substantial involvement in guiding the future of the shopping center. The rehabilitation of the Center will enhance the appearance of the neighborhood. JLG will also be encouraged to have its contractors use environmentally sensitive materials.

DISABILITY AND SENIOR CITIZEN ACCESS

With accessibility improvements undertaken at Gateway Foods and repairs to the Center's parking lot, the Center should now be fully accessible to persons with disabilities. If additional issues arise, JLG will be responsible for implementing an appropriate response. Seniors living in private units and several affordable housing complexes near the Center will benefit from ready access to groceries, as well as retail and financial services.

RECOMMENDATION AND RATIONALE

Staff recommends that the Redevelopment Agency and City Council approve a request to replace Community Plaza Developers, LLC with JLG Associates, LLC in order to facilitate the sale of Jack London Gateway Shopping Center to JLG.

This action retains successful members EBALDC and PPI from the original CPD partnership selected to own and operate the Center, allowing them to build on the momentum achieved at the Center, while adding a new community member, WOMAC. It will allow JLG to take over ownership of the Center from the Agency, allow the Agency and JLG to execute agreements required for the remaining funding needed for extensive rehabilitation efforts at the Center, and provide a path to eventual community-based ownership of the Center.

ALTERNATIVE RECOMMENDATION

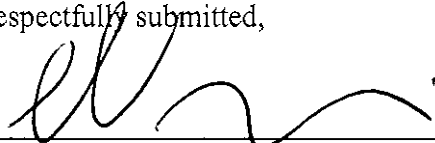
None recommended. **The** Agency does not want to have continued responsibility for owning a shopping center. One possible alternative would be for the Agency to issue a new RFP for the

ownership and operation of the site. However, staff does not believe that this would be a superior alternative, since the managing and real estate partners have performed admirably in operating the Center to date, and are prepared to move forward quickly with the rehabilitation of the Center. In addition, the new community partner promises to take an active role in bridging communications gaps between merchants and local residents and advocating that the Center meets **the** needs of the surrounding neighborhood. In addition, the recommended action will facilitate eventual community-based ownership of the Center. Issuing a new RFP would delay the rehabilitation of the Center, endanger the momentum created there thus far, and not necessarily provide better results.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Redevelopment Agency and City Council approve a request to replace Community Plaza Developers, LLC with JLG Associates, LLC in order to facilitate the sale of Jack London Gateway Shopping Center to JLG.

Respectfully submitted,

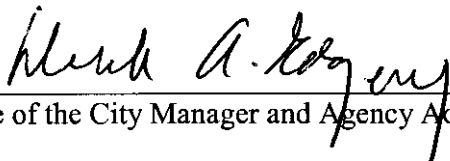


DANIEL VANDERPRIEM
Housing, Economic Development and
Redevelopment Director

Prepared by:
Roy L. Schweyer, Director
Housing and Community Development

Christia Mulvey, Housing Development
Coordinator

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE



Office of the City Manager and Agency Administrator

Attachments

ATTACHMENT A
Jack London Gateway Shopping Center

- **Year-to-Date Budget Report (as of June 30,2003)**
- **Annual Asset and Liability Statements for 1999 - 2002**

ACORN Shopping Center

Budget Comparison Report
6/30/2003

ACORN Shopping Plaza

	CURRENT ACTUAL	CURRENT BUDGET	CURR. VARIANCE	PERCENT	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	PERCENT
	REVENUE							
RENTAL INCOME								
Gateway Food Co.	8,886	11,241	(2,355)	(21)	53,311	67,446	(14,131)	(21)
People's Comm.Cr.Union	1,191	1,191	0	0	7,146	7,146	0	0
David Lai	3,210	3,220	0	0	3,220	3,210	0	0
One Price Clothing	0	5,832	(5,832)	(100)	19,160	34,991	(5,832)	(17)
Lyman Caulk	0	0	0	***	8,688	0	8,688	***
Star-Light Donuts	1,550	1,550	0	0	9,300	9,300	0	0
Pizza Love	1,778	1,700	78	5	10,803	10,200	603	6
Hong Kong Express	2,704	2,704	0	0	16,224	16,224	0	0
Showers of Flowers	1,260	1,260	0	0	7,560	7,560	0	0
I.C. Beauty Supplies	2,600	2,551	47	2	15,606	15,318	288	2
Angel's Discount Clothing	2,421	2,363	58	2	17,111	14,178	2,934	21
Hairs The Point	2,044	1,044	0	0	12,265	12,264	1	0
@ Track Shoes	0	1,760	(1,760)	(100)	474	10,560	(10,086)	(96)
McDonald's	3,895	3,895	0	0	23,370	13,370	0	0
Kentucky Fried Chicken	5,108	5,108	0	0	30,648	30,648	0	0
Total Rental Income	16,651	46,121	(9,764)	(21)	214,885	262,418	(17,543)	(7)
COMMON AREA MAINTENANCE								
People's Comm.Cr.Union	229	240	(11)	(5)	1,589	1,440	149	10
David Lai	840	840	0	0	840	5,040	(4,200)	(83)
One Price Clothing	186	1,469	(1,283)	(87)	7,603	8,814	(1,211)	(14)
Lyman Caulk	0	0	0	*	4,538	0	4,538	***
Star-Light Donuts	354	360	(6)	(2)	2,295	2,160	135	6
Pizza Love	377	360	17	5	1,119	2,160	59	3
Hong Kong Express	496	600	(104)	17.1	3,394	3,600	(206)	(6)
Showers of Flowers	360	160	0	0	2,342	2,160	182	6
I.C. Beauty Supplies	654	630	24	4	3,810	3,780	30	1
Angel's Discount Clothing	566	540	26	5	4,079	3,240	839	26
Hairs The Point	414	420	(6)	(1)	2,611	2,520	94	4
@ Track Shoes	0	480	(480)	(100)	2,400	2,880	1480	(17)
McDonald's	660	660	0	0	3,300	3,960	(660)	(17)
Kentucky Fried Chicken	800	800	0	0	4,923	4,800	123	3
Total CAM	5,936	7,759	(1,823)	(24)	45,946	46,554	1608	(1)
CAM-PRIOR YEARS								
Other Income	0	0	0	***	13,543	0	13,543	***
Late Charges	(209)	0	(209)	***	244	0	244	***
NSF Fees	0	0	0	*	25	0	25	***
Total Income	41,384	54,180	(11,796)	(22)	304,643	308,982	(4,339)	(1)

Acorn Shopping Center

Budget Comparison Report

6/30/2003

Acorn Shopping Plaza

	CURRENT ACTUAL	CURRENT BUDGET	CURR. VARIANCE	PERCENT	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	PERCENT
PASS-THROUGH EXPENSES								
Electricity	1,019	1,000	(29)	(3)	6,717	6,000	(727)	(12)
Water	11671	0	167	***	(21)	0	21	***
Water-Irrigation	0	0	0	***	196	1,400	1,104	86
Garbage	1,044	1,118	74	7	6,265	6,708	443	7
Janitorial Service	2,338	2,700	362	13	14,416	16,200	1,784	11
Janitorial Supplies	0	15	25	100	0	150	150	100
Sweeping Service	353	350	(3)	(1)	3,418	2,100	(1,318)	(63)
Security Service	8,678	8,190	(488)	(6)	48,266	48,469	203	0
R & M General	(1,094)	500	1,594	319	(14,654)	5,000	19,654	393
R & M Plumbing	0	0	0	***	3,128	115	(2,903)	(999)
R & M Landscaping	1,200	1,400	200	14	6,000	8,400	2,400	19
R & M Pest Control	80	80	0	0	480	480	0	0
R & M Supplies	0	100	100	100	156	600	444	74
R & M Electrical	795	75	(720)	(960)	795	450	(345)	(77)
R & M Roof	0	100	100	100	0	600	600	100
R & M Life Safety	19	30	11	37	1,088	1,156	68	6
R & M Other	0	2,500	2,500	100	0	9,000	9,000	100
Telephone	38	0	(38)	***	38	0	(38)	***
Insurance	1,205	1,115	10	1	9,610	9,673	53	1
Total Pass-Through Exp.	15,518	18,383	2,865	16	85,918	116,611	30,693	16
OWNER R & M Expenses								
R & M Electricity/Gas	0	10	10	100	0	60	60	100
R & M Garbage-Best Price	277	277	0	0	1,660	1,661	1	0
R & M General	7,900	0	(7,900)	***	15,800	0	(15,800)	***
R & M HVAC	104	0	(104)	*	104	0	(104)	***
R & M Plumbing	1,775	0	(1,775)	***	1,177	0	(1,177)	***
R & M Signage	134	0	(134)	**	134	0	(134)	***
Non-Capitalized Repairs	0	200	200	100	0	1,100	1,100	100
Property Taxes	0	0	0	***	0	13,000	13,000	100
Telephone	50	35	(15)	(43)	197	110	(87)	1411
Property Management Fee	5,000	5,000	0	0	30,000	30,000	0	0
Total Owner R & M Exp.	15,240	5,522	(9,718)	(176)	50,172	46,132	(4,040)	(9)
ADMINISTRATIVE EXPENSES								
Tenant Relations	0	0	0	***	250	0	(250)	***
Advertising & Promotion	0	0	0	***	1,646	0	11,646	***
Marketing	0	0	0	***	0	7,500	7,500	100
Legal Fee	0	300	300	100	5,160	1,800	(3,360)	(187)
accounting Fee	1,000	1,000	0	0	6,000	6,000	0	0
Bank Charge	0	0	0	***	5	0	(5)	***
Postage & Delivery	0	15	15	100	0	90	90	100

Acorn Shopping Center

Budget Comparison Report

6/30/2003

Acorn Shopping Plaza

	CURRENT ACTUAL	CURRENT BUDGET	CURR. VARIANCE	PERCNT	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	PERCNT
Total Administrative Exp.	1,000	1,315	315	24	13,061	15,390	2,329	15
Total Expenses	31,758	25,220	(6,538)	(26)	149,151	178,133	28,982	16
Net Income/Loss	10,626	28,960	(18,334)	(63)	155,492	130,849	24,643	19

Shopping Center

12/30/2002

ASSETS

CASH

Petty Cash	\$	100	
Cash-Union Bank of CA		27,394	
		<hr/>	
Total Cash			27,494

ACCOUNTS RECEIVABLE

A/R-M.M.Rosa's Pizza		8,174	
Cash Flow-Developant.Acct		421,005	
A/R City of Oakland		142	
N/A		(8,900)	
A/R Security Deposits PY		3,788	
		<hr/>	
Total Receivables			424,121

Construction Costs		1,281	
Accort. Def. Leasing Comm		(1,650)	(1,650)
		<hr/>	

Total Assets 451,246

LIABILITIES & OWNERS EQTY

ACCOUNTS PAYABLE

Tenant Security Deposits		37,062	
		<hr/>	
Total Accounts Payable			37,062

LONG TERM DEBT

Total Liabilities			37,062
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OWNERS' CAPITAL

Owners' Contribution		72,386	
Cumulative Profit/Loss		210,358	
Total Equity			282,744
YTD Net Income			131,440
			<hr/>
Total Liabilities & Eqty.			<u><u>451,246</u></u>

Acorn Shopping Center

12/31/2001

ASSETS

CASH

Petty Cash \$ 100
 Cash-Union Bank of CA 12,019

Total Cash 12,111

ACCOUNTS RECEIVABLE

A/R-M. M. Rosa's Pizza 0,174
 Cash Flow-Developant Acct 296,005
 A/R City of Oakland 142
 N/R (8,030)

Total Receivables 296,291

Construction Costs 1,281
 Acort. Def. Leasing Comm (1,650) (1,650)

Total Assets 308,041

LIABILITIES & OWNERS EQTY

ACCOUNTS PAYABLE

Tenant Security Deposits 25,297

Total Accounts Payable 25,297

LONG TERM DEBT

Total Liabilities 25,297

OWNERS' CAPITAL

Owners' Contribution 72,386
 Cumulative Profit/Loss 33,647
 Total Equity 106,033
 TD Net Income 176,711

Total Liabilities & Eqty. 308,041

Acorn Shopping Center

12/31/68

ASSETS

CASH		
Petty Cash	\$ 100	
Cash-Union Bank of CA	46,746	
Total Cash		46,846
ACCOUNTS RECEIVABLE		
A/R-M. M. Rosa's Pizza	8,174	
Cash Flow-Developant. Acct	81,005	
N/R	(3,420)	
Total Receivables		85,759
Construction Costs	375	
Amort. Def. Leasing Comm	(1,650)	(1,650)
Total Assets		<u>131,330</u>

LIABILITIES & OWNERS EQUITY

ACCOUNTS PAYABLE		
Tenant Security Deposits	25,297	
Total Accounts Payable		25,297
LONG TERM DEBT		
Total Liabilities		25,297
OWNERS' CAPITAL		
Owners' Contribution	72,385	
Cumulative Profit/Loss	(88,469)	
Total Equity		(16,083)
YTD Net Income		122,115
Total Liabilities & Eqty.		<u>131,330</u>

Acorn Shopping Center

12/31/99

ASSETS

CASH

Petty Cash	\$ 100	
Cash-Union Bank of CR	(4,263)	
Total Cash		(4,163)

ACCOUNTS RECEIVABLE

N/R	(420)	
Total Receivables		(420)

Total Assets		<u>(4,583)</u>
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LIABILITIES & OWNERS' EQUITY

ACCOUNTS PAYABLE

Tenant Security Deposits	11,500	
Total Accounts Payable		11,500

LONG TERM DEBT

Total Liabilities		11,500
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OWNERS' CAPITAL

Owners' Contribution	12,386	
Cumulative Profit/Loss	(37,208)	
Total Equity		35,178
YTD Net Income		(51,261)

Total Liabilities & Eqty.		<u>(4,583)</u>
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ATTACHMENT B
Jack London Gateway Shopping Center

- **HUD Section 108 Performance - May 2003 Jobs Creation Status of Center**

REGULAR HUD-108. EEC HUD-108/EDI AND FLAGSHIP LOAN JOB CREATION MATRIX
May 2003 (Excerpt)

Loan Name	Original Loan Amount	Job Monitor Start Date (JMSD)	# of Current Employees	Job Growth since JMSD	Total Job Creation	% Job Creation since JMSD	# EEC/RLF HUD-108 Jobs since JMSD	% of Total Jobs since JMSD	Total EEC/RLF HUD-108 Jobs	% of Total EEC/RLF HUD-108 Jobs	# of Jobs since JMSD	% of Total Jobs since JMSD	# of Jobs since JMSD	% of Total Jobs since JMSD	# of Jobs since JMSD	% of Total Jobs since JMSD
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PERFORMING EEC LOANS

*** JOB MONITOR START DATE (JMSD)**

Acorn Plaza (Jack London Gateway)	EEC/RLF HUD 108 EDI Loan EDI Grant	\$800,000	11/4/1997 11/4/1997 11/4/1997	60	142	82	85	96%	6	7.3%	15	10.6%	43	55	66	27
<p><i>Reported - March 2003. Number reporting on is 69. Missing some low-mod forms. Many forms are incomplete. McDonald's and KFC will not provide information.</i></p> <p><i>Please note: Numbers included for current employees at Mc Donald's and KFC are from original numbers at JMSD. We do not have any information from McDonaldf's & KFC to include on EEC, Oakland resident or Low/Mod.</i></p>																

ATTACHMENT C
Jack London Gateway Shopping Center

- **West Oakland Marketplace Advancement Company (WOMAC) -
DRAFT Concept Statement**

WOMAC

West Oakland Marketplace Advancement Company

Bringing Residents and Merchants Together

A Concept Statement

Draft 6/3/03

Introduction

The concepts of mixed use and citizen participation have been central to quality urban planning theory for decades. But practice has often been otherwise. Inner city low income communities are frequently as far removed from these ideals as can be imagined. Too often, inner city residents are disempowered and cut out of the decision-making process, while commercial development takes place in islands cut off from the community. The unfortunate result is often minority and low-income neighborhoods that are without reasonable access to competitive vendors, and merchants who feel besieged rather than supported by their customers. Merchants and residents live in a state of uneasy truce. In moments of social crisis, pent-up resentments may flare to the surface, resulting in the destruction and looting of commercial establishments, after which the community's isolation from the normal competitive marketplace only deepens.

Here in West Oakland, California, we have a historic opportunity to build on a different, more positive model.

At the center of the West Oakland district stands the Acorn residential community (formally known now as the Town Center and Courtyards at Acorn). Originally conceived as middle-class housing, the Acorn community fell under irresponsible private ownership some decades ago and deteriorated over the course of time into a dilapidated, high-crime, high-problem area whose blight became notorious throughout the City of Oakland. The adjacent shopping area became a dismal panorama of broken glass, boarded-up windows, litter, and abandoned signage.

About a dozen years ago, a movement for community renewal began in the heart of the Acorn residential community. A handful of black women residents, with the support of some key allies, initiated a long, slow, often painful, but ultimately successful community renaissance. Organizing unit by unit, walking endless miles within the community, organizing hundreds of meetings, confronting private owners, managers, and public agencies from the neighborhood level all the way up to the federal housing authorities, these tireless, fearless organizers have wrought a remarkable physical and moral

WOMAC

transformation in the Acorn community. The irreparably deteriorated housing units have been demolished. All the remaining units have been thoroughly upgraded and renovated. The grounds have been cleaned up, landscaped, and secured. New ownership and management are in place. Most important, the residents' own association, inspired by the goal of one day winning full tenant ownership and self-management, has become the virtual government of the community, resulting in a vibrant, cohesive, morally invested group of residents. Acorn today has become a desirable place to live and there is a waiting list to get in.

Unfortunately the adjacent shopping area (here termed the Acorn Marketplace) has remained on the margins of the Acorn community's renaissance. Despite the advantage of close physical proximity – the shops are within easy walking distance from the center of the Acorn residential area – the merchant community has not been able to achieve the kind of acceptance that would translate into commercial stability. The residential community has not embraced the Acorn Marketplace with unqualified enthusiasm. As a result, the store vacancy rate remains too high. There is too much turnover and delinquency in rent payments. Many of the merchants are dissatisfied with aspects of their lessor's management policies. Although

there has been some progress, the consensus is that the Acorn Marketplace is just not working as it should, and that unless there is a serious reorganization, the advances made in recent years are liable to evaporate and leave the marketplace area blighted once again.

What WOMAC Proposes

WOMAC is the core group of community organizers who have created the Acorn renaissance over the course of the past dozen years. (Biographies are in the Appendix.) WOMAC brings to the table more than a century of black woman-years of experience in the West Oakland district, resulting in a well-earned prominence today as community representatives and moral leaders. Everyone in Acorn knows the WOMAC principals and everyone who knows them, respects them. There is no group of people in West Oakland as well acquainted with all the members of this community, and more experienced in dealing with all the private and public powers who impinge on it, than the WOMAC principals.

WOMAC was formed for the specific purpose of bringing the residential community and the adjacent merchant community closer together for the mutual benefit. It is obvious that both sides have something to gain

WOMAC

from a closer relationship. The residents of the community want, need, and deserve a selection of shops and services that meet their needs and preferences at competitive prices. The merchants want, need and deserve a customer base that is loyal, respectful of property, and financially responsible. Closer integration between the residential and commercial aspects of the community is a sound policy that will improve the quality of life for all participants.

Toward this end, and in partnership with other responsible developers, and to the extent of its available resources, WOMAC proposes:

Community Consultation.

Too often merchants have no idea whether the community where they open their shop really needs them and wants them. The blindfolded hit-or-miss method of commercial investment can result in a surplus of one kind of vendor (for example, fast food) and a shortage of others equally vital to the community (for example, banks, or vendors of fresh vegetables). WOMAC proposes to initiate a community consultation process to give voice to the community residents' perceived needs for the kinds of stores and services they want in their immediate neighborhood. Merchants considering locating in the Acorn marketplace can obtain a direct hearing by the community's residents and can

get an immediate sounding about their commercial prospects, resulting in enormous potential savings. Franchisors can obtain guidance in selecting franchisees who have community support. Established merchants can get feedback from the community about the level of customer satisfaction and obtain specific recommendations and comments about their products and services.

Community Education.

Many aspects of the commercial relationship are partly or wholly under the control of the customer. For example, if merchants provide waste receptacles, it is up to the customers to use them. It is up to customers to return shopping carts to the stores. Customers can speed transactions by knowing their payment options and by proficiency in using credit cards, debit cards, and checks. Customers who engage in shoplifting drive up prices and cause tension in the shopping atmosphere. WOMAC'S principals know about the demoralizing effect of litter in the residential community and have waged an effective campaign to eliminate it there. WOMAC's people can help get shopping carts out of the residential premises and back into the stores. One of the key elements in the Acorn renaissance is resident education, including education about handling personal finances, organized by WOMAC principals.

WOMAC

WOMAC'S leadership teaches that petty crime, including shoplifting, degrades the individual, the family, and the whole community. WOMAC brings a powerful moral influence that can reduce merchant/community friction and smooth the transaction stream for both sides.

Building Good Will.

WOMAC can help build good will between merchants and community members in a variety of ways. WOMAC's informal community grapevine can often be more effective in bringing customers to a store than any amount of advertising. Where merchants offer free or reduced goods or services, WOMAC can provide volunteers to help distribute them or to bring customers to the marketplace. Where the community needs donations for special causes or events, WOMAC can advise the merchants specifically what is wanted, by whom, for what, and when. WOMAC can encourage merchants to list job openings first in the local community and to rely primarily on local recommendations in filling vacancies. WOMAC can advise merchants about deserving young people for scholarships and other awards. WOMAC can bestow community recognition on deserving merchants, and help merchants become more active and involved members of the community, thereby building priceless long-term good will.

Other Services. Many marketplace developments today include police and security services, and some also include a variety of social service agencies. Because of its close community roots, WOMAC is well positioned to advise on the need for such services and to build acceptance for agencies that fill a real community need. Many commercial developments today include set-asides for low-income housing, either immediately or as part of future expansion. WOMAC is the ideal partner and consultant for this type of development. In today's uncertain economic and political climate, economic actors have to anticipate crisis situations and emergencies. Because of its intimate knowledge of the community and its deep community roots, WOMAC is a reliable crisis management partner. In these and other ways, WOMAC can leverage its principals' decades of experience with residential community-building into a valuable resource for community-conscious commercial developers.

What WOMAC Needs

WOMAC's principals are community organizers and have a very broad range of experience in consensus building and in advocacy before private and governmental bodies. However, WOMAC's

WOMAC

principals are not real estate developers, merchandising specialists, or commercial leasing managers. In order for WOMAC to succeed, the merchant side of the table must perform in an optimum manner. Therefore, the success of WOMAC's involvement in advancing togetherness between the residential and the commercial communities of the West Oakland district requires WOMAC to enter into partnership with an entity or entities having the requisite commercial development and commercial management experience.

WOMAC at this time has minimal financial resources. The principals of WOMAC continue to invest major portions of their time as volunteers in the nonprofit Acorn Residents' Council (CARI) and in WOHD, a nonprofit entity designed to share the Acorn experience with other nonprofit residential community organizing projects. They maintain jobs and/or small businesses of their own for economic survival. Therefore, the success of WOMAC requires an infusion of sufficient funds to permit the WOMAC principals, or some of them, to rely on their WOMAC commitment as the principal, or substantially principal, source of their income. **Issues** such as the availability of suitable office space, equipment, staffing, and other startup and operating expenses will also have to be resolved before WOMAC can become an operational entity.

Conclusion: A Historic Opportunity

A central asset of the Acorn residential community and the Acorn marketplace area is their physical proximity. One only has to cross Market Street. The potential for a close and mutually satisfactory relationship certainly exists. To make that potential into a reality, merchants and the community need to enter into a conscious, planned partnership having specific program components and definable goals. The goal is to build an organizational bridge across Market Street. The pillar of that bridge on the community side has been a building for the past dozen years. It is the Acorn residents' association, built by the core group of community organizers who brought about the Acorn renaissance. Now these community activists, organized under the banner of WOMAC, stand ready to extend a hand of cooperation to the merchant community on the other side of the street. This is a historic opportunity for the entire West Oakland district and for the City of Oakland.

WOMAO

Appendix:
WOMAC's Principals

[Names, photos, short sketches
of WOMAC officers and
directors]



WOMAC Concept Statement

Appendix: The Principals of WOMAC

The principals in the formation of WOMAC are long-time West Oakland community activists who are also the principals of WOHDl, the non-profit development entity, and of CARI (the Acorn Residents Council, also nonprofit).

WOMAC Management Board

- JANET L. PATTERSON, MANAGER
- MARILYN HARRIS
- GERMAINE DAVIS
- MATTIE WHITFIELD
- ERNESTINE NATHANIEL
- ELEXIE BERRI
- CONNIE PARKER

Board of Directors of WOHDl:

- JANET L. PATTERSON, PRESIDENT
- MARILYN HARRIS, VICE PRESIDENT
- GERMAINE DAVIS, SECRETARY
- MATTIE WHITFIELD, TREASURY

Board of Directors of CARI (ACORN RESIDENTS COUNCIL)

- JANET L. PATTERSON, PRESIDENT
- MARILYN HARRIS, 1ST VICE CHAIR
- GAIL BETTY REYNOLDS, 2ND VICE CHAIR
- CHIQUITA JOHNSON, TREASURER
- MATTIE WHITFIELD, PARLIAMENTARIAN

All members of the Board of Directors of the two nonprofit corporations and the Manager and members of the Management Board of WOMAC were founding members of the Acorn Residents' Council and are elected courtyard representatives of the Town Center & Courtyards at Acorn currently. In addition, Janet Patterson and Marilyn Harris are members of the ownership board of the Town Center & Courtyards at Acorn. All of the board members are very active in the Acorn & West Oakland Communities.

Taking an active role in mixed income and ownership development projects, the active residents and board members formed WOHDl in August 2001 and became part of the Bridge Corporation team. As such, this residents' group was instrumental in

WOMAC

obtaining, publicizing, and starting up two Hope IV housing development projects, namely the Chestnut/Linden Development and the Mandela Development.

The principals have worked closely with other CBOs, foundations, and private employers in an effort to obtain the maximum resources to meet the West Oakland community's needs.

Toward that end, the principals (particularly Janet Patterson, Marilyn Harris, Mattie Whitfeld, Ernestine Nathaniel, and Germaine Davis) have for about seven years played an active role in the Community Development Block Grant board process. They have been involved in numerous funding recommendations and decisions affecting the community.

This group of principals has also been actively involved in numerous other community initiatives over the past twelve years, including:

- Community Policing
- CAA board
- Enhance Empowerment Committee
- Enterprise Zone process
- East Bay MUD's Community Board
- Street planning processes
- Seventh Street NCR project
- McClymonds Initiatives
- MTC Eighth Street Corridor improvement
- Stopping the closing of the Market Street exit w/Cal Trains process
- Workforce Investment Advisory
- Advisory Committee on Youth to to the Police Department
- Khadafy Foundation
- Advisory board to lack London Gateway

As community leaders, the principals of WOMAC are also actively involved in local Churches, including Greater St. Paul, Zion Tabernacle Baptist, True Vine, and Victory Mission.

ATTACHMENT D
Jack London Gateway Shopping Center

- **Project Development Budget**

Description	Budget	Cost to Date Actual	Cost to Complete
ACQUISITION	\$2,970,000	\$2,970,000	\$0
1502 ENTITLEMENT FEES		\$1,461	\$1,539
1560 EBMUD	\$6,732	\$6,732	\$0
2000 SITE IMPROVEMENT			
2005 DEMOLITION/REMEDIATION	\$7,200	\$7,200	\$0
2500 ENGINEERING			
2503 ENGINEERING-CIVIL	\$10,000	\$1,954	\$8,046
2510 ENGINEERING-STRUCTURAL	\$15,600	\$850	\$14,750
2515 CONSTRUCTION MANAGEMENT	\$64,500	\$4,500	\$60,000
2519 TESTING AND INSPECTION	\$20,000	\$0	\$20,000
3000 DIRECT CONSTRUCTION			
3001 BUILDING & FACADE	\$1,021,521	\$20,049	\$1,001,472
3002 PARKING & LANDSCAPE	\$243,000	\$0	\$243,000
3798 CONTINGENCY	\$110,180	\$0	\$110,180
4000 INDIRECTS			
4135 MAINTENANCE	\$27,752	\$27,752	\$0
4140 TENANT IMPROVEMENT	\$1,045,769	\$986,424	\$59,345
4145 ROOFING	\$368,657	\$368,657	\$0
4150 SIGNAGE	\$80,418	\$80,418	\$0
5000 PROJECT DEVELOPMENT			
5001 ARCHITECT - BASE CONTRACT	\$131,575	\$110,658	\$20,917
5003 ARCHITECT - ADDITIONAL SERVICE	\$69,000		\$10,617
5004 ARCHITECT - ROOF	\$13,285	\$13,285	\$0
5005 ARCHITECT - PARKING LOT	\$71,495	\$71,495	\$0
5008 CONSULTANT - ADA	\$4,000	\$3,274	\$726
5109 BLUEPRINT-DELIVERY	\$3,500	\$2,204	\$1,296
5362 LEGAL-PROJECT DEVELOPMENT	\$105,000	\$80,111	\$24,889
5460 INSURANCE	\$0	\$3,331	\$21,669
5461 INSURANCE-BUILDER RISK	\$25,000	\$0	\$25,000
5463 ACCOUNTING AND AUDITING	\$12,750	\$750	\$12,000
5598 CONTINGENCY	\$100,000	\$0	\$100,000
5900 OVERHEAD			
5901 DEVELOPER FEE-EEALDC	\$380,000	\$0	\$380,000
5904 ADMINISTRATIVE	\$30,000	\$23,998	\$6,003
5950 APPRAISAL, LEGAL, TITLE			
6012 ESCROW/TITLE FEES-LOAN	\$30,000	\$0	\$30,000
	\$110,000	\$0	\$110,000
6180 REPLACEMENT RESERVE	\$50,000	\$0	\$50,000
6498 CONTINGENCY	\$12,000	\$0	\$12,000
6600 INTEREST EXPENSE			
6610 PREDEVELOPMENT LOAN INTEREST	\$6,000	\$4,500	\$1,500
6620 CONSTRUCTION LOAN INTEREST	\$50,000	\$0	\$50,000
6800 PROPERTY TAX			
6820 PROPERTY TAX	\$68,000	\$11,253	\$56,747
7400 MARKETING			
7497 MARKETING	\$30,000	\$830	\$29,170
7498 COMMISSION EXPENSE	\$130,000	\$109,503	\$20,497
9999 TOTAL	\$7,528,073	\$4,987,397	\$2,540,675

Construction Capital Sources	Original Budget	Spent to Date	Available
EEC GRANT/LOAN ACQUISITION	\$2,970,000	\$2,970,000	\$0
EEC GRANT/LOAN	\$2,530,000	\$302,120	\$2,227,880
Redevelopment Funds	\$1,067,114	\$1,067,114	\$0
Shopping Center Revenue	\$666,384	\$548,164	\$118,220
Heron Foundation	\$100,000	\$100,000	\$0
City NCR Grant	\$10,000	\$0	\$10,000
TOTAL CONSTRUCTION CAPITAL	\$7,343,498	\$4,987,398	\$2,356,100
TOTAL CONSTRUCTION BUDGET	\$7,528,073		
TOTAL CONSTRUCTION CAPITAL	\$7,343,498		
CAPITAL REQUIRED (TO BE RAISED BY CPD)	\$184,575		

APPROVED AS TO FORM AND LEGALITY:

[Signature]
Deputy City Attorney

FILED
CITY CLERK
OFFICE OF THE CITY CLERK
OAKLAND
OCT 14 2003
PM 4:57

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION AMENDING RESOLUTION NO. 75142 C.M.S TO REPLACE COMMUNITY PLAZA DEVELOPERS, LLC, WITH JLG ASSOCIATES, LLC, AS PURCHASER AND DEVELOPER OF THE JACK LONDON GATEWAY SHOPPING CENTER

WHEREAS, on December 26, 1996, the Redevelopment Agency of the City of Oakland acquired the Acorn Plaza Shopping Center at 900 Market Street, now known as the Jack London Gateway Shopping Center (the "Center" or the "Project"), to develop a new shopping center to provide jobs primarily within Oakland's Enhanced Enterprise Community ("EEC") areas and maintain services provided by the community shopping center: and

WHEREAS, on November 4, 1997, the City Council, through Resolution No. 73913 C.M.S., authorized \$4.2 million in HUD EEC funding to the Agency, of which \$2.1 million was an EEC Section 108 loan, and \$2.1 million was an Economic Development Initiative ("EDI") loan and grant, toward the acquisition and rehabilitation of the Center; and

WHEREAS, Community Plaza Developers, LLC ("CPD") was selected through an RFP to manage, acquire, and develop the Center; and

WHEREAS, CPD's members include East Bay Asian Local Development Corporation ("EBALDC"), Portfolio Properties, Inc. ("PPI"), and Westside Economic Development Corporation ("WEDC"); and

WHEREAS, on July 20, 1999, through Resolution No. 99-34 C.M.S., the Agency authorized the Agency Administrator or his designee to negotiate and enter into a Disposition and Development Agreement ("DDA") with CPD for the sale and rehabilitation of the Center: and

WHEREAS, on July 20, 1999, through Resolution No. 75142 C.M.S., the City Council consented to the sale of the Center to CPD, authorized an additional \$1.3 million in Section 108 and EDI funding for the Center (pending approval by HUD), authorized the assignment of the Section 108 loan and the Economic Development Initiative funding (which was entirely converted to a grant per the

5.1
COMMUNITY & ECONOMIC
DEVELOPMENT CMTE
OCT 14 2003

terms of Resolution No. 73913 C.M.S.) to CPD, and authorized the transfer of sales tax revenue from the Center to the Agency for five years to repay the Section 108 loan; and

WHEREAS, EBALDC and PPI are forming a new entity, JLG Associates, LLC, of which they are members, which will include West Oakland Marketplace Advancement Company ("WOMAC") in place of WEDC as the community member; and

WHEREAS, the execution of the DDA and funding documents have been delayed pending resolution of issues related to the composition of the purchasing and development entity; now, therefore, be it

RESOLVED: That the City Council hereby amends Resolution No. 75142 C.M.S. to approve the sale of the Center and authorize the making of the Section 108 loan and EDI grant to JLG Associates, LLC, or an affiliated entity approved by the City Manager or her designee in her discretion; and be it further

RESOLVED: That the City Council hereby affirms its appointment of the City Manager and her designee as agent of the City to conduct negotiations, execute documents, administer funding, extend or modify the repayment terms, and take any other action with respect to, Project funding and the Center consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2003

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
CEDA FLOYD
City Clerk for the City of Oakland

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COMMUNITY & ECONOMIC
DEVELOPMENT CMTE

OCT 14 2003

APPROVED AS TO FORM AND LEGALITY

[Signature]
Agency Counsel

FILED
CLERK
OF THE CITY
OAKLAND
OCT 14 2003

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION AMENDING RESOLUTION NO. 99-34 C.M.S TO REPLACE COMMUNITY PLAZA DEVELOPERS, LLC, WITH JLG ASSOCIATES, LLC, AS PURCHASER AND DEVELOPER OF THE JACK LONDON GATEWAY SHOPPING CENTER

WHEREAS, on December 26, 1996, the Redevelopment Agency acquired the Acorn Plaza Shopping Center at 900 Market Street, now known as the Jack London Gateway Shopping Center (the "Center" or the "Project"), to develop a new shopping center to provide jobs primarily within Oakland's Enhanced Enterprise Community ("EEC") areas and maintain services provided by the community shopping center; and

WHEREAS, on November 4, 1997, the City Council of the City of Oakland, through Resolution No. 73913 C.M.S., authorized \$4.2 million in HUD EEC funding to the Agency, of which \$2.1 million was an EEC Section 108 loan, and \$2.1 million was an Economic Development Initiative ("EDI") loan and grant, toward the acquisition and rehabilitation of the Center; and

WHEREAS, Community Plaza Developers, LLC ("CPD") was selected through an RFP to manage, acquire, and develop the Center; and

WHEREAS, CPD's members include East Bay Asian Local Development Corporation ("EBALDC), Portfolio Properties, Inc. ("PPI"), and Westside Economic Development Corporation ("WEDC"); and

WHEREAS, on July 20, 1999, through Resolution No. 99-34 C.M.S., the Agency authorized the Agency Administrator or his or her designee to negotiate and enter into a Disposition and Development Agreement ("DDA") with CPD for the sale and rehabilitation of the Center: and

WHEREAS, on July 20, 1999, through Resolution No. 75142 C.M.S., the City Council authorized an additional \$1.3 million in Section 108 and EDI funding for the Center, and authorized the assignment of the Section 108 loan (pending approval by HUD) and the Economic Development Initiative funding (which was entirely converted to a grant per the terms of Resolution No. 73913 C.M.S.) to CPD; and

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**COMMUNITY & ECONOMIC
DEVELOPMENT CMTE**
OCT 14 2003

WHEREAS, the Agency through Resolution No. 99-34 C.M.S. authorized the Agency Administrator to assign the Section 108 and EDI funding to CPD; and

WHEREAS, the Agency through Resolution No. 99-34 C.M.S. also authorized a dedication of \$1.5 million in proceeds from Acorn Redevelopment funds to repay \$1.5 million of the HUD Section 108 loan, and an Agency grant in the amount of \$439,500 from Acorn Redevelopment funds for the rehabilitation of the Center (which grant amount has since been spent by the Agency in rehabilitating the Center); and

WHEREAS, EBALDC and PPI are forming a new entity, JLG Associates, LLC, of which they are members, which will include West Oakland Marketplace Advancement Company (“WOMAC”) in place of WEDC as the community member; and

WHEREAS, the execution of the DDA and funding documents have been delayed pending resolution of issues related to the composition of the purchasing and development entity; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby amends Resolution No. 99-34 C.M.S. to authorize the sale of the Center and the provision of Agency financial assistance to the Project to JLG Associates, LLC, or an affiliated entity approved by the Agency Administrator or her designee in her discretion; and be it further

RESOLVED: That the Agency hereby affirms its appointment of the Agency Administrator and her designee as agent of the Agency to conduct negotiations, execute documents, administer funding, extend or modify the repayment terms, and take any other action with respect to the DDA, Project funding, and the Center consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2003

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

5.2
**COMMUNITY & ECONOMIC
DEVELOPMENT CMTE**

OCT 14 2003