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OAKLAND

APPROVED AS TO FORM AND LEGALITY:

By:


Deputy Agency Counsel

2008 FEB 27 AM 8:57

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

RESOLUTION NO. 2008 - 0003 C.M.S.

**RESOLUTION AUTHORIZING AN UP TO \$1.5 MILLION FORGIVABLE
LOAN TO ARGONAUT HOLDINGS, INC. FOR THE DEVELOPMENT OF
A GENERAL MOTORS DEALERSHIP, TO BE FUNDED FROM LAND
SALES PROCEEDS FROM THE SALE OF 6.3 ACRES WITHIN THE
FORMER OAKLAND ARMY BASE**

WHEREAS, the Oakland Army Base ("OARB") was identified for closure in 1995 by the Defense Base Closure and Realignment Commission ("Commission") and approved for closure by the President of the United States pursuant to the Defense Authorization Amendments and Base Closure and Realignment Act of 1988 (Public Law 150-526) and the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510) ("Acts") as amended; and

WHEREAS, on July 31, 2002, the Oakland City Planning Commission certified the Oakland Army Base Redevelopment plan EIR and the Oakland City Council, Oakland Base Reuse Authority ("OBRA") and Oakland Redevelopment Agency ("Agency") adopted all appropriate California Environmental Quality Act ("CEQA") findings; and

WHEREAS, the OBRA Governing Body at its meeting of July 31, 2002, passed Resolution No. 2002-17 adopting the Final Reuse Plan for the Oakland Army Base ("Reuse Plan") and thereby endorsing a conceptual reuse scenario entitled "Flexible Alternative," which included a mix of land uses for the area, including: waterfront, light industrial, maritime support, research and development, "flex-office," selected retail and possibly a hotel; and

WHEREAS, the OBRA Governing Body at its meeting of June 26, 2006, passed Resolution No. 2006-09 authorizing its Executive Director to take all actions necessary to transfer all of the rights and obligations of OBRA to the Agency, effective August 7, 2006; and

WHEREAS, on December 5, 2006 the Oakland City Council certified the Supplemental Environmental Impact Report for the Oakland Army Base Auto Mall Project which analyzed the environmental impacts associated with the development of an auto mall and relocation of ancillary maritime support services, and adopted all appropriate CEQA findings; and

WHEREAS, the Final Reuse Plan was amended by the Agency on December 5, 2006 by Resolution No. 2006-0084 C.M.S. to include an auto mall concept as an additional conceptual strategy for the North Gateway area of the OARB, and to relocate ancillary maritime support uses, which is a category that includes truck parking, logistics center, or other similar port-related uses, to the East Gateway and/or Central Gateway; and

WHEREAS, the proposed project has been analyzed in a First Addendum to the Supplemental Environmental Impact Report for the Oakland Army Base Auto Mall Project ("Addenda 1"); and

WHEREAS, the Final Reuse Plan was amended by the Agency on December 18, 2007 by Resolution No. 2007-0086, and by the City Council by Resolution No. 81004 C.M.S., in order to refine the proposed traffic circulation patterns for the auto mall project, relying on Addenda 1: and

WHEREAS, the Agency owns approximately 6.3 acres of unimproved and vacant real property located in the former Oakland Army Base Area (OARB) and within the North Gateway Development subarea, a triangular site bounded by the East Bay Municipal Utility District (EBMUD) Wastewater Plant on the north, West Grand Avenue to the south and I-880 to the east, of the OARB Redevelopment Area, which property is more particularly described in Exhibit "A" attached hereto and made a part hereof ("Property"); and

WHEREAS, the Agency negotiated and approved Disposition and Development Agreements ("DDAs") with Argonaut Holdings, Inc., a Delaware corporation ("Buyer") and two other automobile dealerships on December 5, 2006 (Resolutions No. 2006-0085, 2006-0086 and 2006-0087 C.M.S.); and

WHEREAS, None of the DDAs were executed in the 60 day term required by the authorizing resolutions because the dealerships and automobile manufacturers were reorganizing their structures and changing their requests; and

WHEREAS, the Agency has negotiated a new Disposition and Development Agreement ("DDA") with Buyer to sell the Property for development of an approximately 70,000 square-foot, three-story building, along with 400 spaces for surface parking and space for storage for a General Motors automobile dealership and service facility (the "Project"); and

WHEREAS, to reward the first dealership to locate itself at the Army Base, Agency staff recommends providing an incentive in the form of a forgivable loan of up to \$1.5 million;

now, therefore, be it

RESOLVED: That the Agency hereby approves the forgivable loan of up to One Million Five Hundred Thousand Dollars (\$1,500,000) (“Loan”) for the first automobile dealership that both signs a disposition and development agreement and starts construction; and be it

FURTHER RESOLVED: That the Loan shall be made to Buyer pursuant to terms of a DDA to be executed by Agency and Buyer; and be it

FURTHER RESOLVED: That the Loan shall include the following terms and conditions:

- All City Programs apply;
- First Source Hiring required;
- Project must start within 30 days of site readiness;
- Construction must be completed within approximately 16 months;
- Loan would be forgiven to the extent the dealership meets increased sales tax projections;
- Loan to be funded out of the land sales proceeds from the site;
- Dealer will commit to stay in Oakland 1.5 times the length of the sales tax rebate; and
- Loan to be repaid if dealership does not meet schedule for project completion and/or sales tax projections;

and be it

FURTHER RESOLVED: That the terms of the Loan will include provisions for local hiring that are similar to the local hiring requirements used for the Coliseum Lexus of Oakland deal and/or other comparable auto retail projects, as deemed appropriate by the Agency Administrator; and be it

FURTHER RESOLVED: That the Redevelopment Agency, acting as a Responsible Agency, has independently reviewed, analyzed, and considered the 2002 Army Base EIR, the 2006 Supplemental EIR and Addenda #1 prior to acting on the approvals. Based upon such independent review, analysis, and consideration, and exercising its independent judgment, the Agency confirms that the 2002 Army Base EIR and 2006 Supplemental EIR can be applied to this set of proposed actions and approves Addenda #1 to the Supplemental EIR because the criteria of CEQA Guidelines Section 15162 requiring additional environmental review have **not** been met. Specifically, and without limitation, the Agency finds and determines that the project would not result in any new or more severe significant impacts, there is no new information of substantial importance that would result in any new or more severe significant impacts, there are no substantial changes in circumstances that would result in any new or more severe significant impacts, and there is no feasible mitigation measure or alternative that is considerably different from others previously analyzed

that has not been adopted, based upon the December 18, 2007 City Council Agenda Report, Addenda #1 and elsewhere in the record for this project; and be it

FURTHER RESOLVED: That the Agency reaffirms the statement of overriding considerations adopted for the 2006 Supplemental Automall EIR in Resolution No. 2006-0084 C.M.S. on December 5, 2006; reaffirms the rejection of alternatives adopted for the 2006 Supplemental Automall EIR in Resolution No. 2006-0084 C.M.S. and also adopts the reasons for rejection of alternative access to EBMUD as detailed in Addenda #1, all of which are incorporated herein by Reference; and be it

FURTHER RESOLVED: That the Agency adopts the Conditions of Approval and Mitigation Monitoring and Reporting Program (MMRP), as detailed in the December 18, 2007 City Council Agenda Report, and accompanying resolutions, hereby incorporated herein by reference as if fully set forth herein, and imposes such obligations on the Property Buyer. The monitoring and reporting of CEQA mitigation measures in connection with the project will be conducted in accordance with the MMRP. Adoption of this program will constitute fulfillment of the CEQA monitoring and/or reporting requirement set forth in Section 261081.6 of CEQA. All proposed conditions of approval and mitigation measures are capable of being fully implemented, and shall be implemented by the efforts of the Agency or other identified public agencies or entities of responsibility as set forth in the conditions of approval and the MMRP; and be it

FURTHER RESOLVED: That the recitals contained in this Resolution are true and correct and are in integral part of the Agency decision; and be it

FURTHER RESOLVED: That all documents shall be reviewed and approved by Agency Counsel prior to execution, and copies will be placed on file with the Agency Secretary; and be it

FURTHER RESOLVED: That the Agency hereby appoints the Agency Administrator or her designee as agent of the Redevelopment Agency to conduct negotiations, execute documents with respect to the Loan, and take any other action with respect to the Project consistent with this Resolution and its basic purpose; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee is hereby authorized to file a notice of determination on this action with the Office of the Alameda County Recorder, and the Agency Secretary is hereby authorized and directed to retain a copy of the SEIR in the record of proceedings for this Project, which shall be maintained by 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, 3rd 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 \$1.5 million of the land sale proceeds will be appropriated in Oakland Army Base Redevelopment Area Operations Fund (9570), West Oakland Base Reuse Organization (88679).

IN AGENCY, OAKLAND, CALIFORNIA, FEB 5 2008, 2008

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON DE LA FUENTE, - 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST:

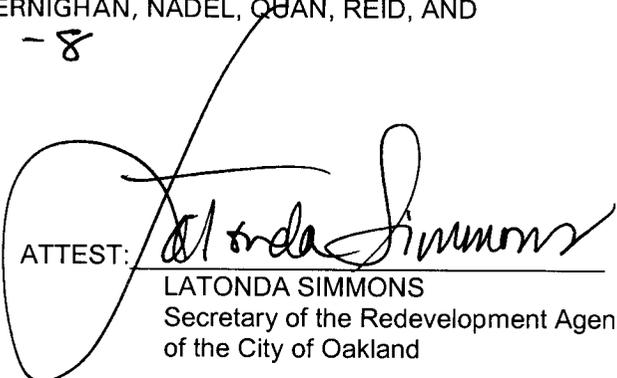

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland

EXHIBIT A
PROPERTY MAP