



# AGENDA REPORT

**TO:** Elizabeth Lake  
Acting City Administrator

**FROM:** Ashleigh Kanat  
Director, Economic  
Workforce Development  
Department

**SUBJECT:** Seminary Point - Debt and Rent  
Forgiveness

**DATE:** June 15, 2026

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City Administrator Approval

  
Betsy Lake (Jul 2, 2026 17:51:20 PDT)

Date: Jul 2, 2026

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## RECOMMENDATION

**Staff Recommends That The City Council Adopt The Following Pieces of Legislation:**

- (1) A Resolution Authorizing The Forgiveness Of (A) A City Loan To Athena MT, LLC, Of Up To Two Million Dollars (\$2,000,000) In Outstanding Principal, Plus All Accrued And Unpaid Interest And Fees, And (B) A City Revolving Line Of Credit To Siavash Afshar With A Final Outstanding Balance Of One Million Five Hundred Thousand (\$1,500,000), Plus Accrued And Unpaid Interest And Fees For The Foothill Seminary Point Retail Project, Each Contingent Upon The Sale Or Transfer Of The Project To A Qualified Purchaser; And Making Appropriate California Environmental Quality Act Findings; And**
- (2) An Ordinance Authorizing The Forgiveness Of Outstanding And Future Rent Balances In An Amount Of Up To \$40,000 For Seminary Point, LLC, Pursuant To A Ground Lease With the City, Contingent On The Sale Or Transfer Of the Property To A Qualified Purchaser; And Making California Environmental Quality Act Findings**

## EXECUTIVE SUMMARY

City staff recommends approval of the proposed legislations in support of Seminary Point (Project), a small retail shopping center located at the intersection of Seminary Avenue and Foothill Boulevard in East Oakland (Property). The Project was developed by Seminary Point, LLC, an affiliate of Sunfield Development, LLC (Sunfield), pursuant to a Lease Disposition and Development Agreement (LDDA) and a Ground Lease (Lease) with the City. The Project was developed with the express goal to provide goods and services to a neighborhood in East Oakland that lacked access to retail options. In 2016, the City provided a \$2 million junior loan (City Loan) to Athena MT, LLC (Athena), an affiliate of Sunfield, to help fund a portion of the

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development costs. The City also extended an unsecured revolving line of credit (Line of Credit) of \$1.5 million to Siavash Afshar, the general manager of Sunfield, to support a loan guaranty.<sup>1</sup>

Since the COVID-19 pandemic, Sunfield and its affiliates have struggled to pay debt service on a \$6.2 million loan to the senior lender as well as on the \$2.0 million loan to the City. The Project is now in loan forbearance and at a very heightened risk of foreclosure. If the Project goes into foreclosure, the City would not be able to recover the City Loan, as it is subordinate to the Senior Loan. Seminary Point, LLC has also been unable to pay the City's ground lease rent because Project revenues were directed to cover operating expenses and debt service.

Sunfield would like to sell its leasehold interest in the Property to avoid foreclosure and help stabilize the Project. Forgiving the City Loan and the Line of Credit removes these financial barriers and make a potential sale more viable. This approach will facilitate transfer of the Seminary Point commercial center leasehold to a qualified operator, preserve retail services for the Foothill/Seminary community, and maintain the economic activity and tax revenue created by the Project. In the event of a sale, the City may be able to recoup some of its outstanding debt from the sale proceeds.

The recommended action includes two pieces of legislation. First, the recommended resolution would authorize the City Administrator to enter into agreements with Athena and Siavash Afshar forgiving the City Loan, the Line of Credit, and all accrued and unpaid interest and fees contingent upon the sale or transfer of the leasehold to a qualified purchaser. Second, the recommended ordinance would authorize ground rent forgiveness of up to \$40,000 in current and anticipated rent until the end of the forbearance period also contingent upon the sale or transfer of the leasehold interest to a qualified purchaser.

## **BACKGROUND / LEGISLATIVE HISTORY**

### **Background**

From 2007 to 2009, the former Oakland Redevelopment Agency acquired eleven contiguous parcels, comprising a 1.69-acre site at the corner of Foothill Boulevard and Seminary Avenue in East Oakland, following years of complaints from surrounding residents about illegal activities in the vacant and deteriorated buildings at this location. Moreover, residents had expressed concern about the lack of access to basic services and retail offerings in East Oakland. As described more below, in 2012, Sunfield was selected to develop a new retail center on the Property, pursuant to the terms of a LDDA (as defined below) and a 66-year Lease with the City. Sunfield established various entities for the development of the Project: Seminary Point, LLC as the developer and City's tenant, and Athena as the borrower of the City Loan. The Project was completed in 2017. It consists of four buildings totaling 26,950 square feet of commercial space, and 73 off-street parking stalls, with a Walgreens as the original anchor tenant. Over the years, the Project has also included several cafes, a health center, an ATM, and several other retail outlets. In January of 2025, Walgreens shut its store as part of a broader

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<sup>1</sup> A loan guaranty is a financial agreement where a third party (the guarantor) promises to repay a borrower's debt if the borrower defaults. This assurance reduces the risk for lenders, making it easier to secure financing or favorable interest rates.

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nationwide mass closing of its retail outlets but still pays rent for the vacant space. **Attachment A** lists the current tenants in the retail center.

### **Legislative History**

On July 20, 2010, pursuant to [Resolution No. 2010-0093 C.M.S.](#), the former Oakland Redevelopment Agency (ORA) authorized City staff to enter into an Exclusive Negotiating Agreement (ENA) with Sunfield for the disposition of the Property to develop a neighborhood-serving retail center.

On May 15, 2012, pursuant to [Ordinance No. 13114 C.M.S.](#), the City Council authorized City staff to enter into a Development and Disposition Agreement (DDA) with Sunfield to sell the Property for the development of the proposed Seminary Point project.

On June 2, 2015, City Council, pursuant to [Ordinance No. 13312 C.M.S.](#), authorized a change of the disposition of the site from a sale under a DDA to a long-term ground lease under that certain Foothill & Seminary LDDA, dated September 23, 2015, by and between the City and Sunfield, as amended and assigned by that certain Foothill and Seminary Assignment and First Amendment to LDDA dated as of December 28, 2016, by and among the City, Sunfield, as assignor, and Seminary Point, LLC, as assignee (collectively the LDDA). The City and Seminary Point, LLC, entered into a Lease dated December 28, 2016, with a 66-year term. The Lease includes an option to purchase the property for \$2.4 million.

On June 7, 2016, the City Council approved [Resolution No. 86221 C.M.S.](#), authorizing a junior City Loan in the amount of \$2 million to Athena, and a \$1.5 million Line of Credit to provide a guaranty to the senior lender for the development of the Project.

Oakland Renaissance New Market Tax Credits (ORNMTTC), a City-affiliated Community Development Entity, provided a \$14 million New Markets Tax Credit allocation to the Project, generating approximately \$4.8 million in net subsidy. ORNMTTC forgave all fees owed by Sunfield.

### **ANALYSIS AND POLICY ALTERNATIVES**

Since 2023, City staff has been working with Sunfield, its real estate agents, and its lenders to stabilize the Project and refinance or sell the leasehold. However, these efforts were unsuccessful as the sales price was too high and there was too much debt on the Property to complete a refinancing. The retail center's operating revenues remain insufficient to support its existing obligations, leaving the Property overleveraged and unable to attract a qualified buyer. Sunfield cannot sell or refinance the leasehold because of the unsustainable debt burden and weak market conditions. In March 2026, City staff were informed that a new lender, McCormick 101, LLC (Senior Lender), had acquired the Senior Loan and extended the forbearance period until April 1, 2027, to avoid foreclosure and create more time to find a qualified buyer.

In the event of foreclosure, the City Loan would be extinguished with no ability for the City to recover it, and the City would have poor prospects for pursuing repayment of the Line of Credit or outstanding rent. Therefore, the Senior Lender, Sunfield, and the City agree it is in the best interest of the Project for Sunfield to sell its leasehold interest in the Property.

As discussed more below, forgiving the City Loan and the Line of Credit removes these financial barriers and allows Sunfield to sell the property to a qualified buyer capable of stabilizing operations and reinvesting in the retail center – allowing the Project to continue to serve East Oakland.

### Original Project Financing Structure

The Project has relied on a variety of funding sources to come to fruition. Silicon Valley Bank (SVB) provided a loan, secured by the leasehold, and not the City's property, in the amount of \$8 million (Senior Loan). The City made the City Loan, a secured \$2 million loan, to Athena, to be repaid from residual receipts generated by the Project after payment of operating expenses, rent and debt service. The City Loan is subordinate to the Senior Loan. The \$1.5 million Line of Credit provided to Siavash Afshar was set up as an unsecured loan guaranty to satisfy a developer liquidity requirement by SVB for the Senior Loan to the Project. Terms for the City Loan and Line of Credit are summarized below.

#### Terms for the City Loan:

- The loan has an interest rate of one (1%) percentage point above the rate of the first loan from SVB.
- The term is for 30 years.
- Loan payments are deferred and accrued for seven years.
- The City Loan is subordinate to the Senior Loan.
- The City Loan is not secured by the property, which remains City-owned, but is secured by the developer's leasehold.

#### Terms for the City Line of Credit:

- The Line of Credit serves as a liquidity requirement imposed by SVB for the Senior Loan.
- The Line of Credit is unsecured.
- The City charges a 1% interest rate for the line of credit annually.
- If the Line of Credit is drawn, the City charges a 5.9% interest rate on the amount drawn.

**Table 1** lists the City's outstanding loan and Line of Credit, and interest and fees as of May 31, 2026.

**Table 1: City Financing**

<b>Outstanding City Financing</b>	<b>Amount</b>
- City Line of Credit (\$1.5M)	\$1,500,000
- Interest & Fees Due	\$373,418
- City Loan (\$2M)	\$2,000,000
- Interest Due	\$882,000
<b>Total Due for City Financing</b>	<b>\$4,755,418</b>

The Senior Loan matured in 2023 and was expected to be refinanced or paid off upon sale of the leasehold. However, because of the Project's weak financial performance and adverse market conditions, refinancing or sale of the leasehold were not feasible, and SVB provided multiple loan extensions through March 31, 2026, with significant facilitation by City staff.

The current Senior Loan's outstanding balance is \$6.2 million. In March of 2026, the Senior Lender, a special purpose entity focused on distressed assets, acquired the Senior Loan from SVB and appointed Beltway Capital Management (Beltway) as loan servicer.

### **City Loan and Line of Credit Forgiveness**

As described previously, Seminary Point is currently facing financial challenges. The Project is in forbearance because it cannot meet scheduled debt service. The shuttered Walgreens and elevated security and maintenance costs have further constrained performance. As a result, the Project is overleveraged, encumbered by unsustainable debt, and unable to attract qualified buyers willing to assume the current financing structure. These conditions have left the Project financially unstable and in need of restructuring to enable a viable sale of the leasehold and long-term stabilization under new ownership.

In the event of a foreclosure sale, the City Loan is unlikely to be repaid, as the amount of the senior loan alone almost certainly exceeds the Project's current market value. While there is an opinion of value from 2024, indicating a fair market value of \$6.9 million for the leasehold, the current value is likely much less, given reduced Project income, a dark anchor tenant, elevated operating and security costs, and the higher capitalization rates required by buyers for neighborhood retail centers in the Foothill/Seminary area. It is also highly doubtful that the City would be able to secure repayment of the Line of Credit, further complicating the sale of the leasehold. In the event of a sale, the City's Lease would remain in effect, and the City may renegotiate Lease terms, such as rent payments, with a new buyer in the future.

Importantly, the City and the Senior Lender have agreed that the City will receive a portion of net sale proceeds above a defined threshold, allowing the City to potentially recoup a portion of the City Loan principal depending on the final sale price. This structure makes the proposed sale in the City's best interest. A sale of the leasehold would not eliminate the current Lease, and a new buyer would be a tenant of the City and pay rent to the City.

The recommended loan forgiveness will make a potential sale more viable by removing a key financial barrier. This approach will facilitate transfer to a qualified operator, preserve retail services for the community, and maintain the economic activity and tax revenue generated by the project.

### *Alternative Considered*

The other alternative is to take no action and require repayment of the City Loan and Line of Credit. The pros and cons of this alternative course of action are summarized below.

- **Pros:** The City can demand repayment of the City Loan and Line of Credit but will likely be unsuccessful as described above.

- **Cons:** There is a high likelihood of foreclosure by the Senior Lender if no sale takes place. The City's loan will be wiped out. Likewise, the City's Line of Credit might not be paid.

Staff is not recommending this alternative because it does not improve the likelihood of the City being repaid, does not strengthen the Project's recovery prospects, and introduces additional risks that could negatively impact the surrounding community.

### **Ground Lease Rent Forgiveness**

The Lease with Seminary Point, LLC was executed on December 28, 2016. The Lease has a term of 66 years and requires monthly rent payments of \$1,000 starting in year 8 of the Lease term or on December 28, 2024, with regular increases during the term. **Table 2** shows the schedule of rents pursuant to the Lease:

**Table 2: Rent Structure**

<b>Period</b>	<b>Monthly Rent</b>	<b>Annual Rent</b>
Year 1 to 7	\$0	\$0
Year 8 to 20	\$1,000	\$12,000
Year 21 to 30	\$5,000	\$60,000
Year 31 to 40	\$7,500	\$90,000
Year 41 to 50	\$10,000	\$120,000
Year 51 to 60	\$12,500	\$150,000
Year 61 to 66	\$14,500	\$174,000

Seminary Point, LLC, has not made ground rent payments since the rent commencement date in year 8 of the Lease term or as of December 2024, and currently owes the City \$29,000 in back rent for a 29-month period or through May of 2026. Staff recommend that the City forgive the outstanding rent of \$29,000, plus additional rent of \$1,000 per month up to \$11,000 for another eleven months, contingent on a sale or transfer of the Leasehold to a qualified buyer before the end of the forbearance period on April 1, 2027. It is unlikely that the City will have any success collecting rent from Seminary Point, LLC. It is therefore in the City's best interest to forgive rent of up to \$40,000 at sale to support a sale or transfer of the leasehold. Because a new buyer would acquire the leasehold interest, the City's Ground Lease would remain in effect. The City would continue to serve as the landlord for the Project, and any new buyer would be obligated to pay rent under the existing lease terms.

### **RELATED PLANNING EFFORTS**

The recommended actions support the goals of the Economic Development Action Plan (EDAP). The EDAP calls for sustaining and supporting businesses in Oakland as key revenue drivers and leveraging place-based investments to improve Oakland's business corridors. Forgiving the City Loan, the Line of Credit, and Lease rent is intended to facilitate new investment, stabilize a local neighborhood retail center, and retain services for the community. The existing businesses are a Women's and Infants' and Children's (WIC) grocery store, a

coffee shop and pizza restaurant, Metro PCS, a Bank of America ATM, and a soon-to-open Yeminis restaurant. The goal is that a new operator will target additional businesses that serve the community. Seminary Point will continue to provide City revenues such as sales tax, property tax, business license tax, and fees.

### **FISCAL IMPACT**

The proposed action includes forgiveness of approximately \$3.5 million, plus accrued and unpaid interest and fees, for a total of \$4.76 million, in City financing. Both the City Loan and Line of Credit are currently distressed loans with a very low likelihood of repayment. In foreclosure, the City's subordinate loan would be fully lost. The City could pursue legal action to seek repayment of the \$1.5 million Line of Credit but may not be successful.

The \$2 million in loan funds were from Central City East Tax Allocation Bond Series 2006A Taxable Bond Fund (5643), CIP Central City East Organization (94899) Non-Grant Loan Expenditures Account (58312), Foothill Seminary NCP Project (1003242), and Central City East Program (SC18).

The \$1.5 million line of credit is booked in Central City East Tax Allocation Bond Series 2006A Taxable Bond Fund (5643), Debt Service Organization (90411), Other Liabilities Account (24216), DP900 Administrative Project (1000021), Debt/Lease Payments Program (IN09). See **Table 3**.

**Table 3: Funding Sources**

<b>Fund</b>	<b>Organization</b>	<b>Account</b>	<b>Project</b>	<b>Program</b>	<b>Amount</b>
5643	94899	58312	1003243	SC18	\$2,000,000
5643	90411	24216	1000021	IN09	\$1,500,000
<b>Total</b>					<b>\$3,500,000</b>

These funds were allocated in 2016 and do not affect the existing budget. However, as described above, the City of Oakland would not receive any repayment of the \$3.5 million principal plus interest, none of which had been budgeted for revenues.

By forgoing the repayment and interest, the proposed strategy is expected to stabilize the asset under new ownership. It would preserve neighborhood-serving retail and maintain economic activity, including approximately \$95,000 annually in property tax revenue, as well as sales tax revenue.

### **PUBLIC OUTREACH / INTEREST**

On May 12, 2026, staff attended a community meeting of Foothill/Seminary corridor stakeholders to provide an update on the Project. Additionally, the recommended action will be considered at a public meeting of the Community & Economic Development Committee and the full City Council and will be publicly noticed consistent with standard City Council public noticing provisions.

### **COORDINATION**

This report and legislation were reviewed by the Office of the City Attorney and the Budget Bureau, and staff has been coordinating with the City Administrator's office on the Project. City staff coordinated with the Project sponsor and lender.

### **RACE AND EQUITY**

Seminary Point was intended to provide goods and services to East Oakland residents, a community disproportionately impacted by economic and racial disparities. The recommended action supports the continued and improved operation of this neighborhood-serving retail center and helps prevent vacancies and possible blight at the Property. The Project is located in a High-Priority Neighborhood according to the Oakland Department of Transportation's Geographic Equity Toolbox, with a majority Black, Latinx, Asian Pacific Islander, and Indigenous residents.

It is important to note that the Foothill/Seminary retail corridor had not seen any major investment for over 20 years until this retail center was built. The Foothill Seminary retail center was developed after neighborhood stakeholders requested that the City address the blighted area at the time. Residents were frustrated with deteriorating conditions along the commercial corridors in the central and eastern portions of the City and the impact on the adjacent residential areas. Residents cited deteriorated and vacant buildings and crime as problems impacting the Foothill Seminary area. Residents in this area have long expressed a strong desire for more neighborhood commercial uses.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

City staff have determined, after independent review and consideration, that the proposed Loan, Line of Credit and ground rent forgiveness are not a project under CEQA as these involve administrative and financial actions and do not result in a direct physical change to the environment. The recommended actions are further exempt under CEQA Guidelines Section 15061(b)(3) (general rule).

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**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt The Following Pieces of Legislation:

- (1) A Resolution Authorizing The Forgiveness Of (A) A City Loan To Athena MT, LLC, Of Up To Two Million Dollars (\$2,000,000) In Outstanding Principal, Plus All Accrued And Unpaid Interest And Fees, And (B) A City Revolving Line Of Credit To Siavash Afshar With A Final Outstanding Balance Of One Million Five Hundred Thousand (\$1,500,000), Plus Accrued And Unpaid Interest And Fees For The Foothill Seminary Point Retail Project, Each Contingent Upon The Sale Or Transfer Of The Project To A Qualified Purchaser; And Making Appropriate California Environmental Quality Act Findings; And
- (2) An Ordinance Authorizing The Forgiveness Of Outstanding And Future Rent Balances In An Amount of up to \$40,000 For Seminary Point, LLC, Pursuant to a Ground Lease with the City, Contingent On The Sale or Transfer Of the Property To A Qualified Purchaser; And Making California Environmental Quality Act Findings

For questions regarding this report, please contact Theresa Lopez, Development Manager at 510-238-6250 or [tlopez@oaklandca.gov](mailto:tlopez@oaklandca.gov).

Respectfully submitted,

  
Ashleigh Kanat (Jul 1, 2026 12:30:14 PDT)

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**Attachments (1): Attachment A: Current Tenant List**

## Attachment A

### List of Tenants

<b>Tenant Name</b>	<b>Tenant Since</b>	<b>Unit Size (Sq. Ft.)</b>
It's a Grind cafe	2017	1,607
OPD substation	2024	1,000
Walgreens space (vacant)	2017-2025	14,250
Vacant	N/A	2,402
Metro PCS store	2017	1,385
Flower of Yemin Restaurant	2026	3,216
Bank of America ATM	2018	361
Women, Infants & Children (WIC) store	2024	1,459
Totally Wireless by Verizon	2025	1,160