

CITY OF SAN LEANDRO
Successor Agency Oversight Board

May 23, 2012
9:00a.m.-10:00a.m.

Sister Cities Gallery
San Leandro Civic Center
835 East 14th Street

HIGHLIGHTS

Board Members: Supervisor Wilma Chan, Surlene Grant, John Jermanis, Morgan Mack-Rose, Luke Sims and Mark Williams (via tele-conference)

City staff present: City Manager Chris Zapata, Business Development Manager Battenberg, Business Development Analyst Kay, Assistant City Attorney Bloch, Finance Manager Baum, Secretary Gonzalez

Public present: David Irmer, Gaye Quinn, Charles Gilcrest, Anthony Varni

The meeting was called to order at 9:05a.m.

1. Call to Order/General Update

- a. Roll Call
- b. Adoption of May 10, 2012 meeting Highlights by consensus of the Oversight Board.
- c. Other miscellaneous items:
 - Supervisor Chan addressed the public regarding their ability to speak on an agenda item prior to any action taken.
 - East Bay EDA is hosting a workshop on economic development designed for Oversight Board members. Interested members should contact Cynthia Battenberg.
 - Bylaws are scheduled to be brought for discussion at the June Oversight Board meeting.
 - In order to reduce redundancy, Battenberg will request to sit in on the legal counsel selection for Oakland's Oversight Board. Bloch will clarify if a formal Request for Qualifications will need to be sent in order to select legal counsel for Board. Staff confirmed Meyers Nave is the counsel for the Successor Agency, not the Oversight Board.
 - Department of Finance (DOF) letter regarding the July – December 2012 ROPS indicated that the Restated General Fund Loan and Cooperative Agreements signed by the City and approved by the Oversight Board do not qualify as Enforceable Obligations. The DOF's Frequently Asked Questions indicates the DOF will not recognize these agreements; however it then states these agreements may be reentered, which is what the City and Successor Agency did, with approval from the OB. Staff is still waiting for clarification of this circular process. In the meanwhile, there are no scheduled payments on the ROPS. Staff will continue to forward correspondence from the DOF as it is received.
 - The League of California Cities (LOCC) is actively involved in the lobbying for clarifying legislation; Bloch confirmed she is sitting on a LOCC working group. Per Oversight Board request, staff will add a link from the Successor Agency web-pate to LOCC resources.

2. Discussion of Successor Agency Oversight Board Alternates

Sue Bloch from Meyers Nave, the legal firm that represents the City and the Successor Agency, reviewed the memo distributed with the agenda packet that provided clarification that the legal

interpretation of the law is that alternates are not allowed on the Oversight Board. She further shared that the appointing body does have the discretion to appoint a new member to replace a sitting member.

3. Oversight Board Authorization of Disposition and Development Agreement (DDA) by and between the City of San Leandro, in its Capacity as the Successor Agency to the San Leandro Redevelopment Agency, and Innisfree Ventures II, LLC for the Sale and Development of 1550 East 14th Street (APN 077 0540 009)

Staff presented an overview of the site explaining that a Luckys grocery store operated since 1947, that the RDA acquired the property in 2009 and entered into an ENRA with Innisfree Ventures II for development, staff shared the vision of the TOD Strategy and details regarding the proposed Village Marketplace, and explained how the elimination of ABx1 26 affected the timeline of the project.

The \$2.25 million sales price is based on the income valuation methodology, the most common method for valuing commercial real estate. Keyser Marston, an independent consulting firm, estimated the land value based on the proposed development to be \$2.17 million.

The terms of the DDA include: sale price of \$2.25 million; an additional \$250,000 due if a full service restaurant is not opened; closing date no later than March 1, 2013; Innisfree to include a public art component, new sidewalks, street trees and bike racks; construction to be completed no later than 24 months from the effective date of the DDA; prevailing wage laws to be observed; maintenance of the project including surrounding public improvements to be handled by Innisfree at their expense.

Board discussed the methodology used to determine the sale price, specifically how appropriate and accurate this method is and how it was the same method used to determine the purchase price. Board asked for clarification regarding the difference in value from the purchase price, why methodology used for residential properties is not appropriate, why the property was purchased by the RDA and why it was necessary for the former Luckys building to be demolished. Also discussed was the Oversight Board's role to dispose of properties expeditiously, but not carelessly. The project's timeline over the past three years and the Innisfree's experience developing quality projects was also discussed. The Oversight Board requested clarification regarding the risk of Fresh & Easy as anchor tenant and the terms of their lease should they "go dark", as well as Developer's and City's role in approving any sublease. Also, discussed were the economic benefits, including 113 jobs, \$750,000 projected annual sales tax and \$100,000 annual property tax, including when taxing entities would begin to receive any revenue.

Action

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M/S/C Jermanis and Mack-Rose, Ayes 6; Noes 0

- 4. Board Comments - None.**
- 5. Public Comments - None.**
- 6. Adjourn - The meeting was adjourned at 9:45a.m.**