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May 17, 2018

SENT VIA EMAIL AND UNITED STATES MAIL

Hon. Mayor Lisa M. Gillmor and Members
City Council/Successor Agency Board
1500 Warburton Avenue
Santa Clara, CA 95050

Hon. Chair Donald Gage and Members
Santa Clara Successor Agency Oversight Board
1500 Warburton Avenue
Santa Clara, CA 95050

Re: *Vinod K. Sharma v. Successor Agency to the RDA of the City of Santa Clara*
Case No. 34-2013-80001396; Sale of North-South Property ("Property")

Dear Mayor Gillmor and Chair Gage and Members:

The County of Santa Clara ("County") in its capacity as an affected taxing entity under the Redevelopment Dissolution Law writes this letter to express its deep concern regarding recent actions relating to the Property by the City of Santa Clara ("City"), the Successor Agency, and their mutual staff. As outlined below, in the event that these actions continue, and the taxing entities suffer detriment as a result, the County intends to use its available legal remedies to hold the relevant parties responsible.

At its May 8, 2018 meeting, the City Council, acting as the Successor Agency governing board, considered Agenda Item 2.H entitled "Action on a Purchase and Sale Agreement with Jamestown Realty Co., LLC and Other Documents as Necessary relating to the Sale of the North-South Parking Parcel located at 4911 Great America Parkway (APN: 104-43-051)." The staff recommended that the Successor Agency approve the sale. However, the Successor Agency board voted unanimously to continue the item and to explore options for the City to purchase the Property. Although it was mentioned that the item would be continued for one week, i.e. until May 15, 2018, this item was not considered on that date and it is unknown when it will be considered again.

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Partly in response to the Successor Agency's May 8, 2018 action, it is our understanding that Successor Agency staff recommended that the Oversight Board meeting scheduled for Friday, May 18, 2018 be cancelled. Ultimately, the meeting remained on calendar; however, with regard to the sale of the Property, the agenda item provides the Oversight Board will consider an "Update on the Sale of the North-South Parking Parcel located at 4911 Great America Parkway (APN: 104-43-051)," instead of approving the sale of the Property to Jamestown Realty Co., LLC ("Jamestown"). The agenda materials for the May 18, 2018 Oversight Board meeting consist of the staff report for the May 8, 2018 Successor Agency meeting.

The net result of the above actions is that the Purchase and Sale Agreement ("PSA") already executed by Jamestown remains unsigned by the Successor Agency and the 15-day closing period between execution and the closing of the sale of the Property has not begun to run. For the reasons stated below, we respectfully request that the Oversight Board hold a special meeting as soon as possible to approve the sale, and that the Successor Agency immediately carry out its ministerial duty to follow the direction of the Oversight Board. Such action is required by the Redevelopment Dissolution Law, the Successor Agency's Long-Range Property Management Plan ("LRPMP"), and the Settlement Agreement in the above-referenced litigation ("Settlement Agreement").

The Redevelopment Dissolution Law makes clear that the disposition of real property assets is within the purview of the Oversight Board and not the Successor Agency. Health and Safety Code Section 34181(a) states that the Oversight Board shall direct the Successor Agency in the disposition of properties and that the disposition shall be done expeditiously and, in a manner, aimed at maximizing value. Health and Safety Code Section 34179(p) states "[o]n matters within the purview of the oversight board, decisions made by the oversight board supersede those made by the successor agency or the staff of the successor agency." Based upon these express provisions, the Successor Agency has at most a ministerial duty to implement the decisions of the Oversight Board with regard to the sale of the Property and does not have discretion to "explore other options" with respect to the Property.

Consistent with the above, Health and Safety Code section 34191.5(b) provides that one core function of the Oversight Board is to approve the Successor Agency's LRPMP. With regard to the Property, the LRPMP makes clear that the Property is to be liquidated through an open and competitive solicitation process that will maximize value. As outlined by Ruth Shikada's oral report at the May 8, 2018 City Council meeting and the staff report itself, the Successor Agency staff followed the LRPMP's required sale process and it resulted in the winning \$5.15 million bid by Jamestown. This bid was approved by the Oversight Board's Evaluation Committee. Nothing in the Dissolution Law or the LRPMP prohibited the City from participating in the bidding process and submitting a bid. And nothing authorizes the City to purchase the Property after the conclusion of the solicitation process. Such an attempt would not be consistent with the LRPMP or the Dissolution Law.

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Finally, Paragraph 7 of the Settlement Agreement provides that the Property will be sold in a manner consistent with the LRPMP. The City's efforts to delay sale of the Property and potentially assert the City's non-existent right to purchase the Property would also constitute a violation of the Settlement Agreement.

As stated above, the County respectfully requests that the Oversight Board approve the sale of the Property as recommended as soon as possible, and that the Successor Agency execute the sale consistent with its ministerial duty under the Redevelopment Dissolution Law.

It is the County's hope that the sale does not fall through and that the taxing entities will not suffer detriment because of the City's potential actions.

Thank you for your consideration of this letter.

Very truly yours,

JAMES R. WILLIAMS
County Counsel



CHRISTOPHER CHELEDEN
Lead Deputy County Counsel

CC: Dr. Jeffrey Smith, County Executive (sent via email)
James R. Williams, County Counsel (sent via email)
Brian Doyle, City Attorney (sent via email)

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