

5-18-18

ITEM #2

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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.

POST MEETING MATERIAL

Letter to Mayor Gillmor and Chair Gage and Members

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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.

Letter to Mayor Gillmor and Chair Gage and Members

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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)

CRC:crc

5/18/18

ITEM #2

Simrat Dhadli

To: Jennifer Yamaguma
Subject: RE: Item 18-695 - DO NOT sell the property entitled North-South Parking Parcel located at 4911 Great America Parkway (APN: 104-43-051)

Begin forwarded message:

From: kirk vartan [REDACTED]
Date: May 16, 2018 at 8:46:55 PM PDT
To: "mayorandCouncil@santaclaraca.gov" <mayorandCouncil@santaclaraca.gov>, Jennifer Yamaguma <jyamaguma@santaclaraca.gov>, Deanna Santana <dsantana@santaclaraca.gov>
Subject: Item 18-695 - DO NOT sell the property entitled North-South Parking Parcel located at 4911 Great America Parkway (APN: 104-43-051)

Hello,

I am writing to express serious concerns and questions over the sale of the North-South Parking Parcel located at 4911 Great America Parkway (APN: 104-43-051); in fact, I would like to ask you NOT approve the City manager having authority to execute the sale at this time. As mentioned in the council meeting on May 8, 2018, this land can be converted at any time if the underlying parties (i.e., Cedar Fair and StadCo) want to change the uses of the land. There is no reason why this property should be reduced in price. The City of Santa Clara should use its own resources to secure the property. The City, by definition, is looking generationally.

I don't even remember hearing or learning of the other two properties selling, either when it happened or for how much. I never even heard of the two properties until the May 8th council meeting.

To be clear, it is suggested by staff that the land be sold for \$547,872.39 per acre. That seems awfully low, considering the assets in the area:

- City Place at a minimum of \$6.5Billion - the second largest private development in this nation's history
- Levi's Stadium - a \$1Billion+ asset
- Genzon/Kylli - a proposed 10.5Million sqft of development, almost 10% larger in scale than City Place

So, why would this almost 10 acre property be priced so low over the long term?

I would like to see a more complete analysis of how the City can retain ownership of the land. They can match the top price paid for the property, currently \$5,150,000.49, as well as the other two properties still to be sold.

Finally, I find it very interesting that the price ends in ".49." A \$5Million+ purchase agreement cannot be measured down to 49 cents...it's just not possible. The only explanation that seems reasonable is it is a message to one or both of the lease holders.

POST MEETING MATERIAL

I hope you will NOT authorize the sale of this property at this time. I also hope you will make a motion to allow for more research to occur. If the potential buyers are really interested in a three generation future investment, waiting 6-12 months shouldn't be a big deal to them. However, those 6-12 months will allow the City to do outreach, discuss, and look holistically at the North 101 / Uptown area of Santa Clara and northern Santa Clara County.

I will not be able to make the meeting on Thursday so I hope you will consider my comments when you hear this item during the Oversight Board Committee meeting on May 17th, Item 18-695.

To summarize, I hope you will consider the following actions:

1. Do not follow the two staff recommendations listed in the May 8, 2018 letter on page 3 - Item 18-510
2. Do not authorize the City Manager or other executive staff to enter into any purchase agreements at this time for this property
3. Direct staff to spend up to 12 months educating the council and public on the property, the analysis, and the strategy
4. Direct staff to see if the City has the ability and finances to purchase the property

Kind regards,

Kirk Vartan

5-18-18

ITEM# 2

Simrat Dhadli

To: Mayor and Council
Subject: RE: Vinod K. Sharma v. Successor Agency to the RDA of the City of Santa Clara; Sale of North-South Property

From: Cheleden, Christopher [<mailto:Christopher.Cheleden@cco.sccgov.org>]

Sent: Thursday, May 17, 2018 1:44 PM

To: Mayor and Council; Lisa Gillmor; Patrick Kolstad; Debi Davis; Kathy Watanabe; Patricia Mahan; Teresa O'Neill; Debra Cauble; Williams, Glen; matthew.tinsley@sccoe.org; dongage@verizon.net; ed.maduli@wvm.edu

Cc: Smith, Jeff; Williams, James; Brian Doyle; Clerk

Subject: Vinod K. Sharma v. Successor Agency to the RDA of the City of Santa Clara; Sale of North-South Property

Dear Mayor Gillmor and Members of the City Council/Successor Agency and Chair Gage and Members of the Oversight Board:

Please see the attached letter of today's date.

I have copied the City Clerk's office and would ask that the City Clerk distribute the letter to all members of the City Council/Successor Agency governing board and Oversight Board.

Thank you.



Christopher R. Cheleden |

Lead Deputy County Counsel

Office of the County Counsel, County of Santa Clara

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christopher.cheleden@cco.sccgov.org

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