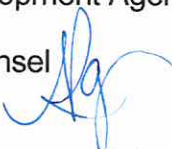


City of Morgan Hill
City Attorney
17575 Peak Avenue
Morgan Hill, CA 95037

Successor Agency
to the Former Morgan Hill
Redevelopment Agency
General Counsel
17575 Peak Avenue
Morgan Hill, CA 95037

MEMORANDUM

To: City Council of the City of Morgan Hill
Successor Agency to the Former Morgan Hill Redevelopment Agency

From: Renee Gurza, City Attorney and Agency General Counsel 

Date: September 1, 2015

Re: Status of Previous City and Agency Actions and Agreements Related to Certain Real Properties Located in the Downtown

The City Manager (who also serves as the Executive Director of the Successor Agency) has advised that the Morgan Hill Unified School District ("District") has expressed interest in the acquisition of certain real properties located in the Downtown area of the City of Morgan Hill, specifically the possible acquisition of 17380 Monterey St.; 30 E. 2nd St.; 17440, 17450 & 17490 Monterey St.; 10 and 50 E. 1st St., and/or 17270 and 17290 Monterey St.

The purpose of this memorandum is to remind the City Council and Successor Agency Board of the following City of Morgan Hill ("City") and Successor Agency ("Agency") agreements in place and actions previously taken in connection with these real properties as follows:

1. 17380 Monterey Street and 30 East 2nd Street: As of June 5, 2015, these real properties were sold to Lonestar Development for a purchase price of \$881,280 pursuant to an agreement of purchase and sale approved by the Agency on March 18, 2015 and in accordance with the Long Range Property Management Plan previously approved by the Agency, the Oversight Board to the Agency and the State Department of Finance ("LRPMP"). For this reason, these properties are no longer owned by Agency and no longer available for purchase from Agency.
2. 17440, 17450 and 17490 Monterey Street, 10 and 50 E. 1st Street: As to these real properties, the Agency has, as of June 17, 2015 (after conducting an RFP/Q process requesting development proposals for these properties pursuant to the approved LRPMP), entered into an Agreement to Negotiate Exclusively with Leal Vineyards, Inc., a California corporation ("Leal"), for a disposition and development agreement providing for Agency's sale of these properties to Leal (the "Leal ANE"). Under the Leal ANE, Agency has agreed to negotiate exclusively with Leal -- and to not "negotiate with, solicit offers or proposals regarding, or respond to inquiries from" any other party regarding development of these properties, other than to notify an inquiring party that Agency is subject the Leal ANE. Leal provided Agency with a good faith cash deposit of \$50,000 as a part of the Leal ANE. The Executive Director advises that the Leal ANE remains in effect presently and until November

17, 2015 and certain real property disposition actions related to the first phase of sale of these properties, as contemplated under this Leal ANE, are agendaized for Agency consideration at its next meeting on September 2, 2015.

3. 17270 and 17290 Monterey St.: As to these real properties, the City purchased these properties from Agency for the purpose of development and has, as of May 22, 2015, entered into an Agreement to Negotiate Exclusively with Kenneth Rodrigues and Partners, Inc., a California corporation and Imwalle Properties, Inc., a California corporation (collectively, "Rodrigues/Imwalle"), for a disposition and development agreement providing for City's sale of these properties to Rodrigues/Imwalle (the "Rodrigues/Imwalle ANE"). Under the Rodrigues/Imwalle ANE, City has agreed to negotiate exclusively with Rodrigues/Imwalle -- and to not "negotiate with, solicit offers or proposals regarding, or respond to inquiries from" any other party regarding development of these properties, other than to notify an inquiring party that Agency is subject the Rodrigues/Imwalle ANE. Rodrigues/Imwalle provided City with a good faith cash deposit of \$50,000 as a part of the Rodrigues/Imwalle ANE. The City Manager advises that the Rodrigues/Imwalle ANE presently remains in effect (until the earlier of the date of execution of a disposition and development agreement or September 30, 2015) and certain real property disposition actions contemplated under the Rodrigues/Imwalle ANE are agendaized for City Council consideration on September 2, 2015.

In light of the fact that the certain real properties located in the Downtown in which the District has indicated an acquisition interest have either already been sold or are currently governed by an agreement to negotiate exclusively with certain private parties, which agreements remain in effect and under which the affected developers have provided a good faith deposit, the most that the City or Agency can do at this point is to advise the District of the existence of the exclusive negotiation agreements described above and to alert the District to the previous sale of certain of the real properties in which the District has indicated an interest.

Thank you in advance for your attention to this information.

c: City Manager/Executive Director