

RESOLUTION NO. 2020-__

Resolution Of The Sonoma County Board Of Supervisors, State Of California: (1) Affirming The Board's Intention To Sell Approximately 71 Acres Located At 3313, 3322, 3323, 3325, 3333 And 3410 Chanate Road (APNs: 173-130-038; 180-090-001; 180-090-002; 180-090-003; 180-090-004; 180-090-005; 180-090-006; 180-090-008; 180-090-009; 180-090-010; 180-100-001; And 180-100-029; (2) Fixing The Time And Place Where The Board Will Receive And Examine Best And Final Offers From Interested Parties for The Purchase of Said Property; (3) Establishing Certain Terms, Conditions And Requirements Applicable To All Offers; (4) Setting The Procedures For Receiving And Examining The Final Offers To Purchase Said Property And Considering Staff's Recommendations Regarding The Selection Of Final Offers; (5) Establishing The Form of Agreement Upon Which All Offers Shall Be Made; And (6) Directing The Clerk Of The Board To Publish And Post Notice

WHEREAS, the County owns numerous parcels containing approximately 71 acres located on Chanate Road, in the City of Santa Rosa, comprised of land, buildings, infrastructure and other improvements located on or around 3313, 3322, 3323, 3325, 3333 and 3410 Chanate Road, in Santa Rosa, California (APN No's: 173-130-038; 180-090-001; 180-090-002; 180-090-003; 180-090-004; 180-090-005; 180-090-006; 180-090-008; 180-090-009; 180-090-010; 180-100-001; and 180-100-029 (collectively the "Property"); and

WHEREAS, the Property was previously used by the County for public hospital, health and other County uses for more than eighty years; and

WHEREAS, the Property was last used as a public hospital in 2014 and has sat mostly vacant since that time; and

WHEREAS, the County on prior occasions issued notices of availability seeking interest and/or proposals to purchase the Property from the agencies or entities specified by the Surplus Land Act (California Government Code section 54220 *et seq.*) ("Act") to whom notice was given of the Board's decision to declare the Property as surplus; and

WHEREAS, on August 11, 2015, the Board of Supervisors ("Board") directed staff to develop a Request for Proposals (RFP) to solicit a master developer to work with the County to plan for repurposing the Property; and

WHEREAS, on February 2, 2016, the Board authorized staff to issue an RFP to identify a developer to work with the County and the City of Santa Rosa for the development of the Property and thereafter entered into a development and disposition agreement with a qualified party which agreement was thereafter rescinded after a court decision related to a CEQA challenge; and

WHEREAS, on December 11, 2018, the Board once again declare the Property surplus and authorized the disposal of the Property pursuant to the Act; and

WHEREAS, in further compliance with the Act, the County issued a Request for Proposals (RFP) in February 2019 and conducted extensive marketing to ensure that all entities specifically identified under the Act received notice, and

WHEREAS, in May 2019, the County received three offers to said RFP which were evaluated by staff, and thereafter on July 9, 2019, the Board provided direction to the County's real property negotiators to reach terms of the sale with the selected buyer CalCHA, who subsequently backed out of negotiations; and

WHEREAS, on August 20, 2019, staff recommended to the Board that the County negotiate with one of the remaining proposers, EAH, Inc., a nonprofit housing provider, based on multiple factors including price, public benefit and level of affordability, and staff pursued said negotiations until February 3, 2020, at which time EAH withdrew from the process as the inclusionary affordable member of the development team and its partners terminated negotiations; and

WHEREAS, on April 6, 2020, County staff submitted a letter to State Department of Housing and Community Development, Division of Housing Policy Development ("HCD") in accordance with the requirements of the Act, providing detail on the County's efforts since 2015 to surplus the Property through the surplus procedures, stating the County's belief that it had fully complied with the requirements of the Act, and requesting authority to proceed with an effort to sell the Property to private buyer(s); and

WHEREAS, on May 14, 2020, HCD confirmed in writing that it has reviewed and considered the documentation submitted by the County regarding County efforts to surplus the Property commencing in 2014, a second time in 2017 and most recently in 2019, and that based on that documentation and pursuant to Government Code section 54230.5(c), the County could proceed with the private sale of the Property; and

WHEREAS, at its June 9, 2020 meeting, the Board directed the General Services Department to take the following actions to complete the sale of the Property: (a) dispose of the Property pursuant to a private market sale; and (b) receive marketing proposals concerning the sale of the Property from previously County-qualified brokerage firms; and (c) retain the services of a qualified real estate brokerage firm to exclusively represent the County as listing agent in the marketing, negotiation, and sale of the Chanate Property; and

WHEREAS, the County retained previously qualified brokers, CBRE, Inc. and North Bay Property Advisors (collectively, "Brokers"), to market the Property for private sale and that on or about August 27, 2020: (i) the Brokers sent out an offering memorandum ("Offering Memorandum") describing the purchase opportunity and the required terms of the sale and providing photos, past reports and investigations, title report and additional information on the Property to potentially interested buyers including builders, developers, investors and establishing the deadline for submittal of a purchase offer as not later than 5:00 pm PST on September 29, 2020; and (ii) the County also send out a notice of the availability of the Property for purchase on the private market through its purchasing portal to interested registered parties; and

WHEREAS, Offers and all materials required above as part of the Offers must be presented to the Brokers as the agents of the County no later than 5:00 p.m. PST on September 29, 2020, by delivery to the persons at email addresses specified in the Offering Memorandum published at the portal established by the Brokers and available at www.chanatecampusinsonomacounty.com ; and

WHEREAS, the Board delegated to the General Services Department Director (“Director”) the authority to establish an Offer Selection Committee (“Committee”) to review promptly after receipt thereof on September 29, 2020, all Offers and to further negotiate with any and all Offerors, in cooperation with the Brokers, to obtain the best overall value for the County based on all terms; and

WHEREAS, the Committee shall receive and immediately thereafter commence to evaluate the Offers. The Committee’s opening of the Offers, determination of which Offers are responsive, and negotiations of best of final offers, determination of the highest responsive Offer and the order of other Offers that may be accepted in sequence from highest to lowest pursuant to the procedure specified above, shall then take place as soon as feasible thereafter; and

WHEREAS, the Committee shall thereafter conduct negotiations with the Offerors submitting responsive, highest and best offers and obtain said Offerors’ best and final offer and provide said final offers with its recommendation for acceptance to be presented by the Director to the Chair of the Board of Supervisors for consideration at the regular Board of Supervisors meeting to be held on October 13, 2020; and

WHEREAS, the Board hereby reaffirms its desire to sell the Property in a timely, expeditious manner to a private purchaser whose proposed use of the Property will be subject to discretionary approvals that may be required from the City of Santa Rosa; and

WHEREAS, the Board intends to adopt this Resolution to: (a) reaffirm its intent to sell the Property; (b) fix the time and place where the Board will consider best and final offers to purchase the Property from interest parties; (c) and describe the terms and procedures applicable to the sale, including, but not limited to, the form of offer and award of a purchase contract.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Sonoma County as follows:

1. The foregoing recitals are true and correct and incorporated herein.
2. The Board hereby reaffirms Sonoma County’s intention to sell the Property consisting of land, buildings, infrastructure and other improvements located on or around 3313, 3322, 3323, 3325, 3333 and 3410 Chanate Road, in Santa Rosa, California (APN No’s: 173-130-038; 180-090-001; 180-090-002; 180-090-003; 180-090-004; 180-090-005; 180-090-006; 180-090-008; 180-090-009; 180-090-010; 180-100-001; and 180-100-029 on the private market.
3. The Board affirms that all Offers and all materials required as part of the Offers must be presented to the Brokers as the agents of the County no later than 5:00 p.m. PST on September 29, 2020, by delivery to the persons at email addresses and on the form of Purchase and Sale Agreement and Addendum (the “Purchase and Sale Agreement”) prescribed by the County specified in the Offering Memorandum published at the portal established by the Brokers and available at www.chanatecampusinsonomacounty.com (“Offer Portal”) and on file with the Clerk of the Board. The “Offer Selection Committee” as described herein, shall review and examine all Offers as soon as feasible after receipt thereof.

4. The Board fixes Tuesday, October 13, 2020, at 2:30 pm, or as soon thereafter as this matter may be heard, for receiving and examining best and final offers from interested parties to purchase the Property and staff's recommendations regarding the selection of final offers.
5. The Board declares that, at a minimum, all offers shall include or specify all the following provisions:
 - a. the Purchase Price to be paid by Offeror for the Property;
 - b. the Property is to be sold in its entirety, for all cash;
 - c. the Property is to be sold in its as-is, where-is condition, with all buildings, improvements and infrastructure in place;
 - d. the Property is to be sold without entitlements;
 - e. for the payment of the Initial Deposit which shall be attributable to purchase price;
 - f. for the payment of the Additional Deposit which shall be attributable to purchase price;
 - g. for the term of the Due Diligence Period ;;
 - h. the terms of a leaseback to the County providing County with the right to lease back the Public Health Lab containing approximately 1,800 sq ft for at least 12 months after closing and the Morgue Building and Coroner's office containing approximately 8,000 sq. ft. for at least 36 months after closing and that buyer may include additional beneficial terms including alternatives for the relocation and reestablishment of said uses;
 - i. that Buyer shall pay all costs of title, escrow and recording fees;
 - j. the amount of the Broker's commission; and
 - k. Close of escrow shall occur not later than December 31, 2020, or as soon thereafter as is feasible.
6. All Offerors shall submit their best and final offers to purchase the Property ("Final Offers") on the form of the Purchase and Sale Agreement prescribed by the County and its agents orally or in writing directly or through the Offer Portal as determined by the Offer Selection Committee as defined herein.
7. The Board establishes the following requirements, prerequisites, terms and conditions which will govern, and/or be required of, all Final Offers before they may be deemed responsive and considered:
 - a. The Final Offer must be in confirmed in writing and signed by the Offeror and comply with all of the procedural and substantive provisions set forth herein.
 - b. The Final Offer must state whether the Offeror is represented by a broker, and if so, provides the name(s) of any broker to whom a commission is to be paid.
 - c. The Final Offer shall state that the buyer is prepared to deposit in the form of a cashier's check (which must be the equivalent of cash) within five (5) days of

full execution of the Purchase and Sale Agreement made payable to Fidelity National Title Company (with reference to the purpose of purchasing the Property) the agreed upon amounts of the Initial Deposit and Additional Deposit, and that upon satisfaction of buyer's due diligence investigations the Initial Deposit shall be released from escrow to County.

d. The Final Offer must be accompanied by the Offeror's fully executed Purchase and Sale Agreement and Addendum in the form set forth at the Offer Portal, with the amount of the Offeror's proposed purchase price filled in and initialed by the Offeror's authorized signatory.

e. The Final Offer shall state the Offeror's commitment, to be memorialized in the form of a restrictive covenant (the "Covenant") to be recorded by the County against the Property prior to close of escrow, to construct at least fifteen percent (15%) of the total number of dwelling units, (the "Affordable Units"), to either be sold at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or rented at affordable rent, as defined in Section 50053 of the Health and Safety Code, to lower income households, as defined in Section 50079.5 of the Health and Safety Code, or very low income households, as defined in Section 50105 of the Health and Safety Code.

f. If selected as the buyer of the Property, the Offeror agrees to waive any and all contingencies to close of escrow within the agreed upon due diligence period set forth in the Purchase and Sale Agreement and shall close escrow on the purchase of the Property on or before December 31, 2020 or as soon thereafter as is feasible.

g. If selected as the buyer of the Property, the Offeror agrees to pay through escrow all amounts necessary to pay any and all escrow, title and recording fees and costs necessary for consummation of the purchase of the Property.

h. The procedure and order for the County's acceptance of Final Offers and the handling and application of deposits shall be as follows:

- a. Subject to further adoption of a Resolution by this Board as described below, and after the review and examination of the Final Offers and receiving the Offer Selection Committee's recommendations for selecting final offers, the Board shall accept the Final Offer from the highest and best responsive Offeror who provides the best overall value based on all terms (the "Selected Offeror").
- b. The Selected Offeror's Initial Deposit shall become non-refundable upon the Selected Offeror's waiver of contingencies upon completion of Offeror's due diligence investigations, and shall be released to County and credited toward payment of the purchase price at the close of escrow.

- c. If for any reason escrow fails to close on the Purchase and Sale Agreement with the Selected Offeror, then County staff will promptly notify the next highest responsive Offeror of the County's acceptance of that Offeror's Final Offer as the next Selected Offeror, which acceptance shall become effective upon timely receipt of the required Deposit from that Offeror. That new Selected Offeror shall be given five (5) days in which to deliver to the County the Initial Deposit, in the form of a cashier's check (which must be the equivalent of cash) payable to Fidelity National Title Company (with reference to the purpose of purchasing the County Property), and in an agreed upon amount. The new Selected Offeror's Initial Deposit, as with that of any prior Selected Offeror, shall become non-refundable upon the Selected Offeror's waiver of contingencies upon completion of Offeror's due diligence investigations, and released to County, and shall be credited toward payment of the purchase price at the close of escrow.
 - d. At such time as the next Selected Offeror provides the Initial Deposit and indicates a desire to proceed with the purchase of the Property, then the County will use the Purchase and Sale Agreement executed by that Offeror, which that Offeror submitted along with its proposal and Offer package, shall have that Agreement signed by the Chair of the Board, and shall cause escrow to be opened with the new Selected Offeror.
 - e. This same procedure shall apply to the sequence of the County's acceptance of Offers from other responsive bidders and handling of their deposits, in order of highest responsive Offer to lowest responsive Offer, until the list of responsive offerors is exhausted.
- 8. Pursuant to Government Code section 25527, the Board affirms that the County intends to pay a broker's commission to brokers involved in the sale in a total amount not to exceed six percent (6%) of the purchase price received by the County for the Property, and that County shall pay one-half of said commission amount to buyer's broker, if any.
- 9. Pursuant to Government Code section 25539, the Board hereby confirms it ordered the use of a procedure alternative to that required by Government Code sections 25526 to 25535 with respect to the manner in which, and the location at which, the Property may be sold:

The Board delegated to the Director of General Services ("Director") the authority to designate a committee of no fewer than three and no more than five County representatives together with representatives of the Brokers who shall serve as the Offer Selection Committee (the "Committee"). The Committee shall

together, at the time and place specified below, open and review all Offers and carry out the following duties:

- a. Determine which Offers are responsive according to the criteria and requirements listed above and in the Offering Memorandum;
 - b. Determine which Offers are determined to be non-responsive and the basis for that determination as to each Offer found to be non-responsive;
 - c. Consider whether to allow the non-responsive Offerors an opportunity to show the Committee how the information expressly stated or contained within the four corners of their Offer satisfies those terms and conditions and why the Offer should be determined to be responsive;
 - d. Consider whether the determination of non-responsiveness as to any Offer should be changed based on the Offeror's showing of where in the Offer the information satisfying the terms and conditions of responsiveness is set forth (and the Committee should not consider supplemental information not set forth in the Offer);
 - e. Determine which responsive Offers contain the highest net purchase price and offer the County the best terms providing the highest overall value for the Property;
 - f. Commence negotiations with each and every Offeror submitting a responsive offer and to conclude those negotiations as soon as feasible with a Final Offer to be submitted by Buyer in writing in the form of a revised Purchase and Sale Agreement executed by Buyer and delivered electronically to the Committee on behalf of the County;
 - g. Assist the Chair in presenting the recommendations to the Board of which Final Offer should first be accepted by the Board, and the order of other responsive Final Offers to be accepted in sequence.
10. Except for the Delegation of Authority to the Director of General Services and the convening of the selection committee, as described above, all of the provisions of Government Code sections 25520 et seq., shall be applicable to the process of selling the Property, as more fully described in Government Code section 25539, and the purchase and sale of the Property shall not occur unless and until the Board of Supervisors adopts a resolution pursuant to Government Code section 25539.
 11. Notwithstanding the Committee's recommendations, the Board reserves the right to reject any and all Offers.
 12. The Clerk of the Board is hereby directed to: (a) post the attached Notice of Adoption of Resolution of Intent to Sell ("Notice"), along with a copy of this resolution as signed by the Board Chair, in three public places in the County, not less than 15 days prior to October 13, 2020; and (b) to publish the Notice in a

newspaper of general circulation in Sonoma County, in compliance with Government Code section 6063, once per week for three consecutive weeks prior to that date.

[Signatures on next page]

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED
by at least a two-thirds vote of all members of the Board of Supervisors at a special meeting of
the Board of Supervisors of Sonoma County, State of California, held on the 25th day of
September, 2020, by the following vote:

Supervisors:

Rabbitt: Zane: Gore: Hopkins: Gorin:

Ayes:

Noes:

Absent:

Abstain:

So Ordered.

SONOMA COUNTY, a political subdivision of the
State of California

By: _____
Chair of the
Board of Supervisors

**NOTICE OF ADOPTION OF RESOLUTION OF INTENT TO SELL
COUNTY OF SONOMA PROPERTY LOCATED AT 3313, 3322, 3323,
3325, 3333 AND 3410 CHANATE ROAD, SANTA ROSA, CALIFORNIA**

NOTICE IS HEREBY GIVEN that the Board of Supervisors of the County of Sonoma, State of California, did, on the 25th day of September, 2020, adopt Resolution No. 2020-__ (the “Resolution of Intent”), by not less than a two-thirds vote of all of its members, declaring the County’s intention to sell the following real property on the terms, conditions and requirements stated in the Resolution of Intent:

The County of Sonoma is the fee title owner of numerous parcels containing approximately 71 acres located at Chanate Road, in the City of Santa Rosa, comprised of land, buildings, infrastructure and other improvements located on or around 3313, 3322, 3323, 3325, 3333 and 3410 Chanate Road, in Santa Rosa, California (APN No’s: 173-130-038; 180-090-001; 180-090-002; 180-090-003; 180-090-004; 180-090-005; 180-090-006; 180-090-008; 180-090-009; 180-090-010; 180-100-001; and 180-100-029 (collectively the “Property”).

The complete terms, conditions and procedures for sale of the Property are set forth in the Resolution of Intent, copies of which are available to be obtained from the County Clerk’s Office, 575 Administration Drive, Room 100 A, Santa Rosa, CA 95403.

NOTICE IS FURTHER GIVEN that offers for purchase of the Property shall be received no later than 5:00 pm PST on September 29, 2020, by the County’s brokers as agents of the County at the following digital portal : www.chanatecampusinsonomacounty.com, and promptly after which time the Offer Selection Committee shall review and commence to evaluate the offers and proceed thereafter to negotiate the best and final offers from all responsive offerors (as that Committee’s procedures are described and governed by the Resolution of Intent).

NOTICE IS FURTHER GIVEN that on October 13, 2020, at 2:30 pm., at a virtual meeting convened by the Board of Supervisors will consider the recommendations of the Offer Selection Committee regarding the order of Final Offers to be accepted by the County for purchase of the Property, and will consider adoption of a resolution under Government Code section 25539 authorizing sale of the Property pursuant to the Resolution of Intent and the Committee’s recommendations.

DATED: September 25, 2020

ATTEST:

Clerk of the Board