

**CITY OF OAKLAND  
AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2005 APR 28 PM 1:09

TO: Office of the City Administrator/  
Executive Director of the Oakland Joint Powers Financing Authority

ATTN: Deborah A. Edgerly

FROM: Finance and Management Agency

DATE: May 10, 2005

RE: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
OAKLAND/OAKLAND JOINT POWERS AUTHORITY APPROVING THE  
ISSUANCE AND SALE OF NOT TO EXCEED \$178,000,000 AGGREGATE  
PRINCIPAL AMOUNT OF REFUNDING REVENUE BONDS IN ONE OR MORE  
SERIES TO REFUND THE AUTHORITY'S OUTSTANDING LEASE REVENUE  
BONDS, 1998 SERIES A, AND AUTHORIZING EXECUTION OF DOCUMENTS  
AND THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE  
ISSUANCE OF THE BONDS

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**SUMMARY**

In July 1998, the City of Oakland (the "City"), through the Oakland Joint Powers Financing Authority (the "JPFA"), issued 1998 Lease Revenue Bonds (the "1998 Series A Bonds") to refund the City of Oakland Special Refunding Revenue Bonds (Pension Financing) 1988 Series A (the "1988 Series A Bonds"). Currently, the City's General Fund is supporting debt service on the 1998 Series A Bonds. The proposed resolutions have been prepared to authorize the refinancing of the 1998 Series A Bonds by the JPFA with the issuance of Refunding Revenue Bonds (the "2005 Bonds").

Debt service for the 2005 Bonds would be paid by excess revenues received from the voter-approved override tax levy, allowing moneys in the City's General Fund to be used for other purposes.

**FISCAL IMPACTS**

The refunding will have a positive fiscal impact to the City in that moneys currently paying debt service on the 1998 Series A Bonds will be made available to the City's General Fund. \$13.5 million will be made available each year to reduce the City's budget gap. If the refunding is not approved, General Fund expenditures in the proposed FY 2005-07 budget will need to be reduced by \$13.5 million.

**BACKGROUND**

**Tax Override Revenues**

In 1976, the City voters passed Measure R, providing for an extraordinary property tax levy of 0.1575% on all assessed value in Oakland to fund the System's indebtedness or the unfunded liability. The City will receive tax override revenues through 2026. In 1997, the City issued

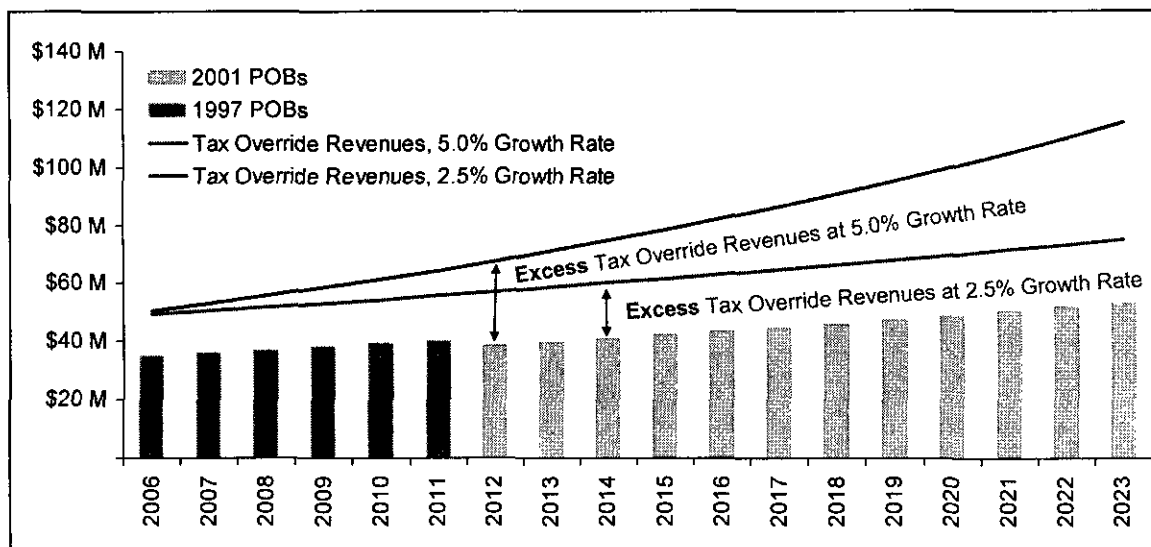
Item \_\_\_\_\_

Finance & Management Committee

May 10, 2005

Pension Obligation Bonds (“POBs”) (the “1997 Bonds”) secured with tax override revenues. The issuance of the 1997 Bonds enabled the City to deposit \$420 million into the System and in exchange, the City received a “holiday” from making deposits into the System until Fiscal Year 2011. In 2001, the City issued new POBs (the “2001 Bonds”), also secured with tax override revenues, to restructure a portion of the 1997 Bonds, extending the debt to 2023. The issuance of the 2001 Bonds allowed the City to “levelize” overall debt service. By reducing the annual debt service payments it also created “excess” tax override revenues, as indicated in Chart 1, below.

**Chart 1 – Projected Excess Tax Override Revenues**



**1998 Series A Bonds**

In July 1998, the Authority issued the 1998 Series A Bonds in the amount of \$187,500,000 to refund the City of Oakland Special Refunding Revenue Bonds (Pension Financing) 1988 Series A (the “1988 Series A Bonds”). The 1998 Series A Bonds are payable by the City from its General Fund for the right to the use and possession by the City of a portion of the sewer system under an existing Lease Agreement and Sublease Agreement.

**KEY ISSUES AND IMPACTS**

**Financing**

In an effort to address the current City budget shortfall, specifically as it relates to the high level of CalPERS pension contributions, the Finance and Management Agency, Treasury Division reviewed several unsolicited proposals regarding ways to address the high cost of pension contributions facing the City. The underwriting firms that we are recommending were instrumental in developing this particular structure, which appears to best balance the City’s goals of addressing the current high costs of CalPERS pension contributions. It is in the City’s long-term interest to reward good ideas by awarding financings to the firms that generate them.

**Restructuring Objectives**

The restructuring of the 1998 Series A Bonds will accomplish the following:

1. The General Fund will be relieved of its obligation to pay debt service on the 1998 Series A Bonds; and
2. \$13.5 million will be made available to address the gap in the proposed FY 05-07 budget; and
3. The “excess” tax override revenue will be pledged to the 2005 Bonds; and
4. By establishing a reserve fund in which any additional excess tax override revenues remaining after the annual debt service requirements on the 1997 Bonds, the 2001 Bonds and the 2005 Bonds have been met will be deposited, money will be available to be used toward the unfunded liability of the System; and
5. \$17 million from the restructuring will be made available to contribute toward the current unfunded liability of the System.

In order to accomplish the refinancing, the Governing Board of the JPFA would need to adopt a resolution authorizing the issuance and sale of the Refunding Bonds. The JPFA would also need to adopt a resolution approving the refinancing and other actions such as corresponding amendments to the existing Lease Agreement and Sublease Agreement needed for the issuance of the 2005 Bonds.

**ENVIRONMENTAL OPPORTUNITIES**

There is no impact to environmental opportunities following actions under this report.

**DISABILITY AND SENIOR CITIZEN ACCESS**

There is no impact to disability or senior citizen access following actions under this report.

**RECOMMENDATIONS AND RATIONALE**

Staff recommends that the City Council and the Governing Board of the JPFA approve the respective resolutions authorizing the issuance of the 2005 Bonds, approving amendments to the Lease Agreement and approving amendments to the Sublease Agreement. These actions will restructure existing debt and allow moneys in the City’s General Fund to be used for other purposes such as contributions toward the City’s CalPERS pension obligations. Staff also recommends that the City Council and Governing Board authorize the establishment of a reserve fund in which any tax override revenues not used to pay debt service on the 1997 Bonds, the

2001 Bonds and the 2005 Bonds will be deposited annually. Staff further recommends that the City engage the following financing team members to complete the transaction: Public Financial Management as Financial Advisor; and Morgan Stanley & Co., Inc., and Backstrom McCarley Berry & Co., LLC, as co-Underwriters (collectively, with Public Financial Management, the "Financing Team").

**ACTIONS REQUESTED OF THE CITY COUNCIL AND THE GOVERNING BOARD**

Staff requests that the City Council and the Governing Board of the JPFA approve the respective resolutions authorizing the issuance and sale by the JPFA of Refunding Revenue Bonds. Staff also requests that the City Council and Governing Board approve the establishment of a reserve fund. Additionally, staff requests that the City Council and Governing Board approve the accompanying resolutions authorizing the execution and delivery of the related amendments to a Lease Agreement and Sublease Agreement. Also, it is requested that Council approve the appointment of the Financing Team.

It is expected that the transaction will close in June 2005. All documents referred to in this staff report are on file in the Office of the City Clerk/Secretary of the JPFA Governing Board.

Respectfully submitted,

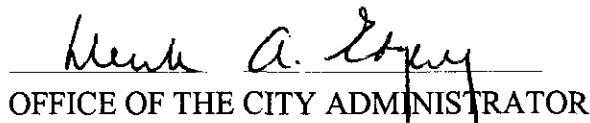
  
WILLIAM E. NOLAND

Director, Finance and Management Agency/  
Treasurer

Prepared by:

Katano Kasaine  
Treasury Manager

APPROVED AND FORWARDED TO THE  
FINANCE AND MANAGEMENT COMMITTEE

  
OFFICE OF THE CITY ADMINISTRATOR

*J. Jordan*

OFFICE OF THE CITY CLERK  
OAKLAND  
2005 APR 28 PM 1:09

OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
OAKLAND APPROVING THE ISSUANCE BY THE  
OAKLAND JOINT POWERS FINANCING AUTHORITY OF  
NOT TO EXCEED \$178,000,000 AGGREGATE PRINCIPAL  
AMOUNT OF REFUNDING REVENUE BONDS IN ONE OR  
MORE SERIES TO REFUND THE AUTHORITY'S  
OUTSTANDING LEASE REVENUE BONDS, 1998 SERIES A;  
AUTHORIZING EXECUTION AND DELIVERY OF AN  
AMENDED AND RESTATED LEASE AND AMENDED AND  
RESTATED SUBLEASE; AND AUTHORIZING EXECUTION  
OF DOCUMENTS AND THE TAKING OF ALL NECESSARY  
ACTIONS RELATING TO THE REFUNDING FINANCING  
WITH THE OAKLAND JOINT POWERS FINANCING  
AUTHORITY

WHEREAS, the City of Oakland (the "City") and the Redevelopment Agency of the City of Oakland (the "Agency") have heretofore executed a Joint Exercise of Powers Agreement, dated as of February 1, 1993 (the "Joint Powers Agreement"), by and between the City and the Agency, which Joint Powers Agreement created and established the Oakland Joint Powers Financing Authority (the "Authority"), a joint exercise of powers authority duly organized and operating pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"); and

WHEREAS, Article 4 of the Act authorizes and empowers the Authority to issue bonds to assist local agencies in financing projects and programs consisting of certain public improvements, working capital or liability or other insurance programs whenever a local agency determines that there are significant public benefits from so doing; and

WHEREAS, the City and the Authority executed and entered into a Lease (as heretofore amended or supplemented, the "Original Lease"), dated as of July 1, 1998, pursuant to the provisions of which the City, as lessor, leased that portion of the City's sewer system described therein (the "Leased Property") to the Authority, as lessee; and

WHEREAS, the Authority, as lessor, and the City, as lessee, executed and entered a sublease, dated as of July 1, 1998 (as heretofore amended or supplemented, the "Original Sublease"), pursuant to the provisions of which the Authority leased the Leased Property back to the City; and

WHEREAS, under and pursuant to the provisions of the Original Sublease, the City has been obligated to make rental payments (the "Base Rental Payments") to the Authority for the rental of the Leased Property; and

WHEREAS, the Authority pledged its right to receive the Base Rental Payments to the Trustee under a Trust Agreement, dated as of July 1, 1998, by and between the Authority and the Trustee (as heretofore amended or supplemented, the "Original Trust Agreement"); and

WHEREAS, at the request and with the approval of the City pursuant to the provisions of Resolution No. 74285 C.M.S., adopted by the City Council on June 9, 1998, the Authority authorized and issued its Lease Revenue Bonds, 1998 Series A (the "Prior Bonds"), in an aggregate principal amount of \$187,500,000, and secured by the Base Rental Payments payable by the City to the Authority; and

WHEREAS, pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended (the "Refunding Law"), the City desires to request and approve the Authority's refunding and retirement of the outstanding Prior Bonds in accordance with their terms and the terms of the Original Trust Agreement by authorizing and issuing, in one or more series, revenue bonds of the Authority (the "Bonds") in an aggregate principal amount not to exceed \$178,000,000, to be secured by the Base Rental Payments to be payable by the City to the Authority under and pursuant to the provisions of that certain Amended and Restated Sublease, dated as of June 1, 2005 (as amended or restated from time to time, the "Sublease"), pursuant to the provisions of which the Authority will continue to lease the Leased Property back to the City; and

WHEREAS, in order to provide for the transactions contemplated by and provided in the Sublease, the City desires to enter into that certain Amended and Restated Lease with the Authority (as amended or restated from time to time, the "Lease"), dated as of June 1, 2005, pursuant to the provisions of which the City, as lessor, continues to lease the Leased Property to the Authority; and

WHEREAS, pursuant to the provisions of that certain Trust Agreement, dated as of June 1, 2005 (the "Trust Agreement"), between the Authority and BNY Western Trust Company (or such other entity as may be trustee thereunder), as trustee, the Authority desires to issue the Bonds and pledge its right to receive the Base Rental Payments to the Trustee on the terms and subject to the conditions described therein; and

WHEREAS, there have been submitted and are on file with the City Clerk proposed forms of the Lease, the Sublease, the Trust Agreement, an Official Statement with respect to the Bonds, a Purchase Contract (the "Purchase Contract"), by and among the Authority, the City and Morgan Stanley & Co. Incorporated, as Representative of itself and Backstrom McCarley Berry & Co., LLC, as underwriters of the Bonds (the "Underwriters"); and

WHEREAS, the issuance of the Bonds by the Authority and the execution and delivery of the Lease and Sublease will result in significant public benefits through demonstrable savings in the effective interest rates and bond issuance costs expected to be paid with proceeds of the Bonds, and it furthers the public purpose for the Authority to assist in such financing;

NOW, THEREFORE, the City Council of the City of Oakland hereby finds, determines, declares and resolves as follows:

**Section 1.** All of the recitals set forth above are true and correct, and the City Council so finds and determines.

**Section 2.** The City Council hereby approves the issuance of the Bonds by the Authority, in an aggregate principal amount not to exceed \$178,000,000, pursuant to the Trust Agreement, the proposed form of which is hereby approved with such changes therein as may be made by the Authority.

**Section 3.** The proposed form of Lease, on file with the City Clerk, is hereby approved. The City Administrator or a designee of such official is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver a lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of said lease shall end no later than January 1, 2036.

**Section 4.** The proposed form of Sublease, on file with the City Clerk, is hereby approved. The City Administrator or a designee of such official is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver a sublease in substantially said form, with such changes therein as such officer may require or approve, including but not limited to determination of the schedule of rental payments and the insurance required to be maintained, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of said lease shall end no later than January 1, 2036.

**Section 5.** The proposed form of Purchase Contract with the Authority and the Underwriters, on file with the City Clerk, is hereby approved. The City Administrator or a designee of such official is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver a purchase contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The proposed form of Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), on file with the City Clerk, is hereby approved. The City Administrator or a designee of such official is hereby authorized and directed, for and in the name and on behalf of the City, to deliver such Preliminary Official Statement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof and to determine that such Preliminary Official Statement is "deemed final" by the City for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), but is subject to revision, amendment and completion in a final Official Statement (the "Official Statement") and to execute a certificate to such effect. Distribution by the Underwriters of a preliminary Official Statement relating to the Bonds is hereby approved. The Official Statement in substantially said form, with such changes as the City Administrator, or designee, may approve (including all information previously permitted under the Rule to be omitted from the Preliminary Official Statement), which approval shall be conclusively evidenced by execution thereof by the City Administrator or designee of

the Official Statement and delivery thereof to the Underwriters within seven business days after the sale of the Series 2005 A Bonds, is hereby approved.

**Section 7.** The City Administrator or a designee of such official is hereby authorized on behalf of the City to execute and deliver a Continuing Disclosure Agreement containing such covenants of the City as shall be necessary to comply with the requirements of the Rule. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Agreement.

**Section 8.** The City Administrator or a designee thereof is hereby authorized to enter into an agreement with Public Financial Management, Inc., as financial advisor in connection with the Bonds, and to pay all costs of issuance of the Bonds.

**Section 9.** The City Administrator and other appropriate officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby, including but not limited to obtaining bond insurance and a reserve fund surety bond (if determined by such official to be in the economic interest of the City), and to execute and deliver any amendments to any of the documents mentioned herein or authorized hereby as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 10.** All actions heretofore taken by the officers and agents of the City Council with respect to the transactions contemplated hereby are hereby ratified, confirmed and approved.

**Section 11.** This Resolution shall take effect from and after its adoption and approval.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_.

**PASSED BY THE FOLLOWING VOTE:**

AYES:

NOES:

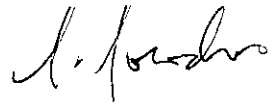
ABSENT:

ABSTAIN:

ATTEST:

By \_\_\_\_\_  
City Clerk





OFFICE OF THE CITY CLERK

JOINT POWERS FINANCING AUTHORITY

2005 APR 29 PM 1:10

RESOLUTION No. \_\_\_\_\_ J.P.F.A.

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RESOLUTION OF THE OAKLAND JOINT POWERS FINANCING AUTHORITY APPROVING THE ISSUANCE AND SALE OF REFUNDING REVENUE BONDS IN ONE OR MORE SERIES TO REFUND THE AUTHORITY'S OUTSTANDING LEASE REVENUE BONDS, 1998 SERIES A; APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LEASE, AN AMENDED AND RESTATED SUBLEASE, A TRUST AGREEMENT AND A BOND PURCHASE CONTRACT AND RELATED AGREEMENTS; AUTHORIZING THE PROCUREMENT OF BOND INSURANCE; AND AUTHORIZING EXECUTION OF DOCUMENTS AND THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE ISSUANCE OF THE BONDS

WHEREAS, the City of Oakland (the "City") and the Redevelopment Agency of the City of Oakland (the "Agency") have heretofore executed a Joint Exercise of Powers Agreement, dated as of February 1, 1993 (the "Joint Powers Agreement"), by and between the City and the Agency, which Joint Powers Agreement created and established the Oakland Joint Powers Financing Authority (the "Authority"), a joint exercise of powers authority duly organized and operating pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"); and

WHEREAS, Article 4 of the Act authorizes and empowers the Authority to issue bonds to assist local agencies in financing projects and programs consisting of certain public improvements, working capital or liability or other insurance programs whenever a local agency determines that there are significant public benefits from so doing; and

WHEREAS, the City and the Authority executed and entered into a Lease (as heretofore amended or supplemented, the "Original Lease"), dated as of July 1, 1998, pursuant to the provisions of which the City, as lessor, leased that portion of the City's sewer system described therein (the "Leased Property") to the Authority, as lessee; and

WHEREAS, the Authority, as lessor, and the City, as lessee, executed and entered a sublease, dated as of July 1, 1998 (as heretofore amended or supplemented, the "Original Sublease"), pursuant to the provisions of which the Authority leased the Leased Property back to the City; and

WHEREAS, under and pursuant to the provisions of the Original Sublease, the City has been obligated to make rental payments (the "Base Rental Payments") to the Authority for the rental of the Leased Property; and

WHEREAS, the Authority pledged its right to receive the Base Rental Payments to the Trustee under a Trust Agreement, dated as of July 1, 1998, by and between the Authority and the Trustee (as heretofore amended or supplemented, the "Original Trust Agreement"); and

WHEREAS, at the request and with the approval of the City pursuant to the provisions of Resolution No. 74285 C.M.S., adopted by the City Council on June 9, 1998, and pursuant to the provisions of the Authority's Resolution No. 98-01 J.P.F.A., adopted by the Authority on June 9, 1998, the Authority authorized and issued its Lease Revenue Bonds, 1998 Series A (the "Prior Bonds"), in an aggregate principal amount of \$187,500,000, and secured by the Base Rental Payments payable by the City to the Authority; and

WHEREAS, pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended (the "Refunding Law"), the Authority desires to refund and retire the outstanding Prior Bonds in accordance with their terms and the terms of the Original Trust Agreement by authorizing and issuing, in one or more series, revenue bonds of the Authority (the "Bonds") in an aggregate principal amount not to exceed \$178,000,000, to be secured by the Base Rental Payments to be payable by the City to the Authority under and pursuant to the provisions of that certain Amended and Restated Sublease, dated as of June 1, 2005 (as amended and restated from time to time, the "Sublease"), pursuant to the provisions of which the Authority will continue to lease the Leased Property back to the City; and

WHEREAS, in order to provide for the transactions contemplated by and provided in the Sublease, the Authority desires to enter into that certain Amended and Restated Lease with the City (as amended and restated from time to time, the "Lease"), dated as of June 1, 2005, pursuant to the provisions of which the City, as lessor, continues to lease the Leased Property to the Authority; and

WHEREAS, pursuant to the provisions of that certain Trust Agreement, dated as of June 1, 2005 (the "Trust Agreement"), between the Authority and BNY Western Trust Company (or such other entity named as trustee therein), as trustee (the "Trustee"), the Authority desires to issue the Bonds and pledge its right to receive the Base Rental Payments to the Trustee on the terms and subject to the conditions described therein; and

WHEREAS, there have been submitted and are on file with the City Clerk proposed forms of the Lease, the Sublease, the Trust Agreement, an Official Statement with respect to the Bonds, a Purchase Contract (the "Purchase Contract"), by and among the Authority, the City and Morgan Stanley & Co. Incorporated, as Representative of itself and Backstrom McCarley Berry & Co., LLC, as underwriters of the Bonds (the "Underwriters"); and

WHEREAS, the provisions of Act, the Joint Powers Agreement and the Refunding Law further authorize the Authority to sell the Bonds at a negotiated sale; and

WHEREAS, the issuance of the Bonds by the Authority and the execution and delivery of the Lease and Sublease will result in significant public benefits through demonstrable savings in the effective interest rates and bond issuance costs expected to be paid with proceeds of the Bonds, and it furthers the public purpose for the Authority to assist in such financing;

NOW, THEREFORE, BE IT RESOLVED by the governing board of the Oakland Joint Powers Authority as follows:

**Section 1.** All of the recitals set forth above are true and correct, and the Authority so finds and determines.

**Section 2.** The issuance and sale of the Bonds by the Authority, in an aggregate principal amount not to exceed \$178,000,000, are hereby approved.

**Section 3.** The officers of the Authority are hereby authorized to obtain bond insurance for the Bonds and a reserve fund surety bond.

**Section 4.** The proposed form of Trust Agreement, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The President, Vice President, Executive Director of the Authority or a designee of any such official are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver to the Trustee a trust agreement in substantially said form, with such changes therein as such officer or his or her designee may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The date, maturity date or dates (not to exceed January 1, 2036), interest rate or rates (subject to a maximum rate of seven percent (7%) per annum except as otherwise provided in the Trust Agreement), method of determining such rates, tax-exempt or taxable status of interest on the Bonds, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in said trust agreement, as finally executed.

**Section 5.** The proposed form of Lease, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The President, Vice President, Executive Director of the Authority or a designee of any such official is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver a lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The proposed form of Sublease, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The President, Vice President, Executive Director of the Authority or a designee of any such official are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver a sublease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** The proposed form of Purchase Contract, by and among the Authority, the City and the Underwriters, on file with the Secretary of the Authority and incorporated into this Resolution by reference, are hereby approved. The President, Vice President, Executive Director of the Authority or a designee of any such official is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver a purchase contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriting discount (not including original issue discount) shall not exceed 2% of the aggregate principal amount of the Bonds.

**Section 8.** The proposed form of Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), on file with the Secretary of the Authority, is hereby approved. The President, Vice President, Executive Director of the Authority or a designee of any such official are hereby authorized and directed, for and in the name and on behalf of the Authority, to deliver such Preliminary Official Statement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof and to determine that such Preliminary Official Statement is "deemed final" by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), but is subject to revision, amendment and completion in a final Official Statement (the "Official Statement") and to execute a certificate to such effect. Distribution by the Underwriters of a preliminary Official Statement relating to the Bonds is hereby approved. The Official Statement in substantially said form, with such changes as the President, Vice President, Executive Director of the Authority or a designee of any such official may approve (including all information previously permitted under the Rule to be omitted from the Preliminary Official Statement), which approval shall be conclusively evidenced by execution thereof by the President, Vice President, Executive Director of the Authority or a designee of any such official and delivery thereof to the Underwriters within seven business days after the sale of the Series 2005 A Bonds, is hereby approved.

**Section 9.** The Bonds in an aggregate principal amount not to exceed \$178,000,000 shall be executed by the facsimile signature of the President of the Authority and shall be countersigned by the facsimile signature of the Secretary of the Authority in the form set forth and otherwise in accordance with the provisions of the Trust Agreement.

**Section 10.** The President, Vice President, Executive Director, Treasurer, Secretary and other appropriate officers of the Authority or a designee of any such official are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby, including but not limited to obtaining bond insurance and a reserve fund surety bond (if determined by such official to be in the economic interest of the City), and to execute and deliver any amendments to any of the documents mentioned herein or authorized hereby as such officer or designee may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 11.** All actions heretofore taken by the officers and agents of the Authority with respect to the transactions contemplated hereby are hereby ratified, confirmed and approved.

**Section 12.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of May, 2005.

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTENTION:

ATTEST:

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LATONDA SIMMONS  
Interim City Clerk and Clerk of the Council of the  
City of Oakland, California