

CITY OF OAKLAND

2011 JUN 30 AM 11:49 *AGENDA REPORT*

TO: Office of the City Administrator
ATTN: P. Lamont Ewell, Interim City Administrator
FROM: Finance & Management Agency
DATE: July 12, 2011

RE: An Ordinance Authorizing the Substitution of City Hall for the Henry J. Kaiser Convention Center Securing the Existing Obligations for the Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Convention Centers), Series 2001; Approving the Execution and Delivery of Amendments to Leases to Substitute such Property and Authorizing the Taking of all Necessary Actions Relating Thereto;

Resolution of the Oakland Joint Powers Financing Authority Authorizing the Substitution of City Hall for the Henry J. Kaiser Convention Center Securing the Existing Obligations for the Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Convention Centers), Series 2001; Approving the Execution and Delivery of Amendments to Leases to Substitute such Property and Authorizing the Taking of all Necessary Actions Relating Thereto;

SUMMARY

City Council has approved the sale of the Henry J. Kaiser Convention Center to the City of Oakland Redevelopment Agency (the "Agency"). In order to proceed, the City has to unencumber the Henry J. Kaiser Convention Center that is currently securing the outstanding Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, Oakland Convention Center, Series 2001 (the "Series 2001 Bonds").

Pursuant to Section 629 of the 2001 Lease, the City has the right from time to time to substitute property as part of the Leased Properties (Henry J. Kaiser Convention Center and Oakland Convention Center – George P. Scotlan Memorial). The City desires to withdraw the Henry J. Kaiser Convention Center and substitute City Hall as part of the Leased Properties. This will allow the Henry J. Kaiser Convention Center to be sold to the Agency.

Item: _____
Finance and Management Committee
July 12, 2011

An ordinance and resolution have been prepared to seek immediate authorization for the substitution of City Hall for the Henry J. Kaiser Convention Center as part of the Leased Properties in connection with the Series 2001 Bonds.

FISCAL IMPACT

There is no fiscal impact for substitution of such Leased Properties.

BACKGROUND

In 2001, the Oakland Joint Powers Financing Authority (the "Authority") issued the Series 2001 Bonds in the amount of \$134,890,000. In connection with the Series 2001 Bonds, the City leased certain sites and facilities (the "Leased Properties") to the Authority under the Second Amended and Restated Ground Lease (the "2001 Ground Lease") and the City leased back the Leased Properties from the Authority under the Second Amended and Restated Lease and Sublease Agreement (the "2001 Lease").

Currently the Series 2001 Bonds have an outstanding par amount of \$50.7 million with a final maturity in October 2014. Since the Series 2001 Bonds are still outstanding and the Henry J. Kaiser Convention Center is pledged to the Series 2001 Bonds, the City cannot sale the encumbered asset. However, if the City substitutes City Hall in place of the Hemy J. Kaiser Convention Center, then City Hall will be the pledge asset to the Series 2001 Bonds instead of the Henry J. Kaiser Convention Center. This will allow the City to continue with the sale of the Henry J. Kaiser Convention Center.

KEY ISSUES AND IMPACTS

It is necessary to perform the substitution of City Hall for the Henry J. Kaiser Convention Center to unencumber the Henry J. Kaiser Convention Center in order to move forward with the sale to the Agency.

Therefore, the City has determined that it is in the best interest to amend the Leases to allow the substitution of City Hall for the Henry J. Kaiser Convention Center as part of the Leased Properties in connection with the Series 2001 Bonds. The substitution of property is permitted under and in compliance with Section 629 of the 2001 Lease. The substitution will only be for the duration of three and a half years since the Series 2001 Bonds will mature in 2014. After 2014, City Flail will be an unencumbered asset.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Social Equity: There is no social equity opportunities associated with this report.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no disability or senior citizen access issues contained in this report.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that the City Council and the Board adopt the ordinance and resolution which authorizes the substitution of City Hall for the Henry J. Kaiser Convention Center, the execution and delivery of related documents and approves the certain related actions necessary.

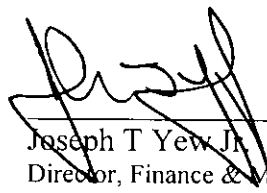
ACTION REQUESTED OF THE CITY COUNCIL

In order to proceed with the substitution of Leased Properties, staff requests that City Council adopt the ordinance and the Board approve the resolution:

- Authorizing the substitution of City Hall for Henry J. Kaiser Convention Center as part of the Leased Properties,
- Approving the execution and delivery of related documents and authorizing all necessary actions related thereto.

Forms of the related documents are available with the City Clerk's office.

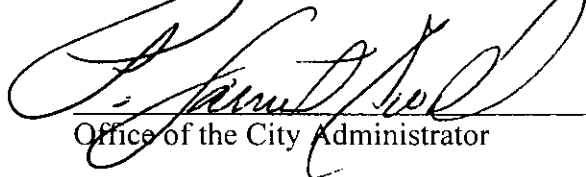
Respectfully submitted,



Joseph T Yew Jr.
Director, Finance & Management Agency

Prepared by:
Katano Kasaine, Treasury Manager
Treasury Division

**APPROVED AND FORWARDED TO THE
FINANCE & MANAGEMENT COMMITTEE**



Office of the City Administrator

Item: _____
Finance & Management Committee
July 12, 2011

INTRODUCED BY COUNCILMEMBER _____

Katherine John Boyd
City Attorney

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE SUBSTITUTION OF CITY HALL FOR THE HENRY J. KAISER CONVENTION CENTER SECURING THE EXISTING OBLIGATIONS FOR THE OAKLAND JOINT POWERS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (OAKLAND CONVENTION CENTERS), SERIES 2001; APPROVING THE EXECUTION AND DELIVERY OF AMENDMENTS TO LEASES TO SUBSTITUTE SUCH PROPERTY AND AUTHORIZING THE TAKING OF ALL NECESSARY ACTIONS RELATING THERETO

WHEREAS, the Oakland Joint Powers Financing Authority (the "Authority") issued \$134,890,000 aggregate principal amount of Lease Revenue Refunding Bonds (Oakland Convention Centers), Series 2001 (the "Bonds") pursuant to the Indenture of Trust, dated as of May 1, 2001 (the "Indenture"), by and between the Authority and The Chase Manhattan Bank, as trustee (the "Trustee"); and

WHEREAS, in connection with the Bonds, the City leased certain sites and facilities thereon (the "Leased Properties") to the Authority pursuant to a Second Amended and Restated Ground Lease, dated as of May 1, 2001, between the City, as lessor, and the Authority, as lessee (the "2001 Ground Lease"), and the City leased back the Leased Properties from the Authority under the Second Amended and Restated Lease and Sublease Agreement, dated as of May 1, 2001, between the Authority, as lessor, and the City, as lessee (the "2001 Lease"); and

WHEREAS, the City has determined that it is in its best interests to substitute City Hall for the Henry J. Kaiser Convention Center as part of the Leased Properties; and

WHEREAS, such substitution of property is permitted under, and in compliance with, Section 629 of the 2001 Lease; and

WHEREAS, in furtherance of implementing the substitution of property, there has been prepared and presented to the Council the proposed forms of the Amendment to Second Amended and Restated Ground Lease and the Amendment to Second Amended and Restated Lease and Sublease Agreement; and

WHEREAS, the City Council now desires to authorize the substitution of City Hall as part of the Leased Properties; and now therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The Council hereby finds and declares that the statements, findings and determinations of the Council set forth above are true and correct.

Section 2. The Council hereby authorizes the substitution of City Hall for the Henry J. Kaiser Convention Center as part of the Leased Properties.

Section 3. The form of the Amendment to Second Amended and Restated Ground Lease between the City and the Authority (the "2001 Ground Lease Amendment") is hereby approved. The City Manager, the Assistant City Manager, the Treasury Manager or any designee thereof (each an "Authorized Officer") is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the 2001 Ground Lease Amendment 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 4. The form of the Amendment to Second Amended and Restated Lease and Sublease Agreement between the City and the Authority (the "2001 Lease Amendment") is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the 2001 Lease Amendment 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 5. The City Clerk is hereby authorized and directed to attest the signature of any Authorized Officer as may be required or appropriate in connection with the execution and delivery of the documents approved herein.

Section 6. The Authorized Officers, together with all other officers and employees of the City, are hereby authorized and directed, jointly and severally, to do any and all things, and execute and deliver any and all documents and certificates that they may deem necessary or advisable in order to consummate the substitution of property and otherwise to carry out, give effect to and comply with the terms and intent of this Ordinance. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 7. This Ordinance shall take effect immediately upon final adoption by the affirmative vote of at least six members of the Council. If this Ordinance receives upon final adoption the affirmative vote of fewer than six members of the Council, then it shall be effective upon the seventh day after final adoption; subject, however, to the Mayor's authority to suspend the taking effect of this Ordinance as provided by Section 216 of the Charter.

Section 8. Effective Date. This Ordinance shall be effective immediately, if passed by the affirmative vote of at least six City Council members; if this ordinance is passed by the affirmative vote of five City Councilmembers it will be effective seven days after final passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2011

PASSED BY THE FOLLOWING VOTE: DE LA FUENTE, KERNIGHAN, NADEL, SCHAAF, BROOKS, BRUNNER, KAPLAN, AND PRESIDENT REID

AYES -

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the
Council of the City of Oakland

Karen Helen Boyd
AUTHORITY COUNSEL

OFFICE OF THE CITY CLERK

2011 JUN 20 11:11:16

OAKLAND JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. ____ C.M.S.

RESOLUTION OF THE OAKLAND JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE SUBSTITUTION OF CITY HALL FOR THE HENRY J. KAISER CONVENTION CENTER SECURING THE EXISTING OBLIGATIONS FOR THE OAKLAND JOINT POWERS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (OAKLAND CONVENTION CENTERS), SERIES 2001; APPROVING THE EXECUTION AND DELIVERY OF AMENDMENTS TO LEASES TO SUBSTITUTE SUCH PROPERTY AND AUTHORIZING THE TAKING OF ALL NECESSARY ACTIONS RELATING THERETO

WHEREAS, the Oakland Joint Powers Financing Authority (the "Authority") issued \$134,890,000 aggregate principal amount of Lease Revenue Refunding Bonds (Oakland Convention Centers), Series 2001 (the "Bonds") pursuant to the Indenture of Trust, dated as of May 1, 2001 (the "Indenture"), by and between the Authority and The Chase Manhattan Bank, as trustee (the "Trustee"); and

WHEREAS, in connection with the Bonds, the City leased certain sites and facilities thereon (the "Leased Properties") to the Authority pursuant to a Second Amended and Restated Ground Lease, dated as of May 1, 2001, between the City, as lessor, and the Authority, as lessee (the "2001 Ground Lease"), and the City leased back the Leased Properties from the Authority under the Second Amended and Restated Lease and Sublease Agreement, dated as of May 1, 2001, between the Authority, as lessor, and the City, as lessee (the "2001 Lease"); and

WHEREAS, the City has determined that it is in its best interests to substitute City Hall for the Henry J. Kaiser Convention Center as part of the Leased Properties; and

WHEREAS, such substitution of property is permitted under, and in compliance with, Section 629 of the 2001 Lease; and

WHEREAS, in furtherance of implementing the substitution of property, there has been prepared and presented to the governing board of the Authority (the "Board") the proposed forms of the Amendment to Second Amended and Restated Ground Lease and the Amendment to Second Amended and Restated Lease and Sublease Agreement; and

WHEREAS, the Board now desires to authorize the substitution of City Hall as part of the Leased Properties; now, therefore, be it

RESOLVED, by the Oakland Joint Powers Financing Authority Board as follows:

Section 1. The Board hereby finds and declares that the statements, findings and determinations of the Board as set forth above are true and correct.

Section 2. The Board hereby authorizes the substitution of City Hall for the Henry J. Kaiser Convention Center as part of the Leased Properties.

Section 3. The form of the Amendment to Second Amended and Restated Ground Lease between the City and the Authority (the "2001 Ground Lease Amendment") is hereby approved. The President, Vice President, Executive Director, Secretary, Treasurer/Auditor or any designee thereof (each an "Authorized Officer") is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the 2001 Ground Lease Amendment 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 4. The form of the Amendment to Second Amended and Restated Lease and Sublease Agreement between the Authority and the City (the "2001 Lease Amendment") is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the 2001 Lease Amendment 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 5. The Secretary of the Board is hereby authorized and directed to attest the signature of any Authorized Officer as may be required or appropriate in connection with the execution and delivery of the documents approved herein.

Section 6. The officers and employees of the Authority 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 that they may deem necessary or advisable in order to consummate the substitution of Leased Properties and otherwise to carry out, give effect to and comply with the terms and intent of this resolution. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 7. This resolution shall take effect immediately upon its passage.

IN OAKLAND JOINT POWERS FINANCING AUTHORITY, OAKLAND, CALIFORNIA,
_____, 2011

**PASSED BY THE FOLLOWING VOTE: DE LA FUENTE, KERNIGHAN, NADEL, SCHAAF,
BROOKS, BRUNNER, KAPLAN, AND PRESIDENT REID**

AYES-

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California