

**CITY OF OAKLAND
AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 DEC 29 PM 12: 51

TO: Office of the City/Agency Administrator/
Executive Director of the Oakland Joint Powers Financing Authority
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: January 11, 2005

RE: **RESOLUTIONS AUTHORIZING THE ISSUANCE AND PRESCRIBING THE TERMS, CONDITIONS AND FORM OF NOT TO EXCEED \$55,000,000 PRINCIPAL AMOUNT OF THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND CENTRAL DISTRICT REDEVELOPMENT PROJECT SUBORDINATED TAX ALLOCATION BONDS, SERIES 2005 AND AUTHORIZING AND APPROVING ALL NECESSARY AND RELATED ACTIONS**

SUMMARY

Resolutions have been prepared authorizing and directing the sale of a not to exceed amount of \$55 million in Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2005 (the "Series 2005 Bonds"). Proceeds of the Series 2005 Bonds will be used for (a) the acquisition of property required to facilitate residential and commercial development downtown, (b) the environmental remediation of such property, (c) expansion of an existing parking structure, (d) the renovation and maintenance of various public facilities, (e) various streetscape and traffic improvements projects, (f) the funding of certain façade and tenant improvements, and (g) the funding of miscellaneous capital projects for the 2005 through 2007 fiscal years.

The Series 2005 Bonds will be secured by tax increment revenues received from the Central District Redevelopment Project Area. The ability to issue new bonds paid from tax increment revenues from the Central District Redevelopment Project has resulted from the adoption of Ordinance No. 12570 which amended the Central District Urban Renewal Plan (the "Redevelopment Plan") to eliminate the time limit on incurring debt.

BACKGROUND

Ordinance No. 12570 C.M.S. (the "Ordinance") responded to changes in the California Health and Safety Code, which now allows redevelopment agencies to amend their redevelopment plans in order to eliminate the time limits on the establishment of indebtedness required under an earlier statute. The Ordinance amended the Redevelopment Plan for the Central District Project Area by eliminating the January 1, 2004 time limit on the establishment of loans, advances, and indebtedness within the Project area. In essence, it allowed the Redevelopment Agency to issue bonds for the financing of projects inside the Central District Project Area for the life of the Redevelopment Plan.

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On December 21, 2004, the Council extended the time limits on the effectiveness of the Central District Redevelopment Plan and the receipt of tax increment revenue from the Central District Project Area by an additional two years, thereby extending the plan to June 12, 2012 and the receipt of tax increment revenues to June 12, 2022. The Agency will, therefore, be able to bond against those revenues as well as any excess revenue not pledged to its current existing debt.

The Agency's Central District Redevelopment Project, Senior Tax Allocation Refunding Bonds, Series 1992, have a first and prior claim to any tax revenues generated by the Project Area. In 2003, the Agency refunded all of its four subordinated tax allocation bond issues and issued the Series 2003 Bonds. The Series 2005 Bonds will be issued on parity with the Series 2003 Bonds. The Series 2005 Bonds will be secured by a pledge of subordinated tax revenues from the Project Area. Excess tax increment revenues remaining following the payment of debt service can be used to pay any and all expenses of the Redevelopment Agency.

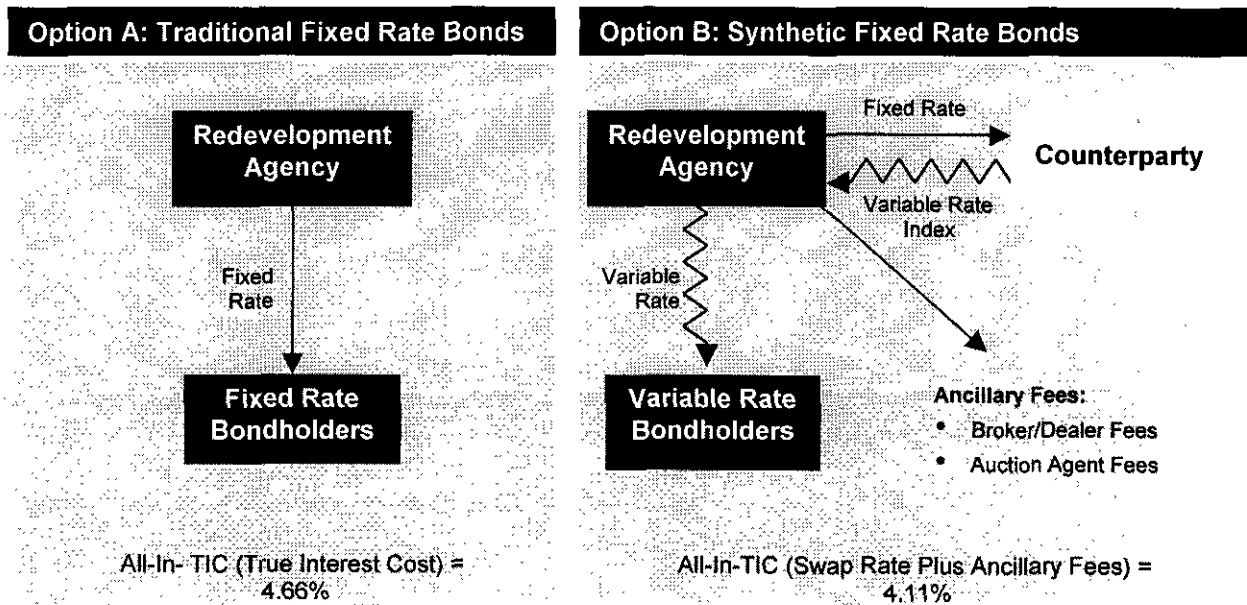
KEY ISSUE

Currently two financing options are being contemplated:

Option A: Traditional Fixed-Rate Bonds

Option B: Synthetic Fixed-Rate Bonds

The mechanics of both options are shown below:



Option A:

This is a traditional long-term fixed-rate structure where the Agency would issue long term fixed rate bonds at an average rate of 4.41 percent in today's market. The bonds would mature in 2020, 2021 and 2022, with interest payments in 2005 through 2022.

Option B:

This is a synthetic fixed rate structure with the following steps:

- 1) The Agency issues variable rate bonds
- 2) The Agency enters into a “floating-to-fixed” rate swap with counterparty
- 3) The two variable rate obligations offset each other, leaving the Agency with a “synthetic” fixed-rate obligation.

The average rate based on current market conditions would be 3.76 percent.

Generally, the Agency would receive a floating-rate payment sufficient to pay the interest payments on the Agency’s underlying floating-rate bonds, and the net obligation to the Agency would be the synthetic fixed-rate payment made to the swap provider plus ancillary fees (e.g. broker-dealer fees and auction agent fees) on the underlying bonds. Under this option, the projected annual cost would be lower than a traditional fixed-rate transaction Option A.

However, despite the potential benefit of Option B, there are also inherent risks to consider. The benefits and risks for both options are outlined below:

Option A

Option B

<u>Benefits</u>	<u>Risks</u>	<u>Benefits</u>	<u>Risks</u>
-Can advance refinance	-No inherent risks	-Lower debt service to be paid by Agency relative to Option A	-Counterparty risk (risk that the counterparty will fail to meet its contractual obligations) <i>Can mitigate by choosing a counterparty with high credit rating</i>
-Current low interest rates are locked in		-Lower all-in fixed cost of financing relative to Option A	-Credit Basis Risk (Variation between a chosen index and the rate on the Variable Rate Demand Bonds (VRDBs) and changes in Issuer’s or provider credit) <i>Can mitigate by purchasing bond insurance and choosing an index that pays actual rate as the issuer’s VRDBs</i>
-Debt service certainty			-Basis/Tax risk (changes in tax law causing the floating-rate index received not offsetting variable rate paid) <i>Can mitigate by evaluating economics of terminating the swap or enter into a better match rate swap</i>

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In either case (Option A or Option B), the proposed financing will be structured to allow the Agency to maximize residual revenues to cover annual Agency operating expenses. It is expected that the transaction will be insured by a municipal bond insurance policy to be obtained simultaneously with the issuance of the Series 2005 Bonds. Insured bonds will result in a lower overall borrowing cost to the Agency.

FISCAL IMPACT

The additional tax increment revenues received by the Agency will pay debt service. Additionally, based upon current assumptions regarding interest rates and fees, Option B will result in lower debt service to be paid by the Agency relative to Option A. Shown below are examples of cost comparisons:

Pricing Summary	Option A Traditional Fixed Rate Financing	Option B Synthetic Fixed Rate Financing
Par Amount	\$ 41,395,000	\$ 44,010,000
Average Coupon / Swap Rate	4.41%	3.76%
All-In TIC (True Interest Cost)	4.66%	4.11%
Total Debt Service	\$ 75,889,091	\$ 70,841,020
Total Net Debt Service	\$ 75,889,091	\$ 72,752,778
Aver. Net Annual Debt Service	\$ 4,216,060	\$ 4,041,821
Net PV (Present Value) "Savings"	Not Applicable	\$ 2,767,803

As shown in the table above, the synthetic fixed-rate financing (Option B) is projected to offer \$3.14 million of total net debt service savings over the traditional fixed-rate option or 2.7 million present value savings. This equates to an average annual savings of approximately \$174,000.

SUSTAINABLE OPPORTUNITIES

Economic: The issuance of the Bonds will result in funding construction jobs, many of which will be filled by Oakland residents.

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

Social Equity: Since debt service payments are made by the Agency, more monies will be available for services to disadvantaged areas, or enhanced recreational or social venues.

DISABILITY AND SENIOR CITIZEN ACCESS

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

RECOMMENDATIONS AND RATIONALE

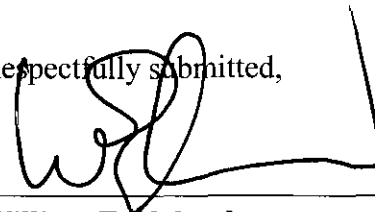
Staff recommends that the City Council, Oakland Redevelopment Agency Board and the Governing Board of the Joint Powers Financing Authority (JPFA) approve the respective resolutions authorizing the issuance of the Series 2005 Bonds and providing that these bonds be issued under Option B only if at the time of issuance Option B would produce present value savings of at least 3 percent relative to Option A. This action will allow maximization of savings and benefits for the Agency by reducing the net annual contribution of tax increment revenues used to pay for existing debt and by increasing the proceeds available for projects in the Project Area. Staff also recommends that the City engage the following financing team members to complete the transaction: Public Financial Management as Financial Advisor, and Morgan Stanley and E.J. De La Rosa as Co-Underwriters.

ACTION REQUESTED OF THE CITY COUNCIL/AGENCY BOARD/JPFA BOARD

In order to proceed with this financing, the City Council, Agency Board and JPFA Governing Board must approve the resolutions to authorize the issuance of Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2005. Also, it is requested that Agency Board approve the appointment of the financing team members.

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

Respectfully submitted,



William E. Noland

Director, Finance and Management
Agency/Treasurer

Prepared by:

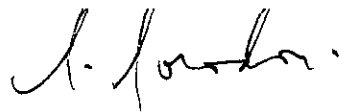
Katano Kasaine
Interim Treasury Manager

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



OFFICE OF THE CITY/AGENCY ADMINISTRATOR

Item # _____
Finance and Management Committee
January 11, 2005



CITY OF OAKLAND

FILED
OFFICE OF THE CITY CLERK
OAKLAND

RESOLUTION NO. ____ C.M. 8004 DEC 29 PM 12: 51

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLAND APPROVING ISSUANCE BY THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND OF NOT TO EXCEED \$55,000,000 AGGREGATE PRINCIPAL AMOUNT OF REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND CENTRAL DISTRICT REDEVELOPMENT PROJECT SUBORDINATED TAX ALLOCATION BONDS, SERIES 2005, THE EXECUTION OF AN INTEREST RATE SWAP, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") intends to issue not to exceed \$55,000,000, aggregate principal amount of its Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2005 (the "Bonds"), under and pursuant to the provisions of Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Law") and other applicable laws, for the purpose of financing redevelopment activities within and of benefit to the Agency's Central District Redevelopment Project; and

WHEREAS, the Agency is considering issuing a portion of the Bonds as auction rate securities, and, if a portion of the Bonds are issued as auction rate securities, the Agency will enter into an interest rate swap agreement (the "Interest Rate Swap Agreement") with respect thereto; and

WHEREAS, Section 33640 of the Law requires the Agency to obtain the approval of the City Council of the City of Oakland prior to issuance of the Bonds; and

WHEREAS, the City Council of the City of Oakland (the "City Council") finds the issuance of the Bonds as being in the public interests of the City of Oakland and of the Agency; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Oakland as follows:

Section 1. Approval of Issuance of Bonds. The City Council of the City of Oakland hereby approves the issuance of the Bonds by the Agency and the execution of the Interest Rate Swap Agreement by the Agency as being in the public interest of the City of Oakland and of the Agency.

Section 2. Subordination of Agency Loans. The City Council hereby agrees and acknowledges that the repayment of amounts which have been advanced, or which will in the future be advanced, by the City to the Agency are subordinate as to tax increment revenues to the payment of debt service on the Bonds.

Section 3. Effect. This Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES -

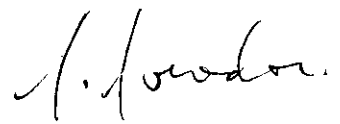
NOES -

ABSENT -

ABSTENTION -

Attest: _____

CEDA FLOYD
Clerk of the Council of the
City of Oakland, California



**REDEVELOPMENT AGENCY
OF THE CITY OAKLAND**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 DEC 29 PM 12: 51

RESOLUTION NO. ____

RESOLUTION AUTHORIZING THE ISSUANCE AND PRESCRIBING THE TERMS, CONDITIONS AND FORM OF NOT TO EXCEED \$55,000,000 PRINCIPAL AMOUNT OF THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND CENTRAL DISTRICT REDEVELOPMENT PROJECT SUBORDINATED TAX ALLOCATION BONDS, SERIES 2005, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO INDENTURE OF TRUST, A FIRST SUPPLEMENTAL INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, AN INTEREST RATE SWAP AND RELATED AGREEMENTS, AN AUCTION AGENT AGREEMENT AND BROKER-DEALER AGREEMENTS; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT; APPROVING THE RETENTION OF BOND COUNSEL AND OTHER AGENTS; AUTHORIZING PAYMENT OF COSTS OF ISSUANCE; AND AUTHORIZING AND APPROVING NECESSARY ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") is a public body, corporate and politic, duly organized and existing and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, being Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Law") and the powers of the Agency include the power to issue refunding bonds; and

WHEREAS, on January 9, 2003, the Agency issued its \$120,605,000 aggregate principal amount of Central District Redevelopment Subordinated Project Tax Allocation Bonds, Series, 2003 (the "Series 2003 Bonds"); and

WHEREAS, the Agency intends to issue additional bonds in one or more series (the "Bonds") under and pursuant to the Law and the hereinafter defined Indenture, to provide funds to finance redevelopment in the Agency's Central District Redevelopment Project, and such Bonds will be issued on a parity with the Series 2003 Bonds under and pursuant to the Indenture; and

WHEREAS, all or a portion of the Bonds may initially be issued as auction rate securities (the "Auction Rate Securities"), and, accordingly, the Agency intends to retain an auction agent (the "Auction Agent") in order to conduct ongoing auctions for the Bonds and one or more broker-dealers (the "Broker-Dealers") to aid in the sale of the Bonds that are Auction Rate Securities at such auctions; and

WHEREAS, in order to reduce the amount of interest rate risk or lower the cost of borrowing in combination with the issuance of the Bonds, the Agency desires to enter into an interest rate swap agreement pursuant to an ISDA Master Agreement, together with the schedule

and confirmation relating thereto (collectively, the "Interest Rate Swap Agreement"), each between the Agency and Morgan Stanley Capital Services Inc. or another counterparty (the "Counterparty");

NOW, THEREFORE, BE IT RESOLVED, as follows:

Section 1. Conditions Precedent. All conditions, things and acts required by law to exist, to happen and to be performed precedent to and in connection with the issuance by the Agency of refunding bonds exist, have happened and been performed in due time, form and manner, in accordance with applicable law, and the Agency is now authorized pursuant to the Law to incur indebtedness in the manner and form provided in this Resolution, as may be supplemented from time to time.

Section 2. Indenture. The First Amendment to Indenture of Trust (the "First Amendment") and the First Supplemental Indenture of Trust (the "First Supplement"), both between the Agency and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), both relating to the Indenture of Trust dated as of January 1, 2003 (the "Original Indenture" and, together with the First Amendment and the First Supplement, the "Indenture"), between the Agency and the Trustee, formerly known as BNY Western Trust Company, in substantially the forms on file with the Secretary of the Agency, is hereby approved and adopted. The Agency Treasurer (the "Agency Treasurer") or his designee is hereby authorized and directed to execute and the Secretary of the Agency (the "Secretary of the Agency") is hereby authorized to attest to, the First Amendment and the First Supplement in substantially such forms, with such changes, additions, amendments or modifications (including but not limited to changes, additions, amendments or modifications necessary to obtain ratings on the Bonds), which are approved by the Agency Treasurer, in consultation with Agency Counsel (the "Agency Counsel"), in the interest of the Agency, such approval to be conclusively evidenced by said execution. The Agency hereby approves the amendments set forth in the First Amendment and agrees to comply with, or cause to be complied with, all covenants of the Agency set forth in the Indenture.

Section 3. Issuance of Bonds. The Board of the Agency hereby authorizes the issuance of the Bonds which shall be designated the "Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2005" (with separate letter designations for separate series as provided in the First Supplement) in an aggregate amount of not to exceed \$55,000,000, subject to the terms set forth in the Bond Purchase Agreement (defined below).

Section 4. Form of Bonds. The form of the Bonds, in substantially the form attached collectively, to the Trust Indenture described below, is hereby approved and adopted. The Agency Treasurer or his designee is hereby authorized and directed to approve and to execute the Bonds by manual or facsimile signature; and the Secretary of the Agency is hereby authorized and directed to attest, by manual or facsimile signature and to cause the seal of the Agency to be reproduced or impressed on the Bonds, with such changes, additions, amendments or modifications made in accordance with Section 13 hereof.

Section 5. Bond Purchase Contract. The Bond Purchase Contract (the "Purchase Contract"), by and among the Agency, the Oakland Joint Powers Financing Authority and the Underwriter (as hereinafter), substantially in the form submitted to this meeting, is hereby approved and the Agency Treasurer or his designee is hereby authorized and directed to execute and deliver said Bond Purchase Agreement with such changes therein as the Agency Treasurer may approve, such approval to be conclusively evidenced by the execution and delivery of such Bond Purchase Agreement, provided that the aggregate principal amount of Bonds to be issued shall not exceed \$55,000,000, the true interest cost of the Bonds that are not initially issued as auction rate securities shall not exceed seven percent (7%), the Underwriters' discount (excluding original issue discount, if any) shall not exceed seven-tenths of one percent (0.70%), and the final maturity for Bonds shall be repaid over a period not to exceed 31 years. Morgan Stanley & Co. Incorporated and E.J. De La Rosa & Co., Inc. are hereby approved as the underwriters of the Bonds (the "Underwriter"). In the event that the Bonds are sold in more than one series, a separate Purchase Contract or Purchase Contracts may be executed with respect to the Bonds that are auction rate securities.

Section 6. Broker-Dealer Agreements and Auction Agent Agreement. In the event any Bonds are issued as Auction Rate Securities, the Broker-Dealer Agreement, in substantially the forms on file with the Secretary of the Agency, is hereby approved and adopted with such changes, insertions and omissions as the Agency Treasurer may, upon consultation with Agency Counsel, require or approve, such requirement or approval to be conclusively evidenced by the execution of one or more Broker-Dealer Agreements by the Agency with one or both of the Underwriters of the Bonds. Further, in the event any Bonds are issued as Auction Rate Securities, the Auction Agent Agreement, in substantially the forms on file with the Secretary of the Agency, is hereby approved and adopted with such changes, insertions and omissions as the Executive Director may, upon consultation with Agency Counsel, require or approve, such requirement or approval to be conclusively evidenced by the execution of the Auction Agent Agreement by the Agency. The Agency Treasurer or his designee is hereby authorized and directed to execute one or more Broker-Dealer Agreements and to execute the Auction Agent Agreement with such changes as the Agency Treasurer may approve, if a portion of the Bonds are issued as Auction Rate Securities. The Agency Treasurer is hereby authorized to select an Auction Agent if a portion of the Bonds are issued as Auction Rate Securities.

Section 7. Interest Rate Swap. The form of the Interest Rate Swap Agreement on file with the Secretary of the Agency and incorporated into this Resolution by reference are hereby approved. The Executive Director of the Agency, or designee, is hereby authorized and directed to execute and deliver the Interest Rate Swap Agreement in substantially the forms on file with the Secretary and presented to this meeting, with such additions thereto or changes or insertions that hereafter become necessary or desirable in the interest of the Agency and which are approved by the Agency Treasurer, in consultation with the Agency Counsel, such approval to be conclusively evidenced by such execution and delivery; provided, however, that the Agency Treasurer shall not issue any or all of the Bonds as Auction Rate Securities and execute and deliver the Interest Rate Swap Agreement unless: (a) such arrangement results in a savings of 3% relative to the issuance of such Bonds at a fixed rate; (b) the term of such Interest Rate Swap Agreement does not exceed the final maturity of the Bonds to which it relates; (c) the initial aggregate notional amount of such Interest Rate Swap Agreement does not exceed the initial

aggregate amount of the Bonds to which it relates; and (d) the amounts payable by the Agency with respect to such Interest Rate Swap Agreement shall be payable solely and exclusively from Tax Revenues (as defined in the Indenture) in the priority and manner provided in the Indenture. In accordance with Section 5922 of the California Government Code, the Agency hereby finds and determines that an interest rate swap agreement entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the Bonds.

Section 8. Appointment of Depositories and Other Agents. The Agency Treasurer is hereby authorized and directed to appoint from time to time one or more depositories for the Bonds, as she may deem desirable. The Agency Administrator is hereby also authorized and directed to appoint from time to time one or more agents, as she may deem necessary or desirable. To the extent permitted by applicable law, and under the supervision of the Agency Treasurer, such agents may serve as paying agent, Trustee or registrar for the Bonds, or financial printer or may assist the Agency Treasurer in performing any or all of such functions and other duties as the Agency Treasurer shall determine. Such agents shall serve under such terms and conditions, as the Agency Treasurer shall determine. The Agency Treasurer may remove or replace agents appointed pursuant to this section at any time.

Section 9. Municipal Bond Insurance Policy. The Agency Administrator and the Agency Treasurer are hereby authorized to negotiate and procure a municipal bond insurance policy for the Bonds so long as such policy, in the opinion of such parties, will result in present value debt service savings to the Agency, taking into account the cost of the premium for such policy to the Agency. If a municipal bond insurance policy is to be obtained, the Agency Administrator and the Agency Treasurer are hereby authorized to negotiate such additional covenants and agreements to be observed by the Agency as may be required by such municipal bond insurer, and such covenants and agreements shall be reflected in the Trust Indenture as executed by the Agency.

Section 10. Official Statement. The Agency Administrator is hereby authorized and directed, in consultation with the Agency Counsel, to prepare a preliminary official statement for the Bonds authorized by this Resolution. The form of proposed preliminary official statement (the "Preliminary Official Statement"), in substantially the form presented to this Agency Board and, on file with the Secretary of the Agency, is hereby approved and adopted with such changes, additions, amendments or modifications as may be made in accordance with Section 13 hereof. The Agency Administrator is hereby authorized to cause the distribution of a Preliminary Official Statement for the Bonds, deemed final by this Agency Board for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, and the Agency Treasurer and the Agency Administrator are each separately authorized to execute a certificate to that effect. The Agency Treasurer and the Agency Administrator are each separately authorized and directed to sign a final Official Statement for the Bonds. The Agency Administrator is hereby authorized and directed to cause to be printed and mailed to prospective purchasers of the Bonds copies of the Preliminary Official Statement and the final Official Statement.

Section 11. Appointment of Financial Advisor. The retention of the firm of Public Financial Management, Inc. as financial advisor to the Agency on this issuance is hereby approved. The Agency Administrator is hereby authorized to negotiate and execute contractual agreements with Public Financial Management, Inc. in connection with the issuance of the Bonds.

Section 12. Payment of Costs of Issuance. The Agency Treasurer is hereby authorized and directed to pay, or cause to be paid on behalf of the Agency, the costs of issuance associated with the Bonds.

Section 13. Modification to Documents. Any Agency official authorized by this Resolution to execute any document is hereby further authorized, in consultation with the Agency Administrator and the Agency Counsel, to approve and make such changes, additions, amendments or modifications to the document or documents the official is authorized to execute as may be necessary or advisable (provided that such changes, additions, amendments or modification shall not authorize an aggregate principal amount of Bonds in excess of \$55,000,000. The approval of any change, addition, amendment or modification to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

Section 14. Ratification. All actions heretofore taken by the officials, employees and agents of the Agency with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

Section 15. General Authority. The Agency Treasurer, the Agency Administrator, the Secretary of the Agency or each such person's duly authorized designee and agent, and any other officials of the Agency and their duly authorized designee and agents are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents including a Continuing Disclosure Agreement, a Tax Compliance Certificate or Certificates, refunding instructions, an agreement relating to the delivery of a debt service reserve fund surety bond, letters of representation to any depository for the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and the refunding of the prior Bonds, and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

The Agency Treasurer and the Agency Administrator may designate in writing one or more persons to perform any act, which such persons are hereby authorized by this Resolution to perform.

Section 16. Effect. This Resolution shall take effect immediately upon its passage.

ATTEST: _____
CEDA FLOYD
Secretary of the Agency and Clerk of the Council
of the City of Oakland, California

A. Jordan

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. _____ J.P.F.A.

RESOLUTION OF THE OAKLAND JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE PURCHASE AND SALE OF NOT TO EXCEED \$55,000,000 PRINCIPAL AMOUNT OF REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND CENTRAL DISTRICT REDEVELOPMENT PROJECT SUBORDINATED TAX ALLOCATION BONDS, SERIES 2005, UPON CERTAIN TERMS AND CONDITIONS, APPROVING DISTRIBUTION OF OFFICIAL STATEMENT RELATING THERETO, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the City of Oakland (the "City") and the Redevelopment Agency of the City of Oakland ("the Agency") have entered into a Joint Exercise of Powers Agreement, dated as of February 1, 1993 (the "Agreement"), creating the Oakland Joint Powers Financing Authority (the "Authority"); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Agreement, the Authority is authorized to purchase bonds issued by the Agency for financing and refinancing public capital improvements; and

WHEREAS, pursuant to the Act and the Agreement the Authority is further authorized to sell bonds so purchased to public or private purchasers at public or negotiated sale; and

WHEREAS, the Authority desires to purchase from the Agency not to exceed \$55,000,000 aggregate principal amount of Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2005 (the "Bonds"), to be issued in one or more series, solely from the proceeds received from the Authority's concurrent sale of the Bonds to Morgan Stanley & Co. Incorporated and E.J. De La Rosa & Co., Inc., as representative of the purchasers of the Bonds (collectively, the "Underwriter"); and

WHEREAS, the Agency has caused an Official Statement relating to the Bonds (the "Official Statement") to be submitted to the Authority for approval for distribution to purchasers of the Bonds;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Oakland Joint Powers Financing Authority, as follows:

Section 1. Sale of Bonds. The bond purchase contract (the "Purchase Contract"), by and among the Agency, the Authority, and the Underwriter, substantially in the form on file with

the Secretary of the Authority is hereby approved. Each of the President, the Executive Director or the Treasurer of the Authority, is hereby authorized and directed, each acting alone, for and in the name and on behalf of the Authority, to accept the offer to purchase the Bonds from the Agency for concurrent resale to the Underwriter, and to accept the offer of the Underwriter to purchase the Bonds from the Authority, subject to the terms and conditions of the Purchase Contract, and to execute and deliver the Purchase Contract to the Agency and the Underwriter; provided, however, that the stated average annual interest rate payable with respect to the Bonds that are not initially issued as auction rate securities (as described in the resolution of the Agency approving the issuance of the Bonds) shall not exceed seven percent (7%) per annum, and the Underwriter's discount (excluding original issue discount, if any) for the purchase of the Bonds shall not exceed seven-tenths of one percent (0.70%) of the par amount thereof. Approval of any additions or changes in such form shall be conclusively evidenced by such execution and delivery of the Purchase Contract. In the event that the Bonds are sold in more than one series, a separate Purchase Contract or Purchase Contracts may be executed with respect to the Bonds that are auction rate securities.

Section 2. Official Statement. The Official Statement relating to the Bonds, together with such amendments and supplements as shall be necessary or convenient to accurately describe the Bonds in accordance with the Purchase Contract, this Resolution and the other related proceedings and documents, is hereby approved for distribution to the purchasers of the Bonds.

Section 3. Official Action. The President, the Executive Director, the Treasurer and the Secretary of the Authority, and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the sale and delivery of the Bonds to the Authority for resale and delivery to the Underwriter pursuant to the Purchase Contract approved herein.

Section 4. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

The foregoing resolution was passed and adopted by the Board of Directors of the Oakland Joint Powers Financing Authority at a special meeting held on _____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

President

(SEAL)

ATTEST:

By: _____
Secretary