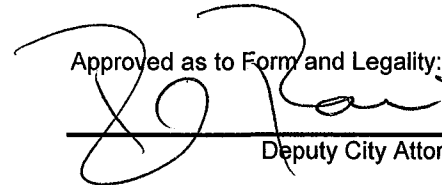


FILED
OFFICE OF THE CITY CLERK
OAKLAND

2017 JUN 29 PM 1:03

Approved as to Form and Legality:


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. 86865 C.M.S.

RESOLUTION: (1) AUTHORIZING OAKLAND RENAISSANCE NMTC, INC. (ORNMTC), AN AFFILIATE OF THE CITY, TO ACCEPT AN ALLOCATION OF NEW MARKETS TAX CREDIT AUTHORITY IN AN AMOUNT NOT TO EXCEED \$20 MILLION, AND TO ENTER INTO AN ALLOCATION AGREEMENT AND RELATED DOCUMENTS WITH THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND FOR THIS TAX CREDIT AUTHORITY; (2) APPROVING AN ALLOCATION OF \$14 MILLION IN NEW MARKET TAX CREDITS BY ORNMTC TO NEIGHBORHOOD ASSETS LLC, OR ITS AFFILIATES, FOR THE DEVELOPMENT OF A GROCERY STORE AT 3103 MYRTLE STREET; (3) APPROVING AN ALLOCATION OF \$6 MILLION IN NEW MARKET TAX CREDITS TO A COMMERCIAL LOAN POOL, TO BE ADMINISTERED BY ORNMTC AND OTHER PARTNERS, FOR THE PURPOSE OF PROVIDING SMALL BUSINESS LOANS TO COMMERCIAL BUSINESSES IN ELIGIBLE SECTIONS OF OAKLAND; (4) AUTHORIZING REAPPROPRIATION OF \$2,630,059 IN CASH BALANCES FROM LOAN REPAYMENTS TO THE REVOLVING COMMERCIAL LOAN FUNDS; AND (5) AUTHORIZING A LEVERAGED LOAN FOR \$4,500,000 FROM REVOLVING COMMERCIAL LOAN FUNDS TO ORNMTC OR A RELATED ENTITY FOR THE COMMERCIAL LOAN POOL PROGRAM

WHEREAS, the New Markets Tax Credit program (“NMTC Program”) was created by Congress in 2000 to provide tax credits to stimulate investment in low-income communities to facilitate economic and community development; and

WHEREAS, under the NMTC Program, taxpayers receive tax credits by making equity investments in qualified community development entities (“CDEs”) whose primary mission is to serve or provide investment capital for low-income communities, and who maintain accountability to residents of low-income communities; and

WHEREAS, Oakland Renaissance NMTC, Inc., (“ORNMTC”), an affiliate of the City of Oakland, is a California nonprofit public benefit corporation established by the City in August of 2004, whose mission is to serve low-income communities and low-income persons in the City of Oakland; and

WHEREAS, ORNMTC received CDE certification from the Community Development Financial Institutions (“CDFI”) Fund of the U.S. Department of the Treasury in 2005; and

WHEREAS, on December 17, 2015, ORNMTC applied for tax credit authority under the NMTC Program; and

WHEREAS, on November 17, 2016, ORNMTC received an allocation of tax credit authority under the NMTC Program in an amount of \$20 million; and

WHEREAS, ORNMTC wants to make an allocation of up to \$14 million of New Market Tax Credits to a sub-CDE affiliated with ORNMTC for the allocation of said tax credits to Neighborhood Assets, LLC or its affiliates for the development of a grocery store at 3103 Myrtle Street (the “Project”); and

WHEREAS, ORNMTC selected the Project for a funding allocation due to the Project filling a glaring need as the only full service grocery store in West Oakland, and based on the general Project conformance with the objectives of ORNMTC’s NMTC application, Project readiness, public benefits and conformance to City planning documents; and

WHEREAS, ORNMTC will establish a sub-CDE for the allocation of said tax credits to Neighborhood Assets or its affiliates; and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been met for the Project; and

WHEREAS, ORNMTC wants to make an allocation of up to \$6 million of New Market Tax Credits to a sub-CDE affiliated with ORNMTC for the allocation of said tax credits to a Commercial Loan Pool program to provide commercial loans to commercial businesses throughout NMTC-approved Low Income Communities in Oakland; and

WHEREAS, ORNMTC is requesting a leveraged loan of \$4,500,000 from the City of Oakland to the sub-CDE affiliated with ORNMTC for the Commercial Loan Pool program; and

WHEREAS, there are existing revolving loan fund appropriations in the amount of \$1,419,941 in Central District Project Area Loans Fund (1830), Commercial Lending Org (89979), BWAY COR REV LOAN Project (1001241), and funds in the amount of \$330,000 in BMSP Project Area Loans Fund (1833), Commercial Lending Org (89979), BMSP REV LOAN FND Project (1000138); and there is a new appropriation proposed in the FY 2017-19 Budget of \$500,000 in Central City East Project Area Loans Fund (1831), Commercial Lending Org (89979), CCE CMMRCL REVLVG LOAN PRG Project (1000019); and

WHEREAS, there are cash balances in two revolving loan funds from repayments that are supposed to be re-appropriated for future loans, with \$2,080,059 in Central District Project Area Loans Fund (1830), Commercial Lending Org (89979), BWAY COR REV LOAN Project (1001241); and

\$550,000 in Coliseum Project Area Loans Fund (1832), Commercial Lending Org (89979), COL REV LN FUND Project (1000160); and

WHEREAS, an appropriation of the \$2,080,059 and \$550,000 cash balances, for a total of \$2,630,059 will be necessary to add to the existing amounts of \$1,419,941, \$330,000 and projected amount of \$500,000 to equal an amount of \$4,880,000, of which \$4,500,000 will be applied towards the requested leveraged loan; and the remaining \$380,000 will be applied towards a services contract which will be brought to the City Council at a later date; and

WHEREAS, ORNMTC will repay the \$4.5 million leveraged loan from the City with funds in the Commercial Loan Fund accounts, at an interest rate of 3%, ten years after the Commercial Loan Pool fund has been established; and

WHEREAS, California Government Code Section 53083 requires a city to provide certain information and hold a noticed public hearing before granting an “economic development subsidy”, i.e., an expenditure of public funds, such as a loan, exceeding \$100,000 that is made for the purpose of stimulating economic development; and

WHEREAS, the staff report accompanying this Resolution includes all of the information about the leveraged loan required under California Government Code Section 53083; and

WHEREAS, a noticed public hearing of the City Council was held to hear public comments on the leveraged loan pursuant to California Government Code Section 53083; now, therefore, be it

RESOLVED: That the City Council hereby authorizes ORNMTC to accept an allocation of tax credit authority in an amount not to exceed \$20 million pursuant to the NMTC Program, and to negotiate and enter into an agreement (“Allocation Agreement”) and related documents with the CDFI Fund for this tax credit authority; and be it

FURTHER RESOLVED: That the City Council hereby authorizes ORNMTC to take whatever action is necessary with respect to the Allocation Agreement and the tax credit authority consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That the City Council hereby approves the allocation of up to \$14 million of New Market Tax Credits by ORNMTC to a sub-CDE affiliated with ORNMTC, to allocate said tax credits to Neighborhood Assets, LLC or its affiliates for the development of the Project; and be it

FURTHER RESOLVED: That the City Council hereby approves the allocation of up to \$6 million of New Market Tax Credits by ORNMTC to a sub-CDE affiliated with ORNMTC, to allocate said tax credits to the Commercial Loan Pool program; and be it

FURTHER RESOLVED: That the City Council hereby authorizes a \$4,500,000 leveraged loan to ORNMTC with an interest rate of 3% and a loan term of ten years for the Commercial Loan Pool program; and be it

FURTHER RESOLVED: That the leveraged loan shall be contingent on and subject to such other terms and conditions as the City Administrator or her designee may establish; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator or her designee to negotiate and execute a loan agreement and other loan documents for the leveraged loan; and be it

FURTHER RESOLVED: That the above identified funds of \$2,080,059 and \$550,000 will be appropriated for the purpose of adding to the existing amounts of \$1,419,941 and \$330,000 and the amounts proposed in the FY 2017-19 Budget in the amount of \$500,000, with \$4,500,000 designated for the leveraged loan; with the remaining \$380,000 to be applied towards a services contract which will be brought back to the City Council for approval at a later date; and be it

FURTHER RESOLVED: That of the above identified appropriations and cash balances, \$4,500,000 will be placed in Account 58312 Loan Expenditures: Non-Grant for the loan to ORNMTC, as shown in the following table:

Fund	Organization	Account	Project	Program	Amount
1830	89979	58312	1001241	AD01	3,120,000.00
1833	89979	58312	1000138	SC04	330,000.00
1832	89979	58312	1000160	SC12	550,000.00
1831	89979	58312	1000019	SC18	500,000.00
Total Sources					4,500,000.00

and be it

FURTHER RESOLVED: That the City Council finds and determines, after independent review and consideration, that this action complies with CEQA because it is exempt from CEQA pursuant to Section 15262 (feasibility and planning studies), Section 15301 (Existing Facilities), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the City Administrator or their designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action.

IN COUNCIL, OAKLAND, CALIFORNIA, JUL 18 2017

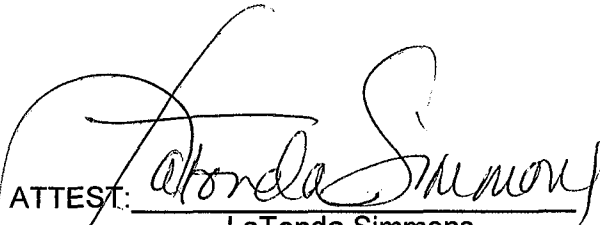
PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON McELHANEY, GUILLEN, KALB, KAPLAN,
and PRESIDENT REID - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST: 
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California