

CITY OF OAKLAND



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July 18, 2006

Honorable City Council
Oakland, California

President De La Fuente and Members of the City Council:

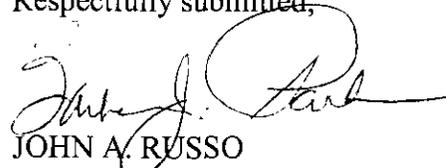
Subject: A Presentation And Implementation Of Options For The Oakland Public Library's 2006 Draft Master Facilities Plan And Request For Council Direction.

On June 17, 2006, the Councilmember Quan requested a supplemental report from the City Attorney addressing the impact of locating of the Oakland main library at the Henry K. Kaiser Convention Center (the "Kaiser Center") on outstanding bonds.

The Oakland Joint Powers Financing Authority (the "Issuer") issued tax-exempt Lease Revenue Refunding Bonds (Oakland Convention Centers), Series 2001 (the "Bonds") in the amount of \$134,890,000 for the purpose of refinancing the acquisition and improvement of the Kaiser Center and the Convention Center – George P. Scotlan Memorial (the "Scotlan Center").

Because interest savings to the issuer is considered a subsidy by the federal government, tax law provides that municipal bonds must finance projects that benefit the general public. The Internal Revenue Code regulates private use of facilities financed with tax exempt bond proceeds. Use of the Kaiser Center for a public library is an unrestricted public use that would not impact the tax exempt status of the bonds.

Respectfully submitted,

for 
JOHN A. RUSSO
City Attorney

Attorneys Assigned:
Kathleen Salem-Boyd