



CITY OF OAKLAND 2018 APR 12 PM 3:39

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Katano Kasaine  
Director of Finance

**SUBJECT:** ORSA Tax Allocation Refunding  
Bonds, Series 2018-TE/T

**DATE:** April 2, 2018

City Administrator Approval

Date:

4/12/18

## RECOMMENDATION

**Staff Recommends That The City Council Adopt A Successor Agency Resolution Confirming The Issuance Of The Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE And Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable), Approving Preliminary And Final Official Statements And Providing For Other Matters Relating Thereto.**

## EXECUTIVE SUMMARY

Staff recommends confirming issuance of the Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE and Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (together, the "Refunding Bonds") to refund the defined Prior Bonds and approving preliminary and final official statements (the "OS"). The Refunding Bonds will reduce the Oakland Redevelopment Successor Agency's (the "Successor Agency") annual debt service payments and thereby increase the Redevelopment Property Tax Trust Fund's (the "RPTTF") residual property tax revenues available for distribution to affected taxing entities, including the City of Oakland (the "City"). The OS is a disclosure document containing information regarding the Refunding Bonds, Oakland Redevelopment Agency (the "Former Agency") and Successor Agency and will be published for the benefit of investors. The Successor Agency will also deliver to its underwriters a Continuing Disclosure Certificate (the "CDC") identifying the Successor Agency's disclosure requirements for the life of the Refunding Bonds.

## BACKGROUND / LEGISLATIVE HISTORY

The Former Agency issued the \$28,770,000 Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE on October 12, 2006 and \$46,980,000 Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable) on March 8, 2011 (together, the "Prior Bonds").

Item: \_\_\_\_\_  
Finance and Management Committee  
April 24, 2018

Section 34177.5 of the California Health and Safety Code authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters").

On March 20, 2018, the City Council adopted Resolution No. 2018-002 C.M.S. (the "SA Resolution") approving issuance and prescribing the terms, conditions and form of not to exceed \$65,000,000 combined aggregate principal amount of the Refunding Bonds; approving the form of and authorizing the execution and delivery of a first supplement to indenture of trust and a purchase agreement; approving the selection and retention of a municipal advisor and underwriters; authorizing payment of costs of issuance; and authorizing and approving necessary actions in connection therewith.

On March 26, 2018, the Oversight Board for the Successor Agency (the "Oversight Board") adopted Resolution No. 2018-2 (the "OB Resolution") approving issuance of the Refunding Bonds by the Successor Agency and making certain determinations with respect to the refunding bonds and providing for other matters relating thereto.

#### **ANALYSIS AND POLICY ALTERNATIVES**

Due to favorable interest rates, staff recommends confirming issuance of the Refunding Bonds to refund all or a portion of the outstanding Prior Bonds for debt service savings in accordance with the Savings Parameters using an upfront savings structure to maximize the impact of the refunding. The Refunding Bonds will reduce the Successor Agency's annual debt service payments and thereby increase the RPTTF's residual property tax revenues available for distribution to affected taxing entities. As of February 22, 2018, the refunding is expected to generate total debt service savings of approximately \$21.8 million through fiscal year ("FY") 2042. The net present value ("NPV") savings are expected to be \$8.7 million or 15.72 percent of the refunded principal. As an affected taxing entity, the City will receive a share, projected to be 31 percent, of these savings estimated at \$6.8 million total through FY 2042, which includes \$1.0 million average annually from FY 2019 – FY 2021.

The Successor Agency, with the assistance of its disclosure counsel, municipal advisor, fiscal consultant, underwriters and financing team, has prepared a draft of the OS and CDC for the Refunding Bonds. The OS is a disclosure document containing information regarding the Refunding Bonds, Former Agency and Successor Agency and will be published for the benefit of investors. The CDC identifies the Successor Agency's disclosure requirements for the life of the Refunding Bonds and will be delivered to its underwriters. The preliminary form of OS and the CDC are on file with the Secretary of the Successor Agency.

The Successor Agency must obtain approvals from the City Council, Oversight Board and DOF in order to issue the Refunding Bonds. The approval process and proposed financing schedule are summarized in **Table 1**.

Table 1: Proposed Financing Schedule

Date	Action
3/20/2018	City Council and Agency Board Meeting - Adopted a resolution (1 of 2) authorizing issuance of the Refunding Bonds and approving certain legal documents
3/26/2018	Oversight Board Meeting - Adopted a resolution authorizing issuance of the Refunding Bonds and making certain determinations
3/28/2018	State of California, Department of Finance - Review SA resolution, OB resolution and financing documents for approval to issue the Refunding Bonds - Start of DOF 60-day review period
4/24/2018	Finance and Management Committee Meeting - Hear a resolution confirming issuance of the Refunding Bonds and approving the OS and CDC
5/1/2018	City Council and Agency Board Meeting - Adopt a resolution (2 of 2) confirming issuance of the Refunding Bonds and approving the OS and CDA
5/29/2018	State of California, Department of Finance - Approve issuance of the Refunding Bonds - End of 60-day review period
6/6/2018	Pricing of the Refunding Bonds
6/27/2018	Closing of the Refunding Bonds
2/1/2019	Recognized Obligation Payment Schedule (the "ROPS") submitted to DOF
June 2019	Surplus funds in the RPTTF released to affected taxing entities

**FISCAL IMPACT**

Annual debt service on and continuing administration costs of the Refunding Bonds will be included in the Successor Agency's ROPS and are payable from the RPTTF. Fees associated with issuance of the Refunding Bonds will be paid from bond proceeds and are contingent upon closing of the transaction.

Debt service savings generated by the Refunding Bonds will increase the RPTTF's residual property tax revenues available for distribution to affected taxing entities. As an affected taxing entity, the City will receive a share, projected to be 31 percent, of these savings as a distribution from the RPTTF. Of the \$21.8 million in estimated total debt service savings through FY 2042, the City expects to benefit approximately \$6.8 million, which includes \$1.0 million average annually from FY 2019 – FY 2021.

**PUBLIC OUTREACH / INTEREST**

This item did not require public outreach other than the required posting on the City's website.

Item: \_\_\_\_\_  
 Finance and Management Committee  
 April 24, 2018

**COORDINATION**

This report has been prepared by the Treasury Bureau in coordination with the Finance Department, Economic & Workforce Development Department, City Attorney's Office and Budget Bureau.

**SUSTAINABLE OPPORTUNITIES**

**Economic:** The refunding will result in debt service savings by refinancing existing debt at lower interest rates. The City will receive a share of these savings as a distribution from the RPTTF.

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

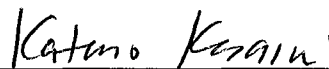
**Social Equity:** There are no social equity opportunities associated with this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council adopt a Successor Agency resolution confirming the issuance of the Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE And Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable), approving preliminary and final official statements and providing for other matters relating thereto.

For questions regarding this report, please contact Katano Kasaine, Director of Finance, at (510) 238-2989.

Respectfully submitted,



KATANO KASAINE  
Director of Finance, Finance Department

Reviewed by:  
David Jones, Treasury Administrator

Prepared by:  
Jackie Lee, Financial Analyst  
Treasury Bureau

2018 APR 12 PM 3:39

## OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION No. 2018-\_\_\_\_\_

---

**A SUCCESSOR AGENCY RESOLUTION CONFIRMING THE ISSUANCE OF THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY SUBORDINATED TAX ALLOCATION REFUNDING BONDS, SERIES 2018-TE AND OAKLAND REDEVELOPMENT SUCCESSOR AGENCY SUBORDINATED TAX ALLOCATION REFUNDING BONDS, SERIES 2018-T (FEDERALLY TAXABLE), APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS AND PROVIDING FOR OTHER MATTERS RELATING THERETO**

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Redevelopment Agency of the City of Oakland (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Oakland Redevelopment Successor Agency (the "Successor Agency") has become the successor entity to the Former Agency;

**WHEREAS**, prior to the dissolution of the Former Agency, the Former Agency issued the following series of bonds:

(i) \$28,770,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE (the "Series 2006B-TE Bonds"); and

(ii) \$46,980,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable) (the "Series 2011A-T Bonds"); and

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"), and the Successor Agency has determined to sell its Refunding Bonds (as defined below) to refund all or a portion of the Prior Bonds, but only in accordance with the Savings Parameters and Section 34177.5(a)(1); and

**WHEREAS**, the Successor Agency, pursuant to Resolution No. 2018-002 (the "SA Resolution"), adopted on March 20, 2018, approved the issuance of its Oakland

Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE (the "Series 2018-TE Refunding Bonds") and its Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (the "Taxable Series 2018-T Refunding Bonds" and, together with the Series 2018-TE Refunding Bonds, the "Refunding Bonds"), subject to the Savings Parameters being met, and requested that the Oversight Board for the Successor Agency (the "Oversight Board") approve the issuance of the Refunding Bonds by the Successor Agency; and

**WHEREAS**, the Oversight Board, by Resolution No. 2018-2 (the "OB Resolution") adopted on March 26, 2018, approved the issuance of the Refunding Bonds by the Successor Agency, and the OB Resolution, together with additional materials, were submitted to the California Department of Finance for its approval of the OB Resolution and the issuance of the Refunding Bonds; and

**WHEREAS**, the Successor Agency, with the assistance of Curls Bartling P.C., its disclosure counsel, Urban Futures, Inc., its municipal advisor, HdL Coren & Cone, its fiscal consultant, and Stifel, Nicolaus & Company, Incorporated and FTN Financial, the underwriters of the Refunding Bonds (the "Underwriters"), has prepared a draft of the Official Statement for the Refunding Bonds (the "Official Statement"), which contains information regarding the Refunding Bonds, the Former Agency and the Successor Agency, the preliminary form of which is on file with the Secretary of the Successor Agency; and

**WHEREAS**, the Successor Agency, with the aid of its staff, has reviewed the Official Statement and wishes at this time to approve its use and distribution as in the public interests of the Successor Agency and applicable taxing entities; now therefore be it

**RESOLVED**, the Oakland Redevelopment Successor Agency finds, determines, declares and resolves as follows:

**Section 1. Confirmation of Approval of Issuance of the Refunding Bonds.**

The Successor Agency hereby confirms its actions in the SA Resolution authorizing and approving the issuance and sale of the Refunding Bonds.

**Section 2. Approval of Official Statement.** The Successor Agency hereby approves the preliminary Official Statement in substantially the form on file with the Secretary of the Successor Agency. Distribution of the preliminary Official Statement by the Successor Agency and the Underwriters is hereby approved, and, prior to the distribution of the preliminary Official Statement, the Administrator of the Successor Agency (the "Administrator") or the Treasurer of the Successor Agency (the "Treasurer"), or the designee of either (each, an "Authorized Officer"), each acting alone, are authorized and directed, on behalf of the Successor Agency, to deem the preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Authorized Officer executing the same, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the

Refunding Bonds, and the Authorized Officers, each acting alone, are authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriters a certificate with respect to the information set forth therein and to deliver to the Underwriters a Continuing Disclosure Certificate substantially in the form appended to the final Official Statement.

**Section 3. Official Actions.** The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in connection with the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

**Section 4. Effect.** This Resolution shall take effect immediately upon its passage.

IN SUCCESSOR AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2018

**PASSED BY THE FOLLOWING VOTE:**

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

NOES -  
ABSENT -  
ABSTENTION -

ATTEST: \_\_\_\_\_  
LATONDA SIMMONS  
Secretary of the Oakland  
Redevelopment Successor Agency