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Approved as to Form and Legality

[Signature]
Office of the City Attorney

OAKLAND CITY COUNCIL

ORDINANCE NO. 13381 C.M.S.

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR, WITHOUT RETURNING TO COUNCIL, TO NEGOTIATE AND EXECUTE AGREEMENTS AND RELATED DOCUMENTS, TO SECURE INTERIM BRIDGE FUNDING IN AN AMOUNT NOT TO EXCEED FIFTY-THREE MILLION, TWO-HUNDRED THOUSAND DOLLARS (\$53,200,000) TO MEET CRITICAL CASH FLOW NEEDS FOR THE COMPLETION OF CONSTRUCTION OF THE CITY'S PUBLIC IMPROVEMENT OBLIGATIONS AT THE FORMER OAKLAND ARMY BASE ("BASE"), WHICH OPTIONS COULD INCLUDE, AMONG OTHER ALTERNATIVES: (1) OBTAINING LOAN(S) SECURED BY CITY-OWNED LAND AT THE BASE OR AN ASSIGNMENT OF THE CITY'S RIGHT TO RECEIVE RENTS FROM SUCH CITY-OWNED LAND; (2) PROVIDING AN OPTION TO A DEVELOPER TO ACQUIRE DEVELOPMENT RIGHTS TO THE NORTH GATEWAY AREA OF THE BASE IF THE CITY AND TWO WEST OAKLAND RECYCLERS FAIL TO CLOSE ESCROW ON SUCH PROPERTY; AND (3) NEGOTIATING FOR AN ARMY BASE GROUND LEASE TENANT(S) TO PREPAY A DISCOUNTED PRESENT VALUE OF THE TENANT(S)' LONG TERM GROUND LEASE RENT TO THE CITY

WHEREAS, the City secured an approximately \$176.3 million grant from the State of California Trade Corridor Improvement Fund (the "TCIF grant") to build on the former Oakland Army Base ("Base") public infrastructure to support the City's redevelopment of the Base (the "Public Improvements Project"); and

WHEREAS, the TCIF grant requires the City to provide matching funds, through public or private investment, for the Project by June 2020; and

WHEREAS, the City anticipated meeting its TCIF grant match requirement by committing to the Project: (1) specified amounts of City funding, including \$18 million in proceeds the City expected to receive from selling property rights at the Base to Caltrans and private developers (the "Land Sale Proceeds"); (2) investment by other private developers who intended to ground lease parcels at the Base from the City; and (3) other grants or funding the City intended to pursue and allocate towards construction of the Public Improvements Project; and

WHEREAS, on June 19, 2012, pursuant to City Council Resolution No. 83932 C.M.S., the City committed an additional \$22.5 million towards the City's TCIF grant public match; and

WHEREAS, the City's \$22.5 million funding commitment was sourced from a combination of \$4.5 million in Fund Balances from OBRA Leasing and Utility Fund (5671) and Oakland Army Base Reuse Authority Fund (5670), in addition to \$18 million in scheduled Land Sales Proceeds; and

WHEREAS, the City has only realized the receipt of approximately \$5.8 million of the total \$18 million commitment from scheduled Land Sales Proceeds, of which approximately \$12.2 million remains outstanding until the City is able to complete sales of parcels in the North Gateway area of the Base ("Property"); and

WHEREAS, the Alameda County Transportation Commission ("ACTC") Board of Commissioners at its Commission Meeting in March 2016 approved allocations totaling up to \$46 million of additional funding from Alameda County Measure BB funding to the City (consisting of \$41 million for roadway infrastructure and \$5 million for truck parking improvements) at the former Oakland Army Base (the "ACTC Grant"); and

WHEREAS, the total sources of construction funding for completion of the Public Improvements Project totals approximately \$240.3 million, consisting of the \$176.3 million TCIF grant, the \$46 million ACTC Grant, and \$18 million from Land Sales Proceeds; and

WHEREAS, the City will have expended all of the TCIF grant funds on the Public Improvements Project by the August/September 2016 timeframe; and

WHEREAS, the ACTC Grant funds will not be available for disbursement to the Public Improvements Project until later this year and in subsequent fiscal years; and

WHEREAS, the City has not yet realized \$12.5 million of the City's \$18 million of Land Sales Proceeds allocated to the Public Improvements Project; and

WHEREAS, the City wishes to keep the Public Improvements Project moving after the TCIF grant funds run out, and avoid a situation where the Project is delayed or stopped and needs to be re-bid, which likely will result in increased costs to the City; and

WHEREAS, up to \$53.2 million in the form of interim bridge financing consisting of \$12.2 million to be repaid from Land Sales Proceeds, and up to \$41 million to be refunded from ACTC Measure BB grant funding disbursements (collectively "Bridge Funding") will be required to keep the Public Improvements Project moving when TCIF grant funding runs out; and

WHEREAS, the City has identified options to obtain the Bridge Funding to meet critical cash flow needs for the completion of construction of the Public Improvements Project at the Base, which options could include, among other alternatives: (1) obtaining loan(s) secured by City-owned land at the Base or an assignment of the City's right to receive rents from such City-owned land; (2) providing an option to a developer to acquire development rights to the North Gateway area of the Base if the City and two West Oakland recyclers fail to close escrow on such property; and (3) negotiating for an Army Base ground lease tenant(s) to prepay a discounted present value of the tenant(s)' long term ground lease rent to the city (herein "Potential Bridge Funding Sources"); now, therefore

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

Section 1. That the City Council, based upon its own independent review, consideration, and exercise of its independent judgement, hereby finds and determines, on the basis of substantial evidence in the entire record before the City, that none of the circumstances necessitating preparation of additional CEQA are present and the City can rely on the Previous CEQA Documents and the 2012 OARB Initial Study/Addendum.

Section 2. That the City Administrator, or his/her designee, is hereby authorized to negotiate and execute, without returning to City Council, any agreements and related documents as necessary or appropriate to obtain the Bridge Funding from any or all of the Potential Bridge Funding Sources (including, without limitation, any deeds of trust or assignment of rents on or from City-owned land at the Base to secure any City repayment obligations) in an amount not to exceed Fifty-three million, Two-Hundred Thousand Dollars (\$53,200,000) in order to compete funding of the Public Improvements Project in accordance with this Ordinance, or to otherwise effectuate the purpose and intent of this Ordinance and its basic purpose.

Section 3. That the City Administrator is authorized to appropriate and allocate Land Sales Proceeds it receives from the sale of the Property toward repayment of any obligation executed to obtain the Bridge Funding.

Section 4. That the City Council finds and determines that this action complies with CEQA and the Environmental Review Officer is directed to cause to be filed a Notice of Determination with the appropriate agencies.

Section 5. That all documents related to this transaction shall be reviewed and approved by the City Attorney's Office prior to execution.

IN COUNCIL, OAKLAND, CALIFORNIA, July 19, 2016

PASSED BY THE FOLLOWING VOTE:

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

NOES- 0

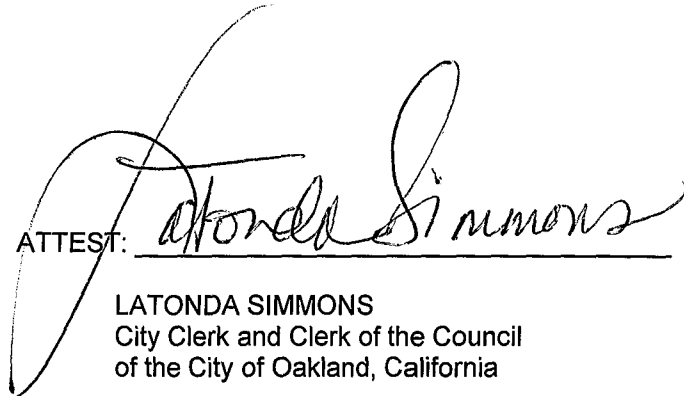
ABSENT- 0

ABSTENTION- 0

Introduction Date

JUL 05 2016

ATTEST:


LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

ANNOUNCEMENT DIGEST

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR, WITHOUT RETURNING TO COUNCIL, TO NEGOTIATE AND EXECUTE AGREEMENTS AND RELATED DOCUMENTS, TO SECURE INTERIM BRIDGE FUNDING TO MEET CRITICAL CASH FLOW NEEDS FOR THE COMPLETION OF CONSTRUCTION OF THE CITY'S PUBLIC IMPROVEMENT OBLIGATIONS AT THE FORMER OAKLAND ARMY BASE ("BASE"), WHICH OPTIONS COULD INCLUDE, AMONG OTHER ALTERNATIVES: (1) OBTAINING LOAN(S) SECURED BY CITY-OWNED LAND AT THE BASE OR AN ASSIGNMENT OF THE CITY'S RIGHT TO RECEIVE RENTS FROM SUCH CITY-OWNED LAND; (2) PROVIDING AN OPTION TO A DEVELOPER TO ACQUIRE DEVELOPMENT RIGHTS TO THE NORTH GATEWAY AREA OF THE BASE IF THE CITY AND TWO WEST OAKLAND RECYCLERS FAIL TO CLOSE ESCROW ON SUCH PROPERTY; AND (3) NEGOTIATING FOR AN ARMY BASE GROUND LEASE TENANT(S) TO PREPAY A DISCOUNTED PRESENT VALUE OF THE TENANT(S)' LONG TERM GROUND LEASE RENT TO THE CITY

This ordinance authorizes the City Administrator or his/her designee to Negotiate And Execute Agreements And Related Documents, To Secure Interim Bridge Funding To Meet Critical Cash Flow Needs for the Completion of Construction of the City's Public Improvement Obligations at the Former Oakland Army Base ("BASE"), Which Options Could Include, Among Other Alternatives: (1) Obtaining Loan(s) Secured by City-Owned Land at the Base or An Assignment of the City's Right to Receive Rents from Such City-Owned Land; (2) Providing an Option to A Developer to Acquire Development Rights to the North Gateway Area of the Base if The City and Two West Oakland Recyclers Fail to Close Escrow on Such Property; and (3) Negotiating for An Army Base Ground Lease Tenant(s) to Prepay A Discounted Present Value of the Tenant(s)' Long Term Ground Lease Rent to the City