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OFFICE OF THE CITY CLERK
OAKLAND

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Approved as to Form and Legality
William Alan Duff
Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Ordinance No. 12736 C.M.S.

AN ORDINANCE AUTHORIZING THE EXERCISE OF THE OPTION TO PURCHASE REAL PROPERTY LOCATED AT 450 LANCASTER STREET FOR THE OAKLAND MUSEUM OF CALIFORNIA PURSUANT TO RESOLUTION NO. 76569, AUTHORIZING A LEASE OF THE REAL PROPERTY TO THE OAKLAND JOINT POWERS FINANCING AUTHORITY, AUTHORIZING A SUBLEASE OF THE REAL PROPERTY FROM THE OAKLAND JOINT POWERS FINANCING AUTHORITY, AND AUTHORIZING OF TAX-EXEMPT LEASE FINANCING IN AN AMOUNT NOT TO EXCEED \$5,000,000.

WHEREAS, the Oakland Museum of California (the "Museum") presently houses its museum collections in a storage facility at the Oakland Army Base, pursuant to a lease that will expire in August of 2006; and

WHEREAS, the City leases a currently vacant facility 62,400 square feet facility (the "Property") located at 450 Lancaster Street in the City of Oakland (the "City") from George and Sara Sharpe (the "Owners"), which is an appropriate facility for relocation of the museum collection by the Museum; and

WHEREAS, the Owners have previously given the City an option to purchase the Property from the Owners at a price equal to \$4,400,000, plus annual increases in the CPI not to exceed 5% in any one year, less certain credits for rent previously received; and

WHEREAS, because the current lease agreement subjects the City to annual increases in lease payments, financing the building purchase through a tax-exempt lease transaction will result in no negative fiscal impact overall; and

WHEREAS, the City anticipates that the current price for exercising the option including escrow, closing and financing costs will not exceed \$5,000,000; and

WHEREAS, City staff has determined that exercising the option to purchase the Property is in the best interest of the City as it will stabilize the cost to the City of storing the Museum's collection; and

WHEREAS, the requirements of the California Environmental Quality Act of 1970 ("CEQA"), the CEQA Guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied,

WHEREAS, the City desires to finance the purchase of the Property through a tax-exempt lease financing through the Oakland Joint Powers Financing Authority with the Bank of America, N.A. To accomplish the tax-exempt financing the City will lease the premises to the Oakland Joint Powers Financing Authority, and will sub-lease the premises back from the Oakland Joint Powers Financing Authority; **NOW THEREFORE**

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

SECTION 1. The City Council finds and determines that it is necessary and advisable, and in the best interest of the City, that the City purchase the Property from the Owners.

SECTION 2. The City Administrator or her designee is hereby authorized to negotiate and execute documents necessary to exercise the option described above and to purchase the Property.

SECTION 3. The financing of the acquisition of the Property through a tax-exempt lease financing with the Oakland Joint Powers Financing Authority and the Bank of America, N.A., is hereby approved.

SECTION 4. To accomplish tax-exempt lease financing, the City Administrator or her designee is hereby authorized to negotiate and execute such documents necessary to lease the Property to the Oakland Joint Powers Financing Authority, to sublease the Property back from the Oakland Joint Powers Financing Authority, and to secure tax-exempt lease financing from the Bank of America, N.A., through the Oakland Joint Powers Financing Authority in an amount not to exceed \$5,000,000, including closing, escrow and financing costs, and costs of issuance.

SECTION 5. The City Council finds and determines that the requirements of the California Environmental Quality Act of 1970 (CEQA), the CEQA Guidelines, and the provisions of the Environmental Review Regulations of the City of Oakland have been met, and the actions authorized by this Ordinance are statutorily exempt from CEQA under Section 15061(b)(3) (general rule).

SECTION 6. The City Administrator or her designee is hereby authorized to negotiate and execute documents and take any and all actions necessary, consistent with this ordinance, to complete the purchase and financing of the Property.

SECTION 7. All documents shall be approved as to form and legality by the City Attorney's Office and copies shall be filed with Office of the City Clerk.

SECTION 8. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, MAY 16 2006, 2006

Introduction Date: **MAY 16 2006**


PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG,
AND PRESIDENT DE LA FUENTE - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

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

NOTICE AND DIGEST

AN ORDINANCE AUTHORIZING THE EXERCISE OF THE OPTION TO PURCHASE REAL PROPERTY LOCATED AT 450 LANCASTER STREET FOR THE OAKLAND MUSEUM OF CALIFORNIA PURSUANT TO RESOLUTION NO. 76569, AUTHORIZING A LEASE OF THE REAL PROPERTY TO THE OAKLAND JOINT POWERS FINANCING AUTHORITY, AUTHORIZING A SUBLEASE OF THE REAL PROPERTY FROM THE OAKLAND JOINT POWERS FINANCING AUTHORITY, AND AUTHORIZING OF TAX-EXEMPT LEASE FINANCING IN AN AMOUNT NOT TO EXCEED \$5,000,000.

The Ordinance authorizes the City Administrator or her designee to take all actions necessary to the exercise of the option to purchase real property located at 450 Lancaster Street (the Property) for the Oakland Museum pursuant to Resolution No. 76569. For purposes of tax-exempt financing of the Property, the Ordinance further authorizes the City Administrator or her designee to lease the Property to the JPFA, to sublease of the real property from the JPFA, and obtain the tax-exempt lease financing in the amount not to exceed \$5,000,000.

The Ordinance further approves and authorizes the negotiation and execution of documents necessary for purchasing and financing the property.