

FILED
OFFICE OF THE CITY CLERK
OAKLAND

**REDEVELOPMENT AGENCY
AND THE CITY OF OAKLAND**

2009 MAY 14 PM 4: 25

AGENDA REPORT

TO: Office of the City/Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: May 26, 2009

RE: An Agency Resolution Authorizing Prepayment of the Outstanding Balance on a City Loan Used to Develop City Center Garage West and Assumed by the Agency in an Amount not to Exceed \$15.95 Million from Proceeds of its 2009T Central District Subordinated Tax Allocation Bonds

A City Resolution Authorizing Acceptance of an Agency Prepayment of the Outstanding Balance on a City Loan in an Amount not to Exceed \$15.95 million Used to Develop City Center Garage West and Assumed by the Agency

SUMMARY

Staff is recommending that the Agency/Council adopt an Agency resolution authorizing the Agency to prepay the outstanding balance on a City loan in an amount not to exceed \$15.95 million that was used to finance the development of City Center Garage West (CCGW), and a City of Oakland (City) resolution authorizing acceptance of the Agency's loan prepayment.

In 1992, City Center Garage West Associates, a joint venture partnership between Bramalea Pacific, Inc., and the Agency built CCGW with a loan from the City in an amount of \$22 million. After the partnership defaulted on the loan, the City took title to the garage instead of initiating foreclosure proceedings and transferred ownership of CCGW to the Agency. As consideration for the transfer, the Agency assumed responsibility for debt service payments on the City loan. At this time, the City has requested that the Agency prepay the outstanding balance on the loan.

The Agency issued \$60 million of Central District Subordinated Tax Allocation Bonds Series 2009T (Federally Taxable) (the "2009 Bonds"), and will use bond proceeds in an amount not to exceed \$15.95 million for the prepayment to the City.

The proposed loan prepayment will provide the City with funds anticipated in its Fiscal Year 2008-2009 mid-cycle adopted budget.

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FISCAL IMPACT

The loan has a term of 30 years, beginning on May 8, 1991, and a remaining principal balance of approximately \$15.95 million. Since assuming the loan in 1996, the Agency has made regular annual principal and interest payments to the City.

The prepayment of the loan will assist the City in balancing its Fiscal Year 2008-09 budget. Agency funds in the amount of \$15.95 million for the prepayment of the assumed loan will be available in the Agency's Central District Tax Allocation Bond Series 2009T Fund and a related Project, which will be established after issuance of the bonds.

The City will place the prepayment proceeds into the Civic Improvement Corporation 1985 Fund (6016). The prepayment proceeds and City reserves will allow the City to retire 1985 Certificates of Participation and transfer \$9.5 million to the General Purpose Fund (1010) as stated in the October 2008 revised budget.

BACKGROUND

On May 8, 1991, the City entered into a loan agreement with City Center Garage West Associates, a joint venture comprised of Bramalea Pacific, Inc. and the Agency, to provide construction and permanent financing in an amount of \$22 million for the development of CCGW.

In 1995, the joint venture defaulted on the loan, and on September 30, 1995, the City took title to the garage instead of initiating foreclosure proceedings. On April 9, 1996, the City of Oakland, pursuant to Ordinance No.11342 C.M.S., transferred ownership of CCGW to the Agency. As consideration for the transfer, the Agency, pursuant to Resolution No. 96-16 C.M.S., assumed responsibility for debt service payments on the loan. At this time, the City has requested that the Agency pay off the remaining loan balance to address shortfalls in the City's Fiscal Year 2008-09 budget.

KEY ISSUES AND IMPACTS

After the Agency assumed ownership of CCGW in 1996, the parking facility began to generate positive cash flow beginning in Fiscal Year 1997-98. However, net operating income has never been sufficient to cover annual debt service payments to the City, which amount to approximately \$1.6 million per year. As a result, each year, the Agency allocated additional funding, ranging from \$800,000 to \$1 million, from other eligible Agency sources to make full debt service payments on the loan.

The City has requested that the Agency prepay the outstanding loan balance of up to \$15.95 million. The Agency issued \$60 million of 2009T Bonds and will use bond proceeds in an amount not to exceed \$15.95 million to prepay the loan. This payment will eliminate the need to provide on-going Agency debt service subsidies for the CCGW and assist the City in closing its Fiscal Year 2008-09 budget deficit.

PROJECT DESCRIPTION

CCGW is located on a block bounded by Jefferson Street, Martin Luther King, Jr. Way, 12th Street and 13th Street. It is a nine-story, 1,465-car garage with two basement levels, 6,000 square feet of retail space and 600 square feet of office space that was completed in 1993. CCGW was built to provide parking for the Oakland Federal Building, and to enhance the marketability of City Center and adjacent properties in the area. CCGW is managed by CMA Asset Management.

SUSTAINABLE OPPORTUNITIES

Economic: There are no sustainable economic opportunities that apply to the prepayment of the CCGW loan.

Environmental: There are no sustainable environmental opportunities that apply to this action.

Social Equity: There are no social equity opportunities that apply to the proposed legislation.

DISABILITY AND SENIOR CITIZEN ACCESS

The proposed legislation does not involve issues related to disability and senior citizen access.

RECOMMENDATIONS AND RATIONALE

The proposed loan prepayment will provide the City with funds anticipated in the Fiscal Year 2008-2009 mid-cycle adopted budget. Therefore, it is recommended that the Agency/Council approve the proposed resolution.

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ACTION REQUESTED OF THE AGENCY/CITY COUNCIL

It is recommended that the Agency/Council adopt an Agency resolution authorizing the Agency to prepay the outstanding balance on a City loan in an amount not to exceed \$15.95 million that was used to finance the development of CCGW, and a City of Oakland resolution authorizing acceptance of the Agency's loan prepayment.

Respectfully submitted,

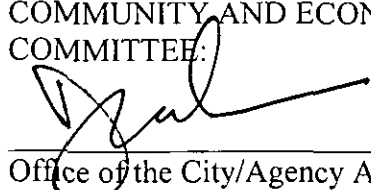


Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Gregory Hunter, Deputy Director
Economic Development and Redevelopment

Prepared by:
Jens Hillmer
Urban Economic Coordinator

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
COMMITTEE:



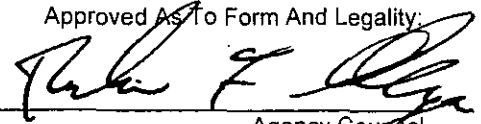
Office of the City/Agency Administrator

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Community and Economic Development Committee
May 26, 2009

FILED
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OAKLAND

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Approved As To Form And Legality:


Agency Counsel

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

**AN AGENCY RESOLUTION AUTHORIZING PREPAYMENT OF THE
OUTSTANDING BALANCE ON A CITY LOAN USED TO DEVELOP
CITY CENTER GARAGE WEST AND ASSUMED BY THE AGENCY
IN AN AMOUNT NOT TO EXCEED \$15.95 MILLION FROM
PROCEEDS OF ITS 2009T CENTRAL DISTRICT SUBORDINATED
TAX ALLOCATION BONDS**

WHEREAS, in 1991, the City of Oakland (City) provided a loan in the amount of \$22 million to City Center Garage West Associates, a joint venture partnership between Bramalea Pacific, Inc., and the Oakland Redevelopment Agency (Agency) for the development of City Center Garage West (CCGW); and

WHEREAS, the joint venture partnership defaulted on the loan and the City took title to the completed garage instead of initiating foreclosure proceedings; and

WHEREAS, on April 9, 1996, the City, pursuant to Ordinance No. 11342 C.M.S., transferred ownership of CCGW to the Agency; and

WHEREAS, as consideration for the title transfer, the Agency, pursuant to Resolution No. 96-16 C.M.S., assumed responsibility for debt service payments on the City loan in the amount of \$22 million; and

WHEREAS, the City has requested that the Agency prepay the outstanding principal balance on the loan in an amount not to exceed \$15.95 million; and

WHEREAS, the Agency desires to prepay the loan; 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 because this transaction is exempt from CEQA under Section 15061(b)(3) of the CEQA Guidelines since the prepayment of the loan by the Agency has no significant effects on the environment; and

WHEREAS, funding in an amount not to exceed \$15.95 million will be allocated from the Central District Tax Allocation Bond Series 2009T (Taxable) Bond Fund and a corresponding Project, which will be established after issuance of the bonds; now, therefore, be it

RESOLVED: That the Agency finds and determines that this Resolution is exempt from CEQA and that staff is directed to file a Notice of Exemption with the appropriate agencies; and be it further

RESOLVED: That the Agency hereby authorizes prepayment of the outstanding balance on the loan in an amount of up to \$15.95 million; and be it further

RESOLVED: That funding in an amount not to exceed \$15.95 million will be available from the Central District Tax Allocation Bond Series 2009T (Taxable) Bond Fund and a corresponding Project, which will be established after issuance of the Central District Tax Allocation Bond Series 2009T (Taxable) Bonds; and be it further

RESOLVED: That any and all documents necessary to effectuate the intent of this resolution shall be reviewed and approved as to form and legality by the Agency Counsel prior to execution by the Agency Administrator or his designee; and be it further

RESOLVED: That the Agency Administrator or his designee is hereby authorized to take whatever other action is necessary with respect to the prepayment of the CCGW loan consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND
CHAIRPERSON BRUNNER

NOES-

ABSENT-

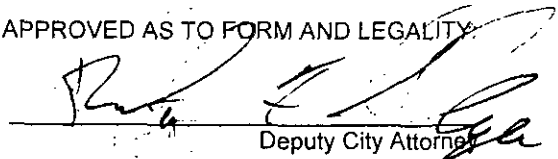
ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 MAY 14 PM 4:25

APPROVED AS TO FORM AND LEGALITY:



Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A CITY RESOLUTION AUTHORIZING ACCEPTANCE OF AN AGENCY PREPAYMENT OF THE OUTSTANDING BALANCE ON A CITY LOAN IN AN AMOUNT NOT TO EXCEED \$15.95 MILLION USED TO DEVELOP CITY CENTER GARAGE WEST AND ASSUMED BY THE AGENCY

WHEREAS, in 1991, the City of Oakland (City) provided a loan in the amount of \$22 million to City Center Garage West Associates, a joint venture partnership between Bramalea Pacific, Inc., and the Oakland Redevelopment Agency (Agency) for the development of City Center Garage West (CCGW); and

WHEREAS, the joint venture partnership defaulted on the loan and the City took title to the completed garage instead of initiating foreclosure proceedings; and

WHEREAS, on April 9, 1996, the City, pursuant to Ordinance No.11342 C.M.S., transferred ownership of CCGW to the Agency; and

WHEREAS, as consideration for the title transfer, the Agency, pursuant to Resolution No. 96-16 C.M.S., assumed responsibility for debt service payments on the City loan in the amount of \$22 million; and

WHEREAS, the City has requested that the Agency prepay the remaining balance on the loan in an amount not to exceed \$15.95 million; 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 because this transaction is exempt from CEQA under Section 15061(b)(3) of the CEQA Guidelines since the prepayment of the CCGW loan by the Agency has no significant effects on the environment; now, therefore be it

RESOLVED: That the City finds and determines that this Resolution is exempt from CEQA under Section 15061(b)(3) of the CEQA Guidelines because the prepayment of the CCGW loan does not have any significant effects on the environment; and be it further

RESOLVED: That the City hereby accepts Agency prepayment of the remaining balance on the CCGW loan in an amount not to exceed \$15.95 million; and be it further

RESOLVED: That the loan prepayment proceeds be placed into the Civic Improvement Corporation 1985 Fund (Fund 6016); and be it further

RESOLVED: That any and all documents necessary to effectuate the intent of this resolution shall be reviewed and approved as to form and legality by the City Attorney prior to execution by the City Administrator or his designee; and be it further

RESOLVED: That the City Administrator or his designee is hereby authorized to take whatever other action is necessary with respect to accepting the prepayment of the CCGW loan by the Agency consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the
Council of the City of Oakland