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2011 DEC -1 PM 1:02

**OAKLAND JOINT POWERS FINANCING
AUTHORITY
AGENDA REPORT**

TO: Office of the City Administrator
ATTN: Deanna J. Santana
FROM: Community and Economic Development Agency
DATE: December 13, 2011

RE: An Oakland Joint Powers Financing Authority Resolution Authorizing
The Sale of the Henry J. Kaiser Convention Center Improvements to The
City of Oakland For One Dollar

A City Resolution Authorizing The Purchase Of The Henry J. Kaiser
Convention Center Improvements From The Oakland Joint Powers
Financing Authority For One Dollar

SUMMARY

On March 3, 2011, the City of Oakland (City) and the Redevelopment Agency (Agency) entered into a Purchase and Sales Agreement (PSA) for the sale of the Henry J. Kaiser Convention Center land and improvements (Kaiser Center) from the City to the Agency. The Kaiser Center Improvements, which consist of the historic building, are currently owned by the Oakland Joint Powers Financing Authority (Authority). In order for the City to complete the sales transaction with the Agency, the Authority must first transfer title to the Kaiser Center Improvements to the City. Staff recommends that the Authority approve a resolution authorizing the sale of the Kaiser Center Improvements to the City for one dollar (\$1.00), and that the City approve a resolution authorizing the purchase of the building from the Authority.

FISCAL IMPACT

Funding in the amount of \$1.00 for the City's purchase of the Kaiser Center Improvements from the Authority is available from the City's General Fund. The sale of the property from the Authority to the City is a pre-condition of the previously authorized sale of the building from the City to the Agency for \$28.3 million. These sales proceeds are included in the City Budget for FY 2011-13. Not approving this legislation will result in a significant deficit in the General Fund.

Item: _____
Finance and Management Committee
December 13, 2011

BACKGROUND

Legislative History

In May 2001, the Authority assumed ownership of the Kaiser Center Improvements and issued Lease Revenue Refunding Bonds (Oakland Convention Centers) Series 2001 Bonds (the "Series 2001 Bonds") in the amount of \$134,890,000. In connection with the Series 2001 Bonds, the City, as owner of the land on which the Kaiser Center Improvements are located (the "Kaiser Center Site"), leased the site to the Authority under a Second Amended and Restated Ground Lease (the "2001 Ground Lease"), and leased back the Kaiser Center Improvements and Site from the Authority under the Second Amended and Restated Lease and Sublease Agreement (the "2001 Lease").

On March 3, 2011, the City Council authorized the sale of the Kaiser Center Site and Improvements to the Agency (Ordinance No. 13062 C.M.S.). The City and the Agency entered into a PSA with Leaseback Option on March 3, 2011, for the purchase of the Kaiser Center Site and Improvements by the Agency for the aging and vacant property's rehabilitation and reuse.

On July 19, 2011, the Authority and the City, pursuant to Authority Resolution No. 2011-0001 C.M.S and City Ordinance 13088 C.M.S., authorized the substitution of City Hall for the Kaiser Center to securing the remaining balance of the outstanding Series 2001 Bonds.

KEY ISSUES AND IMPACTS

It is necessary for the Authority to sell the Kaiser Center Improvements to the City in order to complete the sale of the Kaiser Center Property and Improvements from the City to the Agency. The sale of the property from the Authority to the City is necessary for the previously authorized sale of the Kaiser Center from the City to the Agency for \$28.3 million.

SUSTAINABLE OPPORTUNITIES

Economic: The sale of the Kaiser Center to the Agency will allow for the rehabilitation and reuse of the building and return the facility to productive economic use.

Environmental: There are no environmental opportunities associated with the proposed legislation. Any future project that will be initiated at the site will incorporate green building techniques.

Social Equity: There is no social equity opportunities associated with the proposed legislation. However, if the Agency provides any level of financial assistance to a developer or makes any capital improvements to the building, the project will be subject to the City employment and contracting programs, which include payment of prevailing wages and compliance with the 20 percent Local and Small Local For Profit and Not For Profit Business Enterprise Program.

DISABILITY AND SENIOR CITIZEN ACCESS

Any major renovation of the Kaiser Center will include significant upgrades for disability or senior citizen access to meet current Federal ADA and California Title 24 requirements.

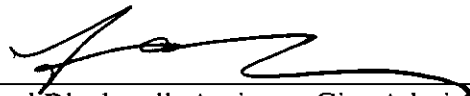
RECOMMENDATIONS AND RATIONALE

Staff recommends that the Authority approve the sale of the Kaiser Center Improvements to the City for \$1.00. The proposed sale is necessary prior to the sale of the Kaiser Center Improvements and Site to the Agency. Without this sale there will be a significant shortfall in the General Fund for FY 2011-13.

ACTION REQUESTED OF THE JOINT POWERS FINANCING AUTHORITY/CITY COUNCIL

Staff recommends that the JPFA and the City authorize the sale and purchase of the Kaiser Center Improvements for \$1.00.

Respectfully submitted,



Fred Blackwell, Assistant City Administrator
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
FINANCE AND MANAGEMENT COMMITTEE:**



Office of the City Administrator

Item: _____
Finance and Management Committee
December 13, 2011

2011 DEC -1 PM 1:02


JOINT POWERS FINANCING AUTHORITY COUNSEL

OAKLAND JOINT POWERS FINANCING AUTHORITY

RESOLUTION No. _____ J.P.F.A.

AN OAKLAND JOINT POWERS FINANCING AUTHORITY RESOLUTION AUTHORIZING THE SALE OF THE HENRY J. KAISER CONVENTION CENTER IMPROVEMENTS TO THE CITY OF OAKLAND FOR ONE DOLLAR

WHEREAS, the City of Oakland (the "City") and the Redevelopment Agency of the City of Oakland (the "Agency") executed a Joint Exercise of Powers Agreement, as of February 1, 1993 (the "Joint Powers Agreement"), which created and established the Oakland Joint Powers Financing Authority (the "Authority"), a joint exercise of powers authority duly organized and operating pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

WHEREAS, the Authority owns the Kaiser Center improvements (the "Kaiser Center Improvements"), located at 1000 Oak Street in Oakland on land (the "Kaiser Center Site") that is owned by the City; and

WHEREAS, in May 2001, the Authority issued Lease Revenue Refunding Bonds (Oakland Convention Centers) Series 2001 Bonds (the "Series 2001 Bonds") in the amount of \$134,890,000; and

WHEREAS, in connection with the Series 2001 Bonds, the City, as owner of the Kaiser Center Site on which the Kaiser Center Improvements are located, leased the Site to the Authority under a Second Amended and Restated Ground Lease (the "2001 Ground Lease"), and leased back the Kaiser Center Improvements and Site from the Authority under the Second Amended and Restated Lease and Sublease Agreement (the "2001 Lease"); and

WHEREAS, on July 19, 2011, the Authority and the City, pursuant to Authority Resolution No. 2011-0001 and City Ordinance No. 13088 C.M.S., authorized the substitution of City Hall for the Kaiser Center to secure the remaining balance of the outstanding Series 2001 Bonds; and

WHEREAS, on March 3, 2011, pursuant to Ordinance No. 13062 C.M.S., the City Council authorized the sale of the Kaiser Center Site and Improvements to the Agency, and the City and the Agency entered into a Purchase and Sales Agreement

with Leaseback Option for the purchase of the Kaiser Center Site and Improvements by the Agency for the aging and vacant property's rehabilitation and reuse; and

WHEREAS, the Authority must sell the Kaiser Center Improvements to the City to complete the transaction between the Agency and City for the Kaiser Center Site and Improvements; and

WHEREAS, the proposed sale will result in significant public benefits as the Agency markets the Kaiser Center for rehabilitation and reuse, and further the public purpose for the Authority; now, therefore, be it

RESOLVED: That the governing board of the Authority hereby authorizes the sale of the Kaiser Center Improvements to the City for the price of \$1.00; and be it further

RESOLVED: That the officers and employees of the Authority are hereby authorized to negotiate, execute and deliver documents and certificates that are necessary or advisable in order to sell the Kaiser Center Improvements, and to take any further action with respect to the transaction consistent with this Resolution and its basic purposes.

IN JPFA, OAKLAND, CALIFORNIA, _____, 2011

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION

ATTEST:

LATONDA SIMMONS
Secretary of the Oakland Joint Powers
Financing Authority

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 DEC -1 PM 1:02

Approved as to form and legality:

By: 
Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION AUTHORIZING THE PURCHASE OF THE HENRY J. KAISER CONVENTION CENTER IMPROVEMENTS FROM THE OAKLAND JOINT POWERS FINANCING AUTHORITY FOR ONE DOLLAR

WHEREAS, the City of Oakland (the "City") and the Redevelopment Agency of the City of Oakland (the "Agency") executed a Joint Exercise of Powers Agreement, as of February 1, 1993 (the "Joint Powers Agreement"), which created and established the Oakland Joint Powers Financing Authority (the "Authority"), a joint exercise of powers authority duly organized and operating pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

WHEREAS, the City owns certain land (the "Kaiser Center Site") in Oakland, on which the Kaiser Center improvements (the "Kaiser Center Improvements") are located; and

WHEREAS, in May 2001, the Authority issued Lease Revenue Refunding Bonds (Oakland Convention Centers) Series 2001 Bonds (the "Series 2001 Bonds") in the amount of \$134,890,000; and

WHEREAS, in connection with the Series 2001 Bonds, the City, as owner of the Kaiser Center Site on which the Kaiser Center Improvements are located, leased the Site to the Authority under a Second Amended and Restated Ground Lease (the "2001 Ground Lease"), and leased back the Kaiser Center Improvements and Site from the Authority under the Second Amended and Restated Lease and Sublease Agreement (the "2001 Lease"); and

WHEREAS, on July 19, 2011, the Authority and the City, pursuant to Authority Resolution No. 2011-0001 and City Ordinance No. 13088 C.M.S., authorized the substitution of City Hall for the Kaiser Center to secure the remaining balance of the outstanding Series 2001 Bonds; and

WHEREAS, on March 3, 2011, pursuant to Ordinance No. 13062 C.M.S., the City Council authorized the sale of the Kaiser Center Site and Improvements to the Agency, and the City and the Agency entered into a Purchase and Sales Agreement with Leaseback Option for the purchase of the Kaiser Center Site and Improvements by the Agency for the aging and vacant property's rehabilitation and reuse; and

WHEREAS, the City must purchase the Kaiser Center Improvements from the Authority to complete the transaction between the Agency and City for the Kaiser Center Site and Improvements; and

WHEREAS, the proposed sale will result in significant public benefits as the Agency markets the Kaiser Center for rehabilitation and reuse, and further the public purpose for the Authority; and

WHEREAS, the City is the Lead Agency for this project for the purpose of environmental review under the California Environmental Quality Act of 1970 (CEQA); and

WHEREAS, the requirements of the California Environmental Quality Act of 1970 ("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 satisfied; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the purchase of the Kaiser Center Improvements from the Authority for the price of \$1.00; and be it further

RESOLVED: That the City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines, based on the information in the staff report accompanying this Ordinance that this action complies with CEQA because this action on the part of the City is exempt from CEQA pursuant to Section 15061(b)(3) (no possibility of significant environmental impact), and Section 15301(d) (existing facilities) of the CEQA Guidelines; and be it further

RESOLVED: That the City Administrator, or her designee, is authorized to negotiate, execute, and amend all required documents, and take any other actions necessary with respect to this transaction consistent with this Resolution and its basic purposes; and be it further

RESOLVED: That City Administrator, or her designee, shall cause to be filed with the County of Alameda a Notice of Exemption for this action.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2011

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

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