

**CITY OF OAKLAND**  
**SUPPLEMENTAL AGENDA REPORT**

OFFICE OF THE CITY CLERK  
CITY OF OAKLAND

2006 APR 27 PM 4:47

TO: Office of the City Administrator /  
Executive Director of the Oakland Joint Powers Financing Authority

ATTN: Deborah A. Edgerly

FROM: Finance and Management Agency

DATE: May 9, 2006

RE: **Resolution of the City Council of the City of Oakland Authorizing the Execution and Delivery by the City of a Site and Facility Lease and a Lease Agreement in the Principal Amount Not to Exceed \$5,000,000 with Respect to the Acquisition of Real Property Located at 450 Lancaster Street for the Oakland Museum of California and Authorizing the Execution of Necessary Documents and Certificates and Related Actions; and**

**Resolution of the Oakland Joint Powers Financing Authority Authorizing the Execution and Delivery by the Authority of a Site and Facility Lease, a Lease Agreement and an Assignment Agreement in the Principal Amount Not to Exceed \$5,000,000 with Respect to the Acquisition of Real Property Located at 450 Lancaster Street for the Oakland Museum of California and Authorizing the Execution of Necessary Document and Certificates and Related Actions.**

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## SUMMARY

This Supplemental Agenda Report attaches two resolutions requesting that the City Council and the Governing Board of the Joint Powers Financing Authority ("JPFA") separately authorize the execution and delivery of a Site and Facility Lease, a Lease Agreement and an Assignment Agreement in the not-to-exceed principal amount of \$5,000,000 with respect to the purchase of real property located at 450 Lancaster Street for the Oakland Museum of California. The proposed resolutions also request that the City Council and the Oakland JPFA separately authorize the execution of necessary documents, certificates and related actions in order to close this transaction.

These resolutions are submitted to be considered in tandem with Agenda Report, presented at the April 25, 2006 meeting of the Finance and Management Committee, which requests that the City Council and the Governing Board of the JPFA approve the ordinance authorizing the exercise of the option to purchase real property located at 450 Lancaster Street for the Oakland Museum pursuant to Resolution No. 76569; the lease of the real property to the JPFA; the sublease of the real property from the JPFA; and the tax-exempt lease financing in the amount not to exceed \$5,000,000.

## FISCAL IMPACT

There is no fiscal impact related specifically to this Supplemental Agenda Report.

## BACKGROUND

Please refer to the Agenda Report, presented at the April 25, 2006 meeting of the Finance and Management Committee, to review the background related to the building purchase at 450

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Lancaster for the Oakland Museum of California.

**KEY ISSUES AND IMPACTS**

City Council and the Governing Board of the JPFA will need to approve these resolutions in order to move forward with the financing, with Bank of America serving as the lease provider.

**RECOMMENDATION(S) AND RATIONALE**

Staff recommends that the City Council and the Governing Board of the JPFA approve the respective resolutions such that the Oakland Museum can purchase the building at 450 Lancaster Street financed through a tax-exempt lease transaction. This acquisition of the property will provide the museum a secure modern facility for the storage of its artwork, historical artifacts, photographs, and archival materials.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council and the Governing Board of the JPFA approve the ordinance authorizing the execution and delivery by the City and the Governing Board of the JPFA, respectively, of a Site and Facility Lease and a Lease Agreement in the principal amount of the not to exceed \$5,000,000 with respect to the acquisition of real property located at 450 Lancaster Street for the Oakland Museum of California and authorizing the execution of necessary documents and certificates and related actions.

Respectfully submitted,



WILLIAM E. NOLAND

Director, Finance and Management Agency/ Treasurer

Prepared by:  
Katano Kasaine, Treasury Manager  
Treasury Division

APPROVED AND FORWARDED TO THE  
FINANCE & MANAGEMENT COMMITTEE:




OFFICE OF THE CITY ADMINISTRATOR

OFFICE OF THE CITY CLERK  
OAKLAND

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APPROVED AS TO FORM AND LEGALITY:

  
City Attorney

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLAND AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A SITE AND FACILITY LEASE AND A LEASE AGREEMENT IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,000,000 WITH RESPECT TO THE ACQUISITION OF REAL PROPERTY LOCATED AT 450 LANCASTER STREET FOR THE OAKLAND MUSEUM OF CALIFORNIA AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the City of Oakland (the "City") desires to acquire the real property located at 450 Lancaster Street in the City of Oakland (the "Project") for use by the Oakland Museum of California as a storage facility for its collection;

**WHEREAS**, the City has requested that the Oakland Joint Powers Financing Authority (the "Authority") assist the City in acquiring the Project by entering into a lease - leaseback arrangement pursuant to which the City will, pursuant to a Site and Facility Lease (the "Site and Facility Lease"), lease the Project to the Authority for an upfront payment (the "Site and Facility Lease Payment") that the City will use to purchase the Project and to pay certain related costs, and the Authority will, pursuant to a Lease Agreement (the "Lease Agreement"), lease the Project back to the City in return for the City's obligation to make certain lease payments (the "Lease Payments") to the Authority;

**WHEREAS**, in order to raise the necessary moneys to make the Site and Facility Lease Payment, the Authority will assign its rights under the Lease Agreement, including its right to receive Lease Payments, to the Bank of America, N.A. (the "Bank"), pursuant to an Assignment Agreement (the "Assignment Agreement");

**WHEREAS**, the City Council of the City (the “City Council”) has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Oakland, as follows:

**Section 1.** All of the recitals herein contained are true and correct and the City Council so finds.

**Section 2.** The form of the Site and Facility Lease and the form of the Lease Agreement, substantially in the forms presented to this meeting, are hereby approved, and the City Administrator and the Director, Finance and Management Agency, or the designee of either, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized to attest to, the Site and Facility Lease and the Lease Agreement in substantially said forms, with such changes therein as the City Administrator and the Director, Finance and Management Agency may approve, such approval to be conclusively evidenced by the execution and delivery thereof, provided that no such change shall increase the aggregate principal amount of the Lease Agreement to greater than \$5,000,000.

**Section 3.** The City Council hereby approves of the execution of the Assignment Agreement by the Authority and the Bank, and agrees that the City will make all Lease Payments to the Bank as provided in the Assignment Agreement.

**Section 4.** The City Administrator and the Director, Finance and Management Agency, and each such person's duly authorized designee and agent, are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

**Section 5.** This Resolution shall take effect immediately upon its adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

Attest: \_\_\_\_\_

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

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

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APPROVED AS TO FORM AND LEGALITY:

  
Joint Powers Financing Authority Counsel

## OAKLAND JOINT POWERS FINANCING AUTHORITY

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**RESOLUTION OF THE OAKLAND JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A SITE AND FACILITY LEASE, A LEASE AGREEMENT AND AN ASSIGNMENT AGREEMENT IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,000,000 WITH RESPECT TO THE ACQUISITION OF REAL PROPERTY LOCATED AT 450 LANCASTER STREET FOR THE OAKLAND MUSEUM OF CALIFORNIA AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the City of Oakland (the "City") desires to acquire the real property located at 450 Lancaster Street in the City of Oakland (the "Project") for use by the Oakland Museum of California as a storage facility for its collection;

**WHEREAS**, the City has requested that the Oakland Joint Powers Financing Authority (the "Authority") assist the City in acquiring the Project by entering into a lease - leaseback arrangement pursuant to which the City will, pursuant to a Site and Facility Lease (the "Site and Facility Lease"), lease the Project to the Authority for an upfront payment (the "Site and Facility Lease Payment") that the City will use to purchase the Project and to pay certain related costs, and the Authority will, pursuant to a Lease Agreement (the "Lease Agreement"), lease the Project back to the City in return for the City's obligation to make certain lease payments (the "Lease Payments") to the Authority;

**WHEREAS**, in order to raise the necessary moneys to make the Site and Facility Lease Payment, the Authority will assign its rights under the Lease Agreement, including its right to receive Lease Payments, to the Bank of America, N.A. (the "Bank"), pursuant to an Assignment Agreement (the "Assignment Agreement");

**WHEREAS**, the Board of Directors of the Authority (the "Board") has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing;

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Oakland Joint Powers Financing Authority, as follows:

**Section 1.** All of the recitals herein contained are true and correct and the Board so finds.

**Section 2.** The form of the Site and Facility Lease, the form of the Lease Agreement and the form of Assignment Agreement, substantially in the forms presented to this meeting, are hereby approved, and the Executive Director and the Treasurer, or the designee of either, each acting alone, are hereby authorized and directed, and the Secretary is hereby authorized to attest to, the Site and Facility Lease, the Lease Agreement and the Assignment Agreement in substantially said forms, with such changes therein as the Executive Director or the Treasurer may approve, such approval to be conclusively evidenced by the execution and delivery thereof, provided that no such change shall increase the aggregate principal amount of the Lease Agreement to greater than \$5,000,000.

**Section 3.** The Executive Director and Treasurer and each such person's duly authorized designee and agent, are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

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

The foregoing resolution was passed and adopted by the Board of Directors of the Oakland Joint Powers Financing Authority at a special meeting held on May 16, 2006, by the following vote:

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

NOES:

ABSENT:

ABSTAIN:

ATTEST: \_\_\_\_\_  
LATONDA SIMMONS  
Secretary of the Oakland Joint  
Powers Financing Authority of  
the City of Oakland