

OAKLAND CITY COUNCIL

RESOLUTION No. 76327 C.M.S.



RESOLUTION AUTHORIZING JUBILEE WEST, INC., TO TRANSFER \$416,475 IN CITY LOANS TO A NEW JOINT VENTURE ENTITY WITH RESOURCES FOR COMMUNITY DEVELOPMENT FOR THE DRACHMA PROJECT, A NINETEEN UNIT REHABILITATION PROJECT, AUTHORIZING FORGIVENESS OF ACCRUED INTEREST ON THE LOANS, AND AUTHORIZING RESTRUCTURING OF THE LOANS TO PROVIDE FOR TERMS OF THIRTY YEARS

WHEREAS, the City of Oakland made eight loans totaling \$116,475 and a \$300,000 loan (all loans totaling \$416,475) (the "City Loans") to Jubilee West, Inc., during a five year period from 1985 through 1990 to assist in the acquisition and rehabilitation of properties at 1420-22 8th Street, 926-28 Center Street, 738 Chester Street, 1611 11th Street, 1447 12th Street/1 130 Center Street, 1027-29½ Campbell Street, 1033-35 Campbell Street/1651 11th Street, 912-14 Center Street and 1427 A-D 15th Street, and the City Loans are secured by deeds of trust on the properties, and

WHEREAS, Jubilee West, Inc., and Resources for Community Development ("RCD"), a California nonprofit public benefit corporation, plan to form a new development entity ("Developer") to secure new financing to rehabilitate the properties (the "Project"); and

WHEREAS, the lenders that will be making the new loans to Developer for the Project will require the City Loans be modified, extended or paid off; and

WHEREAS, the City Council has a commitment to assist the Developer in putting the Project on a secure financial footing so as to ensure that the Project will provide quality housing for low income families; and

WHEREAS, Jubilee West and RCD have requested that the interest that has accrued on the City Loans be forgiven in recognition that neither Jubilee West nor the Project have the resources to pay the accrued interest and in recognition that the Project's viability would be enhanced with a reduction of the indebtedness; and

WHEREAS, the Project will benefit from having the City Loans transferred from Jubilee West to the Developer for the Project; and

WHEREAS, the Project will retain and improve the supply of low and moderate income housing available in the City; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the City Manager or his designee to approve the assignment or other form of transfer by Jubilee West, Inc., to the Developer, or an affiliated entity approved by the City Manager, of the City Loans to the Project; and be it further

RESOLVED: That the City Council hereby authorizes the City Manager or his designee to forgive the interest that has accrued on the City Loans; and be it further

RESOLVED: That the terms of the City Loans transferred to the Developer shall be amended to provide for a term of 30 years, with a simple interest rate of 6 percent per year, with repayment to the City deferred until the end of the loan term, subject to the availability of other funds for earlier repayment of the City Loans, or on such other repayment terms and schedule as the City Manager or his designee determines are in the best interest of the City and the Project; and be it further

RESOLVED: That as a condition of the City Loans, the City will require that appropriate restrictions on Project occupancy, rents and operations be recorded against Project improvements, and be it further;

RESOLVED: That the City Loans transferred to the Developer shall be secured by new deeds of trust on the Project improvements; and be it further

RESOLVED: That the City Council hereby authorizes the City Manager or his designee, in his discretion, to subordinate the priority of the City's new deeds of trust and/or recorded restrictions to any lien or encumbrance of another private or governmental entity providing financial assistance to the Project, if the City Manager or his designee determines that (1) an economically feasible alternative method of financing the Project on substantially comparable terms and conditions but without subordination is not reasonably available, (2) the City's investment in the Project is reasonably protected in the event of default, and (3) subordination is in the best interest of the City; and be it further

RESOLVED: That the City Council hereby appoints the City Manager or his designee as agent of the City to conduct negotiations, execute documents, administer the City Loans, and take any other actions with respect to the City Loans and the Project consistent with the basic purpose of this Resolution; and be it further

RESOLVED: That all loan documents shall be reviewed and approved by the Office of the City Attorney for form and legality prior to execution, and copies will be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, MAR - 6 2001, 2001


PASSED BY THE FOLLOWING VOTE:

AYES- BRUNNER, CHANG, NADEL, REID, **SPEES**, WAN AND
PRESIDENT DE LA FUENTE ~ 7

NOES- *None*

ABSENT- *None*

ABSTENTION- *None*

ATTEST: 
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California