

Michelle Smith ©
OFFICE OF THE CITY ATTORNEY
CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL
RESOLUTION NO. 78487 e. M. S.
2004 MAR 11 PM 12:37

RESOLUTION APPROVING THE ISSUANCE BY THE OAKLAND JOINT POWERS FINANCING AUTHORITY OF LEASE REVENUE BONDS, IN ONE OR MORE SERIES, OF NOT TO EXCEED ONE HUNDRED THIRTY-FIVE MILLION DOLLARS (\$135,000,000) AGGREGATE PRINCIPAL AMOUNT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENTS; AUTHORIZING THE CITY ADMINISTRATOR TO SECURE ONE OR MORE SWAPS FOR A SYNTHETIC FIXED RATE TRANSACTION; AND AUTHORIZING EXECUTION OF DOCUMENTS AND THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE BONDS AND THE SWAP AND AUTHORIZING NECESSARY ACTIONS RELATING TO THE LEASE FINANCING WITH THE OAKLAND JOINT POWERS FINANCING AUTHORITY

WHEREAS, the City of Oakland (the "City") is a municipal corporation and charter city duly organized and existing under the Charter of the City (the "Charter") and the laws of the State of California (the "State"); and

WHEREAS, the City and the Redevelopment Agency of the City of Oakland (the "Agency") have heretofore executed a Joint Exercise of Powers Agreement, dated as of February 1, 1993 (the "Agreement"), creating the Oakland Joint Powers Financing Authority (the "Authority"); and

WHEREAS, pursuant to the Agreement and the laws of the State, the Authority is authorized to lease both real and personal property to and from the City and to issue bonds for financing and refinancing public capital improvements and other projects whenever there are significant public benefits; and

WHEREAS, on April 3, 1996, the Authority issued \$103,945,000 Oakland Joint Powers Financing Authority Lease Revenue Bonds (Oakland Administration Buildings), Series 1996 (the "1996 Bonds"), to finance the design, construction, rehabilitation and equipping of the Wilson Building (150 Frank H. Ogawa Plaza) and the Dalziel Building (250 Frank H. Ogawa Plaza) (collectively, the "Property") for the City ; and

WHEREAS, the Authority intends to refund the 1996 Bonds in order to achieve debt service savings and provide economic benefits to the City and to finance certain new public capital improvements (the "Project") by issuing one or more series of its Lease Revenue Refunding Bonds (Oakland Administration Buildings) (collectively, the "Bonds"); and

WHEREAS, the Authority will lease the Property from the City pursuant to a lease agreement (the "Lease"); and

WHEREAS, the Authority will lease the Property back to the City pursuant to a sublease agreement (the "Sublease"); and

WHEREAS, lease payments paid by the City to the Authority pursuant to the Sublease will secure the Bonds; and

WHEREAS, the City desires to approve the Authority's issuance of the Bonds for the purpose of achieving debt service savings and provide economic benefits to the City by refunding the 1996 Bonds and financing certain new public capital improvements; and

WHEREAS, in order to further enhance economic benefits to the City, the Council desires to authorize the City Administrator to enter into one or more interest rate swap agreements (the "Swaps") with one or more counterparties to be selected by the City Administrator (each a "Counterparty" and, collectively, the "Counterparties") in an aggregate notional amount not to exceed one hundred thirty-five million dollars (\$135,000,000); and

WHEREAS, pursuant to the Swaps, the City will make monthly fixed rate payments to the Counterparties and receive from each Counterparty variable-rate payments that are based on a percentage of the London Interbank Offer Rate (LIBOR), and the Authority's interest on the Bonds will be set at an auction-rate, meaning that the rate of interest on the Bonds will reset periodically; and

WHEREAS, the execution of the Swaps, together with all funds received by the City, is anticipated to result in a lower cost of borrowing and is anticipated to enhance the relationship between risk and return with respect to the City's and the Authority's overall bond program; and

WHEREAS, execution of the Swaps as authorized hereby will result in significant public benefits, as more monies may be available capital improvement projects;

WHEREAS, this City Council, as a member of the Authority, took action to call a public hearing at the regular meeting place of the City Council to consider: (1) the proposed financing of the Project located within the geographic boundaries of the City, by the issuance and sale by the Authority of the Bonds; (2) whether there are any significant public benefits to the City from such proposed financing, including demonstrable savings to the City from the issuance and sale of the Bonds, such as savings in effective interest rates and bond issuance costs (in accordance with Section 6586.5 of the Government Code of the State of California); and

WHEREAS, a notice of such public hearing was duly published at least five days prior to the hearing by the City as required by law in the Oakland Tribune, the newspaper of general circulation in the City, a copy of the proof of publication from the Oakland Tribune of such notice of public hearing is on file in the office of the City Clerk; and

WHEREAS, on the date hereof, being the time and place set forth in the notice of such hearing, a public hearing was duly convened by the City Council, and the City Council heard all interested persons desiring to be heard; and

WHEREAS, all acts, conditions and things required by the Charter and the laws of the State to exist, to have happened and to have been performed precedent to and in connection with the enactment of this Resolution do exist, have happened and have been performed in regular and due time, form and manner as required by law;

NOW, THEREFORE, BE IT RESOLVED, as follows:

Section 1. Conditions Precedent. The above recitals are true and correct.

Section 2. Issuance of Bonds. The City Council hereby approves the issuance of the Bonds by the Authority, in one or more series, in an aggregate principal amount not to exceed one hundred thirty-five million dollars \$135,000,000.

Section 3. Bond Purchase Agreements. The proposed form of each Bond Purchase Agreement, by and among the Authority, the City and (i) Banc of America Securities and (ii) UBS Financial Services Inc., as the case may be, on file with the City Clerk, is hereby approved. The City Administrator, the Director of the Finance and Management Agency or the Treasury Manager, or designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver, each Bond Purchase Agreement, substantially in such form, with such changes, additions, amendments or modifications made in accordance with Section 6 hereof.

Section 4. Findings of Public Benefit. In accordance with Section 6586.5 of the Government Code of the State of California, the City Council hereby approves the financing of the Project and finds and determines that the issuance of the Bonds, the Project and transactions related thereto will result in significant public benefits to the City and that the property that is to be financed and refinanced is located within the geographic boundaries of the City.

Section 5. Swap. The proposed forms of the ISDA Master Agreements, together with the related schedules, credit support annexes and confirmations (collectively, the "Swap Agreements") each by and between the City and the counterparty (defined below), on file with the City Clerk, is hereby approved. The City Administrator, the Director of the Finance and Management Agency or the Treasury Manager, or designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver, each Swap Agreement, substantially in such form, with such changes, additions, amendments or modifications made in accordance with Section 6 hereof.

Each Counterparty to a Swap Agreement shall be a financial institution, investment bank or insurance company or association selected by the City Administrator, with long-term, unenhanced obligations rated at least "A2" by Moody's Investors Service, Inc. ("Moody's"), "A" by Standard & Poor's Rating Services ("S&P") or

“A” by Fitch Ratings at the time of execution of such Swap Agreement, or the obligations of which under such Swap Agreement provided by such Counterparty are unconditionally guaranteed by an entity, the long term unenhanced obligations of which are rated at least “A2” by Moody’s, “A” by S&P or “A” by Fitch Ratings at the time of execution of such Swap Agreement.

The City Council hereby finds and determines that a Swap will meet the requirements of Section 5922 of the Government Code of the State of California and determines that the Swap Agreements are designed to result in a lower cost of borrowing when used in combination with the Bonds.

Section 6. Modification to Documents. Any City official authorized by this Resolution to execute any document is hereby further authorized, in consultation with the City Administrator and the City Attorney, to approve and make such changes, additions, amendments or modifications to the document or documents the official is authorized to execute as may be necessary or advisable (provided that such changes, additions, amendments or modifications shall not approve an aggregate principal amount of Bonds in excess of one hundred thirty-five million dollars \$135,000,000). The approval of any change, addition, amendment or modification to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

Section 7. Ratification. All actions heretofore taken by the officials, employees and agents of the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

Section 8. General Authority. The Mayor, the City Administrator, the Director of the Finance and Management Agency, the Treasury Manager, the City Clerk, and any other officials of the City and their duly authorized deputies and agents 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, including, but not limited to negotiation and purchase of municipal bond insurance for the Bonds and the Swap and a surety bond for the reserve fund for the Bonds, and execute and deliver any and all certificates, agreements and other documents including a Continuing Disclosure Agreement, an assignment or acquisition agreement, auction agent agreements and broker dealer agreements, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds, and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

The City Administrator and the Director of the Finance and Management Agency may each designate in writing one or more persons to perform any act that such official is authorized by this Resolution to perform.

Section 9. Effective Date. This Resolution shall take effect immediately upon its passage.

In Council, Oakland, California, APR 20 2004, 2004

PASSED BY THE FOLLOWING VOTE:

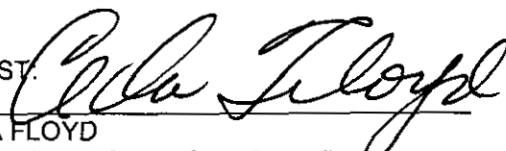
AYES- ~~BROOKS, BRUNNER~~, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE - 6

NOES- BRUNNER - 1

ABSENT- 0

ABSTENTION- BROOKS - 1

ATTEST.


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