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OAKLAND  
2018 MAR 29 PM 4:22

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Katano Kasaine  
Finance Director

**SUBJECT:** Oakland JPFA Lease Revenue  
Refunding Bonds (Admin. Buildings),  
Series 2018

**DATE:** March 19, 2018

City Administrator Approval

Date:

3/29/18

## RECOMMENDATION

Staff Recommends That The City Council Adopt A City of Oakland:

1. **Resolution Approving The Issuance By The Oakland Joint Powers Financing Authority Of One Or More Series Of Lease Revenue Refunding Bonds In An Aggregate Principal Amount Not To Exceed \$75,000,000; Approving The Form Of And Authorizing The Execution And Delivery Of A Second Amended And Restated Lease, A Second Amended And Restated Sublease And Bond Purchase Contract; Authorizing Execution Of Documents And The Taking Of All Necessary Actions Relating To The Bonds And Authorizing Necessary Actions Relating To The Lease Financing With The Oakland Joint Powers Financing Authority; And**

An Oakland Joint Powers Financing Authority:

2. **Resolution Authorizing The Issuance And Sale Of Lease Revenue Refunding Bonds (Oakland Administration Buildings) Series 2018 In An Aggregate Principal Amount Not To Exceed \$75,000,000; Authorizing The Execution And Delivery Of A Trust Agreement, Second Amended And Restated Lease, Second Amended And Restated Sublease, Escrow Agreement, Bond Purchase Contract, Approving The Form Of And Authorizing The Distribution Of A Preliminary Official Statement And Authorizing Execution And Delivery Of An Official Statement; Approving The Retention Of Bond Counsel, Disclosure Counsel, Municipal Advisor And Underwriters; And Authorizing Payment Of Costs Of Issuance.**

## EXECUTIVE SUMMARY

Staff recommends issuance of the Oakland Joint Powers Financing Authority (the "Authority" or "JPFA") Lease Revenue Refunding Bonds (Oakland Administration Buildings) Series 2018 (the "Refunding Bonds") to refund the Authority's Lease Revenue Refunding Bonds (Oakland Administration Buildings) 2008 Series B (the "Prior Bonds"). The Refunding Bonds will reduce the Authority's debt service payments and thereby reduce the City of Oakland's (the "City")

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corresponding lease payments which are paid (from the General Fund) to the Authority to secure the debt.

The Refunding Bonds will be issued in an aggregate principal amount not to exceed \$75,000,000, a true interest cost ("TIC") not to exceed 4.50 percent (4.50%) per annum, and a maturity date no later than December 31, 2026. Due to favorable interest rates, as of March 12, 2018, refunding the Prior Bonds is expected to generate average annual debt service savings of approximately \$800,347 per year, totaling \$7.2 million through fiscal year ("FY") 2026-27. The net present value ("NPV") savings are expected to be \$7.0 million or 10.58 percent (10.58%) of the refunded principal. Debt service savings generated by the Refunding Bonds will be for the benefit of the City's General Fund.

### **BACKGROUND / LEGISLATIVE HISTORY**

The City and the former Redevelopment Agency of the City of Oakland executed a Joint Exercise of Powers Agreement, dated as of February 1, 1993 (the "Agreement"), creating the Authority. Per the Agreement and the laws of the State of California, 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 certain other costs whenever there are significant public benefits.

On May 1, 2008, the Authority issued the \$113,450,000 Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Administration Buildings), 2008 Series B (the "Prior Bonds") to refinance 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 "Administration Buildings") for the City.

### **ANALYSIS AND POLICY ALTERNATIVES**

To provide the most cost effective financing, staff continuously monitors refunding opportunities on all of the City's outstanding debt. Due to favorable interest rates, staff recommends issuance of the Refunding Bonds to refund the outstanding Prior Bonds for debt service savings. The Refunding Bonds will reduce the Authority's debt service payments and the City's corresponding lease payments which are paid (from the General Fund) to the Authority to secure the debt. Debt service savings generated by the Refunding Bonds will be for the benefit of the City's General Fund. The Refunding Bonds are expected to generate debt service savings as described in **Table 1**.

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Table 1: Debt Service Savings<sup>1</sup>

Item	Estimate as of 3/12/2018
Average annual debt service savings	\$800,347
Total debt service savings through FY 2026-27	\$7.2 million
NPV savings	\$7.0 million
NPV savings as a percentage refunded principal	10.58%

The Refunding Bonds will be issued in one or more series as tax-exempt, serial and/or term bonds in an aggregate principal amount not to exceed \$75,000,000. The Refunding Bonds will have a final maturity date no later than December 31, 2026 and TIC not to exceed 4.50 percent (4.50%) per annum. Provisions of the Refunding Bonds are described in the Trust Agreement. The Refunding Bonds will be sold in a public offering (i.e. pricing) by negotiated sale (due to the complexity of the transaction and to preserve structuring flexibility) to the underwriters in accordance with the Bond Purchase Contract. The underwriter's discount (excluding original issue premium) will not exceed 0.35 percent (0.35%) of the principal amount of the Refunding Bonds. Bond proceeds from the sale of the Refunded Bonds will be held in trust 1) per the Escrow Agreement to redeem the outstanding Prior Bonds 2) to fund a debt service reserve fund, if required and 3) to pay costs of issuance including, if beneficial, credit enhancement. **Table 2** and **Attachment A** describe the finance charges for the Refunding Bonds per Section 5852.1 of the Government Code.

Table 2: Finance Charges of Refunded Bonds<sup>1</sup>

Item	Estimate as of 3/12/2018
True interest cost of the bonds	2.16%
Finance charge of the bonds	\$622,043
Bond proceeds received by the City	\$67.0 million
Total payment amount	\$74.3 million

Principal and interest due (i.e. debt service) on the Refunding Bonds will be secured by lease payments paid by the City (from the General Fund) to the Authority per the Second Amended and Restated Sublease Agreement (the "Sublease"). The City will lease one or both of the Administration Buildings to the Authority per the Second Amended and Restated Lease Agreement (the "Lease"). The Authority will then lease one or both of the Administration Buildings back to the City per the Sublease. The City anticipates pricing the Refunding Bonds on or about May 2, 2018, closing the transaction on or about May 16, 2018 and redeeming the Prior Bonds on August 1, 2018. Debt service savings will be realized by the City's General Fund beginning in FY 2018-19.

The City, with the assistance of its disclosure counsel and financing team, has prepared an Official Statement (in preliminary and final form) (the "OS") and a Continuing Disclosure Certificate ("CDC") for the Refunding Bonds. The OS is a disclosure document that describes the Refunding Bonds and the City published for the benefit of potential investors. The CDC identifies the City's disclosure requirements for the life of the Refunding Bonds.

<sup>1</sup> Interest rates for the Refunding Bonds will depend on market conditions at the time of sale of the Refunding Bonds

Forms of the Trust Agreement, Bond Purchase Contract, Escrow Agreement, Lease, Sublease, OS, and CDC are on file with the City Clerk. The resolutions and required financing documents have been prepared by qualified consultants working with staff. Backstrom McCarley Berry & Co., LLC has been retained to serve as municipal advisor. Orrick, Herrington & Sutcliffe LLP has been retained to serve as bond counsel. Alexis S. M. Chiu, Esq. has been retained to serve as disclosure counsel. The Bank of New York Mellon Trust Company, N.A. has been retained to serve as trustee. Siebert Cisneros Shank & Co., LLC and Blaylock Van, LLC have been retained as underwriters.

### **FISCAL IMPACT**

Debt service on the Refunding Bonds will be payable from the City's General Fund as lease payments made by the City to the Authority. Fees associated with issuance of the Refunding Bonds will be paid from proceeds of the Refunding Bonds, contingent upon closing of the transaction.

Debt service savings generated by the Refunding Bonds will be for the benefit of the City's General Fund. The Refunding Bonds are expected to generate average annual debt service savings of approximately \$800,347 per year, totaling \$7.2 million through FY 2026-27. The NPV savings are expected to be \$7.0 million or 10.58 percent (10.58%) of the refunded principal.

### **PUBLIC OUTREACH / INTEREST**

This item did not require public outreach other than the required posting on the City's website.

### **COORDINATION**

This report has been prepared by the Treasury Bureau in coordination with the Finance Department, City Attorney's Office and Budget Bureau.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The refunding will result in debt service savings by refinancing existing debt at lower interest rates for benefit of the City's General Fund.

**Environmental:** There are no environmental opportunities associated with this report.

**Social Equity:** There are no social equity opportunities associated with this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Requests That The City Council Adopt A City of Oakland:

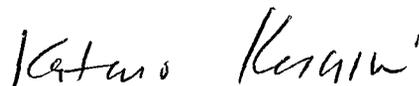
1. Resolution Approving The Issuance By The Oakland Joint Powers Financing Authority Of One Or More Series Of Lease Revenue Refunding Bonds In An Aggregate Principal Amount Not To Exceed \$75,000,000; Approving The Form Of And Authorizing The Execution And Delivery Of A Second Amended And Restated Lease, A Second Amended And Restated Sublease And Bond Purchase Contract; Authorizing Execution Of Documents And The Taking Of All Necessary Actions Relating To The Bonds And Authorizing Necessary Actions Relating To The Lease Financing With The Oakland Joint Powers Financing Authority; And

An Oakland Joint Powers Financing Authority:

2. Resolution Authorizing The Issuance And Sale Of Lease Revenue Refunding Bonds (Oakland Administration Buildings) Series 2018 In An Aggregate Principal Amount Not To Exceed \$75,000,000; Authorizing The Execution And Delivery Of A Trust Agreement, Second Amended And Restated Lease, Second Amended And Restated Sublease, Escrow Agreement, Bond Purchase Contract, Approving The Form Of And Authorizing The Distribution Of A Preliminary Official Statement And Authorizing Execution And Delivery Of An Official Statement; Approving The Retention Of Bond Counsel, Disclosure Counsel, Municipal Advisor And Underwriters; And Authorizing Payment Of Costs Of Issuance.

For questions regarding this report, please contact Katano Kasaine, Finance Director, at (510) 238-2989.

Respectfully submitted,



KATANO KASAINE

Director of Finance, Finance Department

Reviewed by:

David Jones, Treasury Administrator

Prepared by:

Jackie Lee, Financial Analyst  
Treasury Bureau

Attachments (1):

Attachment A: Good Faith Financial Estimates Related to the Refunding Bonds

Item: \_\_\_\_\_

Finance and Management Committee

April 10, 2018

Attachment A  
GOOD FAITH FINANCIAL ESTIMATES RELATED TO THE REFUNDING BONDS

The good faith financial estimates set forth herein are provided with respect to the Refunding Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Backstrom McCarley Berry & Co., LLC the City's Municipal Advisor (the "Municipal Advisor") in consultation with Siebert Cisneros Shank & Co., LLC and Blaylock Van, LLC (the "Underwriters").

**Principal Amount.** The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Refunding Bonds to be sold is \$60,800,000 (the "Estimated Principal Amount").

**True Interest Cost of the Refunding Bonds.** The Municipal Advisor has informed the City that, assuming that the respective Estimated Principal Amount of the Refunding Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Refunding Bonds, is 2.16%.

**Finance Charge of the Refunding Bonds.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Refunding Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Refunding Bonds), is \$622,043.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Refunding Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Refunding Bonds, less the finance charge of the Refunding Bonds, as estimated above, and any reserves funded with proceeds of the Refunding Bonds, is \$67,078,833.

**Total Payment Amount.** The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Refunding Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Refunding Bonds, plus the finance charge for the Refunding Bonds, as described above, not paid with the proceeds of the Refunding Bonds, calculated to the final maturity of the Refunding Bonds, is \$74,326,790.

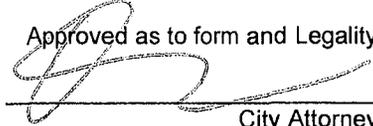
The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Refunding Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Refunding Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Refunding Bonds sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the Refunding Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Refunding Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Refunding Bonds and the actual principal amount of Refunding Bonds sold will be determined by the City based on various

factors. The actual interest rates borne by the Refunding Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Refunding Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

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Approved as to form and Legality

2018 MAR 29 PM 4:22  
OAKLAND CITY COUNCIL

  
City Attorney

RESOLUTION NO. \_\_\_ C.M.S.

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**RESOLUTION APPROVING THE ISSUANCE BY THE OAKLAND JOINT POWERS FINANCING AUTHORITY OF ONE OR MORE SERIES OF LEASE REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDED AND RESTATED LEASE, A SECOND AMENDED AND RESTATED SUBLEASE AND BOND PURCHASE CONTRACT; AUTHORIZING EXECUTION OF DOCUMENTS AND THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE BONDS 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");

**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 certain other costs whenever there are significant public benefits; and

**WHEREAS**, on May 1, 2008, the Authority issued \$113,450,000 Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Administration Buildings), 2008 Series B (the "2008 Bonds"), to refinance 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 "Administration Buildings") for the City; and

**WHEREAS**, the Authority intends to refund the 2008 Bonds in order to provide economic benefits to the City by issuing one or more series of its Lease Revenue Refunding Bonds (Oakland Administration Buildings) (collectively, the "Bonds")

**WHEREAS**, the Authority will lease one or both of the Administration Buildings from the City pursuant to a Second Amended and Restated Lease (the "Lease"); and

**WHEREAS**, the Authority will lease one or both of the Administration Buildings back to the City pursuant to a Second Amended and Restated Sublease (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, in one or more series for the purpose of providing economic benefits to the City by refunding the 2008 Bonds and financing related costs; and

**WHEREAS**, the City Council hereby finds and determines that the issuance of the Bonds, the refinancing of the Administration Buildings and the transactions related thereto will result in significant public benefits to the City and that the property that is to be refinanced is located within the geographic boundaries of the City; 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 by the City Council of the City of Oakland as follows:

**Section 1.**     Recitals. All of the above recitals are true and correct.

**Section 2.**     Authorization of Bonds. This 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 \$75,000,000.

**Section 3.**     Bond Purchase Contract. The proposed form of the Bond Purchase Contract, by and among the Authority, the City and Siebert Cisneros Shank & Co., LLC, as representative, in substantially the form on file with the City Clerk, is hereby approved. The City Administrator or the Director of Finance or such other officer of the City designated by the City Administrator or the Director of Finance in writing (each such officer being hereinafter referred to as an "Authorized Representative") is hereby authorized and directed to execute and deliver an instrument in substantially said form, completed with terms as shall be agreed to by the Authorized Representative in accordance with this Resolution, and with such other additions, changes or modifications therein (including changes necessary to obtain bond insurance and/or a reserve fund surety) as the Authorized Representative, upon consultation with legal counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 4.**     Lease. The proposed form of Second Amended and Restated Lease, by and between the City as Lessor and the Authority, as Lessee, in substantially the form on file with the City Clerk, is hereby approved. Any Authorized Representative is hereby authorized and directed to execute and deliver an instrument in substantially said form, completed with

terms as shall be agreed to by the Authorized Representative in accordance with this Resolution, and with such other additions, changes or modifications therein (including but not limited to the removal of the Wilson Building or Danziel Building) as the Authorized Representative, upon consultation with legal counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided however, that the term of the Lease shall end no later than December 31, 2036.

**Section 5.** Sublease. The proposed form of Second Amended and Restated Sublease, by and between the Authority, as Lessor, and the City, as Lessee, on file with the City Clerk, is hereby approved. Any Authorized Representative is hereby authorized and directed to execute and deliver an instrument in substantially said form, completed with terms as shall be agreed to by the Authorized Representative in accordance with this Resolution, and with such other additions, changes or modifications therein (including changes necessary to obtain bond insurance and/or a reserve fund surety and the removal of the Wilson Building or Danziel Building) as the Authorized Representative, upon consultation with legal counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided however, that the term of the Sublease shall end no later than December 31, 2036.

**Section 6.** Authorization of Further Actions. The officers and employees of the City are hereby authorized and directed, jointly and severally, to do any and all things 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. Each Authorized Representative is hereby authorized and directed to execute and deliver any and all notices, certificates and representations, including signature certificates, no-litigation certificates, tax certificates, certificates relating to continuing disclosure obligations, notices to the California Debt and Investment Advisory Commission, and certificates concerning the Official Statement describing the Bonds, and to enter into such agreements or contracts, including as may be necessary to obtain bond insurance with respect to the Bonds and/or a reserve fund surety (including entering into a reserve fund reimbursement agreement), trustee services, or other services with respect to the Bonds, as such officers deem necessary and desirable to accomplish the purposes of this Resolution.

**Section 7.** Ratification of Actions. All actions heretofore taken by the officers and agents of the City with respect to the sale, execution and delivery of the Bonds, and the other transactions authorized and contemplated herein, are hereby approved, confirmed and ratified.

**Section 8.** General Authority. The officers and employees of the City 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 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 Certificate, terminating and/or amending leases in connection with the Series 2008 Bonds, 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 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 if approved by the votes of six councilmembers; otherwise, it will be effective seven days after the date of adoption.

In Council, Oakland, California, \_\_\_\_\_, 2018.

**PASSED BY THE FOLLOWING VOTE:**

AYES: BROOKS, CAMPBELL-WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB, KAPLAN AND PRESIDENT REID

NOES:

ABSENT:

ABSTENTION:

ATTEST:

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LA TONDA SIMMONS  
City Clerk and Clerk of the City Council  
City of Oakland, California

**CERTIFICATE OF THE CITY CLERK**

I, La Tonda Simmons, City Clerk and Clerk of the City Council of the City of Oakland (the "City"), hereby certify that the foregoing is a full, true and correct copy of Resolution No. \_\_\_\_, duly adopted at a meeting of the City Council of the City duly and regularly held on \_\_\_\_\_, of which meeting all of said City Council had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a true, complete and correct copy of the original resolution duly adopted at said meeting and entered in said minutes; and that said resolution has not been modified, amended, rescinded or revoked except as provided in such resolution in any manner since the date of their adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this \_\_\_\_ day of \_\_\_\_\_, 2018.

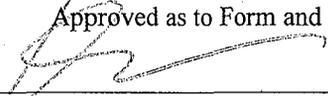
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LA TONDA SIMMONS  
City Clerk and Clerk of the City Council  
City of Oakland, California

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OAKLAND

2018 MAR 29 PM 4:22

Approved as to Form and Legality

  
Joint Powers Financing Authority Counsel

**OAKLAND JOINT POWERS FINANCING AUTHORITY**

RESOLUTION NO. \_\_\_\_\_ J.P.F.A.

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**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE REFUNDING BONDS (OAKLAND ADMINISTRATION BUILDINGS) SERIES 2018 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, SECOND AMENDED AND RESTATED LEASE, SECOND AMENDED AND RESTATED SUBLEASE, ESCROW AGREEMENT, BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT; APPROVING THE RETENTION OF BOND COUNSEL, DISCLOSURE COUNSEL, MUNICIPAL ADVISOR AND UNDERWRITERS; AND AUTHORIZING PAYMENT OF COSTS OF ISSUANCE**

**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**, on May 1, 2008, the Authority issued \$113,450,000 Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Administration Buildings) 2008 Series B (the "2008 Bonds"), to refinance 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 "Administration Buildings") for the City; and

**WHEREAS**, the Authority desires to issue lease revenue refunding bonds in order to refund the 2008 Bonds; and

**WHEREAS**, the Authority will lease one or both of the Administration Buildings from the City pursuant to a Second Amended and Restated Lease Agreement (the "Lease"); and

**WHEREAS**, the Authority will lease one or both of the Administration Buildings back to the City pursuant to a Second Amended and Restated 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**, all acts, conditions and things required by the Agreement 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**, that the governing body of the Oakland Joint Powers Financing Authority (the "Board") hereby finds, determines, declares and resolves as follows:

**Section 1. Recitals.** All of the recitals set forth above are true and correct, and the Board so finds and determines.

**Section 2. Issuance of Bonds.** The Authority hereby authorizes the issuance of lease revenue refunding bonds of the Authority, which shall be designated the "Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Administration Buildings)" in an aggregate principal amount of not to exceed \$75,000,000 with such series designations and other changes to the name of the bonds as deemed appropriate by the Executive Director of the Authority (collectively, the "Bonds"), subject to the following:

(a) The rate of interest on the Bonds shall not exceed a true interest cost of 4.50% per annum.

(b) Underwriter's discount for the Bonds (excluding original issue premium) shall not exceed 0.35% of the principal amount of the Bonds; and

(c) The maturity date of the Bonds shall not exceed December 31, 2026.

**Section 3. Form of Bonds.** The form of the Bonds, in substantially the form attached as Exhibit A to the Trust Agreement described below, is hereby approved and adopted. The President, Vice-President, Executive Director or Treasurer/Auditor, or a designee of any such official is hereby authorized and directed to approve and to execute the Bonds by manual or facsimile signature; and the Secretary of the Authority (the "Secretary") is hereby authorized and directed to attest, by manual or facsimile signature and to cause the seal of the Authority to be reproduced or impressed on the Bonds, with such changes, additions, amendments or modifications made in accordance with Section 14 hereof.

**Section 4. Trust Agreement.** The proposed form of the Trust Agreement by and between the Authority and a trustee named therein, on file with the Secretary of the Authority, is hereby approved. The President, Vice-President, Executive Director or Treasurer/Auditor, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement, substantially in such form, with such changes, additions, amendments or modifications made in accordance with Section 14 hereof.

**Section 5.** Escrow Agreement. The proposed form of the Escrow Agreement by and between the Authority and the escrow agent named therein, on file with the Secretary of the Authority, is hereby approved. The President, Vice-President, Executive Director or Treasurer/Auditor, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement, substantially in such form, with such changes, additions, amendments or modifications made in accordance with Section 14 hereof.

**Section 6.** Lease. The proposed form of the Lease by and between the City, as Lessor, and the Authority, as Lessee, on file with the Secretary of the Authority, is hereby approved. The President, Vice-President, Executive Director or Treasurer/Auditor, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Second Amended and Restated Lease, substantially in such form, with such changes, additions, amendments or modifications made in accordance with Section 14 hereof; provided, however the term of the Second Amended and Restated Lease shall end no later than December 31, 2036.

**Section 7.** Sublease. The proposed form of the Sublease by and between the Authority, as Lessor, and the City, as Lessee, on file with the Secretary of the Authority, is hereby approved. The President, Vice-President, Executive Director or Treasurer/Auditor, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Sublease, substantially in such form, with such changes, additions, amendments or modifications made in accordance with Section 14 hereof; provided, however the term of the Second Amended and Restated Sublease shall end no later than December 31, 2036.

**Section 8.** Bond Purchase Contract. The proposed form of the Bond Purchase Contract, by and among the Authority, the City and Siebert Cisneros Shank & Co., LLC, as representative, on file with the Secretary of the Authority, is hereby approved. The President, Vice-President, Executive Director or Treasurer/Auditor, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Contract, substantially in said form, with such changes, additions, amendments or modifications made in accordance with Section 14 hereof.

**Section 9.** Continuing Disclosure Certificate. The proposed form of the Continuing Disclosure Certificate, by the Authority and the City, on file with the Secretary of the Authority, is hereby approved. The President, Vice-President, Executive Director, or Treasurer/Auditor, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Continuing Disclosure Certificate, substantially in such form, with such changes, additions, amendments or modifications made in accordance with Section 14 hereof.

**Section 10.** Official Statement. The Executive Director and Treasurer/Auditor of the Authority are hereby authorized and directed, in consultation with the City Attorney, to prepare a preliminary official statement for the Bonds authorized by this Resolution. The form of proposed preliminary official statement (the "Preliminary Official Statement"), in substantially the form presented to this Board and, on file with the Secretary, is hereby approved and adopted with such changes, additions, amendments or modifications as may be made in accordance with Section 14

hereof. The Executive Director and Treasurer/Auditor are hereby authorized to cause the distribution of a Preliminary Official Statement for the Bonds, deemed final by this Board for purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended, and the Executive Director and Treasurer/Auditor are each separately authorized to execute a certificate to that effect. The Executive Director and Treasurer/Auditor are each separately authorized and directed to sign a final Official Statement for the Bonds. The Executive Director and Treasurer/Auditor are each separately authorized and directed to cause to be electronically posted, electronically distributed, printed and mailed to prospective buyers of the Bonds copies of the Preliminary Official Statement and the final Official Statement.

**Section 11.** Appointment of Bond Counsel, Disclosure Counsel and Municipal Advisor. The Board hereby acknowledges the appointments by the City Attorney of Orrick, Herrington & Sutcliffe LLP, as bond counsel (“Bond Counsel”), and Alexis S. M. Chiu, Esq., as disclosure counsel (“Disclosure Counsel”). The selection by the Director of Finance of Backstrom McCarley Berry & Co., LLC, as municipal advisor (“Municipal Advisor”) with respect to the Bonds, is hereby affirmed.

**Section 12.** Appointment of Other Agents. The Executive Director and Treasurer/Auditor are hereby also authorized and directed to appoint from time to time one or more agents, as she may deem necessary or desirable. To the extent permitted by applicable law, and under the supervision of the Executive Director and Treasurer/Auditor, such agents may serve as trustee for the Bonds, or financial printer or verification agent or may assist the Executive Director and Treasurer/Auditor in performing any or all of such functions and other duties as the Executive Director or Treasurer/Auditor shall determine. Such agents shall serve under such terms and conditions, as the Executive Director or Treasurer/Auditor shall determine. The Executive Director or Treasurer/Auditor may remove or replace agents appointed pursuant to this section at any time.

**Section 13.** Payment of Costs of Issuance. The Executive Director and Treasurer/Auditor are each separately authorized and directed to pay, or cause to be paid on behalf of the Authority, the costs of issuance associated with the Bonds.

**Section 14.** Modification to Documents. Any official of the Authority authorized by this Resolution to execute any document is hereby further authorized, in consultation with 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, including but not limited to the removal of the Wilson Building or Danziel Building from the Lease and Sublease (provided that such changes, additions, amendments or modifications shall be within the parameters provided for in Section 2) 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 15.** Authorization of Further Actions. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things 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. Each Authorized Representative is hereby authorized and directed to execute and deliver any and all

notices, certificates and representations, including signature certificates, no-litigation certificates, tax certificates, certificates relating to continuing disclosure obligations, notices to the California Debt and Investment Advisory Commission, and certificates concerning the Official Statement describing the Bonds, and to enter into such agreements or contracts, including as may be necessary to obtain bond insurance with respect to the Bonds and/or a reserve fund surety (including entering into a reserve fund reimbursement agreement), fiscal agent services, or other services with respect to the Bonds, as such officers deem necessary and desirable to accomplish the purposes of this Resolution.

**Section 16.** Ratification of Actions. All actions heretofore taken by the officers and agents of the Authority with respect to the sale, execution and delivery of the Bonds, and the other transactions authorized and contemplated herein, are hereby approved, confirmed and ratified.

IN COUNCIL, OAKLAND, CALIFORNIA \_\_\_\_\_, 2018

PASSED BY THE FOLLOWING VOTE:

AYES: BROOKS, CAMPBELL-WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB, KAPLAN AND PRESIDENT REID

NOES

ABSENT

ABSTENTION

ATTEST:

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