

OAKLAND OVERSIGHT BOARD

RESOLUTION NO. 2013- 7

A RESOLUTION APPROVING RESUBORDINATION OF AN EXISTING COMMERCIAL DEVELOPMENT LOAN FOR THE SWAN'S MARKETPLACE PROJECT TO NEW FINANCING

WHEREAS, in 1998, the former Redevelopment Agency of the City of Oakland (the "Redevelopment Agency"), provided a \$1,150,000 commercial development loan (the "Loan"), of which \$1,113,918 was actually disbursed, to Swans Marketplace Partnership, L.P., an affiliate of the East Bay Asian Local Development Corporation ("EBALDC"), for the Swans Marketplace project in downtown Oakland; and

WHEREAS, the Oakland Redevelopment Successor Agency ("ORSA") stepped into the rights and obligations under the Loan when the Redevelopment Agency dissolved; and

WHEREAS, Swans Marketplace Partnership, L.P., has obtained new permanent financing using New Market Tax Credit ("NMTC") equity that will replace the loan currently in first lien position on the property, and has requested that ORSA subordinate the Loan to this new financing; and

WHEREAS, Swans Marketplace Partnership, L.P., has not been able to make payments to the Redevelopment Agency and/or ORSA from available cash flow; and

WHEREAS, by refinancing the existing first loan and leveraging NMTC equity, the project owner will be able to make needed capital improvements to Swan's Marketplace and existing tenant spaces, and fund improvements for those new tenants the Marketplace can attract once renovation is complete; and

WHEREAS, the new financing will increase the property's collateral value, operating cash flow, and ability to attract new tenants, and will help existing tenants to prosper; and

WHEREAS, the use of the NMTC investment will provide greater financial stability for the project and potential repayments of the ORSA loan without increasing ORSA's financial commitment to the project; and

WHEREAS, resubordinating the Loan to new financing will increase the likelihood of ORSA receiving debt service payments on the loan and will alleviate the risk of the ORSA loan being wiped out by a foreclosure of the first lien; and

WHEREAS, the new investment in Swan's Marketplace will increase sales and improve property values which directly provide fiscal benefits to the taxing entities in the form of increased sales tax revenue and property tax revenue; and

WHEREAS, the terms of the Loan will not be amended or extended by these actions; now, therefore:

Based on the foregoing recitals and the documentation presented to the Oakland Oversight Board at a public meeting, the Oakland Oversight Board does resolve as follows:

SECTION 1. The Oakland Oversight Board finds and determines that the proposed resubordination of the Loan will be of benefit to the taxing entities for the reasons set forth above and in the staff report accompanying this Resolution.

SECTION 2. The Oakland Oversight Board hereby approves ORSA's subordination of the deed of trust securing the Loan to new financing for the Swan's Marketplace project.

ADOPTED, OAKLAND, CALIFORNIA, March 18, 2013

PASSED BY THE FOLLOWING VOTE:

AYES- CARSON, GERHARD, LEVIN, ~~ORTIZ~~, QUAN, SMITH, TUCKER

NOES-

ABSENT-

ABSTENTION-

EXCUSED - ORTIZ

ATTEST: 
SECRETARY, OAKLAND
OVERSIGHT BOARD