

OAKLAND OVERSIGHT BOARD

RESOLUTION No. 2016- 4

RESOLUTION APPROVING ASSIGNMENT OF AN AMENDED AND RESTATED OWNER PARTICIPATION AGREEMENT WITH SKS BROADWAY, LLC FOR DEVELOPMENT AT 1100 BROADWAY FROM ORSA TO THE CITY

WHEREAS, on September 6, 2007, the Redevelopment Agency of the City of Oakland ("Agency") entered into an amended and restated owner participation agreement ("OPA") with SKS Broadway, LLC ("SKS"), pursuant to Agency Resolution No. 2006-0088 C.M.S., with regard to the development of a mixed-use office project (the "Project") located at 1100 Broadway (the "Property") in the Central District Redevelopment Project Area; and

WHEREAS, the OPA, as amended, established various parameters for the Project, provided the Agency certain approval rights regarding the Project, and required SKS to accomplish a number of specific development milestones by specific deadline dates; and

WHEREAS, on June 1, 2010, pursuant to Resolution No. 2010-54 C.M.S., the OPA was amended to extend performance deadlines to their current dates; and

WHEREAS, the Agency dissolved on February 1, 2012; and

WHEREAS, the Oakland Redevelopment Successor Agency ("ORSA") was established as the successor agency to the Agency pursuant to Health and Safety Code Sections 34171(j) and 34173, and all of the Agency's authority, rights, powers, duties and obligations were transferred by operation of law to ORSA, including the Agency's rights and interests in the OPA; and

WHEREAS, ORSA has listed the OPA as an enforceable obligation on its Recognized Obligation Payment Schedule ("ROPS"); and

WHEREAS, SKS has made good faith efforts to reach the OPA's development milestones by the specified dates, but has been unable to do so because of the continuation of adverse economic conditions in Oakland's downtown office markets that hinder SKS's efforts to obtain the required anchor tenants and debt financing for the Project; and

WHEREAS, ORSA desires to assign the OPA and all of its rights and obligations under the OPA to the City of Oakland ("City"), other than ORSA's right to collect extension fees under the OPA and possible liquidated damages in the event of a default under the OPA, which will (1) remove an enforceable obligation from the ROPS, (2) relieve ORSA of the financial liability associated with staffing the Project, (3) facilitate the wind-down of ORSA's involvement in continuing redevelopment activities, and (4) provide funding to ORSA through payment of extension fees and possible liquidated damages collected pursuant to the terms of an amended OPA; and

WHEREAS, the City desires to accept assignation of the OPA and to make certain amendments to the OPA, and has agreed that ORSA shall retain the right to extension fees under the OPA and possible liquidated damages in the event of a default; 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 assignment of ORSA's rights and obligations under the OPA to the City, as approved by ORSA, will benefit the taxing entities because the assignment will

- (1) reduce the financial liability of the taxing entities by removing the OPA from ORSA's Recognized Obligation Payment Schedule ("ROPS"), and therefore eliminate any project staffing costs related to the administration of the 1100 Broadway Project OPA ; and
- (2) increase net revenues to the taxing entities by collecting extension fees and possible liquidated damages, and increasing the amount of residual Redevelopment Property Tax Trust Fund ("RPTTF") funds that will flow to the taxing entities due to the elimination of the project staffing line item on the ROPS; and
- (3) reduce the burden of the taxing entities to fund continued project staffing which is in the best interest of the taxing entities.

SECTION 2. The Oakland Oversight Board hereby approves the action of the ORSA Board authorizing the ORSA Administrator to assign ORSA's rights and obligations under the OPA to the City, on the condition that ORSA shall retain the right to extension fees under the OPA and possible liquidated damages in the event of a default under the OPA.

ADOPTED, OAKLAND, CALIFORNIA June 27, 2016

PASSED BY THE FOLLOWING VOTE:

LITTLE

AYES- BYRD, CHAIR CARSON, MULVEY, ORTIZ, ~~RINNE~~, TUCKER

NOES-

ABSENT-

ABSTENTATIONS-

ATTEST:



SECRETARY OAKLAND
OVERSIGHT BOARD