

# OAKLAND OVERSIGHT BOARD

RESOLUTION No. 2013- 16

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**A RESOLUTION FINDING THAT THE LOAN INDEBTEDNESS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND TO THE CITY OF OAKLAND FOR WEST OAKLAND REDEVELOPMENT PROJECTS FINANCED BY THE CITY IS AN ENFORCEABLE OBLIGATION OF THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY, FINDING THAT THE LOAN WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES, AND APPROVING THE REPAYMENT SCHEDULE FOR THE LOAN**

**WHEREAS**, the Oakland Redevelopment Successor Agency ("ORSA") has succeeded to the authority, rights, powers, duties and obligations of the Redevelopment Agency of the City of Oakland under the Community Redevelopment Law; and

**WHEREAS**, ORSA received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance on May 29, 2013; and

**WHEREAS**, Health and Safety Code Section 34191.4(b) provides that, after a successor agency has received a finding of completion and upon application by the successor agency and approval by the oversight board, loans between the redevelopment agency and its sponsoring city shall be deemed enforceable obligations, and thus payable from Real Property Tax Trust Funds over time, subject to certain limitations; and

**WHEREAS**, Health and Safety Code Section 34191.4(b) requires that the oversight board make a finding that the loan was for legitimate redevelopment purposes; and

**WHEREAS**, redevelopment funds totaling \$2.69 million were committed by the former Redevelopment Agency, starting in 2008, to pay for certain public improvements and grants to private entities in the West Oakland Redevelopment Project Area, as more particularly set forth in the staff report accompanying this Resolution, via a Cooperation Agreement entered into between the City of Oakland and the Redevelopment Agency in 2004 and a Funding Agreement between the City and the Redevelopment Agency entered into in 2011; and

**WHEREAS**, these funding commitments were for projects and programs to alleviate physical and economic blight conditions in the West Oakland Redevelopment Project Area; and

**WHEREAS**, the City self-financed the cost of this work from its General Purpose funds with the understanding that the Redevelopment Agency would use redevelopment funds to reimburse the City for its costs under the terms of the Cooperation Agreement and the Funding Agreement; and

**WHEREAS**, these redevelopment funds have since been swept to the taxing entities following the completion of the "Due Diligence Review" of available nonhousing assets by the California Department of Finance pursuant to Health and Safety Code Section 34179.6, and this has resulted in an outstanding unpaid loan debt to the City of \$2.69 million plus interest; and

**WHEREAS**, no excess bond proceeds are available from West Oakland to satisfy this debt; and

**WHEREAS**, the ORSA Board and the City Council have established a loan repayment schedule for amortizing this debt consistent with the requirements set forth in Health and Safety Code Section 34191.4(b); and

**WHEREAS**, the funds advanced by the City to pay for the public improvements and the Redevelopment Agency's commitment to reimburse the City were for legitimate redevelopment purposes, in that the funds were used to pay for the cost of installing and constructing buildings, facilities, structures and other improvements owned by the City within the West Oakland Redevelopment Project Area, such as the West Oakland Teen Center and various streetscapes, as provided for under Health and Safety Code Section 33445, which activities benefited the West Oakland Redevelopment Project Area and improved or eliminated conditions of physical blight in the Project Area; and

**WHEREAS**, the funds advanced by the City to pay for grants to private entities and the Redevelopment Agency's commitment to reimburse the City were for legitimate redevelopment purposes, in that those funds were used either to pay for capital improvements under the Redevelopment Agency's Neighborhood Projects Initiative program, Façade Improvement Grant program, or Tenant Improvement Grant program that improved or eliminated conditions of physical blight in the West Oakland Redevelopment Project Area, or to pay for graffiti abatement in the West Oakland Redevelopment Project Area as authorized under Health and Safety Code Section 33420.2; 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 hereby finds (1) that the City advanced funds under the Cooperation Agreement and the Funding Agreement to pay for certain public improvements and grants to private entities in the West Oakland Redevelopment Project Area in reliance on the commitment by the former Redevelopment Agency to reimburse the City for those advances; (2) that the obligation

to repay those funds in the principal amount of \$2.69 million was a loan indebtedness of the former Redevelopment Agency to the City; (3) that the obligation to repay such indebtedness with interest is an enforceable obligation of ORSA to the City under Health and Safety Code Section 34191.4(b); (4) that these funds were used for legitimate redevelopment purposes for the reasons set forth above and in the staff report accompanying this Resolution; and (5) that the loan repayment schedule adopted by ORSA and the City conforms to the requirements set forth in Health and Safety Code Section 34191.4(b) as to the repayment of loan indebtedness principal and interest based on the reasons set forth in the staff report accompanying this Resolution.

**SECTION 2.** The Oakland Oversight Board hereby approves the request by ORSA to recognize such loan indebtedness as an enforceable obligation of ORSA under Health and Safety Code Section 34191.4(b), and approves the loan repayment schedule agreed to by ORSA and the City, attached to this Resolution as Exhibit A, based on the reasons and analysis set forth above and in the staff report accompanying this Resolution.

**SECTION 3.** The Oakland Oversight Board authorizes and directs ORSA to include the repayment of such funds to the City, along with interest accrued thereon in accordance with Health and Safety Code Section 34191.4(b), pursuant to the approved loan repayment schedule, on future ROPS.

ADOPTED, OAKLAND, CALIFORNIA, July 29, 2013

PASSED BY THE FOLLOWING VOTE:

AYES- CARSON, GERHARD, LEVIN, ORTIZ, QUAN, YEE, TUCKER

*BULLS*

NOES-

ABSENT-

ABSTENTION-

ATTEST:



SECRETARY, OAKLAND  
OVERSIGHT BOARD

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EXHIBIT A

LOAN REPAYMENT SCHEDULE

*(attached)*

	FY 2012-13 Base Year	FY 2013-14 Estimate	FY 2014-15 Estimate	FY 2015-16 Estimate
<b>Gross RPTTF</b>	<b>115,633,366</b>	<b>117,946,033</b>	<b>120,304,954</b>	<b>123,914,102</b>
County Admin & Pass Through	(17,768,196)	(17,691,905)	(18,045,743)	(18,587,115)
ROPS	(65,173,770)	(63,573,511)	(57,227,314)	(62,105,703)
<b>Residual</b>	<b>32,691,400</b>	<b>36,680,617</b>	<b>45,031,897</b>	<b>43,221,284</b>
<b>One-Half Residual Increment</b>		<b>1,994,609</b>	<b>6,170,248</b>	<b>5,264,942</b>

**Loan Repayment Schedule**

	FY 2013-14	FY 2014-15	FY 2015-16	TOTAL
Principal	896,511	896,512	896,512	2,689,535
Interest	5,071	5,071	5,070	15,212
<b>TOTAL</b>	<b>901,582</b>	<b>901,583</b>	<b>901,582</b>	<b>2,704,747</b>

March 2013 LAIF rate 0.28%

**LOAN TERMS:**

This loan originated in 2008 and is payable over a three-year period commencing in 2014. To the extent that the amount of Real Property Tax Trust Funds available for repayment in any given year is insufficient to make the full payment, the above scheduled payment amount will be reduced accordingly, and the repayment schedule for subsequent years then will be adjusted accordingly to provide for repayment of the full loan amount within the three-year term. Also, to the extent the amount of Real Property Tax Trust Funds available for repayment in any given year exceeds the above scheduled payment amount, the above scheduled payment amount will be increased, up to a maximum payment of one-half of the Real Property Tax Trust Funds available for repayment that year, and the repayment schedule for subsequent years then will be adjusted accordingly. For purposes of this schedule, "Real Property Tax Trust Funds available for repayment" means the maximum annual repayment amount as calculated under Health and Safety Code Section 34191.4(b)(2)(A).