



## *MEMORANDUM*

**TO:** HONORABLE MAYOR &  
CITY COUNCIL

**FROM:** Fred Blackwell

**SUBJECT:** Department of Finance Approval of  
Bond Expenditure Agreement

**DATE:** November 18, 2013

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City Administrator	Date
Approval <u>/s/ Deanna J. Santana</u>	<u>11/18/13</u>

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### INFORMATION

The purpose of this information memo is to notify the Mayor and City Council of the recent notification received by the City from the California Department of Finance (“DOF”) that the Bond Expenditure Agreement has been approved. City staff has been diligently following the process for winding down the affairs of the former Redevelopment Agency and reconstituting the City’s development authority in the post-redevelopment world. As part of this process, the Oakland Redevelopment Successor Agency (“ORSA”) made required payments from the available cash assets of the Redevelopment Agency in a total amount of \$62.5 million for distribution to the local taxing entities, and in return received a Finding of Completion from the DOF on May 29, 2013. Receipt of this Finding of Completion has enabled ORSA to take several actions under the dissolution law, including: 1) preparing Long Range Property Management Plans to address the disposition and use of real property formerly owned by the Redevelopment Agency, including designating property for future development; 2) confirming that the repayment of loans between the City and the Redevelopment Agency are enforceable obligations; and, 3) using unspent proceeds from bonds issued prior to 2011 for the purposes for which the bonds were sold, i.e., redevelopment projects.

Following receipt of the Finding of Completion, ORSA, the City and the Oakland Oversight Board all quickly passed legislation allowing the City to move ahead with post-redevelopment activities, including legislation approving the following:

1. A Long Range Property Management Plan for the Oakland Army Base;
2. A Long Range Property Management Plan for the remaining properties;
3. A repayment schedule for a loan from the City to fund various West Oakland projects;

4. A Bond Expenditure Agreement between ORSA and the City; and,
5. A Bond Spending Plan for the use of available pre-2011 bond proceeds by the City.

These actions were forwarded to DOF for review and final approval. DOF approved the Long Range Property Management Plan for the Army Base on August 6, 2013. ORSA recently received approval of the Bond Expenditure Agreement by DOF, see the attached approval letter. The bond expenditures were also included in the Recognized Obligation Payment Schedule for January 1 to June 30, 2014 (“ROPS 13-14B”), which were approved as part of DOF’s approval of ROPS 13-14B.

With these approvals and execution of the Bond Expenditure Agreement, ORSA is now authorized to transfer approximately \$93.9 million in pre-2011 bond proceeds to the City to fund the activities included in the Bond Spending Plan, see City Council Resolution No. 84516 C.M.S., also attached. This include bond funds from four redevelopment project areas: Broadway/ MacArthur/San Pablo (\$1.8 million); Central City East (\$37.0 million); Central District (\$32.5 million); and Coliseum (\$22.6 million).

This transfer includes approximately \$34.0 million to backfill City funding of various projects that were intended to be funded by the Redevelopment Agency, but were unable to be funded from this source due to the dissolution of the Agency. The City has expended these funds for staff work and work under third party construction and professional services contracts. These projects have mostly been completed.

This leaves approximately \$59.9 million in bond proceeds available for new projects. The Bond Spending Plan identifies broad categories of projects and programs for the use of these funds, including:

1. Public facility improvements;
2. Façade & Tenant Improvement Grants;
3. Streetscapes;
4. Garage development projects;
5. Retail development projects;
6. Neighborhood Project Initiative Grants;
7. Specific Plan development; and,
8. Revolving business loan program.

**HONORABLE MAYOR AND CITY COUNCIL**

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ORSA is now authorized to transfer \$93.9 million to the City to fund these projects and programs on January 1, 2014. This includes \$34.0 million that will backfill projects that were previously funded, and \$59.9 million for new projects. These projects and programs are now authorized to be enacted in to the City's Budget as planned. This funding will be restricted per the terms of bond covenants, i.e. to redevelopment projects located within the project areas that issued the bonds. The various projects will brought to the Council per standard practice for approval of design and construction contracts, grants, development projects, and other actions, as required.

Respectfully submitted,

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/s/

**FRED BLACKWELL**

Assistant City Administrator

For questions, please contact Patrick Lane, at (510) 238-7362.

Attachments (2)

- November 6, 2013 Department of Finance Letter Approving Bond Expenditure Agreement
- City Council Resolution Approving Bond Spending Plan



November 6, 2013

Mr. Jim Bondi, City Administrator Analyst  
City of Oakland  
150 Frank H. Ogawa Plaza, Suite 6353  
Oakland, CA 94612

Dear Mr. Bondi:

Subject: Approval of Oversight Board Action

The City of Oakland Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 29, 2013 Oversight Board (OB) resolution on July 30, 2013. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2013-15 approving a Bond Expenditure Agreement (Agreement) between the Agency and the City of Oakland (City) to transfer excess tax allocation bond proceeds to the City is approved.

A Finding of Completion was issued on May 29, 2013 and the Agency can now utilize proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the original bond covenants. The Agreement between the Agency and the City to transfer excess pre-2011 bond proceeds obligates the City to expend and maintain excess bond proceeds in accordance with the bond covenants. As required by HSC section 34191.4(c) (2) (A), the Agency has listed the excess bond proceeds on the January through June 2014 Recognized Obligation Payment Schedule in the total amount of \$59,911,270 which is approved by Finance.

Please direct inquiries to Beliz Chappuie, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Patrick Lane, Redevelopment Program Manager, City of Oakland  
Ms. Carol S. Orth, Tax Analysis, Division Chief, County of Alameda  
Mr. Steven Mar, Bureau Chief, Local Government Audit Bureau, California State  
Controller's Office

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2013 JUN 27 PM 3:29

APPROVED AS TO FORM AND LEGALITY:  
BY:   
ORSA COUNSEL

## OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION No. 2013.023

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**A RESOLUTION AUTHORIZING A BOND EXPENDITURE AGREEMENT WITH THE CITY OF OAKLAND TO TRANSFER EXCESS TAX ALLOCATION BOND PROCEEDS NOT PREVIOUSLY-OBLIGATED TO THE CITY FOR BOND-ELIGIBLE PURPOSES**

**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(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to 2011 for purposes for which the bonds were sold; and

**WHEREAS**, ORSA has and will have so-called "excess" bond proceeds, i.e., pre-2011 tax allocation bond proceeds that are not otherwise obligated for a project; and

**WHEREAS**, ORSA wishes to use such proceeds for redevelopment purposes consistent with bond covenants; and

**WHEREAS**, the Community Redevelopment Law (Health and Safety Code Section 33000, et seq.) provides for a cooperative relationship between redevelopment agencies, and their successor agencies, and cities; and

**WHEREAS**, the Community Redevelopment Law (Health and Safety Code Section 33220(e)) authorizes a local public agency to enter into an agreement with a redevelopment agency, and its successor agency, to further redevelopment purposes; and

**WHEREAS**, the ORSA desires to commit to fund the City to undertake redevelopment activities in support of projects and programs eligible for redevelopment

funding, which were not previously funded and obligated by ORSA or the City, using excess tax allocation bond proceeds in a manner consistent with the original bond covenants; and

**WHEREAS**, the City and ORSA desire to enter into a Bond Expenditure Agreement to govern funding to the City for the costs of those projects and programs from current and future excess tax allocation bond proceeds; and

**WHEREAS**, the Community Redevelopment Law (Health and Safety Code Sections 33445 and 33679) authorizes a redevelopment agency, and its successor agency, to pay for the acquisition and development costs of publicly-owned buildings, facilities and improvements, if certain findings are made; and

**WHEREAS**, Health and Safety Code Section 34177(l), as amended, requires a successor agency to prepare a Recognized Obligation Payment Schedule (“ROPS”) listing the former agency’s recognized enforceable obligations, payment sources, and related information for each six month fiscal period; and

**WHEREAS**, Health and Safety Code Section 34191.4(c)(2)(A) requires that excess bond obligations be listed separately on a successor agency’s ROPS; and

**WHEREAS**, ORSA will list the the Bond Expenditure Agreement on ROPS 13-14B as an obligation against excess tax allocation bond proceeds; now, therefore, be it

**RESOLVED**: That the ORSA Board hereby authorizes the ORSA Administrator to negotiate and execute a Bond Expenditure Agreement with the City of Oakland to transfer excess tax allocation bond proceeds to the City to fund redevelopment projects and programs not previously funded and obligated by ORSA or the City, consistent with the bond covenants, in furtherance of the purposes of redevelopment under the California Community Redevelopment Law; and be it further

**RESOLVED**: That the ORSA Administrator or his or her designee is authorized to transfer excess tax allocation bond proceeds from ORSA to the City under the Bond Expenditure Agreement, including excess bond proceeds currently held by ORSA and any future excess bond proceeds received or held by ORSA; and be it further

**RESOLVED**: That the Bond Expenditure Agreement shall be reviewed and approved by ORSA Counsel as to form and legality, and copies shall be placed on file with the ORSA Secretary; and be it further

**RESOLVED:** That the ORSA Administrator or his or her designee is authorized to take other action with respect to the Bond Expenditure Agreement consistent with this Resolution and its basic purposes.

BY SUCCESSOR AGENCY, OAKLAND, CALIFORNIA, JUL 16 2013, 2013

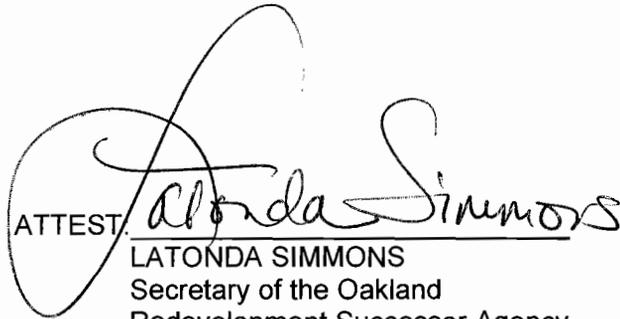
**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, GALLO, GIBSON McELHANEY, KALB, KAPLAN, REID, SCHAAF, and CHAIRPERSON KERNIGHAN -8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST.   
LATONDA SIMMONS  
Secretary of the Oakland  
Redevelopment Successor Agency