

# OAKLAND OVERSIGHT BOARD

RESOLUTION No. 2018-\_\_\_\_\_

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**A RESOLUTION APPROVING THE ISSUANCE OF REFUNDING BONDS BY THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY, AND MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING FOR OTHER MATTERS RELATING THERETO**

**WHEREAS**, the Redevelopment Agency of the City of Oakland (the “Former Agency”) was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the “Law”); and

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists, and pursuant to Section 34173, the Oakland Redevelopment Successor Agency (the “Successor Agency”) has become the successor entity to the Former Agency; and

**WHEREAS**, pursuant to Section 34179, this Oversight Board (the “Oversight Board”) has been established for the Successor Agency; and

**WHEREAS**, the Oversight Board is informed by the Successor Agency that, prior to the dissolution of the Former Agency, the Former Agency issued the following series of bonds:

(i) \$28,770,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE (the “Series 2006B-TE Bonds”); and

(ii) \$46,980,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable) (the “Series 2011A-T Bonds”); and

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”); and

**WHEREAS**, to refund all or a portion of certain bonds of the Former Agency then outstanding, including a portion of the then outstanding Series 2006B-TE Bonds, the Successor Agency previously issued its \$22,510,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-TE and its \$66,675,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-T (Federally Taxable), pursuant to an Indenture of Trust dated as of September 1, 2015 (the “Original Indenture”), by and between the Successor Agency and Zions First National Bank, as trustee; and

**WHEREAS**, the Successor Agency has determined to sell its Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE (the “Series 2018-TE Refunding Bonds”) and its Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (the “Taxable Series 2018-T Refunding Bonds” and, together with the Series 2018-TE Refunding Bonds, the “Refunding Bonds”) to refund all or a portion of the outstanding Series 2006B-TE Bonds and all or a portion of the outstanding Series 2011A-T Bonds (collectively, the “Prior Bonds”), but only in accordance with the Savings Parameters and Section 34177.5(a)(1); and

**WHEREAS**, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of the Refunding Bonds, the Successor Agency has caused its municipal advisor, Urban Futures, Inc. (the “Municipal Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the Prior Bonds (the “Debt Service Savings Analysis”); and

**WHEREAS**, the Successor Agency has, on March 20, 2018, heretofore adopted a resolution (the “Successor Agency Resolution”) approving the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1); and

**WHEREAS**, the Successor Agency has provided the final version of the Successor Agency Resolution to the Oversight Board; and

**WHEREAS**, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of a First Supplement to Indenture of Trust (the “First Supplement”), supplementing and amending the Original Indenture and providing for the issuance of the Refunding Bonds; and

**WHEREAS**, the Successor Agency has determined to sell the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated and FTN Financial (collectively, the “Original Purchasers”), pursuant to the terms of a bond purchase agreement to be entered into by the Successor Agency and Stifel, Nicolaus & Company, Incorporated, on behalf of itself and as representative of FTN Financial; and

**WHEREAS**, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of this Resolution and the Successor Agency Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its disclosure counsel, Curls Bartling P.C., the Municipal Advisor, its fiscal consultant, HdL Coren & Cone, and the Original Purchasers cause to be prepared a form of Official Statement for the Refunding Bonds describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Original Purchasers, as underwriter of the Refunding Bonds, to persons and institutions interested in purchasing the Refunding Bonds;

**WHEREAS**, the Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing;

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. Recitals.** The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2. Determination of Savings.** The Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to refund and defease the Prior Bonds, all as evidenced by the Debt Service Savings Analysis presented to this meeting, which Debt Service Savings Analysis is hereby approved.

**Section 3. Direction and Approval of Issuance of the Refunding Bonds.** As authorized by Section 34177.5(f), the Oversight Board hereby directs the Successor Agency to undertake the refunding proceedings, and as authorized by Section 34177.5(f) and Section 34180, the Oversight Board hereby directs and approves the issuance by the Successor Agency of the Refunding Bonds pursuant to and in accordance with Section 34177.5(a)(1) and under other applicable provisions of the Law and the Refunding Law and as provided in the Successor Agency Resolution and the Original Indenture, as supplemented and amended by the First Supplement, in a combined aggregate principal amount of not to exceed \$65,000,000, provided that the principal and interest payable with respect to the Refunding Bonds and the Prior Bonds being refunded complies in all respects with the requirements of the Savings Parameters with respect thereto, as shall be certified to by the Municipal Advisor upon delivery of the Refunding Bonds or any part thereof.

In connection with the sale and issuance of the Refunding Bonds, the Successor Agency is authorized to purchase a municipal bond insurance policy or a reserve fund

insurance policy for the Refunding Bonds if the Successor Agency determines that the purchase of either or both reduces the true interest cost of the Refunding Bonds thereby increasing the savings obtained through the issuance of the Refunding Bonds and the refunding of the Prior Bonds.

**Section 4. Sale and Delivery of Refunding Bonds in Whole or in Part.** The Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to the whole of the Refunding Bonds, then the Oversight Board approves the sale and delivery of the Refunding Bonds from time to time in part. In the event the Refunding Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional parts of the Refunding Bonds without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

**Section 5. Determinations by the Oversight Board.** Based upon the full record before it, which includes but is not limited to staff reports, testimony, and other materials and evidence provided, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Alameda County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34183(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of any of the

Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings with respect to the Refunding Bonds from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

**Section 6. Further Determinations.** Pursuant to Health and Safety Code Section 34177(h), the Oversight Board further finds and determines, based on information provided, that: (a) the Successor Agency has made, and will continue to make, diligent efforts to assure that the lowest long-term cost financing is obtained with the Refunding Bonds; (b) the Refunding Bonds will not provide for any bullets or spikes and shall not use variable rates of interest; and (c) the Successor Agency has made, and will continue to make, use of an independent municipal advisor in issuing the Refunding Bonds.

**Section 7. Effective Date.** Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the California Department of Finance.

ADOPTED, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2018

**PASSED BY THE FOLLOWING VOTE:**

AYES -

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
SECRETARY, OAKLAND  
OVERSIGHT BOARD

# OAKLAND OVERSIGHT BOARD

## MEMORANDUM

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|                 |  |              |                |
|-----------------|--|--------------|----------------|
| <b>TO:</b>      | Oakland Oversight Board                                  | <b>FROM:</b> | Adam D. Benson |
| <b>SUBJECT:</b> | ORSA Tax Allocation Refunding Bonds,<br>Series 2018-TE/T | <b>DATE:</b> | March 12, 2018 |
|                 |  | <b>ITEM:</b> | #3             |

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### **RECOMMENDATION**

Staff recommends that the Oakland Oversight Board adopt a resolution approving the issuance of refunding bonds by the Oakland Redevelopment Successor Agency, and making certain determinations with respect to the refunding bonds and providing for other matters relating thereto.

### **EXECUTIVE SUMMARY**

Staff recommends issuance of the Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE and Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (together, the "Refunding Bonds") to refund the defined Prior Bonds. The Refunding Bonds will reduce the Oakland Redevelopment Successor Agency's (the "Successor Agency") annual debt service payments and increase the Redevelopment Property Tax Trust Fund's (the "RPTTF") residual property tax revenues available for distribution to applicable taxing entities.

The Refunding Bonds will be issued in an aggregate principal amount not to exceed \$65,000,000, with a true interest cost not to exceed 6.25 percent (6.25%) and maturity date of no later than September 1, 2041. Due to favorable interest rates, as of February 22, 2018, the refunding is expected to generate total debt service savings of approximately \$21.8 million through fiscal year ("FY") 2042. The net present value ("NPV") savings are expected to be \$8.7 million or 15.72 percent (15.72%) of the refunded principal.

### **BACKGROUND/LEGISLATIVE HISTORY**

The Redevelopment Agency of the City of Oakland (the "Former Agency") issued the \$28,770,000 Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE (the "2006B-TE Bonds") on October 12, 2006 and the \$46,980,000 Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable) (the "2011A-T Bonds") on March 8, 2011 (together, the "Prior Bonds").

Pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), as of February 1, 2012, the Former Agency was dissolved and no longer exists as a public body, corporate and politic. Pursuant to Section 34173, as of July 17, 2012, the Successor Agency has become the successor entity to the Former Agency. Pursuant to Section 34179, the Oakland Oversight Board (the “Oversight Board”) was established for the Successor Agency.

Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”).

On September 2, 2015, the Successor Agency issued the \$22,510,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-TE and the \$66,675,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-T (Federally Taxable) (together, the “2015 Bonds”), pursuant to an Indenture of Trust dated as of September 1, 2015 (the “Original Indenture”), by and between the Successor Agency and Zions First National Bank (the “Original Trustee”). Wilmington Trust, National Association, is expected to replace Original Trustee prior to issuance of the Refunding Bonds. The 2015 Bonds were issued to refund all or a portion of certain bonds of the Former Agency then outstanding, including a portion of the then outstanding 2006B-TE Bonds.

## **ANALYSIS**

To provide the most cost effective financing, staff continuously monitors refunding opportunities on all the Successor Agency’s outstanding debt. Due to favorable interest rates, staff recommends issuance of the Refunding Bonds to refund all or a portion of the outstanding Prior Bonds for debt service savings in accordance with the Savings Parameters using an upfront savings structure to maximize the impact of the refunding. To determine compliance with the Savings Parameters, an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities (the “Debt Service Savings Analysis”) has been prepared by the Successor Agency’s municipal advisor (see Attachment A). The Refunding Bonds are expected to generate debt service savings as described in **Table 1**.

Table 1: Debt Service Savings<sup>1</sup> (Estimate as of 2/22/2018)

| <b>Item</b>   | <b>2006B-TE Bonds</b> | <b>2011A-T Bonds</b> | <b>Total</b>   |
|---|-----------------------|----------------------|----------------|
| Average annual debt service savings (FY 2019 – FY 2021) | \$501,533             | \$2.8 million        | \$3.3 million  |
| Total debt service savings through FY 2041-42           | \$1.5 million         | \$20.3 million       | \$21.8 million |
| NPV savings   | \$1.4 million         | \$7.3 million        | \$8.7 million  |
| NPV savings as a percentage of refunded principal       | 7.89%                 | 19.44%               | 15.72%         |

<sup>1</sup> Interest rates will depend on market conditions at the time of pricing

The Refunding Bonds will be issued in one or more series as tax-exempt and/or taxable, serial and/or term bonds in an aggregate principal amount not to exceed \$65,000,000. The Refunding Bonds will have a final maturity date of no later than September 1, 2041 and true interest cost not to exceed 6.25 percent (6.25%). Provisions for issuance of the Refunding Bonds are described in the First Supplement to Indenture of Trust, supplementing and amending the Original Indenture (the “First Supplement”). 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 original purchasers (i.e. underwriters) in accordance with the Bond Purchase Agreement. The original purchaser’s discount (excluding original issue discount, if any) shall not exceed 0.35 percent (0.35%) of the aggregate principal amount of the Refunding Bonds. Proceeds from the sale of the Refunding Bonds will be held in trust 1) per the Irrevocable Refunding Instructions to redeem the outstanding Prior Bonds and 2) to pay costs of issuance including, if beneficial, credit enhancement. **Table 2** and Attachment B provide certain costs of the Refunding Bonds per Senate Bill No. 450.

Table 2: Certain Costs of Refunding Bonds<sup>2</sup>

| Item                               | Estimate as of 2/22/2018   |
|------------------------------------|--|
| True interest cost of the bonds    | 4.65%  |
| Finance charge of the bonds        | \$1.3 million  |
| Bond proceeds received by the ORSA | \$54.9 million   |
|                                    | \$88.8 million   |
| Total payment amount               | Plus \$1,500 annual trustee fee as long as the Refunding Bonds are outstanding |

Principal and interest due (i.e. debt service) on the Refunding Bonds will be included in the Successor Agency’s Recognized Obligation Payment Schedule (the “ROPS”) and secured by property tax revenues deposited into the RPTTF held by the Alameda County Auditor-Controller. Property tax revenues in the RPTTF are equivalent to the amount of tax increment revenues, which were formally received under the Redevelopment Law<sup>3</sup>, for use in financing of redevelopment projects. Debt service on the Refunding Bonds will be payable on parity with the 2015 Bonds after the payment of certain senior obligations of the Successor Agency including debt service on certain previously issued, existing bonds.

On March 20, 2018, the Successor Agency adopted a resolution approving issuance of the Refunding Bonds (see Attachment C). Staff will return to the Successor Agency to request adoption of a resolution confirming issuance of the Refunding Bonds and approving the official statements (the “OS”) and continuing disclosure certificate (the “CDC”). In addition, staff must obtain approvals from the Oversight Board and DOF in order to issue the Refunding Bonds. The approval process and proposed financing schedule are summarized in **Table 3**.

<sup>2</sup> Interest rates will depend on market conditions at the time of pricing

<sup>3</sup> California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (the “Redevelopment Law”)



Table 3: Proposed Financing Schedule

| <b>Date</b> | <b>Action</b>  |
|-------------|--|
| 3/20/2018   | City Council and Agency Board Meeting<br>- Adopt a resolution (1 of 2) authorizing issuance of the Refunding Bonds and approving certain legal documents   |
| 3/26/2018   | Oversight Board Meeting<br>- Adopt a resolution authorizing issuance of the Refunding Bonds and making certain determinations  |
| 4/2/2018    | State of California, Department of Finance<br>- Review Successor Agency resolution, Oversight Board resolution, and financing documents for approval to issue the Refunding Bonds<br>- Start of DOF 60-day review period |
| 4/24/2018   | Finance and Management Committee Meeting<br>- Hear a resolution confirming issuance of the Refunding Bonds and approving the OS and CDC  |
| 5/1/2018    | City Council and Agency Board Meeting<br>- Adopt a resolution (2 of 2) confirming issuance of the Refunding Bonds and approving the OS and CDC   |
| 6/1/2018    | State of California, Department of Finance<br>- Approve issuance of the Refunding Bonds<br>- End of 60-day review period   |
| 6/12/2018   | Pricing of the Refunding Bonds   |
| 6/28/2018   | Closing of the Refunding Bonds   |
| 2/1/2019    | ROPS submitted to DOF  |
| June 2019   | Surplus funds in the RPTTF released to affected taxing entities  |

Forms of the First Supplement, Irrevocable Refunding Instructions, and Bond Purchase Agreement are on file with the Oversight Board Secretary. The resolution and required financing documents have been prepared by qualified consultants working with staff. Urban Futures, Inc. has been retained as municipal advisor. Jones Hall, A Professional Law Corporation, has been retained as bond counsel. Curlls Bartling P.C. has been retained as disclosure counsel. Wilmington Trust, National Association has been retained as Trustee for the Refunding Bonds and 2015 Bonds. HdL Coren & Cone has been retained as fiscal consultant. Stifel Nicolaus & Company, Incorporated and FTN Financial have been retained as underwriters.

#### **FISCAL IMPACT**

Annual debt service on and continuing administration costs of the Refunding Bonds will be included in the Successor Agency's ROPS and are payable from the RPTTF. Costs associated with issuance of the Refunding Bonds will be paid from bond proceeds and are contingent upon closing of the transaction.

Debt service savings generated by the Refunding Bonds will increase the RPTTF's residual property tax revenues available for distribution to affected taxing entities. The Refunding Bonds are expected to

generate total debt service savings of approximately \$21.8 million through fiscal year FY2042. The NPV savings are expected to be \$8.7 million or 15.72 percent (15.72%) of the refunded principal.

For questions regarding this report, please contact Adam D. Benson at (510) 238-2026.

Respectfully submitted,

/s/

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Adam D. Benson  
Finance Manager

Attachments (3):

Attachment A: Debt Service Savings Analysis  
Attachment B: Good Faith Estimates  
Attachment C: Successor Agency Resolution Dated March 20, 2018

ATTACHMENT A

**DEBT SERVICE SAVINGS ANALYSIS**

## DRAFT MEMORANDUM

**TO:** Oakland Redevelopment Successor Agency

**FROM:** Urban Futures, Inc.  
Wing-See Fox, Managing Director

**DATE:** March 5, 2018

**RE: Independent Municipal Advisor's Report: Debt Service Savings Analysis for Oakland Redevelopment Successor Agency, Subordinated Tax Allocation Refunding Bonds, Series 2018-TE and Series 2018-T (Federally Taxable)**

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### Background

The Oakland Redevelopment Successor Agency (the "Agency") is authorized under Section 34177 of the State Health and Safety Code to issue refunding tax allocation bonds ("TABs") for economic savings within the parameters set forth in Section 34177.5(a)(1) of the State Health and Safety Code (the "Savings Parameters"). In addition, Section 34177 of the State Health and Safety Code provides, in relevant part, that the Agency "...shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request." (State Health & Safety Code Section 34177.5(h), effective 6/27/12) Urban Futures, Inc., has been retained by the Agency to serve as its independent municipal advisor to determine compliance with the Savings Parameters for purposes of the issuance by the Agency of its Oakland Redevelopment Successor Agency, Subordinated Tax Allocation Refunding Bonds, Series 2018-TE and Series 2018-T (Federally Taxable), ("2018 TABS").

This report in draft form may be used in presentations to the Agency Board and Oversight Board but will be final only after the pricing of the 2018 TABS and verification of final debt service savings. The 2018 TABS will be issued in two series, a tax-exempt series ("Series 2018-TE") to current refund the Redevelopment Agency of the City of Oakland Coliseum Redevelopment Project Tax Allocation Bonds, Series 2006B-TE (the "2006B-TE Bonds") and a taxable series ("Series 2018-T") to advance refund the Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable) (the "2011A-T Bonds" and, together with the 2006B-TE Bonds, the "Prior Bonds").

### Plan of Refunding

The Agency has selected Stifel, Nicolaus & Company, Incorporated and FTN Financial Capital Markets (the "Underwriters") to structure and negotiate the refunding of the 2006B-TE and 2011A-T Bonds. The financing goal is to maximize economic savings by reducing total debt service.

The City's Municipal Debt Management Policy, approved by the City Council effective 6/20/17, states that refundings should at a minimum produce present value savings ("PV") equal to at least 3% of the par amount of the bonds refunded or \$500,000 (whichever is lower) unless there are legal, restructuring, or

other reasons (to be considered on a case-by-case basis) for defeasance at a PV value lower than such minimum. Based on market conditions as of 2/22/18, the Underwriters project the refunding of the Prior Bonds with proceeds of the 2018 TABS will achieve a Net PV savings of approximately \$8.8 million, or 15.72% of refunded par, as shown in Table 3. The Underwriters' estimates include the following key assumptions: (i) 2018 TABS will be issued on parity with the Agency's outstanding 2015 TABS; (ii) all of the outstanding Prior Bonds will be refunded, (iii) an underlying rating of "A" is assigned by S&P to the 2018 TABS, and (ii) bond insurance and a surety are purchased. The savings generated from this refunding are anticipated to result in higher property tax distributions to the City of Oakland and other taxing entities in the future. It is estimated that the City of Oakland will receive a 31% share of the savings.

## Refunding Results

Table 1 below shows the estimated sources and uses for the 2018 TABs.

| <b>Table 1: Sources and Uses of Funds</b> |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Sources:</b>                           | <b>2018-TE Bonds</b>        | <b>2018-T Bonds</b>         | <b>Total</b>                |
| Par Amount                                | \$ 15,875,000               | \$ 38,510,000               | \$ 54,385,000               |
| Premium                                   | 1,794,326                   |                             | 1,794,326                   |
|   | <u>\$ 17,669,326</u>        | <u>\$ 38,510,000</u>        | <u>\$ 56,179,326</u>        |
| Funds on Hand from RPTTF Distribution     | \$ 1,130,525                | \$ 3,733,338                | \$ 4,863,863                |
| Deposit to Interest Account for 9/1/2018  | (138,810)                   | (309,658)                   | (448,468)                   |
| Prior Debt Service Reserve Fund           |                             | 4,514,950                   | 4,514,950                   |
|   | <u>\$ 991,715</u>           | <u>\$ 7,938,629</u>         | <u>\$ 8,930,344</u>         |
| Total Sources of Funds                    | <u><b>\$ 18,661,041</b></u> | <u><b>\$ 46,448,629</b></u> | <u><b>\$ 65,109,670</b></u> |
| <b>Uses:</b>                              | <b>2018-TE Bonds</b>        | <b>2018-T Bonds</b>         | <b>Total</b>                |
| Refunding Escrow Deposits                 |                             |                             |                             |
| Cash Deposit                              | \$ 18,308,052               |                             | \$ 18,308,052               |
| SLGS Purchases                            |                             | 45,535,445                  | 45,535,445                  |
|   | <u>\$ 18,308,052</u>        | <u>\$ 45,535,445</u>        | <u>\$ 63,843,497</u>        |
| Costs of Issuance                         | \$ 116,045                  | \$ 281,505                  | \$ 397,550                  |
| Underwriter's Discount                    | 47,984                      | 116,401                     | 164,386                     |
| Bond Insurance                            | 150,632                     | 419,991                     | 570,623                     |
| Surety Reserve                            | 38,270                      | 92,838                      | 131,108                     |
| Rounding Amount                           | 58                          | 2,449                       | 2,507                       |
| Total Uses of Funds                       | <u><b>\$ 18,661,041</b></u> | <u><b>\$ 46,448,629</b></u> | <u><b>\$ 65,109,670</b></u> |

Tables 2 and 3 below show estimated nominal debt service savings and Net PV savings based on market conditions as of 2/22/2018.

| Table 2: Refunding Debt Service Savings |                       |                     |                       |                        |           |                   |
|---|-----------------------|---------------------|-----------------------|------------------------|-----------|-------------------|
|   | Prior Debt Service    | Prior Receipts      | Prior Net Cash Flow   | Refunding Debt Service | Savings   |                   |
| 9/1/2018                                | \$ 4,863,863          | \$ 4,415,395        | \$ 448,468            | \$ 448,468             | \$        | -                 |
| 9/1/2019                                | \$ 6,971,050          | \$ -                | \$ 6,971,050          | \$ 2,562,674           | \$        | 4,408,377         |
| 9/1/2020                                | \$ 6,964,425          | \$ -                | \$ 6,964,425          | \$ 2,617,674           | \$        | 4,346,752         |
| 9/1/2021                                | \$ 6,892,425          | \$ -                | \$ 6,892,425          | \$ 5,635,474           | \$        | 1,256,952         |
| 9/1/2022                                | \$ 6,881,975          | \$ -                | \$ 6,881,975          | \$ 6,879,471           | \$        | 2,505             |
| 9/1/2023                                | \$ 4,599,325          | \$ -                | \$ 4,599,325          | \$ 4,595,489           | \$        | 3,836             |
| 9/1/2024                                | \$ 4,598,475          | \$ -                | \$ 4,598,475          | \$ 4,594,027           | \$        | 4,448             |
| 9/1/2025                                | \$ 4,600,425          | \$ -                | \$ 4,600,425          | \$ 4,596,155           | \$        | 4,271             |
| 9/1/2026                                | \$ 4,599,475          | \$ -                | \$ 4,599,475          | \$ 4,595,158           | \$        | 4,317             |
| 9/1/2027                                | \$ 3,894,975          | \$ -                | \$ 3,894,975          | \$ 3,892,585           | \$        | 2,391             |
| 9/1/2028                                | \$ 3,689,875          | \$ -                | \$ 3,689,875          | \$ 3,685,521           | \$        | 4,355             |
| 9/1/2029                                | \$ 3,693,913          | \$ -                | \$ 3,693,913          | \$ 3,692,009           | \$        | 1,904             |
| 9/1/2030                                | \$ 3,689,950          | \$ -                | \$ 3,689,950          | \$ 3,687,379           | \$        | 2,572             |
| 9/1/2031                                | \$ 3,698,238          | \$ -                | \$ 3,698,238          | \$ 3,696,761           | \$        | 1,477             |
| 9/1/2032                                | \$ 3,298,025          | \$ -                | \$ 3,298,025          | \$ 3,295,026           | \$        | 2,999             |
| 9/1/2033                                | \$ 2,289,350          | \$ -                | \$ 2,289,350          | \$ 2,287,700           | \$        | 1,651             |
| 9/1/2034                                | \$ 2,293,888          | \$ -                | \$ 2,293,888          | \$ 2,290,752           | \$        | 3,136             |
| 9/1/2035                                | \$ 3,297,963          | \$ -                | \$ 3,297,963          | \$ 3,295,477           | \$        | 2,486             |
| 9/1/2036                                | \$ 4,882,000          | \$ -                | \$ 4,882,000          | \$ 4,881,557           | \$        | 444               |
| 9/1/2037                                | \$ 5,874,288          | \$ -                | \$ 5,874,288          | \$ 5,872,804           | \$        | 1,484             |
| 9/1/2038                                | \$ 5,870,100          | \$ -                | \$ 5,870,100          | \$ 5,866,591           | \$        | 3,509             |
| 9/1/2039                                | \$ 5,874,000          | \$ -                | \$ 5,874,000          | \$ 5,870,059           | \$        | 3,941             |
| 9/1/2040                                | \$ 5,872,288          | \$ -                | \$ 5,872,288          | \$ -                   | \$        | 5,872,288         |
| 9/1/2041                                | \$ 5,872,188          | \$ -                | \$ 5,872,188          | \$ -                   | \$        | 5,872,188         |
| <b>Total</b>                            | <b>\$ 115,062,475</b> | <b>\$ 4,415,395</b> | <b>\$ 110,647,080</b> | <b>\$ 88,838,804</b>   | <b>\$</b> | <b>21,808,277</b> |

| Table 3: Net PV Savings Summary     |                |
|-------------------------------------|----------------|
| PV of savings from cash flow        | \$ 13,278,752  |
| Less: Prior funds on hand           | \$ (4,514,950) |
| Plus: Refunding funds on hand       | \$ 2,507       |
| Net PV Savings                      | \$ 8,766,310   |
| Net PV Savings as % of Refunded Par | 15.72%         |

### Proposed Refunding Complies With State Law

Based on the 2018 TABS proposed structure and the projected debt service savings according to numbers prepared by the Underwriters, Urban Futures, Inc. concludes that the 2018 TABS comply with the Savings Parameters as described below.

**A. Total debt service (principal and interest) on the refunding bonds is less than total debt service on the refunded bonds (sec. 34177.5(a)(1)(A)):** Section 34177.5(a)(1)(A) requires that the total interest cost to

maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded. Table 2 shows projected total nominal debt service savings from the refunding of the Prior Bonds of \$21.8 million, calculated as (i) total debt service on the Prior Bonds, minus (ii) total debt service on the 2018 TABS. Net PV savings is projected to be \$8.8 million or 15.72% of total refunded par, which is well above the minimum City threshold of 3% of refunded par.

***B. Refunding bonds principal shall be used only for refunding purposes, not for new-money (sec. 34177.5(a) (1)(B)):*** Section 34177.5(a)(1)(B) requires that the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. Table 1 is the projected sources and uses of funds for the 2018 TABS, showing that all proceeds are used only for purposes associated with refunding the Prior Bonds, to establish customary debt service reserves and to pay related costs of issuance. No proceeds of the 2018 TABS will be used for any other purposes, including new-money purposes.

***C. Agency shall make diligent efforts to ensure lowest long-term cost financing is obtained, to structure refunding that does not provide for any bullets or spikes or variable rates, and shall hire an independent financial advisor (sec. 34177.5(h)):*** Section 34177.5(h) requires the Agency to make diligent efforts to ensure that the lowest long-term cost financing is obtained and that the financing not provide for any bullets or spikes or use variable rates. The Agency has retained Urban Futures, Inc., an independent financial advisor registered with the SEC and MSRB, to monitor the pricing of the 2018 TABS. Under the terms of the existing indenture for the 2015 Bonds, the Successor Agency is permitted to issue refunding bonds secured by Pledged Tax Revenues on a parity with the 2015 Bonds or on a subordinate basis to the 2015 Bonds only. In order to achieve the lowest long-term cost of financing, the 2018 TABS are secured by Pledged Tax Revenues on parity with the Agency's 2015 Bonds, but subordinate to certain existing bonds and other obligations.

In accordance with Section 34177.5(h), the proposed refunding structure does not provide for any bullet principal maturities, debt service spikes or variable rate debt.

## ATTACHMENT B

### GOOD FAITH ESTIMATES

The good faith 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 Successor Agency by Urban Futures, Inc., the Successor Agency's Municipal Advisor (the "Municipal Advisor") in consultation with Stifel, Nicolaus & Company and FTN Financial (the "Original Purchasers").

**Principal Amount.** The Municipal Advisor has informed the Successor Agency that, based on the Successor Agency's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds to be sold is \$15.875 million and \$38.510 million respectively (the "Estimated Principal Amounts").

**True Interest Cost of the Refunding Bonds.** The Municipal Advisor has informed the Successor Agency that, assuming that the respective Estimated Principal Amounts 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 Series 2018-TE Refunding Bonds and the Taxable Series 2018-T 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 Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, is 3.87% and 4.95%, respectively.

**Finance Charge of the Refunding Bonds.** The Municipal Advisor has informed the Successor Agency that, assuming that the Estimated Principal Amounts 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 Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds), is \$353,000 and \$911,000, respectively. Additionally, there will be an annual Trustee fee of \$1,500 for as long as the 2018-TE and 2018-T Refunding Bonds are outstanding.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the Successor Agency that, assuming that the Estimated Principal Amounts 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 Successor Agency for sale of the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, less the finance charge of the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, is \$17.3 million and \$37.6 million, respectively.

**Total Payment Amount.** The Municipal Advisor has informed the Successor Agency that, assuming that the Estimated Principal Amounts 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 Successor Agency will make to pay debt service on the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, plus the finance charge for the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, as



described above, not paid with the respective proceeds of the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, calculated to the final maturity of the Series 2018-TE Refunding Bonds and the Taxable Series 2018-T Refunding Bonds, is \$24.7 million and \$64.1 million, respectively. Additionally, there will be an annual Trustee fee of \$1,500 for as long as the 2018-TE and 2018-T Refunding Bonds are outstanding.

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 Successor Agency'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 Successor Agency 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 Successor Agency.

ATTACHMENT C

**SUCCESSOR AGENCY RESOLUTION DATED MARCH 20, 2018**

2018 MAR -8 PM 4:25

## OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION No. 2018-\_\_\_\_\_

A SUCCESSOR AGENCY RESOLUTION AUTHORIZING THE ISSUANCE AND PRESCRIBING THE TERMS, CONDITIONS AND FORM OF NOT TO EXCEED \$65,000,000 COMBINED AGGREGATE PRINCIPAL AMOUNT OF THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY SUBORDINATED TAX ALLOCATION REFUNDING BONDS, SERIES 2018-TE AND OAKLAND REDEVELOPMENT SUCCESSOR AGENCY SUBORDINATED TAX ALLOCATION REFUNDING BONDS, SERIES 2018-T (FEDERALLY TAXABLE), APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENT TO INDENTURE OF TRUST AND A PURCHASE AGREEMENT; APPROVING THE SELECTION AND RETENTION OF A MUNICIPAL ADVISOR AND UNDERWRITERS; AUTHORIZING PAYMENT OF COSTS OF ISSUANCE; AND AUTHORIZING AND APPROVING NECESSARY ACTIONS IN CONNECTION THEREWITH

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Redevelopment Agency of the City of Oakland (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Oakland Redevelopment Successor Agency (the "Successor Agency") has become the successor entity to the Former Agency;

**WHEREAS**, prior to the dissolution of the Former Agency, the Former Agency issued the following series of bonds:

- (i) \$28,770,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE (the "Series 2006B-TE Bonds"); and
- (ii) \$46,980,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable) (the "Series 2011A-T Bonds"); and

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of

achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

**WHEREAS**, to refund all or a portion of certain bonds of the Former Agency then outstanding, including a portion of the then outstanding Series 2006B-TE Bonds, the Successor Agency previously issued its \$22,510,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-TE and its \$66,675,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-T (Federally Taxable) (collectively, the "2015 Bonds"), pursuant to an Indenture of Trust dated as of September 1, 2015 (the "Original Indenture"), originally entered into by and between the Successor Agency and Zions First National Bank, as trustee (the "Original Trustee"); and

**WHEREAS**, the Successor Agency has determined to sell its Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE (the "Series 2018-TE Refunding Bonds") and its Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (the "Taxable Series 2018-T Refunding Bonds" and, together with the Series 2018-TE Refunding Bonds, the "Refunding Bonds") to refund all or a portion of the outstanding Series 2006B-TE Bonds and all or a portion of the outstanding Series 2011A-T Bonds (collectively, the "Prior Bonds"), but only in accordance with the Savings Parameters and Section 34177.5(a)(1); and

**WHEREAS**, the Successor Agency is informed that the Original Trustee intends to resign as trustee under the Original Indenture prior to the issuance of the Refunding Bonds, and the Successor Agency intends to appoint Wilmington Trust, National Association as successor trustee to serve as trustee for the 2015 Bonds and the Refunding Bonds; and

**WHEREAS**, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of the Refunding Bonds, the Successor Agency has caused its municipal advisor, Urban Futures, Inc. (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the Prior Bonds (the "Debt Service Savings Analysis"); and

**WHEREAS**, the Successor Agency has determined to sell the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated and FTN Financial (collectively, the "Original Purchasers"), pursuant to the terms of a bond purchase agreement (the "Purchase Agreement") to be entered into by the Successor Agency and Stifel, Nicolaus & Company, Incorporated, on behalf of itself and as representative of FTN Financial; and

**WHEREAS**, the Successor Agency desires at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of (i) a First Supplement to Indenture of Trust, supplementing and amending the

Original Indenture and providing for the issuance of the Refunding Bonds (the "First Supplement"), (ii) the Irrevocable Refunding Instructions, one for each series of the Prior Bonds, to be delivered by the Successor Agency to the trustees for the Prior Bonds (collectively, the "Refunding Instructions"), and (iii) the Purchase Agreement; and

**WHEREAS**, pursuant to Section 34179, an oversight board (the "Oversight Board") has been established for the Successor Agency, and, pursuant to Section 34177.5(f) and Section 34180(b), the issuance of the Refunding Bonds by the Successor Agency is subject to the approval of the Oversight Board; and

**WHEREAS**, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of this Resolution and the resolution of the Oversight Board approving the Refunding Bonds (the "Oversight Board Resolution") to the California Department of Finance, the Successor Agency will, with the assistance of its disclosure counsel, Curis Bartling P.C. ("Disclosure Counsel"), the Municipal Advisor, its fiscal consultant, HdL Coren & Cone (the "Fiscal Consultant"), and the Original Purchasers, cause to be prepared a form of Official Statement for the Refunding Bonds describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Original Purchasers, as underwriters of the Refunding Bonds, to persons and institutions interested in purchasing the Refunding Bonds; and

**WHEREAS**, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the Successor Agency obtain from an underwriter, municipal advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Refunding Bonds, good faith estimates of (a) the true interest cost of the Refunding Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Refunding Bonds, (c) the amount of proceeds of the Refunding Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, and (d) the sum total of all debt service payments on the Refunding Bonds calculated to the final maturity of the Refunding Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Refunding Bonds; and

**WHEREAS**, in compliance with SB 450, the Oakland Redevelopment Successor Agency has prepared, with the assistance of the Municipal Advisor, based on information provided by the Original Purchasers, the required good faith estimates and such estimates are included in the agenda report submitted by staff to the Successor Agency in connection with the proposed adoption of this Resolution; now therefore be it

**RESOLVED**, the Oakland Redevelopment Successor Agency finds, determines, declares and resolves as follows:

**Section 1. Conditions Precedent; Determination of Savings.** Except for the Successor Agency's receipt of the approval of its Oversight Board and the California Department of Finance of the issuance of the Refunding Bonds and except as provided in Section 8 below, all conditions, things and acts required by law to exist, to happen and to be performed precedent to and in connection with the issuance by the Successor Agency of the Refunding Bonds exist, have happened and been performed in due time, form and manner, in accordance with applicable law, and the Successor Agency is now authorized pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of title 5 of the California Government Code, in accordance with Section 34177.5(a)(1) of the California Health and Safety Code, to issue the Refunding Bonds in the manner and form provided in this Resolution.

The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund and defease all or a portion of the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which Debt Service Savings Analysis is hereby approved.

The Successor Agency is hereby directed to provide the Debt Service Savings Analysis and a final copy of this Resolution to the Oversight Board. The Successor Agency is hereby further authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, as provided in Section 34180(j), with the Alameda County Administrative Officer, the Alameda County Auditor-Controller and the California Department of Finance.

**Section 2. Approval of First Supplement and Refunding Instructions.** The First Supplement, in substantially the form on file with the Secretary of the Successor Agency (the "Secretary"), is hereby approved and adopted. The Administrator of the Successor Agency (the "Administrator") or the Treasurer of the Successor Agency (the "Treasurer"), each acting alone, or the designee of either, is hereby authorized and directed to execute and the Secretary is hereby authorized to attest to, the First Supplement in substantially the form presented to this Successor Agency Board and on file with the Secretary, with such changes, additions, amendments or modifications (including but not limited to changes, additions, amendments or modifications necessary to obtain ratings on the Refunding Bonds, or a municipal bond insurance commitment or reserve fund insurance policy for the Refunding Bonds) that are approved by the Administrator or the Treasurer, in consultation with Counsel to the Successor Agency ("Counsel"), as being in the interest of the Successor Agency, such approval to be conclusively evidenced by said execution. The Successor Agency hereby agrees to comply with, or cause to be complied with, all covenants of the Successor Agency set forth in the Original Indenture as supplemented and amended by the First Supplement.

The forms of the Refunding Instructions, in substantially the forms on file with the Secretary, are hereby approved. The Administrator or the Treasurer, each acting alone, or the designee of either, is hereby authorized and directed to execute and deliver the Refunding Instructions in substantially the forms presented to this Successor Agency Board and on file with the Secretary, with such changes, additions, amendments or modifications that are approved by the Administrator or the Treasurer, in consultation with Counsel to the Successor Agency. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Refunding Instructions.

**Section 3. Issuance of Refunding Bonds.** The Successor Agency Board hereby authorizes the issuance of the Refunding Bonds which shall be designated the "Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE" and "Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable)" in a combined aggregate amount of not to exceed \$65,000,000, subject to the terms set forth in the Purchase Agreement and provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery.

It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Prior Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds without the further approval of the Successor Agency or the Oversight Board, provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

Pursuant to Section 5903 of the Government Code, it is the intention of the Successor Agency that the Taxable Series 2018-T Refunding Bonds will be subject to all applicable federal income taxation.

**Section 4. Form of Refunding Bonds.** The forms of the Refunding Bonds, in substantially the forms attached to the First Supplement, are hereby approved and adopted. The Administrator or the Treasurer, each acting alone, is hereby authorized and directed to approve and to execute the Refunding Bonds by manual or facsimile signature, and the Secretary is hereby authorized and directed to attest, by manual or facsimile signature, such signature on the Refunding Bonds, with such changes, additions, amendments or modifications made in accordance with Section 11 hereof.

**Section 5. Purchase Agreement.** The Purchase Agreement, in substantially the form on file with the Secretary, is hereby approved, and the Administrator or the Treasurer, or the designee of either, is hereby authorized and directed to execute and

deliver said Purchase Agreement with such changes therein as the Administrator or the Treasurer may approve, such approval to be conclusively evidenced by the execution and delivery of such Purchase Agreement, provided that: (i) the aggregate principal amount of the Refunding Bonds to be issued shall not exceed \$65,000,000; (ii) the final maturity of the Refunding Bonds to be issued shall not be later than September 1, 2041; (iii) the true interest cost of the Refunding Bonds to be issued shall not exceed six and twenty-five hundredths percent (6.25%); and (iv) the Original Purchasers' discount (excluding original issue discount, if any) shall not exceed thirty-five hundredths percent (0.350 %) of the aggregate principal amount of the Refunding Bonds to be issued.

**Section 6. Appointment of Successor Trustee, Depositories and Other**

**Agents.** The Administrator or the Treasurer, each acting alone, or the designee of either, is hereby authorized and directed to appoint from time to time one or more depositories for the Refunding Bonds, as they may deem desirable. The Administrator or the Treasurer, each acting alone, or the designee of either, is hereby also authorized and directed to appoint from time to time one or more agents, as either of them may deem necessary or desirable. To the extent permitted by applicable law, and under the supervision of the Treasurer, such agents may serve as paying agent, trustee or registrar for the Refunding Bonds, or financial printer or may assist the Treasurer in performing any or all of such functions and other duties as the Treasurer shall determine. Such agents shall serve under such terms and conditions, as the Treasurer shall determine. The Treasurer may remove or replace agents appointed pursuant to this section at any time. The Treasurer is hereby further authorized, upon receipt of the resignation of the Original Trustee, to appoint Wilmington Trust, National Association as successor to the Original Trustee to serve as trustee for the 2015 Bonds and the Refunding Bonds.

**Section 7. Municipal Bond Insurance Policy; Reserve Fund Insurance**

**Policy.** The Administrator or the Treasurer, each acting alone, or the designee of either, is hereby authorized to negotiate and procure a municipal bond insurance policy and/or a reserve fund insurance policy for the Refunding Bonds so long as each such policy, in the opinion of such parties, will result in present value debt service savings to the Successor Agency, taking into account the cost of the premium for such policy to the Successor Agency. If a municipal bond insurance policy or reserve fund insurance policy is to be obtained, the Administrator or the Treasurer, each acting alone, or the designee of either, is hereby authorized to negotiate such additional conditions, covenants and agreements to be observed by the Successor Agency as may be required by such municipal bond insurer or provider of such reserve fund insurance policy, and such covenants and agreements shall be reflected in the First Supplement as executed by the Successor Agency.

**Section 8. Official Statement.** Following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Administrator and the Treasurer will, with the assistance of its Disclosure Counsel, Fiscal Consultant, Municipal Advisor and the Original Purchasers, cause to be prepared a form of Official Statement for the Refunding Bonds describing the Refunding Bonds and containing



material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted for approval at a later date to the Successor Agency prior to distribution by the Original Purchasers to persons and institutions interested in purchasing the Refunding Bonds.

**Section 9. Professional Services.** The Administrator or the Treasurer, each acting alone, or the designee of either, are hereby authorized to retain, in connection with the issuance of the Refunding Bonds, Urban Futures, Inc., as municipal advisor, HdL Coren & Cone, as fiscal consultant, the firm of Jones Hall, A Professional Law Corporation, as bond counsel, and the firm of Curls Bartling P.C., as disclosure counsel, and to execute professional services agreements with each such firm. Stifel, Nicolaus & Company, Incorporated and FTN Financial are hereby appointed as underwriters of the Refunding Bonds.

**Section 10. Payment of Costs of Issuance.** The Treasurer is hereby authorized and directed to pay, or cause to be paid on behalf of the Successor Agency, the costs of issuance associated with the Refunding Bonds, including the cost of staff time and related overhead and any transferred proceeds penalty incurred in connection with the refunding of the Prior Bonds.

**Section 11. Modification to Documents.** All officials of the Successor Agency authorized by this Resolution to execute any documents are hereby further authorized, in consultation with the Administrator, the Treasurer and Counsel, 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. 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 12. Ratification.** All actions heretofore taken by the officials, employees and agents of the Successor Agency with respect to the sale and issuance of the Refunding Bonds are hereby approved, confirmed and ratified.

**Section 13. General Authority.** The Administrator, the Treasurer, the Secretary or each such person's duly authorized designee and agent, and any other officials of the Successor Agency and their duly authorized designee and agents are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Refunding Bonds, and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution. The Administrator and the Treasurer may designate in writing one or more persons to perform any act, which such persons are hereby authorized by this Resolution to perform.

**Section 14. Effect.** This Resolution shall take effect immediately upon its passage; provided, however, that the Successor Agency will not execute and deliver the documents approved hereby or issue the Refunding Bonds until such execution, delivery and issuance has been approved by the Oversight Board and the California Department of Finance.

IN SUCCESSOR AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2018

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, GALLO, GIBSON MACELHANEY, GUILLEN, KALB, KAPLAN, WASHINGTON, and  
PRESIDENT REID

NOES -  
ABSENT -  
ABSTENTION -

ATTEST: \_\_\_\_\_  
LATONDA SIMMONS  
Secretary of the Oakland  
Redevelopment Successor Agency