

OAKLAND OVERSIGHT BOARD

RESOLUTION No. 201~~2~~<sup>3</sup>-1

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A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND, PURSUANT TO CALIFORNIA HEALTH & SAFETY CODE SECTION 34181(a), APPROVING THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY'S APPROVAL/RATIFICATION OF THE LEASE DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS WITH THE CITY OF OAKLAND AND PROLOGIS CCIG OAKLAND GLOBAL, LLC, FOR CONSTRUCTION OF PUBLIC INFRASTRUCTURE AND THE LEASE AND DEVELOPMENT OF APPROXIMATELY 130 ACRES IN THE CENTRAL, EAST, AND WEST GATEWAY AREAS OF THE FORMER OAKLAND ARMY BASE, AND ADOPTION OF ORDINANCE NO. 13131 C.M.S

**WHEREAS**, pursuant to Assembly Bill X 1 26 ("**AB 26**"), the Redevelopment Agency of the City of Oakland (the "**Redevelopment Agency**") dissolved as a matter of law on February 1, 2012; and

**WHEREAS**, pursuant to AB 26, the City of Oakland (the "**City**") elected to serve as the successor agency to the Redevelopment Agency (and as required by Assembly Bill 1484 ("**AB 1484**"), formally established the Oakland Redevelopment Successor Agency ("**ORSA**") on July 17, 2012; and

**WHEREAS**, pursuant to AB 26 and AB 1484 (collectively referred to herein as the "**Dissolution Act**") all property of the Redevelopment Agency, other than property used for low and moderate income housing, was transferred to ORSA; and

**WHEREAS**, as described in detail below, at the time of dissolution the Redevelopment Agency had been working for nearly ten (10) years, pursuant to agreements with the United States Department of the Army (the "**Army**") and other parties, on the reuse and redevelopment of the Oakland Army Base (the "**Army Base**" or "**OARB**") for the economic development benefit of the community, which agreements created certain enforceable obligations on the Redevelopment Agency; and

**WHEREAS**, on March 3, 2011, prior to dissolution, as further described below, the Redevelopment Agency conveyed certain property that was part of the OARB to the City, in exchange for the City assuming all obligations, including certain environmental remediation and other obligations of the Redevelopment Agency under a remediation agreement with the State of California (the "**State**") – the Consent Agreement (as described below), and certain remediation, reinvestment and development obligations under a transfer agreement with the Army – the EDC MOA (as described below) with respect to the property transferred; and

**WHEREAS**, title to all of the Redevelopment Agency OARB property was transferred to the City by deed on January 31, 2012, except that certain portion of the Army Base subject to the public trust ("**Parcel E**"), which as further described below, remains in ORSA; and

**WHEREAS**, ORSA has requested approval from the Oakland Oversight Board (the "**Board**") for ORSA to obtain State Lands Commission approval of the transfer of Parcel E to the City, and ORSA has also requested Board approval for ORSA to quitclaim to the City any interest ORSA may have in any other OARB property; and

**WHEREAS**, ORSA has also requested approval and ratification by the Board of that certain Lease Disposition and Development Agreement (the "**LDDA**") and related documents (all as further described below) between the City and Prologis CCIG Oakland Global, LLC ("**Prologis CCIG**") providing for the construction of public infrastructure and the lease and development of approximately 130 acres in the Central, East and West Gateway Areas of the former Army (the "**OAB Project**"), as further described below; and

**WHEREAS**, the Redevelopment Agency's (and now the City's and ORSA's) remediation obligations to the Army and the State are "enforceable obligations" pursuant to Health and Safety Code ("**HSC**") Section 34171(d)(1)(C) and must be completed pursuant to the State-approved remediation plans – the "**RAP/RMP**" (as described below), and pursuant to the RAP/RMP, the required remediation can only be completed in conjunction with the construction of infrastructure and the development of the OARB; and

**WHEREAS**, by proceeding with the LDDA, which provides for the remediation of the property through the infrastructure construction and development of the property, the City will be able to fulfill these enforceable obligations that otherwise must be fulfilled by ORSA; and

**WHEREAS**, pursuant to the Dissolution Act, ORSA will not be in existence on a long-term basis to be able to manage public trust lands or to fulfill the remediation, development and reinvestment obligations to the State and the Army under the EDC MOA and the Consent Agreement; and

**WHEREAS**, the role of the successor agency under the Dissolution Act is to wind-down the activities of the former redevelopment agencies for the benefit of the taxing entities, and as part of the required redevelopment wind-down process, the Dissolution Act contemplates a transfer by successor agencies of contractual obligations in that HSC Section 34177 (i) requires a successor agency to "continue to oversee the development of properties until the contracted work has been completed or the contractual obligations of the former redevelopment agency can be transferred to other parties," and the LDDA allows ORSA to fulfill this required wind-down by transferring to the City ORSA's remaining contractual obligations to the Army and the State to remediate, reinvest and develop the property; and

**WHEREAS**, the LDDA is also a requirement for the OAB Project being able to access the Trade Corridor Improvement Funds (the "TCIF") to be received from the California State Transportation Commission (as described below) which allows for the remediation of the site pursuant to the RAP/RMP and for meeting the reinvestment obligations under the final Reinvestment Plan submitted to the Army (as further described below), which if the proceeds under the Reinvestment Plan are not reinvested as required must be returned to the Army; and

**WHEREAS**, the LDDA requires that the title issues to the OARB be resolved prior to entering into the leases and securing the private match required by the TCIF grant, and if the City does not keep the private match monies secure, it cannot enter into the design-build contract for the public infrastructure by June 2013, which is required in order to meet the grant's statutory construction start date of December 31, 2013; and

**WHEREAS**, if the City cannot meet these deadlines, the OAB Project will lose TCIF monies in the amount of One Hundred Twenty Million Dollars (\$120,000,000) and such loss of TCIF monies will then also cost the OAB Project One Hundred Seventy-Two Million Dollars (\$172,000,000) in private investment that is dependent upon receipt of the TCIF monies (see described below); and

**WHEREAS**, if the LDDA and related agreements are not approved and the City therefore cannot fulfill the remediation, development and reinvestment obligations through the LDDA, ORSA will still be obligated to the Army and the State for the remediation obligations and to the Army for the reinvestment obligations, **but** without the benefit of One Hundred Twenty Million Dollars (\$120,000,000) of TCIF monies and without the benefit of the One Hundred Seventy-Two Million (\$172,000,000) in private investment funds, and ORSA instead will need to use new tax increment monies to complete the remediation, to the detriment of the taxing entities; and

**WHEREAS**, HSC Section 34177 (e) requires that ORSA dispose of the assets and properties of the Redevelopment Agency as expeditiously as possible and in a manner aimed at maximizing value, and Section 34181 (a) states that the Board shall direct ORSA to dispose of assets and properties of the Redevelopment Agency and that such disposal is to be done expeditiously and in a manner aimed at maximizing value; and

**WHEREAS**, HSC Section 34191.3 (AB 1484) expressly provides that: "the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended ... until the Department of Finance has approved a long range management plan..." (emphasis added); but AB 1484 does not suspend the ability of a successor agency with oversight board approval to dispose of property - suspension of a mandatory expeditious liquidation of assets and properties is not equal to a prohibition of sales prior to the approval of the long-range management plan if such sales are to the fiscal benefit of the taxing entities; and

**WHEREAS**, the amendments to AB 26 provided by AB 1484 were intended to forestall the forced disposition of property prior to the successor agency's receipt of its

finding of completion, not to prevent the voluntary disposition of property should it be in the best interest of the taxing entities and should the oversight board approve, and most importantly, **by its express terms, AB 1484 does not prohibit the voluntary sale or lease of property by a successor agency, especially when it is in the best interests of the taxing entities and desired by all of the affected taxing entities, as is the case here; and**

**WHEREAS**, the Board is presented with a unique set of circumstances where timing is critical – due to the required timetable for the commencement of construction, the OAB Project will lose the TCIF funds and the private investment funds if ORSA must wait until approval of a long range property management plan to proceed with the LDDA; and

**WHEREAS**, where ORSA is seeking approval of these dispositions now because failing to approve them now and deferring the approval until the completion of the long-range property management plan will eliminate the OAB Project and will mean the loss of millions of dollars in TCIF funds and private investment funds, and in turn, defeat the ability of the taxing entities to reap the benefit of millions of dollars in increased annual real property tax revenues, as well as other projected tax revenues, and cause defaults under the remediation and reinvestment obligations to the State and the Army; and

**WHEREAS**, property and sales taxes generated from the OAB Project will be distributed to specified taxing entities in Alameda County pursuant to state law; and

**WHEREAS**, jurisdictions (each a taxing entity in Alameda County and a member of the Board) have submitted individual letters to the California Department of Finance (collectively, the “**Taxing Entity Letters**”) to show that the conveyance of Parcel E to the City, the quitclaim of the other OARB property to the City, and the approval of the lease of the OARB property pursuant to the LDDA are all in the best interests of the taxing entities and will generate financial benefits for all of the taxing entities in the form of very significant increases in real property taxes, business licenses, sales taxes and utility taxes, and copies the Taxing Entity Letters are attached hereto as **Exhibit A** and incorporated herein by this reference; and

**WHEREAS**, the record considered by the Board includes the in-depth analysis prepared by Keyser Marston of the Property Tax and Economic Benefits that would be generated under three development scenarios at the former Army Base site, (the “**Keyser Marston Memo**”), including Scenario #1 being the completion of the OAB Project as provided in the LDDA, Scenario #2 being the completion of the Scenario #1 and an additional expansion by the Port of Oakland (the “**Port**”), which will only be possible if the OAB Project provided for in the LDDA is completed, and Scenario #3 being no change in the status quo - a largely vacant property with small tenants leasing space for storage and trucking-related uses, with no LDDA, and therefore, no OAB Project, no additional Port project and **no prospect for imminent development; and**

**WHEREAS**, the Keyser Marston Memo notes that the completion of Scenario #1 is a necessary precondition for the feasibility of Scenario #2, and that Scenario #2 is analyzed to provide a full picture of the potential for Property Tax and Economic Benefit to be derived from the LDDA and the OAB Project; and

**WHEREAS**, the Keyser Marston Memo provides dramatic comparisons between the scenarios with regard to the projected annual property tax revenue (including the amount allocated for each of the taxing entities), the number of full-time permanent jobs, the amount of ongoing employee income, the economic output/gross receipts, the construction jobs and income and the economic output/gross receipts from construction such as:

	Scenario 1	Scenario 2	Scenario 3
Annual Property Tax Revenue	\$1.68 Million	\$2.9 Million	\$32,400
Job Creation (on-site and induced)	4,980	6,560	960
Yearly Employee Income (on-site and induced)	\$228 Million	\$302 Million	\$40 Million

**WHEREAS**, the Keyser Marston Memo projects the following annual property tax revenues to the following taxing entities:

	Scenario 1	Scenario 2	Scenario 3
City of Oakland	\$471,200	\$814,600	\$9,100
Oakland Unified Schools	312,800	540,800	6,000
Alameda County	268,200	463,700	5,200
AC Transit	77,600	134,100	1,500
Peralta Community College	44,200	76,400	900

**WHEREAS**, the Keyser Marston Memo projects that under Scenario #1, (the OAB project) the taxing entities would benefit from a 5.071% increase in annual real property tax revenue, and under Scenario #2, the annual real property tax revenue percentage increase would be 8,840% to the taxing entities; and

**WHEREAS**, these projected significant increases in annual real property tax revenues to the taxing entities would promote and fulfill the purposes of the Dissolution Act; and

**WHEREAS**, if the Project does not proceed there is no economic benefit to the taxing entities - not only will Scenario #3 (the status quo) leave the City and ORSA with a largely vacant site, having very limited economic and tax benefits, the sale or lease of the property to another party is unlikely, given the significant obligations and restrictions (including but not limited to the remediation and reinvestment obligations) imposed upon the property by the Army and the State, and given that there would not be adequate funding to complete the public infrastructure improvements required for the completion of remediation; and

**WHEREAS**, the history of the OAB Project is long (dating back nearly 10 years), complex, involving many parties and culminating in millions of dollars in the TCIF grant from the State and in millions of dollars of private investment, and will not be able to be re-created after the approval of a long-range property management plan many months from now, and it is therefore critical that the proposed disposition, public infrastructure construction and lease be approved now; and

**WHEREAS**, the Board has taken into consideration the following long history of the efforts to accomplish the reuse and development of the OAB for the economic development benefit of the community, including the taxing entities:

(a) In 2003, in order to enable local economic redevelopment and job creation and ease the economic hardship on the local community caused by the base closure per Section 2903 of Title XXIX of Public Law 101-510, the Army transferred via No-Cost Economic Development Conveyance ("**EDC**") 366 acres of the former Army Base located in the City of Oakland, County of Alameda, State of California, to the Oakland Base Reuse Authority ("**OBRA**"), a joint powers authority composed of the City of Oakland ("**City**"), the Redevelopment Agency and the County of Alameda under the California Joint Exercise of Powers Act as set forth in Title 1, Division 7, Chapter 5, Article 1 of the Government Code of the State of California (Government Code § 6470 *et seq.*) by that certain Quitclaim Deed for No-Cost Economic Development Conveyance Parcel, recorded August 8, 2003, as Doc. 2003-466370 in the Office of the Recorder of Alameda County, California (the "**Official Records**").

(b) The terms of the EDC conveyance were set forth in the EDC Memorandum of Agreement ("**EDC MOA**") and the related Environmental Services Cooperative Agreement ("**ESCA**") among the Army, OBRA, and the Redevelopment Agency as OBRA's designated successor-in-interest.

(c) The ESCA requires OBRA and the Redevelopment Agency to remediate contaminated sites identified on the OARB and achieve regulatory closure, as defined by the ESCA, by July 31, 2013.

(d) Under the ESCA, the ultimate responsibility for completing environmental remediation activities and achieving regulatory closure rests with OBRA and its successor-in-interest, formerly ORSA and now the City and ORSA, and this obligation survives without regard to the potential for portions of the Army Base to be transferred to future owners or tenants.

(e) To address environmental contamination from past Army Base activities and older industrial uses, OBRA commissioned a Remedial Action Plan and Risk Management Plan ("**RAP/RMP**"), which was approved by California's Department of Toxic Substances Control ("**DTSC**") in 2002, and requires that RAP sites and certain known RMP locations be remediated in advance and that the final remediation be conducted as a part of the redevelopment, particularly

through completion of the public infrastructure construction .(For example, the RAP provides: "A major component of the remedial actions associated with RMP locations is directly related to the infrastructure development, as the process of removing, replacing or installing new roads and subsurface utilities may reveal the potential environmental impacts with the RMP Implementation Area at the OARB.").

(f) To complete the transfer, the State entered into that certain Consent Agreement Concerning the Oakland Army Base dated September 27, 2002 (the "**Consent Agreement**") with the OBRA and the Redevelopment Agency on behalf of the City, and the Governor issued a Finding of Suitability to Transfer. The Consent Agreement requires implementation of the RAP/RMP and includes a DTSC-approved Covenant to Restrict Use of Property, which restricts the use of the property.

(g) These EDC agreements (the EDC MOA/ESCA and the Consent Agreement between OBRA and the Army and OBRA and the State, respectively, establish the cleanup goals, reporting procedures, schedule for cleanup; and restrict the uses of OARB property, and are enforceable obligations of the City ORSA as the successors-in-interest to OBRA.

(h) The EDC MOA requires OBRA and the Redevelopment Agency to reinvest proceeds received during the Reinvestment Period from the sale, lease, use, exchange or other disposition of the OARB ("**EDC Property Proceeds**") toward the economic redevelopment of the former Army Base, and all amounts of the EDC Property Proceeds that have not been reinvested at the end of the Reinvestment Period shall be payable to the Army.

(i) The Reinvestment Period commenced with the conveyance of the OARB to OBRA in 2003, has been extended once and expired in August 2012; however, prior to its expiration, on September 24, 2010, the Redevelopment Agency submitted to the Army, and the Army accepted, a final Reinvestment Plan and schedule that commits the EDC Property Proceeds on hand to the completion of environmental remediation, master planning, CEQA documentation, site preparation, and infrastructure development. This final Reinvestment Plan guides the expenditures of any monies earned on the OARB property - the EDC Property Proceeds have not been fully expended, and the Army may, according to the terms of the EDC MOA, extend the Reinvestment Period at its sole discretion

(j) In 2003 OBRA transferred 226 acres of the Army Base to the Port for its Port Development Area, and retained the remaining property for the City's Gateway Development Area.

(k) In 2006, pursuant to the Oakland Army Base Title Settlement and Exchange Agreement between the State of California, acting by and through the

State Lands Commission, the Port, OBRA and the City, dated June 30, 2006, the City and Port completed the exchange of public trust lands, such that the public trust was terminated on all of the City owned OARB (see State of California Patent and Trust Termination recorded August 7, 2006, as Doc. 2006-301853 in the Official Records), except on one approximately 16.7 acre parcel conveyed from the State to the Redevelopment Agency by State of California Patent and Trust Termination recorded August 7, 2006, as Doc. 2006-301850 ("**Parcel E**"), which parcel is subject to the public trust.

(l) Also in 2006 and 2007, the portions of the OARB owned by OBRA that were not subject to the public trust were conveyed by OBRA to the Redevelopment Agency by the following Quitclaim Deeds, recorded September 19, 2006 as Docs. 2006-354006 and 2006-354007 and May 17, 2007 as Doc. 2007-190760 in the Official Records, and the Redevelopment Agency assumed all of OBRA's rights and obligations, including OBRA's rights and obligations under the EDC MOA and ESCA.

(m) To ensure that the remediation requirements and the other enforceable obligations stemming from the EDC MOA and the Consent Agreement continue to be met upon Redevelopment Agency dissolution, on March 3, 2011, the Redevelopment Agency and the City entered into a Purchase and Sale Agreement, approved by City Council Ordinance No. 83254 C.M.S. and Redevelopment Agency Resolution No. 2011-0025 C.M.S., whereby the Redevelopment Agency agreed to sell and convey portions of the Gateway Development Area to the City under its own auspices, and the City agreed to accept assignment of all agreements related to the OARB property, and assume all obligations under those agreements.

(n) On January 31, 2012, the City closed escrow on the transaction per the March 3, 2011 Purchase and Sale Agreement and took title to the Gateway Development Area, except for the public trust encumbered Parcel E, and the City assumed all of the Redevelopment Agency's rights and obligations under the EDC Agreements with respect to the property including but not limited to the remediation requirements under the Consent Agreement and RAP/RMP, which must in part, be completed as part of the redevelopment of the property and the remediation, reinvestment and redevelopment obligations under the EDC MOA and ESCA.

(o) On October 23, 2012, the City entered into the LDDA with Prologis CCIG, authorized by City Council Ordinance 13131 C.M.S. and ratified and approved by ORSA Resolution 2012-006, for the construction of public infrastructure by the City and the lease and development of a mixed-use project on approximately 130 acres of the Gateway Development Area by Prologis CCIG (the "**OAB Project**").



(p) On December 10, 2009, the California Transportation Commission ("CTC") and the Port entered into a Project Baseline Agreement to provide the Port with up to Two Hundred Forty-Two Million One Hundred Thousand Dollars (\$242,100,000) in TCIF monies for the Port's proposed Outer Harbor Intermodal Terminals Project.

(q) On June 11, 2011, the Redevelopment Agency and the Port entered into a Cost Sharing Agreement which committed the Redevelopment Agency to invest up to Thirty Two Million Dollars (\$32,000,000) on eligible TCIF expenditures on the OAB Project in return for the City receiving up to Sixty Two Million Dollars (\$62,000,000) of the Port's Two Hundred Forty-Two Million One Hundred Thousand Dollars (\$242,100,000) TCIF allocation, resulting in a net benefit of Thirty Million Dollars (\$30,000,000) to the City.

(r) The Redevelopment Agency's obligation to fund the Thirty Two Million Dollars (\$32,000,000) was assumed by the City on March 3, 2011 when the OARB property was conveyed by the Redevelopment Agency to the City. With the assumption of this obligation by the City, ORSA was relieved of this enforceable obligation which results in a direct benefit for the taxing entities; and the City, itself a taxing entity, will potentially gain up to Thirty Million Dollars (\$30,000,000) from the TCIF monies for use in its public activities.

(s) On June 19, 2012, the City and the Port executed an Amended and Restated Cost Sharing Agreement which committed the City to invest up to Fifty-Four Million Five Hundred Thousand Dollars (\$54,500,000) on TCIF eligible expenditures in return for the City receiving up to One Hundred Seventy-Six Million Three Hundred Thousand Dollars (\$176,300,000) of the Port's TCIF allocation, resulting in a net benefit of over **One Hundred Twenty Million Dollars (\$120,000,000)** to the City.

(t) The TCIF requires a one to one match, and the bulk of the match would come from the One Hundred Seventy-Two Million Dollars (\$172,000,000) in private investment from the development of the OAB Project under the LDDA.

(u) Based on the City's approval of the LDDA, CTC amended the Baseline Agreement with the Port to include the City as a party and signatory to the agreement and to revise the project scope to reflect that the bulk of the TCIF allocation will be used by the City for the construction of public infrastructure - site preparation and backbone infrastructure.

(v) To access the One Hundred Twenty Million Dollars (\$120,000,000) in TCIF funds, the City must enter into the design-build contract for the public infrastructure by June 2013 to meet the statutory construction start date of December 31, 2013 and demonstrate to CTC prior to that date that the private investment match funding will be available;

**WHEREAS**, development of the property is the final step of the remediation required by the ESCA and the Consent Agreement, and the LDDA, which provides for development, allows the City to complete the pre-existing enforceable obligations of ORSA stemming from the EDC MOA with the Army and the Consent Agreement with the State, and such transfer of ORSA's obligations to the City assists in the wind-down of ORSA's activities as required under the Dissolution Act;

**WHEREAS**, HSC Section 34178(a) allows a successor agency to enter into an agreement with its sponsoring city with the approval of the oversight board;

**WHEREAS**, given that the LDDA is critical to provide matching funds for the TCIF grant, enable development that is required to complete remediation as required by the State and the Army and meet the reinvestment and development obligations to the Army, an approved and final LDDA with Prologis CCIG is necessary now;

**WHEREAS**, public notice of the specific action proposed in this Resolution was provided on the Oakland Oversight Board's website on December 21, 2012, more than ten days' in advance of this January 7, 2013 Oversight Board meeting; and

Based on the foregoing recitals, the Exhibits attached to this Resolution and the documentation presented to the Oakland Oversight Board at a public meeting, as well as the over-arching policy of the Dissolution Act to provide the maximum fiscal benefit to the taxing entities, the Oakland Oversight Board resolves as follows:

**SECTION 1.** The above Recitals are true and correct and are adopted as the findings of the Oakland Oversight Board.

**SECTION 2.** The Board finds and determines that the City and ORSA have contractual obligations stemming from the EDC MOA/ESCA and the Consent Agreement that require the remediation, reinvestment and development of the property that necessitate the continued pursuit of development of the Gateway Development Area, and that the obligations of ORSA are "enforceable obligations" under the Dissolution Act, and the remediation requirements cannot be met separate and apart from the development of the property.

**SECTION 3.** The Board hereby authorizes and approves the LDDA with Prologis CCIG and related agreements, as approved and ratified by the City in accordance with Ordinance No. 13131 C.M.S., and ORSA in accordance with Resolution 2012-000 C.M.S, for the construction of public infrastructure, remediation and lease for development of a mixed-use project on approximately 130 acres of the Gateway Development Area, consistent with the terms of this Resolution.

**SECTION 4.** The Board approves and authorizes the ORSA Administrator to obtain State Lands Commission approval of the transfer of Parcel E to

the City and enter into a Quitclaim Agreement with the City to quitclaim ORSA's interest, if any, in the OARB to the City.

**SECTION 5.** Pursuant to Sections 1 and 8(c) of Ordinance No. 10142 C.M.S., the Board hereby finds and determines that it is in the best interest of all of the taxing entities for the Board to approve of ORSA's approval and ratification of the LDDA, given the need to redevelop the OARB in order to maximize the fiscal benefit to the taxing entities and to comply with the Redevelopment Agency's pre-existing enforceable obligations to the Army to reinvest and develop the property and with the Army and the State to remediate the property, which can only be fully completed as part of the development of the property.

**SECTION 6.** The Board finds and determines that the disposition of Parcel E, the quitclaim of the remaining OARB property to the City, the public infrastructure construction and the lease of the OARB property for development under the LDDA:

- will be of overwhelming benefit to the taxing entities that will reap millions of additional real property taxes, sales taxes, business license taxes, and utility taxes, yielding such benefits that will best maximize the value of the OARB property for the taxing entities;
- **is in fact the only way to get substantial monies to the taxing entities from this property;**
- is not prohibited by the Dissolution Act, but in fact is in accordance with the express language and the over-arching intent of the Dissolution Act to provide fiscal benefits to the taxing entities and to further the wind-down process of the Redevelopment Agency in that under the LDDA, the City will assume all remediation obligations of ORSA;
- that affected taxing entities in Alameda County are in favor of the disposition and lease;
- that if the disposition and lease is postponed until the approval of the long-range property management plan, the TCIF funding and private investment funding will be gone, the public infrastructure will no longer be funded and the remediation and development obligations of ORSA will remain unmet; and
- **that if the disposition and lease are not approved, the result would be the loss of millions of dollars that would otherwise substantially benefit all of affected taxing entities, as shown by the Keyser Marston Memo, and ORSA will still be left with the obligation to fulfill substantial enforceable obligations to the Army and the State, using funds that would otherwise flow to the taxing entities.**

**SECTION 7.** The Board finds that, after considering carefully all of the facts, the interests of the holders of enforceable obligations and the substantial potential benefits to the taxing entities, that there exists no rational reason or basis, legally, factually, from a policy standpoint or otherwise, for the Board not to approve the proposed disposition and lease as proposed by ORSA, and, that in fact, there is great

economic and taxing detriment that will flow if the proposal to dispose and lease the property as proposed by ORSA is not approved now.

**SECTION 8.** The Board finds and determines that the OAB Project complies with CEQA.

**ADOPTED**, at a regular meeting held on January 7, 2013, by the members of the Oversight Board of the Successor Agency for the Dissolved Redevelopment Agency of the City of Oakland with the following vote:

AYES- **CARSON, ~~GERARD~~, LEVIN, DETIZ, QUAN, SMITH**

NOES-

ABSENT- **GERARD**

ABSTENTION-

RECUSALS - **TUCKER**

ATTEST:



SECRETARY, OAKLAND  
OVERSIGHT BOARD



## BOARD OF SUPERVISORS

KEITH CARSON  
Supervisor, Fifth District

January 4, 2013

Mr. Pedro Reyes  
Chief Policy Director  
California Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

**Re: Support of the Oversight Board Resolution regarding the Successor Agency's approval/ratification of the lease disposition and development agreement and related documents with the City of Oakland and Prologis CCIG Oakland Global, LLC.**

As a member of the Alameda County Board of Supervisors and Chair of the Oakland Oversight Board, I am respectfully requesting that the Department of Finance approve the resolution, thus allowing for the proposed development of the Oakland Army base to continue.

The City of Oakland, the former Redevelopment Agency, the current Successor Agency and Prologis CCIG Oakland Global, LLC have engaged in a comprehensive process that has culminated in the plan to transform the property in question into an import, export and logistics hub that will provide the economic infrastructure for the region allowing the East Bay to compete in the global economy well into the future. The current proposals are clearly in the best interest of the taxing entities because they will maximize the projected tax revenue. One proposed scenario estimates the total tax revenue to be split among the entities as just over \$1 Million; a second scenario, projects over \$2.9 Million. The estimated revenue for the taxing entities if we continue the status quo is \$32,400. In addition, failure to approve and recognize the current Lease Deposition and Development Agreement (LDDA) and waiting for the development and approval of the long range property management plan will result in the loss of millions of dollars in pledged outside funds to support the project. Finally, the complexity of the environmental issues related to the Oakland Army Base makes it nearly impossible for a future development agreement to produce a final project that would match the projected tax revenue under the current proposals.

I am also Chair of the East Bay Economic Development Alliance, the largest business membership organization in the East Bay; therefore I clearly understand the nexus between economic development, jobs, and healthy communities. The current Army Base proposal is crucial to the enlightened development strategy for the City of Oakland and the region. The Port of Oakland, the innovative East Bay business community and the diversity of our residents make our region uniquely poised to thrive in the current and future global economy. Approval of the development agreement will greatly assist the East Bay in keeping its status as one of the best places to live, work and do business as we move into the future. Thank you for your consideration.

Sincerely,

Keith Carson  
Vice-President, Alameda County Board of Supervisors



Alameda-Contra Costa Transit District

David J. Armijo, General Manager

January 7, 2013

Mr. Pedro R. Reyes  
Chief Policy Director  
California Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

**RE: Oakland Army Base Project Lease Disposition and Development Agreement**

Dear Mr. Reyes:

The Alameda-Contra Costa Transit District (AC Transit) is writing to request that the California Department of Finance strongly consider allowing the proposed lease disposition and development of the Oakland Army Base property to the City of Oakland and Prologis CCIG. Development of this 130-acre site will increase tax revenue, bring new jobs, and invigorate the area. As a taxing entity in Alameda County and a member of the Oakland Oversight Board, AC Transit is convinced that this proposal will net measurable benefits for all concerned.

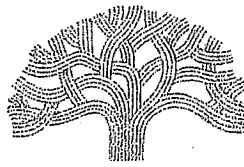
The project will generate approximately \$134,100 in annual property tax revenues to AC Transit alone (as opposed to the \$1,500 a year that AC Transit currently receives in tax revenues from this property). This substantial increase in tax revenue could fund a number of projects benefitting the constituents of the AC Transit service area and our regional transportation partners. Among the potential projects are a joint development of a software interface between AC Transit and the regional transit information system, a number of upgraded automated passenger counters, additional service hours, security cameras, and rehabilitation projects. Without the Department of Finance's approval of the proposed lease and development agreement now, \$120 million in Trade Corridor Improvement Funds (TCIF) from the California Transportation Commission and \$172 million in private investment funds will be lost, and AC Transit will not receive the benefits of the substantial increase in property taxes.

Overall, AC Transit considers this a very important project in a key location at a very important time. The lease disposition and development agreement would place an underutilized property into beneficial use for all taxing entities by restoring its productive economic use, increasing employment, and substantially increasing the tax revenues to all taxing entities. The property has been underutilized for many years and will continue to lose property tax revenues if it remains vacant in the future. The timing is critical for this project. AC Transit requests that the Department of Finance consider allowing the property disposition to occur now so that the project can proceed at this time without further delay.

Sincerely,

A handwritten signature in dark ink, appearing to read 'DAVID ARMIO', is written over a large, stylized 'A' that serves as a background for the signature.

David Armijo  
General Manager, AC Transit



MAYOR JEAN QUAN  
CITY OF OAKLAND

January 7, 2013

Mr. Pedro R. Reyes  
Chief Policy Director  
California Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

RE: City of Oakland Support of Oakland Army Base Project

Dear Mr. Reyes:

As approved by the Oakland Oversight Board and on behalf of the City of Oakland, I am requesting that the California Department of Finance allow the approval of the Lease Disposition and Development Agreement (LDDA) and related documents between the City of Oakland and Prologis CCIG Oakland Global, LLC, for the construction of public infrastructure and the lease and development of approximately 130 acres in portions of the former Oakland Army Base (the OAB Project) (the "Proposed Action"). The new proposed development will generate financial benefits for all taxing agencies, from increased property taxes, business license taxes, sales taxes, and utility taxes.

The Proposed Action is overwhelmingly in the best interests of the taxing entities in the form of very significant increases in real property taxes, business taxes and utility taxes as shown in the Keyser Marston Report. Under the status quo, a largely vacant site, identified as Scenario #3 in the Report, the annual property tax revenue is currently \$32,400; under Scenario # 1 (completion of the OAB Project under the LDDA), the annual property tax revenue would increase to \$1,068,000, and under Scenario #2 (the OAB Project and an expansion by the Port of Oakland which requires completion of the OAB Project), the annual property tax revenue would increase to \$2,900,000. Thus, with the Proposed Action, the taxing entities will benefit from a 5,071% increase in annual real property tax revenues under Scenario #1, and under Scenario #2 the taxing entities will benefit from a 8,840% increase in real property tax revenues.

The additional annual property tax revenue from the OAB Project flowing to the City of Oakland alone, as demonstrated below under Scenarios 1 and 2 (versus the status quo under Scenario 3), is critical to bolstering the tax base in the current sluggish economy. These increased property tax revenues are

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essential to support the needs and priorities of the City, including continued and improved funding for public safety, which has experienced catastrophic reductions during the Great Recession – resulting in increased crime throughout the City.

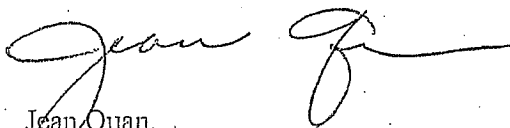
	Scenario 1	Scenario 2	Scenario 3 (status quo)
City of Oakland	\$471,200	\$814,600	\$9,100

Timing is very critical in these unique circumstances. If the Proposed Action is not approved now by the Oversight Board and the Department of Finance certain statutory design/build and construction start deadlines cannot be met, and **millions of dollars will be lost** - \$120,000,000 in Trade Corridor Improvement Funds (TCIF) to be received from the California State Transportation Commission and \$172,000,000 in private investment that is dependent upon the receipt of TCIF Funds.

If ORSA must wait until DOF's approval of a long range property management plan to proceed with the LDDA, the \$120,000,000 plus \$172,000,000 will both be lost, the funding of the public infrastructure will be lost, millions of dollars in increased tax revenue will also be lost, and ORSA must still fulfill its remediation, reinvestment and development obligations for the property (all "enforceable obligations" to the United States Department of the Army and the State of California dating back nearly 10 years), and to meet these substantial enforceable obligations, ORSA will be required to use tax increment monies, to the further detriment of all of the taxing entities.

The City of Oakland strongly urges the Department of Finance to allow the project to continue without further delay.

Sincerely,



Jean Quan,  
Mayor of Oakland



**TONY SMITH, PH.D.** Superintendent

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January 7, 2013

Mr. Pedro R. Reyes  
Chief Policy Director  
California Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

**RE: Oakland Unified School District Support of Lease Disposition and Development Agreement (LDDA) of Former Oakland Army Base**

Dear Mr. Reyes:

The Oakland Unified School District (OUSD) is a taxing entity in Alameda County and is a member of the Oakland Oversight Board. OUSD is writing to request the California Department of Finance to allow the disposition of the subject property with the City of Oakland and Prologis CCIG Oakland Global, LLC, for the construction of public infrastructure and the lease and development of approximately 130 acres in portions of the former Oakland Army Base (the OAB Project). The new proposed development will generate financial benefits for all taxing agencies, including OUSD, from increased property taxes, business license taxes, sales taxes, and utility taxes.

The project will also help improve OUSD by bringing much needed commercial retail to the areas which will further increase surrounding property values and thus increase the tax base to support our local Oakland schools. In addition to support from our general obligation bonds, our 2012 Facilities Master Plan relies on a strong and growing tax base to support our planned capital improvements, which is part of our overall strategic vision that will serve our children, youth and their families. We need to encourage and support our commercial retail projects, which will in turn help keep our schools safe and secure for our children's future.

Timing is very critical in these unique circumstances. If the proposed action is not approved as soon as possible certain statutory design/build and construction start deadlines cannot be met, and millions of dollars will be lost. If the Oakland Redevelopment Successor Agency (ORSA) must wait until the Department of Finance's approval of a long range property management plan to proceed with the LDDA, then \$292,000,000 will be lost, the funding of the public infrastructure will be lost, and millions of dollars in increased tax revenue will also be lost.

Overall, OUSD undoubtedly considers this a very important community asset and it would be beneficial to all taxing entities to place it into productive economic use. Approval of the disposition of this property will help advance the project and will give the City of Oakland, Prologis CCIG Oakland Global, LLC, and their lenders, investors, and title insurers the certainty that the sale of the property can move forward in order to allow development to begin. OUSD strongly urges the Department of Finance to allow the property disposition to occur without further delay.

Sincerely,

Tony Smith  
Superintendent



# Peralta Community College District

333 East Eighth Street • Oakland, California 94606 • (510) 466-7200

January 4, 2013

Mr. Pedro R. Reyes  
Chief Policy Director  
California Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

**RE: Peralta Community College District Support of the Lease Disposition and Development Agreement**

Dear Mr. Reyes:

The Peralta Community College District (PCCD) is a taxing entity in Alameda County and is a member of the Oakland Oversight Board. PCCD hereby requests in writing that the California Department of Finance approve the Lease Disposition and Development Agreement (LDDA) between the City of Oakland and Prologis CCIG Oakland Global, LLC, for the construction of public infrastructure and the lease and development of approximately 130 acres in portion of the former Oakland Army Base. The proposed lease development will generate financial benefits for all taxing agencies, including PCCD, from increased real property taxes, business license taxes, sales taxes, and utility taxes as shown in the Keyser Marston Report.

PCCD considers this disposition to be critically important to the future revenue of PCCD. Under the status quo, PCCD receives approximately \$900 per year in real property taxes for the former Oakland Army Base. Once the proposed development is completed, it is projected that PCCD will receive over \$44,000 per year in real property tax revenues. Further, once the Port completes its adjacent expansion, annual real property tax revenues flowing to PCCD will increase to over \$76,000 per year. PCCD strongly urges the Department of Finance to allow the property disposition to occur without further delay.

Regards,

A handwritten signature in black ink, appearing to read "Ronald P. Gerhard".

Ronald P. Gerhard  
Vice Chancellor for Finance  
Peralta Community College District