

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of , 2010

ITEM # 13

ITEM TITLE: Subordination of Redevelopment Agency's Obligation

SPECIFIC BOARD ACTION REQUESTED:

Approve the Subordination of the Redevelopment Agency, City of Oakland's Obligation to Pay Statutory Pass-through Payments to the District in Connection with the Broadway/MacArthur/San Pablo Redevelopment Project Area

ITEM SUMMARY: (PLEASE DISCUSS THIS ITEM)

The City of Oakland, Redevelopment Agency is developing the MacArthur Transit Village and preparing to issue bonds for the Agency's contribution to such project.

BACKGROUND/ANALYSIS:

Pursuant to the California Health and Safety Code, the Agency may subordinate current debt obligations provided that the affected entity has approved the subordination. Under the Code, the District can only disapprove of the subordination request if it finds, based upon substantial evidence, that the Agency will not be able to pay its debt payments. Analysis shows that the debt service coverage (the ratio of funds available to debt obligations) ranges from 2.33 to 4.95; that is, the Agency will have over two times (2x) to approximately five times (5x) the amount of funds necessary to pay its debt obligations. Currently, the District receives roughly 2.64% of all Tier 1 tax sharing payments – equating to roughly \$25,929 this year. See attached materials from City of Oakland, including analysis/report on debt payments.

ALTERNATIVES/OPTIONS:

District must provide substantial evidence that the Agency will not be able to repay its debt to the District.

EVALUATION AND RECOMMENDED ACTION:

Chancellor recommends approval.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

None

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY): FINANCE

YES X NO

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?

General Counsel Thuy Nguyen

DID A BOARD STANDING COMMITTEE RECOMMEND THE ITEM? YES NO X

 IF "YES", PLEASE INCLUDE THAT INFORMATION IN YOUR SUMMARY.

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

PLEASE ACQUIRE SIGNATURES IN THIS ORDER:

DOCUMENT PREPARED BY:

Prepared by: _____
Thuy Thi Nguyen, General Counsel

Date: _____

FINANCE DEPARTMENT REVIEW

_____ Finance review required _____ Finance review *not* required

If Finance review is required, determination is: _____ Approved _____ Not Approved

If not approved, please give reason: _____

Signature: _____ Date: _____
Finance and Administration Approval

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

_____ Legal review required _____ Legal review *not* required

If Legal review is required, determination is: _____ Approved _____ Not Approved

Signature: _____ Date: _____
Thuy T. Nguyen, General Counsel

CHANCELLOR'S OFFICE APPROVAL

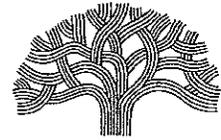
_____ Approved, and Place on Agenda
Place on Agenda

_____ Not Approved, but

Signature: _____
Wise Allen, Chancellor

Date: 10/6/12

CITY OF OAKLAND



LIONEL J. WILSON BUILDING • 150 FRANK H. OGAWA PLAZA, SUITE 5215 • OAKLAND, CA 94612

Finance and Management Agency
Joseph T. Yew, Jr.
Finance Director/City Treasurer

September 8, 2010

(510) 238-2220
FAX (510) 238-2059
TDD (510) 238-3254

Peralta Community College District
Financial Services
333 East 8th Street
Oakland, California 94606

Re: MacArthur Transit Village
Subordination Request Relating to Proposed Bond Issue for the
Broadway/MacArthur/San Pablo Redevelopment Project Area of the
Redevelopment Agency of the City of Oakland

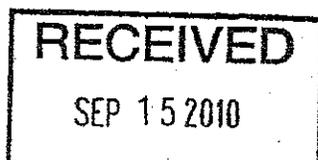
Ladies and Gentlemen:

I am writing to you on behalf of the Redevelopment Agency of the City of Oakland (the "Agency"). We are in the midst of an ongoing project to develop the MacArthur Transit Village, a multi-use development of housing, parking for BART and related improvements. We are preparing to issue bonds for the Agency's contribution.

Pursuant to Section 33607.5(e) of the California Health and Safety Code (the "Code"). Under Section 33607.5(e) of the Code, the Agency may, with a taxing entity's approval (which must be granted except as provided below), subordinate amounts (payable from tax increments of a redevelopment project area) that the Agency is required to pay such taxing entity pursuant to Section 33607.5 of the Code (the "Statutory Pass-through Payments") to bonds, loans or other indebtedness issued or incurred by the Agency for the same project area. At this time, the Agency is expecting to issue a series of bonds in the anticipated maximum principal amount of \$8,050,000, which will be in addition to \$17,270,000 principal amount of bonds issued in 2006 (collectively, the "Bonds"), all secured by the Agency's tax increment revenues from the Agency's Broadway/MacArthur/San Pablo Redevelopment Project Area (the "Project Area"). By this letter, the Agency requests that the Peralta Community College District (the "District") agree to the subordination of Statutory Pass-through Payments that the Agency is required to pay the District in connection with the Project Area to the Agency's payment obligations for the Bonds.

To: Thuy

For Review



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District Finance

Peralta Community College District
September 8, 2010
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The Agency is planning to issue the Bonds in December, 2010, in fiscal year 2010-11. Enclosed for your review, pursuant to Section 33607.5(2)(e) of the Code, is a tax increment revenue projection summary, which includes a debt service coverage analysis prepared by HdL Coren & Cone (the "Consultant"). **The Consultant's report shows that the Agency can reasonably expect to have sufficient funds available to pay both debt service on the Bonds and all of the Agency's Statutory Pass-through Payments owed to the various affected taxing entities for the Project Area.** Additionally, the Agency may issue additional Bonds and place the proceeds thereof in an escrow, the earnings on which will pay the debt service on such Bonds. Such amounts will not be released for use by the Agency until there is sufficient coverage to ensure the timely payment of debt service on the Bonds and the sufficiency of tax increment to pay Statutory Pass-through Payments.

For the benefit of the Agency's records, please complete the attached Acknowledgement and return it to me by no later than Friday, September 24, 2010. The signed Acknowledgement can be faxed to (510) 238-2137 or sent by e-mail to KKasaine@oaklandnet.com.

Please note that, in accordance with Section 33607.5(e)(3) of the Code, if the District does not respond to the requested subordination within forty-five (45) days of this letter, the subordination will be automatically deemed approved by the District and such approval shall be final and conclusive. Furthermore, to disapprove this subordination, the District must find, based on substantial evidence, that the Agency will not be able to pay the debt service on the Bonds and the Statutory Pass-through Payments that it is required to pay the District.

We would greatly appreciate your prompt response. Thank you in advance for your cooperation in this matter. If you have any questions regarding this matter, please contact Katano Kasaine, Treasury Manager of the Finance and Management Agency of the City of Oakland, at (510) 238-2989.

Sincerely,

Redevelopment Agency of the City
of Oakland

By: _____


Agency Treasurer

cc: Dan Lindheim, City Administrator
Walter Cohen, Agency Director

Enclosure

ACKNOWLEDGEMENT

*(Redevelopment Agency of the City of Oakland Broadway/MacArthur/San Pablo
Redevelopment Project Area)*

In response to the request by Redevelopment Agency of the City of Oakland (the "Agency") set forth in a letter dated September 8, 2010 from Joseph T. Yew, Jr., the Agency's Treasurer (the "Subordination Request"), to approve the Agency's subordination of Statutory Pass-through Payments, the Peralta Community College District (the "District") hereby confirms its approval of the subordination of the Agency's obligation to pay Statutory Pass-through Payments to the District in connection with the Broadway/MacArthur/San Pablo Redevelopment Project Area to the Agency's payment obligations for the Bonds. All capitalized terms used but not defined in this Acknowledgement have the meaning ascribed to them in the Subordination Request.

IN WITNESS WHEREOF, the undersigned has caused this Acknowledgement to be signed by its authorized representative on this ____ day of _____, 2010.

PERALTA COMMUNITY COLLEGE DISTRICT

By: _____

Name: _____

Title: _____

Oakland Redevelopment Agency
 Broadway/MacArthur/San Pablo Redevelopment Project
 PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENTAL REVENUE

Subordination Request Exhibit A

	SB 2557 Change	Housing Set-Aside	Tax Revenues	2006C-TE		2008C-1		2010		Total Debt Service	Debt Service Coverage	Net Tax Revenues	Subordinate statutory Tax Sharing Payments			Remaining Tax Revenue	Subordinate Tax Sharing Coverage
				Debt Service				Debt Service	Debt Service	Debt Service							
1	2010-11	(35,626)	4,910,902	247,250	913,765	913,765	508,119	1,669,134	2,223,962	2.33	2,223,962	982,180	0	0	1,241,781	2.26	
2	2011-12	(35,531)	4,897,893	247,250	913,765	913,765	507,851	1,668,281	2,214,502	2.33	2,214,502	979,579	0	0	1,234,923	2.26	
3	2012-13	(36,637)	6,060,249	247,250	911,803	911,803	505,587	1,664,640	2,398,922	2.41	2,398,922	1,010,050	25,312	0	1,303,580	2.26	
4	2013-14	(37,762)	6,206,389	247,250	914,633	914,633	503,374	1,665,708	2,461,350	2.48	2,461,350	1,041,080	52,329	0	1,367,941	2.25	
5	2014-15	(38,908)	6,363,395	247,250	916,407	916,407	501,061	1,664,718	2,587,090	2.55	2,587,090	1,072,679	79,822	0	1,437,489	2.24	
6	2015-16	(40,076)	6,524,290	247,250	912,124	912,124	500,798	1,668,172	2,711,185	2.63	2,711,185	1,104,858	107,803	0	1,486,524	2.24	
7	2016-17	(41,311)	6,694,684	247,250	912,049	912,049	500,032	1,665,331	2,849,026	2.71	2,849,026	1,138,917	136,434	0	1,478,574	2.23	
8	2017-18	(42,572)	6,868,380	247,250	914,701	914,701	503,266	1,665,216	2,986,916	2.79	2,986,916	1,173,676	165,639	0	1,467,601	2.23	
9	2018-19	(43,859)	7,046,851	247,250	915,956	915,956	505,500	1,668,706	3,123,958	2.87	3,123,958	1,209,140	195,428	0	1,718,400	2.22	
10	2019-20	(45,170)	7,228,469	247,250	915,814	915,814	502,482	1,665,547	3,270,459	2.96	3,270,459	1,245,294	225,811	0	1,789,364	2.22	
11	2020-21	(46,178)	7,366,423	247,250	914,276	914,276	504,465	1,665,991	3,380,170	3.03	3,380,170	1,273,085	254,981	0	1,662,106	2.21	
12	2021-22	(47,527)	7,551,492	247,250	916,341	916,341	505,693	1,668,224	3,524,442	3.11	3,524,442	1,310,298	286,396	0	1,627,808	2.21	
13	2022-23	(48,909)	7,741,894	247,250	916,730	916,730	501,507	1,665,487	3,679,199	3.21	3,679,199	1,348,399	318,946	0	2,015,464	2.21	
14	2023-24	(50,319)	7,936,306	247,250	915,443	915,443	502,380	1,665,073	3,833,653	3.30	3,833,653	1,387,261	350,996	0	2,085,396	2.21	
15	2024-25	(51,757)	8,134,606	247,250	912,479	912,479	507,959	1,667,689	3,988,138	3.39	3,988,138	1,426,901	384,299	0	2,176,968	2.20	
16	2025-26	(53,223)	8,336,867	247,250	912,840	912,840	507,948	1,668,038	4,148,072	3.49	4,148,072	1,467,333	418,268	0	2,262,470	2.20	
17	2026-27	(54,719)	8,542,873	247,250	915,245	915,245	502,643	1,666,138	4,313,441	3.59	4,313,441	1,508,575	452,916	0	2,361,960	2.20	
18	2027-28	(56,245)	8,763,202	247,250	912,416	912,416	507,338	1,667,003	4,479,314	3.69	4,479,314	1,550,640	488,256	0	2,440,417	2.20	
19	2028-29	(57,802)	8,990,502	247,250	916,630	916,630	501,443	1,665,323	4,646,779	3.78	4,646,779	1,592,476	520,190	0	2,182,078	2.06	
20	2029-30	(59,390)	9,224,857	247,250	913,331	913,331	505,548	1,666,129	4,805,020	3.88	4,805,020	1,630,100	550,190	0	1,979,844	2.07	
21	2030-31	(61,008)	9,465,680	247,250	912,797	912,797	509,063	1,669,111	4,940,847	3.97	4,940,847	1,674,571	583,899	0	2,041,534	2.07	
22	2031-32	(62,657)	9,713,379	247,250	89,749	89,749	506,990	1,668,988	5,079,733	4.05	5,079,733	1,710,286	618,282	0	2,400,417	2.08	
23	2032-33	(64,346)	9,968,002	1,072,250	0	0	504,621	1,665,621	5,250,822	4.15	5,250,822	1,745,586	659,352	22,034	2,120,483	2.08	
24	2033-34	(66,075)	10,228,837	1,163,000	0	0	508,999	1,666,999	5,492,754	4.26	5,492,754	1,790,773	700,815	0	2,182,078	2.01	
25	2034-35	(67,846)	10,494,886	1,253,250	0	0	505,452	1,665,702	5,739,503	4.35	5,739,503	1,835,273	745,610	44,509	2,312,688	2.02	
26	2035-36	(69,659)	10,766,666	1,343,000	0	0	1,666,315	1,666,315	6,000,000	4.45	6,000,000	1,875,527	789,124	67,433	2,443,937	2.01	
27	2036-37	(71,511)	11,043,811	1,432,250	0	0	1,667,845	1,667,845	6,270,000	4.55	6,270,000	1,915,273	833,899	114,664	2,579,063	1.99	
28	2037-38	(73,411)	11,326,811	1,521,250	0	0	1,668,207	1,668,207	6,540,000	4.65	6,540,000	1,955,586	879,000	138,990	2,811,232	1.98	
29	2038-39	(75,351)	11,615,311	1,610,250	0	0	1,669,584	1,669,584	6,810,000	4.75	6,810,000	1,995,976	920,815	163,803	2,878,606	1.96	
30	2039-40	(77,331)	11,909,311	1,700,250	0	0	1,670,961	1,670,961	7,080,000	4.85	7,080,000	2,036,366	961,629	189,112	2,662,092	1.95	
31	2040-41	(79,351)	12,208,311	1,790,250	0	0	1,672,338	1,672,338	7,350,000	4.95	7,350,000	2,076,756	1,002,444	214,926	2,721,687	1.94	
32	2041-42	(81,411)	12,512,311	1,880,250	0	0	1,673,715	1,673,715	7,620,000	5.05	7,620,000	2,117,146	1,042,259	241,257	2,781,186	1.93	
33	2042-43	(83,511)	12,821,311	1,970,250	0	0	1,675,092	1,675,092	7,890,000	5.15	7,890,000	2,157,536	1,081,674	268,114	2,840,861	1.92	
34	2043-44	(85,651)	13,135,311	2,060,250	0	0	1,676,469	1,676,469	8,160,000	5.25	8,160,000	2,196,926	1,120,689	295,508	2,901,475	1.91	
35	2044-45	(87,831)	13,454,311	2,150,250	0	0	1,677,846	1,677,846	8,430,000	5.35	8,430,000	2,236,316	1,160,704	323,450	3,024,666	1.90	
			10,407,689				1,679,223	1,679,223	8,700,000	5.45	8,700,000	2,275,706	1,200,819	351,950	3,104,227	1.89	

Notes:
 (1) 2010 Debt Service is shown net of a 45% Recovery Zone Economic Development Bond Federal Interest subsidy that will be pledged to the repayment of the 2010 Bonds.