

FILED
CITY CLERK
CITY OF OAKLAND

CITY OF OAKLAND
AGENDA REPORT

2005 APR 28 PM 1:18

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Finance and Management Agency
DATE: May 10, 2005

RE: RESOLUTIONS AUTHORIZING AND DIRECTING THE ISSUANCE AND SALE OF REVENUE BONDS, SERIES 2005 (CITY OF OAKLAND GENERAL OBLIGATION BOND PROGRAM) NOT TO EXCEED \$140,000,000 MILLION AGGREGATE PRINCIPAL AMOUNT TO THE OAKLAND JOINT POWERS FINANCING AUTHORITY, AND PUBLIC BENEFIT RESOLUTION

SUMMARY

Resolutions have been prepared authorizing the sale of a not-to-exceed amount of \$140,000,000 million Oakland Joint Powers Financing Authority Revenue Bonds, Series 2005, City of Oakland General Obligation Bond Program (the "Series 2005 Bonds"). The City anticipates refunding all of the outstanding Series 1992, Series 1995B, Series 1997, Series 1997K, Series 2000D and Series 2000E General Obligation bond issues through the issuance of the Series 2005 Bonds.

Due to the high level of total savings available, the City has the opportunity to both lower its property tax levy and to generate up-front proceeds to finance new capital projects. The General Obligation refunding will be accomplished through a bond pooling structure as provided by the 1986 Marks-Roos Act.

Under current market conditions, the refunding would generate a total of \$10 million in present value savings, or 8.3% of the amount of the refunded bonds. This structure will generate approximately \$7 million in new proceeds available for new capital projects and will also lower the tax levy on real property by approximately \$1.82 per \$100,000 of assessed valuation.

This structure represents an innovative approach that allows the City to balance the various needs of the community by sharing the savings between individual taxpayers and the community as a whole.

The transaction requires three resolutions to: 1) approve the financing of public capital improvements of the JPFA; 2) authorizing the issuance and sale of JPFA Revenue Bonds Series 2005; and 3) authorizing the procurement of bond insurance, approving the forms of a local obligation purchase contract, trust agreement, bond purchase agreement and the official statement

Item: _____
Finance and Management Committee
May 10, 2005

FISCAL IMPACTS

The refunding of the City of Oakland General Obligation Bonds will result in savings by reducing debt service costs; these savings will be passed through to the individual taxpayer through a property tax rate reduction of an estimated \$1.82 per \$100,000 of assessed value. Currently, the average assessed value for a home in Oakland is \$183,543; this average-value property would see a tax savings of \$3.22 per year. Citywide, taxpayers will realize a total savings of about \$530,000 annually. In addition, the JPFA financing will generate approximately \$7 million in proceeds for capital projects to be designated (e.g., seismic retrofit projects, infrastructure projects, deferred maintenance and improvements to public facilities, and other capital improvements). These proceeds will not be restricted to the original purposes of the Measure I and K bonds. Furthermore, the \$7 million in new money is an assumed source of funding in the proposed FY 05-07 Capital Improvement Program ("CIP"). If the refunding is not approved, the proposed FY 05-07 CIP must be reduced by \$7 million.

BACKGROUND

The City anticipates refunding all of the outstanding general obligation bonds listed and briefly described outlined below:

- **City of Oakland General Obligation Bonds, Series 1992A (Measure I)**

The City issued the Series 1992 Bonds on August 4, 1992, to provide funds for the enhancement of emergency response capabilities and seismic reinforcement of public facilities and infrastructure. The original principal amount was \$50,000,000; currently, \$36,195,000 is outstanding.

- **City of Oakland General Obligation Bonds, Series 1995B (Measure K)**

The Series 1995 Bonds were issued by the City on March 16, 1995, to finance the acquisition of land for use as open space and the development of park and recreational facilities within the City. Of the original principal amount of \$15,000,000, \$11,315,000 is currently outstanding.

- **City of Oakland General Obligation Bonds, Series 1997 (Measure I)**

The Series 1997 Bonds were issued by the City on April 9, 1997, to finance the acquisition of land for use as open space and the development of park and recreational facilities within the City. The original principal amount was \$45,420,000; of this amount, \$38,030,000 is currently outstanding.

- **City of Oakland General Obligation Bonds, Series 1997C (Measure I)**

The Series 1997C Bonds were issued by the City on April 30, 1997, to finance the acquisition of land for use as open space and the development of park and recreational

facilities within the City. The original principal amount was \$22,250,000, of which \$18,790,000 is currently outstanding.

▪ **City of Oakland General Obligation Bonds, Series 2000D&E (Measure K)**

The Series 2000D Bonds were issued by the City on July 25, 2000, to finance the development of park and recreational facilities within the City. Of the original principal amount of \$10,750,000, \$9,825,000 is currently outstanding.

The Series 2000E Bonds were issued by the City on July 25, 2000, to refund a portion of the City of Oakland Series 1991A Bonds. Of the original principal amount of \$9,000,000, \$7,985,000 is currently outstanding with respect to the Series 2000E Bonds.

KEY ISSUES AND IMPACTS

Financing Proposal

In an effort to find ways to restructure and reduce existing City debt service and to generate revenue to the General Fund, the Finance and Management Agency, Treasury Division, reviewed a number of unsolicited proposals that had been received for refunding various issues of the City's outstanding General Obligation debt.

The recommended underwriting firms were instrumental in developing this proposed structure, which appears to best balance the City's goals of sharing savings between property taxpayers and the community at large, while utilizing the most conservative of legal structures. Clearly, it is in the City's long-term interest to reward innovative, productive ideas such as these by awarding financings to the qualified firms that identify and propose them.

Refunding Structure

The City of Oakland (the "City") is proposing to pursue the most conservative of the techniques available for using general obligation refundings to generate additional capital funding, utilizing the Marks-Roos bond pooling statute that has been in place since 1986. This structure will create approximately \$7 million in proceeds available for capital projects (i.e., seismic retrofit projects, infrastructure projects, deferred maintenance and improvements to public facilities, and other capital improvements designated by the JPFA). The proceeds will not be restricted to the original purposes of the Measure I and K bonds. This transaction will simultaneously reduce the tax levy on real property by an estimated \$1.82 per \$100,000 in assessed valuation.

The City will sell refunding general obligation bonds (the "baby bonds") to the existing Oakland Joint Powers Financing Authority (the "JPFA"), which was created by a joint powers agreement between the City and the Redevelopment Agency of the City of Oakland.

The interest rates on the "baby bonds," while higher than current market interest rates, will be lower than the rates on the existing bonds, resulting in reduced property tax rates.

The JPFA will then sell market-rate revenue bonds (the “JPFA Bonds”) and use the proceeds to purchase the “baby bonds”; the interest and principal on these underlying “baby bonds” owned by the Authority will produce the revenues that pay for the JPFA Bonds.

The interest rate differential between the “baby bonds” and the JPFA Bonds generates excess bond proceeds, which under state law may be used for additional capital projects. The Marks-Roos statute limits the differential in interest rates between the JPFA revenue bonds and the underlying refunding bonds to one percent.

Therefore, the amount of funds that the City can raise toward capital project is limited, and all additional refunding savings must be used to lower property tax rates. As a result, refunding savings will be shared between the individual taxpayer and the community as a whole.

SUSTAINABLE OPPORTUNITIES

Economic: The issuance of the Series 2005 Bonds will result in a lower annual property tax levy.

Environmental: There are no environmental opportunities associated with this report.

Social Equity: When the Series 2005 Bonds are issued, a portion of the proceeds will be available to fund a variety of new capital projects which provide services to the City and enhance the quality of life in Oakland.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no ADA or Senior Citizen Access impacts resulting from this report.

RECOMMENDATION AND RATIONALE

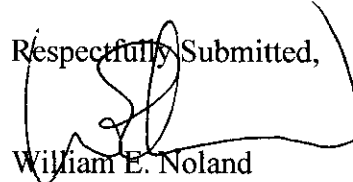
Staff recommends that the City approve a resolution authorizing the issuance of the Series 2005 Bonds. This action will result both in savings to the taxpayer and in generating funding for new capital projects. Staff also recommends that the City engage the following financing team members to complete the transaction: Orrick Herrington and Sutcliffe LLP as Bond Counsel, M.R. Beal and Company and Banc of America Securities LLC as Underwriters, Kelling, Northcross and Nobriga as Financial Advisor.

ACTION REQUESTED

Staff requests that Council and the JPFA Board accept and approve the resolutions authorizing the issuance and sale of the Oakland Joint Powers Financing Authority Revenue Bonds, Series 2005 (City of Oakland General Obligation Bond Program); authorizing the procurement of bond insurance; approving the forms of a Purchase Contract, Trust Agreement, Bond Purchase Agreement and an Official Statement; and authorizing the taking

of all necessary actions relating to the issuance of the bonds. In addition, staff requests the approval of the financing team.

Respectfully Submitted,



William E. Noland
Director, Finance and Management Agency

Prepared by:

Katano Kasaine
Treasury Manager

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of Oakland (the "City") will conduct a public hearing (the "Public Hearing") at its regular meeting on Tuesday, May 17, 2005 at 7 p.m., or as soon thereafter as the matter may be heard, in the City Council Chambers at One Frank Ogawa Plaza (City Hall).

Pursuant to Section 6586.5 of the California Government Code (the "Code"), the purpose of the hearing is to consider: (a) approval of the issuance by the Oakland Joint Powers Financing Authority (the "Authority") of its Revenue Bonds, Series 2005 (City of Oakland General Obligation Bond Program) (the "Bonds") to finance public capital improvements of the Authority located within the boundaries of the City, including seismic retrofit projects, infrastructure projects, deferred maintenance and improvements to public facilities, minor capital projects and other capital improvements designated by the Authority (the "Project"); and (b) any significant public benefits to the City, such as demonstrable savings in financing costs, as a result of assistance from the Authority.

Those wishing to comment on the proposed issuance of the Bonds by the Authority may either appear in person at the public hearing or submit written comments which must be received by the City prior to the hearing. Send written comments and requests to City of Oakland, One Frank Ogawa Plaza (City Hall), Attention: Interim City Clerk.

Date: _____, 2005

LA TONDA SIMMONS
Interim City Clerk and Clerk of the Council
of the City of Oakland, California

Y... ..

OFFICE OF THE CITY CLERK
OAKLAND CITY COUNCIL
OAKLAND

RESOLUTION NO. _____ 2005 APR 28 PM 1:18
C.M.S.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLAND
APPROVING THE FINANCING OF PUBLIC CAPITAL
IMPROVEMENTS OF THE OAKLAND JOINT POWERS FINANCING
AUTHORITY**

WHEREAS, the City of Oakland, California (the "City") is a municipal corporation and charter city duly organized and existing under a charter pursuant to which the City has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters; and

WHEREAS, the Oakland Joint Powers Financing Authority, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority") has determined to finance public capital improvements of the Authority located within the boundaries of the City, including seismic retrofit projects, infrastructure projects, deferred maintenance and improvements to public facilities, minor capital projects and other capital improvements designated by the Authority (the "Project"); and

WHEREAS, California Government Code Section 6586.5 requires the local agency within whose boundaries the public capital improvements are to be located to approve the financing and make a finding of significant public benefit;

WHEREAS, the City has determined that the financing of the Project will result in significant public benefits to the citizens of the City of Oakland, and that the City will benefit from demonstrable savings in the cost of financing the Project.

NOW, THEREFORE, the City Council of the City of Oakland hereby approves the financing of the Project and hereby finds that the financing of the Project will result in

significant public benefits to the citizens of the City of Oakland, and that the City will benefit from demonstrable savings in the cost of financing the Project.

This Resolution shall take effect immediately from and after its adoption.

In Council, Oakland, California, May 17, 2005

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTENTION:

ATTEST:

LA TONDA SIMMONS
Interim City Clerk and Clerk of the Council of the
City of Oakland, California

CERTIFICATE OF THE INTERIM CITY CLERK

I, La Tonda Simmons, Interim City Clerk and Clerk of the Council of the City of Oakland (the "City"), hereby certify that the foregoing is a full, true and correct copy of Resolution No. _____, duly adopted at a meeting of the City Council of the City duly and regularly held on May 17, 2005, of which meeting all of said City Council had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a true, complete and correct copy of the original resolution duly adopted at said meeting and entered in said minutes; and that said resolution has not been modified, amended, rescinded or revoked except as provided in such resolution in any manner since the date of their adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this _____ day of _____, 2005.

LA TONDA SIMMONS
Interim City Clerk and Clerk of the Council of the
City of Oakland, California

OAKLAND JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. _____ 200C.MIS28 PM 1:18

RESOLUTION OF THE OAKLAND JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF REVENUE BONDS, SERIES 2005 (CITY OF OAKLAND GENERAL OBLIGATION BOND PROGRAM); AUTHORIZING THE PROCUREMENT OF BOND INSURANCE; APPROVING THE FORMS OF A LOCAL OBLIGATION PURCHASE CONTRACT, TRUST AGREEMENT, BOND PURCHASE AGREEMENT AND OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION AND DELIVERY THEREOF AND AUTHORIZING THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE ISSUANCE OF THE BONDS

WHEREAS, the City of Oakland (the "City") and the Redevelopment Agency of the City of Oakland (the "Agency") have heretofore executed a Joint Exercise of Powers Agreement, dated as of February 1, 1993 (the "Joint Powers Agreement"), by and between the City and the Agency, which Joint Powers Agreement creates and establishes the Oakland Joint Powers Financing Authority (the "Authority");

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Marks-Roos Act") and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing or refinancing public capital improvements, working capital, liability and other insurance needs or projects whenever there are significant public benefits, including but not limited to, providing such financing through the purchase of bonds of local agencies; and

WHEREAS, the City has authorized the issuance, sale and delivery to the Authority of City of Oakland General Obligation Refunding Bonds, Series 2005 (the "Local Obligations") to refund certain outstanding general obligation bonds of the City which were issued to finance public capital improvements; and

WHEREAS, the Authority has determined that it is desirable and furthers the public purpose of the Authority to assist the City in refinancing public capital improvements through its purchase of the Local Obligations and in financing public capital improvements of the Authority located within the boundaries of the City, including seismic retrofit projects, infrastructure projects, deferred maintenance and improvements to public facilities, minor capital projects and other capital improvements designated by the Authority (the "Project"); and

WHEREAS, the City will benefit from demonstrable savings in the cost of financing the Project as a result of such assistance by the Authority; and

WHEREAS, in order to achieve such public purpose, the Authority desires to authorize the issuance, sale and delivery of not to exceed \$140,000,000 in aggregate principal amount of Oakland Joint Powers Financing Authority Revenue Bonds, Series 2005 (City of

Oakland General Obligation Bond Program) (the “Bonds”) and to utilize the proceeds of the sale of the Bonds to acquire the Local Obligations and finance various capital improvements within the City; and

WHEREAS, the Authority desires to enter into a purchase contract for the Local Obligations with the City (the “Local Obligation Purchase Contract”); and

WHEREAS, pursuant to the Marks-Roos Act and the Joint Powers Agreement, the Authority is further authorized to sell the Bonds at a negotiated sale; and

WHEREAS, the Authority desires to enter into a purchase agreement for the Bonds (the “Bond Purchase Agreement”) with M.R. Beal & Company and Banc of America Securities, LLC (together, the “Underwriters”); and

WHEREAS, the Authority desires to enter into a Trust Agreement (the “Trust Agreement”) with Wells Fargo Bank, National Association, as trustee (the “Trustee”), for the purpose of securing the Bonds; and

WHEREAS, there have been submitted and are on file with the Secretary of the Authority the proposed forms of the Purchase Contract, the Bond Purchase Agreement, the Trust Agreement and an official statement describing the Bonds.

NOW THEREFORE, the governing board of the Oakland Joint Powers Financing Authority hereby finds, determines, declares and resolves as follows:

Section 1. All of the recitals set forth above are true and correct, and the governing board so finds and determines.

Section 2. The Executive Director of the Authority, if she determines that doing so is in the best economic interests of the Authority, may obtain bond insurance.

Section 3. The proposed form of Local Obligation Purchase Contract with the City, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The President, Vice-President, Executive Director or Treasurer of the Authority, or a designee of any such official, is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver the Purchase Contract in substantially said form, with such changes therein as such officer or his or her designee may require or approve, such approval to be conclusively evidenced by the execution thereof.

Section 4. The proposed form of Bond Purchase Agreement with M.R. Beal & Company and Banc of America Securities, LLC, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The President, Vice-President, Executive Director or Treasurer of the Authority, or a designee of any such official, is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as such officer or his or her designee may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, the

underwriting discount (not including original issue discount) shall not exceed 0.575% of the aggregate principal amount of the Bonds.

Section 5. The proposed form of Trust Agreement, by and between the Authority and Wells Fargo Bank, National Association, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The President, Vice-President, Executive Director or Treasurer of the Authority, or a designee of any such official, is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer or his or her designee may require or approve, such approval to be conclusively evidenced by the execution thereof. The date, maturity date or dates (not to exceed June 15, 2025), interest rate or rates (not to exceed a true interest cost of five and one-half percent (5.5%) per annum), interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption, provisions regarding bond insurance and other terms of the Bonds shall be as provided in said trust agreement, as finally executed.

Section 6. The proposed form of Official Statement relating to the Bonds (the "Official Statement"), on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The President, Vice-President, Executive Director or Treasurer of the Authority, or a designee of any such official, is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver an Official Statement in substantially said form, with such changes therein as such officer or his or her designee may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby directed to distribute copies of the Official Statement to all actual purchasers of the Bonds. Distribution by the Underwriters of a preliminary Official Statement relating to the Bonds is hereby approved and the President, Vice-President, Executive Director or Treasurer of the Authority, or a designee of any such official, is hereby authorized and directed, jointly and severally, to execute a certificate confirming that the preliminary Official Statement has been "deemed final" by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 7. The Bonds in an aggregate principal amount not to exceed \$140,000,000 shall be executed by the facsimile signature of the President of the Authority and shall be countersigned by the facsimile signature of the Secretary (including Interim Secretary) of the Authority in the form set forth and otherwise in accordance with the Trust Agreement.

Section 8. The President, Vice-President, Executive Director or Treasurer of the Authority, or a designee of any such official, is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver a Continuing Disclosure Agreement containing such covenants of the Authority as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Agreement.

Section 9. The President, Vice-President, Executive Director, Treasurer and other appropriate officers of the Authority are hereby authorized and directed, jointly and

severally, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby, and to execute and deliver any amendments to any of the documents mentioned herein as authorized hereby as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. All actions heretofore taken by the officers and agents of the Authority with respect to the transactions contemplated hereby are hereby ratified, confirmed and approved.

Section 11. This Resolution shall take effect immediately upon its passage.

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTENTION:

ATTEST:

LA TONDA SIMMONS
Interim City Clerk and Clerk of the Council of the

CERTIFICATE OF THE INTERIM SECRETARY OF THE AUTHORITY

I, LaTonda Simmons, Interim Secretary of the Oakland Joint Powers Financing Authority, hereby certify that the foregoing is a full, true and correct copy of the Resolution No. _____, duly adopted at a meeting of said Authority duly and specially held on May 17, 2005, of which meeting all of the members of the Governing Board of Directors of said Authority had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a true, complete and correct copy of the original resolution duly adopted at said meeting and entered in said minutes; and that said resolution has not been modified, amended, rescinded or revoked except as provided in such resolution in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this _____ day of _____, 2005.

LaTonda Simmons
Interim Secretary of the Oakland Joint Powers
Financing Authority

Resolution 75791

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

OAKLAND CITY COUNCIL
RESOLUTION NO. 2005 APR 28 PM 1:19 C.M.S.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$140,000,000 PRINCIPAL AMOUNT OF THE "CITY OF OAKLAND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2005," PRESCRIBING THE TERMS OF SALE OF THE 2005 BONDS, APPROVING FORMS OF LOCAL OBLIGATION PURCHASE CONTRACT AND ESCROW AGREEMENTS, APPOINTING A PAYING AGENT AND AUTHORIZING NECESSARY ACTIONS RELATED THERETO

WHEREAS, pursuant to Resolution No. 69241 C.M.S., the City Council (the "City Council") of the City of Oakland, California (the "City") has heretofore issued its "City of Oakland, Alameda County, California General Obligation Bonds, Series 1992" (the "1992 Bonds"); and

WHEREAS, pursuant to the Declaration of Trust executed by the Treasurer of the City, dated as of March 1, 1995 and Resolution No. 71639 C.M.S., the City Council has heretofore issued its "City of Oakland, Alameda County, California General Obligation Bonds, Series 1995B" (the "1995B Bonds"); and

WHEREAS, pursuant to Resolution No. 73182 C.M.S., the City Council has heretofore issued its "City of Oakland General Obligation Bonds, (Series 1997, Measure I)" (the "1997 Bonds"); and

WHEREAS, pursuant to Resolution No. 73386 C.M.S., the City Council has heretofore issued its "City of Oakland General Obligation Bonds, (Series 1997C, Measure K)" (the "1997C Bonds"); and

WHEREAS, pursuant to Resolution No. 75791 C.M.S., the City Council has heretofore issued its "City of Oakland General Obligation Bonds, Series 2000 and Series 2000E

(the “2000 Bonds” and collectively with the 1992 Bonds, the 1995B Bonds, the 1997 Bonds and the 1997C Bonds, the “Prior Bonds”); and

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”), the City is authorized to issue its general obligation bonds to refund the Prior Bonds, if the City Council determines that prudent management of the fiscal affairs of the City requires the issuance of such refunding bonds, and if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total net interest cost to maturity of the Prior Bonds plus the principal amount of the Prior Bonds; and

WHEREAS, this City Council determines that prudent management of the fiscal affairs of the City requires the issuance of City of Oakland General Obligation Refunding Bonds, Series 2005 (the “2005 Bonds”), and deems it necessary and desirable to sell its 2005 Bonds to the Oakland Joint Powers Financing Authority, for the purpose of refunding the Prior Bonds, according to the terms and in the manner hereinafter set forth;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OAKLAND, AS FOLLOWS:

Section 1. General; Definitions. (a) All of the recitals hereto are true and correct. This City Council has reviewed all proceedings heretofore taken relative to the authorization of the above-referenced 2005 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the 2005 Bonds have existed, happened and been performed in due time, form and manner as required by law, and the City is now authorized

pursuant to each and every requirement of law to issue the 2005 Bonds and incur indebtedness in the manner and form as in this Resolution provided.

(b) Unless the context otherwise requires, the terms defined in this Section 1(b) shall for all purposes of this Resolution have the meanings herein specified:

Authority

The term “Authority” shall mean the Oakland Joint Powers Financing Authority, a joint powers authority duly organized and existing under the laws of the State of California.

City

The term “City” shall mean the City of Oakland, County of Alameda, State of California.

City Administrator

The term “City Administrator” shall mean the City Administrator of the City.

City Clerk

The term “City Clerk” shall mean the City Clerk, including the Interim City Clerk, of the City.

Code

The term “Code” shall mean the Internal Revenue Code of 1986, any regulations promulgated or in effect thereunder or any successor statute thereto.

Continuing Disclosure Agreement

The term “Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement, dated as of June 1, 2005, relating to the 2005 Bonds.

City Council

The term "City Council" shall mean the City Council of the City.

Dated Date

The term "Dated Date" shall mean the date of delivery of the 2005 Bonds to the Authority.

Debt Service Fund

The term "Debt Service Fund" shall be that fund established pursuant to Section 10 of this Resolution.

Defeasance Securities

The term "Defeasance Securities" shall mean (1) cash; (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series--"SLGS"); (3) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities; (4) Resolution Funding Corp. (REFCORP) strips (interest component only) which have been stripped by request to the Federal Reserve Bank of New York in book entry form; (5) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, or if not rated by Moody's, then pre-refunded bonds that have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipal obligations; (6) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank direct obligations or fully guaranteed certificates of beneficial ownership, (b) Farmers Home Administration (FmHA) certificates of beneficial ownership, (c) Federal Financing Bank, (d) General Services Administration participation certificates, (e) U.S. Maritime Administration Guaranteed Title XI financing, (f) U.S.

Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures--U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds--U.S. government guaranteed public housing notes and bonds.

Escrow Agreements

The term “Escrow Agreements” shall mean collectively the 1992 Escrow Agreement, the 1995B Escrow Agreement, the 1997 Escrow Agreement, the 1997C Escrow Agreement and the 2000 Escrow Agreement. The term “1992 Escrow Agreement” shall mean the Escrow Agreement, dated as of June 1, 2005, by and between the City and the 1992 Escrow Bank, with respect to the establishment and administration of the 1992 Escrow Fund for the purpose of accomplishing the refunding of the 1992 Bonds. The term “1995B Escrow Agreement” shall mean the Escrow Agreement, dated as of June 1, 2005, by and between the City and the 1995B Escrow Bank, with respect to the establishment and administration of the 1995B Escrow Fund for the purpose of accomplishing the refunding of the 1995B Bonds. The term “1997 Escrow Agreement” shall mean the Escrow Agreement, dated as of June 1, 2005, by and between the City and the 1997 Escrow Bank, with respect to the establishment and administration of the 1997 Escrow Fund for the purpose of accomplishing the refunding of the 1997 Bonds. The term “1997C Escrow Agreement” shall mean the Escrow Agreement, dated as of June 1, 2005, by and between the City and the 1997C Escrow Bank, with respect to the establishment and administration of the 1997C Escrow Fund for the purpose of accomplishing the refunding of the 1997C Bonds. The term “2000 Escrow Agreement” shall mean the Escrow Agreement, dated as of June 1, 2005, by and between the City and

the 2000 Escrow Bank, with respect to the establishment and administration of the 2000 Escrow Fund for the purpose of accomplishing the refunding of the 2000 Bonds

Escrow Banks

The term “Escrow Banks” shall mean collectively, the 1992 Escrow Bank, the 1995B Escrow Bank, the 1997 Escrow Bank, the 1997C Escrow Bank and the 2000 Escrow Bank, as such banks shall be designated in the Local Obligation Purchase Contract.

Escrow Funds

The term “Escrow Funds” means collectively (i) the 1992 Escrow Fund established and held by the 1992 Escrow Bank pursuant to the 1992 Escrow Agreement; (ii) the 1995B Escrow Fund established and held by the 1995B Escrow Bank pursuant to the 1995B Escrow Agreement; (iii) the 1997 Escrow Fund established and held by the 1997 Escrow Bank pursuant to the 1997 Escrow Agreement; (iv) the 1997C Escrow Fund established and held by the 1997C Escrow Bank pursuant to the 1997C Escrow Agreement; and (v) the 2000 Escrow Fund established and held by the 2000 Escrow Bank pursuant to the 2000 Escrow Agreement.

Local Obligation Purchase Contract

The term “Local Obligation Purchase Contract” shall mean the purchase contract for the Local Obligations between the Authority and the City providing for the terms of sale of the 2005 Bonds which shall be binding and conclusive upon the City. The Local Obligation Purchase Contract shall specify the interest payment dates of the 2005 Bonds; (ii) maturity schedule and interest rates for the 2005 Bonds; (iii) redemption provisions (including mandatory sinking fund payments for term bonds, if any) for the

2005 Bonds; and (iv) the amount of proceeds of the 2005 Bonds to be applied in accordance with Section 11 hereof.

Paying Agent

The term “Paying Agent” shall mean the Treasurer of the City, as paying agent, registrar and transfer agent for the 2005 Bonds, or any successor thereto.

Principal Office

The term “Principal Office” shall mean the offices of the Paying Agent located at City of Oakland, Finance and Management Agency, Treasury Division, 150 Frank H. Ogawa Plaza, Suite 5330, Oakland, California 94612-2093, Attn: Treasury Manager or such other or additional offices as may be specified by the Paying Agent in a notice to the City.

Redemption Fund

The term “Redemption Fund” shall be that fund established pursuant to Section 4 of this Resolution.

Resolution

The term “Resolution” shall mean this Resolution as passed and adopted by the City Council on May 17, 2005.

Section 2. Authorization. This City Council hereby authorizes the sale to the Authority of not to exceed \$140,000,000 in aggregate principal amount of the “City of Oakland General Obligation Refunding Bonds, Series 2005.” The actual principal amount of the 2005 Bonds shall be specified in the Local Obligation Bond Purchase Contract. The 2005 Bonds shall be sold to the Authority at not less than their par value.

Section 3. Terms of 2005 Bonds. The 2005 Bonds shall be dated the Dated Date, and shall bear interest at a rate or rates not to exceed a true interest cost of six and one-half percent (6.5%) per annum (the exact rate or rates to be determined upon sale of the 2005 Bonds and specified in the Local Obligation Purchase Contract), payable on the dates specified in the Local Obligation Purchase Contract. The 2005 Bonds shall be in fully registered form in denominations of \$5,000 or any multiple of one dollar in excess thereof, provided that no 2005 Bond shall have principal maturing on more than one principal maturity date, and shall mature on the dates, and in the amounts, as set forth in the Local Obligation Purchase Contract; provided, however, the final maturity shall not be later than June 15, 2025.

The principal of the 2005 Bonds shall be payable in lawful money of the United States of America to the registered owner thereof, upon the surrender thereof at the Principal Office. The interest on the 2005 Bonds, shall be payable in like lawful money to the person whose name appears on the bond registration books of the Paying Agent as the owner thereof as of the close of business on the first (1st) day of the month in which an interest payment date occurs (the "Record Date"), whether or not such day is a business day. Payment of the interest on any 2005 Bond shall be made to the person appearing on the bond registration books of the Paying Agent as the registered owner thereof, such interest to be paid by check or draft mailed to such registered owner at such registered owner's address as it appears on such bond registration books or at such address as the registered owner may have filed with the Paying Agent for that purpose; provided, however, that interest on any 2005 Bonds shall be paid by wire transfer or other means to provide immediately available funds to any registered owner of at least \$1,000,000 in aggregate principal amount of such 2005 Bonds, at its option, according to wire

instructions given to the Paying Agent in writing for such purpose and on file as of the Record Date.

Each 2005 Bond shall bear interest from the interest payment date next preceding the date of authentication and registration thereof unless such 2005 Bond is authenticated as of a day during the period from the first (1st) day of the month in which an interest payment date occurs to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on or before the first (1st) day of the month in which the first interest payment date occurs for the 2005 Bonds, as set forth in the Local Obligation Purchase Contract, in which event it shall bear interest from the Dated Date; provided, however, that if, at the time of authentication of any 2005 Bond, interest is then in default on outstanding 2005 Bonds, such 2005 Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding 2005 Bonds.

Interest on the Series 2005 Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Only such of the 2005 Bonds as shall bear thereon a certificate of authentication and registration in the form hereinafter recited, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the 2005 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

The Paying Agent shall assign each 2005 Bond authenticated and registered by it a distinctive number, and shall maintain a record thereof which shall be available to the City for inspection.

Section 4. Redemption. 2005 Bonds maturing on the dates specified in the *Local Obligation Purchase Contract* are subject to redemption prior to their respective stated maturity dates, at the option of the City, as a whole or in part in such order of maturities as may be specified in writing by the City to the Paying Agent (and by lot within each maturity), from any source of available funds, on the dates and pursuant to the terms specified in the *Local Obligation Purchase Contract*, and at the redemption prices specified in the *Local Obligation Purchase Contract*. Any of the 2005 Bonds may be sold as term bonds with mandatory sinking fund payments, and the dates and amounts of the maturities of such term bonds and mandatory sinking fund payments shall be as specified in the *Local Obligation Purchase Contract*. The date on which the 2005 Bonds which are called for redemption are to be presented for payment is herein sometimes called the “Redemption Date.”

The City may purchase 2005 Bonds at public or private sale, as and when and at such prices, including brokerage and other charges as the City determines, provided that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the 2005 Bonds.

Notice of any redemption of 2005 Bonds shall be mailed, postage prepaid not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, to the respective registered owners thereof at the addresses appearing on the bond registration books maintained by the Paying Agent. The notice of redemption shall specify the 2005 Bonds or the designated portion thereof to be redeemed, shall state the date of the notice, the Redemption Date, the redemption price, the numbers of the 2005 Bonds to be redeemed, and the place or places where the redemption will be made, shall provide descriptive information concerning the 2005 Bonds, including the date of issue, interest rate and stated maturity date, shall require that such 2005

Bonds be surrendered by the registered owners thereof at the Principal Office, and shall state that further interest on such 2005 Bonds will not accrue after the Redemption Date designated in such notice.

The actual receipt by the registered owner of any 2005 Bond of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such 2005 Bonds or the cessation of accrual of interest on such 2005 Bonds on the date fixed for redemption.

The notice or notices required for redemption shall be given by the Paying Agent. *A certificate by said Paying Agent that notice of call and redemption has been given to the registered owners of the 2005 Bonds as herein provided shall be conclusive as against all parties, and no registered owner whose 2005 Bond is called for redemption may object thereto or object to the cessation of accrual of interest on the fixed Redemption Date by any claim or showing that said registered owner failed to actually receive such notice of call and redemption.*

Prior to the time the City determines to call and redeem any of the 2005 Bonds, there shall be established in the treasury of the City a redemption fund, to be described or known as the "City of Oakland General Obligation Refunding Bonds, Series 2005 Redemption Fund," (the "Redemption Fund"), and prior to or on the Redemption Date there must be set aside in the Redemption Fund moneys available for the purpose and sufficient to redeem at the premiums payable as provided in this Resolution, the 2005 Bonds designated in said notice of redemption. Said moneys must be set aside in said Redemption Fund solely for that purpose and shall be applied on or after the Redemption Date to payment of the principal of, premium, if any, and interest on the 2005 Bonds to be redeemed upon presentation and surrender of such 2005 Bonds, and shall be used only for that purpose. If, after all of the 2005 Bonds have been redeemed and

cancelled or paid and cancelled, there are moneys remaining in said Redemption Fund, said moneys shall be transferred to the general fund of the City; provided, however, that if said moneys are part of the proceeds of refunding bonds, said moneys shall be transferred to the fund created for the payment of principal of and interest on such refunding bonds.

When notice of redemption has been given, substantially as provided for herein, and when the amount necessary for the redemption of the 2005 Bonds called for redemption (principal, premium, if any, and interest accrued to the Redemption Date) is set aside for that purpose in the Redemption Fund, as provided for herein, the 2005 Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said 2005 Bonds at the place specified in the notice of redemption, such 2005 Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund, and no interest will accrue on such 2005 Bonds called for redemption after the Redemption Date specified in such notice, and the registered owner of said 2005 Bonds so called for redemption after such Redemption Date shall look for the payment of the principal of and interest on such 2005 Bonds and the premium thereon only to said Redemption Fund. All 2005 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Section 5. Execution; Authentication. The 2005 Bonds shall be signed by the facsimile signature of the President of the City Council, and countersigned by the facsimile signature of the City Clerk. In case any of such officers whose signature or countersignature appears on the 2005 Bonds shall cease to be such officer before the delivery of the 2005 Bonds to the purchaser, such signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as though such officer had remained in office until the delivery of the 2005 Bonds. The 2005 Bonds shall be authenticated by the Paying Agent.

Section 6. Transfer. Any 2005 Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 8 hereof, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such 2005 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any 2005 Bond shall be surrendered for transfer, the designated City officials shall execute and the Paying Agent shall authenticate and deliver a new bond or bonds of authorized denominations and of the same maturity, for a like aggregate principal amount. The Paying Agent shall require the payment by any registered owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of 2005 Bonds shall be required to be made by the Paying Agent during the period from any Record Date to the interest payment date immediately following such Record Date.

Section 7. Exchange. Any 2005 Bond may be exchanged at the Principal Office, for a like aggregate principal amount of 2005 Bonds of other authorized denominations of the same maturity. The Paying Agent shall require the payment by the registered owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of 2005 Bonds shall be required to be made by the Paying Agent during the period from any Record Date to the interest payment date immediately following such Record Date.

Section 8. Registration. The Paying Agent will keep or cause to be kept, at the Principal Office, sufficient books for the registration, transfer and exchange of the 2005

Bonds, which shall at all times be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or exchange or cause to be registered or transferred or exchanged, on said books, 2005 Bonds as hereinbefore provided.

Section 9. Form of 2005 Bond. The 2005 Bonds and the Paying Agent’s certificate of authentication and registration and the form of assignment to appear thereon shall be in substantially the following forms, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution:

[FORM OF 2005 BOND]

CITY OF OAKLAND
 GENERAL OBLIGATION REFUNDING BOND
 SERIES 2005

Number	Amount
R- _____	\$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>
_____ %	_____	_____

Registered Owner: _____

Principal Amount: _____ Dollars

The CITY OF OAKLAND, a charter city and a municipal corporation organized and existing under the laws of the State of California (the “City”), hereby acknowledges itself

indebted to and promises to pay to the registered owner set forth above, or registered assigns, on the maturity date set forth above the principal amount set forth above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of the day during the period from the first (1st) day of the month in which any interest payment date occurs to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before the first (1st) day of the month in which an interest payment date occurs (the "Record Date"), in which event it shall bear interest from the Dated Date specified above) until payment of such principal sum, at the interest rate per annum stated above, payable on _____, 200_, and semiannually thereafter on _____ and _____ in each year. The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal office of the Treasurer of the City of Oakland, as paying agent/registrar and transfer agent of the City (the "Paying Agent"), located in Oakland, California. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the Record Date, whether or not such day is a business day, such interest to be paid by check or draft mailed to such registered owner at the registered owner's address as it appears on such bond registration books.

This bond is one of a duly authorized issue of bonds of the City designated as "City of Oakland General Obligation Refunding Bonds, Series 2005" (the "2005 Bonds") in the aggregate principal amount of _____ dollars, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to provisions of

Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”), and pursuant to a resolution (the “Resolution”) adopted by the City Council of the City of Oakland on May 17, 2005.

The 2005 Bonds are issuable as fully registered bonds in denominations of \$5,000 or any multiple of one dollar in excess thereof, provided that no 2005 Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, 2005 Bonds may be exchanged for a like aggregate principal amount of 2005 Bonds of the same maturity of other authorized denominations.

This 2005 Bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the Principal Office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this 2005 Bond. Upon such transfer, a new 2005 Bond of authorized denomination or denominations for the same maturity date and the same aggregate principal amount will be issued to the transferee in exchange herefor.

The City and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

The 2005 Bonds are subject to redemption upon the terms and conditions and on the dates and at such prices as are set forth in the Resolution.

If this 2005 Bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

It is hereby certified, recited and declared that all acts, conditions and things required by law to exist, happen or be performed precedent to and in the issuance of this 2005 Bond do exist, have happened and have been performed in due time, form and manner as required by the Resolution and the Constitution and laws of the State of California, and that the amount of this 2005 Bond, together with all other indebtedness of the City does not exceed any limit prescribed by the Constitution and statutes of said State for the collection of an annual tax sufficient to pay the principal of and interest on this 2005 Bond as the same become due. The full faith and credit of the City are hereby pledged for the punctual payment of the principal of and interest on this 2005 Bond.

This 2005 Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the City Council of the City of Oakland has caused this 2005 Bond to be signed by the President of the City Council and to be countersigned by the City Clerk all as of the date hereof.

President of the City Council

Countersigned:

City Clerk of the City of Oakland

[FORM OF PAYING AGENT'S CERTIFICATE OF AUTHENTICATION
AND REGISTRATION]

This is one of the 2005 Bonds described in the within-mentioned Resolution and authenticated and registered on _____.

TREASURER OF THE CITY OF OAKLAND,
as Paying Agent/Registrar and Transfer Agent

By _____

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____, whose taxpayer identification number is _____, the within-mentioned registered bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guaranteed By:

NOTICE: Signature must be guaranteed by an eligible guarantor institution.

Section 10. Tax Levy. For the purpose of paying principal of and interest on the 2005 Bonds, the City Council shall, at the time of making the general tax levy after incurring

the bonded indebtedness, and annually thereafter until the 2005 Bonds are paid or until there is a sum in the treasury of the City set apart for that purpose sufficient to meet all payments of principal and interest on the 2005 Bonds as they become due, levy and collect a tax sufficient to pay the interest on the 2005 Bonds and such part of the principal as will become due before the proceeds of a tax levied at the next general tax levy will be available; provided, however, that if it is expected that all or any part of the 2005 Bonds will be sold at such time that the principal of or interest on such 2005 Bonds will become due before the proceeds of a tax levied after such sale would be available to pay such principal or interest, the City Council, at the time of fixing the annual tax levy, may levy a tax in an amount clearly sufficient to pay that portion of the principal of and interest on the 2005 Bonds which it is expected will become due before the proceeds of the next succeeding tax levy will be available. Such taxes shall be levied and collected as other City taxes and shall be in addition to all other taxes and shall be used only for payment of the principal of the Bonds and interest thereon. Said taxes as collected shall be forthwith paid into the fund for which the same were levied and collected and which shall be designated the "City of Oakland General Obligation Refunding Bond Debt Service Fund, Series 2005" (the "Debt Service Fund"), and all sums to become due for the principal of and interest on the 2005 Bonds shall be paid from such Debt Service Fund.

When all of the principal of and interest on the 2005 Bonds shall have been paid, any balance of money then remaining in said Debt Service Fund shall be transferred to the general fund of the City.

Section 11. Application of Proceeds of Sale of Bonds. All proceeds of the sale of the 2005 Bonds shall be applied to the redemption or defeasance of the Prior Bonds as set forth in the Local Obligation Purchase Contract.

Section 12. Accounting Records; Retirement of the Prior Bonds; Approval of Escrow Agreement. The City hereby covenants to keep, or cause to be kept, at all times proper and current books, records and accounts regarding the 2005 Bonds. Such records shall be available upon reasonable request by the registered owner of the 2005 Bonds. The City hereby covenants that it shall cause the amounts on deposit in the Escrow Funds to be applied to the payment and redemption in full of the Prior Bonds. To that end, the City shall cause to be deposited the proceeds of the 2005 Bonds with the Escrow Banks pursuant to Section 11 hereof for investment and application as provided in the Escrow Agreements, and the City hereby covenants that the Prior Bonds will be fully paid or discharged and defeased on the Closing Date in accordance with their terms.

The City hereby approves the Escrow Agreements on file with the City Clerk. The City Administrator, Assistant City Administrator, Director of Finance and Management Agency or Treasury Manager, or a designee of any such official, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the City, to execute and deliver the Escrow Agreements, substantially in said forms, with such changes therein as such officer or his or her designee may require or approve, such approval to be conclusively evidenced by the execution thereof. The City hereby authorizes the delivery and performance of the Escrow Agreements.

Section 13. Bond Sale. The proposed form of Local Obligation Purchase Contract by and between the Authority and the City, on file with the City Clerk and incorporated into this Resolution by reference, is hereby approved. The City Administrator, Assistant City Administrator, Director of Finance and Management Agency or Treasury Manager, or a designee of any such official, is hereby authorized and directed, jointly and severally, for and in the name

and on behalf of the City, to execute and deliver the Local Obligation Purchase Contract, substantially in said form, with such changes therein as such officer or his or her designee may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The City hereby acknowledges the assignment, pledge and transfer of the 2005 Bonds by the Authority to Wells Fargo Bank, National Association, as trustee (the "Authority Trustee") for the benefit of the holders of Oakland Joint Powers Financing Authority Revenue Bonds, Series 2005 (City of Oakland General Obligation Bond Program), and hereby acknowledges that payment of the principal , interest and premium, if any, on the 2005 Bonds shall be paid directly to the Authority Trustee.

Section 14. Tax Covenants. (a) The City will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on any of the 2005 Bonds pursuant to Section 103 of the Code. Specifically, the City has covenanted that it will not make any use of the proceeds of the 2005 Bonds or any other funds of the City which would cause the 2005 Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code, or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the 2005 Bonds, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect; provided, that if the City shall obtain an opinion of nationally recognized bond counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from

gross income of the interest on the 2005 Bonds pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by it hereunder or otherwise, the City shall direct the City Administrator to take such action as may be necessary in accordance therewith.

(b) Without limiting the generality of the foregoing, the City will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code, which obligation shall survive payment in full or defeasance of the 2005 Bonds, and to that end, there is hereby established in the treasury of the City a fund to be known as the City of Oakland General Obligation Refunding Bonds, Series 2005 Rebate Fund (the "Rebate Fund"). The City will comply with the provisions of any tax certificate delivered at the time of the issuance and delivery of the 2005 Bonds with respect to making deposits in such Rebate Fund, and moneys held in such Rebate Fund are pledged to provide payments to the United States of America as provided herein and in such tax certificate and no other person shall have claim to such moneys except as provided in such tax certificate.

Section 15. Paying Agent. The City hereby appoints the Treasurer of the City, acting as depository for the City, as paying agent, registrar and transfer agent for the 2005 Bonds (the "Paying Agent") in accordance with such terms as shall be established between the City and the Paying Agent.

Section 16. Other Documents Authorized. The City Administrator, Assistant City Administrator, Director of Finance and Management Agency and Treasury Manager and other appropriate officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, certificates and

representations, including but not limited to investment agreements (including forward delivery agreements), signature certificates, no-litigation certificates and tax certificates proposed to be distributed in connection with the sale of the 2005 Bonds, which they deem necessary or advisable in order to consummate the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby, and to execute and deliver any amendments to any of the documents mentioned herein as authorized hereby as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 17. Amendment of Resolution. This Resolution may be modified or amended without the consent of the registered owner of the 2005 Bonds, provided that such modification or amendment does not adversely affect the rights of the registered owner of the 2005 Bonds. Otherwise, this Resolution may be modified or amended only with the consent of the registered owner of at least sixty percent (60%) of all 2005 Bonds then outstanding. No such modification or amendment shall extend the maturity of, reduce the interest rate on or principal amount of any 2005 Bond or reduce the percentage of consent required for amendment hereof without the express consent of the registered owner of 2005 Bonds so affected.

Section 18. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Resolution, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an event of default; however, the Paying Agent may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the registered owner of at least 25% aggregate principal amount of outstanding 2005 Bonds, and upon being indemnified to its reasonable satisfaction,

shall) or any registered owner of 2005 Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Paying Agent, as the case may be, to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2005 Bonds (including persons holding 2005 Bonds through nominees, depositories or other intermediaries).

Section 19. [Intentionally Left Blank].

Section 20. Defeasance; Unclaimed Moneys. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the registered owner of all outstanding 2005 Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, and the City shall pay in full all other amounts due hereunder then the registered owner of such 2005 Bonds shall cease to be entitled to the security provided herein, and all agreements, covenants and other obligations of the City to the registered owner of such 2005 Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Paying Agent shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such 2005 Bonds and for the payment of all other amounts due hereunder.

(b) Any Outstanding 2005 Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in

subsection (a) of this Section if (1) in case any of such 2005 Bonds are to be redeemed on any date prior to their maturity date, the City shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 4, (2) there shall have been deposited with the Paying Agent (A) money in an amount which shall be sufficient and/or (B) Defeasance Securities the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the interest to become due on such 2005 Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such 2005 Bonds, and (3) in the event such 2005 Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have given the Paying Agent in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the registered owner of such 2005 Bonds that the deposit required by clause (2) above has been made with the Paying Agent and that such 2005 Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such 2005 Bonds. In the event that the deposit of money or Defeasance Securities with the Paying Agent described in the immediately preceding sentence is not in an amount sufficient on the date of such deposit to pay all of the principal of and interest and redemption premiums, if any, on such 2005 Bonds on their respective redemption dates or maturity dates, as the case may be, then at the time of such deposit with the Paying Agent, the City shall also deposit a report of an independent certified public accountant or a firm of such accountants to the effect that such deposit, together with the interest to accrue thereon and the

principal thereof, will be fully sufficient to pay when due the principal of and interest and redemption premiums, if any, on such 2005 Bonds.

(c) In the event of an advance refunding (i) the City shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an independent firm of certified public accountants (“Accountants”) verifying the sufficiency of the escrow established to pay the 2005 Bonds in full on the maturity date or redemption date (“Verification”), (ii) the escrow agreement shall provide that no (A) substitution of a defeasance obligation shall be permitted except with another defeasance obligation and upon delivery of a new Verification and (B) reinvestment of a defeasance obligation shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there shall be delivered an Opinion of Bond Counsel to the effect that the 2005 Bonds are defeased pursuant to this Section; each Verification and defeasance opinion shall be addressed to the City.

(d) Anything contained herein to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the 2005 Bonds or interest thereon which remains unclaimed for two (2) years after the date when such 2005 Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Paying Agent at such date, or for two (2) years after the date of deposit of such money if deposited with the Paying Agent after the date when such 2005 Bonds have become due and payable, shall be repaid by the Paying Agent to the City as its absolute property free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the registered owner shall not look to the Paying Agent for the payment of such 2005 Bonds; provided, however, that before being required to make any such payment to the City, the Paying Agent may, and at the request of the

City shall, at the expense of the City, cause to be published once a week for two (2) successive weeks in a financial newspaper of general circulation in Los Angeles and in San Francisco, California, and in the same or a similar financial newspaper of general circulation in New York, New York, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the City.

Section 21. Effective Date. This Resolution shall take effect immediately from and after its adoption.

In Council, Oakland, California, May 17, 2005

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTENTION:

ATTEST:

LA TONDA SIMMONS
Interim City Clerk and Clerk of the Council of the
City of Oakland, California

Attach any supporting documentation.

CERTIFICATE OF THE INTERIM CITY CLERK

I, La Tonda Simmons, Interim City Clerk and Clerk of the Council of the City of Oakland (the "City"), hereby certify that the foregoing is a full, true and correct copy of Resolution No. _____, duly adopted at a meeting of the City Council of the City duly and regularly held on May 17, 2005, of which meeting all of said City Council had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a true, complete and correct copy of the original resolution duly adopted at said meeting and entered in said minutes; and that said resolution has not been modified, amended, rescinded or revoked except as provided in such resolution in any manner since the date of their adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this _____ day of _____, 2005.

LA TONDA SIMMONS
Interim City Clerk and Clerk of the Council of the
City of Oakland, California