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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

SUPPLEMENTAL AGENDA REPORT

2010 MAY 27 PM 4:47

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Finance and Management Agency
DATE: June 1, 2010

RE: **Supplemental Report to Approving Resolution Authorizing the Sale of 2010-2011 Tax and Revenue Anticipation Notes in an Amount Not to Exceed Two Hundred Million Dollars (\$200,000,000); Authorizing the Execution and Delivery of Related Documents and Approving Certain Related Actions**

SUMMARY

At the May 25, 2010 meeting, the Finance and Management Committee asked staff to provide additional information on the selection of Financial Advisor and Underwriter for the issuance of the 2010-2011 Tax and Revenue Anticipation Notes (the "TRAN").

BACKGROUND

Per the Debt Policy, the City conducts a Request For Qualifications ("RFQ") every three years to establish a pool of qualified financial advisors. The last RFQ took place in August 2007. The firms selected to the City's Pool in 2007 include KNN Public Finance ("KNN"), Public Financial Management, Inc. ("PFM"), Gardner Underwood and Bacon, LLC ("GUB"), and Public Resources Advisory Group ("PRAG").

Prior to each unique financing, City staff sends out a Request For Proposal ("RFP") to each of the four Financial Advisors in the pool requesting fee proposals, subject matter expertise and qualification in the specified area.

For a negotiated deal, once the Financial Advisor is hired by the City, they assist the City in selecting an Underwriter through an RFP based on the Underwriter's ability and experience in managing complex transactions, prior knowledge and experience with the City, the firm's willingness to risk capital and demonstration of such risk, the firm's ability to sell bonds, quality and experience of personnel assigned to the City's engagement, and the financing plan presented by the firm.

If there are unforeseen events that necessitate immediate action including but not limited to redemption, defeasance, or restructuring to prevent the City from experiencing further losses, the City Administrator or Director of Finance can select a consultant without using the RFP process.

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KEY ISSUES AND IMPACTS

Selection Process for the 2010-2011 TRAN:

For the 2010-2011 TRAN, the City Administrator is recommending KNN as Financial Advisor, upon City Council approval. KNN brings 20 years of financial advising experience and served as the financial advisor on 18 California TRAN issues in 2009. KNN is located in the City of Oakland and is very knowledgeable with the City.

For the 2010-2011 TRAN, the City Administrator is recommending J.P. Morgan Securities, Inc. as Senior Manager and Siebert Brandford Shank & Co. as Co-Manager, upon City Council approval. J.P. Morgan's selection was primarily based on low fee, experience underwriting TRANs and willingness to use their own capital to underwrite the City of Oakland 2010-2011 TRAN if needed. Siebert Brandford Shank & Co., LLC was the only Underwriter located in downtown Oakland and agreed to underwrite the 2010-2011 TRAN for the same low takedown as J.P. Morgan.

Respectfully submitted,



Foc

Joseph T Yew Jr.
Director, Finance & Management Agency

Prepared by:
Katano Kasaine, Treasury Manager
Treasury Division

APPROVED AND FORWARDED TO THE
FINANCE & MANAGEMENT COMMITTEE



Office of the City Administrator

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