

INTRODUCED BY COUNCIL MEMBER _____

APPROVED AS TO FORM AND LEGALITY

DEPUTY CITY ATTORNEY

OFFICE OF THE CITY CLERK
OAKLAND
2008 OCT -9 PM 5:22
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OAKLAND CITY COUNCIL
RESOLUTION NO. 81629 C. M. S.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLAND APPROVING THE INVESTMENT IN US TREASURY SECURITIES FOR A NOT-TO-EXCEED 60-DAY PERIOD AND IN AN AMOUNT NOT TO EXCEED 20% OF THE CITY PORTFOLIO; AND AUTHORIZING EXECUTION OF DOCUMENTS AND TAKING OF ALL NECESSARY ACTIONS RELATING TO MAKING SUCH INVESTMENTS

WHEREAS, on November 8, 1988, Oakland voters passed the "Oakland Nuclear Free Zone Act" and the City Council adopted Ordinance No. 11062 implementing the voter mandate, which prohibits the City of Oakland and the Redevelopment Agency (Agency) from investing in United States Treasuries except under specified circumstances; and

WHEREAS, Ordinance 11062, Section 7(i), authorizes investment in United States Treasuries only if approved by resolution based on specific findings that such investment is necessary to avoid substantial financial losses; and

WHEREAS, pursuant to Ordinance 11062, such investment in United States Treasuries is limited to a 60-day period and to amounts no greater than twenty percent (20%) of the City's total portfolio; and

WHEREAS, money market funds are at a substantial financial crisis; and

WHEREAS, some money market funds have collapsed, falling below one-dollar per share causing investors to lose money; and

WHEREAS, one of the Agency's money market accounts (American Beacon) closed on September 19, 2008, causing the Agency funds to be frozen; and

WHEREAS, with the California state budget crisis at hand and the state seeking \$7 billion from the federal government to meet its day-to-day operational needs, the Local Agency Investment Fund (LAIF) could be in jeopardy of freezing withdrawals as it did July 22, 1998, which could result in illiquidity for the both the City and Agency resulting in the inability to meet day-to-day financial obligations; and

WHEREAS, currently, the City has \$40 million and the Agency has \$32.5 million invested in LAIF; and

WHEREAS, investing in U.S. Treasuries would enable the City of Oakland to better short term liquidity because it is a direct obligation of the U.S. Government; and

WHEREAS, currently, sixty percent (60%) of the City's and Agency's portfolio consists of Freddie Mac and Fannie Mae; and

WHEREAS, continued lack of liquidity would result in the inability of the City and Agency to meet obligations including payroll and vendor payments, resulting in interest and penalties, and impacting City and Agency credit, and forcing the sale of Freddie Mac and Fannie Mae interests at a substantial loss in order to meet these liquidity needs; and

WHEREAS, the ability to invest in U.S. Treasuries would enable the City and Agency to diversify these portfolios reducing exposure to substantial financial losses and meeting liquidity needs, i.e. to meet payroll and vendor payments; now, therefore, be it

RESOLVED, that the City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED, that the City Council finds that investment in United States Treasuries is necessary to avoid substantial financial losses; and be it

FURTHER RESOLVED, that pursuant to Ordinance 11062, Section 7(i), the City Council authorizes the City Administrator to invest in United States Treasuries for a period of no more than sixty (60) days in an amount not to exceed twenty percent (20%) of the City and Agency portfolios; and be it

FURTHER RESOLVED, that the City Administrator, the City Treasurer, or the person or persons designated to act on their behalf, are hereby authorized by this Resolution to execute any documents and take any action necessary to make such investments authorized by this resolution.

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, OCT 21 2008, 2008

PASSED BY THE FOLLOWING VOTE:

AYES: ~~BRUNNER~~, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND PRESIDENT DE LA FUENTE - 7

NOES - 0

ABSENT - Brunner - 1

ABSTENTION - 0

ATTEST:



LATONDA SIMMONS

City Clerk and Clerk of the Council of the
City of Oakland, California