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OFFICE OF THE CITY CLERK  
OAKLAND

2014 MAY -1 PM 1:26

# AGENDA REPORT

**TO:** FRED BLACKWELL  
CITY ADMINISTRATOR

**FROM:** Katano Kasaine

**SUBJECT:** City Of Oakland 2014-2015  
Tax And Revenue Anticipation Notes

**DATE:** April 21, 2014

City Administrator  
Approval

Date

4/23/14

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Staff recommends that the City Council adopt the following:

- 1) An ordinance providing for the borrowing of funds for fiscal year 2014-2015 in an amount not to exceed seventy-five million dollars \$75,000,000 and the issuance and sale of 2014-2015 Tax And Revenue Anticipation Notes therefor and approving certain related matters
- 2) A resolution authorizing the sale of 2014-2015 Tax And Revenue Anticipation Notes in an amount not to exceed seventy-five million dollars (\$75,000,000); and, authorizing the execution and delivery of related documents and approving certain related actions

## EXECUTIVE SUMMARY

An ordinance and resolution have been prepared authorizing the sale of the 2014-2015 Tax and Revenue Anticipation Notes (the "TRAN") for a not to exceed amount of \$75,000,000 in one or more series and to authorize the execution and delivery of related documents, and to provide for the borrowing of funds for fiscal year 2014-2015.

The City is anticipating issuing the TRAN in one or more series or subseries, the interest on which will be tax-exempt and the City desires to sell the TRAN at a public sale. The notes will be issued for the purpose of:

- As with prior years, pursuant to Section 53850 et seq. of the Government Code of the State of California, (the "Government Code"), the TRAN will be issued to alleviate the periodic cash flow deficits within the City's General Fund for Fiscal Year 2014-2015.

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- The TRAN will be critical to meeting the operating expenditures of the City in the first half of Fiscal Year 2014-2015.

### **OUTCOME**

The schedule in which the City receives its revenues (including property taxes, business license taxes and sales and use taxes, etc.) is irregular, which results in temporary cash flow deficits during the first half of each fiscal year. These deficits are "made-whole" at the end of each fiscal year when all of the revenues are received. The issuance is necessary to alleviate the periodic cash flow deficits within the City's General Fund for Fiscal Year 2014-2015.

In effect, the TRAN will positively impact the City's finances by providing the cash flow to meet the operating expenditures of the City in the first half of Fiscal Year 2014-2015.

The cost of issuing the TRAN will be captured in the proceeds of the financing. In addition, the debt service from the TRAN will be covered by the General Fund, as well as interest earned on proceeds.

### **BACKGROUND/LEGISLATIVE HISTORY**

Under California's Government Code, a city can borrow money through the issuance of notes for any purposes for which a city is authorized to expend monies, including current expenses, capital expenditures and the discharge of any obligation or indebtedness of the City. Therefore, this ordinance will authorize the borrowing of funds to meet some of the City's authorized expenditure requirements and this resolution will authorize the sale of the TRAN as well as the execution of all documents and the taking of all necessary actions relating to the issuance of the TRAN.

The City traditionally issues its TRAN at the beginning of each fiscal year in order to avoid cash deficits prior to the receipt of significant property tax revenues from the County of Alameda in December and April of each year. The amount of a TRAN borrowing should closely match the maximum projected deficit for the fiscal year so as to minimize borrowing costs and adhere to Internal Revenue Service (IRS) guidelines for sizing a TRAN issuance.

### **ANALYSIS**

TRANs are issued to address temporary cash flow shortfalls arising from fluctuations in annual tax or revenue receipts that the General Fund is dependent on to meet monthly cash flow needs during the fiscal year. Issuing the TRAN is necessary for the Fiscal Year 2014-2015 in order to increase available cash balances which provide operating funds to cover cash shortfalls. The cash shortfalls arise due to the timing differential of expected monthly cash receipts and disbursements throughout the fiscal year.

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The issuance and sale of the TRAN will contain an amount not to exceed \$75,000,000 consisting of an interest rate not to exceed 2.0%, with a maturity no later than (13) months after the date of issue. The TRAN will be sold through a public sale, the official "Notice of Sale" pertaining to the notes will be filed with the City Clerk and "Notice of Intention to Sell" will be published in the Bond Buyer at least 5 days prior to the award of the notes at competitive bid pursuant to Section 53692 et seq. of the Government Code. The bidder with the lowest true interest cost will be awarded the TRAN.

First Southwest Company, the City's financial advisor, will review all aspects of the sale to ensure that the TRAN is fairly priced. Hawkins Delafield & Wood, LLP, the City's bond counsel, will review all aspects of the issuance to ensure that all applicable State laws and Internal Revenue Service regulations are met. Curll Bartling P.C., the City's Disclosure Counsel, will provide advice on disclosure documents and will prepare the Preliminary Official Statement as well as the Official Statement. The TRAN will be rated by the accredited rating agencies of Moody's Investors Service and Standard & Poor's Ratings Services.

#### **PUBLIC OUTREACH/INTEREST**

This item did not require any additional public outreach other than the required posting on the City's website.

#### **COORDINATION**

This report has been prepared by the Treasury Division in coordination with City Attorney's Office and Budget Office.

#### **COST SUMMARY/IMPLICATIONS**

Debt service will be covered by the General Fund and investment earnings. The City will be required to set aside an amount sufficient to pay principal and interest in March 2015 and May 2015.

#### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Issuance of the TRAN will result in a positive impact on the City's finances, which will benefit Oakland's economy at large.

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

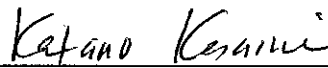
***Social Equity:*** There are no social equity opportunities associated with this report.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Katano Kasaine, Treasurer at (510) 238-2989.

Respectfully submitted,



KATANO KASAINÉ  
Treasurer, Treasury Division

Reviewed by:  
David Jones, Principal Financial Analyst  
Treasury Division

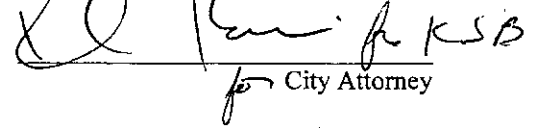
Prepared by:  
Dawn Hort, Financial Analyst  
Treasury Division

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Hawkins Delafield & Wood LLP  
Draft of 4/21/14

APPROVED AS TO FORM AND LEGALITY

  
for City Attorney

**OAKLAND CITY COUNCIL**

**ORDINANCE NO. \_\_\_\_\_ C.M.S.**

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**ORDINANCE PROVIDING FOR THE BORROWING OF FUNDS FOR FISCAL YEAR 2014-2015 IN AN AMOUNT NOT TO EXCEED SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) AND THE ISSUANCE AND SALE OF 2014-2015 TAX AND REVENUE ANTICIPATION NOTES THEREFOR AND APPROVING CERTAIN RELATED MATTERS**

**WHEREAS**, pursuant to Section 53850 et seq. of the Government Code of the State of California (the "Government Code") contained in Article 7.6 thereof, entitled "Temporary Borrowing," on or after the first day of any fiscal year (being July 1), a city may borrow money by issuing notes for any purpose for which a city is authorized to expend moneys, including but not limited to current expenses, capital expenditures, and the discharge of any obligation or indebtedness of a city; and

**WHEREAS**, pursuant to Section 53853 of the Government Code, the City Council (the "Council") of the City of Oakland (the "City") has found and determined that the sum of up to Seventy-Five Million Dollars (\$75,000,000) is needed for the requirements of the City to satisfy obligations payable from the General Fund of the City, and that it is necessary that an amount up to said sum be borrowed for such purpose at this time by the issuance of notes therefor in anticipation of the receipt of taxes, revenues and other moneys to be received by the City for the General Fund of the City during or allocable to Fiscal Year 2014-2015; and

**WHEREAS**, the City wishes to authorize the issuance of the 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") in the sum of up to Seventy-Five Million Dollars (\$75,000,000) to satisfy obligations payable from the General Fund of the City; and

**WHEREAS**, the City intends to borrow, for the purposes set forth above, an amount not to exceed Seventy-Five Million Dollars (\$75,000,000) by the issuance of the Notes; and

**WHEREAS**, the Notes shall be payable no later than 13 months after the date of issue, as permitted by Section 53854 of the Government Code, and the Notes shall be payable only from revenue received or accrued during the fiscal year in which issued; and

**WHEREAS**, the Notes shall not bear interest exceeding two percent (2.00%) per annum as permitted by Section 53531 of the Government Code, notwithstanding Section 53854 of the Government Code; and

**WHEREAS**, pursuant to Section 53856 of the Government Code, the City may pledge any taxes, income, revenue, cash receipts or other moneys deposited in inactive or term deposits (but excepting certain moneys of the City, including moneys encumbered for a special purpose); and this Ordinance specifies that certain unrestricted revenues which will be received by the City for the General Fund of the City during or allocable to Fiscal Year 2014-2015 are pledged for the payment of the Notes; and

**WHEREAS**, the Notes shall be a general obligation of the City, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the City pledged for the payment thereof shall be paid with interest thereon from any other moneys of the City lawfully available therefore, as required by Section 53857 of the Government Code; and

**WHEREAS**, the Notes will not be issued in an amount greater than the maximum amount as permitted and provided in the Income Tax Regulations of the United States Treasury promulgated under Section 148 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"); and

**WHEREAS**, pursuant to Section 219 of the Charter of the City, an ordinance is required to authorize the borrowing of money; and

**WHEREAS**, it appears, and the Council hereby finds and determines, that said sum of Seventy-Five Million Dollars (\$75,000,000), when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, incoming revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the City for the General Fund of the City attributable to Fiscal Year 2014-2015, and available for the payment of the Notes and the interest thereon as required by Section 53858 of the Government Code;

**NOW, THEREFORE**, the Council of the City of Oakland does ordain as follows:

**Section 1.** Recitals True and Correct. All of the recitals set forth above are true and correct, and the Council so finds and determines.

**Section 2.** Authorization of Notes. Solely in anticipation of taxes, revenues and other moneys to be received by the City for the General Fund of the City during or allocable to Fiscal Year 2014-2015, the City hereby determines to and shall borrow the aggregate principal sum of not to exceed Seventy-Five Million Dollars (\$75,000,000) by the issuance of notes under Section 53850 et seq. of the Government Code, designated "City of Oakland, California 2014-2015 Tax and Revenue Anticipation Notes." The Notes shall be issued in one or more series, in fully registered form, numbered from one upwards in consecutive numerical order, preceded by the letters "R" and the series designation of the Notes, in denominations of \$5,000 and integral multiples thereof, maturing not later than 13 months from the date of issuance, and bearing interest, payable at maturity and, if the maturity of the Notes is more than 12 months after the

date of issuance, on a date not later than 12 months after such date of issuance, and computed on a 30-day month/360-day year basis or based on such other convention agreed to by the City in the Note Purchase Agreement described below. Both the principal of and interest on the Notes shall be payable, only upon surrender of the Notes, in lawful money of the United States of America, at the designated trust office of a financial institution appointed by the City as fiscal agent (the "Fiscal Agent"); provided, however, that if the maturity of the Notes is more than 12 months after the date of issuance, then the interest due on a date not later than 12 months after such date of issuance will be paid by check mailed to the registered holders of the Note at their addresses appearing on the registration books of the Fiscal Agent as of the close of business on the 15th calendar day preceding such interest payment date or, so long as the Notes are registered in the name of Cede & Co., by wire transfer to an account in the United States designated by Cede & Co.

Unless otherwise directed by the City Administrator, the holder of all of the Notes shall be The Depository Trust Company, New York, New York ("DTC") and the Notes shall be initially registered in the name of Cede & Co., as nominee for DTC. The Notes initially shall be executed and delivered in the form of a single fully registered Note for each series in the full aggregate principal amount of the Notes of such series. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for all purposes of this Ordinance, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Notes under or through DTC or any Participant, or any other person which is not shown on the register of the Fiscal Agent as being a holder, with respect to the accuracy of any records maintained by DTC or any Participant or the payment or failure to pay by DTC or any Participant of any amount in respect of the principal or interest with respect to the Notes. The Fiscal Agent shall pay all principal and interest with respect to the Notes only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal and interest with respect to the Notes to the extent of the sum or sums so paid. Except under the conditions described below, no person other than DTC shall receive a Note. Upon delivery by DTC to the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

If the City determines that it is in the best interest of the beneficial owners that they be able to obtain Notes and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Notes. In such event, the City shall issue, transfer and exchange Notes as requested by DTC and any other holders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Notes as described in this Ordinance. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any DTC Participant having Notes credited to its DTC account or (b) arrange for another securities depository to maintain custody of certificates evidencing the Notes.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Note and all notices with respect to such Note shall be made and given, respectively, to DTC as provided in the Blanket Letter of Representations on file with DTC on the date of issuance of the Notes.

**Section 3. Registration.** The Notes shall be issued in fully registered form, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be completed with appropriate words and figures.

Subject to the provisions of Section 2 hereof, the registration of any Note may, in accordance with its terms, be transferred, upon the registration books kept by the Fiscal Agent for such purpose, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent.

Whenever any Note or Notes shall be surrendered for registration of transfer, the Fiscal Agent shall execute and deliver a new Note or Notes of the same series and for a like aggregate principal amount. The Fiscal Agent shall require the Note owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The City may require the owner requesting such registration of transfer to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Fiscal Agent or the City with respect to such registration of transfer. The City and the Fiscal Agent may treat the registered owner of any Note as the absolute owner thereof for all purposes whatsoever in accordance with this Ordinance, and the City and the Fiscal Agent shall not be affected by any notice to the contrary.

Subject to the provisions of Section 2 hereof, Notes may be exchanged at the office of the Fiscal Agent for a like aggregate principal amount of Notes of the same series and in other authorized denominations. The Fiscal Agent shall require the payment by the Note owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The City may require the owner requesting such exchange to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Fiscal Agent or the City with respect to such exchange.

**Section 4. Proceeds of Notes.** The proceeds of the sale of the Notes shall be deposited in a special segregated subfund or subaccount of the General Fund of the City, which subfund or subaccount shall be given a name sufficient to identify it as holding the proceeds of the sale of the Notes. The proceeds of the sale of the Notes shall be used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund of the City, including the costs of issuing the Notes, which costs are hereby authorized to be paid by the City.

In the discretion of the Treasurer of the City or such Director's designee, the amounts held in such subfund or account of the General Fund may be transferred to the Fiscal Agent pursuant to the Fiscal Agent Agreement, for deposit in the Proceeds Account thereunder,



and may be invested by the Fiscal Agent as directed by the Treasurer of the City, pending disbursement at the request of the City, pursuant to the Fiscal Agent Agreement; provided, however, that any investment of the amounts held in such fund or account, whether held in a subfund or subaccount of the General Fund or by the Fiscal Agent in the Proceeds Account, shall be invested as permitted by California law as it is now in effect and as it may be amended from time to time, and in accordance with the investment policy of the City applicable thereto. Permitted investments include, without limitation, any investment permitted by Government Code Section 53601 and any investment agreement, repurchase agreement or guaranteed investment contract that (i) is entered into with a commercial bank or other entity whose long-term debt is rated, at the time such agreement or contract is entered into, in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and (ii) is otherwise acceptable to each rating agency then rating the Notes. No such investments shall have a maturity date later than the maturity date of the Notes. The investment earnings on any such investment shall be retained by the City or the Fiscal Agent in such fund or account until all of the Notes have been fully paid, at which time any excess amount shall be paid to the General Fund of the City.

**Section 5. Pledged Moneys.** The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, revenues, income, cash receipts and other moneys which are received by the City for the General Fund of the City for the Fiscal Year 2014-2015 and which are available for the payment of current expenses and other obligations of the City. As security for the payment of the principal of and interest on the Notes, the City hereby pledges: (i) an amount equal to fifty percent (50%) of the principal amount of the Notes, from unrestricted moneys on deposit with the City during the period commencing March 2, 2015 and ending March 31, 2015 (or in such other time period as may be selected by the City as provided below), (ii) an amount equal to fifty percent (50%) of the principal amount of, and all of the interest on, the Notes, from unrestricted moneys on deposit with the City during the period commencing May 1, 2015 and ending May 29, 2015 (or in such other time period as may be selected by the City as provided below); (collectively, such pledged amounts being hereinafter called the "Pledged Moneys"), and the principal of the Notes and the interest thereon shall constitute a first lien and charge against and shall be payable from the first moneys received by the City from such Pledged Moneys, and to the extent not so paid shall be paid from any other moneys of the City lawfully available therefor. Deposits of Pledged Moneys may take into account as a credit any moneys on deposit in the Special Account (as hereinafter defined).

The City Administrator, the Treasurer, or the designee of either, is hereby authorized to select other time periods than those designated above within Fiscal Year 2014-2015, for which unrestricted moneys received by the City are pledged to the payment of the principal of and interest on the Notes if, upon the advice of the City's financial advisor, the pledge of unrestricted moneys received during such other time periods would be financially advantageous to the City. Any such change shall be described in the final Official Statement relating to the Notes and in the Notes as finally executed and delivered, and the City Administrator or the Treasurer, or the designee of either, shall certify at the time of delivery of the Notes as to this and all other terms of the Notes. In the event there are insufficient unrestricted moneys received by the City to permit the deposit into the Special Account, as hereinafter defined, of the full amount of the Pledged Moneys to be deposited in the applicable month, by the next to last business day of such month, then the amount of any deficiency shall be

satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue, cash receipts, and other moneys of the City, intended as receipts for the General Fund of the City and which are generally available for the payment of current expenses and other obligations of the City.

**Section 6. Special Account.** The Pledged Moneys shall be deposited by the City with and held by the Fiscal Agent, in trust, in a special fund designated "City of Oakland, California 2014-2015 Tax and Revenue Anticipation Notes Special Account" (hereinafter referred to as the "Special Account") and applied as directed in this Ordinance. Any money deposited by the Fiscal Agent in the Special Account shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Special Account shall be applied only for the purposes for which the Special Account was created.

All Pledged Moneys shall, when received, be paid to the Fiscal Agent for deposit in the Special Account. On the date of maturity of the Notes, the moneys in the Special Account shall be used and applied, to the extent necessary, to pay the principal of and interest on the Notes. Any moneys remaining in the Special Account after the Notes and the interest thereon have been fully paid, or provision for such payment has been made, shall be transferred to the City for deposit into its General Fund.

Moneys in the Special Account shall be invested as permitted by California law as it is now in effect and as it may be amended from time to time, and in accordance with the investment policy of the City as may be applicable thereto. Permitted investments include, without limitation, any investment permitted by Government Code Section 53601 and any investment agreement, repurchase agreement or guaranteed investment contract that (i) is entered into with a commercial bank or other entity whose long-term debt is rated, at the time such agreement or contract is entered into, in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Ratings Services, and (ii) is otherwise acceptable to each rating agency then rating the Notes. No such investments shall have a maturity date later than the maturity date of the Notes. The proceeds of any such investment shall be retained by the Fiscal Agent in the Special Account until all of the Notes have been fully paid, at which time any excess amount shall be paid to the General Fund of the City.

**Section 7. Execution of Notes.** The City Administrator, the Treasurer, or the designee of either, is hereby authorized to sign the Notes by manual or facsimile signature, and the City Clerk is hereby authorized to countersign the same by manual or facsimile signature and to affix the seal of the Council thereto by facsimile impression thereof. Said signing, countersigning and sealing shall constitute a valid and sufficient execution of the Notes; provided that at least one of the aforesaid signatures is manual. Said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate, and to deliver the Notes to the order of the successful purchasers.

**Section 8. Representations and Recitals Correct.** It is hereby covenanted and warranted by the City that all representations and recitals contained in this Ordinance are true and correct, and that the City, and its appropriate officials, have duly taken all proceedings

necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the taxes, revenue, cash receipts and other moneys pledged hereunder in accordance with the law and for carrying out the provisions of this Ordinance.

**Section 9. Tax Covenant.** The City hereby covenants that it 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 payable on the Notes under Section 103 of the Internal Revenue Code. Without limiting the generality of the foregoing, the City hereby covenants that it will comply with the requirements of the Tax Certificate of the City with respect to the Notes (the "Tax Certificate"), to be entered into by the City as of the date of issuance of the Notes. The provisions of this Section shall survive payment in full or defeasance of the Notes.

The City covenants that it shall make or cause to be made all calculations in a reasonable and prudent fashion relating to any rebate of excess investment earnings on the proceeds of the Notes due to the United States Treasury, shall segregate and set aside from lawfully available sources the amount such calculations may indicate may be required to be paid to the United States Treasury and shall otherwise at all times do and perform all acts and things necessary and within its power and authority, including complying with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code, to assure that interest paid on the Notes shall, for the purposes of federal income taxes, be excludable from the gross income of the recipients thereof.

**Section 10. Sale of Notes; Ancillary Agreements.** (a) The type of sale of each series of the Notes, and the Agreements relating to the issuance and sale of the Notes, including but not limited to a Fiscal Agent Agreement, Official Notice Inviting Bids, Official Statement and Note Purchase Agreement, shall be approved by resolution of the Council.

(b) The City Administrator, the Treasurer, or the designee of either, is hereby authorized and directed to attach to this Ordinance a certificate stating whether one or more series of the Notes were issued, the principal amount of each series of the Notes, the maturity date of each series of the Notes, and the interest rate on each series of the Notes.

**Section 11. Inconsistencies Waived.** Any provisions of any ordinances and resolutions herewith are hereby waived to the extent only of such inconsistency.

**Section 12. Effective Date.** This Ordinance shall be effective immediately, if passed by the affirmative vote of at least six City Council members; if this ordinance is passed by the affirmative vote of five City Councilmembers it will be effective seven days after final passage.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2014

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the  
Council of the City of Oakland

§ \_\_\_\_\_  
**CITY OF OAKLAND, CALIFORNIA**  
**2014-2015 TAX AND REVENUE ANTICIPATION NOTES,**

Certified Copy of the Ordinance  
Adopted on \_\_\_\_\_, 2014

I, LaTonda Simmons, hereby certify that I am the City Clerk of the City of Oakland, California (the "City"), a political subdivision organized and existing under and by virtue of the laws of the State of California and that as such I am authorized to execute this Certificate on behalf of the City.

I hereby further certify that attached hereto is a true, correct and complete copy of an ordinance which was duly adopted by the City Council of the City at a meeting thereof which was duly called and held on \_\_\_\_\_ 2014, and at such meeting a quorum was present and acting throughout, and that said Ordinance No. \_\_\_\_\_ C.M.S. has not been modified, amended, rescinded or revoked since the date of adoption and is now in full force and effect.

Dated: \_\_\_\_\_, 2014.

CITY OF OAKLAND, CALIFORNIA

By: \_\_\_\_\_  
LaTonda Simmons, City Clerk and  
Clerk of the Council of the  
City of Oakland

Registered  
\_\_\_\_\_

Registered

\$ \_\_\_\_\_

**CITY OF OAKLAND, CALIFORNIA  
2014-2015 TAX AND REVENUE ANTICIPATION NOTE**

<b>RATE OF INTEREST</b>	<b>NOTE DATE</b>	<b>MATURITY DATE</b>	<b>CUSIP</b>
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PRINCIPAL SUM:

REGISTERED OWNER:

FOR VALUE RECEIVED, the City of Oakland (the "City"), State of California acknowledges itself indebted to and promises to pay to the holder hereof at the offices of \_\_\_\_\_ (the "Fiscal Agent") the principal sum shown above in lawful money of the United States of America, on the date shown above, together with interest thereon at the rate per annum shown above in like lawful money from the date hereof until payment in full of said principal sum. Interest on this Note due prior to maturity shall be payable to the registered owner hereof by mail at the address shown on the registration books of the Fiscal Agent as of the close of business on the 15th calendar day prior to the interest payment date with respect to such interest or, so long as this note is registered in the name of Cede & Co., by wire transfer to an account in the United States designated by Cede & Co. The principal of and interest on this note due at maturity shall be payable to the holder hereof upon surrender as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this note for payment.

It is hereby certified, recited and declared that this note is one of an authorized issue of notes in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), consisting of 2014-2015 Tax and Revenue Anticipation Notes in the aggregate principal amount of \$ \_\_\_\_\_. The Notes are executed and delivered pursuant to and by authority of an Ordinance of the City Council (the "Note Ordinance") duly adopted on \_\_\_\_\_, 2014, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this note, together with all other indebtedness and obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund of the City for Fiscal Year 2014-2015. As security for the payment of the principal of and interest on the notes the City has pledged certain legally available amounts as provided in the Note Ordinance.

This note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Fiscal Agent, but only in the manner, subject to the limitations in the Ordinance and this note, and upon surrender and cancellation of this note. Upon such transfer a new note or notes of authorized denominations and for the same series and aggregate principal amount will be issued to the transferees in exchange therefor.

The City and the Fiscal Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Fiscal Agent shall be affected by any notice to the contrary.

IN WITNESS WHEREOF, the City of Oakland has caused this note to be executed by the manual or facsimile signature of the City Administrator and countersigned by the manual or facsimile signature of the City Clerk, and caused a facsimile of its official seal to be reproduced hereon by facsimile this \_\_\_\_ day of \_\_\_\_\_, 2014.

CITY OF OAKLAND

By: \_\_\_\_\_  
City Administrator

(Seal)

Countersigned:

\_\_\_\_\_  
City Clerk



**ASSIGNMENT**

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered Note 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.

**Dated:** \_\_\_\_\_

**Signature Guaranteed by:**

\_\_\_\_\_  
NOTE: Signature(s) must be guaranteed by an eligible guarantor institution

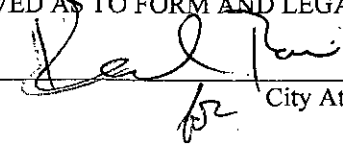
\_\_\_\_\_  
NOTE: The signature to the assignment must correspond to the name as it appears upon the face of this Note in every particular, without any alteration or change whatsoever.

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2014 MAY -1 PM 1:27

Hawkins Delafield & Wood LLP  
Draft of 4/21/14

APPROVED AS TO FORM AND LEGALITY

  
for KSB  
City Attorney

**OAKLAND CITY COUNCIL**

**RESOLUTION NO. \_\_\_\_\_ C.M.S.**

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**RESOLUTION AUTHORIZING THE SALE OF 2014-2015  
TAX AND REVENUE ANTICIPATION NOTES IN AN  
AMOUNT NOT TO EXCEED SEVENTY-FIVE MILLION  
DOLLARS (\$75,000,000); AND, AUTHORIZING THE  
EXECUTION AND DELIVERY OF RELATED  
DOCUMENTS AND APPROVING CERTAIN RELATED  
ACTIONS**

**WHEREAS**, pursuant to Section 53850 et seq. of the Government Code of the State of California (the "Government Code") contained in Article 7.6 thereof, entitled "Temporary Borrowing," on or after the first day of any fiscal year (being July 1), a city may borrow money by issuing notes for any purpose for which a city is authorized to expend moneys, including but not limited to current expenses, capital expenditures and the discharge of any obligation or indebtedness of a city; and

**WHEREAS**, pursuant to Section 53853 of the Government Code, the City Council (the "Council") of the City of Oakland (the "City") has found and determined that the sum of up to Seventy-Five Million Dollars (\$75,000,000) is needed for the requirements of the City to satisfy obligations payable from the General Fund of the City, and that it is necessary that an amount up to said sum be borrowed for such purpose at this time by the issuance of notes therefor in anticipation of the receipt of taxes, revenues and other moneys to be received by the City for the General Fund of the City during or allocable to Fiscal Year 2014-2015; and

**WHEREAS**, the City intends to issue the 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") in the sum of up to Seventy-Five Million Dollars (\$75,000,000) to satisfy obligations payable from the General Fund of the City, pursuant to an ordinance to be enacted; and

**WHEREAS**, the City desires to sell the Notes pursuant to either a public sale or a negotiated public offering pursuant to a Note Purchase Agreement to be entered into with an underwriter selected by the City (the "Underwriter"); and now therefore be it

**RESOLVED:** the Notes shall be sold at a public sale upon the direction of the City Administrator, the Treasurer, or the designee of either, said public sale to be at the time and place and upon the terms provided in the Official Notice Inviting Bids pertaining to the Notes, which shall be in substantially the form on file with the City Clerk (the "Notice Inviting Bids"). Bids for the purchase of the Notes shall be received by the City Administrator, the Treasurer, or

the designee of either, at the time and place and in the manner set forth in the Notice Inviting Bids. The City Administrator, the Treasurer, or the designee of either, is authorized to distribute copies of the Notice Inviting Bids. The Council hereby authorizes and ratifies publication in The Bond Buyer of a Notice Of Intention To Sell in substantially the form on file with the City Clerk, said publication being required to be made in a financial publication generally circulated throughout the State at least 5 days prior to the award of the Notes at competitive bid pursuant to Section 53692 of the Government Code; and be it

**FURTHER RESOLVED:** that the City Administrator, the Treasurer, or the designee of either, is hereby authorized to award the Notes in an aggregate principal amount not exceeding the sum set forth in the Ordinance to the bidder(s) for the Notes providing the lowest net interest rate as provided in the Notice Inviting Bids. Upon award of the Notes to the successful bidder(s), (i) the City Administrator, the Treasurer, or the designee of either, is hereby authorized and directed to deliver a certificate stating the principal amount of the Notes, the maturity date of the Notes, and the interest rate on the Notes, and (ii) appropriate officers of the City are authorized and directed to execute and deliver the Notes to the successful bidder(s); and be it

**FURTHER RESOLVED:** that the proposed form of Note Purchase Agreement for the sale of the Notes, by and between the City and the Underwriter, on file with the City Clerk, is hereby approved. The City Administrator, the Treasurer, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Note Purchase Agreement, substantially in such form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution thereof; provided, however, that the underwriter's discount (exclusive of original issue discount) shall not exceed one-fifth of one percent (0.20%) of the aggregate principal amount of the Notes; and be it

**FURTHER RESOLVED:** that the proposed form of Fiscal Agent Agreement (the "Fiscal Agent Agreement"), by and between the City and a financial institution to be selected by the Treasurer, on file with the City Clerk, is hereby approved. The City Administrator or Treasurer, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Fiscal Agent Agreement, substantially in such form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution thereof; and be it

**FURTHER RESOLVED:** that the preparation and distribution of a Preliminary Official Statement relating to the Notes, in substantially the form and substance on file with the City Clerk, is hereby ratified and approved. The City Administrator, the Treasurer, or the designee of either, is authorized to deem such Preliminary Official Statement "final" for purposes of Securities and Exchange Commission Rule 15c2-12, and is further authorized to approve the final Official Statement with such changes therein, deletions therefrom and modifications thereto, such approval to be conclusively evidenced by the execution and delivery thereof by such officer; and be it

**FURTHER RESOLVED:** that the City hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate

executed by the City and dated the date of issuance and delivery of the Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section. Noncompliance with this Section shall not result in any default with respect to the Notes or the acceleration of the Notes; and be it

**FURTHER RESOLVED:** that First Southwest Company (the "Financial Advisor") is hereby appointed to serve as financial advisor in connection with the issuance of the Notes; and be it

**FURTHER RESOLVED:** that the City Administrator, Treasurer 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 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, including but not limited to entering into investment agreements with respect to the Notes; and be it

**FURTHER RESOLVED:** that all actions heretofore taken by the officers and agents of the City Council with respect to the transactions contemplated hereby are hereby ratified, confirmed and approved; and be it

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

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2014

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID,  
SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the  
Council of the City of Oakland