



AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Jan Mazyck
Interim Director of Finance

SUBJECT: Oakland GO Bonds, Series 2025
Measure U Sale and Projects

DATE: August 25, 2025

City Administrator Approval


Jestin Johnson (Sep 11, 2025 17:44:01 PDT)

Date: 09/11/2025

RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Pieces Of Legislation:

1. Resolution Approving The Issuance And Sale Of One Or More Series Of City Of Oakland General Obligation Bonds (Measure U) In An Aggregate Principal Amount Not To Exceed \$300,000,000 And City Of Oakland General Obligation Refunding Bonds In The Aggregate Principal Amount Not To Exceed \$55,000,000; Approving The Terms Of Sale Of Said Bonds; Approving The Form Of And Authorizing The Execution And Delivery Of A Fiscal Agent Agreement, Continuing Disclosure Certificate And Bond Purchase Agreement; Approving The Form Of And Authorizing The Distribution Of A Preliminary Official Statement And Authorizing The Execution And Delivery Of An Official Statement; And Authorizing All Necessary Actions Related Thereto; And
2. Resolution Identifying Projects Authorized For Funding With Proceeds Of City Of Oakland General Obligation Bonds (Measure U), Series 2025B-1 (Tax-Exempt), Series 2025B-2 (Taxable) (Social Bonds) And Series 2025B-3 (Taxable) Issued Pursuant To The 2022 Affordable Housing And Infrastructure Bond Ordinance (Measure U), And Allocating Bond Proceeds For The Identified Projects; And
3. Resolution Declaring The City Council's Official Intent To Reimburse Certain Expenditures From Proceeds Of Indebtedness

EXECUTIVE SUMMARY

Adoption of the proposed resolutions will approve the issuance and sale of the City of Oakland General Obligation Bonds (Measure U), Series 2025B-1 (Tax-Exempt) and Series 2025B-2 (Taxable) (Social Bonds) and Series 2025B-3 (Taxable) (collectively, the "Bonds") (the "Bond Resolution") in an amount not to exceed \$300,000,000¹ to finance Streets and Roads Projects, Public Facilities Projects, and Affordable Housing Projects (the "Projects") (collectively, the "Project Resolution"). In addition, the proposed resolutions will approve the issuance of the City

¹ Par amount issued will depend on bond structure and market conditions at the time of sale.

of Oakland General Obligation Refunding Bonds, Series 2025, in an amount not to exceed \$55,000,000¹ for the purpose of refunding all or a portion of the City of Oakland General Obligation Refunding Bonds, Series 2015A (the "Prior Bonds").

Adoption of the proposed resolutions will also provide reimbursement of project costs incurred no more than 60 days prior to the issuance of the Bonds with proceeds of the Bonds ("Reimbursement Resolution"), providing the City with some flexibility to fund project expenditures that may be incurred sooner. The Reimbursement Resolution is required by the Internal Revenue Service to utilize tax-exempt bond proceeds for such reimbursement purposes.

Given the complexity of the Bonds and Refunding Bonds and the volatility of the municipal market, which consists of refunding the outstanding bonds and multiple series, the Bonds and Refunding Bonds will be sold through negotiated financing to provide flexibility regarding structure, timing and marketing of the bonds. The Bonds will have a final maturity date no later than 31 years after issuance and bear interest at an interest rate not to exceed a true interest cost ("TIC") of 6.75%. The Refunding Bonds will be issued and sold to refund the Prior Bonds for debt service savings.

The City will agree to provide ongoing disclosure per the Continuing Disclosure Certificate (the "CDC"). Debt service on the Bonds and Refunding Bonds will be payable from ad valorem taxes levied annually upon all taxable property in the City.

The City will self-designate a portion of its general obligation bonds (Series 2025B-2) as "Social Bonds" as it has been determined that funding the affordable housing projects addresses the social challenges within the City.

Proceeds of the sale of the Bonds will finance the Projects in an estimated amount of \$285 million and will be budgeted in Fiscal Years ("FY") 2025-2027 Adopted Biennial Budget (the "Budget"). The Projects are included in the FY 2025-2027 Adopted Capital Improvement Program (the "CIP") and detailed in the Project Resolution. The Projects to be funded have been identified, evaluated, and meet the eligibility requirements of Measure U and the CIP Prioritization Process.

On July 15, 2025, staff presented an Ordinance to City Council for the borrowing of funds and the issuance and sale of the general obligation bonds in an amount not-to exceed \$300,000,000¹ and the sale of not-to-exceed \$55,000,000¹ of general obligation refunding bonds. The second reading is scheduled for the September 15, 2025, Special City Council meeting.

¹ Par amount issued will depend on bond structure and market conditions at the time of sale.

BACKGROUND / LEGISLATIVE HISTORY

Series 2015A, General Obligation Refunding Bonds (Tax-Exempt)

The City anticipates refunding all or part of the outstanding general obligation bonds as further described:

On June 2, 2015, the City issued the Prior Bonds in a principal amount of \$128,895,000 to current refund the City’s General Obligation Refunding Bonds, Series 2005, and advance refund the City’s General Obligation Bonds (Series 2006, Measure G) and the City’s General Obligation Bonds (Series 2009B, Measure DD). The Prior Bonds are currently outstanding in a principal amount of \$54,380,000 as of June 30, 2025.

Pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Government Code”), the City is authorized to issue general obligation bonds to refund all or a portion of 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.

Bond Measure U

On November 8, 2022, qualified voters of the City approved Measure U, which authorized the issuance of Affordable Housing and Infrastructure Bonds in an amount not to exceed \$850 million, the proceeds of which would be used to fund affordable housing and housing preservation projects, transportation projects, and various city infrastructure.

On November 29, 2016, the Affordable Housing and Infrastructure Bond Law (the “Bond Act”) was added to the Oakland Municipal Code as Chapter 4.54 to accommodate the issuance of these Bonds.

Per Measure U, the bonds may be issued to fund projects as follows:

• Affordable Housing Preservation Projects	\$350,000,000
• Transportation Projects	\$290,000,000
• Citywide Facility Improvement Projects	<u>\$210,000,000</u>
Authorization Total	\$850,000,000

The Bonds will be the second tranche of general obligation bonds issued pursuant to Measure U and the Bond Act. After issuance of the Bonds, Measure U’s remaining authorization is estimated to be \$463,455,000. Timing and amounts of future issuance of authorized bonds will be determined by project funding requirements. A summary of General Obligation Bond (Measure U) issuance is included in **Table 1**.

**Table 1: Summary of General Obligation Bond (Measure U)
 Issuance and Proposed Issuance As of 8/18/2025**

Authorizing Resolutions	Issuance Date	Bond Series	Purpose	Par Amount
13755, 89894, 89895, 89840	10/18/2023	2023A-1 (Tax-Exempt)	Facilities	\$32,760,000
13755, 89894, 89895, 89840	10/18/2023	2023A-1 (Tax-Exempt) (Social Bonds)	Housing	\$68,370,000
		Total:		\$101,130,000
Bond Ordinance, Project Reso., Bond Reso, Reimbursement Reso.	Nov 2025	Proposed 2025B-1 (Tax-Exempt)	Streets & Facilities	\$94,260,000 ¹
Bond Ordinance, Project Reso., Bond Reso, Reimbursement Reso.	Nov. 2025	Proposed 2025B-2 (Taxable) (Social Bonds)	Housing	\$181,090,000 ¹
Bond Ordinance, Project Reso., Bond Reso, Reimbursement Reso.	Nov. 2025	Proposed 2025B-3 (Taxable)	Facilities	\$10,065,000 ¹
	Est. 2025	Est. Remaining Authorization after 2025 Bonds		\$463,455,000

The Projects

On October 16, 2018, the City Council adopted [Resolution No. 87376 C.M.S.](#), updating the CIP Prioritization Process used to develop the associated budget. The updated prioritization process incorporates both community and City values, and considers additional social factors such as equity, economic opportunity, and public health. It also aligns the CIP investments with City values and priorities, emphasizing equitable and transparent decisions.

The graphic which follows illustrates the CIP Prioritization Process framework and the adopted scoring factors with their respective weights. Each capital project in the CIP is evaluated and prioritized based on the framework.

¹ The issued par amount will depend on bond structure and market conditions at the time of sale.

Citywide Capital Prioritization Factors & Weighting			
Equity: Investment in Underserved Oakland (16 pts.)			
Health & Safety Improves Safety & Encourages Healthy Living (16 pts.)	Existing Conditions Renovate or Replace Broken or Outdated City Properties (13 pts.)	Economy: Community Investment and Economic Prosperity (13 pts.)	Environment: Sustainability (11 pts.)
Required Work: Regulatory Mandate (10 pts.)	Improvement: Level and Quality of Service (8 pts.)	Collaboration: Multiple Asset Category Benefits/ Collaborative Opportunities (8 pts.)	Shovel Ready: Project Readiness (5 pts.)

This CIP Prioritization Process incorporated Measure U's requirement that prior to funding, the City consider how projects incorporate the following values:

- 1) Improve the City's existing core capital assets;
- 2) Maintain or decrease the City's existing operations and maintenance costs; and
- 3) Address social and geographic equity and provide greater benefit to underserved populations and geographic areas of greatest need.

On June 11, 2025, the City Council adopted the City's biennial budget for the FY 2025-27, including approval of the CIP Budget. This approval identified those projects to be funded with Measure U bond funds. The final list of Measure U funded capital improvement projects is listed in the Project Resolution.

ANALYSIS AND POLICY ALTERNATIVES

The Bonds

The Bond Resolution will approve the issuance and sale of the Bonds, which represent the second tranche of general obligation bonds issued per Measure U and the Bond Act. The proposed financing will advance several city priorities including 1) **holistic community safety**, 2) **housing, economic and cultural security**; 3) **vibrant, sustainable infrastructure**; and 4) **responsive, trustworthy government** by funding improvements and rehabilitation of streets, sidewalks and related infrastructure, and renovation of City facilities including libraries, public safety, recreation and other buildings, as well as affordable and deeply affordable housing developments located near transit, services and employment. In addition to supporting the foregoing values, the proposed refunding will provide savings to Oakland residents.

The Bonds will be issued in an aggregate principal amount not to exceed \$300,000,000¹ including one or more series, which may be taxable or tax-exempt, have a final maturity date no later than 31 years after issuance, and bear interest at an interest rate not to exceed a TIC of 6.75%. Principal and interest due on the Bonds (i.e., debt service) will be payable from ad valorem taxes levied annually upon all taxable property in the City. A combination of tax-exempt and taxable Bonds is expected to be issued, producing level debt service and a corresponding stable tax levy.

Table 2 below and Exhibit A of the Bond Resolution describe the estimated finance charges for the Bonds per Section 5852.1 of the Government Code. Interest rates will depend on market conditions at the time of sale.

Table 2: Estimated Finance Charges of the Bonds as of 8/18/2025

Bond Finance Charge Statistics	Series 2025 GOs
True interest cost of the bonds	5.39%
Finance charge of the bonds	\$1,543,030
Bond proceeds received by the City	\$338,024,826
Total payment amount	\$653,954,258

With the assistance of bond counsel, disclosure counsel, municipal advisor, and financing team, the City will prepare the following documents as described:

- Fiscal Agent Agreement (FAA) which provides the legal structure for the security of the Bonds and provides the terms of the Bonds, including payment dates, maturities, redemption provisions, etc.;
- Bond Purchase Agreement (BPA) that establishes the terms of a bond sale, sale conditions, sale price, interest rate, maturity, and redemption provisions, etc.
- The Preliminary and Final OS are disclosure documents published to provide information related to the bonds' terms, security and risk factors, the City's financial and operating information and other background information. The CDC identifies the City's disclosure obligations for the life of the Bonds. The CDC contains requirements for material event notices and annual financial information. The OS and CDC are prepared in accordance with the rules of the Securities and Exchange Commission (the "SEC"). Forms of the FAA, BPA, OS, and CDC are attached to the Staff Report.

In addition, the Reimbursement Resolution will authorize the City to reimburse project costs incurred prior to the issuance of general obligation bonds with proceeds of the general obligation bonds. The action is necessary to comply with Treasury Regulation Section 1.150-2

¹ Par amount issued will depend on bond structure and market conditions at the time of sale.

and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of City expenditures.

The Refunding Bonds

Proceeds from the Refunding Bonds in the amount not to exceed \$55,000,000¹ will be used to refund all or a portion of the Prior Bonds. Given the favorable interest rate environment, refunding of the Prior Bonds will generate debt service savings of approximately \$4.48 million as indicated on the **Table 3** below, thereby reducing the required annual ad valorem tax levy paid by the City's property owners.

Table 3: Refunding Bonds Debt Service Savings¹

Refunding Bond Statistics	Estimate as of 8/18/2025
Average annual debt service savings	\$320,000
Total debt service savings through FY 2038-39	4,480,000
NPV savings	3,629,000
NPV savings as a percentage of refunded principal	6.67%

Social Bonds

The City first self-designated a portion of its general obligation bonds as "Social Bonds" when it issued the City of Oakland General Obligation Bonds (Measure U), Series 2023A-2 (Taxable) in October 2023, which was the first tranche of Measure U bonds and seeks to continue this practice. After considerable analysis of the affordable housing projects, staff concluded that the affordable housing projects meet the Social Bond Principles and has elected to self-designate the Series 2025B-2 (Taxable) as "Social Bonds". The determination that the projects to be financed with the proceeds of the Series 2025B-2 are "Social Projects" was based on the social benefits of addressing affordable housing within the City and in alignment with Social Bond Principles as defined by the International Capital Markets Association.

The projects to be financed with proceeds of the Series 2025B-2 will address the need within the City to preserve or increase affordable housing stock. The City's Department of Housing Community Development's ("HCD") Strategic Action plan for 2023-2027, developed after an extensive community outreach process and rooted in data-driven goals for equitable investment, focuses on providing deeply affordable units, including units that address the City's homeless crisis. This, in turn, guided the City's recent Notice of Funding Availability (NOFA)/ Request for Proposals (RFP) processes for affordable housing development. After fully committing awards from the first tranche of Measure U bonds with \$68 million in funding, additional commitments of the second tranche of Measure U funding have been made to the 2023 New Construction NOFA pipeline, as well as the City's current 2024-26 New Construction NOFA pipeline, Home key and

¹ Interest rates for the Refunding Bonds will depend on market conditions at the time of sale.

Rapid Response Homeless Housing pipeline, Acquisition and Conversion to Affordable Housing program and Existing Affordable Housing Rehabilitation programs, with project and program allocations captured in the Project Resolution identifying projects authorized for funding accompanying this staff report.

Method of Sale

Given current market volatility and increased complexity with a refunding component, multiple series, and both tax-exempt and taxable bonds, the City and its financing team determined a negotiated sale would likely yield better results than a competitive sale. A negotiated sale provides greater flexibility related to timing, an opportunity to develop a more robust investor marketing plan, and should it be needed, a commitment to underwrite the bonds. With the assistance of our municipal advisor, the City executed a competitive selection process in which thirteen underwriting firms submitted responses. Selection criteria related to relevant experience, credit and marketing considerations, underwriting capabilities, cost, and local presence led to our selection of Siebert Williams Shank, B of A Securities, and Loop Capital Markets.

Orrick, Herrington & Sutcliffe, LLP will serve as bond counsel. Nixon Peabody, LLP will serve as disclosure counsel. PFM Financial Advisors, LLC will serve as municipal advisor. UMB Bank, National Association, will serve as fiscal agent.

A proposed financing schedule is included in the following **Table 4**.

Table 4: Proposed Financing Schedule

Date	Activity
July 15, 2025	1st reading of ordinance at City Council
September 15, 2025	2nd reading of ordinance Adopt a resolution to approve projects Adopt a resolution to approve sale and financing documents
October 21, 2025	Pricing of the Bonds
November 4, 2025	Closing of the Bonds

The Projects

Proceeds of the sale of the Bonds will finance the Projects in an estimated amount of \$285 million, included in the Budget and the CIP budget as detailed in the Project Resolution. The Projects have been identified, evaluated, and meet the eligibility requirements of Measure U and the CIP Prioritization Process.

The proposed resolution includes an “Alternative Projects List” of projects and programs for HCD that are not expected to be funded by these Bonds at this time. If any HCD projects or

programs set forth in the Project Resolution are unable to proceed or if surplus funds remain after any projects or programs set forth in the Project Resolution are completed, it is recommended that the City Administrator be authorized to allocate funding to projects or programs contained in the "Alternative Projects List" of the Project Resolution. Projects or programs selected to receive unspent or surplus Bond funds shall comply with the requirements of Section 3(C) of Measure U and any other applicable law to be eligible for funding from the issuance of Oakland General Obligation Bonds, Series 2025B-1, Series 2025B-2, and Series 2025 B-3.

FISCAL IMPACT

The Bonds (New Money)

The Bonds are payable from ad valorem taxes levied upon all taxable property in the City. The City Council is authorized and obligated to levy and collect ad valorem taxes in an amount sufficient to pay the principal and interest due on the Bonds (i.e., debt service). For the City's outstanding general obligation bonds, the required property tax levy rates are calculated annually based on the year's debt service requirements and assessed valuation figures. Based on FY 2025-2026 assessed valuation and market conditions as of August 4, 2025, the estimated property tax rate levy required to pay the Bonds' estimated annual debt service of approximately \$11.2 million is .0111% or \$11.10 per \$100,000 of assessed valuation. The Bonds' debt service expenses and corresponding property tax revenues are included in the City's budgets beginning in FY 2025-26 and annually until the Bonds are paid in full.

Fees related to the issuance of the Bonds will be paid from bond proceeds and contingent upon the closing of the transaction. Such fees, consisting of underwriter's discount and costs of issuance, including fees for bond counsel, disclosure counsel, municipal advisor, and rating agencies, are estimated to be \$1.3 million.

Proceeds of the sale of the Bonds shall finance the Projects in an estimated amount of \$285 million, included in the Budget.

In addition, the Reimbursement Resolution provides the City with the flexibility to reimburse project costs incurred prior to the issuance of general obligation bonds with proceeds of the general obligation bonds.

The Refunding Bonds

Debt service savings generated by the Refunding Bonds will be retained by the City's property taxpayers in the form of a reduction in future annual ad valorem tax levies. The Refunding Bonds are expected to generate average annual debt service savings of approximately \$320,000, totaling \$4.48 million.

As required by Government Code \ Section 5852.1, the City's municipal advisor has prepared a good faith estimate of the costs of financing the bonds. Such an estimate is attached to Appendix A of the Bond Sale Resolution.

PUBLIC OUTREACH / INTEREST

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

COORDINATION

This report was prepared by the Finance Department in coordination with the Department of Transportation, Oakland Public Works Department, Department of Housing and Community Development, and the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: The capital improvement projects implemented under Measure U will be required to comply with all Local and Small Local Business Enterprise ("L/SLBE") and local hire programs, with verification by the Department of the Workplace and Employment Standards. The Projects will improve roadways, sidewalks, parks, public buildings, storm drainage, and other facilities to the economic benefit of the City. In addition, the affordable housing funds will be utilized to fund loans for the new construction, acquisition, and other projects providing affordable and deeply affordable, restricted units for extremely low to moderate income households. In addition, issuance of the general obligation refunding bonds will result in a positive impact on the property owners of the City of Oakland.

Environmental: This item will provide funding to acquire and make improvements to real property, such as improvement and rehabilitation of streets, sidewalks, and related infrastructure, and renovation and rehabilitation of City facilities, including libraries, public safety, recreation, and other buildings, as well as affordable and deeply affordable housing developments located near transit, services, and employment. Projects receive priority for funding partially based on their ability to achieve high scores using Leadership in Energy & Environmental Design ("LEED") or Alameda County's Green Point Rating system. Transportation and public works projects that invest in sustainable infrastructure and resilience strategies also receive priority for funding.

Race and Equity: This item will provide funding to affordable housing developers to acquire and make improvements to real property, such as acquisition, improvement, rehabilitation, preservation, and construction. Projects are reviewed and evaluated to determine how they meet the needs of Oakland's most underserved communities in accordance with the bond requirements. In addition, transportation and public works projects that address safety and public health in priority communities are prioritized for funding. Equity is represented by both a

standalone prioritization factor and as a sub-factor identifying disparities within other criteria, including “Health and Safety”, “Existing Conditions”, “Environment”, and “Improvement”.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt:

1. Resolution Approving The Issuance And Sale Of One Or More Series Of City Of Oakland General Obligation Bonds (Measure U) In An Aggregate Principal Amount Not To Exceed \$300,000,000 And City Of Oakland General Obligation Refunding Bonds In The Aggregate Principal Amount Not To Exceed \$55,000,000; Approving The Terms Of Sale Of Said Bonds; Approving The Form Of And Authorizing The Execution And Delivery Of A Fiscal Agent Agreement, Continuing Disclosure Certificate And Bond Purchase Agreement; Approving The Form Of And Authorizing The Distribution Of A Preliminary Official Statement And Authorizing The Execution And Delivery Of An Official Statement; And Authorizing Necessary Actions Related Thereto; And
2. Resolution Identifying Projects Authorized For Funding With Proceeds Of City Of Oakland General Obligation Bonds (Measure U), Series 2025B-1 (Tax-Exempt), Series 2025B-2 (Taxable) (Social Bonds) And Series 2025B-3 (Taxable) Issued Pursuant To The 2022 Affordable Housing And Infrastructure Bond Ordinance (Measure U), And Allocating Bond Proceeds For The Identified Projects; And
3. Resolution Declaring The City Council’s Official Intent To Reimburse Certain Expenditures From Proceeds Of Indebtedness

For questions regarding this report, please contact David Jones, Treasury Administrator at (510) 238-6508 or Dawn Hort Asst. Treasury Administrator at (510) 238-2994.

Respectfully submitted,


[Jan Mazyck \(Sep 11, 2025 15:49:05 PDT\)](#)

Jan Mazyck
Interim Director, Finance Department

Reviewed by:
David Jones, Treasury Administrator
Treasury Bureau

City Council
September 15, 2025

Jamie Parks, Assistant Director
Department of Transportation

Liam Garland, Interim Assistant Director
Department of Public Works

Emily Weinstein, Director of Housing
Housing and Community Development

Prepared by:
Dawn Granados, Assistant Treasury Administrator
Treasury Bureau

Attachments: (3)

- A. Bond Purchase Agreement ("BPA")
- B. Official Statement ("OS") in Preliminary form and including the Continuing Disclosure Certificate ("CDC") as Appendix C
- C. Fiscal Agent Agreement (FAA)