CITY OF OAKLAND

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OFFICE OF THE CITY CLERK
OAKLAND

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AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Katano Kasaine

SUBJECT: Summary of City's Debt Portfolio and Long-Term Liabilities

DATE: February 12, 2015

City Administrator Approval		Date	2/19/15

RECOMMENDATION

Staff recommends that the City Council accept the informational report regarding the summary of the City of Oakland and Redevelopment Successor Agency's debt portfolio and long-term liabilities.

OUTCOME

This is an informational report; there are no specific outcomes with this report.

EXECUTIVE SUMMARY

The purpose of this informational report is to provide a summary of the City of Oakland (the "City") and Redevelopment Successor Agency's (the "Agency") debt portfolio and long-term liabilities for the City's pension plans and retiree health benefits.

Currently, the City has a debt portfolio of approximately $1.36 billion which includes general obligation, pension obligations, lease revenue, special assessment, tax allocation and housing set-aside bonds. The Treasury Bureau continuously monitors these outstanding bonds for refunding opportunities. At this time, the Treasury is exploring refundings of the general obligation and tax allocation bonds which would generate savings for property owners and additional revenue for the general purpose fund.

The City's financial burden due to long-term liabilities is significant and continues to grow each year. Oakland like other cities across the United States has been impacted by the Great Recession. Over the past several years the City has begun to address its long-term liabilities by investing in the California Employer's Retirement Benefit Trust (CERBT), increasing employee pension contributions, implementing two-tier pension plans and a lump-sum contribution to Police and Fire Retirement System (PFRS). In addition, CalPERS is implementing factor changes to ensure greater sustainability and soundness of the pension fund in the long-term.

BACKGROUND

When a city's capital needs exceed the ability to fund projects on a "pay as you go basis," bonds allow a city to finance these projects over a longer period of time. Like other municipalities, the City and Agency issue bonds to finance a variety of projects, including acquisition, construction and improvement of essential facilities and infrastructure.

As a best practice of debt management, the City's Debt Policy sets forth the parameters for issuing debt and managing the debt portfolio. The goal of the Debt Policy is to set prudent guidelines to ensure that the City's debt portfolio is fiscally sound. It is in place to maintain long-term financial flexibility while ensuring that the City's capital needs are adequately supported. In addition, Treasury constantly monitors the City's outstanding bond issues for refunding opportunities that may generate savings or restructuring to cope with unfavorable market conditions affecting the City. In most cases, the goal of refunding or restructuring the debt portfolio is to reduce the City's annual debt service obligations.

City's Credit Ratings
It is critical to note the importance of the City's credit ratings in debt management. A credit rating is a value assigned by one or more of the recognized rating agencies that "grade" a jurisdiction's credit or financial trustworthiness. The three primary rating agencies are Moody's Investors Service ("Moody's"), Standard & Poor's Rating Services ("S&P"), and Fitch Ratings ("Fitch"). These rating agencies serve as independent assessors of municipal and corporate credit strength. Investors rely on their opinions to make investment decisions. The higher the grade the City receives, the stronger the credit. This is critical for the City's ability to borrow because a strong credit will allow the City to: (1) Borrow at low interest cost to the City; (2) Ability to attract potential investors (3) Ability to access the market and sell bonds and (4) Yield savings on debt service. A comparison of Oakland's current general obligation bond ratings to those of its neighbors and/or similar size cities and the different categories for long-term and short-term credit ratings for the three rating agencies is contained in ***Attachment A***. The City's current ratings from the national rating agencies are as follows:

	Moody's	**S&P**	**Fitch**
General Obligation Bonds	Aa2/Stable	AA-/Stable	A+/Stable
Pension Obligation Bonds	Aa3:A1/Stable	A+/Stable	A/Stable
Tax Allocation Bonds	A3[1]:Ba1[2]/Stable	A+:A:A-/Stable	N/A

[1] Rating change as of may 21, 2014, based on Insured Rating
[2] Rating change as of September 5, 2013

ANALYSIS

A table detailing each outstanding bond including the average interest rate and the fund that is supporting the debt can be found in ***Attachment B*** herein. A summary of the current outstanding debt by category is summarized in Table 1:

Table 1
Summary of Outstanding Debt

Series Name	Par Outstanding (7/1/14)	FY 2015-16 Debt Service Payment	FY 2016-17 Debt Service Payment
General Obligation Bonds	$224,095,000	$22,799,475	$22,887,825
Lease Revenue Bonds	141,555,000	26,567,509	26,194,823
Sewer Revenue Bonds	38,555,000	3,644,600	3,646,000
Pension Obligation Bonds	348,512,379	52,246,222	53,551,224
Special Assessments Bonds	6,020,000	596,521	601,146
Master Leases	51,261,143	11,382,335	8,138,107
OACCA Bonds*	95,667,500	9,864,458	10,368,365
Subtotal of City Bonds	$905,666,023	$127,101,120	$125,387,490
Tax Allocation Bonds	$332,185,000	$38,165,815	$39,172,873
Housing Set-aside Bonds	117,605,000	12,775,239	12,730,978
Subtotal of Successor Agency	449,790,000	50,941,054	51,903,851
TOTAL	**$1,355,456,023**	**$178,042,174**	**$177,291,341**

* Payment to Oakland Alameda County Coliseum Authority (OACCA) to support the debt is based on approved OACCA budget, for FY 2014-15 City's share of debt service was $9,893,500.

Refunding Opportunities

In the past few months, the City has been exploring refunding opportunities for the following outstanding bonds. Staff will be returning to the City Council in the near future with an in depth analysis of these refunding opportunities along with resolutions seeking approval of these transactions and all bond documents necessary for the issuance.

- <u>General Obligation Bonds (2005 GO, 2006 GO & 2009 GO)</u>
  Based upon market conditions as they existed on January 2015, the refunding would generate approximately $18 million in net present value savings over the life of the bonds, or 14% of the amount of the bonds refunded. This would represent approximately $41 in net present value savings to taxpayers for each $100,000 in assessed valuation. The industry standard and the City's debt policy for undertaking a refunding of bonds is achieving net present value savings of 3% or greater.

- Oakland Alameda County Coliseum Authority (OACCA) Bonds
  The OACCA bonds were issued to finance the costs of constructing the Arena (the "Arena") located at the Coliseum Complex as well as other costs associated with the retention of the Golden State Warriors (the "Warriors") to play professional basketball at the Arena. The OACCA bonds are currently in variable rate mode and are supported by an irrevocable direct-pay letters of credit issued by The Bank of New York ("BNY"), which is scheduled to expire on July 25, 2015. The Joint Power Financing Authority has not been able to secure a replacement letter of credit for the bonds. Given the current low interest rate market, it is advantageous for the City and County to explore converting these bonds to fix rate bonds.

- Tax Allocation Bonds (2006A-TE, 2006B-TE, 2006C-TE & 2006A Housing Set-Aside)
  Based upon market conditions as they existed on January 2015, the refunding would generate approximately $11.9 million or 11.4% in net present value savings which is approximately $16.7 million in debt service savings through 2036. Refunding these bonds will reduce the annual debt service payments, namely the Recognized Obligation Payment Schedule (ROPS), which would produce savings. The City will receive a share of this savings as a residual distribution from the Redevelopment Property Tax Trust Fund (RPTTF). The City of Oakland's share of the residual surplus property taxes in RPTTF is projected to be thirty-nine percent (39%). As a result, on average, the City will benefit a pass-through of approximately $272,000 annually through 2031 and $431,000 annually for 2032 through 2036.

Debt Affordability Study

The Debt Affordability Study (or Debt Capacity Study) identifies limits for total annual debt service payments with relation to the City's budget, so as to ensure that any new debt issued is affordable and cost-effective. A measure of debt affordability is the debt burden ratio, which is defined as annual debt service payments as a percentage of revenues for the fiscal year. Offsetting revenues may be taken into account in this calculation. In general, debt burden ratio is defined within the following categories:

Low debt burden ratio	< 5%
Moderate debt burden ratio	5%-15%
High debt burden ratio	>15%

Entering into FY 2014-2015, the City's debt burden ratio is approximately 22.06% **(see *Attachment C*, page 3 for additional detail).**

It is difficult to arrive at an ideal debt burden ratio, as it is only a portion of the data that rating agencies use in their analysis. Economic, administrative, structural, or subjective factors may outweigh any impact of the debt burden ratio when a rating is assigned. In general, a low or moderate debt burden is preferable to a high debt burden as a factor toward minimizing the City's financing costs.

Long-Term Liabilities

Oakland, like other cities and states, face long-term financial burdens with its employee retirement benefits that are growing each year due to various factors. Over the past several years, the City has begun to address its Unfunded Actuarial Accrued Liability (UAAL), but pension reform efforts are constrained by State laws and CalPERS' policy. Table 2 provides a summary of the City's pension plans and its unfunded liability.

Table 2
Summary of Unfunded Liability

Plan	Accrued Liability	Assets	Unfunded Liability	Funded Ratio[1]	Employer Rate[2]	Employer Contribution[2]	Valuation Date
PERS - Safety	$1,487,554,559	$1,009,460,115	$478,094,444	67.86%	37.099%	$48,135,746	7/1/2013
PERS - Miscellaneous	$2,153,399,419	$1,496,650,907	$656,748,512	69.50%	32.936%	66,000,615	7/1/2013
PFRS	$655,399,000	$440,383,000	$215,016,000	67.19%	N/A	$0[3]	7/1/2013
OPEB	$463,850,944	$ 0	$463,850,944	0.00%	N/A	$20,623,568	7/1/2013
Total:	$4,760,203,922	$2,946,494,022	$1,813,709,900				

(1) Based in Market Value Asset
(2) Rates and Employer Contribution is for Fiscal Year 2015-2016, Safety rate is net of Port of Oakland's payment.
(3) FY 2015-16 contribution is zero based on the funding agreement between the City and PFRS. As part of this agreement, $210 million in pension obligation proceeds was deposited into the PFRS trust in late July 2012 and the City is not required to contribute during the prepayment period (7/1/2012 – 6/30/2017).

California Public Employees Retirement System (CalPERS)

A number of factors impacting pension costs are outside of the City's control, such as the unforeseen financial crisis of 2008 which resulted in significant investment losses to public pension plans across the state and the county. Still, many of the reforms implemented by CalPERS over the past several years are serving to reduce the City's long-term pension liability while increasing the costs in the short term. However, these changes are intended to protect beneficiaries and reduce the long-term cost of benefits for all in addition to meeting the pension obligations of current and future public employees.

In the past three years, CalPERS Board approved the following changes:

1. March 2012 - Lowered the Discount Rate from 7.75% to 7.50% (affects FY 2013-14 rates)
2. April 2013 - New smoothing and amortization method (affects FY 2015-16 rates)
3. February 2014 - Increased life expectancy (approximately: males by 2.1 years, females by 1.6 years) (affects FY 2016-17 rates)

Although the City is limited by State law and CalPERS system constraints regarding what it can do to address its current UAAL, the City has been pro-active and taken numerous steps to address its rising pension costs. Specifically, the City has implemented the following efforts in response to the growing unfunded pension liability concerns:

- In 2011, the City negotiated with City's union to increased employee pension contributions. City employees agreed to contribute into the CalPERS pension system this has helped alleviate the amount the City must pay.

- The City also negotiated a two-tier pension plan to address the growing concerns of UAAL in CalPERS and reduce the City's pension costs over time. In addition, the implementation of the California Public Employees' Pension Reform Act of 2013 (PEPRA) in September 2012 which created a third-tier. The Table 3 below details the City's three-tier pension plans:

Table 3
Tiered Pension Plans

Employee Organization	Tier One (Classic Members)	Tier Two (New Hires in 2012)	Tier Three: AB 340 (PEPRA) (January 1, 2013)
Public Safety	Receive 3% at age 50 Pension benefits are based on one year of highest salary	Receive 3% at age 55 Based on the final average salary of 3 years under the Government Code 20037 (hires as of 2/9/12)	Receive 2.7% at age 57 Based on the final average salary of 3 years subject to established cap
Miscellaneous	Receive 2.7% at age 55 Final compensation is based on the twelve (12) highest paid consecutive months	Receive 2.5% at 55 Based on the highest average annual compensation of the 3 consecutive years (hires as of 6/8/12)	2% at age 62 Based on the final average salary of 3 years subject to established cap

With so much concentration on addressing the concerns of unfunded liability in CalPERS by implementing these changes from CalPERS, and realizing savings from the multiple tiered pension system, the pension plans will be funded at an improved level. A **key concern is the short-term drain on the City's budget to fund the CalPERS changes.**

The Police and Fire Retirement System (PFRS)

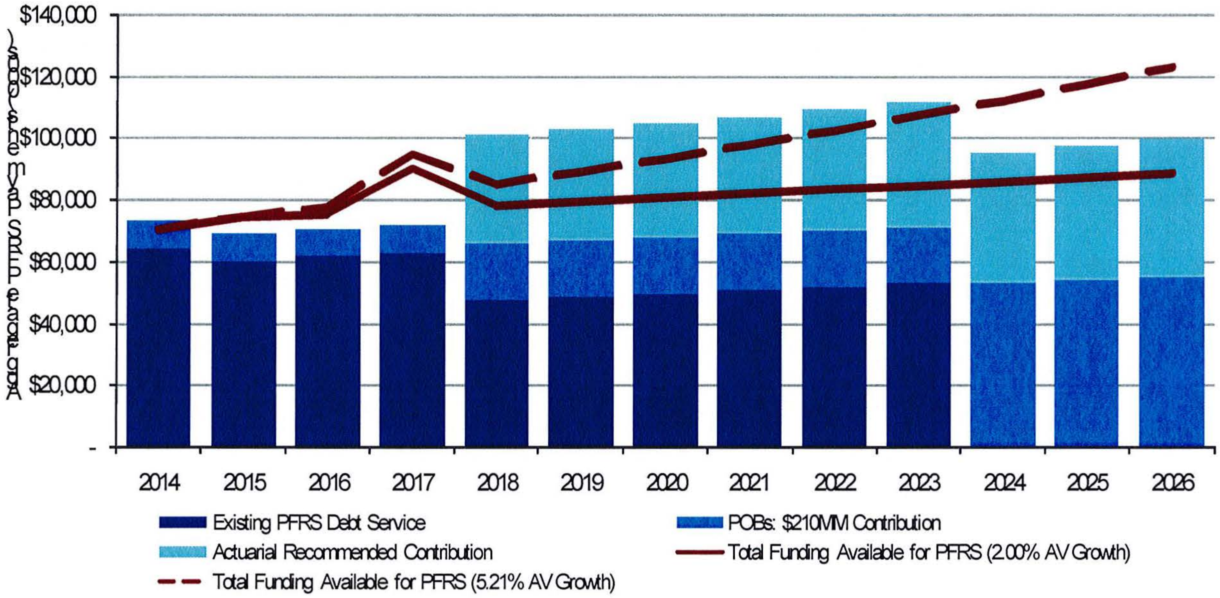
The Police and Fire Retirement System ("PFRS System") is a closed pension system that provides pension, disability and beneficiary payments to retired Police and Fire sworn officers hired prior to July 1, 1976. As of June 30, 2014, PFRS covered 1,006 retired sworn employees and beneficiaries.

On July 30, 2012, the City issued Taxable Pension Obligation Bonds, Series 2012 ("2012 POBs") of approximately $212.5 million. The proceeds of the bonds were deposited into the closed Police and Fire Retirement System (PFRS) to fund the unfunded actuarial accrued (UAAL) liability for beneficiary retirement benefits. As a result, the City will not be required to make any further periodic payments to the Retirement System through June 30, 2017, thereby providing temporary relief to the City's general fund. Most importantly, the bonds are secured and payable from any legally available source of funds of the City as well as and including the pledge of Tax Override Revenues received by the City from a levy of a 0.1575% tax on property within the City of Oakland, through maturity (2026).

By issuing the 2012 POBs and making a one-time deposit of approximately $210 million, the City reduced the PFRS' UAAL from $401.1 million to $215.0 million and increased the funded ratio from 39.1% to an estimated ratio of 67.2%, thus reducing the City's annual required contribution. Additionally, pre-funding some of the long-term liability provides the fund the opportunity to generate greater returns and will thereby further reduce the City's UAAL over the long-term.

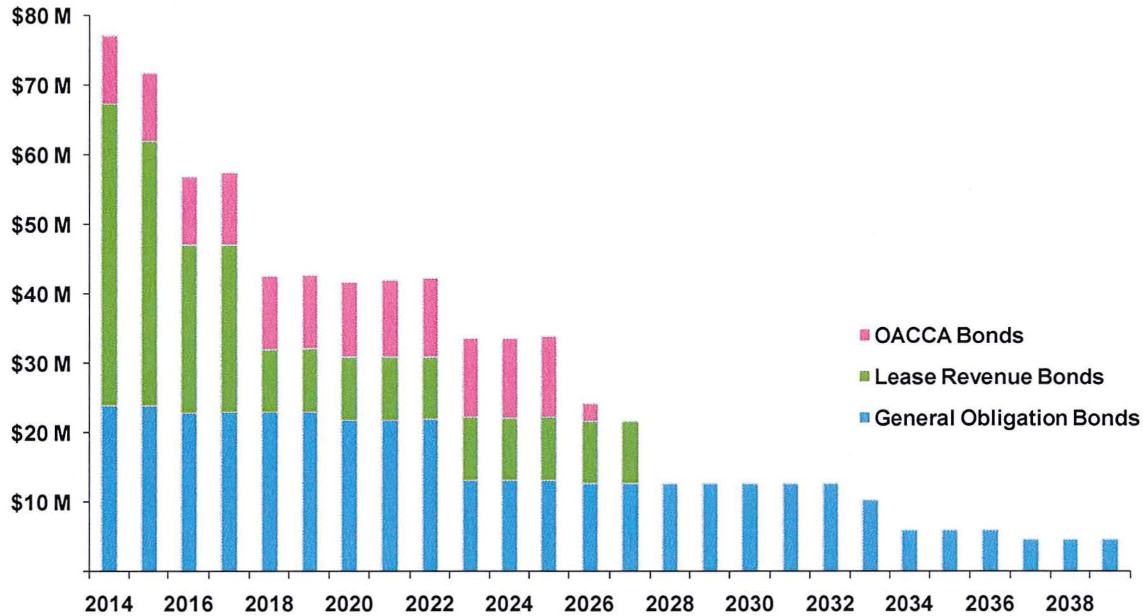
The 2012 POBs were structured so that the debt service schedule on all pension debt payments remains substantially below the projected level of revenues pledged to PFRS as shown in the chart below. The revenue assumptions are based on an assumed conservative 2% annual growth in the tax override revenues (solid line) and a 5.21% assumed annual growth rate (based on the historical growth rate on the average of the past 25 years) (dotted line). In addition, the spike in FY 2017 is due to a one-time contribution of $13.2M from the release of a debt service reserve fund when the 2008 JPFA Refunding Bonds, Series A-1 mature.

Chart 1
PFRS Obligations and Revenues



As depicted in Chart 1 above, two of the PFRS-related debt obligations will mature in FY 2013-14 and 2017-18 (i.e., 2008 JPFA Refunding Bonds, Series A-1 and Series A-2). Also, beginning in FY 2015-16 general fund related debt will mature (i.e., Convention Center). As a result, the City will have funds available from these debt maturities (2015 to 2018). ***Therefore, after the prepayment period ends for 2012 POBs (June 30, 2017), the City is in a better position to support the annual contribution to PFRS with additional general fund contributions due to the declining debt service as shown in the Chart 2 below.***

Chart 2
Summary of Declining Debt Maturity



Per City Council's action, the City will appropriate $10M in FY 2015-16 and an additional $10M in FY 2016-17 to a reserve for unfunded pension and OPEB liabilities. In addition, after the dissolution of former Redevelopment Agency, the City has requested payments for pension unfunded obligation through the Recognized Obligation Payment Schedule (ROPS) to fund former employees of the Redevelopment Agency. To date, the City has received approximately $4,681,958 towards unfunded liabilities. The City will receive approximately $1.3 million annually until June 30, 2022.

The City will resume paying the Actuarial Required Contribution (ARC) starting in FY 2017-18, a pre- payment schedule is shown in Table 4. Since there are no other dedicated revenues to fund PFRS besides the tax override, payments in excess of the available revenues (tax override) will be payable from the General Fund. However, using a conservative two percent (2%) growth factor, TOR will exceed PFRS obligations resulting in excess revenue that will be used to support the ARC. In addition, in past years, TOR exceeded the debt service obligation resulting in excess reserves, which are available to offset the unfunded liabilities. As depicted in the Table 4, using the excess TOR and reserves, general fund **would not** have to contribute until FY 2018-19 at a projected shortfall of approximately $8.9 million.

Table 4
Summary of General Fund Impact
(2% AV Growth)

General Fund Impact @ 2% AV Growth

Fiscal Year Ending	Total Funding Available for PFRS	Outstanding Debt Service Obligations	Net of PFRS Obligations	Actuarial Recommended Contributions (ARC)	General Fund Support Required	Net Using TOR Reserve
Excess Reserve Balance[(1)]						12,708,975
2014	70,327,186	73,209,263	(2,882,077)	-	(2,882,077)	9,826,898
2015	74,243,967	68,902,528	5,341,439	-	5,341,439	15,168,337
2016	75,439,522	70,519,570	4,919,952	-	4,919,952	20,088,289
2017	89,826,019 [(2)]	71,847,170	17,978,849	-	17,978,849	38,067,138
2018	77,910,759	66,091,487	11,819,272	35,100,000	(23,280,728)	14,786,411
2019	79,202,452	66,988,744	12,213,708	35,900,000	(23,686,292)	(8,899,882)
2020	80,546,365	67,937,471	12,608,894	37,000,000	(24,391,106)	
2021	81,939,648	68,926,940	13,012,708	37,900,000	(24,887,292)	
2022	83,389,855	69,942,065	13,447,790	39,300,000	(25,852,210)	
2023	84,542,747	71,024,170	13,518,577	40,700,000	(27,181,423)	
2024	85,754,272	53,273,555	32,480,717	42,100,000	(9,619,283)	
2025	87,024,302	54,079,805	32,944,497	43,600,000	(10,655,503)	
2026	88,352,286	54,858,285	33,494,001	44,800,000	(11,305,999)	
Total	**$1,058,499,381**	**$857,601,054**	**$200,898,327**	**$356,400,000**	**($155,501,673)**	

(1) Net of one year debt service on pension bonds of approximately $51 million, which will go towards paying the final maturity.
(2) The 2008 JPFA Refunding Bonds, Series A-1 mature on 7/1/2017 releasing the debt service reserve fund of approximately $13.2 million.

However, if using an assumed annual growth rate of 5.21% (based on the historical average growth rate of the past 25 years), the general fund **would not** have to contribute until FY 2020-21 at a projected shortfall of approximately $6.2 as shown in the Table 5:

Table 5
Summary of General Fund Impact
(5.21% AV Growth)

General Fund Impact @ 5.21% AV Growth

Fiscal Year Ending	Total Funding Available for PFRS	Outstanding Debt Service Obligations	Net of PFRS Obligations	Actuarial Recommended Contributions (ARC)	General Fund Support Required	Net Using TOR Reserve
Excess Reserve Balance[(1)]						12,708,975
2014	70,327,186	73,209,263	(2,882,077)	-	(2,882,077)	9,826,898
2015	74,243,967	68,902,528	5,341,439	-	5,341,439	15,168,337
2016	77,633,115	70,519,570	7,113,545	-	7,113,545	22,281,882
2017	94,371,368 [(2)]	71,847,170	22,524,198	-	22,524,198	44,806,080
2018	84,975,129	66,091,487	18,883,641	35,100,000	(16,216,359)	28,589,721
2019	88,962,733	66,988,744	21,973,989	35,900,000	(13,926,011)	14,663,710
2020	93,189,571	67,937,471	25,252,101	37,000,000	(11,747,899)	2,915,811
2021	97,663,469	68,926,940	28,736,529	37,900,000	(9,163,471)	(6,247,660)
2022	102,403,229	69,942,065	32,461,164	39,300,000	(6,838,836)	
2023	107,066,466	71,024,170	36,042,296	40,700,000	(4,657,704)	
2024	112,021,621	53,273,555	58,748,066	42,100,000	16,648,066	
2025	117,281,725	54,079,805	63,201,920	43,600,000	19,601,920	
2026	122,860,098	54,858,285	68,001,813	44,800,000	23,201,813	
Total	**$1,242,999,678**	**$857,601,054**	**$385,398,624**	**$356,400,000**	**$28,998,624**	

(1) Net of one year debt service on pension bonds of approximately $51 million, which will go towards paying the final maturity.
(2) The 2008 JPFA Refunding Bonds, Series A-1 mature on 7/1/2017 releasing the debt service reserve fund of approximately $13.2 million.

Post-Employment Benefits Other than Pension (OPEB)
The City pays the partial costs of health insurance premiums for certain classes of retirees from City employment. Retirees meeting certain requirements relating to age and years of service are eligible for health benefits. The health benefits are extended to retirees pursuant to labor agreements between the City and certain of its employee labor unions and in resolutions adopted by the City. Approximately $20.6 million was paid on behalf of retirees under these programs for the year ended June 30, 2014.

The City implemented Governmental Accounting Standard Board Statement 45 ("GASB 45") in FY 2008, which addresses how state and local governments should account for and report the annual Post-Employment Benefits Other than Pensions ("OPEB") cost. GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

As of July 1, 2013, the Actuarial Accrued Liability (the "AAL"), which is equal to that portion of the Actuarial Present Value of Benefits deemed to have been earned to date, was $463,850,944. This is a decrease from previous year ($553,530,074) due to the City's contribution into California Employer's Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS.

As mentioned earlier in this report, after the dissolution of the former Redevelopment Agency, the City has requested payments for OPEB through the Recognized Obligation Payment Schedule (ROPS) to fund former employees of the Redevelopment Agency. To date, the City has received approximately $2,364,688 and deposited this amount into the CERBT. The City will receive approximately $665,000 annually until June 30, 2022. These payments will go towards paying the OPEB unfunded liability. By partially pre-funding the annual required contribution (ARC) to CERBT, the City has established asset for future liabilities and is able to use a higher discount rate.

Based on the most recent actuarial report prepared by Aon Hewitt as of July 1, 2013, assuming 5.59% interest earnings, the City's projected net OPEB obligation (defined, in terms of balance sheet liability, as the cumulative difference between the annual OPEB cost, on an actuarial basis, and the City's actual contribution to the OPEB plan since 2008) will be approximately $235.1 million. Currently, the City is funding OPEB on a pay-as-you-go basis and anticipates paying approximately $20.6 million for FY 2014-15 as shown in the Table 6.

Table 6
OPEB Unfunded Liability

FY Ended	Accrued Liability	Unfunded Liability	Annual Required Contribution	Employer Contribution	Net OPEB Obligation
2010	$591,575,250	$591,575,250	$54,635,348	$14,016,359	$126,237,306
2011	$520,882,498	$520,882,498	$46,657,350	$15,709,758	$156,978,541
2012	$520,882,498	$520,882,498	$46,657,350	$16,795,999	$186,583,282
2013	$553,530,074	$553,530,074	$46,596,504	$17,622,496	$215,252,287
2014	$463,850,944	$463,850,944	$39,418,149	$20,632,950	$235,094,821

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 Bureau.

COST SUMMARY/IMPLICATIONS

This is an informational report, there are no costs associated with this report.

SUSTAINABLE OPPORTUNITIES

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

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 Kasaine

KATANO KASAINE
Treasurer, Treasury Bureau

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ATTACHMENT A

City of Oakland's Ratings compared to those of its neighbors and/or similar size cities:

	General Obligation		
	Moody's	S&P	Fitch
Berkeley	Aa2	AA+	NR
Fresno*	Baa1	BBB-	BBB+
Long Beach*	Aa2	AA-	AA
Los Angeles	Aa2	AA-	AA-
Oakland	Aa2	AA-	A+
Richmond, CA*	A3	AA-	NR
Sacramento*	Aa2	AA-	AA-
San Diego*	Aa2	AA	AA-
San Francisco	Aa1	AA+	AA
San Jose	Aa1	AA+	AA+

*Implied, no GOBs outstanding

The table below presents the categories for long-term and short-term credit ratings for the three rating agencies with the highest rating at the beginning of each list:

Long-term Credit Rating

Moody's	S&P	Fitch
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa	BBB	BBB
Baa3	BBB-	BBB-

Short-term Credit Rating

Moody's	S&P	Fitch
MIG-1	SP-1+	F1+
MIG-2	SP-1	F1
MIG-3	SP-2	F2
SG	SP-3	F3
		B
		C
		D
		NR

ATTACHMENT B

CITY OF OAKLAND AND
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY'S
DEBT PORTFOLIO

Series Name	Source Fund	Orginal Par	Par Outstanding (July 1, 2014)	FY 2015-16 Debt Service Payment	FY 2016-17 Debt Service Payment	Average Coupon	Final Maturity in FY
General Obligation Bonds							
JPFA Revenue Bonds, Series 2005 (General Obligation Bond Program)	6063	$122,170,000	$66,260,000	$10,208,500	$10,291,750	4.91%	2025
General Obligation Bonds (Series 2006, Measure G)	6311	21,000,000	17,865,000	1,323,965	1,323,565	4.63%	2036
General Obligation Bonds (Series 2009B, Measure DD)	6321	64,545,000	59,645,000	4,610,783	4,613,033	5.49%	2039
General Obligation Refunding Bonds (Series 2012)	6312	83,775,000	80,325,000	6,656,227	6,659,477	4.93%	2033
GO Bonds Subtotal		$291,490,000	$224,095,000	$22,799,475	$22,887,825		
Lease Revenue Bonds							
JPFA Lease Revenue Bonds, Series 2001	1010	$134,890,000	$13,695,000	0	0	n/a	2015
JPFA Lease Revenue Refunding Bonds, Series 2008 B	1010	113,450,000	86,865,000	$9,061,350	$9,060,650	4.83%	2027
JPFA Lease Revenue Refunding Bonds, Series 2008 A-1	1200/7320	127,960,000	40,995,000	17,506,159	17,134,173	4.58%	2017
Lease Revenue Bonds Subtotal		$376,300,000	$141,555,000	$26,567,509	$26,194,823		
Sewer Bonds							
Sewer Revenue Refunding Bonds, 2014 Series A	3100	$40,590,000	$38,555,000	$3,644,600	$3,646,000	4.31%	2029
Sewer Bonds Subtotal		$40,590,000	$38,555,000	$3,644,600	$3,646,000		
Pension Obligation Bonds							
City of Oakland Taxable POBs, Series 2001	1200	$195,636,000	$135,972,379	$43,285,000	$44,590,002	6.82%	2023
City of Oakland Taxable POBs, Series 2012	1200	212,540,000	212,540,000	8,961,222	8,961,222	3.73%	2026
POB Subtotal		$408,176,000	$348,512,379	$52,246,222	$53,551,224		
Special Assessment Bonds							
JPFA Special Assessment Pooled Revenue Bonds, Series 1996 A	6540	$465,000	$120,000	$24,400	$28,000	6.63%	2021
Utility Underground Assessment District, Piedmont Pines, 2010	6555	3,148,000	2,885,000	224,321	221,996	5.49%	2040
JPFA Reassessment Revenue Bonds, Series 2012	6587	3,545,000	3,015,000	347,800	351,150	2.98%	2025
Special Assessment Subtotal		$7,158,000	$6,020,000	$596,521	$601,146		
Master Lease Agreements							
Eastmont Town Center Lease – Police Precinct Station 2001	1010	$11,333,000	$2,198,920	$952,902	$476,451	5.46%	2017
Solar Panel Project, 2004	4400	4,139,000	1,533,278	292,207	292,207	4.25%	2020
Oakland Museum 450 Lancaster Building Lease Purchase 2006	1010	4,940,000	3,110,000	478,860	475,444	5.30%	2022
Parking Access and Revenue Control System 2007			366,141				
Parking Access and Revenue Control System 2010	1750	2,500,000	1,559,234	369,052	369,052	2.56%	2019
LED Streetlights, 2013[1]	2310	16,150,000	14,843,147	1,732,995	1,699,399	TE: 2.39% Tax: 3.23%	2025
Vehichle & Equipment 2013	4100	11,850,000	8,604,330	3,403,066	672,327	1.46%	2021
Oracle Schedule No. 58097	1010	1,869,000	1,644,488	411,122	411,122	0.00%	2018
Oracle Schedule No. 58099	1010	866,000	762,420	190,605	190,605	0.00%	2018
IBM Schedule No. 1	1010	7,948,000	7,653,171	1,654,468	1,654,468	2.86%	2019
Oracle Schedule No. 62528	1010	1,326,000	1,193,529	298,382	298,382	0.00%	2018
Oracle Schedule No. 65016	1010	287,000	258,342	64,586	64,586	0.00%	2018
Oracle Schedule No. 62545	1010	581,000	581,162	104,660	104,660	0.00%	2019
2014 Parking Meter Schedule No. 1000138940	1010	2,500,000	2,500,000	475,979	475,953	1.55%	2020
IBM Schedule No. 2	1010	4,453,000	4,452,981	953,451	953,451	2.76%	2019
Master Lease Subtotal		$70,742,000	$51,261,143	11,382,335	8,138,107		

Series Name	Source Fund	Orginal Par	Par Outstanding (July 1, 2014)	FY 2015-16 Debt Service Payment	FY 2016-17 Debt Service Payment	Average Coupon	Final Maturity in FY
OACCA Bonds							
Oakland - Alameda County Coliseum Authority Lease Revenue Bonds (Arena Project).Series 1996 A-1. A-2	1010	$70,000,000	$42,442,500	$3,459,708	$3,965,240	Variables	2026
Oakland - Alameda County Coliseum Authority Lease Revenue Bonds, 2012 Refunding Series A	1010	$61,407,500	53,225,000	6,404,750	6,403,125	4.91%	2025
OACCA Bonds Subtotal		$131,407,500	$95,667,500	$9,864,458	$10,368,365		
Oakland Redev. Successor Agency							
Tax Allocation Bonds							
Central City East Project, Series 2006A-TE (Tax-exempt)	9842	$13,780,000	$13,780,000	$689,000	$689,000	5.00%	2037
Central City East Project, Series 2006A-T (Taxable)	9843	62,520,000	53,320,000	4,426,480	4,419,641	5.51%	2035
Coliseum Area Project, Series 2006B-TE (Tax-exempt)	9855	28,770,000	25,195,000	1,788,125	1,791,950	4.80%	2037
Coliseum Area Project, Series 2006B-T (Taxable)	9856	73,820,000	64,615,000	5,047,334	5,035,889	5.51%	2036
Broadway MacArthur Project, Series 2006C-TE (Tax-exempt)	9837	4,945,000	4,945,000	247,250	247,250	5.00%	2037
Broadway MacArthur Project, Series 2006C-T (Taxable)	9838	12,325,000	10,255,000	906,765	902,086	5.55%	2033
Central District Project, Series 2006T	9835	33,135,000	15,275,000	1,475,646	1,475,872	5.34%	2022
Central District Project, Series 2009T	9836	38,755,000	34,550,000	6,509,550	7,548,550	8.18%	2021
Broadway MacArthur Project, Series 2010T (RZED Bonds)[2]	9839	7,390,000	7,290,000	581,690	582,910	7.28%	2041
Central District Project, Series 2013	9820	102,960,000	102,960,000	16,493,975	16,479,725	4.89%	2023
Housing Set-Aside Bonds							
Subordinated Housing Set Aside Revenue Bonds, Series 2006A, A-T	9828	84,840,000	72,715,000	7,411,139	7,401,678	5.76%	2037
Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T	9827	46,980,000	44,890,000	5,364,100	5,329,300	8.67%	2042
ORA Bonds Subtotal		$510,220,000	$449,790,000	$50,941,054	$51,903,851		
TOTAL of All Debt		**$1,836,083,500**	**$1,355,456,023**	**$178,042,174**	**$177,291,341**		

1 These are QECB bonds and receives 70% federal tax credit rate on the taxable bonds, lowering the rate to 0.07%

2 These are recovery zone economic development bonds and receives 45% federal subidy on interest payable, lowering the rate to an average of 3.28%

Attachment C

City of Oakland

Debt Capacity Analysis for Fiscal Year 2013-2014

February 12, 2015

Prepared by
Finance and Management Agency
Treasury Bureau
150 Frank H. Ogawa Plaza, Suite 5330
Oakland, California 94612

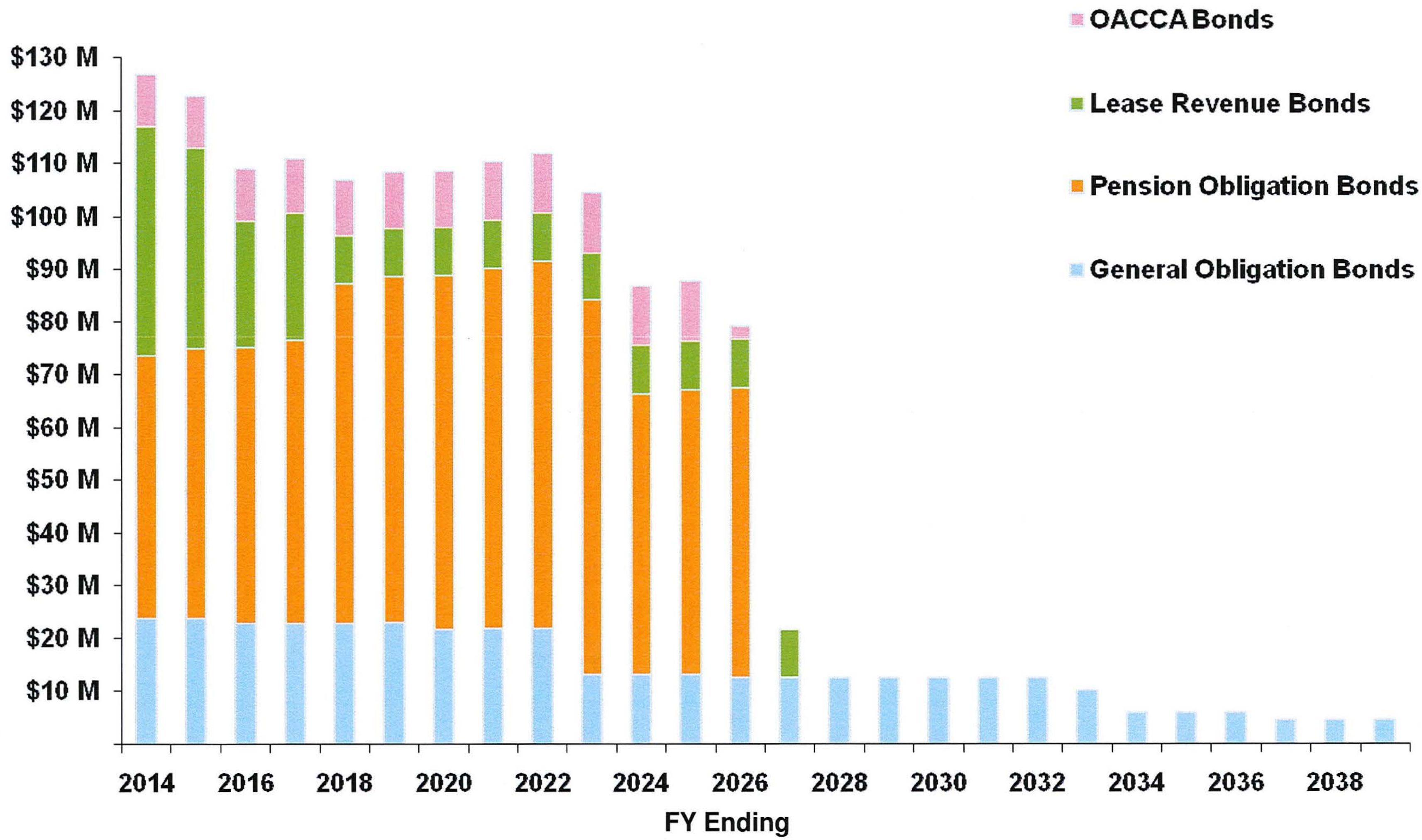
City's Direct Debt Burden and Capacity

Direct Debt Outstanding[1]

			Original Par Amount		*Principal Outstanding*		*FY 13-14 Net Debt Service*
General Obligation Debt							
2005A	General Obligation Bonds, Series 2005 A	$	122,170,000	$	66,260,000	$	11,200,500
2006	General Obligation Bonds, Series 2006 (Measure G)		21,000,000		17,865,000	$	1,322,363
2009	General Obligation Bonds, Series 2009 (Measure DD)		64,545,000		59,645,000	$	4,610,881
2012	General Obligation Bonds, Series 2003A (Measure DD)		83,775,000		80,325,000	$	6,648,975
Subtotal		**$**	**291,490,000**	**$**	**224,095,000**	**$**	**23,782,719**
Pension Obligation Bonds							
2001	Taxable Pension Obligation Bonds, Series 2001[2]	$	195,636,449	$	135,972,000	$	40,765,000
2012	Taxable Pension Obligation Bonds, Series 2012[2]	$	212,540,000	$	212,540,000	$	8,961,220
Subtotal		**$**	**408,176,449**	**$**	**348,512,000**	**$**	**49,726,220**
Lease Revenue Bonds and Certificates of Participation							
2001	Oakland JPFA Lease Revenue Refunding Bonds, Series 2001	$	134,890,000	$	13,695,000	$	14,100,450
2008	Oakland JPFA Lease Revenue Refunding Bonds (Admin Building), 2008 Series B		113,450,000		86,865,000		9,058,638
2008	Oakland JPFA Special Refunding Revenue Bonds, 2008 Series A-1 & A-2[2]		127,960,000		40,995,000		20,290,803
Subtotal		**$**	**376,300,000**	**$**	**141,555,000**	**$**	**43,449,890**
Oakland-Alameda County Colisieum Authority (50% City Obligation ONLY)							
1996A-1 & A-2	Variable Rate Lease Revenue Bonds (Taxable), Oakland Coliseum Arena Project[2,3]	$	70,000,000	$	42,442,500	$	3,521,450
2012 Ref. Series A	Lease Revenue Bonds, Oakland Coliseum Project		61,407,500	$	53,225,000		6,403,550
Subtotal		**$**	**131,407,500**	**$**	**95,667,500**	**$**	**9,925,000**
Total Direct Debt		**$**	**1,207,373,949**	**$**	**809,829,500**	**$**	**126,883,829**
Total Available Revenues for FY 13-14[4]						**$**	**575,188,000**
City Existing Direct Debt as a % of FY 13-14 Total Available Revenues							**22.06%**

[1] As of July 1, 2014. Excludes TRAN & non-bonded capital lease obligations.
[2] Self-supporting debt.
[3] Debt service based on rate of 3.00%.
[4] Total available revenues represents projected FY 13-14 General Fund revenues plus any offsetting revenues.

Principal Amortization of All Direct Debt



Debt Capacity Analysis

(All amounts in thousands)

Fiscal Year Ending	General Fund Revenues[1]	GO Bonds	POB	Lease & COP	OACCA	TOTAL	Debt Burden[2]	Add'l Annual Debt Capacity[3]
		---------- DEBT SERVICE ----------						
2014	575,188	23,783	49,726	43,450	9,925	126,884	22.06%	(40,606)
2015	592,444	23,840	50,971	38,065	9,894	122,770	20.72%	(33,904)
2016	610,217	22,799	52,246	24,135	9,864	109,045	17.87%	(17,512)
2017	628,523	22,888	53,551	24,157	10,368	110,964	17.65%	(16,685)
2018	647,379	22,902	64,436	9,058	10,538	106,934	16.52%	(9,827)
2019	666,801	22,953	65,708	9,060	10,686	108,408	16.26%	(8,388)
2020	686,805	21,775	67,026	9,061	10,818	108,681	15.82%	(5,660)
2021	707,409	21,828	68,382	9,057	11,034	110,301	15.59%	(4,190)
2022	728,631	21,849	69,760	9,061	11,226	111,896	15.36%	(2,602)
2023	750,490	13,075	71,024	9,058	11,402	104,560	13.93%	8,013
2024	773,005	13,068	53,274	9,057	11,482	86,881	11.24%	29,070
2025	796,195	13,082	54,080	9,057	11,690	87,909	11.04%	31,520
2026	820,081	12,602	54,858	9,057	2,539	79,057	9.64%	43,955
2027	844,683	12,599	-	9,061	-	21,660	2.56%	105,042
2028	870,023	12,608	-	-	-	12,608	1.45%	117,896
2029	896,124	12,608	-	-	-	12,608	1.41%	121,811
2030	923,008	12,611	-	-	-	12,611	1.37%	125,840
2031	950,698	12,613	-	-	-	12,613	1.33%	129,991
2032	979,219	12,615	-	-	-	12,615	1.29%	134,268
2033	1,008,596	10,229	-	-	-	10,229	1.01%	141,061
2034	1,038,854	5,927	-	-	-	5,927	0.57%	149,901
2035	1,070,019	5,932	-	-	-	5,932	0.55%	154,571
2036	1,102,120	5,935	-	-	-	5,935	0.54%	159,383
2037	1,135,183	4,612	-	-	-	4,612	0.41%	165,666
2038	1,169,239	4,612	-	-	-	4,612	0.39%	170,774
2039	1,204,316	4,611	-	-	-	4,611	0.38%	176,036
TOTAL	$ 22,175,247	$ 373,956	$ 775,044	$ 220,394	$ 131,467	$ 1,500,861		

[1] General Fund ("GF") revenue for fiscal year ending 2014 (CAFR), with projected years at 3% growth rate.

[2] Debt Burden calculated by "Total Debt Service" divided by "Available Revenues".

[3] Add'l Annual Debt Capacity shows additional annual debt service the City is projected to be able to absorb at rating agency recommended debt levels; calculated by taking 15% of "Available Revenues" less "Total Debt Service".

Total Debt Service and Additional Debt Capacity