

2011 APR 27 PM 12: 58

CITY OF OAKLAND
AGENDA REPORT

TO: Office of the City Administrator
ATTN: P. Lamont Ewell
FROM: Finance & Management Agency
DATE: May 10, 2011

RE: Ordinance Providing for the Borrowing of Funds for Fiscal Year 2011-2012 in an Amount Not to Exceed \$125,000,000 and the Issuance and Sale of 2011-2012 Tax and Revenue Anticipation Notes Therefor and Approving Certain Related Matters

Resolution Authorizing the Sale of the 2011-2012 Tax and Revenue Anticipation Notes in an Amount Not to Exceed \$125,000,000; Authorizing the Execution and Delivery of Related Documents and Approving Certain Related Actions

SUMMARY

An ordinance and resolution have been prepared authorizing the borrowing and sale of the 2011-2012 Tax and Revenue Anticipation Notes (the "TRAN") for a not to exceed amount of \$125,000,000 in one or more series and to authorize the execution and delivery of related documents.

Pursuant to Section 53850 of the Government Code of the State of California, a city may borrow money by issuing a TRAN for any purpose for which a city is authorized to expend monies, including but not limited to current expenses, capital expenditures, and the discharge of any obligation or indebtedness of a city. Issuing the TRAN is necessary for the 2011-2012 Fiscal Year 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 2011-2012 Fiscal Year.

The City wishes to authorize the issuance of a TRAN in one or more series or subseries, the interest on which will be tax-exempt. As explained below in "Key Issues and Impacts", the attached ordinance authorizes the borrowing of funds and the resolution authorizes the sale of the TRAN.

Item: _____
Finance & Management Committee
May 10, 2011

FISCAL IMPACT

The borrowing of funds through the TRAN issuance will have a positive impact on the City's finances. It is currently expected that the TRAN will be issued in one or more series and the TRAN will have the following positive impact:

- Because the schedule in which the City receives its revenues (including property taxes, business license taxes and sales and use taxes, etc.) is irregular, the General Fund Group has temporary cash flow deficits in 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 Group for fiscal year 2011-2012. In effect, the TRAN will positively impact the City's finances as the TRAN will be critical to meeting the operating expenditures of the City in the first half of Fiscal Year 2011-2012.

BACKGROUND

Under California's Government Code, a city can borrow money through the issuance of a TRAN 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 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 IRS guidelines for sizing a TRAN issuance.

KEY ISSUES AND IMPACTS

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 2011-2012 Fiscal Year 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 2011-2012 Fiscal Year.

The issuance and sale of the TRAN will contain an amount not to exceed \$125,000,000, consisting of a rate not to exceed 8.0%, with a maturity no later than (13) months after the date of issue. The TRAN will be sold through a negotiated financing and the Underwriter(s) will be selected through a Request for Proposal.

KNN Public Finance, the City's financial advisor, will review all aspects of the sale to ensure that the TRAN is fairly priced. Hawkins, Delafield and Wood, 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 and the Law Offices of Alexis S.M. Chiu, the City's disclosure counsel, will provide advice on disclosure documents and will prepare the Preliminary Official Statement as well as the Official Statement.

Debt service will be covered by the General Purpose Fund and investment earnings. The City will be required to set aside an amount sufficient to pay principal and interest in February 2012 and May 2012. The TRAN will be rated by the accredited rating agencies.

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.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no disability or senior citizen access issues contained in this report.

RECOMMENDATION(S) AND RATIONALE

Staff recommends the Council's adoption of the ordinance and resolution authorizing the borrowing and sale of the TRAN and the execution and delivery of related documents.

ACTION REQUESTED OF THE CITY COUNCIL

In order to proceed with issuing the TRAN, staff requests that Council adopt the ordinance and resolution, which authorize the sale of the TRAN for the borrowing of funds for Fiscal Year 2011-2012 in an amount not to exceed \$125,000,000, the execution and delivery of related documents and approve the certain related actions necessary.

Forms of the related documents are available with the City Clerk's office.

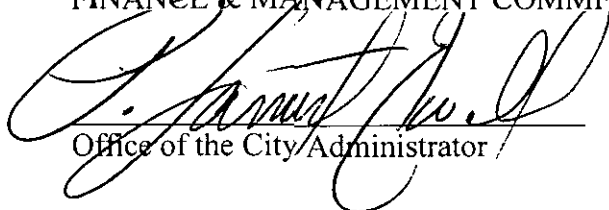
Respectfully submitted,



Joseph T Yew Jr.
Director, Finance & Management Agency

Prepared by:
Katano Kasaine, Treasury Manager
Treasury Division

APPROVED AND FORWARDED TO THE
FINANCE & MANAGEMENT COMMITTEE


Office of the City Administrator

2011 APR 28 PM 3:40
INTRODUCED BY COUNCILMEMBER _____

Kathleen Selen-Bogal

City Attorney

ORDINANCE NO. _____ C.M.S.

ORDINANCE PROVIDING FOR THE BORROWING OF FUNDS FOR FISCAL YEAR 2011-2012 IN AN AMOUNT NOT TO EXCEED \$125,000,000 AND THE ISSUANCE AND SALE OF 2011-2012 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 One Hundred Twenty-Five Million Dollars (\$125,000,000) 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 (the "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 2011-2012; and

WHEREAS, the City intends to borrow, for the purposes set forth above, an amount not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) by the issuance of the Notes; and

WHEREAS, the City wishes to authorize the issuance of the Notes in one or more series or subseries, the interest on which shall be tax-exempt (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 or allocable to the fiscal year in which issued; and

WHEREAS, the Notes shall not bear interest exceeding four percent (4.0%) per annum; 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 2011-2012 are pledged for the payment of the Notes; and

WHEREAS, the Notes shall be general obligations 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 therefor, 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 **One Hundred Twenty-Five Million Dollars** (\$125,000,000), 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 2011-2012, and available for the payment of the Notes and the interest thereon as required by Section 53858 of the Government Code; and 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 for the purpose of anticipating taxes, revenues and other moneys to be received by the City for the General Fund of the City during or allocable to Fiscal Year 2011-2012, the City hereby determines to and shall borrow the aggregate principal sum of not to exceed **One Hundred Twenty-Five Million Dollars** (\$125,000,000) by the issuance of notes under Section 53850 et seq. of the Government Code, designated "City of Oakland, California 2011-2012 Tax and Revenue Anticipation Notes". The Notes shall be issued in one or more series, be 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 on one or more dates not later than 13 months from the date of issuance, and bearing interest, payable at maturity and, if the maturity of certain Notes is more than 12 months after the date of issuance, interest shall also be payable for such Notes on a date not later than 12 months after such date of issuance for such Notes, 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 Administrator or Treasurer, or the designee of either thereof, as

fiscal agent (the "Fiscal Agent"); provided, however, that if the maturity of certain Notes is more than 12 months after the date of issuance, then the interest due for such Notes on a date not later than 12 months after such date of issuance will be paid by check mailed to the registered holders of such Notes 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 or Treasurer, or the designee of either thereof, 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 and maturity in the full aggregate principal amount of the Notes of such series and maturity. 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 maturity 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 maturity 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 Fiscal Agent or 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 one or more special segregated subfunds or subaccounts of the General Fund of the City, which subfunds or subaccounts shall be given a name sufficient to identify them 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 City Administrator or Treasurer, or the designee of either thereof, the amounts held in any such subfund or subaccount 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 City Administrator or Treasurer, or the designee of either thereof, pending disbursement at the request of the City, pursuant to the Fiscal Agent Agreement; provided, however, that any investment of the amounts held in any 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 in Permitted

investments. "Permitted Investments" means any investment 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, and shall include, without limitation, any investment permitted by Government Code Section 53601 and any investment agreement, repurchase agreement or guaranteed investment contract that 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, not less than "Aa3" by Moody's Investors Service and "AA-" by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies. No such investments shall have a maturity date later than the final maturity date of the Notes.

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 2011-2012 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 any interest payment requirement within 12 months of delivery of the Notes (as a result of Notes maturing more than 12 months after delivery) from unrestricted moneys on deposit with the City in the month ending immediately prior to such interest payment date (or in such other time period as may be selected by the City as provided below); (ii) an amount sufficient to pay the principal of and interest on any Notes maturing before June 1, 2012 or, if all of the Notes mature on or after June 1, 2012, an amount equal to fifty percent (50%) of the principal amount of the Notes, from unrestricted moneys on deposit with the City in the month ending February 29, 2012 (or in such other time period as may be selected by the City as provided below); (iii) an amount which, together with the amount on deposit in the Special Account (as herein defined) (net of anticipated earnings on moneys therein), will be sufficient to pay the principal of and interest on the Notes maturing on or after June 1, 2011, from unrestricted moneys on deposit with the City in the month ending May 31, 2012 (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, without priority or distinction as to the lien of any one series of Notes over another series of Notes. 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 or Treasurer, or the designee of either, is hereby authorized to select amounts or time periods or priorities or application of moneys among Noteholders other than those designated above within Fiscal Year 2011-2012 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 unrestricted moneys in such other amounts, priorities, application or such other time periods is expected to be financially advantageous to the City. Any such change shall be described in the final Official Statement relating to the Notes, and the City Administrator or 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, including but not limited to the maturity dates thereof. 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 2011-2012 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 their final 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 be paid to the Fiscal Agent for deposit in the Special Account. On the date of each 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 due on such date. Any moneys remaining in the Special Account after all 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 in Permitted Investments. No such investments shall have a maturity date later than the final 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 or 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. Ordinance Constitutes Contract. The provisions of the Notes and of this Ordinance shall constitute a contract between the City and the registered owners of the Notes, and such provisions shall be enforceable by suit, action or proceeding at law or in equity.

Section 11. 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 Statement and Note Purchase Agreement, shall be approved by resolution of the Council.

(b) The City Administrator or Treasurer, or the designee of either, is hereby authorized and directed to execute a closing certificate identifying the series of Notes issued, the principal amount of each series of Notes, the maturity date or dates of the Notes, the interest payment dates if other than the maturity date and the interest rate or rates on the Notes.

Section 12. Inconsistencies Waived. Any provisions of any ordinances and resolutions herewith are hereby waived to the extent only of such inconsistency.

Section 13. 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, _____, 2011

PASSED BY THE FOLLOWING VOTE:

AYES -

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

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

§ _____
CITY OF OAKLAND, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES

Certified Copy of the Ordinance
Adopted on _____, 2011

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 _____ 2011, 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: _____, 2011.

CITY OF OAKLAND, CALIFORNIA

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

EXHIBIT A
FORM OF NOTE

Registered

Registered
\$ _____

CITY OF OAKLAND, CALIFORNIA
2011-2012 TAX AND REVENUE ANTICIPATION NOTE
[SERIES]

RATE OF INTEREST	NOTE DATE	MATURITY DATE	CUSIP
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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 2011-2012 Tax and Revenue Anticipation Notes, [Series] in the aggregate principal amount of \$ _____. This note is executed and delivered pursuant to and by authority of an Ordinance of the City Council duly adopted on _____, 2011 (the "Note Ordinance"), under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part i, 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 this note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City of the General Fund of the City for Fiscal Year 2011-2012. As security of the payment of the principal of an 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, maturity date 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 _____, 2011.

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.

2011 APR 28 PM 3:40

Approved as to Form and Legality

Kathleen Helen Boyel
City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. ___ C.M.S.

RESOLUTION AUTHORIZING THE SALE OF 2011-2012 TAX AND REVENUE ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED \$125,000,000, 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 One Hundred Twenty-Five Million Dollars (\$125,000,000) 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 (the "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 2011-2012; and

WHEREAS, the City intends to issue the Notes in one or more series or subseries, the interest on which shall be tax-exempt, pursuant to an ordinance to be enacted; and

WHEREAS, the City desires to sell the Notes to the Underwriters (the "Underwriters"), who have been selected following a request for proposal process, pursuant to a Note Purchase Agreement (the "Note Purchase Agreement"), by and between the City and the Underwriters; and now therefore be it

RESOLVED: that the proposed form of Note Purchase Agreement for the sale of the Notes, by and between the City and the Underwriters, on file with the City Clerk, is hereby approved. The City Administrator or 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 underwriters' discount (exclusive of original issue discount) shall not exceed fifteen one-hundredths of a percent (0.15%) 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 (the "Preliminary Official Statement"), in substantially the form and substance on file with the City Clerk, is hereby ratified and approved. The Underwriters are hereby authorized to distribute the Preliminary Official Statement to prospective purchasers in connection with the offering and sale of the Notes. The City Administrator or 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 to be 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 KNN Public Finance, A Division of Zions First National Bancorporation, is hereby appointed to serve as financial advisor, Hawkins Delafield & Wood LLP is hereby appointed to serve as bond counsel, and the Law Offices of Alexis S. M. Chiu is hereby appointed to serve as disclosure counsel in connection with the issuance of the Notes; and be it

FURTHER RESOLVED: that the City Administrator, Treasurer, Treasury Manager 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 _____, 2011

PASSED BY THE FOLLOWING VOTE:

AYES -

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

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