

INTRODUCED BY COUNCILMEMBER _____

FILED
OFFICE OF THE CITY CLERK
APPROVED AS TO FORM AND LEGALITY
Michelle Smith
2003 MAY 22 CITY ATTORNEY

ORDINANCE NO. 12503 C.M.S.

ORDINANCE PROVIDING FOR THE BORROWING OF FUNDS FOR FISCAL YEAR 2003-2004 IN AN AMOUNT NOT TO EXCEED \$85,000,000 AND THE ISSUANCE AND SALE OF 2003-2004 TAX AND REVENUE ANTICIPATION NOTES THEREFOR, APPROVING THE PUBLICATION OF NOTICES IN CONNECTION WITH SUCH SALE, AUTHORIZING THE AWARD OF SUCH NOTES SUBJECT TO CERTAIN CONDITIONS, AND 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 Eighty Five Million Dollars (\$85,000,000) 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") therefore 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 2003-2004; and

WHEREAS, the City intends to borrow, for the purposes set forth above, an amount not to exceed Eighty Five Million Dollars (\$85,000,000) by the issuance of the Notes; and

WHEREAS, the Notes shall be payable no later than 15 months after the date of issue, as permitted by Section 53854 of the Government Code, and the Notes shall be payable only from revenue received or accrued during the fiscal year in which issued; and

WHEREAS, the Notes shall not bear interest exceeding seven percent (7%) per annum as permitted by Section 53531 of the Government Code, notwithstanding Section 53854 of the Government Code; and

WHEREAS, pursuant to Section 53856 of the Government Code, the City may pledge any taxes, income, revenue, cash receipts or other moneys deposited in inactive or term deposits (but excepting certain moneys of the City, including moneys encumbered for a special purpose); and this Ordinance specifies that certain unrestricted revenues which will be received by the City for the General Fund of the City during or allocable to Fiscal Year 2003-2004 are pledged for the payment of the Notes; and

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

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

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

WHEREAS, it appears, and the Council hereby finds and determines, that said sum of Eighty Five Million Dollars (\$85,000,000), 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 2003-2004, and available for the payment of the Notes and the interest thereon as required by Section 53858 of the Government Code;

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

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

Section 2. Authorization of Notes. Solely 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 2003-2004, the City hereby determines to and shall borrow the aggregate principal sum of not to exceed Eighty Five Million Dollars (\$85,000,000) by the issuance of notes under Section 53850 et seq. of the Government Code, designated "City of Oakland, California 2003-2004 Tax and Revenue Anticipation Notes", to be in fully registered form, to be numbered R-1 (and consecutively upward in order of issuance if more than one Note is registered), to be in denominations of \$5,000 and integral multiples thereof, to mature not later than 13 months from the date of issuance, and to bear interest, payable at maturity and, if the maturity of the Notes is more than 12 months after the date of issuance, on a date not later than 12 months after such date of issuance and computed on a 30-day month/360-day year basis at a rate not in excess of seven percent (7%) per annum. Both the principal of and interest on the Notes shall be payable, only upon surrender of the Notes, in lawful money of the United States of America, at the designated trust office of a financial institution appointed by the City as fiscal agent (the "Fiscal Agent") pursuant to Section 15 hereof; provided, however, that if the maturity of the Notes is more than 12 months after the date of issuance, then the interest due on a date not later than 12 months after such date of issuance will be by paid check mailed to the registered holders of the Note at their addresses appearing on the registration books of the Fiscal Agent as of the close of business on the 15th calendar day preceding such interest payment date or, so long as the Notes are registered in the name of Cede & Co., by wire transfer to an account in the United States designated by Cede & Co.

Except as provided below, 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 in the full aggregate principal amount of the Notes. 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. There shall be printed on or attached to each Note the legal opinion of Jones Hall, A Professional Law Corporation, Bond Counsel, respecting the validity of said Notes.

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, 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 in other authorized denominations. The Fiscal Agent shall require the payment by the Note owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The City may require the owner requesting such exchange to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Fiscal Agent or the City with respect to such exchange.

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

In the discretion of the Director of the Financial Services Agency of the City, the amounts held in such subfund or account of the General Fund may be transferred to the Fiscal Agent pursuant to the Fiscal Agent Agreement, for deposit in the Proceeds Account thereunder, and may be invested by the Fiscal Agent as directed by the Director of the Financial Services Agency of the City, pending

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

Section 5. Pledged Moneys. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, revenues, income, cash receipts and other moneys which are received by the City for the General Fund of the City for the Fiscal Year 2003-2004 and which are available therefore. 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 equal to fifty percent (50%) of the principal amount of the Notes, from unrestricted moneys on deposit with the City in the month ending May 31, 2004 (or in such other time period as may be selected by the City as provided below); (iii) 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 June 30, 2004 (or in such other time period as may be selected by the City as provided below); and (iv) an amount sufficient to pay interest on the Notes at maturity, from the first unrestricted moneys on deposit with the City in the month ending June 30, 2004 (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 therefore. Deposits of Pledged Moneys may take into account as a credit any earnings on deposit in the Special Account (as hereinafter defined).

The City Manager, the Director of Financial Services Agency, or the designee of either, is hereby authorized to select other time periods than those designated above within Fiscal Year 2003-2004, for which unrestricted moneys received by the City are pledged to the payment of the principal of and interest on the Notes if, upon the advice of the City's financial advisor, the pledge of unrestricted moneys received during such other time periods would be financially advantageous to the City. Any such change shall be described in the final Official Statement relating to the Notes and in the Notes as finally executed and delivered, and the City Manager or the Director of Financial Services Agency, or the designee of either, shall certify at the time of delivery of the Notes as to this and all other terms of the Notes. In the event there are insufficient unrestricted moneys received by the City to permit the deposit into the Special Account, as hereinafter defined, of the full amount of the Pledged Moneys to be deposited in the applicable month, by the next to last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue, cash receipts, and other moneys of the City, intended as receipts for the General Fund of the City and which are generally available for the payment of current expenses and other obligations of the City.

Section 6. Special Account. The Pledged Moneys shall be deposited by the City with and held by the Fiscal Agent, in trust, in a special fund designated "City of Oakland, California 2003-2004 Tax and Revenue Anticipation Notes Special Account" (hereinafter referred to as the "Special Account") and applied as directed in this Ordinance. Any money deposited by the Fiscal Agent in the Special Account

shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Special Account shall be applied only for the purposes for which the Special Account was created.

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

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

Section 7. Sale of Notes. The Notes shall be sold at a public sale upon the direction of the City Manager, the Director of Financial Services Agency, or the designee of either, said public sale to be at the time and place and upon the terms provided in the Official Notice Inviting Bids pertaining to the Notes, which shall be in substantially the form set forth as Exhibit B hereto (the "Notice Inviting Bids"). Bids for the purchase of the Notes shall be received by the City Manager, the Director of Financial Services Agency, or the designee of either, at the time and place and in the manner set forth in the Notice Inviting Bids. The City Manager, the Director of Financial Services Agency, or the designee of either, are authorized to distribute copies of the Notice Inviting Bids. The Council hereby authorizes and ratifies publication in The Bond Buyer of a Notice Of Intention To Sell in substantially the form attached hereto as Exhibit C, said publication being required to be made in a financial publication generally circulated throughout the State at least 15 days prior to the award of the Notes at competitive bid pursuant to Section 53692 of the Government Code.

Section 8. Award of Notes. The City Manager, the Director of Financial Services Agency, or the designee of either, is hereby authorized to award the Notes in an aggregate principal amount not exceeding the aforesaid sum to the bidder for the Notes providing the lowest net interest rate as provided in the Notice Inviting Bids, provided that such net interest rate does not exceed seven percent (7%) per annum. Upon award of the Notes to the successful bidder, (i) the City Manager, the Director of Financial Services, or the designee of either is hereby authorized and directed to attach to this Ordinance a certificate stating the principal amount of the Notes, the maturity date of the Notes, and the interest rate on the Notes, and (ii) appropriate officers of the City are authorized and directed to execute and deliver the Notes to the successful bidder.

Section 9. Execution of Notes. The City Manager, the Director of Financial Services Agency, 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 bidder.

Section 10. Delivery of Notes and Related Documents; Ratification of Prior Acts. The proper officers of the City are hereby authorized and directed to sign and deliver the Notes to the purchasers thereof in accordance with the provisions of this Ordinance. The proper officers of the City are hereby authorized to negotiate and obtain a municipal bond insurance policy or other credit enhancement for the Notes, if the City Manager, the Director of Financial Services Agency, or the designee of either, determine that such insurance policy or other credit enhancement will result in a lower true interest cost to the City. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Notes are hereby approved, confirmed and ratified, and the Mayor, the City Manager, the Director of Financial Services Agency, the Treasury Manager, and the designee of each of the above, are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and execute and deliver any and all certificates, agreements and other documents (including a fiscal agency agreement with a commercial bank or trust company acceptable to such officers) which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Ordinance.

Section 11. 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 12. Tax Covenant. The City hereby covenants with the owners of the Notes that, notwithstanding any other provisions of this Ordinance, it will make no use of the proceeds of the Notes or of any other amounts, regardless of the source, or of any property or take any action, or refrain from taking any action, that would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, including the payment to the United States of America of any rebate due with respect to the Notes. The City will not make any use of the proceeds of the Notes or any other funds of the City, or take or omit to take any other action, that would cause the Notes to be "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code, or "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code. To that end, so long as any Notes are unpaid, the City, with respect to such proceeds and such other funds, will comply with all requirements of such Sections and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Internal Revenue Code of 1954, as amended, to the extent such requirements are, at the time, applicable and in effect. These covenants shall survive the payment in full or defeasance of the Notes.

Section 13. Official Statement. The preparation and distribution of a Preliminary Official Statement relating to the Notes is hereby ratified and approved. The City Manager, the Director of the Financial Services Agency 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.

Section 14. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section. Noncompliance with this Section shall not result in any default with respect to the Notes or the acceleration of the Notes.

Section 15. Bond Counsel; Financial Advisor. Jones Hall, A Professional Law Corporation is hereby appointed to serve as bond counsel, and Public Financial Management, Inc. is hereby appointed to serve as financial advisor, in connection with the issuance of the Notes.

Section 16. Inconsistencies Waived. Any provisions of any ordinances and resolutions herewith are hereby waived to the extent only of such inconsistency.

Section 17. Effective Date. This Ordinance shall be effective immediately.

Introduction Date: JUN 03 2003

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 17 2003, 2003


PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND
PRESIDENT DE LA FUENTE — 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST: 
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

\$85,000,000
CITY OF OAKLAND, CALIFORNIA
2003-2004 TAX AND REVENUE ANTICIPATION NOTES

Certified Copy of the Ordinance
Adopted on June ____, 2003

I, Ceda Floyd, 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 June ____, 2003, 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: July ____, 2003.

CITY OF OAKLAND, CALIFORNIA

By: _____
Ceda Floyd
City Clerk and Clerk of the Council
of the City of Oakland, California

EXHIBIT A
FORM OF NOTE

Registered No. ____

\$00,000,000

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CITY OF OAKLAND, CALIFORNIA
2003-2004 TAX AND REVENUE ANTICIPATION NOTE

<u>RATE OF INTEREST</u>	<u>DATED DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
%	July __, 2003	July __, 2004	

PRINCIPAL SUM: _____ **Million DOLLARS**

REGISTERED OWNER: CEDE & CO. (TAX I.D. #13-25551199)-----

FOR VALUE RECEIVED, the City of Oakland (the "City"), State of California, promises to pay to the person named above, or lawful assigns (the "Registered Owner") at the office 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. Both the principal of and interest on this Note shall be payable to the holder hereof 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 (the "Notes") in the aggregate principal amount of _____ Million Dollars (\$00,000,000), all of like tenor, made, executed and given pursuant to and by authority of the Charter of the City, Ordinance No. _____ adopted by the City Council of the City on July __, 2003 and effective upon its publication on June __, 2003, and a Fiscal Agent Agreement made and entered into as of July __, 2003, between the City and _____, as fiscal agent (the "Fiscal Agent"), under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, of Title 5 of Division 2 of the 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 for the General Fund of the City for the Fiscal Year 2003-2004 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 equal to fifty percent (50%) of the principal amount of the Notes, from unrestricted moneys on deposit with the City in the month ending May 31, 2004 (or in such other time period as may be selected by the City as provided below); (iii) 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 June 30, 2004 (or in such other time period as may be selected by the City as provided below); and (iv) an amount sufficient to pay interest on the Notes at maturity, from unrestricted moneys on deposit with the City in the month ending June 30, 2004 (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.

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 in San Francisco, California, but only in the manner, subject to the limitations in the Ordinance and this Note, and upon such surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange herefor.

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 original signature of the City Treasurer and countersigned by the facsimile signature of the City Clerk, and has caused an original or a facsimile of its official seal to be reproduced hereon this ___ day of July, 2003.

CITY OF OAKLAND, CALIFORNIA

By _____
Mayor

(SEAL)

Countersigned:

City Clerk

I HEREBY CERTIFY that the following is a true and correct copy of the legal opinion regarding the Notes therein described that was manually signed by Jones Hall, A Professional Law Corporation, Bond Counsel, and was dated as of the date of delivery of and payment for said Notes.

City Clerk

OPINION OF JONES HALL, A PROFESSIONAL LAW CORPORATION, BOND COUNSEL

July __, 2003

City Council
City of Oakland
One Frank Ogawa Plaza
Oakland, California 94612

OPINION: \$_____ City of Oakland 2003-2004 Tax and Revenue Anticipation Notes

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Oakland, California (the "City"), of \$_____ City of Oakland 2003-2004 Tax and Revenue Anticipation Notes, dated July __, 2003 (the "Notes"), pursuant to Article 7.6, commencing with Section 53850, of Chapter 4, Part 1, Division 2 of Title 5 of the California Government Code (the "Act"), Ordinance No. _____, adopted by the City Council on July __, 2003 (the "Ordinance"), and a Fiscal Agent Agreement made and entered into as of July __, 2003, between the City and _____, as fiscal agent (the "Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Agreement and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation and charter city with the power to adopt the Ordinance and enter into the Agreement, to perform the agreements on its part contained in the Ordinance and the Agreement, and to issue the Notes.
2. The Ordinance has been duly adopted by the City Council and constitutes a valid and binding obligation of the City enforceable upon the City.
3. The Agreement has been duly executed and delivered by the City and constitutes a valid and binding obligation of the City enforceable upon the City.

4. Pursuant to the Act, the Ordinance and the Agreement create a valid lien on the funds pledged by the Ordinance and the Agreement for the security of the Notes.

5. The Notes have been duly authorized, executed and delivered by the City and are valid and binding general obligations of the City.

6. The interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

7. The interest on the Notes is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Notes and the enforceability of the Notes and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

Jones Hall
A Professional Law Corporation