

# Ballot Measures

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## OBJECTIVE

The purpose of this policy is to establish guidelines that governs the management of ballot and bond measures.

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## POLICIES

### 1) Municipal Bond Ballot Measures

Municipal bond ballot measures are proposals or initiatives presented to voters during an election seeking approval of additional spending by providing authorization of bond issuance. The measure requires a two-thirds voter approval to authorize a designated tax for a specific purpose. Bonds are secure and common way for city to finance capital projects. The issuance and use of municipal bonds requires the approval and participation of the City of Oakland and taxing authority. The public shall not propose municipal bond measures without the coordinated review of the City of Oakland Finance Department.

#### A) Types

##### i) *General Obligation Bonds*

General obligation bonds are voter-approved long-term debt instruments which are secured by the legal obligation to levy and collect ad valorem property taxes sufficient to pay annual debt service on the bonds.

##### ii) *Revenue Bonds*

Revenue bonds are long-term debt instruments supported by a specific dedicated source of revenues, often revenues generated by a project funded out of bond proceeds.

#### B) Compliance with Debt Management Policy

General obligation bonds and subsequent issuances must comply with all provisions of the Debt Management Policy; specifically the section "*Capacity for Voter-Approved Indebtedness*" (please see the Debt Management Policy below). Treasurer shall provide considerations to ensure that the taxpayer is not over-burdened.

#### C) Standard Template

Each bond ballot measure proposed must minimally include required text for legal compliance. A template will be created by the Finance Department and City Attorney's office for standardized use that provides guidance on formatting and content.

**D) Oversight and Compliance**

Bond ballot measures must be assigned to an existing oversight body for compliance and oversight. An annual independent audit shall be performed by an external entity to ensure accountability and proper disbursement of the bond proceeds in accordance with the bond covenants.

**2) Non-Bond Ballot Measures**

Non-Bond ballot measures are defined as proposals or initiatives presented to voters during an election that do not involve the authorization of a bond issuance. Each measure defined in Section 2 (A) must minimally include the information within the ballot measure text as outlined in Section 3 of this policy.

**A) Types***i) Parcel Tax Measures*

A parcel tax ballot measure is defined as a proposed levy on real estate parcels within the City, which must be paid by the owners of parcels, or units, of real estate. A parcel tax is an assessment based on the characteristics of the parcel. These assessments can include taxing a parcel based on square footage or by dwelling unit, or the tax may be a flat rate per parcel.

*ii) Other Tax Measures*

Other tax measures, as defined for this policy, are taxes levied on transactions, activities, or businesses with the City, excluding parcel taxes. These may include sales tax, business license tax, transient occupancy tax and utility user tax.

*iii) Other Ballot Measures*

Other Ballot Measures, as defined for this policy, are proposals that are not related to the imposition or collection of taxes. These measures may include Charter amendments, special district measures and initiatives. Proposed measures, including citizen-proposed initiatives shall be subject to the review process outlined in Section 6 of this policy.

Additionally, these measures should refrain from allocating additional City resources or committing expenditures without identified funding sources.

**3) Standard Template**

Each measure proposed by the City must minimally include the information within the ballot measure text as outlined in this section. A template will be created by the Finance Department for standardized use that provides guidance on formatting and content.

### A. Purpose and Intent

The ballot measure should clearly state the purpose of the parcel tax, providing an overview of the programs of services to be funded, and clearly outline the intended impact that the measure aims to deliver to residents, businesses, and the community.

### B. Rate and Duration

The proposed rate of the tax and the duration for which it will be in effect will be specified in the ballot measure text. Provisions for adjusting or extending the duration in the future shall be outlined. Language should include provisions for adjusting the tax rate by the twelve-month (12) annual percentage change in the San Francisco/Bay Area Consumer Price Index (CPI), as published by the Bureau of Labor Statistics (BLS); or the percentage change in California per capita personal income, as determined by the California State Department of Finance and shown in the Price Factor and Population Information report issued each May.

### C. Exemptions and Exclusions

Any exemptions or exclusions from the tax, such as exemptions for low-income households, or certain types of properties should be identified. This section should clearly define circumstances under which entities, individuals, or transactions are subject to the tax and under what circumstances the exemptions may apply and the rationale behind them.

### D. Use of Funds

The measure language should detail how the revenue generated from the parcel tax will be allocated and used. Specific details regarding the programs, services, or projects benefitting from the tax revenue should be provided. Funds shall prioritize covering the county administration fee, audit costs, staff expenses related to tax revenue collection, and any other associated costs of tax collection before allocation to other purposes.

## **4) Oversight and Accountability**

Mechanisms for oversight and accountability will be established to ensure that parcel tax funds are used effectively and efficiently. Whenever feasible, oversight will be delegated to an existing City of Oakland board or commission. The oversight body will serve in an advisory capacity and shall not possess the authority to direct the allocation of funds.

## **5) Maintenance of Effort**

Maintenance of Effort (MOE) is defined as a requirement which mandates that a certain level of funding be maintained for specific programs or services. As a standard practice, the City should refrain from pursuing MOE measures to avoid inefficiencies in funding allocation. The City shall instead focus on developing parcel tax measures that directly address identified community needs and provide clear guidelines on the use of funds. Any inclusion of MOE language in the ballot measure text should be based on appropriations that can be clearly delineated. This approach

promotes transparency and mitigates potential ambiguity that could arise from use of percentages or formulas, which could also result in fluctuating targets or unclear calculations.

A provision for exemption shall be included into the language of the ballot measure to address circumstances of adverse financial condition, extreme fiscal necessity, or a fiscal emergency. This provision would authorize the suspension of MOE requirements by City Council Resolution.

## 6) Timeline and Process for Development

All city sponsored ballot measures must comply with Rule 23 of the Council Rules of Procedure and Oakland Municipal Code Section 221. Voter-initiated ballot measures are strongly encouraged to follow the timeline established below. This timeline delineates the procedural steps necessary for the consideration and the inclusion of a measure on the ballot of a general election taking place in November. Modifications to the timeline are necessary for special elections or other months when an election might be held, but the timeline should generally maintain a similar duration to that of a November election.

### A. Review by the Finance Department (by Mid-May/Early June)

Proposed measures are first submitted to the City's Finance Department for a comprehensive fiscal review. This review assesses the financial implications of the proposed measure, including potential costs, revenue impacts and funding availability. Proposed measures should refrain from allocating City resources or committing additional expenditures without the identification of funding availability.

### B. Review by City Attorney's Office (Mid-May/Early June)

Simultaneously, proposed measures are submitted to the City Attorney's Office for through legal review, and to ensure compliance with all applicable laws, regulations and legal standards.

### C. Discussion at City Council Meeting (beginning Mid-June)

Following the Finance Department and City Attorney's Office review, the proposed ballot measures are discussed at regular meeting of the full City Council. The City Council shall review and deliberate on the merits of the proposal.

### D. Late July

Finalization and submissions of all materials to the Council Registrar of Voters (ROV) to meet deadline for ballot inclusion.

### E. November General Election

Ballot measures, having undergone thorough review and adherence to the outlines timeline, are included in the November general election for voter consideration.

**HISTORY**

- Hearings Required For Certain Ballot Measures Proposed By the Council (Measure X)
  - Resolution No. [89317](#), adopted by City Council on July 11, 2022

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# Grant Management Policy

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## OBJECTIVE

The purpose of this policy is to establish comprehensive guidelines that governs the management of the City's grant funding. Grants are awarded by a government department, non-profit or private entity to fund specific projects or programs.

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## POLICIES

### 1) Grant Identification and Strategic Alignment

The City of Oakland shall seek to obtain funding from external sources including federal, state, and local agencies that align with the citywide priorities and strategic goals of the City. Prior to the submission of a grant application, the City must assess the grant and the extent to which it is consistent with the goals of the City's mission, and Council, and/or departmental priorities. The City shall avoid applying for, or accepting if an application is not required, a grant that is inconsistent with the overall strategic direction of the City as this poses significant fiscal risk beyond the grant period. The City Administrator or designee shall coordinate grant application efforts and assign a departmental lead to be the responsible party for grant application development and submission.

### 2) Grant Application and Funding Analysis

Upon successful determination that the grant application is in strategic alignment with the City's goals, and prior to the submission of a grant application, the City must provide notice to the City Council to accept and appropriate grant funding. Prior to a grant application submittal, or acceptance if an application is not required, all grants shall be reviewed by City Administrator's Office to ensure compliance with citywide priorities and strategic goals of the City.

The City shall require a funding analysis to be completed prior to the submission of a grant application. The funding analysis must identify and determine the effects on the City such as cash flow availability, procurement requirements, financial reporting, or compliance requirements so that the impacts can be reviewed and understood beforehand. The funding analysis must include the financial support required to complete the grant funded project including required current or ongoing City matching funds or in-kind contributions, any applicable restrictions exceeding the grant period, options for phased implementation, and a timeline with milestones and the corresponding funding needed to accomplish each milestone. The funding requirement must include the estimated amount needed to fund ongoing maintenance or required service levels, programming, and operating needs of the grant funded project following the termination of the grant. The City will carefully analyze the need for, and availability of, required financial support of these grant programs beyond the anticipated grant award.

### 3) Budgeting and Appropriations

The City shall avoid using one-time grant revenues to meet ongoing service delivery needs. The

City shall budget expenditures for grant-funded programs only after receipt of the grant award or letter of commitment or approval from the Budget Bureau. The budget, as adopted by City Council, shall only include appropriations for the grant award to be expended within the fiscal year. Grant funding awarded outside the budget process must be appropriated by City Council.

The Administration may appropriate restricted grants or gifts up to \$50,000 without City Council approval. City Council reserves the authority to appropriate unrestricted grant funding in any amount

**A. Grant Retention Clauses**

Prior to the appropriation of revenues from any grant outside of the budget process, the City Council shall be informed of any retention clauses that require the City to retain grant-funded staff, services, programs, or operations beyond the term of the grant. The fiscal impacts of such retention clauses shall be disclosed at the noticing of City Council. During the biennial budget process staff shall report to the Council the ongoing projected fiscal impacts of such retention clauses.

**4) Cost Recovery or Reimbursable Grants**

The nature of reimbursable grants requires the city to cover the expenditures from cash reserves before the grant funds are reimbursed. This process limits the City's ability to fund other operations and city services, therefore, City shall submit reimbursements and other periodic reporting to the grantor quarterly or during the stipulated billing term per the grantor specified timeline. City departments shall close out reimbursable grants timely and prior to the year-end procedures for the termination grant period.

**5) Evaluation Prior To Renewal or Grant Continuation**

Prior to the submission of a grant application, the City shall require departments to develop continuation plans for sustaining grant-funded programs if funding is reduced or terminated. The continuation plans must detail a strategy to rectify the loss of funding and the subsequent loss of grant-funded positions and/or program components. Departments must plan responsibly for either termination or reduction of the program, seek to secure alternative sources of funding, or indicate that the grant activities will not be continued absent dedicated grant funding.

The City shall evaluate the impacts of grant funded programs prior to the renewal of a grant at the end of the initial grant period. The City shall develop outcome measures prior to the acceptance of the grant to determine if the grant funded program produces the desired results and aligned with the strategic goals of the City. The outcome measures must include a review of the actual costs and detail the general revenues utilized for the grant to determine if the benefits of the cost match produced the desired results.

**6) State Subventions, Unfunded Mandates, and Pass-Through Grants**

State Subventions are Federal and State entitlement programs that are allocated to the City directly from the awarding agency. The City shall oppose state or federal actions that mandate expenditures that the Council considers unnecessary and are unfunded. The City shall pursue intergovernmental funding to support the incremental cost of such mandates.

The City shall make every attempt to limit pass-through funding directly to specified entities and require the grantor to award the funding to the entity directly. Furthermore, the City shall oppose pass-through funding to specified entities unless there is a requirement for the direct oversight and/or participation of the City. The City shall analyze and determine if there is departmental capacity to manage the programmatic and administrative aspects of the grant project and reject the acceptance of the award if the grant binds the City to expenses beyond the grant period and not within budget.

## 7) City-Issued Grant (Grant Agreements)

### A. Appropriations

The City Council may appropriate one-time grant funding in the biennial budget for the purposes of supporting non-profit entities serving the residents of Oakland. Grant appropriations shall not be recurring in nature and should not benefit any one entity for more than a continuous two-year period. Grant appropriations are not a requirement of the City's budget and are contingent upon the availability of funding.

### B. Awards

- The City Council shall award grant funding to qualified and registered 501 (c)(3) organizations.

### C. Multiple Awards

- The City may limit the number of grant agreements to any one entity at any time to not exceed three agreements.
- The City shall review grantee with additional scrutiny in the event of multiple awards stemming from a variety of programs.

### D. Restrictions

- The City shall not award grants to entities to perform professional services on behalf of the City. Such services are not grants and subject to the procurement policy of the City.
- The City shall not award grant funding solely for operational support but to enhance services to the community and support identified programs with community benefit. to assist agencies in meeting ongoing minimum service delivery needs.
- The City shall cap advance payments to no more than 15% of the total grant award in any grant agreement. The City shall require the vendor to substantiate the advance payment's expenditures prior to the release of any subsequent payment.
- The City shall not renew or continue any grant award without a performance measure analysis to determine the efficacy of the program's goals.

### E. Fiscal Sponsorships

- The City may establish additional criteria for the fiscal sponsor to ensure financial ability, capacity, and rigor. The City shall require fiscal sponsors to disclose the prior and current grant agreements with the City prior to the execution of a new agreement.



**F. Reporting**

- The City Administrator shall provide a report to the City Council on an annual basis detailing both the City's grantee and grantor efforts. The report shall at minimum detail the grant title or program, managing department, grantee name, amount of funding available, amount requested, amount received/awarded, amount appropriated, amount expended, expenditure deadline, and funding source.

**HISTORY**

- Grant Award Approval
  - Ordinance No. [13051](#) C.M.S., adopted by City Council on November 11, 2014
- \$50,000 or Less Restricted Grant or Gift Appropriation
  - Ordinance No. [13380](#) C.M.S., adopted by City Council on July 19, 2016

# Capital Plan

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## OBJECTIVES

The City of Oakland's 10 Year Capital Plan will exemplify the City's commitment and philosophy to utilize all available funds to complete the City's many Capital needs in a timely and efficient manner. Adopting and presenting the 10 Year Capital Plan will also provide clarity on how the City is planning to address its sizeable asset management infrastructure upgrade needs for seven years in the future. Additionally, the Plan will provide data and insight on how Capital funds have been expended, and which Capital Projects and Programs have been funded or delivered in the previous three years.

In addition to a clearer long term financial forecast of when the City expects to expend capital funds over a longer period of 10 years, a 10-year Capital Plan will improve **how and when** staff can allocate Capital funding sources over an extended period of time. This is especially critical regarding how Capital Projects are financed from a cash management and debt financed perspective. The 10-year Capital Plan will also provide long term budgeting and expenditure forecast data for all funded Capital projects in an easy-to-understand format for all Oaklanders.

The primary objectives that will be derived from implementing a 10-year Capital Plan are as follows:

- Identify the long term need to repair, maintain and increase the City's Capital Assets.
- Accurately forecast the financial needs and project delivery milestones over a 10-year period.
- Adopt a specified 10-year financing plan for all Capital Projects and Programs selected to be funded in the City's Adopted CIP Program, and for Affordable Housing/Anti-Displacement programs through the City's Notice of Funding Availability (NoFA) process.

Secondary Objectives of the 10-Year Capital Plan are to:

- Define and identify short term and long-term financing plans for all grant funded, bond funded, and City financed Capital projects, including when a Capital project should request or expect a project to receive "Seed Funding".
  - Confirm that the 10-Year Capital Plan Expenditures conform with the City's many Plans: General Plan, ECAP, OSCAR.
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## POLICIES

### 1) Calendar

The 10-year Capital Plan will complement the City's biennial Capital Improvement Program (CIP). It will be brought to Council in a biannual process each 2 years during the City's Midcycle Budget Adjustment Process ("**Midcycle**"). Adopting the 10-Year Capital Plan during the Midcycle will allow administrative staff the time needed to provide all updated Capital Expenditures data, without adding additional administrative burden during the biannual budget process held in even years. The midcycle budget season will also allow staff to adjust in the current two-year budget season and adapt more quickly to changes in CIP project administration.

The 10-year Capital Plan will be referenced and used as a guide to the two-year biennial Capital Improvement Program that is adopted with the overall City budget every other odd year.

### 2) Implementation

- a) Finance staff will instruct Fiscal staff, Project Managers or Capital Program Managers from each Department that administers Capital funds on how to submit 10 year forecast expenditures data at least 6 months prior to Midcycle.
- b) Finance staff will request and validate all Capital expenditures and encumbrances from each Department and will compile all data into a visual data format (i.e., graphs, charts, and metrics) that is easily understandable for City Council and members of the public. The 10-year capital plan expenditures and forecast data will be presented online and in conjunction with the City's Capital Improvement Program data on or before the passage of the Midcycle.

## HISTORY

- Capital Improvement Program Prioritization Process
  - Resolution No. [87376](#) C.M.S., adopted by City Council on October 16, 2018
- Recommended Fiscal Year (FY) 2019-21 Capital Improvement Program
  - Resolution [87759 C.M.S.](#), adopted by City Council on [Month XX](#), 2019

# Investment Policy

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## OBJECTIVES

The primary objectives, in order of priority, of the City Portfolio are:

### 1) Preservation of Capital (Safety)

The first and primary goal of the Portfolio is the preservation of capital. Investment shall be undertaken in a manner to avoid losses due to market value risk, issuer default and broker default. To attain this objective; investments are diversified.

### 2) Liquidity

The Portfolio will be structured in a manner that will provide cash as needed to meet anticipated disbursements. Cash flow modeling ensures that investments mature as needed for disbursements.

### 3) Diversity

The objective is to avoid over-concentration in issuers, instruments, and maturity sectors. No more than 5 percent of the total assets of the investments held by the City may be invested in the securities of any one issuer, except the obligations of the United States government or government-sponsored enterprises.

### 4) Yield

The Portfolio is also managed to maximize its overall market return with consideration of the safety, liquidity, and diversity parameters discussed above. Exception to the prohibition securities issued by, or backed by, the United States government that could result in zero or negative interest accrual if held to maturity, in the event of or duration of negative market interest rates. This exception will sunset on January 1st, 2026.

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## POLICIES

### 1) Investment Policy

#### a) Purpose and Composition

The purpose of this Investment Policy (“Policy”) is to establish overall guidelines for the management and investment of the City of Oakland (the “City”) public funds.

#### a) Scope of the Investment Policy

The Investment Policy applies to the operating funds of the City of Oakland, and the Port of Oakland (the “City Operating Pool”), which includes the General Fund, Special Revenue Funds,

Debt Service Funds and all other funds comprised in City Operating Pool.

- i) Proceeds of notes, bonds issues or similar financings including, but not limited to, reserve funds, project funds, debt service funds and capital trust funds derived from such financing, are not governed by this Investment Policy, but rather shall be invested pursuant to their respective bond indentures or the State of California Government Code 53600, as applicable.
- ii) Retirement/Pension Funds and Deferred Compensation Funds are also not governed by this Investment Policy, but rather by the policies and Federal or State statutes explicitly applicable to such funds.
- iii) Operating funds available for investments exclude funds needed for immediate, day to day needs of the City such as funds in City' checking accounts.

b) Prudence

- i) All investments and evaluation of such investments shall be made with the Prudent Investor Standard as set forth by California Government Code, Section 53600.3 is defined as;
- ii) Prudent Investor Standard: Acting with care, skill, prudence and diligence under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

c) Delegation of Authority

Management responsibility for the investment program is specifically delegated by the City Administrator or designee to the Director of Finance ("Treasurer") or designee who shall establish procedures for the investment programs, which are consistent with the Investment Policy. Authorization for investment decisions is limited to the Treasurer or designee. The Treasury Administrator and/or Investment Operations Manager may execute investment transactions in the absence of the Treasurer or designee per the Treasurer's instructions or prior authorization.

A Treasury Administrator or Investment Operations Manager may make decisions only with respect to overnight investments but may implement investment decisions received directly from the Treasurer or designee.

d) Internal Control

The Treasurer or designee shall maintain a system of internal controls designed to ensure compliance with the Investment Policy and to prevent losses due to fraud, employee error, and misrepresentations by third parties or unanticipated changes in financial markets.

e) Ethics and Conflicts of Interest

All officers and employees involved in the investment process shall not engage in any personal

business activity, which could conflict with proper execution of investments subject to this Policy. Any material financial interests in financial institutions which do business with the City should be disclosed to the City Administrator. All individuals involved in the investment process are required to report all gifts and income in accordance with California State Law.

f) Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis pursuant to approved custodial safekeeping agreements. All securities owned by the City shall be held in safekeeping by the City's custodial bank, which acts as agent for the City under the terms of custody agreement.

g) Social Responsibility

When possible, it is the City's policy to invest in companies that promote the use and production of renewable energy resources and any other socially responsible investments, subject to the prudent investment standard.

h) Trading Policies

For sales prior to maturity, "Buy and hold" is not necessarily the strategy to be used in managing the Funds. It is expected that gains will be realized when prudent. Losses are acceptable if the proposed swap/trade clearly enhances the portfolio yield over the life of the new security on a total return basis.

Sufficient written documentation will be maintained to facilitate an audit of the transaction. Losses, if any, will be recognized and recorded based on the transaction date.

i) Broker/Dealers and Financial Institutions

The purchase of any authorized investment shall be made either directly from the issuer or from any of the following:

- Institutions licensed by the State of California as a broker/dealer
- Members of a federally regulated securities exchange
- National or state-chartered banks
- Federal or state savings institutions or associations as defined in Finance Code Section 5102
- Brokerage firms reporting as a primary government dealer to the Federal Reserve Bank

The Treasurer or designee will maintain a current and eligible list of reputable primary and regional dealers, brokers and financial institutions with whom securities trading and placement of funds are authorized. A strong capital base credit worthiness, and, where applicable, a broker/dealer staff experienced in transactions with California local governments are the primary criteria for inclusion on the City of Oakland's approved list.

Approved dealers and brokers shall be limited to primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and which

provide proof of Financial Industry Regulatory Authority (FINRA) certification; proof of California State registration; and a completed City of Oakland broker/dealer questionnaire. In addition, prior to approval and for every two years thereafter, approved dealers and brokers must provide: an audited financial statement; certification of receipt, review of and willingness to comply with the current Investment Policy; and certification of compliance with Rule G-37 of the Municipal Securities Rulemaking Board regarding limitations on political contributions to the Mayor or any member of the City Council or to any candidate for these offices.

The Treasurer may remove a firm from the approved list at any time due to:

- any failure to comply with any of the above criteria;
- any failure to successfully execute a transaction;
- any change in broker/dealer staff;
- or any other action, event or failure to act which, in the sole discretion of the Treasurer is materially adverse to the best interests of the City.

j) General Credit Quality

Short-term debt shall be rated at least “A-1” by Standard & Poor’s Corporation, “P-1” by Moody’s Investor Service, Inc., “F-1” by Fitch. Long-term debt shall be rated in a rating category of at least “A” by Standard & Poor’s Corporation, Moody’s Investors Service, Inc., or Fitch.

The minimum credit requirement for each security is further defined within the Permitted Investments section of the policy. If securities which are purchased for the Fund are downgraded below the credit quality required by the Fund. The Treasurer will determine whether to retain or to sell the security. Evaluation of divestiture of securities will be determined on a case-by-case basis.

k) Maximum Maturities

The City’s Investment Policy shall be structured to provide that sufficient funds from investments are available to meet City’s anticipated cash need. No investments will have a maturity of more than 5 years from its settlement date. Purchase of investments with forward settlement date exceeding 45 days from time of investment is prohibited.

## 2) Reporting

a) City Council and Council Committees

The City Administrator or designee shall submit the City’s Investment Policy to the City Council for approval each year.

As best practice and sound financial management practice, the City Administrator or designee will publish a quarterly cash management report.

The quarterly cash management report will be deemed timely pursuant to this Investment Policy and Government Code Section 53646, so long as within 45 days following the end of the quarter covered by the report, the City Administrator submits the report to the City Clerk for scheduling to a City Council or City Council committee meeting.

Due to the City Council's summer recess, the quarterly cash management report for the period ending June 30 will be deemed timely so long as the City Administrator submits the report to the City Clerk by the following September for scheduling to a City Council or a City Council committee meeting.

The report will include the information required under Government Code Section 53646 including: the type of investment, issuer, date of maturity, par and dollar amount invested (this data may be in the form of a subsidiary ledger of investments); a description of any investments under management of contracted parties, if any; current market values and source of valuation; statement of compliance or manner of non-compliance with the Investment Policy; and a statement denoting the ability to meet the Fund's expenditure for the next six months. In addition, the report shall summarize economic conditions, liquidity, diversity, risk characteristics and other features of the portfolio. The report will disclose the total investment return for the 3-month period. In meeting these requirements, the report shall include an appendix that discloses all transactions during each month and the holdings at the end of each month during the period being reported.

b) Annual Audit

Investment Portfolio is priced to market per Government Accounting Standards Board (GASB) and reported in compliance with General Accepted Accounting Principles. Annual disclosure requirements such as Custodial Credit Risk, Credit Risk, Concentration of Credit Risk, Interest Rate Risk and Foreign Currency Risk are reported in the City's Annual Comprehensive Financial Report (ACFR).

c) Internal Audits

Internal audits of treasury operations may be conducted periodically to review its procedures and policies and make any recommendations for changes and improvements if needed.

### 3) **Permitted Investments**

The following securities are permissible investments pursuant to Section 53601 of the California Government Code as well as this Investment Policy. Any other investment not specified hereunder shall be made only upon prior approval by the City Council.

a) U. S. Treasury Securities

Bills, notes and bonds issued by the U.S. Treasury which are direct obligations of the federal government.

- Maximum Maturity: 5 years
- Maximum Portfolio Exposure: None
- Maximum Issuer Exposure: Prudent person standard applies overall.
- Credit Requirement: N.A.

Exception from the Nuclear Free Zone Ordinance, there is no limitation under the California Government Code.



b) Federal Agencies and Instrumentalities

Notes and bonds of federal agencies, government-sponsored enterprises and international institutions. Not all are direct obligations of the U. S. Treasury but may involve federal sponsorship and/or guarantees, in some instances.

- Maximum Maturity: 5 years
- Maximum Portfolio Exposure: None
- Maximum Issuer Exposure: Prudent person standard applies overall
- Credit Requirement: N.A.

c) Banker's Acceptances (BA)

Bills of exchange or time drafts drawn on and accepted by a commercial bank, typically created from a letter of credit issued in a foreign trade transaction.

- Maximum Maturity: 180 days
- Maximum Portfolio Exposure: 40%
- Maximum Issuer Exposure: 30% of total surplus funds may be in BAs of one commercial bank; maximum 5% per issuer
- Credit Requirement: A1, P1, or F1 or better by two or the three nationally recognized rating services. No rating may be lower than any of the rating listed above.

d) Commercial Paper

A short-term, unsecured promissory note issued by financial and non-financial companies to raise short-term cash. Financial companies issue commercial paper to support their consumer and/or business lending; non-financial companies issue for operating funds.

- Maximum Maturity: 270 days
- Maximum Portfolio Exposure: 40%
- Maximum Issuer Exposure: No more than 10% of the total assets of the investments held by the City may be invested in any one issuer's commercial paper; and maximum 5% per issuer
- Credit Requirement: A1, P1, or F1 or better by two or the three nationally recognized rating services. No rating may be lower than any of the rating listed above.
- Eligibility Limited to general corporations organized and operating in the United States with assets in excess of \$500 million, and having rating category of "A" or higher ratings for the issuer's debt, other than commercial paper, if any, as provided by NRSRO.

e) Asset-Backed Commercial Paper

Asset-Backed Commercial Paper ("ABCP") issued by special purpose corporations ("SPCs") that is supported by credit enhancement facilities (e.g. over-collateralization, letters of credit, surety bonds, etc.)

- Maximum Maturity: 270 days

- Maximum Portfolio Exposure: 25% (Not to exceed 25% of total secured and unsecured CP)
- Maximum Issuer Exposure: No more than 10% of the total assets of the investments held by the City or Agency may be invested in any one issuer's commercial paper; and maximum 5% per issuer
- Credit Requirement: A1, P1, or F1 or better by two or the three nationally recognized rating services. No rating may be lower than any of the rating listed above.
- Eligibility: Issued by special purpose corporations ("SPC") organized and operating in the United States with assets exceeding \$500 million. Restricted to programs sponsored by commercial banks or finance companies organized and operated in the United States.
- Program must have credit facility that provides at least 100% liquidity
- Serialized ABCP programs are not eligible
- Ratings are to be routinely monitored. The Treasurer is to perform the Treasurer's own due diligence as to creditworthiness.

f) Local Government Investment Pools

For local agencies (including counties, cities or other local agencies) that pool money in deposits or investments with other local agencies, investments may be made subject to the following:

- Maximum Maturity: N/A
- Maximum Portfolio Exposure: 20%
- NAV Requirement: \$1.00
- Credit Requirement: Top ranking or highest letter and numerical rating provided by at least two nationally recognized statistical rating organizations
- Must retain an Investment Advisor
- Registered with the SEC with not less than 5 years experience in investing securities as authorized by the Code, and with assets under management in excess of \$500 million
- Fund Composition Comprised of instruments in accordance with the California State Government Code

g) Medium Term Notes

Corporate Bonds, Corporate Notes and Deposit Notes. Issuers are banks and bank holding companies, thrifts, finance companies, insurance companies and industrial corporations. These are debt obligations that are generally unsecured.

- Maximum Maturity: 5 years (additional limitations based on credit, below)
- Maximum Portfolio Exposure: 30%
- Maximum Issuer Exposure: No more than 5% of the Portfolio shall be invested in any single institution.
- Credit Requirement: Must be Rated A3, A-, or A- or better by two of the three nationally recognized rating services, Moody's, S&P, or Fitch, respectively. No Rating may be lower than any of the Rating listed above and should have minimum "A" rating category or its equivalent or better.
- Eligibility: Limited to corporations organized and operating within the United States or depository institutions licensed by the United States or any state and

operating within the United States.

h) Negotiable Certificates of Deposit

Issued by commercial banks and thrifts, and foreign banks (Yankee CD's).

- Maximum Maturity: 5 years
- Maximum Portfolio Exposure: 30%
- Maximum Issuer Exposure: Prudent person standard applies overall; maximum 5% per issuer
- Credit Requirement: Top 3 rating categories, A, A2 or A (S&P/Moody's/Fitch) being the lowest, if rated by S&P, Moody's or Fitch.

i) Repurchase Agreements

A contractual transaction between the investor and a bank/dealer to exchange cash for temporary ownership or control of securities/collateral with an agreement by the bank/dealer to repurchase the securities on a future date. Primarily used as an overnight investment vehicle.

- Maximum Maturity: 360 days
- Maximum Portfolio Exposure: None
- Maximum Dealer Exposure: Prudent person standard applies overall; maximum 5% per issuer
- Collateral Requirements: Collateral limited to Treasury and Agency securities; must be 102% or greater
- Mark-to-market: Daily
- Eligibility: Limited to primary dealers of the Federal Reserve Bank of New York, for which a current Master Repurchase Agreement has been executed with the City.

j) Reverse Repurchase Agreements

The mirror image of a repurchase agreement. Used as a source of liquidity when there is a mismatch of cash flow requirement and scheduled maturities. A mechanism to avoid liquidating securities for immediate cash needs. Restricted to securities owned for a minimum of 30 days prior to settlement of the repurchase agreement.

This strategy should be used solely for liquidity and not for arbitrage or leverage purposes.

- Maximum Maturity: 92 days (unless a written agreement guaranteeing the earnings or spread for the entire period)
- Maximum Portfolio Exposure: 20% of the base value of the portfolio
- Eligibility: Limited to primary dealers of the Federal Reserve Bank of New York or nationally or State chartered bank with significant banking relationship with the City.

k) Secured Obligations and Agreements

Obligations, including notes or bonds, collateralized at all times in accordance with Sections 53651 and 53652 of the Government Code.

- Maximum Maturity: 2 years
- Maximum Portfolio Exposure: 20%
- Maximum Issued/Provider Exposure: Prudent person standard applies overall; maximum 5% per issue
- Collateral Requirements: Collateral limited to Treasury and Agency securities; must be 102% or greater
- Mark-to-market: Daily
- Credit Requirement: Issuer/Provider rated in "AA" category by at least one national rating agency; or agreement guaranteed by an "AA" company
- Eligibility: Banks, insurance companies, insurance holding companies and other financial institutions.

l) Certificates of Deposit

Time deposits, which are non-negotiable, are issued most commonly by commercial banks, savings and loans and credit unions with federal deposit insurance available for amounts up to \$250,000. Deposits in banks, savings and loan associations and federal credit unions with a branch office within Oakland will be made (to the extent permissible by State and Federal law or rulings) pursuant to the following conditions:

- Maximum Maturity: 360 days
- Maximum Portfolio Exposure: Prudent person standard applies.
- Maximum Issuer Exposure: Prudent person standard applies.
- Credit Requirement: For deposits over \$250,000: Top 3 rating categories - A, A2 or A (S&P/Moody's/Fitch) being the lowest, if rated by S&P, Moody's or Fitch.
- Deposit Limit: For federally insured deposits of \$250,000 or less: No minimum credit rating required. City's deposits cannot exceed the total shareholder's equity of the institution. For deposits over \$250,000, it must be collateralized.
- Depository Selection: Highest available rate of interest
- Institution Requirements: Most recent Annual Report

Pursuant to Government code 53637, the City is prohibited from investing in negotiable certificates of deposit of a state or federal credit union if a member of the legislative body or any person with decision-making authority serves on the board of directors or committee.

m) Money Market Mutual Funds

Regulated by the SEC, these funds operate under strict maturity and diversification guidelines. These funds have no federal guarantee but are viewed as a very safe short-term cash investment.

- Maximum Maturity: N/A
- Maximum Portfolio Exposure: 20%
- NAV Requirement: \$1.00
- Credit Requirement: Top ranking or highest letter and numerical rating provided by at least two nationally recognized statistical rating organizations
- Investment Advisor Alternative to Ratings: Registered with the SEC with not less than 5 years' experience in investing securities as authorized by the Code, and with assets under management in excess of \$500 million

- Fund Composition: Comprised of instruments in accordance with the California State Government Code

n) State Investment Pool (Local Agency Investment Fund)

A pooled investment fund overseen by the State Treasurer, which operates like a money market fund, but is for the exclusive benefit of governmental entities within the state. Maximum currently authorized by Local Agency Investment Fund (LAIF) is \$75 million, which is subject to change. The LAIF is in trust in the custody of the State Treasurer. The City's right to withdraw its deposited monies from LAIF is not contingent upon the State's failure to adopt a State Budget.

- Maximum Maturity: N/A
- Maximum Portfolio Exposure: None

o) Local City/Agency Bonds

Bonds issued by the City of Oakland, or any department, board, agency or authority of the City.

- Maximum Maturity: 5 years
- Maximum Portfolio Exposure: None
- Maximum Issuer Exposure: Prudent person standard applies overall; maximum 5% per issuer
- Credit Requirement: Minimum Rating Category of "A" or better

p) State of California Obligations and Others

State of California and any other of the 49 United States registered state warrants, treasury notes, or bonds issued by a State.

- Maximum Maturity: 5 years
- Maximum Portfolio Exposure: None
- Maximum Issuer Exposure: Prudent person standard applies overall; maximum 5% per issuer
- Credit Requirement: Prudent person standard applies

q) Other Local Agency Bonds

Bonds, notes, warrants or other evidences of indebtedness of any local agency with the state.

- Maximum Maturity: 5 years
- Maximum Portfolio Exposure: None
- Maximum Issuer Exposure: Prudent person standard applies overall; maximum 5% per issuer
- Credit Requirement: Minimum Rating Category of "A" or better

r) Deposits – Private Placement

Prudent to California Government Code Section 53601.8 and 53635.8, local agencies are

authorized to invest their surplus funds in deposits, certificates of deposits including negotiable certificate of deposits at a commercial or saving bank, saving and loan, or credit union using a private sector deposit placement service.

- Maximum Portfolio Exposure: 50%
- Maximum Issuer Exposure: Maximum 10% per private sector placement entity
- Credit Requirement: Prudent person standard applies
- Sunset on January 1, 2026

s) Supranationals

U.S dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions such as International Bank of Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Inter-American Development Bank (IADB). Eligible for purchase and sale within the United States.

- Maximum Maturity: 5 years
- Maximum Portfolio Exposure: 30%
- Credit Requirement: Minimum Rating Category of “AA” or better by NRSRO

t) Public Bank Obligations

Any commercial paper, debt securities, or other obligations of a public bank as defined in California Government Code Section 57600-57607.

- A. Maximum Maturity: 5 year
- B. Maximum Portfolio Exposure: N.A
- C. Credit Requirement: Prudent Standard Applies

#### 4) **Applicable Ordinances**

City of Oakland Resolutions and Ordinances related to the investment of City funds and adopted after adoption of this Investment Policy are incorporated herein.

a) Nuclear Free Zone Ordinance

Under the guidelines of a voter-approved Measure, the Oakland City Council approved Ordinance No. 11062 C.M.S effective December 16, 1988, which restricts the City’s investments in U.S Government Treasuries. Exception for investment in U.S. Treasuries as authorized by the **Ordinance XXXX** will allow the City to invest in U.S Treasuries.

b) Tobacco Divestiture Resolution

On February 17, 1998, Council adopted Resolution No. 74074 C.M.S., which prohibits investment in businesses deriving greater than fifteen percent of their revenues from tobacco products. The Treasurer maintains a list of firms excluded from permitted investments due to the tobacco divestiture requirements, updated on annual basis.

c) Fossil Fuel Divestiture Resolution

On June 17, 2014, Council adopted Resolution No. 85053 C.M.S. which prohibits the Investment or ownership stake in any companies that extract, produce, refine, burn or distribute fossil fuels. The Treasurer is in full compliance with this Resolution.

d) Firearm or Gun Manufacturer Divestiture Resolution

On March 5, 2013, Council adopted Resolution No. 84242 C.M.S which prohibits investment or ownership stake in any manufacturer of firearms or ammunition.

e) Sanctuary City Investment Ordinance

On June 5, 2019, Council adopted Ordinance No. 13540 C.M.S which prohibits the City from investing in companies that contract with the United States Immigration and Customs Enforcement, Customs and Border Protection, or the Department of Health and Human Services of Refugee Resettlement to provide services or goods for data collection or immigration detention services.

## HISTORY

- Investment Policy  
Resolution No. [89837](#) C.M.S., adopted by City Council on July 18, 2023
- Fossil Fuel Divestiture Resolution  
Resolution No. [85053](#) C.M.S., adopted by City Council on June 17, 2014
- Firearm or Gund Manufacturer Divestiture Resolution  
Resolution No. [84242](#) C.M.S., adopted by City Council on March 5, 2013
- Sanctuary City Investment Ordinance  
Ordinance No. [13540](#) C.M.S., adopted by City Council on June 5, 2019