



CITY OF OAKLAND

# AGENDA REPORT

**TO:** Elizabeth Lake  
Acting City Administrator

**FROM:** Bradley Johnson  
Director of Finance

**SUBJECT:** FY 2026-27 Tax and Revenue  
Anticipation Notes Resolution

**DATE:** June 22, 2026

City Administrator Approval

  
Betsy Lake (Jun 25, 2026 18:48:40 PDT)

Date: Jun 25, 2026

## **RECOMMENDATION**

Staff Recommends That The City Council Adopt A Resolution Providing For The Borrowing Of Funds For Fiscal Year 2026-27 And The Sale Of The City Of Oakland 2026-27 Tax And Revenue Anticipation Notes In An Amount Not To Exceed \$200,000,000, Approving An Official Statement, Approving The Execution Of One Or More Note Purchase Agreements Relating To Such Notes, And Authorizing Other Actions In Connection Therewith

## **EXECUTIVE SUMMARY**

On June 2, 2026, City Council adopted [Ordinance No.13881 C.M.S.](#) (the "Ordinance") authorizing the borrowing of funds to address periodic cashflow deficits, including prefunding of the City's required CalPERS unfunded accrued liability (UAL) payment. The Ordinance authorized the issuance and sale of the City of Oakland (the "City") 2026-27 Tax and Revenue Anticipation Notes (the "Notes" or "TRANS") in a principal amount not-to-exceed \$200,000,000 in one or more series. The City will receive a 3.34 percent (3.34%) prepayment discount from CalPERS for the "pre-funding." The Note will mature not later than 13 months from the date of issuance and bear an interest rate not to exceed 3.50 percent (3.50%) per annum. Debt service on the Note will be secured by taxes and revenues received by the City for FY26-27. Issuance of the Note and pre-funding of CalPERS will generate net cost savings estimated at \$750,000.

This proposed resolution authorizes the terms and provisions of the sale of Notes (including method of sale), the agreements relating to the Notes, a Preliminary Official Statement for the Notes, as well as the execution of all documents and the taking of all necessary actions relating to the issuance of the Notes.

## **BACKGROUND / LEGISLATIVE HISTORY**

Pursuant to Section 53850 et seq. of the Government Code of the State of California contained in Article 7.6 thereof ("TRAN Law"), on or after the first day of any fiscal year, 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

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obligation or indebtedness of a city. Under the TRAN Law, the principal of and interest on any notes may not exceed 85% of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the local agency which will be available for the payment of the principal of and interest on the notes.

Pursuant to Section 219 of the Charter of the City, an ordinance is required to authorize the borrowing of money. The City can issue Notes at the beginning of a 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. On June 2, 2026, City Council adopted an ordinance authorizing the issuance and sale of the City of Oakland 2026-27 Tax and Revenue Anticipation Notes in a principal amount not-to-exceed \$200,000,000 in one or more series.

Under federal tax law, the principal amount of a tax-exempt tax and revenue anticipation note may not exceed the maximum projected cumulative deficit during the first six months of the fiscal year, as demonstrated by a monthly cash flow projection.

### **ANALYSIS AND POLICY ALTERNATIVES**

Since 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 has temporary cash flow deficits. These deficits are "made-whole" at the end of each fiscal year when all revenues are received. The issuance of Notes is necessary to alleviate the short-term cash flow deficits within the City's General Fund for fiscal year 2026-27. In effect, the Notes will positively impact the City's finances as these Notes will be critical to meeting the operating expenditures of the City.

Current expenses include the prepayment of the City's UAL contribution to CalPERS for fiscal year 2026-27. The UAL contribution is a payment required by CalPERS under State law for sponsoring employers like the City. By making a lump sum payment by July 31, 2026, instead of monthly payments throughout the fiscal year, the City will receive from CalPERS a prepayment discount of approximately 3.34% of the required annual UAL contribution. Only the UAL portion of the employer contribution can be pre-funded. The Normal Cost<sup>1</sup> portion of the employer contribution will be made as part of the regular payroll reporting process.

The true interest cost (TIC) of the Notes will not exceed 3.5% per annum and the Underwriter's discount in a public offering (not including original issue discount) shall not exceed 0.1% of the principal amount, per the Resolution.

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<sup>1</sup> The minimum required employer contribution includes the sum of two components: 1) Normal Cost ("NC") Rate, which represents the annual cost of service accrual for the upcoming fiscal year, for active employees. Normal cost is shown as a percentage of payroll and paid as part of the payroll reporting process. 2) Annual payment on the Unfunded Accrued Liability ("UAL") is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. The UAL can be paid monthly or upfront for the upcoming year.

The Notes will be issued in one or more federally tax-exempt series, maturing no later than 13 months from the date of issuance. The true interest cost (TIC) of the Notes will not exceed 3.5% per annum, per the Resolution. The total principal and interest amount will not exceed 85% of the estimated amount of the uncollected taxes, income, revenue, cash receipts and other moneys of the City anticipated to be received for or accrued to the General Fund during Fiscal Year 2026-27 that will be available for the payment of the interest on and the principal of the Notes.

Debt service for the Notes will be paid from moneys received for or accrued to the General Fund during Fiscal Year 2026-27. As security for the payment of the principal of and interest on the Notes, the City will pledge revenues from the General Fund deposited into a Special Account ("Pledged Moneys"). Pledged Moneys will be deposited into the Special Account as follows: 30% of the principal and interest amounts due for the Notes in January, 15% in February, 25% in March, and 30% in April. Deposits will be made on or before the last business day of the respective pledge period. Debt service for the notes will be paid from the Pledged Moneys and the Notes will have a first lien and charge against such Pledged Moneys. In the event there are insufficient taxes, income, revenue, cash receipts and other moneys received for the General Fund of the City for Fiscal Year 2026-27 to permit the deposit into the Special Account 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.

Urban Futures, Inc., the City's municipal advisor for the transaction, has and will continue to review all aspects of the sale to ensure that the TRAns achieve a competitive interest rate that provides net savings to the City. Jones Hall LLP, the City's bond counsel for the transaction, has and will continue to review all aspects of the issuance to ensure that it complies with all applicable State laws and Internal Revenue Service regulations. Nixon Peabody LLP, the City's disclosure counsel for the transaction, has and will continue to provide advice on disclosure documents and prepare the Official Statement. The Notes will be rated by the accredited ratings agencies Moody's and Standard & Poor's.

In order to meet the CalPERS prepayment deadline and access the financial market, staff recommends approving the Resolution at the City Council meeting on Tuesday, July 7, 2026. A proposed financing schedule is included in the following **Table 1** below.

**Table 1**  
**Proposed Financing Schedule**

<b>Date</b>	<b>Item</b>
7/7/2026	Resolution adoption by City Council
Week of 7/13/2026	Pricing of the Notes
7/28/2026	Closing of the Notes
7/31/2026	Deadline to submit prepayment of FY26-27 UAL to CalPERS

**Note Purchase Agreement**

To ensure that the City is able to respond to changes in economic conditions in connection with the sale of the Notes and provide for the lowest cost of borrowing, the proposed Resolution allows for the Notes to be sold in a public offering or in a private placement transaction.

Accordingly, the Resolution provides for certain terms applicable only to public offerings between the underwriter(s) and the City as set forth in **Attachment A** and others applicable only to private placement with one or more purchasers as set forth in **Attachment B**.

### **Fiscal Agent Agreement**

The City shall cause the Fiscal Agent to pay the principal of and interest on each Note to the Purchaser in accordance with the Fiscal Agent Agreement as set forth in **Attachment C**.

### **Official Statement**

The Official Statement as set forth in **Attachment D** is the primary disclosure document for investors in a public offering of the Notes. A Preliminary Official Statement will be circulated to potential investors prior to the pricing of the Notes. After the Notes have been priced, a Final Official Statement will be circulated to investors; the Final Official Statement should be identical to the Preliminary Official Statement except for the addition of pricing information (principal amount, interest rates, redemption terms).

The Preliminary Official Statement is prepared by Nixon Peabody LLP, with the assistance of the financing team. Staff will continue to update the Preliminary Official Statement as needed to assure proper disclosure in accordance with the provisions of the federal securities laws.

The Preliminary Official Statement has been reviewed and approved for transmittal to the City Council by the City's financing team. The distribution of the Preliminary Official Statement by the City is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Notes. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the bonds. If the City Council concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Notes, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."

The Securities and Exchange Commission (SEC), the agency with regulatory authority over the City's compliance with the federal securities laws, has issued guidance as to the duties of the City Council with respect to its approval of the Preliminary Official Statement. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) ("Release"), the SEC stated that, if a member of the City Council has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Notes, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC stated that the steps that a member of the City Council could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

The key sections of the Preliminary Official Statement are summarized below:

- "THE NOTES": This section summarizes the key terms of the Notes, including their maturity date.

- “SECURITY FOR THE NOTES”: This section summarizes key security terms. The Notes are a general obligation of the City payable from taxes, income, revenue, cash receipts and other moneys of the City which will be received for or accrued to the General Fund during Fiscal Year 2026-27 and secured by a pledge of Pledged Moneys as described above.
- “CASH FLOWS”: This section includes a projection of unrestricted General Fund revenues and expenditures based on the City’s Fiscal Year 2026-27 adopted budget.
- “OTHER BORROWABLE RESOURCES”: This section describes the available funds from which the City could legally borrow to make payments on the Notes, which are not reflected in the Cash Flows.
- “RISK FACTORS”: This section highlights key risks associated with the Notes, including deterioration of the City’s financial condition, bankruptcy, natural hazards, public health emergencies and cybersecurity.
- “TAX MATTERS”: This section describes the tax-exempt nature of interest on the Notes, which is based on the size of projected cash flow deficits in Fiscal Year 2026-27.
- “APPENDIX A – CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND”: Appendix A includes unaudited financial information for the City for Fiscal Year 2025-26.
- “APPENDIX B –ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF OAKLAND FOR THE YEAR ENDED JUNE 30, 2025”: Appendix B includes the City’s Annual Comprehensive Financial Report for Fiscal Year 2024-25.

### **RELATED PLANNING EFFORTS**

This agenda item is a routine item and does not relate to any Oakland strategic planning efforts.

### **FISCAL IMPACT**

The Notes are a 13-month borrowing; the debt service on the Notes will be secured by and payable from taxes and revenues received for or accrued to the General Fund in fiscal year 2026-27. The City will be required to set aside amounts sufficient to pay principal and interest on the Notes.

The Notes will positively impact the City's finances as these Notes will be critical to meeting the operating expenditures of the City. Additionally, issuance of the Notes and pre-funding of the City’s annual CalPERS UAL contribution is expected to generate net cost savings of approximately \$750,000. In addition to interest costs on the Notes, fees associated with issuance of the Notes will be paid from proceeds of the Notes (contingent upon closing of the transaction, other than rating fees), and are factored into the calculation of net savings.

If the transaction does not produce sufficient net savings due to an increase in interest costs at the time of sale of the Notes, and the City does not require the Notes to meet the operating expenditures of the City, the City will not proceed with the financing and will provide an update to Council.

**PUBLIC OUTREACH / INTEREST**

No outreach was deemed necessary for the proposed policy action beyond the standard City Council agenda noticing procedures.

**COORDINATION**

This report was prepared by the Treasury Bureau in coordination with the Finance Department, Office of the City Attorney, and Budget Bureau.

**RACE AND EQUITY**

Adoption of the proposed Resolution will have no direct impact or opportunities related to race and equity.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Providing For The Borrowing Of Funds For Fiscal Year 2026-27 And The Sale Of The City Of Oakland 2026-27 Tax And Revenue Anticipation Notes In An Amount Not To Exceed \$200,000,000, Approving An Official Statement, Approving The Execution Of One Or More Note Purchase Agreements Relating To Such Notes, And Authorizing Other Actions In Connection Therewith.

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

Respectfully submitted,

  
[Bradley Johnson \(Jun 25, 2026 18:00:44 PDT\)](#)

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BRADLEY JOHNSON  
Director, Finance Department

Reviewed by:  
Dawn Hort, Assistant Treasury Administrator  
Treasury Bureau, Finance Department

Prepared by:  
Christina Shaw, Principal Financial Analyst  
Treasury Bureau, Finance Department

- Attachments (4):  
A: Note Purchase Agreement (Public Offering)  
B: Note Purchase Agreement (Private Placement)  
C: Fiscal Agent Agreement  
D: Preliminary Official Statement