



CITY OF OAKLAND

MEMORANDUM**TO:** HONORABLE MAYOR &
CITY COUNCIL**FROM:** Katano Kasaine**SUBJECT:** Results of City of Oakland 2013-14
Tax and Revenue Anticipation Notes
Market Pricing**DATE:** June 18, 2013

City Administrator

Date

Approval

/s/ **Scott P. Johnson****6/18/13****INFORMATION**

The purpose of this informational report is to provide the City Council with an update on the recent pricing for the \$78,230,000 City of Oakland 2013-2014 Tax and Revenue Anticipation Notes (TRAN) (the “2014 Notes”).

The City continues to experience gradual economic improvement and produce stable financial results. On June 6, 2013 the City competitively sold its 2014 Notes through MuniAuction, an online bidding platform.

With the generally improved market tone and reception for the City’s debt, it was not until last year (2013) that the City was able to make use of the competitive sale process for the 2013 Tax and Revenue Anticipation Notes, which resulted in participation by eleven (11) bidders with the lowest all-in true interest cost of 0.209%.

During the period surrounding the 2008 financial crisis, negotiated sale (through a selected financial institution(s)), was the predominant method of sale for bonds and notes due to the general lack of liquidity and financial market volatility. The turmoil in the market had created a shortage of buyers of notes. Therefore, in order to ensure a successful sale, until its 2013 TRAN sale, the City had sold its TRANs through a negotiated sale during that time, which is not the most economically efficient process and which may have resulted in higher borrowing costs to the City.

The City has demonstrated strong financial management practices to investors over the years and has continued to maintain high credit ratings for the 2014 Notes, which resulted in participation by eleven (11) bidders who submitted a total of thirty-eight (38) bids. RBC Capital Markets was the winning bid with an all-in true interest cost (TIC) of 0.178% – the second lowest cost of funds compared to other comparable California municipalities that have priced in the market since the note season began in early June 2013. Below is a schedule summarizing the bid results,

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which demonstrate the competitiveness of the bids by such a tight spread in interest rates between the top bidders.

\$78,230,000*		
City of Oakland, California		
2013-14 Tax and Revenue Anticipation Notes		
Bid	Firm	True Interest Cost (TIC)
1 st	RBC Capital Markets	0.17816%
2 nd	Citigroup	0.18092%
3 rd	Wells Fargo Bank	0.1946%
4 th	Bank of America	0.19878%
5 th	Goldman Sachs	0.20009%
6 th	JP Morgan	0.2009%
7 th	Barclays	0.20044%
8 th	Morgan Stanley	0.20394%
9 th	Mitsubishi	0.20407%
10 th	Jefferies & Co.	0.21826%
11 th	Piper Jaffray	0.28402%

* Preliminary, subject to change

The 2014 Notes were issued to finance General Fund expenditures secured by future tax revenues to facilitate availability of cash flows (primarily due to the timing of the receipt of property tax revenues) including current expenses, capital expenditures and the discharge of other obligations of the City. The closing on the 2014 Notes will occur on July 2, 2013.

Respectfully submitted,

/s/

KATANO KASAINÉ
Treasurer, Treasury Division

For questions, please contact Katano Kasaine, Treasurer, at 510-238-2989.