



CITY OF OAKLAND

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Katano Kasaine

SUBJECT: Oakland-Alameda County Coliseum
Authority Lease Revenue Bond Refunding
Market Pricing

DATE: May 24, 2012

City Administrator

Date

Approval

/s/ **Scott P. Johnson**

5/25/12

INFORMATION

The purpose of this informational report is to provide the City Council with an update on the recent pricing for the Oakland-Alameda County Coliseum Authority Refunding Bonds.

On May 22, 2012, the Authority entered a challenging market for the pricing of the \$122,815,000 Oakland – Alameda County Coliseum Authority Lease Revenue Bonds (Oakland Coliseum Project) 2012 Refunding Series A (the “2012 A Bonds”). The 2012 A Bonds were issued to provide funds to refund all the outstanding 2000 Series C-1 Bonds and 2000 Series C-2 Bonds of the Authority to convert the bonds from a variable rate mode to a fixed rate structure.

The underwriting syndicate was comprised of Morgan Stanley as Senior Manager and Co-Managers - Bank of America, De La Rosa, and Siebert Brandford Shank. While the pricing took place during a period of extremely low rates, the pricing in the market was challenging due to two factors; first, there was a large amount of supply of new issues which came to market, leaving investors with a wide variety of bonds to choose from and second, the financing was difficult to place with investors due to the essentiality of the underlying asset, the Coliseum.

Upon completion of the formal order period, there were more orders placed for the bonds in several of the maturities. This allowed the financing team to re-price several maturities, which resulted in lowering the interest rates for these specific maturities. For maturities that were not sold in the total amount of approximately \$49.7 million, those bonds were purchased by Morgan Stanley and the other co-managers.

It is important to note, however, that in spite of the challenging market conditions and the lack of a number of key buyers, the financing garnered an all-in true interest cost of 3.04% which was lower than earlier projections. As a result, the Authority’s annual debt service will be reduced from a preliminary estimate of \$13.3 million to approximately \$12.8 million.

To: HONORABLE MAYOR AND CITY COUNCIL

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Date: May 24, 2012

Page 2

The final closing on the bonds will occur on May 31, 2012, after which Morgan Stanley, as Senior Manager, will send via wire transfer, the appropriate funds to New York Mellon Trust Company, N.A., serving as Trustee on behalf of the Oakland-Alameda County Coliseum Authority, representing the 2012A Bonds purchase price.

Respectfully submitted,

/s/

KATANO KASAINÉ

Treasury Manager, Treasury Division

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