The Looting of Oakland:

How Wall Street's Predatory Practices Are Costing Oakland Communities Millions and What We Can Do About It

June 2013
ReFund & ReBuild Oakland Coalition

Wall Street banks have drained up to $468 million out of Oakland.

Oakland has faced down record budget deficits over the past five years as a result of the economic crash that Wall Street caused. These deficits have forced the City to make cuts that have crippled the City's ability to keep our neighborhoods clean and safe, limited access to libraries and recreation centers, and deprived our youth of meaningful programs to keep them off the streets.[1] However, while public officials again debate which services to slash and which bills to pay, the one option that would dramatically improve the financial health of the community is never on the table: ***Holding Wall Street banks accountable for their illegal and predatory practices that have cost Oakland taxpayers nearly half a billion dollars.***

Debt service and finance costs together constitute one of the biggest drains on our public budget. Over the past thirty years the amount of municipal debt outstanding in the U.S. has increased 800% from $400 billion to $3.7 trillion. This massive growth in debt coincides with a drop in the corporate share of income tax revenues. Just as families facing stagnated incomes have turned to multiple forms of debt to pay for basic necessities, so too have cities, counties, states, schools and public universities been forced to take on increased debt because corporations have refused to pay their fair share. In 2012, ***the City of Oakland paid $193 million, or 19% of its total expenditures***, to service its debt,[2] a third of which went to interest payments and fees, money that could and should have been invested in our communities.

Wall Street banks have found numerous ways to gouge public entities on fees and interest rates from this burgeoning debt load. Every day we are learning of more ways in which the finance industry is ripping off our public entities, causing our cities, counties, states, school and transit districts, and colleges and universities to unfairly lose millions of dollars annually. Just as banks and mortgage brokers peddled *high-cost loans* to unsuspecting new homeowners, the finance industry has been bilking taxpayers by peddling high cost, risky financial deals to our public entities – another category of "predatory deals" – through unfair, risky, deceptive, and even fraudulent practices. As our public budgets have suffered, preventing us from investing in our communities, financial profits have soared. In 2006, prior to the financial crash, financial profits accounted for a third of total corporate profits in the United States.[3]

How Wall Street is Gouging Oakland Taxpayers for$468 million:

- **LIBOR fraud:** Sixteen of the world's largest banks illegally rigged an international interest rate that is costing the City of Oakland up to **$15.1 million**.
- **Toxic swap:** Goldman Sachs sold the city a deal supposedly to reduce costs and risk that to date has cost us **$50.7 million.**
- **Letters of credit:** Banks have forced the city to pay excessive fees and interest on credit insurance that has cost us **$29.4 million.**
- **Pension Obligation Bonds:** Wall Street convinced the City to speculate with the pension fund by taking out debt to cover contributions that to date has cost us **$308.9 million.**
- **Capital Appreciation Bonds:** Wall Street sold us bonds that like payday loans have ballooning interest rates that have cost us **$63.9 million.**

What we can do to get Oakland's money back:

- Determine losses from LIBOR fraud and take legal action to recoup those losses
- Stop doing business with Goldman Sachs because it refused to renegotiate the swap agreement and pursue legal action to recoup swap losses
- Review and renegotiate other predatory finance deals like letters of credit, pension obligation bonds, and capital appreciation bonds to save taxpayers millions

I. LIBOR fraud may have cost Oakland up to $15.1 million

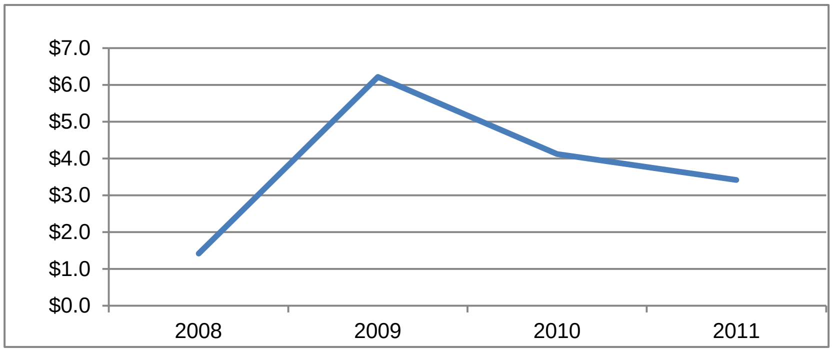
LIBOR fraud is one of the largest financial scandals in history: Sixteen of the world's biggest banks manipulated a key interest rate called the London Inter-Bank Offered Rate (LIBOR) to enrich themselves. Up to $800 trillion of global investments are tied to LIBOR, including mortgage-backed securities, corporate bonds, and interest rate swaps. Public entities have billions in investments and other financial instruments tied to LIBOR all of which suffered losses when the LIBOR rate was fraudulently depressed. Authorities in seven countries are investigating the LIBOR rate-rigging scandal. Multiple banks have already admitted to the misconduct, pleaded guilty to criminal charges, and agreed to pay more than $2.5 billion in regulatory fines. In the United States, there are approximately two dozen individual and class action lawsuits filed by cities, counties, pension funds, and other public entities against the banks to recoup losses as a result of LIBOR fraud. Here in California, at least nine public entities in Richmond, Riverside, San Diego, San Mateo and Los Angeles have taken legal action.[4]

Wall Street LIBOR fraud may have cost Oakland up to $15.1 million: Oakland had up to $1.3 billion in investments and derivatives potentially tied to LIBOR[5] during the time period that the banks were allegedly manipulating LIBOR according to the majority of lawsuits filed by public entities in California (August 2007 through March 2011). These included government securities, municipal bonds, corporate bonds, commercial paper, and interest-rate swaps, among others**.** ***Estimated losses on these investments and derivatives due to LIBOR could be as much as $15.1 billion.***

Investments and Derivatives Potentially Tied to LIBOR (millions)				
	2008	**2009**	**2010**	**2011**
City of Oakland				
US Govt Agency Securities	$186.3	$136.8	$100.9	$152.3
US Govt Agency securities (discount)	$154.0	$181.9	$348.9	$239.5
Money Market Mutual Funds	$422.5	$435.6	$90.5	$340.3
Local Agency Investment Fund	$86.6	$83.7	$102.1	$99.2
Negotiable Certificates of Deposit	$6.0	$13.0	$22.0	$25.0
Commerical Paper (discount)	$8.9	$0.6	$37.5	$45.5
Corporate Bonds	$2.5	$2.0	$2.1	$2.6
Local Government Bonds	$106.5	$100.7	$94.5	$0.1
Investment Agreements	$101.1	$13.2		
Police And Fire Retirement System				
Short Term		$12.6	$4.6	$11.5
US Govt Agency Securities			$7.4	$30.9
US government bonds	$72.5			
Corporate Bonds	$75.5	$62.9	$17.4	$27.4
Other Government Bonds		$15.7		$2.1
Aggregate Bond fund			$41.7	
Oakland Joint Powers Financing Authority				
Interest Rate Swaps	$116.3	$93.2	$84.9	$76.8
TOTAL	**$1,339.0**	**$1,151.9**	**$954.4**	**$1,053.4**

The following chart is a visualization of how the manipulation of LIBOR may have affected Oakland finances between September 2007 and March 2011.

Annual Losses from LIBOR manipulation (millions)



Ethically, legally, morally and financially, it's Oakland officials' responsibility to act. Oakland officials are entrusted with protecting the city's resources, and like other public entities in California and around the country, Oakland authorities should make every effort to investigate losses and consider all legal options for seeking recovery from the LIBOR panel banks under state law. ***To determine the full extent of losses, the city need simply review its monthly investment statements for those tied to LIBOR*** during the months in which the LIBOR manipulation occurred. Other jurisdictions like the state Oregon and other California cities and counties have done so simply and quickly through their custodian bank or by hiring a law firm. Much of Oakland's potential losses from LIBOR fraud were in securities investments, so claims pursuant to the federal and state securities law could potentially allow the City to recover a significant portion of losses. Because banks were allegedly manipulating LIBOR as early as 2007 — more than five years ago — ***every day that the fraud remains unchallenged could reduce our potential claims for damages.***

II. Banks Squeezing Oakland for Millions on Toxic "Swap" Deals

Toxic Swaps: When governments issue bonds, the interest rates are often tied to a fluctuating variable rate, just like they are in an adjustable-rate mortgage (ARM). However, this is very risky for borrowers, since if interest rates spike, it could cause payments to skyrocket. To mitigate this risk, the banks offered governments a gamble: If the governments paid the banks a steady fixed rate, then the banks would pay back a variable rate to cover the bond payments. However, when the banks crashed the economy in 2008, the federal government aggressively drove down interest rates as part of the bank bailout. These artificially low interest rates have changed the math on these deals, and governments and agencies are now losing millions of dollars every year as a result. The banks are reaping a windfall at taxpayers' expense, and it is a direct result of the bailout-era interest rates. Moreover public agencies cannot refinance into the new rates unless they pay the banks tens of millions in termination penalties. Here's what happened to the interest rates in Oakland:

Originally:	After the banks crashed the economy:
City → 5.68% → Banks City ← 3-4% ← Banks	City → 5.68% → Banks City ← 0.15% ← Banks

Oakland's Toxic Swap with Goldman has cost the city $50.8 million: In 1997, Goldman Sachs sold an "interest rate swap" agreement to the Oakland Joint Powers Financing Authority (JPFA) on the premise that it would reduce the costs of its bonds. But the opposite has happened. After the banks crashed the economy in 2008 and the Federal Reserve cut interest rates, Goldman's variable rate plummeted and according to the City's most recent Comprehensive Annual Financial Report (CAFR), Goldman is paying only 0.1560% to the City; but the bank is still forcing the City to pay 5.6775%[6] and pocketing the $3.4 million difference as profit. Goldman will not let Oakland taxpayers out of the deal unless they pay nearly $16 million in penalties**. *To date the City has los*t $50.8 million to Goldman. *Moreover, $1.5 million of this loss was a direct result of Wall Street fraud.*** Because Goldman's payments on the swap deal were linked to LIBOR, when the world's largest bank rigged the LIBOR rate, it cost Oakland taxpayers $1.5 million on the City's swap deal.

The Bonds No Longer Exist: Even worse, Oakland actually refunded the bonds in 2008, but the City could not terminate the swap agreement without paying a penalty to the bank.[7] As a result, the City has lost $22.7 million to Goldman Sachs over the last five years even though the underlying bonds that the swap was supposed to hedge no longer exist. The City is locked into this deal until 2021, which means that at current rates, the City would have to pay Goldman Sachs an additional $16.4 million bringing the total over the life of the swap to $67.2 million.

*"It is high time officials moved boldly to force the banks to break off the chain of disastrous swap contracts that have cost local authorities and states so much money." Los Angeles Times, July 2012**

The Community Exposed the Deal: In 2012, workers and members of the community exposed how Goldman Sachs' toxic swap deal was draining the City of Oakland's coffers; and in July 2012, the Oakland City Council heeded the community's concerns and voted unanimously to stop doing business with Goldman Sachs if the bank did not renegotiate its swap with the City within two months. To date Goldman Sachs has not renegotiated.

City should take action to recoup losses: $1.5 million of the City's swap losses are directly the result of LIBOR fraud. Cities like Baltimore are filing lawsuits on swap losses tied to LIBOR and Oakland should do the same.[8] In addition, the City needs immediately to cancel all relationships with Goldman that are not subject to contractual restraints and cancel or deny the renewal of any and all other contracts as they expire until such time as Goldman Sachs renegotiates or cancels the swap without charging the city penalties.

III. Oakland Held Hostage by Letters of Credit

Wall Street sold public entities letters of credit (LOC) as a type of insurance policy on their variable rate bonds. These public entities include state and local governments, and public agencies like school districts, housing authorities, transportation authorities, and water and sewerage districts. Without the LOCs these public entities can be forced to pay back 20 to 30-year bonds immediately, which would force them to scramble to find money they don't have. While these bonds have 20 to 30 year terms, the banks sold the LOCs with 3 to 4 year terms, with the promise that they would be easy to renew. But when the banks crashed the economy and the credit markets froze up, the banks began either hiking up fees, requiring borrowers to move fee-generating business to the bank as a condition of the LOC, or refusing to renew the LOCs altogether.[9] More than $200 billion of LOCs came up for renewal in 2010-2011. On average, banks charged an extra 1% in fees, ***gouging taxpayers for $2 billion***.[10]

The Oakland-Alameda County Coliseum Authority (OACCA) suffered a $23 million loss because of its inability to renew an LOC: In May 2012, the City of Oakland and Alameda County were forced to refinance from variable rate to higher fixed rate bonds for the Oakland-Alameda Coliseum because the Authority was unable to renew its letter of credit with the Bank of New York Mellon and the California State Teachers' Retirement System (CalSTRS). Because of its inability to renew the LOC, the OACCA suffered a loss of $23 million.[11] ***Furthermore, the Authority had to extend the existing LOC for three months from May to August 2013 to buy some time to allow for the bond restructuring. The cost of that extension in LOC fees was $1.6 million.***[12]

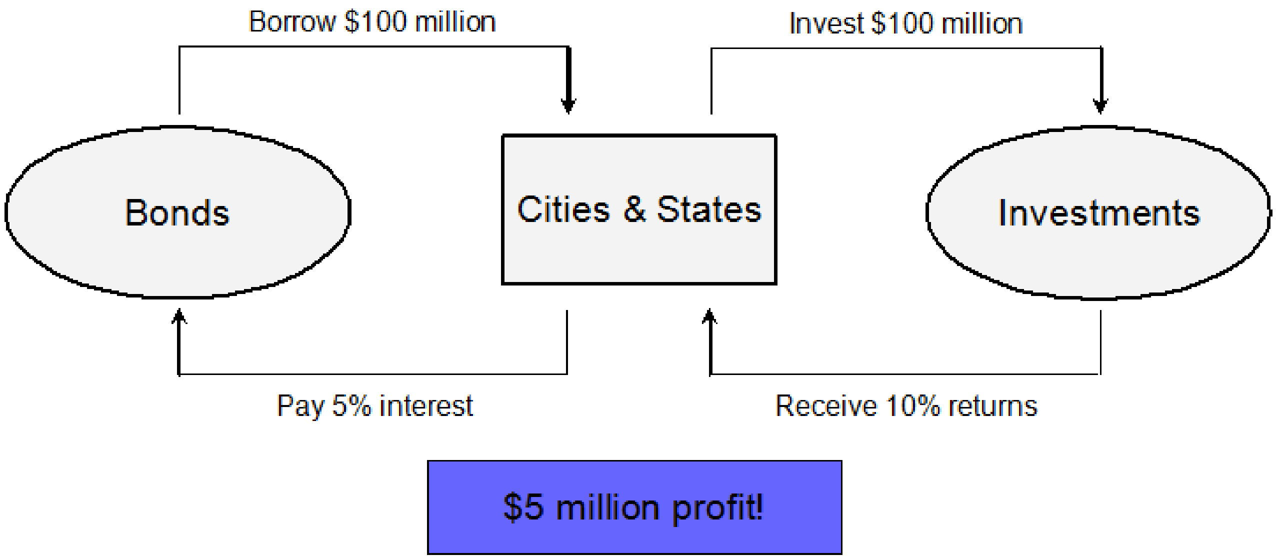
The OACCA was also forced to pay $2.8 million because of a bank downgrade: In 2009, Allied Irish Bank, which provided a letter of credit on the OACCA bonds issued for the construction of the Coliseum Arena, was downgraded by rating agencies because of the bank's financial stress from the economic crash. As a result of the bank's poor financial health, the OACCA was forced to pay 6.8% interest rather than less than 1% to remarket the bonds, which represented an additional $2.8 million in interest payments each year. In 2012 when the LOC was due to expire, the OACCA had to scramble to find a new letter of credit to avoid having to pay $19 million a year on the bonds.[13]

The Port of Oakland paid $2 million more in fees: In 2010 the Port of Oakland's letters of credit on its debt with BNP Paribas and Lloyds TSB Bank expired. The Port took out new letters of credit with JPMorgan and Wells Fargo. That same year, the Port's LOC fees increased by $2 million.[14]

City officials need to demand that banks stop gouging us on these deals and that they pay back the money they have overcharged on these renewals since 2010.

IV. Pension Obligation Bonds that Put the City Pension Funds At Risk

Wall Street has also convinced our public entities to speculate with retirees' pension dollars by taking out debt in the form of pension obligation bonds (POBs). When public entities issue POBs, the money is used to cover a city, county, or state's contribution to their employees' pension funds rather than paying the contribution from existing revenues. Once in the pension fund, that money is then invested in securities. As long as the returns on the investments are higher than the interest that the public entity pays on the bonds, the public entity saves money and the pension fund does well. The figure below looks at the hypothetical example of a city or state that issues $100 million in bonds at 5% interest, and then invests those funds in securities that pay 10% returns. In this scenario, the government is able to net a $5 million annually.



The banks sold cash-strapped cities, counties and states the idea of POBs arguing that the money contributed to the pension fund would produce a higher return than the interest rate on the bonds, as the hypothetical case above would suggest. But in reality, while the interest on the bonds is fixed, the returns on pension investments are subject to the ups and downs of the market; and so in effect the POBs represent a speculative gamble. The pension fund investment returns aren't always higher than the interest due on the bonds. In fact a 2010 Boston College study found that only POBs issued before 1996 or during major market downturns provided positive returns.[15] But for POBs issued prior to a crash, the cost can be disastrous. When the banks crashed the economy in 2008 and stock values plummeted, not only did these government entities lose money on their pension funds' investments, they were also on the hook for the interest payments on the pension obligation bonds they had taken out.

"It's speculating the way I would have speculated in my bond position at Goldman Sachs."
Jon Corzine, while Governor of New Jersey†

Oakland has lost over $300 million on pension obligation bonds: In 2001, Oakland issued $196 million in pension obligation bonds[16] to cover its contribution to the California Public Employees Retirement System (CalPERS). When the market crashed in 2008, CalPERS' investments lost a quarter of their value;[17] and in the five years since the crash CalPERS' investment returns have averaged only 2.0%.[18] Meanwhile, Oakland has been stuck with interest rates ranging between 6.1% and 6.9% on its pension bonds.[19] ***As a result the City lost $55.6 million.[20] Meanwhile, Wall Street banks, lawyers, and rating agencies made $3.3 million in fees.[21]***

Losses on the 2001 POBs to pay the CalPERS contribution pale compared to the City's 1997 Pension Bonds used to fund the Police and Fire Retirement System. According to a 2010 report by the City's Auditor, because of the 1997 POBs ***the City has ended up owing $250 million more***

than if the City had just paid the pension fund the money owed.[22] Despite these losses, last year the City issued an additional $212 million of pension bonds to cover contributions to the fund.[23]

It's the City's responsibility to recover these losses. The City needs to investigate whether the risks involved in these bonds were fully disclosed, explore its legal options and pressure the banks to make up for the losses incurred.

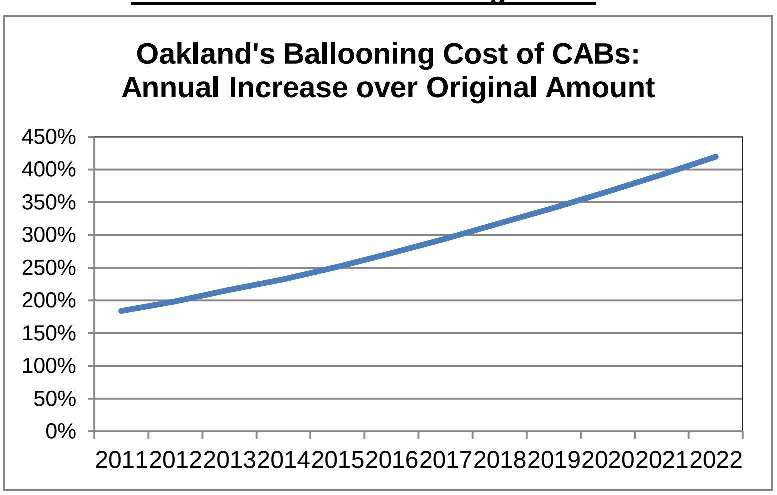
V. Capital Appreciation Bonds with Ballooning Costs

Capital Appreciation Bonds (CAB) are bonds in which the payment of both the bond principal and the interest on the bond are postponed into the future. As a result, the interest is compounded and the issuer ends up paying interest on the deferred interest, just like with a payday loan. Wall Street marketed Capital Appreciation Bonds (CABs) as a way for cities and other public entities to manage cash problems by postponing payments of the bonds' principal and interest into the future. But because the interest is compounded, in reality these bonds have ballooning costs that can go as high as ten or twenty times the original bond. Moreover, many CABs are structured in such a way that the prepayment or refunding of the bonds is prohibited which means that public entities are locked into the ballooning costs. In a review of CABs issued by school districts across California, even State Treasurer Bill Lockyer compared them to payday loans.[24]

"It's the school district equivalent of a payday loan." State Treasurer Bill Lockyer‡

Oakland has lost $63.9 million on CABs: Oakland's 2001 pension obligation bond is also a CAB, making it even more risky. While the bond was issued in 2001, initial payments only began in 2011 with compounded interest accruing during that entire time. But because only partial payments are made each year, the interest on the outstanding debt continues to accrue. ***As a result, by the time the City pays off the entire $196 million bond, Oakland taxpayers will have paid $350 million in interest, nearly twice the original outstanding principal***[25]***. If the interest weren't compounded, the City would save $63.9 million.***

Oakland CABS' Ballooning Costs



The City needs to demand that the banks refinance these bonds at no cost and demand that the banks repay the additional losses the City incurred because of their bad advice.

VI. It's Time for Solutions: Wall Street Should Stop Gouging Our City

Our elected officials must stop balancing the budget on the backs of Oakland's most vulnerable citizens and must desist from implementing cuts to vital services and to the workers who provide those services. ***There is another, more just and equitable solution: Hold Wall Street financial institutions accountable for their unethical and questionable practices that have impacted Oakland's resources and our community***. Many financial institutions, by their own admission, have participated in fraudulent and unlawful activities; and this report exposes just a few ways in which these financial institutions have cost Oakland taxpayers tens if not hundreds of millions of dollars. The Mayor and the City Council have it in their power to hold these financial institutions accountable and recover much needed funds for our communities by:

1. Directing staff to Investigate and determine how much money the City and City workers' pension funds lost as a result of LIBOR fraud; taking legal action to recover those losses; and committing to abstain from cutting any services or workers' pay and benefits until such monies have been recovered.

2. Directing staff to investigate and determine the amount of losses from other forms of illegal or unethical predatory deals by financial institutions including swaps, letters of credit, pension obligation bonds, capital appreciation bonds, and excessive fees; and taking legal action and/or renegotiating these deals with these institutions in order to save money for the city that can then be invested in the city's residents and workers.

3. Requiring full disclosure of any and all pending investigations, pending litigation, and legal and/or regulatory settlements entered into within the past ten years by any financial institution and denying future business to any financial institution subject to multi-million dollar fines for fraud, predatory lending or discrimination.

4. Directing staff to investigate and determine all contracts and business relationships that the City has with Goldman Sachs, and disclosing the nature and details of those contracts and relationships; and immediately canceling all relationships with Goldman Sachs that are without contractual restraints and canceling or denying the renewal of any and all other contracts as they expire until such time as Goldman Sachs renegotiates or cancels the City's swap without penalty, as provided for under the resolution passed by the Oakland City Council in July 2012.

APPENDIX A:
Determining LIBOR Losses

Analyzing Losses to Oakland from Wall St LIBOR Fraud, Step by Step: The analysis of estimated LIBOR fraud losses to the City of Oakland is based on annual investment and derivatives information from the City's Comprehensive Annual Financial Reports (CAFR) that cover the alleged period of LIBOR manipulation from August 2007 through March 2011.

Step 1: The City's CAFRs provide detailed information on the City's investments at the end of each fiscal year. Among the total investments are those that are subject to interest rate risk. Researchers took only those investments with interest rate risk that were known to be potentially tied to LIBOR[26] based on information available from lawsuits, academic studies and news reports. These investments were then added up for each of the fiscal years involved. These year-end totals were used as a proxy for each of the twelve months in the fiscal year.

Investments with Interest-Rate Risk Potentially Tied to LIBOR (millions)				
City of Oakland	**2008**	**2009**	**2010**	**2011**
US Govt Agency Securities	$186.3	$136.8	$100.9	$152.3
US Govt Agency securities (discount)	$154.0	$181.9	$348.9	$239.5
Money Market Mutual Funds	$422.5	$435.6	$90.5	$340.3
Local Agency Investment Fund	$86.6	$83.7	$102.1	$99.2
Negotiable Certificates of Deposit	$6.0	$13.0	$22.0	$25.0
Commerical Paper (discount)	$8.9	$0.6	$37.5	$45.5
Corporate Bonds	$2.5	$2.0	$2.1	$2.6
Local Government Bonds	$106.5	$100.7	$94.5	$0.1
Investment Agreements	$101.1	$13.2		
Oakland Police And Fire Retirement System				
Short Term		$12.6	$4.6	$11.5
US Govt Agency Securities			$7.4	$30.9
US government bonds	$72.5			
Corporate Bonds	$75.5	$62.9	$17.4	$27.4
Other Government Bonds		$15.7		$2.1
Aggregate Bond fund			$41.7	
TOTAL	**$1,222.7**	**$1,058.7**	**$869.5**	**$976.6**

Step 2: To estimate the potential investment losses from LIBOR manipulation, researchers used information that is currently available from academic studies and legal filings about the amount of manipulation that took place each month from September 2007 through March 2010: [27]

From	To	Manipulation
Aug. 2007	Aug. 2008	12 basis points
Sept. 2008	Dec. 2008	100 basis points
Jan. 2009	Mar. 2010	40 basis points

There are now allegations that the fraud continued for another year, as late as March 2011, so for the period from April 2010 through March 2011, researchers assumed a continuation of the 40 basis points that had remained constant for the fifteen months prior. Using these monthly manipulation amounts, researchers calculated a weighted loss due to LIBOR on the year-end investment totals. **These estimated annual losses added up to $13.6 million.**

Step 3: Using information from the City's CAFRs on the interest rate swap, researchers were able to establish the amount outstanding on the swap for each month of the period of LIBOR manipulation,[28] as well as the LIBOR rate paid by the bank in the swap.[29] Combining that information with the monthly amount of LIBOR manipulation (see above), researchers were able to calculate the **estimated LIBOR losses on the swap at $1.5 million**.

JPFA LIBOR=based Swap Outstanding Amount (millions)					
	2007	**2008**	**2009**	**2010**	**2011**
January		$101.7	$93.2	$84.9	$76.8
February		$101.7	$93.2	$84.9	$76.8
March		$101.7	$93.2	$84.9	$76.8
April		$101.7	$93.2	$84.9	
May		$101.7	$93.2	$84.9	
June		$101.7	$93.2	$84.9	
July		$101.7	$93.2	$84.9	
August	$101.7	$93.2	$84.9	$76.8	
September	$101.7	$93.2	$84.9	$76.8	
October	$101.7	$93.2	$84.9	$76.8	
November	$101.7	$93.2	$84.9	$76.8	
December	$101.7	$93.2	$84.9	$76.8	

[1] City of Oakland Budget Facts, Mayor Jean Quan's Proposed Policy Budget for FY 2011-2013,p. 5; Cuts to Basic services jeopardize Oakland's recovery. FutureOakland, June 20, 2011, http://futureoaklandblog.com/.
[2] City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30, 2012, p.27.
[3] http://www.ritholtz.com/blog/wp-content/uploads/2011/03/nipa0328111_big.gif
[4] Long v. Nat'l R.R. Passenger Corp., case 11 civ 5440 filed in U.S. District Court Southern District of New York, August 4, 2011,; Los Angeles County Retirement Association vs. Bank of America et al, Case CV12-10903 filed in U.S. District Court for the Central District of California, December 21, 2012; http://www.utsandiego.com/news/2013/jan/09/Counties-sue-over-libor/..
[5] City of Oakland, California, Comprehensive Annual Financial Report for the years ended June 30, 2008 pp. 47 & 51, 2009 pp. 48, & 52, 2010 pp. 50 &,54-55, and 2011 pp. 49 & 53-54. OMERS and the Port of Oakland are not included because there is no mention of interest rate risk in relation to their investments.
[6] City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30, 2012, pp. 88-89.
[7] City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30, 2012, pp. 88-89.
[8] U.S. District Court Southern District of New York, case 11 civ 5440.
[9] Mollenkamp, Carrick and Michael Corkery, "Banks Get Tough With Municipalities," Wall Street Journal, January 27, 2011, http://online.wsj.com/article/SB10001424052748704062604576106282512683312.html.
[10] Mollenkamp, Carrick andMichael Corkery, "Banks Get Tough With Municipalities," Wall Street Journal, January 27, 2011, http://online.wsj.com/article/SB10001424052748704062604576106282512683312.html.
[11] City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30, 2012, p. 104-105.

[12] Fees for the extension were 1.05% on the $153.5 million outstanding. Oakland-Alameda County Coliseum Authority Special Meeting, March 30, 2012, p. 2

[13] Alameda County Auditor-Controller Agency Memo, "Approval of Resolution and Financing Documents Relating to the Oakland-Alameda County Coliseum Authority's Replacemnt Letter of Credit, May 1, 2012, p. 2

[14] Port of Oakland, California, Comprehensive Annual Financial Rport for the Years Ended June 30. 2011 and 2010, pp. 10 & 37.

[15] Barghini, Tiziana and Michael Connor, "Analysis: U.S. cities avoid the pension obligation bet," Reuters, August, 24, 2012, http://www.reuters.com/article/2012/08/24/us-usa-pensions-bond-idUSBRE87N0HJ20120824.

[16] City of Oakland, California Taxable Pension Obligation Bonds, Series 2001, Official Statement, cover pages.

[17] California Public Employees Retirement System, Comprehensive Annual Financial Report for the year ended June 30, 2009, p. 2.

[18] https://www.calpers.ca.gov/eip-docs/about/facts/facts-at-a-glance.pdf, p. 5.

[19] City of Oakland, California Taxable Pension Obligation Bonds, Series 2001, Official Statement, cover pages.

[20] City of Oakland, California Taxable Pension Obligation Bonds, Series 2001, Official Statement, cover pages.

[21] City of Oakland, California Taxable Pension Obligation Bonds, Series 2001, Official Statement, p. 12.

[22] City of Oakland Office of the City Auditor, "Oakland Police and Fire Retirement System Pension Funding Options, October 21, 2010, p. 5, http://www.oaklandauditor.com/images/oakland/auditreports/pfrs%20pension%20funding%20options.pdf.

[23] City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30, 2012, p.108.

[24] http://www.npr.org/2012/12/07/166745290/school-district-owes-1-billion-on-100-million-loan

[25] City of Oakland, California Taxable Pension Obligation Bonds, Series 2001, Official Statement, cover pages.

[26] City of Oakland, California, Comprehensive Annual Financial Report for the years ended June 30, 2008 pp. 47 & 51, 2009 pp. 48, & 52, 2010 pp. 50 &,54-55, and 2011 pp. 49 & 53-54. OMERS and the Port of Oakland are not included because there is no mention of interest rate risk in relation to their investments.

[27] http://www.rkmc.com/publications/articles/it-all-falls-down

[28] City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30, 2008, p.72 and City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30,2009, p.75.

[29] City of Oakland, California, Comprehensive Annual Financial Report for the year ended June 30, 2012, pp. 88-89.

* Ferguson, Thomas and Robert A. Johnson, "The lessons of California; Its various governments are systemically set up to be financial disasters. But there are ways out," Los Angeles Times, July 31, 2012.

† http://www.oaklandauditor.com/images/oakland/auditreports/pfrs%20pension%20funding%20options.pdf.

‡ http://www.npr.org/2012/12/07/166745290/school-district-owes-1-billion-on-100-million-loan.