

**OFFICE OF THE
CITY TREASURER**

THOMAS P. FRIERY
TREASURER

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ASSISTANT TREASURER

CITY OF SACRAMENTO
CALIFORNIA

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INVESTMENTS &
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October 12, 1989

Budget and Finance Committee
Sacramento, California

SUBJECT: Resolution Approving Legal Documents of City of Sacramento Public
Television Facility Revenue Bonds (KVIE, Inc.) 1989 Series A, and
Authorizing Their Release to Rating Agency and Others.

Honorable Members in Session:

SUMMARY

Transmitted herewith is a report to the full Council in connection with issuance of City of Sacramento Public Television Facility Revenue Bonds (KVIE, Inc.) 1989 Series A for the purpose of financing the construction and equipping of a new administration and broadcasting facility for KVIE public television station. This report recommends: 1) approval of legal documents and the preliminary Offering Memorandum for the bonds, and 2) release of those documents to a rating agency and other interested persons for the purpose of rating and marketing the bonds.

BACKGROUND

See attached City Council reports.

FINANCIAL DATA

See attached City Council reports.

POLICY CONSIDERATIONS

See attached City Council reports.

MBE/WBE EFFORTS

See attached City Council reports.

Budget and Finance Committee
October 12, 1989
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RECOMMENDATION

It is recommended that after hearing the attached report, the Budget and Finance Committee recommend to the full Council adoption of the resolution approving the legal documents and authorizing their release.

Respectfully submitted,


THOMAS P. FRIERY
City Treasurer

RECOMMENDATION APPROVED:

JACK R. CRIST, Deputy City Manager

October 17, 1989
All Districts



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October 12, 1989

Sacramento City Council
Sacramento, California 95814

SUBJECT: Resolution Approving Legal Documents of City of Sacramento
Public Television Facility Revenue Bonds (KVIE, Inc.) 1989
Series A, and Authorizing Their Release to Rating Agency and
Others.

Honorable Members in Session:

SUMMARY

This report requests City Council's approval of the legal documents and preliminary Offering Memorandum for City of Sacramento Public Television Facility Revenue Bonds (KVIE, Inc.) 1989 Series A ("Bonds"). These documents have been completed and are on file in the City Clerk's Office. City Council approval of these documents is necessary to proceed with the sale of Bonds. After approval, the legal documents and Offering Memorandum will be released to a rating agency for the purpose of obtaining a credit rating on the Bonds. The Offering Memorandum will also be released publicly as part of marketing the Bonds.

BACKGROUND

On September 27, 1989 City Council approved the action plan and financing team for the Bonds. Since that time bond counsel, the underwriters, KVIE staff, city staff and representatives from First Interstate Bank have worked together to produce legal documents and a preliminary Offering Memorandum in connection with the Bonds. These documents are on file with the City Clerk and include: the Bond Indenture, a Loan Agreement, a Letter of Credit and Reimbursement Agreement, and a preliminary Offering Memorandum.

Upon approval, the legal documents and the Offering Memorandum will be released to a rating agency in order to verify that the Bonds are of investment grade. Credit ratings indicate the creditworthiness of the financing and will be, in the case of this financing, a critical factor in determining the interest rate and marketability of the Bonds. A brief synopsis of the legal documents being approved is presented below.

- The Bond Indenture establishes the trustee function which controls the flow of monies and sets forth the responsibilities of Security Pacific Bank, as trustee, and the City.
- The Loan Agreement is the vehicle by which the proceeds of Bonds issued by the City will be transferred to KVIE.
- The Letter of Credit and Reimbursement Agreement is an agreement between KVIE and First Interstate Bank specifying the terms of the letter of credit and flow of monies.
- The Offering Memorandum is the primary marketing document and discloses information that an investor in the bonds would require. The Offering Memorandum is currently in preliminary form. Upon sale of the Bonds, a final Offering Memorandum will be issued.

Our current Action Plan anticipates selling the bonds on November 8, 1989, subject to final City Council approval on that date. Thereafter, the bonds will close and proceeds will be delivered on or about November 16, 1989.

FINANCIAL DATA

As reported to Council on 9/27/89, the bonds are being sold to pay for the construction and equipping of KVIE's new principal facility located near I-5 and West El Camino Avenue in Sacramento, which will consist of a 69,000 square foot facility situated to house all corporate administrative functions, broadcasting control facilities and production studios. The project will also include the acquisition and installation of new transmission and receiving equipment.

As detailed in the 9/27/89 report, the sale of tax exempt bonds for KVIE will save the public television station over \$5 million in debt service payments compared to other conventional financing available to them. The debt service on the bonds will be payable from the various revenues of KVIE. The City has required as part of the financing that a bank provide a direct pay letter of credit which will be used to guarantee debt service on the bonds. First Interstate Bank has been selected to provide this letter of credit. In the unlikely event that a default should occur, the bank, through the letter of credit, guarantees the payment of all bonds outstanding plus any interest due. The City is relieved of financial responsibility for the bonds.

POLICY CONSIDERATIONS

City Council adopted an ordinance on 9/27/89 which provides for the City to issue revenue bonds for the purpose of providing financing for non profit 501(c)(3) corporations under certain circumstances and for specified purposes. The effective date of the ordinance is 10/27/89.


MBE/WBE EFFORTS

MBE/WBE efforts are not applicable as part of the request to approve the attached Resolution.

RECOMMENDATION

It is recommended that City Council adopt the attached Resolution authorizing the execution and delivery of the Bond Indenture, Loan Agreement, Letter of Credit and Reimbursement Agreement and the Offering Memorandum.

Respectfully submitted,



THOMAS P. FRIERY
City Treasurer

RECOMMENDATION APPROVED:

WALTER J. SLIPE, City Manager

October 17, 1989
All Districts

Contact Person:
Thomas P. Friery, City Treasurer
449-5168

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

October 17, 1989

ON DATE OF _____

RESOLUTION PRELIMINARILY APPROVING THE FORMS OF AN INDENTURE, A LOAN AGREEMENT, A LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, AND A PRELIMINARY OFFERING MEMORANDUM, AUTHORIZING RELEASE OF DOCUMENTS TO RATING AGENCY AND DISTRIBUTION OF PRELIMINARY OFFERING MEMORANDUM, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE PROPOSED ISSUANCE OF CITY OF SACRAMENTO PUBLIC TELEVISION FACILITY REVENUE BONDS (KVIE, INC.), 1989 SERIES A

WHEREAS, the City of Sacramento (the "City"), a charter city and municipal corporation of the State of California, has adopted Ordinance No. 89-072, on September 27, 1989, which, upon its effective date, will constitute the City of Sacramento Nonprofit Public Benefit Corporation Facilities Financing Law (the "Law"), which will establish a program and procedure for the authorization, sale and issuance of revenue bonds by the City for the purpose of making loans to participating parties to finance and refinance their facilities;

WHEREAS, KVIE, Inc., a nonprofit public benefit corporation duly organized under the laws of the State of California ("the Corporation"), now owns, maintains and operates a public television broadcasting facility located in the City, and has applied to the City for the issuance of its revenue bonds on behalf of the Corporation for the purpose of financing the construction and equipping of a new administration and broadcasting facility (the "Project") for the Corporation, which project will qualify for assistance under the Law;

WHEREAS, the City Council of the City has authorized proper officers of the City to proceed to prepare or cause to be prepared the documentation necessary for the issuance of bonds to fund a loan to the Corporation to finance the Project;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, in anticipation of the issuance of the City's Public Television Facility Revenue Bonds (KVIE, Inc.), 1989 Series A (the "Bonds") after the Law becomes effective on October 27, 1989 (assuming no referendum petition is filed with the City Council), PaineWebber Incorporated, as representative of the several underwriters of the Bonds (the "Representative"), proposes to deliver preliminary drafts of the indenture, loan agreement and the letter of credit and reimbursement agreement that are to be executed and delivered in connection with the issuance of the Bonds to Standard & Poor's Corporation in order to allow that rating agency to prepare a credit rating of the Bonds;

WHEREAS, the Representative further proposes to distribute an offering memorandum in preliminary form to persons who may be interested in purchasing the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento as follows:

Section 1. The proposed forms of (i) loan agreement between the City and the Corporation, (ii) indenture relating to the Bonds, between the City and Security Pacific National Bank, as trustee, and (iii) letter of credit and reimbursement agreement between the Corporation and First Interstate Bank of California, as issuer of the letter of credit securing the Bonds (the "Bank"), all as presented to this meeting, are hereby approved for release by the Representative to Standard & Poor's Corporation. The City hereby specifically declares that consummation of the financing contemplated by the preceding named documents is subject to the City's approval by resolution of the final terms and conditions of the financing and all documents to be executed by the City in connection therewith.

Section 2. The proposed form of preliminary offering memorandum relating to the Bonds, as presented to this meeting, is hereby approved. The Representative is hereby authorized to distribute said preliminary offering memorandum to persons who may be interested in the purchase of the Bonds and to solicit offers to purchase the Bonds when, as and if issued by the City.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things that they deem necessary or advisable in order to effectuate the purposes of this Resolution.

This resolution shall take effect immediately upon its passage.

PASSED, APPROVED and ADOPTED this 17th day of October 1989, by the following vote:

AYES:

NOES:

ABSENT:

Mayor

[SEAL]

ATTEST:

City Clerk of the City
of Sacramento

FOR CITY CLERK USE ONLY

res10-17

RESOLUTION NO.: _____

DATE ADOPTED: _____