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OFFICE OF THE  
CITY TREASURER

THOMAS P. FRIERY  
TREASURER

DONALD E. SPERLING  
ASSISTANT TREASURER

CITY OF SACRAMENTO  
CALIFORNIA

March 2, 1988  
Cost87co

800 TENTH STREET  
SUITE ONE  
SACRAMENTO, CA  
95814-2688

916-449-5318  
OPERATIONS

916-449-5168  
INVESTMENTS &  
ADMINISTRATION

916-448-3139  
DEX TRANSCEIVER

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: Final Cost Report for Expenses Related to 1987 COP and Resolution  
Authorizing the Transfer of \$41,951.71 from the Construction Fund  
to the Cost of Issuance Fund.

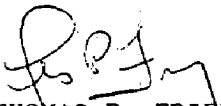
SUMMARY

Transmitted herewith is a report to the full Council recommending that the  
City Treasurer be authorized to transfer \$41,951.71 from the 1987 COP  
Construction Fund to the Cost of Issuance Fund to pay the final issue  
costs of the 1987 COP.


RECOMMENDATION

It is recommended that after hearing the attached report, the Budget and  
Finance Committee recommend approval to the full Council to adopt the  
attached resolution authorizing the City Treasurer to transfer \$41,951.71  
to the Cost of Issuance Fund.

Respectfully submitted,

  
THOMAS P. FRIERY  
City Treasurer

RECOMMENDATION APPROVED:

  
JACK R. CRIST, Deputy City Manager

March 15, 1988  
All Districts



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Sacramento City Council  
Sacramento, California

SUBJECT : Final Cost Report for Expenses Related to 1987 COP and  
Resolution Authorizing the Transfer of \$41,951.71 from the  
Construction Fund to the Cost of Issuance Fund.

Honorable Members in Session:

SUMMARY

The closing of the \$41.650 million par value Certificates of Participation on January 7, 1988 provided total proceeds (including accrued interest) of \$41,928,249. At the time of closing, total costs of issuance, including underwriter's discount, financial manager's expense and other necessary issuance costs were estimated to be \$898,432.10. Since that time, final bills have been submitted to the City for payment which, in total are \$940,383.81 and represent the actual cost to issue the COP. Total costs and expenses related to the COP represent 2.26% of total par value bonds and are considered to be within the normal range for this kind of financing.

BACKGROUND

When the 1987 COP was issued, \$898,432.10 was set aside from gross proceeds to pay the various costs of issuance. The underwriter, PaineWebber Inc. received \$703,432.10 at the time of closing while \$195,000 was delivered to the Trustee, Security Pacific Bank to be held in a Cost of Issuance Fund. The purpose of that fund is to pay costs of issuance which had been authorized but the amounts of which were not then known. Since the time of the COP closing, all bills have been received that were intended to be paid from the Cost of Issuance Fund. The total amount of all bills is \$236,951.71 which is \$41,951.71 more than originally anticipated. All bills were authorized and are considered normal and reasonable.

Following is a summary of the expenses incurred and designated for payment from the Cost of Issuance Fund.

1987 COP EXPENSE SUMMARY  
COST OF ISSUANCE FUND

Payee	Purpose	Amount
Moody's Investor Service	Bond Rating	\$ 12,000.00
Standard & Poor's	Bond Rating	10,500.00
Security Pacific Bank	Trustee Fees	19,783.75
Orrick, Herrington & Sutcliffe	Bond Counsel	146,821.65
Arnelle & Hastie	Bond Counsel	2,688.81
David Lane, Inc.	Appraiser	9,057.50
Fidelity National Title Co.	Title Insurance	35,120.00
Morton & Pitalo	Land Survey	980.00
Cost of Issuance Fund Total		<u>\$236,951.71</u> =====

Additional costs over expected are the result of expenses incurred that were associated with the transfer of title on the Community Center Theater from the Community Center Authority to the Public Facilities Financing Corp.

FINANCIAL

It is not anticipated that the additional issue costs will negatively impact the funding of projects financed from 1987 COP proceeds. At the time the City went to market to sell the 1987 COP, it was anticipated that the unexpended certificate proceeds would earn \$1.7 million interest income over the estimated two year construction and acquisition period of the projects. The total COP was discounted in size in anticipation of earning \$1.7 million interest income at yields below the arbitrage rebate of the COP. Further, to the extent that drawdowns are slower than projected and the yield of invested funds is higher than expected (subject to arbitrage rebate rules), the excess interest earned over original projections may be used for cost overruns and unexpected expenses.

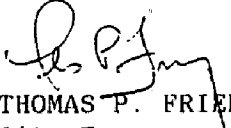
To date, interest income earnings are in excess of expected levels as a result of earning higher than expected yields and because drawdowns of construction funds have been slower than projected. It is expected that the \$41,952 of additional issuance costs will be made up from interest earnings, and therefore, not have a negative impact on the projects being funded from the 1987 COP.

Sacramento City Council  
March 3, 1988  
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RECOMMENDATION

It is recommended that Council adopt the Resolution authorizing the transfer of \$41,951.71 from the Construction Fund held by the City Treasurer as Trustee to the Cost of Issuance Fund held by Security Pacific Bank to pay all final issuance costs of the 1987 COP.

Respectfully submitted,

  
THOMAS P. FRIERY  
City Treasurer

TPFda:naw  
cost87co

APPROVED:

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WALTER J. SLIPE, City Manager

March 22, 1988  
All Districts

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION AUTHORIZING CITY TREASURER  
TO TRANSFER \$41,951.71 FROM THE 1987  
CERTIFICATES OF PARTICIPATION CONSTRUCTION FUND  
TO THE COST OF ISSUANCE FUND

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the City Treasurer is authorized to transfer \$41,951.71 from the Construction Fund held in trust by the City Treasurer to the Cost of Issuance Fund, held by the Trustee, Security Pacific National Bank for the purpose of paying the final costs and expenses associated with the sale of the 1987 Certificates of Participation.

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MAYOR

ATTEST:

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CITY CLERK