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October 20, 1989

Sacramento City Council
Sacramento, California

SUBJECT: Emergency Ordinance Approving a Project Lease with the Sacramento City Financing Authority in Connection With 1989 City of Sacramento Certificates of Participation.

Honorable Members in Session:

SUMMARY

This report requests City Council to adopt an emergency ordinance approving a Project Lease by and between the City and the Sacramento City Financing Authority ("Authority") for the land comprising the Executive Airport along with the Exhibit Hall and Activities Building of the Community Center (the "Projects") for the purpose of financing various City projects including the Civic Center Plaza Parking Garage, the Downtown Plaza Parking Garage and a NFL Franchise Fee.

BACKGROUND

On August 22, 1989 City Council approved the action plan and financing team for the financing of the Civic Center Plaza Parking Garage, the Downtown Plaza Garage and other projects. City Council authorized the City Treasurer to proceed with formation of a joint powers authority between the City and SHRA to act as nominal lessor for the financing. Also conceptually approved was the sale and leaseback of the Community Center's Exhibit Hall and Activities Building.

Subsequently, formation of the Sacramento City Financing Authority was approved by City Council on September 27, 1989 (Resolution 89-745) and by the Sacramento City Redevelopment Agency on October 10, 1989 (Resolution 89-081). The Authority was formed so as to act as nominal lessor for City financings, including the 1989 COP financing.

Inclusion of a NFL Franchise Fee with the 1989 COP has necessitated the use of the Executive Airport together with the Community Center so as to provide sufficient asset value to support the financing. It is requested that Council adopt an emergency ordinance so that the lease between the City and the Authority for the Projects will be effective prior to the proposed November 14, 1989 sale date of the certificates. A copy of the Project Lease is on file in the City Clerk's office.

FINANCIAL DATA

Adoption of the ordinance authorizes the City to enter into a lease with the Authority not to exceed \$10 million per year, representing the maximum permissible principal and interest payments of the Certificates. The Treasurer expects that the actual annual debt service of the Certificates will be less than the maximum allowable amount. Current estimates anticipate annual debt service of about \$8.4 million. However, this is an estimate and subject to the interest rate environment of the financial markets at the time of sale and the rating of the certificates. The actual lease payments (debt service) will be determined at the time certificates are sold and will be presented to Council for final approval.

The financing team felt it appropriate to pursue the possibility of including the financing of City projects and a NFL franchise fee within a single debt issue. It was felt that doing so would prove an efficient financing technique. It has been concluded that it is possible to include a NFL Franchise Fee with the projects identified for financing through one tax exempt financing. Work in this regard has caused delay which has necessitated adoption of an emergency ordinance in order to maintain the approved financing schedule.

It is requested that the ordinance be adopted as an emergency ordinance to permit the 1989 COP financing to remain on the schedule previously approved by Council. Delay of the financing schedule exposes the City to interest rate risk which has the potential of creating higher debt service payments than would have occurred had the COP gone to market sooner. Sale of the 1989 COP is scheduled to occur on November 14, 1989 with closing on or about November 21, 1989. It would not be possible to maintain this schedule without adopting an emergency ordinance to enter into the lease.

POLICY CONSIDERATIONS

Adoption of this ordinance creates no new policy considerations.

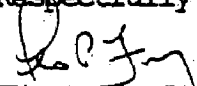
MBE/WBE EFFORTS

MBE/WBE efforts are not applicable for this ordinance.

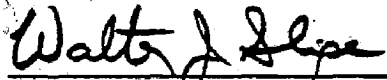
RECOMMENDATION

It is recommended that the attached emergency ordinance be adopted and that the City Clerk be instructed to publish it in its entirety.

Respectfully submitted,


THOMAS P. FRIERY
City Treasurer

RECOMMENDATION APPROVED:


WALTER J. SLIPE, City Manager

October 26, 1989
All Districts

Contact Person:
David Affleck, Treasury Operations Officer II
449-5168

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ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF October 26, 1989

AN ORDINANCE OF THE CITY OF SACRAMENTO APPROVING AND AUTHORIZING THE EXECUTION OF A PROJECT LEASE WITH THE SACRAMENTO CITY FINANCING AUTHORITY FOR THE LEASE OF THE EXECUTIVE AIRPORT SITE AND DECLARING SAID ORDINANCE TO BE AN EMERGENCY MEASURE TO BE ENACTED IMMEDIATELY.

WHEREAS, the City of Sacramento (the "City") proposes to finance certain municipal improvements within the City constituting the acquisition and construction of the Civic Center Plaza Parking Garage, the expansion of the Sim Community Center, additions to the Central Library, acquisition of park land in South Natomas, Phase I of a Meadowview Community Center, and the Downtown Plaza Parking Garage and to finance a National Football League Franchise Fee for the City by selling to the Sacramento City Financing Authority (the "Authority") the land comprising the Executive Airport, and the Sacramento Community Center including site development, landscaping, utilities and appurtenant and related facilities (together the "Projects"); and

WHEREAS, the City desires to enter into a lease-back of the Projects with the Authority;

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO, AS FOLLOWS:

SECTION 1. It is hereby found and determined that it is in the public interest, convenience and welfare and for the common benefit of the

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inhabitants of the City that the City enter into a lease with the Authority for the Projects.

SECTION 2. The act of entering into a lease with the Authority for the Projects be and it is hereby approved, and the form of the Project Lease (the "Project Lease") for the leasing of the Projects between the Authority and the City, submitted to the City council of the City and on file in the office of the City Clerk of the City and available for public inspection, and to which reference is hereby made, and the terms and conditions thereof, are hereby approved, and the Mayor of the City is authorized and directed to execute and deliver the Project Lease in substantially said form.

SECTION 3. The Mayor of the City is hereby authorized to make such changes to the Project Lease prior to the execution thereof as may be required in the interests of the City where such changes do not materially increase the obligation of the City; provided, that the annual base rental payments set forth in the project Lease shall not exceed Ten Million dollars (\$10,000,000) per year.

SECTION 4. This ordinance is subject to the provisions for referendum prescribed by Section 54242 of the Government Code of the State of California and Sections 4050 through 4061 of the Elections Code of the State of California, and subject to the foregoing this ordinance shall take effect and be in force thirty (30) days from the date of its adoption and approval.

SECTION 5. In order to conclude the planned financing in a timely manner and provide the benefits to the inhabitants of the City to

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be provided by the improvements financed thereby, the adoption of this Ordinance is an emergency measure and shall be enacted immediately.

SECTION 6. The City Clerk of the City is hereby directed to cause this ordinance to be published within ten (10) days after its adoption in the Daily Recorder, a newspaper of general circulation within the City.

PASSED AND ADOPTED this 26th day of October, 1989, by the following vote:

AYES: Councilmembers

NOES:

ABSENT:

Mayor of the City of
Sacramento

[Seal]

Attest:

City Clerk of the City of
Sacramento

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