

RESOLUTION NO. 2014-0131

Adopted by the Sacramento City Council

May 20, 2014

ESTABLISHING REVENUE AND EXPENDITURE BUDGETS FOR THE ENTERTAINMENT AND SPORTS CENTER PROJECT AND THE SACRAMENTO PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2014

BACKGROUND

- A. On May 20, 2014, staff presented a financing plan for the issuance of the Series 2014 lease revenue bonds to provide for the cash contribution of \$212.5 million for the purpose of financing the design, construction, and equipping of a multi-purpose entertainment and sports center (ESC) (the Project) to the City Council.
- B. In order to meet project conditions for the issuance of long-term priced bonds, the finance plan contemplates the issuance of privately- placed short-term priced lease-revenue bonds (the "Interim Bonds"), or a forward purchase agreement providing for the purchase of bonds issued in the future subject to certain conditions (the "Forward Purchase Agreement").
- C. Issuance of the Interim Bonds or execution of the Forward Purchase Agreement will require the City to fund the transaction costs and, if applicable, the first year of interest or holding costs at the time the transaction is closed, along with various cost of issuance. These funds will be funded from amounts that are currently within the ESC finance plan and will range from \$8 – 13 million depending upon interest rates and fees. These upfront costs may be recouped at the time of the long-term bond issue or remarketing.
- D. In addition to the proposed lease-revenue bond issue, the ESC finance plan includes the contribution of \$10.6 million from the Parking Fund (\$5.6 million) and Master Owner Participation Agreement (MOPA) Funds (\$5 million), with additional funds being available from the Parking Fund.
- E. In order to provide for the availability of sufficient available funds in the early years of operation, the ESC finance plan proposes to establish and maintain a liquidity reserve, in which the City would set aside certain revenues prior to completion of the ESC, while interest payments on the long-term lease-revenue bonds will be paid through the issuance of capitalized interest. The City's Transient Occupancy Tax (Hotel Tax or TOT) has been identified as a resource to fund the Liquidity Reserve to be used during the early years.

F. Implementation of the Interim Bonds or execution of the Forward Purchase Agreement option requires appropriation of the expenses and contributions identified above and approval of various related financial transactions.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Treasurer and the City Manager, and their respective designees, are hereby authorized to do the following after final pricing and sale of the Series 2014 Bonds, Interim Bonds, and the execution of the Forward Purchase Agreement: implement all financial transactions and budget amendments necessary to carry out the financing of the Project in accordance with the law and City policy.
- Section 2. The City Treasurer and the City Manager, and their respective designees, are hereby authorized to: (a) establish funds and investment portfolios necessary to manage the appropriations and expenditures of the Project, and (b) fund a trustee account with the City contributions from the Parking and MOPA funds, to be known as the "Interim Series 2014 Fund," in an initial amount not to exceed \$13,000,000, to be used for expenses in connection with the Interim Bonds or execution of the Forward Purchase Agreement and (c) appropriate \$2,000,000 from TOT revenues currently budgeted in the Community Center Fund to a restricted account for the establishment of a Liquidity Reserve.
- Section 3. The City Treasurer's Office, the City Attorney's Office, the City Manager's Office, and the Finance Department are authorized to be reimbursed from proceeds of the Series 2014 Bonds for reasonable costs incurred, including staff time, in connection with the issuance and sale of the Series 2014 Bonds. Expenditures associated with the cost of issuance of the Series 2014 Bonds may not be paid unless the City Treasurer's Office has approved the expenditures in writing.

Adopted by the City of Sacramento City Council on May 20, 2014, by the following vote:

Ayes: Members Ashby, Cohn, Hansen, Pannell, Schenirer, Warren and Mayor Johnson

Noes: Members Fong and McCarty

Abstain: None

Absent: None

Attest:

Shirley A. Concolino

Digitally signed by Shirley A. Concolino
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Date: 2014.05.22 14:52:47 -07'00'

Shirley Concolino, City Clerk