

# Sacramento Community Center Authority

SACRAMENTO, CALIFORNIA

January 9, 1975

Mrs. Sandra Smoley, Chairperson  
Board of Supervisors  
Room 427, 827 - 7th Street  
Sacramento, CA 95814

Dear Mrs. Smoley:

On November 25, 1969, a Joint Exercise of Powers Agreement between Sacramento City and County was executed to form the Sacramento Community Center Authority for purposes of constructing, maintaining and operating a community center for public assembly and convention purposes.

From its inception I have served on the governing board of the Authority as a county appointee and have represented the interests of the county in all Authority matters.

Between November 1969, and July 1974, the Authority did acquire land and improvements and did construct a community center facility.

Then in July of 1974, construction being completed, the facility was opened for public business. In 1971, the Authority had awarded a lease to the City subject to the payment of rental at least sufficient to make principal and interest payments on \$19,100,000 in bonds.

It is my understanding that while bonds continue outstanding, the Authority has a public duty not only to collect all rents and charges due for occupancy or use of the facility but also to enforce all its rights under the Joint Powers Agreement. The reason for this is to safeguard the facility, to insure its success, to protect the interest of Sacramento City and County and the bondholders.

On December 6, 1974, The Sacramento Bee in a news story quoted the City's Convention Center manager as saying, "the center cannot succeed under present room availability conditions." Citing a report that more hotel rooms were needed, The Bee goes on to say, "A minimum of 1,000 to 1,200 additional rooms are needed downtown to make the convention center competitive..... When bidding for conventions, people have been regularly turning away due to this lack of accommodations in the downtown area."

The report goes on to say that "convention center officials feel that they cannot successfully operate the convention center under the present room availability conditions."

Upon seeing the news in the public press that external events may jeopardize the success of the center, a special meeting of the Authority was called on December 11, 1974, to express concern and to take appropriate action to insure success of the center. In addition, the Authority asked the city staff why an audit report due annually not more than 120 days after the close of each fiscal year had not yet been prepared for the 1973-74 fiscal year.

Upon receiving an inadequate response from the city staff, the Authority passed three motions:

1. The city staff provide the Authority four times a year, beginning 30 days after December 31, 1974, with a fiscal report covering income expenditures and financial status of the center.
2. The staff provide the Authority twice yearly with a list of items and services (both internal and external) necessary for the center to achieve its full potential, with the Authority then making recommendations to the City Council.
3. Appropriate city and county offices and other organizations be notified that the Authority wishes to participate in the development of hotel and parking facilities and that it be advised of meetings on the subject (see attached minutes of December 11, 1974, Authority meeting).

In view of the late audit report, public comments about the center not being successful and the need for sufficient and properly located hotels, these motions appeared to be reasonable, perfectly in order and represented nothing more than the carrying out of good business practices by any competent board of directors of such a facility.

Then to the surprise of the Authority, the Mayor of Sacramento was reported in The Sacramento Bee on December 13, 1974, as saying he is "not at all happy with the recent request that the city staff give the Authority regular financial reports on the center."

The report went on to say that the Mayor asked the City Manager for a report outlining the powers of the Authority and the Council regarding the facility.

Then on January 3, 1975, The Sacramento Union carried a news story quoting the City Attorney that "employees are not legally obliged to perform some of the duties they were recently asked to undertake by the Authority."

The report went on to say, "Jackson noted that the quarterly fiscal report is public information and may be obtained by any person or group which pays the copying fees. Jackson questioned whether the information is necessary to the Board in its official capacity," and also questioned the Authority's right to request a needs report.

In short, it appears that at best the city staff appears to be substituting its wisdom for that of the Authority and may be refusing to cooperate as the staff of the Authority.

An independent review of the obligations of the Authority certainly refute the opinion of the City Attorney.

Under the provisions of Chapter 5, Division 7, Title 1, of the Government Code of the State of California and pages 6 and 7 of the Official Bond Statement dated July 28, 1971, "the Authority exists as a separate and independent public entity and agency..... Both the City and the County grant the Authority the right to enforce by any appropriate means all the obligations of each of the parties involved in the Agreement."

As an appointee of the County, I believe, I have a duty to protect the interests of the County on the Authority. In addition, covenants that have been imposed on the Authority include:

"Keeping proper books of record and account and not more than 120 days after the close of the fiscal year prepare an audit report..."

"Make, execute and deliver or cause to be executed and delivered any further resolutions or assurances as may be reasonably necessary or proper to carry out the intent and to better assure holders of the bonds of rights and benefits provided by the Resolution."

Once again, I believe I have a public duty to carry out these covenants in order that the interests of Sacramento County and the bondholders are fully served on the Authority.

In view of the recent events that have transpired, I feel obligated to inform the Board of Supervisors of the City's most recent posture concerning the Authority. In addition, if it so pleases the Board, I would welcome the following considerations:

1. A statement of policy or philosophy from the Board of Supervisors regarding the duties and obligations of the Authority relative to the protection of Sacramento County and the bondholders.

2. A legal opinion by the County Counsel concerning the function of the Authority in light of Chapter 5, Division 7, Title 1 of the Government Code of the State of California and representations made to bondholders, particularly on pages 6 and 7 of the Official Bond Statement dated July 28, 1971.

With deep concern for continued success of the Community Center, please let me know if I can provide you with any further information on this matter.

Sincerely,



Alfred W. Riolo  
Director  
Sacramento Community Center Authority

AWR:lm

cc: City Council  
Board of Supervisors  
Community Center Authority  
Sacramento Bee  
Sacramento Union

Sacramento Community Center Authority  
 Trustees Monthly Financial Statement Mailed 1-13-74  
 November 30, 1974

		1	2	3	4	5	6
		Receipts			Disbursements		
1	Bond Sale Aug. 27, 1971						19,100,000.00
2	acc./kit		86,468.4				
3	Interest Earned on Invest		153,197.55				
4	Hotel-Motel Tax		144,500.00				
5	Bid Deposit		250,000.00				
6	Refund due to						
7	cancellation of-						
8	Builders Risk Policy		150,400				
9	1974 Rental Payment		132,475.00				
10	Total Receipts			4,689,878.39			
11							
12	Site Acquisition & Closing Costs				3,225,052.00		
13	Title Fee				292,798.3		
14	Return of Bid Check				250,000.00		
15	Financial Consultant Fees				317,958.8		
16	Bond Atty's				96,000.00		
17	Tax Council Fee				98,560.3		
18						4,141,983.74	
19	Requisitions				815,284.09		
20	Progress Payments to Contractors				13,107,780.20		
21	Adj. on Overpayment of Interest				24,281.3		
22	Payment of Interest thru 9-1-74				3,599,250.00		
23	Adj on U.S. Treas Notes due 2-15-74						
24	belonging to Ins. Fund				10,251		
25						17,524,844.93	
26						21,666,828.67	
27							2,123,049.72
28							
29			<u>Cash</u>		<u>Securities</u>		
30	Redemption Fund		249,124		1,726,363.6		
31	Interest Fund		262,695		1,197,881.38		
32	Insurance Res.		360,260.4		559,143.68		
33	Working Capital Fund		50,468		200,991		
34	Surplus Revenue		299,907		146,730.42		
35			446,479.8		2,078,401.75		2,123,049.72
36							
37							
38							
39							

4605 - Buff  
5805 - Blue  
8808 - Green

CASH STATEMENT

SACRAMENTO COMMUNITY CENTER AUTHORITY

INTEREST FUND

**CORRECTED**

From: 1/31/74 To: 2/28/74

Date	Description	Debit	Credit	Balance
1/31/74	Balance forward			\$109,460.53
2/01/74	Proceeds of the sale of \$500,000.00 p.a. U. S. Treasury Notes 5-5/8% before maturity to pay interest due 2/1/74. Cost: \$505,615.42; Interest: \$899.53.		\$ 506,514.95	
	Paid for the purchase of a Repurchase Agreement to be resold 2/1/74*	\$510,000.00		105,975.48
	Funds transferred to Coupon Account to pay interest due 2/1/74.	599,875.00		
	Proceeds of resold Repurchase Agreement of 1/29/74*. Principal: \$510,000.00; Interest: \$371.88; Yield: 8.75.		510,371.88	16,472.36
2/15/74	Interest due on \$700,000 p.a. U. S. Treasury Notes due 8/15/74.		19,687.50	
	Paid for the purchase of \$20,000.00 p.a. U. S. Treasury Bills to mature 8/1/74. [Yield: 6.90]	19,372.17		\$ 16,787.69**
	*The Repurchase Agreement was actually purchased on 1/29/74, but was not posted until 2/1/74. Interest was earned for <u>3</u> days.			
	**These funds will be used to pay for U. S. Treasury Bills to mature 8/1/74.			

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CASH STATEMENT

RECEIVED  
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CITY OF SACRAMENTO  
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cc: City Council members  
Board of Supervisors  
Com. Cent. Authority members.  
Sacto Bee  
Sacto Union

(1)

Dandra Smoley, Chairperson

Board of Supervisors

Sacramento County Administration Bldg.

7th and J Streets

Sacramento Calif

Dear Mrs. Smoley

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It is my understanding that while bonds continue outstanding, the Authority has a public duty not only to collect all rents and charges due for occupancy or use of the facility but also to enforce all its rights under the joint Powers Agreement. The reason for this is to safeguard the facility, to insure its success, to protect the interest of Sacramento City and county and the bondholders.

On December 6, 1974 The Sacramento Bee in a news story quoted the City's Convention Center manager as saying, "the center cannot succeed under present room availability conditions." Citing a report that more hotel rooms were needed, The Bee goes on to say, "A minimum of 1,000 to 1,200 additional rooms are needed downtown to make the convention center competitive... When bidding for conventions, people have been regularly turning away due to this lack of accommodations in the downtown area."

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Upon seeing news in the public press that external events may jeopardize

the success of the center, a special meeting of the Authority was called on Dec. 11, 1974 to express concerns and to take appropriate action to insure success of the center.

In addition, the Authority asked the city staff why an audit report due annually not more than 120 days after the close of each fiscal year had not yet been prepared for the 1973-74 fiscal year.

Upon receiving an inadequate response from the city staff, the Authority passed three motions:

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Authority meeting).

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In addition, covenants that have been assumed in the Authority...

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2. A legal opinion by the County Counsel concerning the function of the Authority in light of Chapter 5, Division 7, Title 1 of the Government Code of the State of California and representations made



to bond holders, particularly on page 6 and 7 of the Official Bond Statement dated July 28, 1971.

With deep concern for continued success of the Community Center, please let me know if I can provide you with any further information on this matter.

Sincerely,

Alfred W. Riolo

Director,

Sacramento Community Center Authority.