

**APPROVED**  
BY THE CITY COUNCIL

**AUG 5 1999**

OFFICE OF THE  
CITY CLERK



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OFFICE OF THE  
CITY TREASURER

THOMAS P. FRIERY  
TREASURER

July 28, 1999  
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CITY OF SACRAMENTO  
CALIFORNIA

926 J STREET  
SUITE 300  
SACRAMENTO, CA  
95814-2709

PH 916-264-5168  
FAX 916-448-3139

City Council  
Sacramento, California

Honorable Members in Session

**SUBJECT: REIMBURSEMENT OF CERTAIN PROJECT EXPENDITURES FROM  
FUTURE BOND PROCEEDS**

**LOCATION and COUNCIL DISTRICT:** Citywide

**RECOMMENDATION:**

Staff recommends that Sacramento City Financing Authority (Authority) adopt the attached Resolution that provides for reimbursement of expenditures advanced from city funds from bond proceeds. As board members for the Authority, City Council is empowered to act on behalf of the Sacramento City Financing Authority.

**CONTACT PERSON:** Lydia A. Lara, Deputy City Treasurer (916) 264-5168

**FOR THE COUNCIL MEETING OF:** August 5, 1999

**SUMMARY:**

Staff recommends the adoption of the Resolution to reimburse for those costs incurred by the city in advance of bond issuance.

**COMMITTEE/COMMISSION ACTION:**

None

**BACKGROUND INFORMATION:**

On March 9, 1999, the City Council directed staff to proceed in developing a combined financing strategy for a variety of capital projects. A combined debt issuance opportunity may include projects identified by the Sacramento Housing and Redevelopment Agency (SHRA), the City's Solid Waste Division and possibly the General Fund. Several key elements to the strategy are currently being evaluated and refined for presentation to Council within the next several months.

Two budgeted projects that are expected to participate in a combined issue have commenced construction. These are the Urban League Center project of SHRA and the Meadowview City Services Complex project of the Solid Waste Division. Both projects have been planned and authorized with debt components that can be managed most efficiently by combining with other anticipated borrowings.

In order to protect the City's rights to issue bonds for cost incurred before bond issuance, it is necessary for the Financing Authority to pass a resolution noticing the intent to reimburse these costs. To further protect the City's rights, the projects are specifically identified as part of the resolution together with the total project cost. Adoption of this resolution will allow reimbursement regardless of project or debt issuance timing. At this time we have only identified, the Urban League Project and the Meadowview City Services Center Project. The costs are estimated at \$1,500,000 and \$26,000,000 respectively.

A similar item will be brought before Council after the public input process and Council action on the General Fund inventory of capital projects. Projects to be funded by cash over the next three years will be identified for reimbursement. This will allow the City the options of replenishing the reserves at the time police grant funding expires or of addressing other priorities.

**FINANCIAL CONSIDERATIONS:**

Both projects to be noticed for reimbursement by this resolution are budgeted, authorized projects that have a planned debt component. With reimbursement, it will be possible to maximize efficiencies by combining the debt for these projects with the debt for projects commencing at a later date. It is emphasized that this activity is "permissive" in nature only. It would not be necessary to finance all such costs if other funding is available.

**POLICY CONSIDERATIONS:**

This report requests the Sacramento City Financing Authority adopt the attached resolution to permit the City to be reimbursed for those costs to be financed with the upcoming multi-project financing.

**ENVIRONMENTAL CONSIDERATIONS:**

This activity is not considered a project as defined by Section 15378 of the California Environmental Quality Act (CEQA) guidelines. The activity involves no physical construction or commitment to particular projects and has no potential to cause a significant impact on the environment (CEQA Section 15061(b)(3)).

**ESBD CONSIDERATIONS**

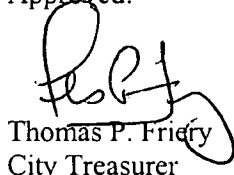
Not applicable as no goods or services are being purchased at this time.

Respectfully submitted,



Lydia A. Lara  
Deputy Treasurer

Approved:



Thomas P. Friery  
City Treasurer

RECOMMENDATION APPROVED:

ROBERT P. THOMAS  
City Manager

**APPROVED**  
BY THE CITY COUNCIL

**AUG 5 1999**

OFFICE OF THE  
CITY CLERK

**RESOLUTION NO. 99-443**

ADOPTED BY THE SACRAMENTO CITY FINANCING AUTHORITY

ON DATE OF \_\_\_\_\_

**RESOLUTION OF OFFICIAL INTENT  
OF THE SACRAMENTO CITY FINANCING AUTHORITY TO  
REIMBURSE CERTAIN EXPENDITURES  
FROM PROCEEDS OF INDEBTEDNESS**

WHEREAS, the Sacramento City Financing Authority (the "Authority") intends to acquire, construct or improve the Meadowview City Service to allow for the consolidation of the Solid Waste and supporting Fleet Maintenance activities. In addition, the Urban League Workforce Development Center project may incur predevelopment costs for an approximately 28,000-sq. ft. workforce training center and commercial lease space.

WHEREAS, the Authority expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the insurance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Authority reasonably expects that debt obligations in an amount not expected to exceed \$100,000,000.00 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Authority to declare its reasonable official intent to reimburse prior expenditures for the project with proceeds of subsequent borrowing;

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SACRAMENTO CITY FINANCING AUTHORITY declares as follows:**

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

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RESOLUTION NO. : \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

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Section 2. This resolution is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This resolution does not bind the Authority to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The Authority hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Chairman

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RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

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