



REPORT TO COUNCIL

City of Sacramento

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www. CityofSacramento.org

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CONSENT ITEM
May 4, 2006

Honorable Mayor and
Members of the City Council

Subject: Adopt a resolution calling for a Public Hearing on May 23, 2006 for the Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds (CIRB's)

Location/Council District: City-wide

Recommendation: Staff recommends that the City Council:

Adopt a resolution calling a Public Hearing to be held on May 23, 2006 and authorize the City Clerk to publish a notice at least 14 days prior to the hearing date.

Contact: Janelle Gray, Public Finance & Banking Manager, 808-8296

Presenter: N/A

Department: City Treasurer's Office

Division: Financing

Organization No: 0900

Summary:

On May 23, 2006, staff intends to bring forth to Council the authorization to issue bonds for the 2006 Capital Improvement Revenue Bonds. This transaction will provide funds for acquisition and construction of certain Capital Reinvestment Capital Improvement Program (CRCIP) municipal projects, some of which may be leased, owned and/or operated by various California 501(c)(3) non-profit organizations. (A list of the projects can be found on Attachment 1 of this report.)

Pursuant to Section 147(f) of the Internal Revenue Code and to optimize the potential use of tax-exempt monies and ensure the greatest flexibility related to the proposed 2006 Capital Improvement Revenue Bonds, staff recommends that City Council approve a resolution: calling a public hearing to be held on May 23, 2006; and authorizing the City Clerk to publish a notice not less than 14 days prior to the hearing date of May 23rd. In 1989, City Council adopted City Ordinance No. 89-072 (the "Ordinance") that permits the City to provide 501(c)(3) organizations access to tax exempt financing.

Committee/Commission Action: None.

Background Information:

Through a series of City Council meetings, City Council has approved a list of projects for inclusion in the 2006 Capital Improvement Revenue Bond issue and has directed the City Treasurer to proceed with financing to include the CRCIP projects, Sacramento Housing and Redevelopment Agency (SHRA) project areas and three additional "bridge" financing projects.

On December 13, 2005, City Council approved a Reimbursement Resolution (CC2005-919) to use bond proceeds from the 2006 Capital Improvement Revenue Bond issue to permit the reimbursement for expenditures incurred for various CRCIP projects. Additionally, on March 21, 2006 and April 18, 2006, City Council approved the Tier I and Tier II CRCIP project lists, the "piggy-back" SHRA bonds, and the "bridge" financings.

The 2006 Capital Improvement Revenue Bonds will provide funds for acquisition and construction of certain Capital Reinvestment Capital Improvement Program (CRCIP) municipal projects, some of which will be leased, owned and/or operated by various California 501(c)(3) non-profit organizations. The public hearing will be held to satisfy both TEFRA (federal tax) requirements and state Joint Powers Authority (JPA) law requirements.

Financial Considerations:

The lease revenue bonds to be issued will be paid through an annual appropriation from General Fund monies as a lease payment for specific City assets.

Environmental Considerations:

The requested action is not subject to the provisions of the California Environmental Quality Act (CEQA). Environmental review for any project, which utilizes funds allocated by the proposed debt issue, will be performed in conjunction with planning, design and approval of each specific project as appropriate.

Policy Considerations:

The procedure under which this resolution is being presented are set forth in Section 6586 of the California Government Code and governed by the Ordinance, adopted on September 27, 1989, the City of Sacramento Nonprofit Public Benefit Corporation Facilities Financing Law (Chapter 3.116). The Ordinance enables the City flexibility to provide tax-exempt financing to 501(c)(3) organizations.

The public hearing will be held to satisfy both TEFRA (federal tax) requirements and state JPA law requirements.

Emerging Small Business Development (ESBD):

None, as there is no purchasing activity associated with this action.

Respectfully Submitted by:



Janelle Gray
Public Finance & Banking Manager

Approved by:



THOMAS P. FRIERY
City Treasurer

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2006 CAPITAL IMPROVEMENT REVENUE BONDS
(COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM AND SHRA)

PRIORITY PROJECTS	GENERAL FUND	DOWNTOWN BOND	FUND BALANCE	LOT A PROCEEDS	OTHER
	\$165,178,000	\$11,053,000	\$3,600,000	\$5,000,000	\$1,830,000
	3,700,000				\$848,000
(1) Pocket Library	\$2,000,000	\$8,000,000			
(2) Crocker Art Museum Expansion	1,200,000				
(3) Zoo Veterinary Hospital	5,000,000				
(4) Regional Park Improvements	\$1,500,000				
(5) Animal Shelter Cattery Building	\$6,500,000				
(6) George Sim Community Center	\$400,000				
(7) South Natomas Community Center Improvements	\$2,000,000				
(8) Sacramento Unity Center	\$9,000,000				
(9) Art Rehearsal Space (14/H) Land & Match for Building	\$3,000,000				
(10) Intermodal Transportation Facility-Various Options	\$1,000,000		\$600,000		\$450,000
(11) Oak Park Community Center Phase II	\$175,000				\$532,000
(12) Sierra 2 Restroom & Access Improvements	\$16,000,000				
(13) Valley Hi-North Laguna Library	\$7,500,000				
(14) District 2 Improvements (streetlights, sidewalks, parks)	\$1,000,000				
(15) District 3 Improvements (Ben Ali curbs, gutters, streetlights & parks)	\$1,500,000				
(16) District 1 Improvements (Alkali Flat, Stanford-Teen Cntr, Charter Performing Arts)	\$3,053,000	\$3,053,000		\$5,000,000	
(17) Memorial Auditorium Historical Studies Group Request	\$0				
(18) Community Center Theater Design	\$500,000				
(19) Fairytale Town Fencing & Walkways	\$1,000,000				
(20) Children's Theater of CA (CTC-B Street)	\$7,200,000		\$3,000,000		
(22) District Improvement Funding	\$3,000,000				
(23) Neighborhood Park Improvements	\$6,300,000				
(24) Indian Heritage Museum	\$500,000				
(25) Discovery Museum-Gold Rush Exhibit	\$11,000,000				
(26) City Contingency					
	Tier I Funding Plan: \$94,028,000				
(27) District 7 Facilities/Improvements	\$8,300,000				
(28) Neighborhood Infrastructure/CDBG eligible (streetlights, curbs/gutters & sidewalks)	\$5,000,000				
(29) Children's Theater of CA (CTC-B Street)	\$2,000,000				
(30) SMUD Underground Match	\$5,000,000				
(31) Sacramento Zoo Animal Exhibits	\$1,950,000				
	Tier II Funding Plan: \$22,250,000				

Attachment 1

2006 CAPITAL IMPROVEMENT REVENUE BONDS
(COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM AND SHRA)

PRIORITY PROJECTS	GENERAL FUND	DOWNTOWN BOND	FUND BALANCE	LOT A PROCEEDS	OTHER
	\$165,178,000	\$11,053,000	\$3,600,000	\$5,000,000	\$1,830,000
(32) Crocker Art Museum Expansion	\$12,000,000				
(33) Arts Rehearsal Space	\$5,000,000				
(34) Haggin Oaks Economic Development	\$6,400,000				
Bridge Financing Funding Plan:	\$23,400,000				
(35) North Sacramento	\$5,000,000				
(36) 65th Street	\$5,500,000				
(37) Army Depot	\$10,000,000				
(38) Richards Boulevard	\$5,000,000				
SHRA Funding Plan:	\$25,500,000				

RESOLUTION NO. 2006-_____

Adopted by the Sacramento City Council

CALLING A PUBLIC HEARING TO CONSIDER THE PROPOSED FINANCING OF THE 2006 CRCIP PROJECTS AND THE 501(C)(3) PROJECTS BY THE SACRAMENTO CITY FINANCING AUTHORITY'S ISSUANCE OF ITS 2006 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) AND 2006 TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES B (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM); AND TO CONSIDER WHETHER THERE ARE ANY SIGNIFICANT PUBLIC BENEFITS TO THE CITIZENS OF THE CITY FROM THE PROPOSED FINANCING

BACKGROUND

- A. The City of Sacramento (the "City") proposes to enter into a Fifth Amendment to Master Site Lease and a related Sixth Amendment to Master Project Lease with the Sacramento City Financing Authority (the "Authority") relating to the proposed financing by the Authority of the acquisition and construction of certain municipal projects (the "2006 CRCIP Projects"), which include the acquisition and construction of certain municipal projects to be owned and/or operated by various California nonprofit corporations described in section 501(c)(3) of the Internal Revenue Code of 1986 (the "501(c)(3) Projects"), to be located within the territorial limits of the City, as more particularly described in the staff reports presented to the City Council during its meetings on December 13, 2005, March 21, 2006 and April 18, 2006.
- B. The Authority intends to issue and sell its 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and its 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds") in an aggregate principal amount of not to exceed \$200,000,000. The Series A Bonds and the Series B Bonds are referred to collectively as the "Bonds". A portion of the proceeds from the sale of the Bonds will be used to provide funds for the purpose of financing the 2006 CRCIP Projects. In addition, a portion of the proceeds of the Series A Bonds will be used to provide funds for the purpose of financing the 501(c)(3) Projects for significant public benefits to the citizens of the City by the acquisition of the Sixth Amendment to Master Project Lease.
- C. Pursuant to Section 147(f) of the Internal Revenue Code of 1986, prior to their issuance, the Series A Bonds are required to be approved by the "applicable elected representative" of the governmental unit on whose behalf such Series A Bonds are expected to be issued and by a governmental unit having jurisdiction

over the entire area in which any facility financed by the Series A Bonds is to be located, after a public hearing held following reasonable public notice.

- D. The members of the City Council are the applicable elected representatives of the City.

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

Section 1. The City Council finds and determines that the statements in paragraphs A through D are true.

Section 2. A public hearing is hereby called and will be held by the City Council on Tuesday, May 23, 2006, at 2:00 p.m., at the regular meeting place of the City Council, City Council Chambers, Sacramento City Hall, 915 I Street, 1st Floor, Sacramento, California. At the public hearing, the City Council will consider the proposed financing of the 2006 CRCIP Projects and the 501(c)(3) Projects to be located within the territorial limits of the City by the issuance and sale by the Authority of the Bonds. The City Council will also consider whether there are any significant public benefits to the City from the proposed financing, including demonstrable savings from the issuance and sale of the Bonds, such as savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs (in accordance with section 6586 of the California Government Code). All interested persons may appear at the public hearing to address the City Council on the foregoing matters.

Section 3. The City Clerk is directed to give notice of the hearing by publishing a notice once at least 14 days prior to the hearing in The Daily Recorder, a newspaper of general circulation in the City (the notice to be in a form approved by the City Attorney in consultation with Bond Counsel).

PASSED AND ADOPTED by the City Council of the City of Sacramento on May 4, 2006, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL)

ATTEST:

City Clerk

