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APPROVED
BY THE CITY COUNCIL

JAN 1 1 1994

OFFICE OF THE
CITY CLERK

OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
TREASURER

CITY OF SACRAMENTO
CALIFORNIA

January 4, 1994

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City Council
Sacramento, California

Honorable Members In Session:

SUBJECT:

LAKE VICTORIA PROJECT FUNDING

LOCATION AND COUNCIL DISTRICT:

Sacramento City Zoo, District 4

RECOMMENDATION:

It is recommended that the City Council adopt the attached Resolution ratifying the City Treasurer's actions to secure financing pursuant to City Council direction for the Sacramento City Zoo \$1.7 million Lake Victoria Project.

CONTACT PERSON:

Thomas P. Friery, City Treasurer (916) 264-5168

FOR COUNCIL MEETING OF:

January 11, 1994

SUMMARY

Pursuant to City Council direction, the City Treasurer secured financing for the Sacramento City Zoo \$1.7 million Lake Victoria project. This report advises the City Council of the City Treasurer's actions and requests that the City Council ratify the City Treasurer's actions.

BACKGROUND

On December 14, 1993, the City Council heard a staff report regarding the Lake Victoria project (the "Project") for the Sacramento City Zoo. The report discussed the Project, advised the City Council that the City Treasurer would seek a \$1.7 million financing for the Project and recommended the award of the Project construction to J. F. Otto, Inc. Unfortunately, the Resolution accompanying the staff report lacked the specific authorization for the Treasurer to implement the financing as was contained in the body of the staff report.

Pursuant to the City Council's direction, the City Treasurer conducted a search for the most beneficial financing for the Project. The financing was difficult due to the small issue size, ten-year term, and security pledged for the financing.

The City Treasurer was able to negotiate very favorable terms for the financing with Fiscal Funding (see Financing section) subject to a December 30, 1993 closing date. Based on the financial market conditions and economic forecasts, the City Treasurer believed that it was prudent and essential to commit to the terms and the December 30, 1993 closing in order to secure the favorable financing.

Normally the City Treasurer would negotiate the terms of a financing and commit the City subject to City Council approval. However, in this case the window of opportunity did not allow time to seek City Council approval. Therefore, after carefully considering the City Council's support for the Project and the favorable financing terms, and relying on City Council's knowledge of the proposed financing terms as outlined in the December 14, 1993 staff report, the City Treasurer unconditionally committed the City to the terms and the December 30, 1993 closing.

FINANCIAL CONSIDERATIONS

The December 14, 1993 staff report stated that the City Treasurer would seek a \$1.7 million 10-year financing with annual debt service payments of approximately \$240,000. The source of the payment would be the Zoo Trust Fund with additional debt service coverage of \$100,000 for the first two years from the Zoological Society, if required.

The actual terms of the financing arranged by the City Treasurer are as follows:

Amount of Loan:	\$1.7 million
Term of Loan:	10 years
Interest Rate:	6.5%
Annual Debt Service:	\$233,848

See Exhibit 1 for detailed terms and conditions.

The City Treasurer was able to negotiate these terms and conditions even though the interest rates had risen subsequent to the December 14, 1993 staff report, and investor interest in the Project had weakened.

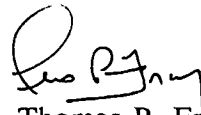
POLICY CONSIDERATIONS

Although the terms and conditions of the financing are in compliance with the proposed financing discussed in the staff report heard and approved by the City Council on December 14, 1993, the City has been committed to a financing without formal City Council approval. This report recommends that the City Council adopt the attached Resolution ratifying the City Treasurer's actions to secure financing pursuant to City Council direction for the Sacramento City Zoo \$1.7 million Lake Victoria Project.

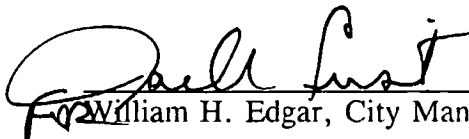
M/WBE EFFORTS

Fiscal Funding is a M/WBE-owned firm.

Respectfully submitted,


Thomas P. Friery
City Treasurer

Recommendation Approved:


William H. Edgar, City Manager

JAN 11 1994

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 94-029

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION RATIFYING THE CITY TREASURER'S ACTIONS TO COMMIT THE CITY TO A \$1.7 MILLION FINANCING FOR THE SACRAMENTO CITY ZOO LAKE VICTORIA PROJECT

WHEREAS, on December 14, 1993 the City Council approved the \$1.7 million Sacramento City Zoo Lake Victoria Project ("Project"), and

WHEREAS, the staff report discussing the project indicated that the City Treasurer would seek a \$1.7 million financing with terms including a ten-year repayment of an approximate \$240,000 annual debt service for the Project, and

WHEREAS, the City Treasurer was able to negotiate the \$1.7 million Project financing in compliance with the terms stated in the staff report, and

WHEREAS, the investor indicated that the offer would expire on December 30, 1993 unless accepted unconditionally, and

WHEREAS, the City Treasurer carefully considered the City Council's support for the Project, the favorable financing terms offered and relied on the City Council's knowledge of the proposed financing terms, and

WHEREAS, the City Treasurer unconditionally committed the City to the financing,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento that the City Treasurer's actions to secure the \$1.7 million Project financing are hereby ratified.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____