



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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File ID: 2019-00827

June 11, 2019

Consent Item 04

Title: Declaration of Official Intent to Reimburse the City from Bond Proceeds for Certain Expenditures Related to the Ballroom Component of the Sacramento Convention Center

Location: District 4

Recommendation: Adopt a Resolution declaring the City's "official intent" to reimburse itself from bond proceeds for certain expenditures associated with the ballroom component of the Sacramento Convention Center Expansion Project.

Contact: Brian Wong, Debt Manager, (916) 808-5811, Office of the City Treasurer

Presenter: None

Attachments:

1-Description/Analysis

2-Resolution

Description/Analysis

Issue Detail: The Sacramento Tourism Infrastructure District was formed last October for the primary purpose of levying a new business-based assessment that will be used to secure the payment of bonds issued to finance the ballroom component of the Sacramento Convention Center (“**Project**”).

To meet some of the Project’s financing needs, the City anticipates issuing Sacramento Tourism Infrastructure District Bonds (“**STID Bonds**”) in late summer or early fall 2019. Before the STID Bonds are issued, the City expects to pay certain Project costs so that the Project can stay on schedule. Later, after the STID Bonds have been issued, the City will reimburse itself from the proceeds for those costs.

The proposed resolution declaring the City’s “official intent” to reimburse itself from the bond proceeds is required by section 1.150-2 of the Treasury Regulations (“**Section 1.150-2**”) if interest on the bonds is to be exempt from federal taxation.

Policy Considerations: The resolution is adopted solely to comply with Section 1.150-2. It does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.

Economic Impacts: Not applicable

Environmental Considerations: Not applicable

Sustainability: Not applicable

Commission/Committee Action: Not applicable

Rationale for Recommendation: Section 1.150-2 requires that the City Council declare its “official intent” to reimburse the City from the proceeds of the STID Bonds (i.e., from the “proceeds of an obligation”) for expenditures made before the STID Bonds are issued.

Financial Considerations: There are no financial considerations with the proposed actions. Any reimbursement to the City will only occur after the STID Bonds have been issued. The contracts to be awarded have been or will be entered into in compliance with the City’s procurement policy.

Local Business Enterprise (LBE): Not applicable

RESOLUTION NO. 2019-_____

Adopted by the Sacramento City Council

June 11, 2019

DECLARATION OF OFFICIAL INTENT TO REIMBURSE EXPENDITURES FROM PROCEEDS OF AN OBLIGATION IN CONNECTION WITH THE SACRAMENTO CONVENTION CENTER BALLROOM PROJECT

BACKGROUND:

- A. The City desires to finance the construction of a ballroom and related improvements as part of the renovated Sacramento Convention Center (the “**Project**”).
- B. To finance, on a long-term basis, the costs associated with the Project, the City reasonably expects to issue tax-exempt bonds or other obligations secured by assessments payable within the City of Sacramento Tourism Infrastructure District No. 2018-04 (the “**Bonds**”), the interest on which is to be exempt from income taxation under the United States Internal Revenue Code. The maximum principal amount of the Bonds is not expected to exceed \$50,000,000.
- C. The City expects to pay, from amounts in the City’s General Fund or from other available funds, certain expenditures in connection with the Project before the issuance of the Bonds (the “**Original Expenditures**”) and to use a portion of the proceeds of the Bonds to reimburse itself for the Original Expenditures.
- D. To use the proceeds of the Bonds to reimburse advances made by the City for the Project before the date of issuance of the Bonds, but not more than 60 days before the date of adoption of this resolution, Section 1.150-2 of the United States Treasury Regulations (“**Section 1.150-2**”) requires the City to declare its reasonable “official intent” to reimburse itself with proceeds of the Bonds.
- E. The City Council is fully advised in this matter.

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

- Section 1. The City Council finds that the statements in the Background are true.
- Section 2. The City hereby declares its official intent to use the proceeds of an obligation, i.e., the proceeds of the Bonds, to reimburse itself for the Original Expenditures.
- Section 3. This resolution is adopted solely for purposes of establishing compliance with Section 1.150-2. It does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.
- Section 4. This resolution takes effect when adopted.