

RESOLUTION NO. 2019-0105

Adopted by the Sacramento City Council

April 2, 2019

Approving the Redemption of North Natomas Land Acquisition Fee Credits and Appropriating Fee Revenue and Associated Interest

BACKGROUND

- A. The North Natomas Finance Plan, adopted by Resolution No. 95-495 and updated in 1999 by Resolution No. 99-471, in 2002 by Resolution No. 2002-374, in 2005 by Resolution No. 2005-584, in 2009 by Resolution No. 2009-341, and in 2017 by Resolution No. 2018-0058 (the “NNFP”), authorizes the North Natomas Land Acquisition Program (the “NNLAP”) to provide for the timely acquisition of designated NNLAP public lands for the development of the North Natomas Community Plan and to provide equity among landowners by providing development credits for dedicated lands and imposing fees on developers with no NNLAP dedications or development credits.
- B. Fees are collected for the sole purposes of acquiring designated lands through condemnation proceedings, where necessary, and for redeeming credits at face value when, in the City’s sole judgment, the need for further acquisitions is remote.
- C. Of the 415 acres to be acquired through the NNLAP, 346 have been already been acquired by easement, deed, or an irrevocable offer of dedication. Of the remaining 69 acres, 59 will be acquired under development agreements that require compliance with the NNFP (including dedication of LAP lands), and 10 will be acquired through conditions of approval. All of those 10 acres are associated with one parcel that will be conditioned to dedicate the lands and cannot otherwise develop without dedicating the lands.
- D. To date, \$31,010,907 in development credits (net of credits used for building permit purposes) have been issued. All redemptions of these credits are at the face value of the credits when issued. The credits do not earn interest and are not otherwise adjusted. Thirty-two developer entities have held credit balances dating back to the beginning of the program in 1998.

- E. Fees collected through June 30, 2018, total \$30,315,398, including interest earnings on the fees and excluding administrative fees and contingencies. On July 20, 2010 (by Resolution No. 2010-415), on March 17, 2017 (by Resolution No. 2017-0095), and on March 27, 2018 (by Resolution No. 2018-0103), the City Council approved the distribution of \$24,263,740, \$1,891,573, and \$2,029,574 respectively to credit holders, representing the total of available funds at those times. Subsequent collections have resulted in an additional \$2,130,511 in available funds, as confirmed by the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The City is not obligated to provide funding from any other source.
- F. The priority of the redemptions to credit holders will generally reflect the dates of the agreements under which the credits were issued—that is, under the “Reimbursement and Credit Agreement for the North Natomas Land Acquisition Program” (“Credit Agreement”) that all developers must enter into to participate in the NNLAP. The earlier the date of the Credit Agreement, the higher the priority for redemption.
- G. Exhibit A sets forth the allocation of available funds to the remaining credit holders. The allocations will include, where applicable, deductions for other fee or permit obligations to the City.

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

- Section 1: The City Council hereby finds that the background paragraphs set forth above are correct.
- Section 2: The North Natomas Land Acquisition Fee Credit redemptions are approved.
- Section 3: The City Council hereby appropriates \$2,130,511 from the available fund balance in the North Natomas Finance Plan Public Land Acquisition Fee Fund (Fund 3208) and increases the Debt Service (70001025) expenditure budget by \$2,130,511.
- Section 4: The City Manager is hereby authorized to distribute the appropriated funds in accordance with Exhibit A and that includes, where applicable, deductions for other fee or permit obligations to the City.

Section 5: Exhibit A, is part of this resolution.

Table of Contents:

Exhibit A – Reimbursement and Reimbursement Priority

Adopted by the City of Sacramento City Council on April 2, 2019, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer and Warren

Noes: None

Abstain: None

Absent: Mayor Steinberg

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2019.04.04 12:23:42
-07'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

Exhibit A

Reimbursement and Reimbursement Priority

Entity	Credits	2017	2018 Redemption	Balance '02-2019	April 2019 Redemption	Balance
Natomas Creek LLC 2009-0360	1,975,478	374,304	1,312,892	288,282	288,282	-
Gateway West LLC 2009-0939	1,842,229	-		1,842,229	1,842,229	-
Total	3,817,707	374,304	1,312,892	2,130,511	2,130,511	-