



APPROVED

NOV 2 1999

OFFICE OF THE
CITY CLERK

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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 101
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SACRAMENTO, CA
95814-2684

October 20, 1999

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: REQUEST TO APPROVE OF AN INSTALLMENT PURCHASE
FINANCING BY THE CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY FOR PRIDE
INDUSTRIES.

LOCATION AND COUNCIL DISTRICT: District 2

Pride Industries
555 Display Way
Sacramento, CA

CONTACT PERSON: Betty Masuoka, Deputy City Manager
264-5738

Patti Bisharat, Sr. ASO
264-8197

FOR COUNCIL MEETING OF: November 2, 1999

SUMMARY:

Staff recommends the adoption of the Resolution to approve of the Installment Purchase Financing by the California Statewide Communities Development Authority for Pride Industries.

BACKGROUND INFORMATION:

Pride Industries, a non-profit public benefit corporation, provides vocational training, rehabilitation services and employment opportunities for people with disabilities. Pride Industries has requested that the California Statewide Communities Development Authority ("CSCDA") assist in the financing and refinancing of certain training facilities in a principal amount not to exceed \$26,000,000. Pride Industries will enter into an installment purchase agreement with the CSCDA, which will then issue certificates of participation for the benefit of Pride Industries.

Pride Industries provides numerous public benefits to the members of the community as indicated in its application for financing filed with the CSCDA. A summary of such public benefits is attached. The financing includes several facilities outside of the city limits. This public hearing is for the purposes of refinancing the facility located in the City of Sacramento at 555 Display Way. Public hearings will be conducted for the other facilities included in the financing by the City of Roseville, Placer County and Nevada County.

In connection with the issuance of the certificates of participation, the CSCDA requested that the City of Sacramento (1) conduct a public hearing under the Tax and Equity Fiscal Responsibility Act of 1982 and (2) adopt a resolution approving of CSCDA's financing the project for Pride Industries pursuant to Section 147(f) of the Internal Revenue Code (the "Code") and CSCDA's joint powers agreement.

Under the Code, the elected legislative body of the municipal entity in which the proposed project is located is required to conduct a public hearing providing members of the community the opportunity to speak on behalf of or against a proposed tax-exempt financing of facilities. In addition, the Code and the CSCDA require that such elected legislative body adopt a resolution approving of the CSCDA's refinancing of the proposed project. The CSCDA has requested that this City Council serve as the elected legislative body, conduct the public hearing and approve of CSCDA's refinancing of facilities for Pride Industries.

If the City of Sacramento conducts the public hearing and adopts a resolution approving of the refinancing of the facility in Sacramento, the CSCDA and Pride industries will then proceed with completing the transaction. Bond documents

(including the official statement relating to disclosure matters) will be finalized, the Commission of the CSCDA will be requested to approve the financing, the underwriter will price and sell the tax-exempt obligations, bond documents will be executed by the CSCDA and Pride Industries, and finally such tax-exempt obligations will be delivered to bondholders. The financing process is expected to be concluded on or about November 16, 1999.

The CSCDA is an issuer of tax-exempt obligations for non-profit organizations like Pride Industries. The CSCDA is a joint powers authority consisting of over 300 cities and counties in the State of California and is sponsored by the League of California Cities and the California State Association of Counties. Through the execution of a joint exercise of powers agreement, the City of Sacramento is a member of the CSCDA. The City of Sacramento's participation in this transaction is limited to only conducting the public hearing and approving of the CSCDA's financing of facilities for Pride Industries.

FINANCIAL CONSIDERATIONS:

The requested approval will have no fiscal impact or financial consideration required of the City of Sacramento.

ENVIRONMENTAL CONSIDERATION:

The requested approval will not be considered a "project" as defined by Section 15378 of the California Environmental Quality Act ("CEQA"). The proposed approval 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)).

POLICY CONSIDERATIONS:

The proposed refinancing of facilities for Pride Industries will enable Pride Industries to achieve level debt service payments and reduce interest costs which will enable Pride Industries to better meet the vocational and rehabilitative needs of disabled citizens in the City of Sacramento. The City Council has approved similar actions in the past, most recently for Sutter Health.

ESBD CONSIDERATIONS:

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

Respectfully submitted,

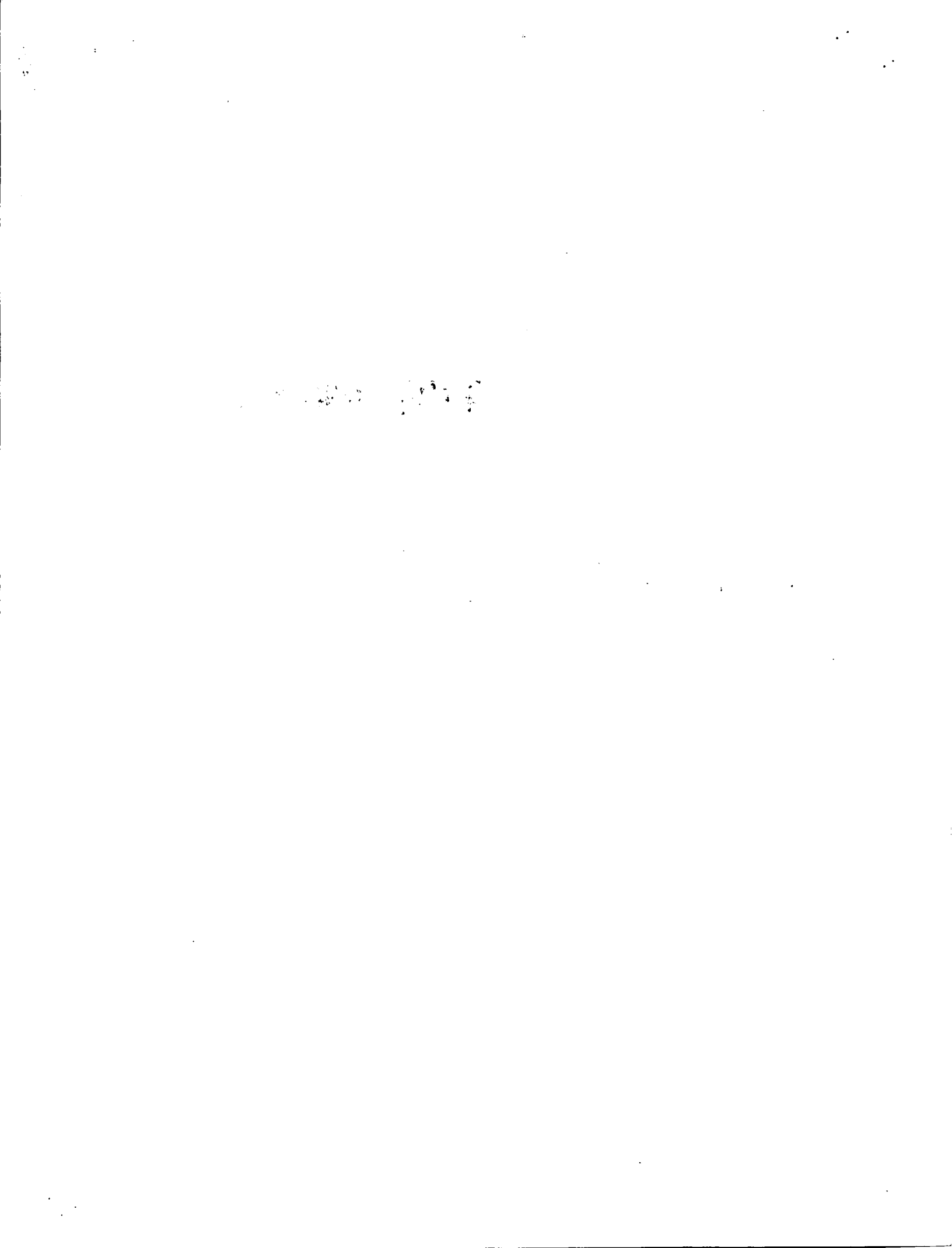


Betty Masuoka
Deputy City Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager



B. COMPREHENSIVE SUMMARY OF ALL PUBLIC BENEFITS OF PROJECT

The mission of PRIDE Industries is "to create jobs for people with disabilities." PRIDE provides employment opportunities and vocational training for people typically excluded from the workplace and helps them become more self-sufficient, contributing members of the community. PRIDE's basic corporate commitment (as stated in PRIDE's 1998 Annual Report) includes "jobs and excellent support for people with disabilities, the best environment for all our employees to succeed, and a positive impact in our community." All three goals contribute to the "public benefit" as shown below:

1. *Premier Employer of People with Disabilities:* 1,600 of the over 2,900 PRIDE employees in California, New Mexico and Arizona are people with disabilities.
2. *Rehabilitation Services:* PRIDE's Rehabilitation Services provide a wide variety of services designed to transition individuals with disabilities and other barriers to traditional employment, into permanent employment. PRIDE is partnered with the counties of Sacramento, Placer, Monterey, Santa Cruz and Solano and the Department of Rehabilitation to help individuals making the transition from public assistance to the workplace. Programs include: Supported Employment, Vocational Training, Welfare to Work, and Independent Living Services.
3. *Job Placement for People with Disabilities:* PRIDE's Employment Services division helps match people with disabilities with jobs throughout the community.
4. *Job Training and Continued Education for Non-disabled Employees:*
 - ◆ *Job Training to Non-disabled Employees to Fully Integrate the Combined Workforce:* PRIDE's workforce is fully integrated, therefore PRIDE trains its non-disabled employees to work effectively with other employees with disabilities. PRIDE's Counseling Department educates its non-disabled employees in topics such as sign language, catering to the special needs of deaf and blind employees and understanding the types of disabilities which includes a comprehensive overview of developmental disabilities.
 - ◆ *Tuition Reimbursement:* PRIDE reimburses employees for the cost of tuition, enrollment fees, and books for educational course work in accredited programs such as programs certified by the Western Association of Schools and Colleges.
5. *Transportation Services to Seniors and Individuals with Disabilities:* PRIDE's Placer County "Dial-A-Ride" program provides increased services for seniors and people with disabilities needing transportation.
6. *Extensive Work with Charitable Organizations:* PRIDE employees donate their time and financial support to numerous charitable organizations. For example, PRIDE, with the

support of its employee volunteers, was one of the top ten corporate contributors to Placer County's United Way campaign last year.

7. *One of the Largest Employers in Placer County:*

- ◆ 4th largest manufacturing and service employer in the greater Sacramento region.
- ◆ The 1,262 PRIDE employees working within Placer County makes PRIDE Industries the fourth largest private employer in Placer County.
- ◆ PRIDE Industries is the fifth largest employer in Placer County. Only Hewlett Packard, NEC, Sutter Health and The County of Placer employ more people than PRIDE.

RESOLUTION NO. 99-626

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO APPROVING AN INSTALLMENT PURCHASE FINANCING TO BE UNDERTAKEN BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO BENEFIT PRIDE INDUSTRIES, INC.

WHEREAS, PRIDE Industries, Inc. (the "Corporation"), a nonprofit public benefit corporation, has requested that the California Statewide Communities Development Authority ("CSCDA") participate in an installment purchase financing (the "Financing") for the purpose of financing the acquisition, construction, improvement and equipping of educational and vocational facilities (the "Facilities") located within the City of Sacramento (the "City");

WHEREAS, in connection with the Financing, CSCDA and the Corporation will enter into an installment purchase agreement (the "Purchase Agreement") under which the Corporation will sell the Facilities to CSCDA and CSCDA will agree to make payments (the "Installment Payments") to the Corporation for the purchase thereof;

WHEREAS, simultaneously with such sale under the Purchase Agreement, CSCDA and the Corporation will enter into an installment sale agreement (the "Sale Agreement") under which CSCDA will sell, among other things, the Facilities back to the Corporation and the Corporation will agree to make payments to CSCDA for the purchase thereof, with the result that title to the Facilities will remain with the Corporation;

WHEREAS, certificates of participation (the "Certificates") in an aggregate principal amount not to exceed \$26,000,000, each representing a proportionate undivided interest in the Installment Payments, will be executed, delivered and sold in connection with the Financing;

WHEREAS, proceeds of the Certificates in an amount not to exceed \$26,000,000 are expected by the Corporation to be used for the acquisition, construction, improvement and equipping of the Facilities;

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Financing and the execution and delivery of the Purchase Agreement by CSCDA must be approved by the City because the Facilities are located within the territorial limits of the City;

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RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, the City Council is the elected legislative body of the City and is one of the applicable elected representatives required to approve the Financing and the execution and delivery of the Purchase Agreement under Section 147(f) of the Code;

WHEREAS, CSCDA and the Corporation have requested that the City Council approve the Financing and the execution and delivery of the Purchase Agreement in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Joint Exercise of Powers Agreement (the "Agreement"), dated as of June 1, 1988, among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the Financing and the execution and delivery of the Purchase Agreement, and now desires to approve the Financing and the execution and delivery of the Purchase Agreement.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Sacramento, as follows:

1. The City Council hereby approves the Financing and the Purchase Agreement. It is the purpose and intent of the City Council that this resolution constitute approval of the Financing and the execution and delivery of the Purchase Agreement (and the execution and delivery of the certificates of participation related thereto) for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are located, in accordance with said Section 147(f), and (b) Section 9 of the Agreement.
2. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, certificates and other instruments which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby. Any actions heretofore taken by such officers are hereby ratified and approved.
3. The Certificates will be paid entirely from repayments by the Corporation. Neither the full faith and credit nor the taxing power, if any, of the City, CSCDA and its members, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium,

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RESOLUTION NO.: _____

DATE ADOPTED: _____ 8

if any, or interest with respect to the Certificates, nor shall the City, CSCDA and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest with respect to the Certificates.

4. This resolution shall take effect immediately upon its passage.

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

**NOTICE OF PUBLIC HEARING PURSUANT TO SECTION 147(f) OF THE
INTERNAL REVENUE CODE OF 1986, AS AMENDED, FOR THE FINANCING
OF CERTAIN FACILITIES FROM THE SALE OF TAX-EXEMPT OBLIGATIONS.**

NOTICE IS HEREBY GIVEN ~~that at 2:00 p.m. on November 2, 1999 at the City Council of~~ the City of Sacramento, City Hall, 915 "T" Street, Sacramento, California, 95814, the City Council of the City of Sacramento (the "City") will conduct a public hearing (the "Public Hearing") at which the City will hear and consider information concerning the proposed sale, execution and delivery by the California Statewide Communities Development Authority (the "Authority") of its Certificates of Participation (PRIDE Industries Project), Series 1999 (the "Certificates") in an aggregate principal amount not to exceed twenty six million dollars (\$26,000,000). Proceeds of the Certificates are to be used to assist PRIDE Industries, Inc., a California corporation (or any successor thereto or related affiliate thereof) (the "Borrower"), to (1) refinance costs incurred by the Borrower with respect to the acquisition and improvement of property located at 555 Display Way, Sacramento, California, 95838, (2) finance the cost of acquisition and installation of various items of capital equipment of the Borrower located at the property listed above, and (3) pay other related expenses (collectively, the "Project"). The facilities to be refinanced have been and will continue to be used for exempt educational and vocational purposes of the Borrower, and will be owned and operated by, and used by, the Borrower or a related subsidiary.

The Certificates will be paid entirely from payments by the Borrower. Neither the full faith and credit nor the taxing power, if any, of the City, the Authority and its members, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest with respect to the Certificates, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest with respect to the Certificates.

The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Those wishing to comment on the sale, execution and delivery of such Certificates or on the proposed nature and location of any of the Project and the financing of the Project with the proceeds of the Certificates may either appear in person at the time and place indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Ms. Valerie Burrowes at the address indicated above.

Notice is further given that the Borrower has filed an application with the Authority in connection with the proposed issuance of the Certificates to finance the Project, and reference is hereby made to such application for further particulars.

Date: October __, 1999

City of Placer

/s/ Valerie Burrowes
Clerk of the Board of Supervisors

RESOLUTION NO. _____**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO APPROVING AN INSTALLMENT PURCHASE FINANCING TO BE UNDERTAKEN BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO BENEFIT PRIDE INDUSTRIES, INC.**

WHEREAS, PRIDE Industries, Inc. (the "Corporation"), a nonprofit public benefit corporation, has requested that the California Statewide Communities Development Authority ("CSCDA") participate in an installment purchase financing (the "Financing") for the purpose of financing the acquisition, construction, improvement and equipping of educational and vocational facilities (the "Facilities") located within the City of Sacramento (the "City");

WHEREAS, in connection with the Financing, CSCDA and the Corporation will enter into an installment purchase agreement (the "Purchase Agreement") under which the Corporation will sell the Facilities to CSCDA and CSCDA will agree to make payments (the "Installment Payments") to the Corporation for the purchase thereof;

WHEREAS, simultaneously with such sale under the Purchase Agreement, CSCDA and the Corporation will enter into an installment sale agreement (the "Sale Agreement") under which CSCDA will sell, among other things, the Facilities back to the Corporation and the Corporation will agree to make payments to CSCDA for the purchase thereof, with the result that title to the Facilities will remain with the Corporation;

WHEREAS, certificates of participation (the "Certificates") in an aggregate principal amount not to exceed \$26,000,000, each representing a proportionate undivided interest in the Installment Payments, will be executed, delivered and sold in connection with the Financing;

WHEREAS, proceeds of the Certificates in an amount not to exceed \$26,000,000 are expected by the Corporation to be used for the acquisition, construction, improvement and equipping of the Facilities;

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Financing and the execution and delivery of the Purchase Agreement by CSCDA must be approved by the City because the Facilities are located within the territorial limits of the City;

WHEREAS, the Board of Supervisors of the City (the "Board") is the elected legislative body of the City and is one of the applicable elected representatives required to approve the Financing and the execution and delivery of the Purchase Agreement under Section 147(f) of the Code;

WHEREAS, CSCDA and the Corporation have requested that the Board approve the Financing and the execution and delivery of the Purchase Agreement in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Joint

Exercise of Powers Agreement (the "Agreement"), dated as of June 1, 1988, among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the Board has, following notice duly given, held a public hearing regarding the Financing and the execution and delivery of the Purchase Agreement, and now desires to approve the Financing and the execution and delivery of the Purchase Agreement.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the City of Sacramento, as follows:

1. The Board hereby approves the Financing and the Purchase Agreement. It is the purpose and intent of the Board that this resolution constitute approval of the Financing and the execution and delivery of the Purchase Agreement (and the execution and delivery of the certificates of participation related thereto) for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are located, in accordance with said Section 147(f), and (b) Section 9 of the Agreement.
2. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, certificates and other instruments which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby. Any actions heretofore taken by such officers are hereby ratified and approved.
3. The Certificates will be paid entirely from repayments by the Corporation. Neither the full faith and credit nor the taxing power, if any, of the City, CSCDA and its members, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest with respect to the Certificates, nor shall the City, CSCDA and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest with respect to the Certificates.
4. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Board of Supervisors of the City of Sacramento this 2nd day of November, 1999, by the following vote:

AYES, and in favor of the passage and adoption of the foregoing resolution:

Members of the Board of Supervisors

NOES:

ABSENT:

Chairperson of the Board of Supervisors of the
City of Sacramento

Attest:

Clerk of the Board of Supervisors
of the City of Sacramento

Approved as to form and legality:

City Counsel