



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604

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Consent
September 2, 2008

**Honorable Mayor and
Members of the City Council**

Title: Reimbursement Resolution – Railyard Public Infrastructure

Location/Council District: Citywide

Recommendation: That the City Council adopt a resolution authorizing the reimbursement, from proceeds of bonds the Sacramento City Financing Authority issues in the future, of certain expenditures for various Railyard Development projects.

Contact: Petra Laptalo, Treasury Analyst, 808-8292; Janelle Gray, Public Finance Manager, 808-8296

Presenters: N/A

Department: City Treasurer's Office

Division: Public Finance

Organization No: 0900

Description/Analysis

Issue: On July 15, 2008, City Council authorized staff to proceed with a Request for Qualifications for a design/build approach for the Railyards 5th Street Public Parking Garage project. It is anticipated that the garage, as well as other Railyard related improvements — together called "Project" — will be financed using proceeds from bonds the Sacramento City Financing Authority issues in the future. Under the current design and construction schedules, it is anticipated that bonds would not be issued until late 2010, when the actual construction costs are known. The City expects to pay certain expenditures in connection with the Project before the bonds are issued and to use a portion of the bond proceeds to reimburse itself. Treasury Regulations require the City to adopt a resolution stating its intent to reimburse certain expenditures from future bond proceeds.

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

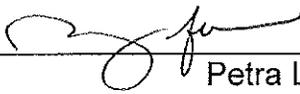
Environmental Considerations: The City Council’s action in adopting this resolution is not a project for purposes of the California Environmental Quality Act.

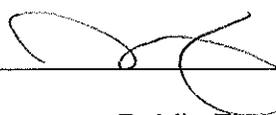
Sustainability Considerations: This resolution is adopted solely to comply with Section 1.150-2 of the Treasury Regulations; there are no sustainability considerations applicable to this action.

Rationale for Recommendation: Without a reimbursement resolution, the City is limited by current federal regulations to reimbursement for capital expenditures and other qualified expenditures paid not more than 60 days before approval of the bond financing. With the adoption of a reimbursement resolution, the City can reimburse itself for any qualified expenditure made no more than 60 days before the adoption of the resolution so long as reimbursement occurs no later than three years after the expenditures.

Financial Considerations: Adoption of the reimbursement resolution does not entail any financial costs for the City and does not bind the City to make expenditures, incur any indebtedness, or proceed with the Project. Adoption of the resolution will benefit the City by satisfying the federal prerequisite for reimbursement of prior expenditures from bond proceeds.

Emerging Small Business Development (ESBD): City Council adoption of the attached resolution is not affected by City policy related to the ESBD Program.

Respectfully Submitted by:  _____
Petra Laptalo
Treasury Analyst

Approved by:  _____
Janelle Gray
Public Finance Manager

Recommendation Approved:

 _____
Russell T. Fehr
City Treasurer

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RESOLUTION NO.

Adopted by the Sacramento City Council

DECLARATION OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF THE SACRAMENTO CITY FINANCING AUTHORITY BONDS (RAILYARD PUBLIC INFRASTRUCTURE)

BACKGROUND

- A. The City Council has determined to construct and acquire certain public facilities and to finance the construction and acquisition of those facilities using bonds issued by the Sacramento City Financing Authority. The facilities consist of the following (the "Project"), all of which are to be located within, or to serve, the City's Railyards Development: (1) a parking garage and related structures; streets, sidewalks, lighting, landscaping, and related structures; (2) other public infrastructure needed to serve the City's Railyards Development, including but not limited to water, sewer, and drainage facilities; (3) public amenities, including but not limited to parks, community centers, theaters, and libraries; and (3) engineering and design work for these facilities.
- B. To finance, on a long-term basis, the costs associated with the Project, the City expects to issue bonds through the Sacramento City Financing Authority (the "Bonds"). Depending on the circumstances, the interest on the Bonds may or may not be exempt from income taxation under the United States Internal Revenue Code. The maximum principal amount of the Bonds is not expected to exceed **\$200,000,000**.
- C. The City expects to pay certain expenditures in connection with the Project before the Bonds are issued (the "Original Expenditures") and to use a portion of the proceeds of the Bonds to reimburse itself for the Original Expenditures.
- D. 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 (i.e., the "proceeds of an obligation") for Project expenditures it expects to pay before the Bonds are issued.
- 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 proceeds of an obligation, i.e., proceeds of the Bonds, to reimburse itself for the Original Expenditures.

Section 3. This resolution is adopted solely for purposes of establishing compliance with the requirements of 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.