



**City of Sacramento
City Council**

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915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 3/13/2012

Report Type: Public Hearing

Title: Issuance of Revenue Bonds by the California Municipal Finance Authority to Benefit Goodwill Industries (Noticed on 2-28-12)

Report ID: 2012-00216

Location: Districts 1, 4, 5, 8

Recommendation: Conduct a public hearing and upon conclusion pass a Resolution approving the issuance of revenue bonds by the California Municipal Finance Authority ("CMFA") to benefit Goodwill Industries.

Contact: Brian Wong, Senior Debt Analyst, (916) 808-5811; Janelle Gray, Debt Manager, (916) 808-8296, Office of the City Treasurer

Presenter: Brian Wong, Senior Debt Analyst, (916) 808-5811, Office of the City Treasurer

Department: City Treasurer

Division: City Treasurer

Dept ID: 05001011

Attachments:

1-Description/Analysis
2-Resolution

City Attorney Review

Approved as to Form
Joseph Cerullo
3/1/2012 12:40:00 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
2/28/2012 10:28:31 AM

Approvals/Acknowledgements

Department Director or Designee: Russell Fehr - 2/29/2012 1:48:10 PM

Description/Analysis

Issue: Goodwill Industries of Sacramento Valley & Northern Nevada, a California non-profit corporation (“Goodwill”), is seeking bond financing through the CMFA to finance and refinance the cost of acquiring, constructing, improving, renovating, furnishing, and equipping certain retail and donation facilities located in the City of Sacramento (the “City”). The aggregate debt issuance amount is estimated to be \$30 million involving the financing for Goodwill locations in various cities and counties in Northern California, of which five Goodwill locations with an estimated tax-exempt debt issuance need of \$4.125 million will be located in the City. The CMFA will be issuing these bonds, and the City will have no financial obligation. In compliance with federal law, representatives of the CMFA have requested that the City hold a public hearing as required by section 147(f) of the Internal Revenue Code of 1986. Section 147(f) requires that the proposed financing be approved by a governmental unit having jurisdiction over the area in which the facility to be financed is located. The CMFA asks that the City Council approve the \$4.125 million portion of the \$30 million aggregate debt issuance associated with Goodwill locations at 4040 Florin Road, 1621 L Street, 4601 Freeport Blvd., 4760 Natomas Blvd., and 631 16th Street.

Policy Considerations: The CMFA represents that it is legally authorized and empowered to undertake this financing.

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

Sustainability Considerations: Not applicable

Commission/Committee Action: Not applicable

Rationale for Recommendation: Under section 147(f), CMFA may not issue these tax-exempt obligations unless the City approves the issuance after holding a public hearing for which reasonable public notice is given. Accordingly, it is requested that the City Council hold the required public hearing regarding the issuance of these bonds and approve the issuance of the bonds by the CMFA.

Goodwill Industries is a not-for-profit corporation that provides rehabilitation services, training and employment to disabled and disadvantaged people. Its predominant activity is the collection, repair, and sale of donated goods. Sales are conducted at eighteen stores in the Sacramento Valley, and goods are collected at the stores and at collection centers throughout the region.

Financial Considerations: This project and associated financing will have no fiscal impact to the City. The bonds will be paid entirely from repayments by Goodwill under a loan & security agreement with the CMFA. Neither the full faith and credit nor the taxing power, if any, of the City, the CMFA and its members, the state, or any other political corporation, subdivision, or agency of the state is pledged to the payment of the principal of, any premium for, or interest on the bonds. Nor will the City, the CMFA 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 for, or interest on the bonds.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of these actions.



RESOLUTION NO 2012-XXX

ADOPTED BY THE SACRAMENTO CITY COUNCIL

APPROVING TAX-EXEMPT BONDS TO BE ISSUED BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF GOODWILL INDUSTRIES

BACKGROUND:

- A. Goodwill Industries of Sacramento Valley & Northern Nevada, a California non-profit corporation (“Goodwill”), has requested that the California Municipal Finance Authority (the “Authority”), a joint-exercise-of-powers agency established under California law, participate in financing and refinancing the cost of acquisition and construction for certain capital facilities as more fully described below.
- B. The Authority will issue its revenue bonds in connection with the financing, in one or more series in an aggregate principal amount not to exceed \$30 million, for Goodwill locations in various cities and counties in Northern California. The tax-exempt debt issuance allocated for five locations located in the City of Sacramento (the “City”) will not exceed \$4.125 million (the “Bonds”).
- C. The Authority and Goodwill will enter into a loan & security agreement under which the Authority will loan the proceeds of the Bonds to Goodwill to provide a plan of financing for the following (collectively, the “Project”): financing and refinancing the cost of acquiring, constructing, improving, renovating, furnishing, and equipping certain retail and donation facilities located in the City (the “Facilities”).
- D. Under section 147(f) of the Internal Revenue Code of 1986 (the “Code”), the Authority’s issuance of the Bonds must be approved by the City because the Facilities are located within the territorial limits of the City.
- E. The Sacramento City Council (the “City Council”) is the elected legislative body of the City and as such is authorized to approve the issuance of the Bonds under section 147(f) of the Code.
- F. To satisfy the public-approval requirement of section 147(f) of the Code, the Authority has requested that the City Council approve the issuance of the Bonds.
- G. In accordance with section 147(f) of the Code, the City Council held a public hearing, following reasonable public notice, regarding the issuance of the Bonds, and the City Council now desires to approve the issuance of the Bonds.

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

- Section 1. The City Council hereby approves the Authority’s issuance of Bonds. The City Council intends that this resolution constitute approval of the issuance of

the Bonds for the sole purpose of complying with section 147(f) of the Code, which requires approval by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are to be located.

Section 2. The City Council expressly conditions its adoption of this resolution on its understanding that the City is not obligated to pay any principal, interest, fees, or other costs associated with the Authority's issuance of Bonds. The City Council's approval of the issuance, sale, and delivery of the Bonds is neither an approval of the underlying credit issues of the proposed Project nor an approval of the financial structure of the Bonds.

Section 3. This resolution takes effect immediately upon its adoption.