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City of SACRAMENTO

City Council Report
915 I Street, 1st Floor
www.CityofSacramento.org

Title: Golden 1 Center Debt Financings

Location: Citywide

Recommendation: Receive and file the City Treasurer's Report on Debt Financings for the Golden 1 Center.

Contact: Russ Fehr, City Treasurer, (916) 808-5832; Brian Wong, Debt Manager, (916) 808-5811, Office of the City Treasurer

Presenter: None

Department: City Treasurer

Division: City Treasurer

Dept ID: 05001011

Attachments:

1-Description/Analysis

2-Background

City Attorney Review

Approved as to Form
Joseph Cerullo
1/20/2016 3:53:08 PM

Approvals/Acknowledgements

Department Director or Designee: Russell Fehr - 1/14/2016 4:31:08 PM

Description/Analysis

Issue Detail: On May 20, 2014, the Mayor and City Council directed the City Treasurer to conduct debt financing for the Golden 1 Center with an aim of generating a $212.5 million City contribution to the construction of the facility. The debt financing was finally closed in October 2015. Attached is the City Treasurer's final report on debt financing.

Policy Considerations: In the planning, development, and financing of the Golden 1 Center, all appropriate City policies have been addressed.

Economic Impacts: The Golden 1 Center is having a significant catalytic effect on the economic growth and development of Downtown Sacramento

Environmental Considerations: The Golden 1 Center project has received a full environmental review.

Sustainability: The Golden 1 Center is being constructed to LEED platinum standards

Commission/Committee Action: Not applicable

Rationale for Recommendation: The Golden 1 Center debt financing was necessary to implement the agreements that have resulted in the construction of the facility in Downtown Sacramento.

Financial Considerations: Of the City's financial contribution to construction of the Golden 1 Center, $212.5 million was to come from debt financing. Attached is the City Treasurer's final report to the Mayor and City Council regarding the debt financing of the City's contribution.

Local Business Enterprise (LBE): Not applicable

City of SACRAMENTO
Office of the City Treasurer

REPORT OF THE CITY TREASURER ON THE GOLDEN 1 CENTER DEBT FINANCINGS

On May 20, 2014, the Mayor and City Council directed the City Treasurer to conduct a debt financing generating a $212.5 million contribution to a downtown Entertainment Sports and Cultural Events Center (ESC), now the Golden 1 Center. This is the Treasurer's final report on the completion of that direction. The long-term, fixed-rate debt was priced in the market on September 24, 2015, and closed on October 6, 2015.

The construction of the Golden 1 Center in Downtown Sacramento is a public-private partnership between the City of Sacramento and the Sacramento Kings. Most of the City's financial contribution to the project, some $212.5 million, has come from the proceeds of a long-term, fixed-rate debt financing. This report describes the financing and the means by which the City will repay the debt. This report also describes a short-term term financing that preceded and was remarketed by the long-term, fixed-rate debt issue.

History of the Debt Financing Concept

In the summer of 2011, Sacramento once again took up the issue of the joint team-local funding of a new arena. The NBA had declined to approve a franchise relocation to Anaheim, and the Kings and the City were struggling with how to locate and fund a new arena in downtown Sacramento. Parking monetization, granting long-term operating agreements in exchange for large upfront payments, became the initial core public-funding concept in the fall of 2011 and winter of 2012. The first of several long-term independent evaluations of the parking system was performed with a focus on operating-revenue potential. An investment bank developed qualified estimates of the monetized value of the net cash flow from long-term parking. Based on these initial estimates, the City Council authorized developing more sophisticated estimates of the monetized value of the parking system on the market without actually committing to executing such a transaction.

As City staff worked more in depth on the parking-monetization concept and specific proposals, they became increasingly more concerned about the concept both in general and in detail. The high discount rates involved in the financial proposals, the requirement to surrender control of a well-managed operation, and the requirement to layoff nearly 150 city employees were the primary issues.

Beginning in October 2011, the City began to develop an alternative to private-sector parking monetization. The City would form a parallel entity and, in essence, sell the parking system to itself, taking the place of investors in the parking-monetization models and reaping the benefit of the cash flows once the financing costs of the debt transaction were paid. The City would retain the control of the parking system and the profit. Employees would retain their jobs. As this alternative proposal, self-monetization, began to appear to be a viable alternative to monetization, the prior team owners withdrew from participation in the arena-planning effort (April 2012). At this point, arena-finance planning ceased for several months.

In January 2013, Sacramento became aware of the proposed relocation of the Kings to Seattle. Financing the construction of a new arena in the downtown area would obviously be an essential component of an effort to retain the team. The self-monetization financing concept became the basis for the City's financial contribution to the downtown arena. The concept was refined in February and March 2013 and was presented to the Mayor and City Council in late-March 2013. Parking revenues would support a debt issue that would fund a $212.5 million City contribution to the construction of a downtown arena. Other project related revenues, including profit-sharing payments and ticket surcharges, would backfill the loss of parking revenues in the General Fund.

For the rest of calendar year 2013, the City debt-financing team continued to refine the self-monetization financing concept. Then, in early 2014, there were changes in the relationship between the Kings and the City that allowed for significant changes to, and improvements in, the debt-finance plan for the project. Originally the Kings were to own the arena, but now the City would own both the land under the arena and the arena itself. This allowed the debt-finance plan to be changed from self monetization to a traditional lease-revenue debt issue with the arena being the leased asset.

Also of great significance to the debt-finance plan was in the payments the Kings were to make to the City in return for use of the arena: the profit-sharing and ticket-surcharge provisions were replaced with an obligation to pay rent under a lease with the City. The lease payments from the Kings to the City will start at $6.5 million a year beginning in full in fiscal year 2017/18 and will grow with inflation over time. Growth will be linked to inflation with a minimum annual increase of 3% and a maximum annual adjustment of 5%. There will be no adjustment for the first five years of the term; in year six (fiscal year 2021/22) the value will increase to its inflation-adjusted level, which amounts to a minimum of $7.5 million. Over time, the lease payments from the Kings will become the sole funding source for the debt, giving the General Fund capacity to take on new debt service.

On May 20, 2014, the Mayor and City Council directed the City Treasurer to conduct a lease-revenue debt financing to generate a $212.5 million City contribution to the Golden 1 Center project. Both an interim financing in a short-term, variable-rate mode and a permanent long-term, fixed-rate financing were authorized.

In July 2014, the City Treasurer, on behalf of the City, entered into a Forward Bond Purchase Agreement with Goldman Sachs & Co., an investment bank. Goldman Sachs agreed to purchase in advance the entire City debt issue in a short-term, variable-rate mode once litigation against the project was resolved. There were $7.1 million in fees for the Forward Bond Purchase Agreement. Having the firm commitment for City funding in place allowed the Kings to obtain their financing in 2014 rather than waiting for an actual City bond sale. This advanced the construction of the Golden 1 Center by a year.

From July 2014 to June 2015, the debt-finance team prepared the final documents for the transaction and monitored the progress of the litigation against the project:

- In August 2014, after the litigation was finally resolved in the City's favor, the City sold $299,995,000 in bonds in short-term, variable-rate mode to Goldman Sachs, thus funding the City's contribution to the project. The debt-finance plan was rated "A+" by Standard & Poor's Ratings Services and "A" by Fitch Ratings, Inc.

- The long-term, fixed-rate bonds were priced on September 24, 2015. The bonds were sold to 23 different institutional investors (insurance companies, trading companies, hedge funds, bond funds, asset managers) and some individuals. The transaction closed on October 6, 2015, and the cash was received the same day by the City's trustee, Wells Fargo. Goldman Sachs was the lead investment banker (70%) with Morgan Stanley (20%) and Bank of America Merrill Lynch (10%) also participating in the sales syndicate.

Terms and Uses

The long-term, fixed-rate bonds were priced in the market on September 24, 2015, and closed on October 6, 2015. The final long-term, fixed-rate debt financing may be summarized as follows:

Item	Value
Issue Size	$272,870,000
True Interest Cost	5.67 %
Term	35 Years
Average Annual Debt Service	$18,300,000

The long-term, fixed-rate debt issue totals $272,870,000. This financing was technically the "remarketing" of the $299,995,000 in short-term debt issued in August 2015 (see below).   The overall fixed-interest rate is 5.67%. The annual debt service varies somewhat between $18.2 million and $18.4 million.

The actual cash transactions that refunded the short-term, variable-rate debt, canceled the excess bonds, and funded the new long-term, fixed-rate debt occurred on October 6, 2015. The bond proceeds are on deposit with Wells Fargo until all payments are made for project construction, issue costs, and debt service. The City will make debt-service payments to Wells Fargo.

Uses of Borrowed Funds

The uses of the $272,870,000 are summarized in the following table and described below:

City of Sacramento – Golden 1 Center Long-term, Fixed-Rate Debt Issue
Uses of Funds Summary

Uses of Funds		
Project Fund Base Contribution	$212,500,000	
Project Fund Equity Recovery	$7,926,649	
Project Fund Total		$220,426,649
Capitalized Interest		$29,537,130
Interest on Short-Term Debt		$1,098,644
Debt Service Reserve		$18,378,701
Costs of Issuance		$3,428,876
Total Uses of Funds		$272,870,000

Project Fund Contribution

The contribution to the Project Fund of $220.4 million included in the debt issue is made up of two components: (1) the base $212.5 million City cash contribution to the construction of the Golden 1 Center; and (2) the recovery from the debt financing of $7.9 million of the planned City equity contribution to project construction, which had been used to pay for the Forward Bond Purchase Agreement ($7.1 million) and certain costs of issuance ($0.8 million) in July 2014. There has been no overall increase in the City contribution to the project.

Capitalized Interest

For a lease-revenue debt financing, principal and interest payments may only be made after the facility being financed is fully operational. Interest payments are included in the debt financing. For the Golden 1 Center financing, the period of capitalized interest included in the borrowing extends to October 2017, one year past the original planned opening and occupancy of the facility, the extra year being standard in such complex construction financings. Actual debt-service payments from City funds will begin on April 1, 2018.

The actual capitalized interest for the long-term, fixed-rate debt issue is $29.5 million. In addition, $1.1 million in actual interest expense for the short-term bonds is included in the long-term, fixed-rate financing. The total capitalized interest of $30.6 million is $23.5 million less than the $54.1 million included in the short-term, variable-rate debt issue.

Debt Service Reserve

The Golden 1 Center debt financing includes a debt-service reserve equal to the highest annual debt-service payment. The reserve is borrowed in the debt issue, is held in reserve during the term of the debt, and will be used to make the final year debt-service payment. During the term of the debt, interest earnings on the reserve, on an annual basis, will be used to partially pay the annual debt-service payment each year. Estimated annual interest earnings of $300,000 a year will vary with financial-market conditions.

The debt-service reserve included in the borrowing is $18.4 million. This is $3.1 million less than in the reserve of $21.5 million included in the short-term, variable-rate debt issue. This reserve is distinct from the liquidity reserve also included in the Golden 1 Center debt finance plan.

Costs of Issuance

The costs of issuance are the various expenses of issuing the short-term, variable-rate and long-term, fixed-rate debt issues. These costs include investment banker fees, legal fees, trustee fees, financial advisor fees, and title fees. No City staff time was included in the costs of issuance for this financing. Included in the $3.4 million are $2.0 million in investment-banker fees and $1.4 million in other fees.

When the Forward Bond Purchase Agreement was executed in July 2014, certain costs of issuance were paid.. The funds for payment were advanced from the City equity contribution to project construction, are being reimbursed from the debt issue, and are included in the $220.4 million project contribution.

This brings the total costs of issuance for the Golden 1 Center financing to $4.2 million. These fees are higher than normal for a debt financing of this size and are explained by years it took to finalize the financing, the change in fundamental debt plan in January 2014, and the delays in selling the debt that were caused by the litigation against the project.

The Long-Term, Fixed-Rate Debt Issue Structure

The $272,870,000 overall debt issue consisted of six short-term, serial bonds and one large, long-term bond:

Maturity	Amount	Interest Rate
2018	$3,425,000	2.510 %
2019	$3,510,000	2.896 %
2020	$3,615,000	3.196 %
2021	$3,810,000	3.543 %
2022	$3,945,000	3.793 %
2023	$4,005,000	3.995 %
2050	$250,560,000	5.637 %
Total	$272,870,000	

The institutional investors in the taxable market have a large volume of corporate debt available for investment as well as some taxable municipal and state debt. The 2050 maturity in excess of $250 million was designed to attract institutional buyers by providing optimal liquidity while balancing the demand of retail buyers in the early maturities of the debt structure. As sold, the average life of the six serial bonds through 2023 is just over five years, and the average life of the term bond given the debt service beginning in 2024 is just under 25 years.

Paying the Annual Debt Service

As a general fund lease-revenue debt issue, the Golden 1 Center debt is an obligation of the General Fund with no funding sources specifically pledged to make debt-service payments. Certain financing sources, however, have been identified as not currently being used in the General Fund and, as they become available, may provide additional capacity in the General Fund to make debt-service payments.

There are two broad categories of such funding sources: those derived from the project and paid by the Kings and those coming from the City, primarily parking revenues. Those derived from the project—rent payments from the Kings to the City and the City's share of property taxes on the Golden 1 Center—would not be available without construction of the Golden 1 Center and the Kings' commitment to stay in Sacramento. So without the project these funding sources would not exist and could not be allocated to other uses.

The parking revenue that provides the General Fund with new debt capacity will come from two sources: a portion of the revenue growth from the parking-modernization program, with funds becoming available when current debt on parking garages and equipment is paid off; and new revenue from parking at city garages and meters during Golden 1 Center events. For purposes of this analysis, growth in new parking revenue is capped at $4 million a year, which, when combined with other sources, will suffice to meet debt service. Growth in parking revenue from the parking-modernization program in excess of this amount will accrue to the benefit of the General Fund.

Total debt-service payments for the Golden 1 Center debt, including principal and interest through April 1, 2050, will be $625.6 million. Debt service will be paid from borrowed funds as well as City funds. The table below identifies the broad sources for repaying debt service or providing capacity for the repayment of debt service:

General Fund G1C Debt Service Capacity
(in millions)

Funding Sources	Amount Through 2050	Share
Borrowed Funds	$ 47.9	8 %
Interest Earnings	$11.0	2 %
Lease Payments	$371.4	59 %
Property Taxes	$48.0	8 %
Parking Revenue	$147.3	23 %
Total Debt Service	$ 625.6	

The borrowed funds are the capitalized interest and debt-service reserve included in the debt issue. Interest earnings on the debt-service reserve and the liquidity reserve may be used for debt service. The lease payments to be made by the Kings to the City, at their lowest level of 3% annual growth through 2050, would total over $370 million, or 59% of the total capacity for debt service. At 1% annual growth, property taxes on the Golden 1 Center provide 8% of the capacity. This leaves just 23% of the capacity to come from City parking revenue. Inflation has averaged 3.7% over the past 30 years and reached double digits in the decade before that. At the historical average level, the lease payments would be $50 million greater than above and would exceed annual debt service by 2046. The need for parking revenue for debt-service capacity would be correspondingly less, and parking revenue would instead accrue to the benefit of the General Fund.

The bulk of the financing creating the capacity to make Golden 1 Center debt-service payments is generated *by the project itself* and will only exist in the future because of the project. It thus is not true that the City could allocate the $625.6 million in debt service to other services or programs had the Golden 1 Center project not moved forward. All the financing sources except for the parking revenue are generated by the project or by the debt-finance plan. In addition, a portion of the parking revenue will come from events at the new Golden 1 Center.

The need for parking revenue is greatest in the early years of the cash flow, as illustrated by this nine-year cash-flow projection for the Golden 1 Center debt-finance plan:

Projected Cash Flow to Fiscal Year 2023/24
(in millions)

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
New Parking	1.3	2.7	3.4	4.0	4.0	4.0	3.6	3.1	2.9
Parking Debt				0.6	1.2	4.2	4.2	4.2	4.2
G1C Event		1.2	1.2	1.3	1.3	1.3	1.3	1.5	1.5
Lease Payments		4.7	6.5	6.5	6.5	6.5	7.5	7.8	8.0
G1C Tax		1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3
Hotel Tax	2.0	2.0							
Total Sources	3.3	11.8	12.3	13.6	14.2	17.3	17.9	17.9	17.9
Debt Service			(10.7)	(18.0)	(18.0)	(17.9)	(17.9)	(17.9)	(17.9)
Net	3.3	11.8	1.7	(4.4)	(3.8)	(0.6)			
Reserve	5.3	17.1	18.8	14.4	10.6	10.0	10.0	10.0	10.0

Comments:

- In 2021, the City will be able to make the debt-service payments from capacity provided with on-going revenues. The debt on equipment and two garages will have been paid off. Parking modernization will be generating well more than $4 million per year in new revenue. Those attending events at the Golden 1 Center will use City garages and meters. The tool for getting from now to then is the liquidity reserve. While the debt service is being paid with capitalized interest and before, debt-plan financing sources and $6 million in hotel tax are being deposited to this budgetary reserve. It is available to supplement the on-going sources from which the first two, perhaps three, years full debt-service payments will be made.

- The need for new revenue from parking modernization peaks at $4 million a year and then begins to decline.

- Revenue the City currently collects and allocates to debt service is an important element of the debt-finance plan. When the City begins making debt-service payments with on-going resources, the value of parking revenue available from redeemed debt will be greater than the use of new revenue from modernization.

- The overall need for parking revenue is greatest in the early years. There is nearly a 50/50 balance between project revenues and parking revenues in Fiscal Year 2021/22 when on-going sources meet annual debt service. From that time forward, the need for parking revenues declines on an annual basis.

- An alternative way to envision the cash flow is that after payment capacity is achieved around 2021, all growth in lease payments, arena (possessory-interest taxes, and parking revenues accrues to the benefit of the General Fund.

The Liquidity Reserve

The liquidity reserve is a key component of the debt-finance plan, particularly in the first six years of the plan. The liquidity reserve is a standard budgetary reserve held in the City project debt-service fund. The liquidity reserve will be built up on an annual basis from four sources—i.e., net new parking revenue, ESC event-parking revenue, $6 million in hotel tax, and the Kings' initial lease payments—until the City begins making full annual debt-service payments using the financing sources identified in the debt-finance plan. Placing these four funding sources in the reserve rather than using them elsewhere in the budget also ensures there is no negative budgetary impact when the funding sources must provide debt-service capacity.

By Fiscal Year 2017/18, the balance of the liquidity reserve should be approximately $19 million. Then, according to the pro forma cash flow, a total of $8.8 million of the liquidity reserve would be used in Fiscal Years 2018/19 through 2020/21 to partially fund annual debt-service payments as City revenues and lease payments grow. In Fiscal Year 2021/22, when the City will make the annual debt-service payment with on-going resources, the projected balance of the liquidity reserve will be approximately $10 million, an ample level of protection for the General Fund. The level at which this reserve will be maintained in the future is a decision to be made later based on circumstances not knowable today.

The Short-Term Debt Issue

The litigation against the downtown arena project led to concern regarding the timing of a debt issue funding the City contribution to the project. The Kings planned to debt finance the majority of their share of arena construction costs. Neither the City nor the Kings could close their financing without the other party securing its financing. This posed a dilemma in the spring of 2014 as the City was preparing to obtain its approvals for the project. The City could not move forward with debt financing because of litigation over site acquisition, the project environmental analysis, and project financing. The Kings could not obtain financing and begin construction because of the City's inability to obtain financing.

This issue was discussed in the May 2014 report to the City Council, which sought authorization for the City Treasurer to conduct the Golden 1 Center debt financings. An "interim financing" was discussed where the City was committed to a debt financing without the funds actually being available. The specific resolution was a Forward Bond Purchase Agreement with Goldman Sachs & Co.in July 2014.

Under this agreement, Goldman Sachs agreed, in exchange for certain fees, to buy the entire City debt issue in a short-term, variable-rate mode if certain conditions were satisfied, such as resolution of all outstanding litigation. This agreement guaranteed that City funds would be available for the project once the conditions were met, thereby enabling the Kings to secure their construction loans and begin demolition and construction in the summer of 2014. Without the Forward Bond Purchase Agreement, the Kings would not have been able to secure their loans until the City had issued its long-term, fixed-rate bonds, and the start of construction and the opening of the Golden 1 Center would have been delayed for a year.

The pricing for the short-term, variable-rate debt was established in the Forward Bond Purchase Agreement; it was based on a short-term, variable rate index and contingent upon two credit ratings for the Golden 1 Center debt finance plan. In July 2014, to test the debt-finance plan (and as part of overall project due diligence) the City procured two unpublished credit ratings for the debt-finance plan from the Fitch Ratings, Inc. and Standard & Poor's Ratings Services, receiving ratings of A and A-, respectively.

The City paid Goldman Sachs $7.1 million in fees for the Forward Bond Purchase Agreement: a $3,835,000 up-front fee and $3,259,750 in monthly commitment fees for reserving $295 million for 13 months. The up-front fee was 1.3% of the $295 million and the monthly fees were 0.085% of $295 million a month ($250,750 a month). The actual short-term, variable-rate financing was completed in August 2015, the 13th month after the agreement was signed.

Funding for the Forward Bond Purchase Agreement came from the cash available and set aside for the City's equity contribution to project construction. The plan was to recover this expense in the cost-of-issuance portion of the debt financing.

The Short-Term, Variable-Rate Debt Financing

The total size of the short-term, variable rate debt financing for the Golden 1 Center was $299,995,000. Based on the A (Fitch) and A+ (Standard & Poor's) credit ratings for the debt-finance plan, the initial interest rate through September 30, 2015 was 2.47%. It was made up of the following components:

Components	Rate
3 Month LIBOR	0.31 %
Fixed-Rate Margin	2.16 %
Total	2.47 %

The interest rate was subject to adjustment every three months based on changes to the three-month LIBOR rate on the reset date. The only adjustment occurred on October 1, 2015.

The uses of the $299,995,000 are summarized in the following table and described below:

City of Sacramento – Golden 1 Center Short-term, Variable-Rate Debt Issue
Uses of Funds Summary

Uses of Funds		
Project Fund Base Contribution	$212,500,000	
Project Fund Equity Recovery	$7,926,649	
Project Fund Total		$220,426,649
Capitalized Interest		$54,156,107
Debt Service Reserve		$21,468,072
Costs of Issuance		$3,944,172
Total Uses of Funds		$299,995,000

Project Fund Contribution

The contribution to the Project Fund of $220.4 million included in the debt issue is made up of two components: (1) the base $212.5 million City cash contribution to the construction of the Golden 1 Center, and (2) the recovery from the debt financing of $7.9 million of the planned City equity contribution to project construction used to pay for the Forward Bond Purchase Agreement ($7.1 million) and certain costs of issuance ($0.8 million) from July 2014.

Capitalized Interest

For the short-term, variable-rate debt issue, the capitalized interest was calculated as if the interest rate for the financing was 8.5% (maximum rate in accordance with the Forward Bond Purchase Agreement) at the advice of bond counsel, disclosure counsel, and the lead investment banker, Goldman Sachs. The $54.2 million level was $24.7 million greater than the $29.5 million actually realized in in the long-term, fixed-rate financing.

Debt Service Reserve

For the short-term, variable-rate debt issue the debt service reserve was calculated based on the maximum short-term debt issue interest rate of 6.1 percent, resulting in the reserve of $21.5 million. For the long-term, fixed-rate debt issue, the debt service reserve of $18.4 million is $3.1 million lower, *Costs of Issuance*

The costs of issuance are the various expenses of issuing the short-term and long-term debt. These costs include investment banker fees, legal fees, trustee fees, financial advisor fees, and title-insurance fees. No City staff time was included in the costs of issuance for this financing. Included in the $3.9 million are $2.1 million in investment-banker fees and $1.8 million in other fees. These fees are included in the short-term financing but will not be paid until the completion of the long-term financing. The costs of issuance will not change materially between the short-term and long-term financing.

When the Forward Bond Purchase Agreement was executed in July 2014, certain costs of issuance were paid, including bond-counsel and disclosure-counsel fees totaling approximately $750,000. The funds for payment were advanced from the City equity contribution to project construction, are being reimbursed from the debt issue and are included in the $220.4 million project contribution.

Long-Term, Fixed-Rate Debt Issue

The short-term, variable-rate bonds were converted to long-term, fixed-rate bonds through a public sale in September 2015. The $27.1 million excess cash from the short-term financing held by the trustee was repaid at the time of the long-term bond sale with no penalty.

Final Observations

- An often repeated criticism of the Golden 1 Center financing arrangement between the City and the Kings is that the City support is coming from the City taxpayers. Although the debt is being paid from and is backed by the General Fund, the new revenues coming to the General Fund to provide the capacity for annual debt-service payments are from sources other than City taxpayers. Over time, two-thirds of the capacity will come from the Kings in the form of lease payments and possessory-interest taxes. City parking revenues make up less than one-quarter of the total. And those who park in City garages and at City meters are often not City residents.

- It is true that, to a certain extent, City support of the Golden 1 Center construction represented a trade off with capacity to support other programs or services, but it is far from a one-to-one exchange. A very low share of the capacity for debt service is coming from discretionary resources that could be allocated to other services or functions. Debt service of $625.6 million will be paid through 2050, but less than $150 million will come from parking revenues. That number could well be lower if inflation is greater than 3% in any years between now and then. The remaining $440 million or more is coming from the project or the financing and would not be available without the project. Parking revenue projections include tens of millions of dollars in event-parking revenue.

- Continuing with the funding of the liquidity reserve up to October 2017 with revenues identified in the debt-finance plan is critical to the long-term protection of the General Fund.

- The tax-revenue increases from the development adjacent to and near the Golden 1 Center are not included in the debt-finance plan. Yet these revenues, coming from two new hotels, an office tower, and multiple properties exchanging ownership with higher tax-roll values, will total millions of dollars. And this is just a partial list of the projects and property exchanges that would not be happening without the Golden 1 Center.