



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
December 12, 2006

Honorable Mayor and
Members of the City Council

Title: Agreement to Finance Fees from Mello-Roos Bonds, Pardee Homes

Location/Council District: Natomas Meadows Development (Southeast corner of Del Paso Road and Gateway Park Boulevard)/Council District 1.

Recommendation: Adopt a **Resolution** authorizing the City Manager to execute an agreement with Pardee Homes to reimburse certain development fees from bond proceeds.

Contact: Mark Griffin, Fiscal Manager, (916) 808-8788, Carol Shearly, Director of Planning, (916) 808-5893

Presenters: Not Applicable

Department: Planning

Division: Public Improvement Financing

Organization No: 4915

Description/Analysis

Issue: Pardee Homes, the owner of the Natomas Meadows development, has asked the City to form a community facilities district. Through the issuance of bonds, the City will acquire certain public facilities constructed by Pardee and finance certain fees paid to develop the property.

The attached resolution will memorialize the intent of the City and Pardee Homes to reimburse certain development fees paid in advance of a bond sale to the extent of available bond proceeds.

Policy Considerations: This resolution is adopted principally for purposes of establishing compliance with the requirements state law that parties declare intent to reimburse fees from bond proceeds from bonds issued after the payment of those fees. This action is entirely permissive. 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 the resolution is for the purpose of approving an agreement as part of the formation and sale of bonds, therefore, not a project for purposes of the California Environmental Quality Act.

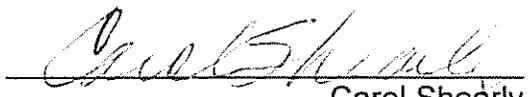
Rationale for Recommendation: The reimbursement of fees from bonds permits the financing of fees through bond debt regardless of when the fees are paid. Projects are more financially viable with this capability.

Financial Considerations: Financing of eligible fees will occur in one of two ways: for a fee that Pardee has paid, the City will reimburse Pardee from available bond proceeds; and for a fee that Pardee owes but has not paid, the City will use available bond proceeds to pay the fee on Pardee's behalf.

The payment of principal and interest on the bonds would be secured by a special tax lien placed on each property within the CFD, without obligation to the City.

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: 
Mark Griffin
Fiscal Manager, Planning Department

Approved by: 
Carol Shearly
Director, Planning Department

Recommendation Approved:

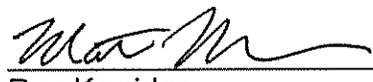

Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

**AGREEMENT WITH PARDEE HOMES FOR THE
REIMBURSEMENT OF CERTAIN EXPENDITURES**

BACKGROUND

- A.** Pardee Homes, the owner of the Natomas Meadows development, has asked the City to form a community facilities district, Natomas Meadows Community Facility District No. 2007-01.
- B.** Through the issuance of bonds, the City will acquire certain public facilities constructed by Pardee and finance certain fees paid to develop the property.
- C.** Pardee Homes desires to pay certain fees to commence development in advance of bond issuance and that fees paid in advance of a bond be reimbursed with proceeds from that bond.
- D.** State law requires that parties declare their intent to reimburse fees under these circumstances in the form of an agreement between the parties.
- E.** The agreement does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.
- F.** The City Council is fully advised as to this matter.

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

- Section 1.** The above recitals are true, and the City Council so finds and determines.
- Section 2.** This resolution is adopted solely for purposes of establishing intent to reimburse for certain fees paid in advance of a bond sale. It does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.
- Section 3.** The City Manager is authorized to enter into an Agreement to Reimburse Fees from Bond Proceeds with Pardee Homes providing that certain development fees paid in advance of a bond sale are deemed eligible as defined by the law, the agreement and to the extent of available bond proceeds.
- Section 4.** This resolution takes effect when adopted.