



REPORT TO COUNCIL

City of Sacramento

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

PUBLIC HEARING
 June 5, 2007

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

Title: Issuance of Revenue Bonds by the ABAG Finance Authority for Nonprofit Corporations to Benefit the Jackson Laboratory

Location/Council District: Council District 2

Recommendation: Conduct a Public Hearing and upon conclusion adopt a **Resolution** authorizing the issuance and sale of revenue bonds by the ABAG Finance Authority for Nonprofit Corporations to benefit the Jackson Laboratory.

Contact: Janelle Gray, Public Finance and Banking Manager, 808-8296; Karolyn Pelka, Treasury Analyst, 808-6787

Presenters: Karolyn Pelka

Department: City Treasurer's Office

Division: Public Finance

Organization No: 0900

Description/Analysis

Issue: Through ABAG, the Jackson Laboratory, a Maine Nonprofit Institution, is seeking bond financing in a not to exceed amount of \$38 million (the "Bonds"), to construct research facilities. ABAG will be issuing these bonds and the City will have no financial obligation. In compliance with federal law, representatives of ABAG 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 a public hearing be conducted in the jurisdiction where the project is located. The Jackson Laboratory is located at 4910 Raley Boulevard, in Council District 2.

Policy Considerations: ABAG, on behalf of the Jackson Laboratory, represents that it is legally authorized and empowered under the Act to undertake this financing. The City Attorney's Office has reviewed the hearing notice and the attached resolution and concluded that the City Council has the legal authority to take the recommended action.

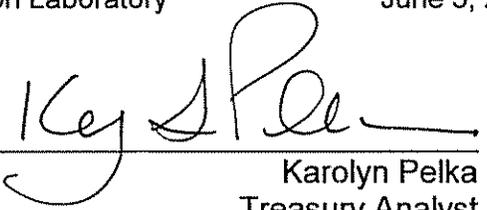
Environmental Considerations: The City Council's action in conducting a public hearing and adopting the proposed resolution is not a project for purposes of the California Environmental Quality Act.

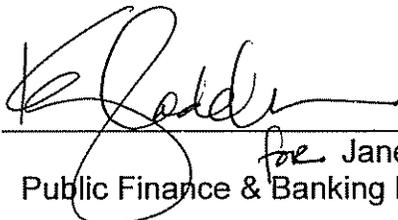
Rationale for Recommendation: Under section 147(f), ABAG may not issue these private activity bonds unless the City approves the issuance after holding a public hearing for which reasonable public notice is given. Accordingly, it is requested that City Council hold the required public hearing regarding the issuance of a private activity bond, approve the issuance of the Bonds by ABAG.

The Jackson Laboratory is a Maine nonprofit corporation, which is a 501(c)(3) entity. Their primary business is breeding genetically engineered mice (JAX mice) to be used in biomedical research. They currently lease a facility in West Sacramento, with their lease set to expire in 2008. The proceeds of the bonds will be used to acquire, construct, and equip their own new facility in the City of Sacramento, specifically located at 4910 Raley Blvd. This new facility will be larger than the current location and will better meet their needs. Jackson Laboratory currently employs 64 skilled workers with potential growth to approximately 120 jobs in the extended future.

Financial Considerations: This project and associated financing have no fiscal impact to the City. The Bonds will be paid entirely from repayments by the Jackson Laboratory under a Loan Agreement. Neither the full faith and credit nor the taxing power, if any, of the City, the Authority 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, ABAG 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.

Respectfully Submitted by: 
Karolyn Pelka
Treasury Analyst

Approved by: 
for Janelle Gray
Public Finance & Banking Manager

Recommendation Approved:


Thomas P. Friery
City Treasurer

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RESOLUTION NO. 2007-

Adopted by the Sacramento City Council

APPROVING THE ISSUANCE AND SALE OF REVENUE BONDS BY ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$38 MILLION TO BENEFIT THE JACKSON LABORATORY

BACKGROUND:

- A. The Jackson Laboratory, a Maine Nonprofit Institution (the "Institution"), has requested that the ABAG Finance Authority For Nonprofit Corporations, a joint exercise of powers agency established pursuant to the laws of the State of California (the "Authority"), issue and sell its revenue bonds in an aggregate principal amount not expected to exceed \$38 million (the "Bonds"), for the purpose of making a loan to the Institution, pursuant to a plan of financing for certain capital facilities as more fully described below.
- B. The City of Sacramento (the "City") is a member of the Authority.
- C. The plan is to finance the following: construction, acquisition, installation, renovation, rehabilitation, and improvement of real property, facilities, equipment, and improvements of certain research facilities to be located at 4910 Raley Boulevard, Sacramento, California (collectively, the "Project"); and various costs of issuance, debt-service reserves, capitalized interest, related working capital, and credit-enhancement fees in connection with the issuance of the Bonds. The Project will be owned and operated by the Institution or an affiliated entity and used for research purposes.
- D. The interest on the Bonds may qualify for tax exemption under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are approved in accordance with section 147(f) of the Code.
- E. The Authority has requested the City Council to approve the issuance and sale of the Bonds in order to satisfy the public approval requirements of section 147(f) of the Code.
- F. The Project is located wholly within the City.
- G. On May 21, 2007, the City caused a notice to appear in the *Daily Recorder* and the *Sacramento Bee*, which are newspapers of general circulation in the City, stating that a public hearing with respect to the issuance of the Bonds would be held by the City Council on June 5, 2007.

- H. The City Council has held the public hearing described above on June 5, 2007, and an opportunity was provided for persons to comment on the issuance and sale of the Bonds and plan of financing the Project.
- I. The City Council is the elected legislative body of the City and is the applicable elected representative required to approve the issue within the meaning of section 147(f) of the Code.

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

- Section 1.** The City Council hereby finds and determines that the statements set out in paragraphs A through I of the Background are true.
- Section 2.** The City Council hereby approves the issuance and sale of the Bonds by the Authority. The City Council intends that this resolution constitute approval of the Bonds by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located in accordance with section 147(f) of the Code.
- Section 3.** The City Council's approval of the issuance and sale 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.