



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
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Consent
September 5, 2006

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

Title: Declaration of Official Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness Resulting from the Issuance of Future Bonds

Location/Council District: Del Paso Road and Natomas Boulevard, Council District 1

Recommendation: Adopt **Resolution** authorizing reimbursement from the future bond proceeds associated with the North Natomas Community Facilities District (CFD) No. 4, Series D Bonds.

Contacts: Janelle Gray, Public Finance and Banking Manager, 808-8296; Karolyn Pelka, Treasury Analyst, 808-6787; Mark Griffin, Fiscal Manager, 808-8788

Presenters: N/A

Department: City Treasurer's Office, Planning Department

Division: Finance, Public Improvement Financing

Organization No: 0900, 4915

Description/Analysis

Issue: The recommended adoption of a reimbursement resolution will provide the legal authority to reimburse expenditures from debt proceeds associated with CFD 4, Series D.

The FY2006/2007 Capital Improvement Program contains road improvements for Del Paso Road (Project TW86) and Natomas Boulevard (Project TR97). The revenue for these improvements is currently generated from development impact fees of the North Natomas Financing Plan. Construction of these improvements will commence in FY2006/2007.

This resolution is permissive, not obligatory. It authorizes the City to reimburse its costs from potential debt proceeds but does not obligate the City to do so if other funding is available.

RESOLUTION NO.

Adopted by the Sacramento City Council

DECLARATION OF THE CITY OF SACRAMENTO'S OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS OF ITS NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 4, SPECIAL TAX BONDS, SERIES D (2006)

BACKGROUND

- A.** The City Council has determined to construct and acquire certain public facilities authorized under its North Natomas Community Facilities District No. 4, including travel lanes, medians, frontage improvements and associated landscaping for Del Paso Road between Natomas Boulevard and Town Center Drive, and for Natomas Boulevard between New Market Drive and North Park Drive (collectively, the "Project").
- B.** To finance, on a long-term basis, the costs associated with the Project, the City reasonable expects to issue its North Natomas Community Facilities District No. 4 Special Tax Bonds, Series D (2006) the interest on which is to be exempt from income taxation under the United States Internal Revenue code (the "Debt Obligations"). The amount of the Debt Obligations is not expected to exceed \$26,270,000.
- C.** The City expects to pay certain expenditures in connection with the Project before the issuance of the Debt Obligations (the "Reimbursement Expenditures") and to use a portion of the proceeds of the Debt Obligations, to reimburse the Reimbursement Expenditures.
- D.** If the City reimburses the Reimbursement Expenditures from the proceeds of Debt Obligations, then Section 1.150-2 of the United States Treasury Regulations (the "Treasury Regulations") requires the City to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing.
- E.** 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 compliance with the requirements of 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.
- Section 3.** The City declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.
- Section 4.** This resolution takes effect when adopted.

