



# CITY OF SACRAMENTO

37

CITY MANAGER'S OFFICE  
**RECEIVED**  
OCT 29 1981

## DEPARTMENT OF FINANCE

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JACK R. CRIST  
DIRECTOR OF FINANCE

ROBERT C. LELAND  
ASSISTANT DIRECTOR

October 29, 1981  
FA:81231:JRC:KMF

City Council  
Sacramento, California

**APPROVED**  
BY THE CITY COUNCIL

Honorable Members in Session:

NOV 4 1981

**SUBJECT:** Administrative Costs Related to Recent Sale of  
Tax and Revenue Anticipation Notes

OFFICE OF THE  
CITY CLERK

### SUMMARY

On October 6, 1981, the City of Sacramento sold \$9.5 million of short term notes in a public sale to Bank of America. This report recommends amendment of the City Budget to incorporate the proceeds and costs of said sale in the FY 81-82 budget.

### BACKGROUND:

The details of the note sale have previously been reported to the City Council in numerous reports from both the City Finance Director and the City Treasurer. Background material is available in two reports dated August 27, 1981, and October 6, 1981. These reports are on file and available from Finance Administration and Budget Division.

### FINANCIAL

As previously reported, the \$9.5 million note issue is projected to break down as follows:

Net Interest Cost	\$(674,172.77)
Borrowing Costs such as Financing, Consultant, Legal Counsel, Auditor, Printing Costs, etc.	<u>(50,236.42)</u>
Total Costs	\$(724,409.19)
Estimated Interest Income	<u>1,090,000.00</u>
Net Interest Income (Gain)	<u>\$ 365,590.81</u>

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The administrative borrowing costs were estimated (Report #42, dated August 27, 1981 on Council Agenda of 9-1-81) between \$50,000 and \$70,000. As can be seen from the schedule above, the actual administrative borrowing costs are \$50,236.42.

Resolution No. 81-652 dated 9-1-81 (Exhibit A attached) authorized the City Manager "to incur costs for such borrowing, said costs not to exceed \$70,000 and actual budget amendment to be processed at a later time and in a separate resolution."

Actual invoices have now been received and budget amendments are required before these invoices can be paid.

RECOMMENDATION:

It is recommended that the attached resolution, Exhibit B, be approved. This action will amend the FY 81-82 budget as follows:

1. Increase Estimated Interest Income By	<u>\$1,090,000.00</u>
2. Increase General Fund Debt Service Interest Expense By	<u>674,172.77</u>
3. Increase the City Finance Department Budget By To Allow for Payment of Invoices Associated with the Borrowing	<u>50,236.42</u>
Total Appropriation Increases	<u>\$ 724,409.19</u>

Respectfully submitted,



JACK R. CRIST  
Director of Finance

Attachments.

RECOMMENDATION APPROVED:



WALTER J. SIPE  
City Manager

cc: Tom Friery  
Robert C. Leland  
Phil Ezell  
Michael Medema

# RESOLUTION NO. 81-652

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

SEP 1 1981

## A RESOLUTION AUTHORIZING A SALE OF REVENUE ANTICIPATION NOTES

WHEREAS, the City is projecting a temporary General Fund cash flow deficit during the second quarter of Fiscal Year 1981-82, and

WHEREAS, the City wishes to execute planned General Fund operating and capital expenditures in a normal fashion without consideration of cash flow requirements, and

WHEREAS, this authorization is only for the FY 1981-82 and does not constitute a new source of revenue, and

WHEREAS, the City anticipates that it can sell short-term Revenue Anticipation Notes at little or no net cost to the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. Staff is authorized to sell \$9.5 million par value of short-term Revenue Anticipation Notes within the next two months, said notes to be a competitive bid sale, to be repaid no later than June 30, 1982, and
2. That the firms of Blyth Eastman Paine Webber, and Orrick, Herrington & Sutcliffe be retained by the City as financing consultant and outside legal counsel respectively, and
3. That the City Manager is authorized to incur costs for such borrowing, said costs not to exceed \$70,000 and actual budget amendments to be processed at a later time and in a separate resolution.

**DANIEL E. THOMPSON**

VICE MAYOR

ATTEST:

**LORRAINE MAGANA**

CITY CLERK

CERTIFIED AS TRUE COPY  
of Resolution No. 81-652

SEP 2 1981

*Lorraine Magana*  
CITY CLERK, CITY OF SACRAMENTO

81-800  
~~81-801~~

## RESOLUTION NO. ~~81-801~~

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

A RESOLUTION AMENDING THE CITY BUDGET FOR  
FY 81-82 TO INCORPORATE PROVISIONS OF THE  
RECENT CITY SHORT TERM TAX AND REVENUE  
ANTICIPATION NOTE SALE

WHEREAS, the City Council of the City of Sacramento has previously adopted Resolution No. 81-652 dated 9-1-81 which authorized sale of short term tax and revenue anticipation notes, and

WHEREAS, Resolution 81-652 previously authorized the City Manager to incur costs related to said note sale with budget amendments to be approved after actual financial data was available,

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

The City Budget for Fiscal Year 1981-82 is hereby amended by appropriating \$724,409.19 from the unappropriated General Fund balance 1-01-2720 to the following budget units:

Debt Service 1-01-4520	\$674,172.77
Finance Administration & Budget	
1-01-4258 Other Professional Services	15,000.00
1-01-4251 Legal	4,500.00
1-01-4254 Audit	6,500.00
1-01-4213 Printing & Binding	19,200.00
1-01-4321 Bank Fees	5,036.42
Subtotal	<u>\$50,236.42</u>
<b>Total Appropriation Increase</b>	<b><u>\$724,409.19</u></b>

The above appropriation increase is to be supported by additional estimated interest income revenues of \$1,090,000 that are forthcoming from investment of the proceeds of the notes which will be deposited in the City General Fund.

\_\_\_\_\_  
MAYOR

ATTEST:

**APPROVED**  
BY THE CITY COUNCIL

NOV 4 1981

OFFICE OF THE  
CITY CLERK

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CITY CLERK