


REGULAR MEETING  
SACRAMENTO COMMUNITY CENTER AUTHORITY

TUESDAY

MARCH 4, 1980

I HEREBY CALL a Regular Meeting of the Sacramento Community Center Authority to be held at the hour of 3:30 p.m., on Tuesday, March 4, 1980, in the Community Center Conference Room, Fourteenth and K Streets, for considering the following subjects:

1. Introduction of new members: Thomas Kenny and Patricia Woods.
2. Approval of minutes, Regular Meeting of March 6, 1979.
3. Trustee Financial Status Report.

  
CHAIRMAN

ATTEST:

  
ACTING SECRETARY



# CITY OF SACRAMENTO

## OFFICE OF THE TREASURER

800 - 10TH STREET  
SUITE 1

SACRAMENTO, CA 95814  
TELEPHONE (916) 449-5318

March 10, 1980

**THOMAS P. FRIERY**  
TREASURER

**DONALD E. SPERLING**  
ASST. TREASURER

TO: Community Center Authority, Directors  
Grimes  
Woods  
Kenny

FROM: Thomas P. Friery  
City Treasurer

SUBJECT: Investment Authority of The Sacramento Community Center Authority

### BACKGROUND

In July 1971, Bond Resolution No. 10-71 was adopted by the Sacramento Community Center Authority (Authority) to authorize the issuance of \$19.1 million principal amount of bonds, the proceeds of which were used to construct the Sacramento Community Center Facilities. In addition a Project Lease was executed and made part of the Bond Resolution as added security for purchasers of the Sacramento Community Center Bonds.

Very Briefly, the project lease committed the City of Sacramento to make principal and interest payments on the bonds, whether or not the:

- Sacramento Community Center Facility was ever completed and/or
- Revenues from the Sacramento Community Center Authority were sufficient to meet debt service requirements.

### Appointment of Bond Fund Trustee and Investment Authority

Security Pacific National Bank of Los Angeles (San Francisco, Main Office) was appointed Bond Fund Trustee of the Sacramento Community Center. In compliance with Article 8, Section 8.01 of Bond Resolution No. 10-71 of the Authority. (See Attachment A).

Section 8.05 of Resolution 10-71 defines the Bond Fund Trustee as having responsibility for the investment of funds. Additionally this section defines the authorized investment vehicles. (See Attachment B).

### Description of Authorized Investments

Authorized investments are described generally as Federal Securities, subject to maturities, which as nearly as practicable, coincide with the respective date that funds in the accounts will be needed for disbursement. Further requirements of the Insurance Reserve Fund consider that at least 50% of the funds in this account shall have a maturity date that does not exceed 1 year.

Very briefly, Federal Securities are fixed income obligations, the principal and interest on which are guaranteed by the U.S. Government, or the issuing entity is a agency of the U.S. Government. Furthermore, such investments are considered as riskless.

Additional Added Background

The appointment of the bond fund trustee and the establishment of the various funds that provide investment ability for the Sacramento Community Center Authority were created as added protection for the purchaser of the Authority bonds.

Substantial risks were perceived to have been incurred by purchasers of the Authority's bonds. Such risks were construction, successful operation of the facility and the ability of the City of Sacramento to honor the lease commitment.

Therefore, the major concern of the investment program was to eliminate investment risk and provide bondholders of the Authority with debt-service coverage.

Attachments: (2)

TPF:sr



# CITY OF SACRAMENTO

## OFFICE OF THE CITY CLERK

915 I STREET

CITY HALL ROOM 203


SACRAMENTO, CALIFORNIA 95814

TELEPHONE (916) 449-5426

LORRAINE MAGANA  
CITY CLERK

### MEMORANDUM

TO: Directors Grimes, Kenny, Woods

FROM: Jaci Pappas, Acting Authority Secretary 

RE: Informational material re Community Center Authority

DATE: March 10, 1980

Enclosed are copies of various background materials you requested at the Authority meeting of 3-4-80.

Please contact me if there is any additional material you need or if you have questions.

In answer to Director Woods' question: There have been no elections since the original one when the Authority started. There is currently a vacancy for the Vice Chairman position left vacant when Director Artz resigned. Election for Vice Chairman will be on the agenda for the next meeting.

The attachments referred to in Tom Friery's memo to you are paper-clipped in the "Basic Legal Documents" information enclosed to avoid duplication.

Enclosures: Official Statement re 1971 Bonds  
Basic Legal Documents  
Trustee Quarterly Report - 10/79-12/79

**SACRAMENTO  
COMMUNITY  
CENTER  
AUTHORITY**

*Annual Financial Report*

**1978~79**

SACRAMENTO COMMUNITY CENTER AUTHORITY  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 1979

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CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

915 I STREET  
ROOM 112

SACRAMENTO, CALIFORNIA 95814  
TELEPHONE (916) 449-5736

JACK R. CRIST  
DIRECTOR OF FINANCE  
FRANK MUGARTEGUI  
ASSISTANT DIRECTOR

December 10, 1979

Community Center Authority of the City of Sacramento  
Sacramento, California

Honorable Members in Session:

In accordance with Section 6.05 of Community Center Authority Resolution No. 10-71, dated July 28, 1971, transmitted herewith is the Annual Financial Report of the Community Center Authority for the fiscal year ended June 30, 1979.

Terms of the Authority Bond Covenants were complied with during the fiscal year. In addition, the transactions of the Authority have been audited by external auditors whose report is also included herein.

Respectfully submitted,

Jack R. Crist  
Director of Finance

cc: Trustee - Security Pacific  
National Bank

GOVERNING BOARD OF SACRAMENTO COMMUNITY CENTER AUTHORITY

Walter Christensen  
E.A. Combatalade  
Jean Kauffman

Roy Grimes  
Alfred W. Riolo  
Thomas Kenny

*Touche Ross & Co.*

November 9, 1979

The Governing Board  
Community Center Authority of  
City of Sacramento  
Sacramento, California

We have examined the balance sheets of the Community Center Authority of the City of Sacramento as of June 30, 1979 and 1978, and the related statements of revenues and expenditures and changes in Authority equity for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Community Center Authority of the City of Sacramento as of June 30, 1979 and 1978, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Touche Ross + Co.*

Certified Public Accountants

SACRAMENTO COMMUNITY CENTER AUTHORITY

BALANCE SHEET

JUNE 30, 1979 AND 1978

	<u>1979</u>	<u>1978</u>
ASSETS		
Restricted cash and investments:		
Debt Service:		
Revenue bond principal reserve	\$ 231,457	\$ 232,140
Revenue bond interest reserve	637,835	610,500
Insurance reserve	813,888	737,567
Bond surplus	79,570	55,710
Working capital	2,664	2,599
Construction	<u>336,102</u>	<u>310,486</u>
	<u>2,101,516</u>	<u>1,949,002</u>
Accrued interest receivable	52,187	35,382
Lease receivable	<u>18,075,000</u>	<u>18,300,000</u>
TOTAL ASSETS	<u>\$20,228,703</u>	<u>\$20,284,384</u>
LIABILITIES AND AUTHORITY EQUITY		
Liabilities:		
Accrued interest payable	\$ 476,562	\$ 483,124
Revenue bonds payable	<u>18,300,000</u>	<u>18,525,000</u>
Total liabilities	<u>18,776,562</u>	<u>19,008,124</u>
Authority equity:		
Contributed capital	777,544	777,544
Accumulated excess revenues	<u>674,597</u>	<u>498,716</u>
Total authority equity	<u>1,452,141</u>	<u>1,276,260</u>
TOTAL LIABILITIES AND AUTHORITY EQUITY	<u>\$20,228,703</u>	<u>\$20,284,384</u>

See notes to financial statements.

SACRAMENTO COMMUNITY CENTER AUTHORITY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 YEARS ENDED JUNE 30, 1979 AND 1978

	<u>1979</u>	<u>1978</u>
<b>Revenues:</b>		
Interest on investments	\$ 206,329	\$ 138,931
Interest on lease receivable	<u>1,143,750</u>	<u>1,159,500</u>
	<u>1,350,079</u>	<u>1,298,431</u>
<b>Expenditures:</b>		
Interest expense	1,145,062	1,160,667
Miscellaneous	<u>26,401</u>	<u>6,583</u>
	<u>1,171,463</u>	<u>1,167,250</u>
Excess of revenues over expenditures	<u>\$ 178,616</u>	<u>\$ 131,181</u>

See notes to financial statements.

SACRAMENTO COMMUNITY CENTER AUTHORITY  
 STATEMENT OF CHANGES IN AUTHORITY EQUITY  
 YEARS ENDED JUNE 30, 1979 AND 1978

	Total		1979	
	<u>1979</u>	<u>1978</u>	<u>Contributed Capital</u>	<u>Accumulated Excess Revenues</u>
Balance, July 1	\$1,276,260	\$1,145,079	\$777,544	\$498,716
Transfer to Equipment Maintenance	(2,735)			(2,735)
Excess of revenues over expenditures	<u>178,616</u>	<u>131,181</u>	—	<u>178,616</u>
Balance, June 30	<u>\$1,452,141</u>	<u>\$1,276,260</u>	<u>\$777,544</u>	<u>\$674,597</u>

See notes to financial statements.

SACRAMENTO COMMUNITY CENTER AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 1979 AND 1978

Note A - Summary of Significant Accounting Policies

General:

The Sacramento Community Center Authority was established by the joint Powers Agreement between the County of Sacramento and the City of Sacramento on November 25, 1969. The agreement provided for the acquisition of land for, and the financing, constructing, operating and leasing of the Sacramento Community Center. The fiscal records of the Authority are maintained by the City of Sacramento on the accrual basis of accounting.

Cash and investments are held by a bank fiscal agent.

Capitalized Lease Receivable:

The Authority leases all of its property, plant and equipment to the City (Community Center Fund) under a long-term financing lease. The amount of the lease receivable represents the present value of the total lease contract.

Note B - Lease of the Community Center Facilities

Under the lease agreement, a base rental ranging from \$1,368,750 in 1979 to \$1,467,188 in 2004, and a final payment of \$1,460,938 in 2005, is due annually from the Fund on August 15. The City is also required to pay all operating costs of the Authority, including taxes and assessments, administrative costs and insurance premiums. Upon termination or expiration of the lease, title to the Authority's assets will vest in the City.

Note C - Revenue Bonds Payable

The Sacramento Community Center Authority 1971 Bonds are as follows:

	<u>1979</u>	<u>1978</u>
Serial bonds, maturing in increasing annual amounts ranging from \$200,000 to a final payment of \$525,000 in 1991, interest rates from 5.7% to 7%:	\$ 4,675,000	\$ 4,900,000
Term bonds, maturing in 2006, interest rate 6.25%:	<u>13,625,000</u>	<u>13,625,000</u>
	<u>\$18,300,000</u>	<u>\$18,525,000</u>

The bonds are callable prior to August 1, 1981, through application of any proceeds from insurance and eminent domain proceedings, and subsequent to 1981 from any source of available funds. A specified premium not to exceed 4% of face value is to be paid at the call date.

The lease agreement (Note B) with the Community Center Fund is to provide funds to the Authority sufficient to service the interest and principal payments due.

Note D - Insurance Coverage

The Authority is included within the coverage maintained by the City of Sacramento as follows:

<u>Coverage</u>	<u>Description</u>	<u>Expiration Date</u>
1. All risk including flood and earthquake	\$15,120,000 - all property less deductible of \$10,000 on all perils and 5% on earthquake, \$3,900,000 rental income	September 1, 1980
2. Primary Liability	\$1,000,000 per occurrence self-insured	Not applicable
3. Excess Liability	\$1 million excess of \$1 million self-insured comprehensive auto and general liability public entity broad form coverage.	September 7, 1980
4. Umbrella liability	\$20,000,000 excess of underlying \$2,000,000 coverage.	September 7, 1980
5. Workers' Compensation	As required by law, legally self-insured as of August 1, 1977.	Not applicable
6. Public official bonds	\$200,000 coverage for faithful performance of duties - Treasurer, Assistant Treasurer, and two Deputies. \$100,000 coverage on each employee of the City.	August 1, 1980
7. Boiler and pressure vessel	\$1 million per accident	April 30, 1982
8. Broad form money and securities	Self-insured as of August 1, 1977.	Not applicable

Note E - Commitment of Revenues

All revenues received by the Authority are to be transferred to a trustee to be allocated, disbursed and applied solely for the uses and purposes set forth in the resolution authorizing the issuance of the Community Center Authority's bonds. Generally, this resolution requires the funds to be used to provide for the payment of principal and interest on the serial bonds when due and to provide annually, commencing in 1991, amounts sufficient to retire the term bonds. All monies remaining are to be applied to specified accounts as directed by the Authority within the limits expressly stated within the resolution.

Note F - Insurance Reserve Fund

Utilizing a \$500,000 contribution from the City, an insurance reserve fund has been established and must be maintained with the trustee in accordance with the terms of the bond resolution. In order of priority, the funds are to be disbursed to cover: (1) any uninsured losses sustained by accident or destruction of any structure; (2) any uninsured loss of rental income; and (3) final retirement of bonds outstanding. After all the bonds are redeemed, all remaining insurance reserve funds revert to the City.

Note: Accrued interest had increased the insurance reserve fund to \$813,888 at June 30, 1979.

Note G - Bond Ratings

On June 6, 1978, California voters approved Proposition 13, a state-wide initiative relating to the taxation of real property in California. The most significant provision of this proposition was the limitation of ad valorem property taxes on all real property to one percent (1%) of the full cash value of the property.

Subsequent to the passage of Proposition 13, the two major bond rating services, Moody's Investors Service, Inc. and Standard and Poor's Corporation, suspended the credit rating on the majority of the lease rental bonds in California. Included in the suspended issues was the City of Sacramento Community Center Authority Lease Revenue Bonds. The suspensions were the result of the general uncertainty in California following the initiative. The rating services are proceeding with a case by case evaluation of each California entity.

Management of the City is of the opinion based on conversations with the rating agencies that the City of Sacramento Community Center Authority bond ratings will be restored within a few months.

SACRAMENTO COMMUNITY CENTER AUTHORITY

- SCHEDULE I, K-5 -

SCHEDULE OF COMMUNITY CENTER REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Gross Operating Revenue</u>	<u>Operating Expenses</u>	<u>Net Operating Revenue Available for Debt Service*</u>	<u>Total Debt Service Requirements</u>	<u>Coverage</u>
1969-70					
1970-71					
1971-72				\$ 599,875	
1972-73				1,199,750	
1973-74				1,199,750	
1974-75				1,199,750	
1975-76	\$1,449,335	\$ 758,184	\$ 741,151	1,368,625	.54:1
1976-77	2,177,119	1,113,826	1,063,293	1,380,500	.77:1
1977-78	2,244,301	1,576,240	668,061	1,360,667	.49:1
1978-79	2,942,040	1,387,300	1,554,740	1,376,625	1.13:1

\*Represents net revenue of Community Center Enterprise Fund which is responsible for making annual lease payment to Community Center Authority for lease facilities.

SACRAMENTO COMMUNITY CENTER AUTHORITY

DEBT SERVICE REQUIREMENTS TO MATURITY

- SCHEDULE I. L-15 -

REVENUE BONDS

Amount authorized: \$19,100,000

Amount issued: \$19,100,000

Authorization: Res'n #10-71, dated 7/28/71.

Maturity: 35 years

Fiscal Year	Principal Due	Interest Rate	Interest Due August 1	Interest Due February 1	Annual Service	Outstanding June 30
1979-80	\$ 225,000	7.00%	\$ 571,875.00	\$ 564,000.00	\$ 1,360,875.00	\$18,075,000
1980-81	250,000	7.00	564,000.00	555,250.00	1,369,250.00	17,825,000
1981-82	275,000	7.00	555,250.00	545,625.00	1,375,875.00	17,550,000
1982-83	300,000	7.00	545,625.00	535,125.00	1,380,750.00	17,250,000
1983-84	300,000	7.00	535,125.00	524,625.00	1,359,750.00	16,950,000
1984-85	325,000	6.25	524,625.00	514,468.75	1,364,093.75	16,625,000
1985-86	350,000	5.70	514,468.75	504,493.75	1,368,962.50	16,275,000
1986-87	375,000	5.80	504,493.75	493,618.75	1,373,112.50	15,900,000
1987-88	400,000	5.90	493,618.75	481,818.75	1,375,437.50	15,500,000
1988-89	425,000	5.90	481,818.75	469,281.25	1,376,100.00	15,075,000
1989-90	450,000	6.00	469,281.25	455,781.25	1,375,062.50	14,625,000
1990-91	475,000	6.00	455,781.25	441,531.25	1,372,312.50	14,150,000
1991-92	525,000	6.00	441,531.25	425,781.25	1,392,312.50	13,625,000
1992-93		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1993-94		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1994-95		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1995-96		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1996-97		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1997-98		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1998-99		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1999-00		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2000-01		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2001-02		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2002-03		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2003-04		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2004-05		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2005-06		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2006-07	<u>13,625,000</u>	6.25	<u>425,781.25</u>	<u>-0-</u>	<u>14,050,781.25</u>	<u>-0-</u>
	<u>\$18,300,000<sup>1</sup></u>		<u>\$13,044,212.50</u>	<u>\$12,472,337.50</u>	<u>\$43,816,550.00</u>	

<sup>1</sup>Interest payable on the 1st day of August.

Interest payable on the 1st day of August and February.

NOTE: \$6,475,000 Serial Bonds (8/1/75-8/1/91, incl.); \$13,625,000 Term Bonds (8/1/2006).