

City of Sacramento

Legislation Text

File #: 2019-00670, **Version:** 1

Title:

Authorize the Issuance of the Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019

File ID: 2019-00670

Location: District 5

Recommendation:

Adopt a Resolution authorizing: 1) the issuance of the City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019; 2) the execution and delivery of a Master Indenture, a First Supplemental Indenture, a Bond Purchase Contract, an Official Statement, a Continuing Disclosure Certificate, and an Agreement for Bond Counsel Services; and 3) certain other related actions.

Contact: Brian Wong, Debt Manager, (916) 808-5811, Office of the City Treasurer

Presenter: Brian Wong, Debt Manager, (916) 808-5811, Office of the City Treasurer

Attachments:

01-Description/Analysis

02-Resolution

03-Master Indenture

04-First Supplemental Indenture

05-Bond Purchase Contract

06-Preliminary Official Statement

07-Continuing Disclosure Certificate

08-Appraisal completed by Smith and Associates, Inc.

09-Update Appraisal Report completed by Smith and Associates, Inc.

10-Agreement for Bond-Counsel Services

Description/Analysis

Issue Detail: The adoption of the recommended resolution will authorize the issuance of the City of Sacramento Curtis Park Village Community Facilities District No. 2014-02 (Improvements) Special Tax Bonds, Series 2019 (the **Bonds**) and the execution and delivery of related documents. The Bonds will be used to finance the acquisition of certain public facilities and to pay or reimburse certain governmental fees for public facilities.

On June 24, 2014, the City Council formed the Curtis Park Village Community Facilities District No. 2014-02 (Improvements) (the **CFD**). On July 25, 2014, the qualified electors within the CFD authorized the issuance of special-tax bonds in the total principal amount of \$13 million dollars.

On May 1, 2017, the City entered into City Agreement No. 2017-0589, an Acquisition and Shortfall Agreement with PDC Construction Company, Inc., a California corporation (the **Developer**), for certain eligible facilities within the CFD and facilities required to be improved or installed for the development within the CFD to occur. The City may issue and sell the Bonds to finance these facilities and provide the funding to the Developer as contemplated in the Acquisition and Shortfall Agreement.

The Bonds will be issued as a public offering through a negotiated sale and will be secured under an Indenture by a pledge of special taxes levied on parcels within the CFD and by a lien upon those parcels.

Policy Considerations: The Bonds are being issued in accordance with the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311 through 53368.3), the approving vote of the qualified electors of the CFD, and the Indenture of the Bonds. The issuance of these Bonds is also consistent with the City's Debt Policy.

Economic Impacts: Not applicable.

Environmental Considerations: Approval of the recommendation is not a "project" subject to CEQA because it (a) has no potential to cause a significant effect on the environment and (b) concerns government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (14 Cal. Code Regs. §§ 15061(b)(3) and 15378(b)(4)). In addition, a portion of the proceeds of the Bonds will pay for facilities within the CFD, or associated with the CFD, that have already been the subject of review as required by CEQA.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Approval of the attached resolution authorizes the City Treasurer or his designee to take the actions necessary for the issuance of the Bonds and the execution of the

related documents. Issuing the Bonds will allow for the acquisition of authorized facilities, the reimbursement to the Developer for development-related impact fees paid, and the pre-payment of impact fees related to development within the CFD, thereby assisting the growth and development of the City generally and specifically within the CFD.

Financial Considerations: Although the City will issue the Bonds, the City's General Fund will have no obligation to pay or ensure the full and timely repayment of debt service related to the Bonds. Payment of debt service on the Bonds is secured by special taxes on real property within the CFD and is solely the responsibility of the owners of property within the CFD.

Interest on the Bonds will be exempt from taxation. Consistent with the IRS regulations for tax-exempt bonds, the weighted average life of the Bonds will not exceed 120% of the remaining useful life of the facilities funded by the Bonds directly or through payment of impact fees.

Estimated Sources and Uses⁽¹⁾	
Sources	
Bond Par Amount	\$12,545,000
Premium	\$1,202,900
Special Tax Revenues	\$350,000
Total Sources	\$14,097,900
Uses	
Project Fund	\$12,190,000
Capitalized Interest	\$128,700
Debt Service Reserve ⁽²⁾	\$1,128,100
Costs of Issuance	\$650,000
Additional Proceeds	\$95,000
Total Uses	\$14,097,900
(1) Information provided are estimates provided based on market conditions as of April 25, 2019	

Estimated Bond Statistics*	
Principal (PAR)	\$ 12,545,0
All-In True Interest Cost	4.7105
Total Interest Payments to Final Maturity	\$ 14,709,1
Total Debt Service to Final Maturity	\$ 27,254,1
*Information provided are estimates provide based on market conditions as of April 25, 20 results may vary.	

The Bonds will be issued at an aggregate principal amount not to exceed \$13 million to finance the acquisition of authorized facilities and to pay the development-impact fees (or to reimburse the Developer for development-impact fees paid) associated with CFD. The true interest cost for the Bonds may not exceed 6% and is anticipated to be less than 4.7105% (based on current market rates plus 0.25% interest-rate buffer), and the underwriter's compensation may not exceed 2% of the principal amount of the Bonds. Additionally, the value-to-lien ratio for the CFD (inclusive of the Bonds) is 5.80:1 (5.66:1 if the Flex Site is not included), exceeding the minimum 3:1 ratio required by the California Debt and Investment Advisory Commission for the issuance of land-secured bonds. See the attached appraisal documents from the appraiser (Smith and Associates), including the "not less than" letter provided on May 10, 2019.

Local Business Enterprise (LBE): Not applicable.