

RESOLUTION NO. 2001-001

ADOPTED BY THE SACRAMENTO CITY FINANCING AUTHORITY

ON DATE OF MAR 27 2001

A RESOLUTION OF THE SACRAMENTO CITY FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$275,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO CITY FINANCING AUTHORITY 2001 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (WATER AND CAPITAL IMPROVEMENT PROJECTS), AND AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS TO LEASES WITH THE CITY OF SACRAMENTO AND AN INDENTURE IN CONNECTION THEREWITH, AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT FOR SUCH BONDS, AND APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION, DELIVERY AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT FOR SUCH BONDS, AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Sacramento City Financing Authority is a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"); and

WHEREAS, the City Council (the "City Council") of the City of Sacramento (the "City") has determined that it is in the best interests of the City and its citizens and is necessary and proper for City purposes that certain real property described in that certain Second Amendment to Master Site Lease relating to the City of Sacramento Water and Capital Improvement Projects (the "Water and Capital Improvement Projects"), dated as of April 1, 2001 (the "Second Amendment to Master Site Lease"), by and between the City and the Authority, be leased by the City to the Authority, and that the Authority lease such real property (together with the improvements thereon) back to the City pursuant to that certain Second Amendment to Master Project Lease relating to the Water and Capital Improvement Projects, dated as of April 1, 2001 (the "Second Amendment to Master Project Lease"), by and between the Authority and the City, in substantially the forms of such leases presented to this meeting, with the total principal components of the 2001 Base Rental Payments (as that term is defined in the Second Amendment to Master Project Lease) to be in the principal amount of not to exceed two hundred seventy-five million dollars (\$275,000,000) and with the term of the Second Amendment to Master Project Lease to be not in excess of thirty-six (36) years; and

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WHEREAS, under the Second Amendment to Master Project Lease, the City will be obligated to make base rental payments to the Authority for the lease of such real property (together with the improvements thereon) to it; and

WHEREAS, the Authority has determined to issue its 2001 Capital Improvement Revenue Bonds, Series A (Water and Capital Improvement Projects) in an aggregate principal amount of not to exceed two hundred seventy-five million dollars (\$275,000,000) (the "Bonds") pursuant to an Indenture dated as of April 1, 2001 (the "Indenture") by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee"), a portion of the proceeds of which will be used by the Authority as the source of funds for the payment to the City of the purchase price of the Second Amendment to Master Project Lease (being the Program Obligation as defined in the Indenture) and used by the City to finance the acquisition and construction of the Water and Capital Improvement Projects, and the City has determined that on the date of issuance of the Bonds the Water and Capital Improvement Projects to be acquired and constructed for the City with a portion of the proceeds of the Bonds will be located within the geographic boundaries of the City; and

WHEREAS, the Authority will assign, without recourse, all its rights to receive all such base rental payments from the City under the Second Amendment to Master Project Lease to the Trustee, for the benefit of the registered owners of the Bonds; and

WHEREAS, in connection with the issuance of the Bonds, the Authority will approve the distribution of a Preliminary Official Statement for the Bonds (the "Preliminary Official Statement") and the Authority (with the approval of the City) will enter into a Purchase Contract providing for the sale of the Bonds (the "Purchase Contract"), all in substantially the forms of the Preliminary Official Statement and the Purchase Contract presented to this meeting, and (after the sale of the Bonds) the Authority will execute and deliver and authorize the distribution of a Final Official Statement for the Bonds (the "Final Official Statement"); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the authorization of the execution and delivery of the Second Amendment to Master Site Lease, the Second Amendment to Master Project Lease and the Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized to execute and deliver the Second Amendment to Master Site Lease, the Second Amendment to Master Project Lease and the Indenture and to approve the distribution of the Preliminary Official Statement and to execute and deliver the Purchase Contract and (after the sale of the Bonds) to execute and deliver and authorize the distribution of the Final Official Statement;

NOW, THEREFORE, BE IT RESOLVED by the Sacramento City Financing Authority as follows:

Section 1. All of the above recitals are true and correct, and the Authority so finds and determines.

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Section 2. The Authority is authorized to execute and deliver the Second Amendment to Master Site Lease and the Second Amendment to Master Project Lease, and the Treasurer of the Authority (the "Treasurer") is hereby authorized and directed to execute the Second Amendment to Master Site Lease and the Second Amendment to Master Project Lease for and on behalf of the Authority, and the Secretary of the Authority (the "Secretary") is hereby authorized and directed to attest such execution and to affix the seal of the Authority thereto and to deliver the Second Amendment to Master Site Lease and the Second Amendment to Master Project Lease, and as executed and delivered, the Second Amendment to Master Site Lease and the Second Amendment to Master Project Lease shall be in substantially the forms presented to this meeting, with such additions thereto or changes therein as the Treasurer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Authority is authorized to execute and deliver the Indenture, and the Treasurer is hereby authorized and directed to execute the Indenture for and on behalf of the Authority, and the Secretary is hereby authorized and directed to attest such execution and to affix the seal of the Authority thereto and to deliver the Indenture, and as executed and delivered, the Indenture shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the Treasurer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, and the Bonds authorized to be issued under such Indenture, when executed, shall be delivered to the Trustee for authentication by the Trustee, and the Trustee is hereby requested and directed to authenticate the Bonds by executing the Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the Underwriters hereinafter defined in accordance with written instructions executed on behalf of the Authority by the Chairman of the Authority (the "Chairman") and the Secretary, which instructions said officers are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Trustee and which instructions shall provide for the delivery of the Bonds to such Underwriters upon payment of the purchase price thereof.

Section 4. The Purchase Contract between Merrill Lynch & Co., as the representative of the underwriters of the Bonds (the "Underwriters"), and the Authority, in substantially the form presented to this meeting, providing for the sale of the Bonds by the Authority to the Underwriters, is hereby approved by the Authority for execution and delivery by the Authority to the Underwriters, and the Treasurer is hereby authorized and directed (after the approval of the City) to execute the Purchase Contract for and on behalf of the Authority and to deliver the Purchase Contract, and as executed and delivered, the Purchase Contract shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the officer executing the Purchase Contract shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the Bonds shall bear interest at a true interest cost not to exceed six and one-half per cent (6-1/2%) per annum and with an underwriter's discount of not more than one per cent (1%) of the principal amount thereof, plus accrued interest.

Section 5. The Treasurer is hereby authorized and directed for and on behalf of the Authority to approve the distribution of the Preliminary Official Statement, in substantially the

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form presented to this meeting, and to certify on behalf of the Authority that the Preliminary Official Statement has been "deemed final" by the Authority, except for certain final pricing and related information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, and (after the sale of the Bonds) the Treasurer is hereby authorized and directed for and on behalf of the Authority to execute and deliver to the Underwriters the Final Official Statement, with such additions thereto or changes therein as the Treasurer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; and the Underwriters are hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and are directed to distribute copies of the Final Official Statement to all actual purchasers of the Bonds.

Section 6. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including without limitation, any documents as may be required in order to obtain bond insurance or to issue the Bonds in one or more series, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution, the Second Amendment to Master Site Lease, the Second Amendment to Master Project Lease, the Indenture, the Purchase Contract and the Bonds, including the purchase of a bond insurance policy for the Bonds if deemed desirable, and any such actions heretofore taken by such officers are hereby ratified, confirmed and approved.


Section 7. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 3rd day of April, 2001.



Chairman

Attest:



Secretary

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