

RESOLUTION NO. 2015-0102

Adopted by the Sacramento City Council

April 23, 2015

AUTHORIZING (1) THE ISSUANCE OF CITY OF SACRAMENTO NORTH NATOMAS DRAINAGE COMMUNITY FACILITIES DISTRICT NO. 97-01, SPECIAL TAX REFUNDING BONDS, SERIES 2015; (2) THE EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL INDENTURE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE CERTIFICATE, AN ESCROW AGREEMENT, AN AGREEMENT FOR BOND COUNSEL SERVICES, AND A DISCLOSURE COUNSEL AGREEMENT IN CONNECTION WITH THE BONDS; AND (3) CERTAIN OTHER ACTIONS IN CONNECTION WITH THE BONDS

BACKGROUND:

- A. At an election held in the North Natomas Drainage Community Facilities District No. 97-01, City of Sacramento, County of Sacramento, State of California (the “**CFD**”) on June 3, 1997, the qualified electors in the CFD duly authorized the issuance of \$35,000,000 principal amount of special-tax bonds under the Mello Roos Community Facilities Act of 1982 (Government Code sections 53311 through 53368) as amended (the “**Act**”) for the purpose of financing the acquisition and construction of certain public facilities.
- B. At the election, the qualified electors in the CFD also authorized the levy and collection of a special tax under the Act to be used to pay the interest on, principal of, and redemption premiums (if any) on, such bonds.
- C. In connection with the issuance of bonds through the CFD, the City of Sacramento (the “**City**”) and U.S. Bank National Association (as successor to U.S. Bank Trust, National Association, and formerly known as First Trust of California, National Association), as trustee (the “**Trustee**”), entered into an Indenture dated as of September 1, 1997 (the “**1997 Indenture**”). In 2000, the City and the Trustee entered into the First Supplemental Indenture to the 1997 Indenture (the “**First Supplemental Indenture**”). And in 2003, the City and the Trustee entered into the Second Supplemental Indenture to the 1997 Indenture (the “**Second Supplemental Indenture**”).
- D. On June 8, 2005, the City of Sacramento (the “**City**”) issued its North Natomas Drainage Community Facilities District No. 97-01, Special Tax Bonds, Series 2005 in the principal amount of \$35,460,000 (the “**Prior Bonds**”). In connection with the issuance of the Prior Bonds, the City and the Trustee entered into a Third Supplemental Indenture to the 1997 Indenture (the “**Third Supplemental Indenture**”).

- E. The Act authorizes the City to issue bonds for the purpose of refunding the Prior Bonds.
- F. The Sacramento City Council (the “**City Council**”) has determined to authorize the issuance of City of Sacramento North Natomas Drainage Community Facilities District No. 97-01, Special Tax Refunding Bonds, Series 2015 (the “**Bonds**”) under the Act for the purpose of refunding all or a portion of the outstanding Prior Bonds and has determined that the issuance of the Bonds is prudent in the management of the City’s fiscal affairs.
- G. The City desires to sell the Bonds to Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), and the City Council has determined that a private (i.e., negotiated) sale of the Bonds to the Underwriter under the Act will result in a lower overall cost to the City.
- H. In furtherance of the City’s issuance of the Bonds, forms of the following documents have been filed with the Sacramento City Clerk (the “**Clerk**”) for the City Council’s consideration and approval:
- A Fourth Supplemental Indenture between the City and the Trustee, which supplements the 1997 Indenture and under the terms of which the Bonds are to be issued and secured (the “**Fourth Supplemental Indenture**” and, together with the 1997 Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, the “**Indenture**”).
 - A Bond Purchase Contract, under the terms of which, among other things, the City agrees to sell the Bonds to the Underwriter and the Underwriter agrees to purchase the Bonds (the “**Bond Purchase Contract**”).
 - A preliminary form of an Official Statement describing the Bonds (the “**Preliminary Official Statement**”).
 - A Continuing Disclosure Certificate obligating the City to provide certain ongoing disclosure with respect to the Bonds (the “**Continuing Disclosure Certificate**”).
 - An Escrow Agreement between the City and U.S. Bank National Association, as escrow agent (the “**Escrow Agent**”), providing for the defeasance and redemption of the Prior Bonds to be refunded (the “**Escrow Agreement**”).
 - An Agreement for Bond Counsel Services under which the firm of Orrick, Herrington & Sutcliffe LLP will provide legal services to the City as bond counsel with respect to the Bonds (the “**Agreement for Bond Counsel Services**”).

- A Disclosure Counsel Agreement under which the firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, will provide legal services to the City as disclosure counsel with respect to the Bonds (the “**Disclosure Counsel Agreement**”).

I. All acts, conditions, and things required by California law to exist, to have happened, and to have been performed before and in connection with the consummation of the financing authorized by this resolution do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the City is now duly authorized and empowered, under each requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms provided in this resolution.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The statements in paragraphs A through I of the Background are true.
- Section 2. The City Council hereby authorizes and approves the issuance of the Bonds in accordance with the Indenture in an aggregate principal amount not to exceed \$28,000,000. The final maturity date of the Bonds may not be later than the final maturity date of the Prior Bonds. The total interest cost to maturity on the Bonds plus the principal amount of the Bonds may not exceed the total interest cost to maturity on the Prior Bonds to be refunded plus the principal amount of the Prior Bonds to be refunded.
- Section 3. The City Council hereby determines that the value of the real property within the CFD that will be subject to the levy of a special tax under the Act to pay debt service on the Bonds (based upon the full cash value as shown on the ad valorem assessment roll) is at least three times the sum of the following: the principal amount of the Bonds, plus the principal amount of all other bonds outstanding that are secured by a special tax levied under the Act on property within the CFD, plus the principal amount of all other bonds outstanding that are secured by special assessments levied on property within the CFD. Accordingly the limitations of section 53345.8(a) of the Act have been duly satisfied.
- Section 4. The City Council hereby approves the Fourth Supplemental Indenture and its terms and conditions. The date, maturity date or dates, fixed interest rates, interest-payment dates, forms, registration privileges, place or places of payment, terms of redemption and number of Bonds, and other terms of the Bonds are to be as provided in the Fourth Supplemental Indenture as finally executed and delivered.

- (a) The Sacramento City Treasurer or his designee (the “**Treasurer**”) is hereby authorized and directed to execute and deliver to the Trustee, on the City’s behalf, the Fourth Supplemental Indenture in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the Sacramento City Attorney or his designee (the “**City Attorney**”), and with approval to be conclusively evidenced by the execution and delivery of the Fourth Supplemental Indenture.
- (b) The City Council hereby authorizes and directs the Treasurer to execute and deliver to the Trustee, on the City’s behalf, written instructions providing for the delivery of the Bonds to the Underwriter in accordance with the Bond Purchase Contract upon payment by the Underwriter of the purchase price of the Bonds (the “**Instructions**”).
- (c) The Bonds are to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the Clerk, and each of the Bonds must be in the form set forth in, and otherwise be in accordance with, the Indenture. When the Bonds are so executed, the Treasurer shall deliver them to the Trustee under the Indenture for authentication by the Trustee. The Trustee is then to deliver the Bonds to the Underwriter in accordance with the Instructions.

Section 5. The City Council hereby approves the Bond Purchase Contract and authorizes the Treasurer to execute and deliver it to the Underwriter on the City’s behalf in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Contract, all subject to the following: the true interest cost for the Bonds may not exceed 5.00% and the Underwriter’s compensation may not exceed 1.50% of the principal amount of the Bonds.

Section 6. The City Council hereby approves the Preliminary Official Statement and authorizes the Underwriter to distribute it.

- (a) The City Council hereby authorizes and directs the Treasurer to execute and deliver to the Underwriter on the City’s behalf a certificate deeming the Preliminary Official Statement, in substantially the form on file with the Clerk and with any changes the Treasurer approves in the interest of the City with the concurrence of the City Attorney, to be final within the meaning of Securities Exchange Commission Rule 15c2-12.

- (b) The City Council hereby authorizes and directs the Treasurer to execute and deliver to the Underwriter, on the City's behalf, a final form of the Official Statement describing the Bonds (the "**Final Official Statement**") in substantially the form of the Preliminary Official Statement, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with such approval to be conclusively evidenced by the execution and delivery of the Final Official Statement.
- (c) The City Council hereby authorizes the Underwriter to distribute the Final Official Statement.

Section 7. The City Council hereby approves the Continuing Disclosure Certificate and authorizes and directs the Treasurer to execute and deliver it to the Underwriter on the City's behalf in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 8. The City Council hereby approves the Escrow Agreement and authorizes and directs the Treasurer to execute and deliver it to the Escrow Agent on the City's behalf in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement.

Section 9. The City Council hereby approves the Agreement for Bond Counsel Services and authorizes and directs the City Attorney to execute and deliver it to Orrick, Herrington & Sutcliffe LLP on the City's behalf in substantially the form on file with the Clerk, with any changes the City Attorney may require or approve, and with approval to be conclusively evidenced by the execution and delivery of the Agreement for Bond Counsel Services.

Section 10. The City Council hereby approves the Disclosure Counsel Agreement and authorizes and directs the City Attorney to execute and deliver it to Stradling Yocca Carlson & Rauth, a Professional Corporation, on the City's behalf in substantially the form on file with the Clerk, with any changes the City Attorney may require or approve, and with approval to be conclusively evidenced by the execution and delivery of the Disclosure Counsel Agreement.

Section 11. In accordance with City Charter section 113, the City Council hereby authorizes and directs the Treasurer and the City's Finance Director to implement inter-fund transfers to the Special Tax Fund established by Section 6.01 of the 1997 Indenture if such transfers are needed to satisfy the City's obligations under the Indenture. The inter-fund transfers must be duly made during fiscal year 2014-

2015, must be recorded in the City's records, and must be repaid to the fund that is the source of the transfer from the CFD's special-tax proceeds for levy year 2014-2015.

Section 12. The officers of the City, each acting alone, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents and agreements they consider necessary or advisable to carry out, give effect to, and comply with, the terms and intent of this resolution, the Indenture, the Bond Purchase Contract, the Preliminary Official Statement, the Final Official Statement, the Continuing Disclosure Certificate, the Escrow Agreement, and the Bonds. This authorization includes the execution and delivery of any documents required to obtain bond insurance, a reserve-fund-insurance policy, or a reserve-fund surety and of any documents necessary to refund the Prior Bonds; it also includes the purchase of bond insurance, a reserve-fund-insurance policy, or a reserve-fund surety. All actions previously taken by those officers are hereby ratified, confirmed, and approved.

Section 13. This resolution takes effect when adopted.

Adopted by the City of Sacramento City Council on April 23, 2015, by the following vote:

Ayes: Members Carr, Hansen, Harris, Jennings, Schenirer and Warren

Noes: None

Abstain: Member Ashby

Absent: Mayor Kevin Johnson

Vacant: District 6

Attest:

Shirley Concolino

Digitally signed by Shirley Concolino
DN: cn=Shirley Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2015.05.05 15:58:57 -07'00'

Shirley Concolino, City Clerk