

RESOLUTION NO. 2006-364

Adopted by the Sacramento City Council

May 23, 2006

AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS TO LEASES WITH THE SACRAMENTO CITY FINANCING AUTHORITY AND ADVANCE REPAYMENT AGREEMENTS AND AMENDMENTS TO ADVANCE REPAYMENT AGREEMENTS WITH THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RELATING TO THE FINANCING OF VARIOUS CITY OF SACRAMENTO AND REDEVELOPMENT PROJECTS, APPROVING THE EXECUTION AND DELIVERY BY THE SACRAMENTO CITY FINANCING AUTHORITY OF A PURCHASE CONTRACT FOR THE SACRAMENTO CITY FINANCING AUTHORITY 2006 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) AND SACRAMENTO CITY FINANCING AUTHORITY 2006 TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES B (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM), AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS, APPROVING THE DISTRIBUTION BY THE SACRAMENTO CITY FINANCING AUTHORITY OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING THE EXECUTION, DELIVERY AND DISTRIBUTION BY THE SACRAMENTO CITY FINANCING AUTHORITY OF A FINAL OFFICIAL STATEMENT FOR THE BONDS AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

BACKGROUND:

- A** 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 the real property described in the Fifth Amendment to Master Site Lease, dated as of June 1, 2006 (the "Fifth Amendment to Master Site Lease"), by and between the City and the Sacramento City Financing Authority (the "Authority"), be leased by the City to the Authority, and that the Authority lease the real property (together with the improvements thereon) back to the City pursuant to the Sixth Amendment to Master Project Lease, dated as of June 1, 2006 (the "Sixth Amendment to Master Project Lease"), by and between the Authority and the City, in substantially the forms of the two leases presented to this meeting, with the total principal components of the 2006 Base Rental Payments (as that term is defined in the Sixth Amendment to Master Project Lease) to be in an amount not exceeding two hundred million dollars (\$200M) and with the term of the Sixth Amendment to Master Project Lease to be not in excess of 30 years.

- B** Under the Sixth Amendment to Master Project Lease, the City will be obligated to make base rental payments to the Authority for the lease of the real property (together with the improvements thereon) to it.
- C** The Authority has determined to issue its 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") pursuant to an Indenture dated as of June 1, 2006 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., 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 Sixth Amendment to Master Project Lease (being the Program Obligation as defined in the Indenture).
- D** The Authority will assign, without recourse, all its rights to receive the base rental payments from the City under the Sixth Amendment to Master Project Lease to the Trustee, for the benefit of the registered owners of the Bonds.
- E** The City is willing to advance funds to the Agency (the "2006 Advance") to finance redevelopment activities within its Army Depot Redevelopment Project and its 65th Street Redevelopment Project pursuant to two separate Advance Repayment Agreements with respect to each of the Redevelopment Projects, each dated as of June 1, 2006 (collectively, the "2006 Advance Repayment Agreements"), each by and between the City and the Agency, in substantially the forms of the 2006 Advance Repayment Agreements presented to this meeting.
- F** In order to obtain funds to make the 2006 Advance, the City will lease certain City-owned real property to the Authority and use a portion of the proceeds of the Authority's single up-front lease payment for the real property to fund the 2006 Advance to the Agency.
- G** The Authority will fund the lease payment with a portion of the proceeds of the Bonds.
- H** The City Council has by duly adopted prior resolutions authorized the execution and delivery by the City of a Richards Boulevard Advance Repayment Agreement and a North Sacramento Advance Repayment Agreement, each dated as of December 1, 1999, and all by and between the City and the Agency (collectively, the "1999 Redevelopment Advance Payment Agreements"), and pursuant thereto certain funds were advanced to the Agency to pay for the costs of acquisition and construction of various projects and improvements within certain of the Agency's redevelopment project areas.

- I The City Council of the City has by duly adopted prior resolutions determined that it was in the best interests of the City and its citizens and was necessary and proper for City purposes that the terms of the 1999 Redevelopment Advance Payment Agreements be so amended in a First Amendment to Richards Boulevard Advance Repayment Agreement and a First Amendment to North Sacramento Advance Repayment Agreement, each dated as of June 1, 2005, and all by and between the City and the Agency (collectively, the "2005 Amendments to Redevelopment Advance Payment Agreements").
- J The City Council of 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 the terms of the 1999 Redevelopment Advance Payment Agreements be so amended in a Second Amendment to Richards Boulevard Advance Repayment Agreement and a Second Amendment to North Sacramento Advance Repayment Agreement, each dated as of June 1, 2006, and all by and between the City and the Agency (collectively, the "2006 Amendments to Redevelopment Advance Payment Agreements" and together with the 2006 Redevelopment Advance Payment Agreements, the "2006 Redevelopment Agreements") in substantially the forms presented to this meeting.
- K In connection with the issuance of the Bonds, the Authority (with the prior approval of the City) will approve the distribution of a Preliminary Official Statement for the Bonds (the "Preliminary Official Statement") and the Authority (with the prior approval of the City) will enter into a Purchase Contract providing for the sale of the Bonds (the "Purchase Contract") and the City will execute a Continuing Disclosure Certificate for the Bonds (the "Continuing Disclosure Certificate") in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5), all in substantially the forms of the Preliminary Official Statement, the Purchase Contract and the Continuing Disclosure Certificate presented to this meeting, and (after the sale of the Bonds) the Authority (with the prior approval of the City) will execute and deliver and authorize the distribution of a Final Official Statement for the Bonds (the "Final Official Statement").
- L 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 by the City of the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the 2006 Redevelopment Agreements and the Continuing Disclosure Certificate 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 to execute and deliver the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the 2006 Redevelopment Agreements and the Continuing Disclosure Certificate and to approve the execution by the Authority of the Purchase Contract and to approve the distribution by the Authority of the Preliminary Official Statement and (after the sale of the Bonds) to approve the execution, delivery and distribution by the Authority of the Final Official Statement.

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

Section 1. The City Council so finds and determines that the statements in paragraphs A through L of the Background are true.

Section 2. The City is authorized to execute and deliver the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements, and the Treasurer of the City (the "Treasurer") or his designee is hereby authorized and directed to execute the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements for and on behalf of the City, and the City Clerk of the City is hereby authorized and directed to attest the execution and to affix the seal of the City thereto and to deliver the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements, and as executed and delivered, the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements shall be in substantially the forms presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Purchase Contract between Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the representative of the underwriters of the Bonds (the "Representative"), and the Authority, in substantially the form presented to this meeting, providing for the sale of the Bonds by the Authority to the Representative, is hereby approved by the City for execution by the Authority and delivery to the Representative, and as executed and delivered, the Purchase Contract shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the officer executing the Purchase Contract shall require or approve, with 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 seven percent (7%) per annum and with an underwriter's discount of not more than two percent (2%) of the principal amount thereof.

Section 4. The City is authorized to execute and deliver the Continuing Disclosure Certificate, and the Treasurer is hereby authorized and directed to execute the Continuing Disclosure Certificate for and on behalf of the City and to deliver the Continuing Disclosure Certificate, and as executed and delivered, the Continuing Disclosure Certificate shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The City hereby approves the distribution by the Authority of the Preliminary Official Statement, in substantially the form presented to this meeting, and, after the sale of the Bonds, the Treasurer is hereby authorized and directed for and on behalf of the City to approve the execution and delivery by the Authority to the

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

Section 6. The officers of the City are hereby each 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, a reserve fund surety bond, if any, 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 Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the 2006 Redevelopment Agreements, the Indenture, the Purchase Contract, the Continuing Disclosure Certificate and the Bonds, including the purchase of a bond insurance policy and a reserve fund surety bond for the Bonds if deemed desirable, and any actions heretofore taken by the officers are hereby ratified, confirmed and approved.

Section 7. Except as amended by the 2005 Amendments to Redevelopment Advance Payment Agreements and the 2006 Amendments to Redevelopment Advance Payment Agreements, the 1999 Redevelopment Advance Payment Agreements are ratified and confirmed in all other respects.

Section 8. The execution and delivery of the 2006 Redevelopment Agreements by the Agency and the incurrence of indebtedness thereunder by the Agency is hereby approved by the City.

Adopted by the City of Sacramento City Council on May 23, 2006 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: None.

Heather Fargo
Mayor, Heather Fargo

Attest:

Shirley Concolino
Shirley Concolino, City Clerk