

RESOLUTION NO. 2006-786

Adopted by the Sacramento City Council

October 24, 2006

AUTHORIZING THE ISSUANCE OF CITY OF SACRAMENTO NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 4, SPECIAL TAX BONDS, SERIES D (2006), AUTHORIZING THE EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL INDENTURE, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, AN OFFICIAL STATEMENT; AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION OF RELATED DOCUMENTS WITH RESPECT TO THE ISSUANCE AND SALE OF THE BONDS

BACKGROUND

- A. The Council, on December 8, 1998, adopted its Resolution No. 98-612 approving a Master Indenture dated as of February 1, 1999 (the "Master Indenture") by and between the City and BNY Western Trust Company (whose successor is The Bank of New York Trust Company, N.A., as to both entities herein, the "Trustee") authorizing the issuance of bonds under the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto (the "Act"), in the aggregate principal amount of eighty-five million dollars (\$85,000,000) in the form and manner provided therein, designated the "North Natomas Community Facilities District No. 4, City of Sacramento, County of Sacramento, State of California, Special Tax Bonds" (the "Bonds").
- B. Pursuant to the Master Indenture, as supplemented by the First Supplemental Indenture dated as of February 1, 1999, by and between the City and the Trustee, the Council provided for the issuance, sale and delivery of its North Natomas Community Facilities District No. 4, City of Sacramento, County of Sacramento, State of California, Special Tax Bonds, Series A (1999) (the "Series A (1999) Bonds") in the aggregate principal amount of sixteen million two hundred fifteen thousand dollars (\$16,215,000) to finance the costs of the acquisition and construction of facilities authorized to be financed by the City's North Natomas Community Facilities District No. 4 (the "Community Facilities District") and to pay the costs of issuance of the Series A (1999) Bonds.
- C. Pursuant to the Master Indenture, as supplemented by the Second Supplemental Indenture dated as of April 1, 2001, by and between the City and the Trustee, the Council provided for the issuance, sale and delivery of its North Natomas Community Facilities District No. 4, City of Sacramento, County of Sacramento, State of California, Special Tax Bonds, Series B (2001) (the "Series B (2001) Bonds") in the aggregate principal amount of twelve million seven hundred fifty thousand dollars

(\$12,750,000) to finance the costs of the acquisition and construction of certain other facilities authorized to be financed by the Community Facilities District and to pay the costs of issuance of the Series B (2001) Bonds.

- D. Pursuant to the Master Indenture, as supplemented by the Third Supplemental Indenture dated as of October 1, 2003, by and between the City and the Trustee, the Council provided for the issuance, sale and delivery of its North Natomas Community Facilities District No. 4, City of Sacramento, County of Sacramento, State of California, Special Tax Bonds, Series C (2003) (the "Series C (2003) Bonds") in the aggregate principal amount of twenty-nine million seven hundred sixty-five thousand dollars (\$29,765,000) to finance the costs of the acquisition and construction of certain other facilities authorized to be financed by the Community Facilities-District and to pay the costs of issuance of the Series C (2003) Bonds.
- E. The Master Indenture specifies the conditions for the issuance of a series of the Bonds in addition to the Series A (1999) Bonds, the Series B (2001) Bonds and the Series C (2003) Bonds in Section 2.02 thereof, and specifies the procedure for the issuance of such additional series of the Bonds in Section 2.03 thereof, and the Council desires to provide for the issuance of an additional series of the Bonds under the Master Indenture payable on a parity with the Series A (1999) Bonds, the Series B (2001) Bonds and the Series C (2003) Bonds from the Special Tax (as that term is defined in the Master Indenture).
- F. Both Sections 2.02 and 2.03 of the Master Indenture require a supplemental indenture for the issuance of a series of the Bonds in addition to the Series A (1999) Bonds, the Series B (2001) Bonds and the Series C (2003) Bonds under the Master Indenture.
- G. It is desirable and necessary to approve a Fourth Supplemental Indenture by and between the City and the Trustee supplemental to the Master Indenture in the form now on file with the City Clerk (the "Fourth Supplemental Indenture") to specify the conditions, terms and form of such additional series of the Bonds and to designate such additional series of the Bonds as the "North Natomas Community Facilities District No. 4, City of Sacramento, County of Sacramento, State of California, Special Tax Bonds, Series D (2006)" (the "Series D (2006) Bonds") to be issued pursuant to the Law, the Master Indenture and the Fourth Supplemental Indenture in order to finance the costs of the acquisition and construction of certain other facilities authorized to be financed by the Community Facilities District and to pay the costs of issuance of the Series D (2006) Bonds.
- H. The City Council has determined that a private sale of the Series D (2006) Bonds under the Act would result in a lower overall cost to the City on the Series D (2006) Bonds.
- I. It is also desirable and necessary to approve the forms of the various financing documents to accompany the issuance of the Series D (2006) Bonds, and to authorize the appropriate officers of the City to perform the functions necessary to the issuance of the Series D (2006) Bonds.

J. The Council is fully advised on this matter.

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

- Section 1. The above recitals are true, and the Council so finds and determines.
- Section 2. Pursuant to the Law, the Master Indenture, and the Fourth Supplemental Indenture, the Series D (2006) Bonds in an aggregate principal amount not to exceed twenty-six million, two-hundred and seventy thousand dollars (\$26,270,000) are hereby authorized to be issued by the City, which Series D (2006) Bonds shall be in the form set forth in the Fourth Supplemental Indenture and shall be executed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk of the City, and the seal of the City shall be impressed or imprinted thereon.
- Section 3. The Fourth Supplemental Indenture is hereby approved, and the Treasurer of the City (the "City Treasurer") is hereby authorized to execute and deliver the Fourth Supplemental Indenture on behalf of the City in substantially the form now on file with the City Clerk, with such changes as the City Treasurer or any Authorized Representative (used herein as defined in the Fourth Supplemental Indenture) may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City; provided, that such additions or changes shall not authorize an aggregate principal amount of Bonds in excess of the amount stated above.
- Section 4. The Bond Purchase Agreement (the "Bond Purchase Agreement") providing for the sale of the Series D (2006) Bonds, in the form submitted by Stone & Youngberg LLC (the "Underwriter") and now on file with the City Clerk, is hereby approved, and the City Treasurer is authorized to execute and deliver the Bond Purchase Agreement on behalf of the City in substantially the form now on file with the City Clerk, with such changes as the City Treasurer or any Authorized Representative may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City, for the sale of the Series D (2006) Bonds to the Underwriter at the purchase price to be set forth in the Bond Purchase Agreement, upon the terms and conditions set forth in the Bond Purchase Agreement, provided, that the Series D (2006) Bonds shall be sold at a true interest cost not to exceed eight per cent (8.0%) per annum and with an underwriter's discount (exclusive of original issue discount) not in excess of three per cent (3.0%) of the principal amount thereof.
- Section 5. The Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the Series D (2006) Bonds, in the form now on file with the City Clerk, is hereby approved, and the City Treasurer is authorized to execute and deliver the Continuing Disclosure Certificate on behalf of the City in substantially the form now on file with the City Clerk, with such

changes as the City Treasurer or any Authorized Representative may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City.

Section 6. The Preliminary Official Statement (the "Preliminary Official Statement") relating to the Series D (2006) Bonds, in the form now on file with the City Clerk, is hereby approved, and the City Treasurer is hereby authorized to approve the distribution of the Preliminary Official Statement in substantially the form on file with the City Clerk and to certify to the Underwriter on behalf of the City that the Preliminary Official Statement was, as of its date, deemed "final" by the City within the meaning of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by such rule), and the City Treasurer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Underwriter a final Official Statement (the "Official Statement"), which shall be in substantially the form of the Preliminary Official Statement with such additions thereto or changes therein as the City Treasurer shall require or approve, that pertains to the sale of the Series D (2006) Bonds, such approval to be conclusively evidenced by the execution and delivery thereof, and the Underwriter is hereby authorized to distribute copies of the Official Statement to persons who may be interested in the purchase of the Series D (2006) Bonds and the Underwriter is directed to deliver such copies to all actual purchasers of the Series D (2006) Bonds.

Section 7. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and contracts which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Series D (2006) Bonds, and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, the Master Indenture, the Fourth Supplemental Indenture, the Series D (2006) Bonds, the Bond Purchase Agreement, the Continuing Disclosure Certificate, the Preliminary Official Statement and the Official Statement; and any such actions heretofore taken by such officers in connection therewith are hereby ratified, confirmed and approved.

Section 8. This resolution takes effect when adopted.


Adopted by the City of Sacramento City Council on October 24, 2006 by the following vote:

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

Noes: None.

Abstain: None.

Absent: Mayor Fargo.



Robert King Fong, Vice Mayor

Attest:


Shirley Concolino, City Clerk