

RESOLUTION NO. 2007-269

Adopted by the Sacramento City Council

May 8, 2007

AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO FACILITY LEASE, A REMARKETING MEMORANDUM, A DELAYED DELIVERY PURCHASE AND REMARKETING AGREEMENT AND AN INTEREST RATE HEDGING AGREEMENT IN CONNECTION WITH THE REMARKETING OF THE SACRAMENTO CITY FINANCING AUTHORITY 1997 LEASE REVENUE BONDS (ARCO ARENA ACQUISITION) AND OTHER ACTIONS IN CONNECTION THEREWITH AND AUTHORIZING RELATED ACTIONS

BACKGROUND:

- A. The City of Sacramento, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), is authorized pursuant to its charter (the "Charter") and the laws of the State of California to lease real and personal property that is necessary and proper for municipal purposes.
- B. The Sacramento City Financing Authority, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), determined to assist the City in furtherance of the City's municipal purposes.
- C. The City determined that it is a municipal purpose to assist the Kings ARCO Arena Limited Partnership, a California limited partnership (the "Arena Owner"), in refinancing the acquisition of certain real property and the facilities thereon comprising a sports arena known as "ARCO Arena" (the "Project").
- D. In furtherance of refinancing the acquisition of the Project, and pursuant to the terms of a Site Lease (the "Site Lease"), dated as of July 1, 1997, between the City and the Authority, the City leases to the Authority the site on which the Project is located.
- E. Also in furtherance of refinancing the acquisition of the Project, and pursuant to the terms of a Facility Lease (the "Original Facility Lease"), dated as of July 1, 1997, between the City and the Authority, the Authority subleases the Project back to the City.
- F. Also in furtherance of refinancing the acquisition of the Project, and pursuant to the terms of an Arena Facility Lease dated as of July 1, 1997, between the City and the Arena Owner, the City sub-subleases the Project to the Arena Owner.
- G. The Authority issued its 1997 Lease Revenue Bonds (ARCO Arena Acquisition) for the purpose of financing the acquisition of the Project pursuant to an Indenture dated as of July 1, 1997, between the Authority, and U.S. Bank National Association, as successor trustee, (the "Original Indenture").

- H. Pursuant to the terms of the Original Indenture, each Bond in a Floating Rate Mode is subject to mandatory tender on July 18, 2007, at which time the Bonds will be adjusted to a new Mode.
- I. Pursuant to the terms of the Original Indenture, each Bond will be remarketed to new Owners on July 18, 2007, with modifications and amendments to the determination of the Floating Rate pursuant to the Original Indenture and certain redemption provisions, including the optional redemption provisions and amounts of mandatory redemption pursuant thereto.
- J. The Authority desires, pursuant to a First Supplemental Indenture (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"), between the Authority and the Trustee, to make such modifications and amendments.
- K. Pursuant to the Original Indenture, the Original Indenture may be modified and amended from time to time when the written consents of the Owners and the Bond Insurer have been filed with the Trustee.
- L. The Owners and the Bond Insurer will have duly consented to the amendments set forth therein prior to the execution and delivery thereof.
- M. The Original Facility Lease provides that Exhibit B of the Original Facility Lease may be amended from time to time by the filing of a new Exhibit D to the Indenture and, pursuant to the Original Facility Lease, the Original Facility Lease may be modified and amended from time to time when the written consent of the Bond Insurer have been filed with the Trustee.
- N. The Bond Insurer will have duly consented to the amendment of Exhibit B of the Original Facility Lease pursuant to a First Amendment to Facility Lease (the "First Amendment to Facility Lease"), between the Authority and the City, prior to the execution and delivery thereof.
- O. All acts, conditions and things required by the Constitution and laws of the State of California and the Charter to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby 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, pursuant to every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

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

- Section 1. All of the above recitals are true and correct, and this City Council so finds and determines.
- Section 2. The City Council hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City and the statements, findings and determinations of the City set forth in the preambles of the documents approved herein are true and correct.

- Section 3. The form of the First Amendment to Facility Lease presented to this meeting and on file with the City Clerk is hereby approved. The Mayor, the Vice Mayor, the City Manager and City Treasurer are hereby jointly and severally authorized and directed, for and in the name and on behalf of the City, to execute and deliver the First Amendment to Facility Lease in a form substantially the same as the approved form, with such changes therein as such councilmember or officer, as appropriate, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 4. The form of Remarketing Memorandum relating to the remarketing of the Bonds (the "Remarketing Memorandum") presented to this meeting and on file with the City Clerk, is hereby approved. The Mayor, the Vice Mayor, the City Manager and the City Treasurer are hereby jointly and severally authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Remarketing Memorandum in a form substantially the same as the approved form, with such changes therein as such councilmember or officer, as appropriate, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 5. Goldman, Sachs & Co., the remarketing agent for the Bonds (the "Remarketing Agent"), is hereby authorized to distribute the Remarketing Memorandum in preliminary form to persons who may be interested in the purchase of the Bonds and all actual purchasers of the Bonds.
- Section 6. The form of Delayed Delivery Purchase and Remarketing Agreement among the Authority, the City and Remarketing Agent (the "Delayed Delivery Purchase and Remarketing Agreement") presented to this meeting and on file with the City Clerk, is hereby approved. The Mayor, the Vice Mayor, the City Manager and the City Treasurer are hereby jointly and severally authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Delayed Delivery Purchase and Remarketing Agreement in a form substantially the same as the approved form, with such changes therein as such councilmember or officer, as appropriate, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 7. The City hereby finds and determines that the form of Interest Rate Hedging Agreement presented to this meeting and on file with the City Clerk (the "Interest Rate Hedging Agreement") is in the best interests of the City in that such Interest Rate Hedging Agreement will result in a lower cost of borrowing related to the Bonds and is hereby approved. The Mayor, the Vice Mayor, the City Manager and the City Treasurer are hereby jointly and severally authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Interest Rate Hedging Agreement in a form substantially the same as the approved form, with such changes therein as such councilmember or officer, as appropriate, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 8. The City Clerk is hereby authorized and directed to attest the signature of the Mayor, the Vice Mayor, the City Manager and City Treasurer, and to affix the seal

of the City, as may be required or appropriate in connection with the execution and delivery of the First Amendment to Facility Lease, the Remarketing Memorandum, the Delayed Delivery Purchase and Remarketing Agreement, the Interest Rate Hedging Agreement and any other documents executed and delivered pursuant to the authority granted in this resolution (the "Resolution").

Section 9. The City Manager, City Treasurer, City Attorney, City Clerk and any and all other officers, agents and employees of the City are hereby further authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including, without limitation, documents relating to bond insurance, that 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 First Amendment to Facility Lease, the Remarketing Memorandum, the Delayed Delivery Purchase and Remarketing Agreement, the Interest Rate Hedging Agreement and any other documents executed and delivered pursuant to the authority granted in this Resolution. Any such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 10. This Resolution takes effect immediately upon its passage.

Adopted by the City of Sacramento City Council on May 8, 2007 by the following vote:

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

Noes: None.

Abstain: None.

Absent: None.



Mayor Heather Fargo

Attest:



Shirley Concolino, City Clerk