

RESOLUTION NO. 2014-0001

Adopted by the Board of Directors of the Sacramento Public Financing Authority

May 20, 2014

AUTHORIZING THE ISSUANCE AND SALE OF SACRAMENTO PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS IN ONE OR MORE SERIES TO FINANCE THE CITY'S SHARE OF THE COST TO ACQUIRE, DESIGN, CONSTRUCT, AND EQUIP A MULTI-PURPOSE ENTERTAINMENT-AND-SPORTS CENTER; APPROVING THE FORMS OF RELATED FINANCING DOCUMENTS; AUTHORIZING THE TREASURER OR HIS DESIGNEE TO APPROVE, EXECUTE, AND DELIVER THE RELATED FINANCING DOCUMENTS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE BONDS AND THE FINANCING

BACKGROUND

- A. The Sacramento Public Financing Authority (the "**Authority**") is a joint-powers authority duly organized and existing under California law.
- B. The City of Sacramento (the "**City**") is a municipal corporation duly organized and existing under the Sacramento City Charter (the "**Charter**") and the California Constitution.
- C. The Authority and the City have determined to finance the City's share of the cost to acquire, design, construct, and equip a multi-purpose entertainment-and- sports center (the "**Project**") to be located within the geographical boundaries of the City.
- D. To finance the City's share of the Project, the Authority and the City have determined that the City will lease certain land and certain improvements to that land (collectively, the "**Property**") to the Authority and that the City will sublease the Property back from the Authority.
- E. The Property will consist of all or a portion of the Project, as determined by the Authority and the City when they execute and deliver the leases described below.
- F. To finance the City's share of the Project and to fund required reserves and capitalized interest and pay costs of issuance, the Authority and the City have determined to provide for the issuance of Sacramento Public Financing Authority Lease Revenue Bonds in one or more series in the aggregate principal amount not to exceed \$325,000,000 (the "**Bonds**").

- G. On or before May 15, 2014, the City caused a notice of public hearing regarding the proposed issuance of the Bonds for the purpose of financing the City's share of the Project to be published in the *THE DAILY RECORDER*, a newspaper of general circulation in the City, as required by California Government Code section 6586.5. A copy of the proof of publication of the notice of public hearing is on file with the Secretary.
- H. Any series of the Bonds may be initially issued as (1) bonds bearing interest at fixed rates to maturity of the Bonds (the "**Fixed Rate Bonds**"), (2) bonds bearing interest at (a) fixed rates for an initial period less than the maturity of the Bonds or (b) variable rates based on a LIBOR index rate with certain adjustments (or other floating -rate indices) to maturity or earlier conversion to another mode (the "**Floating Rate Bonds**") or (3) any combination thereof.
- I. Any series of the Bonds, including any Fixed Rate Bonds or Floating Rate Bonds, may be sold at initial issuance or upon a remarketing thereof in (1) a limited offering to one or more qualified institutional investors or accredited investors ("**Private Placement**"), (2) a public offering or (3) any combination thereof.
- J. The terms of any series of the Bonds initially issued as Floating Rate Bonds may (1) require or permit the holder thereof to tender for purchase and (2) provide for the remarketing or conversion to another mode of Floating Rate Bonds or Fixed Rate Bonds.
- K. In furtherance of the Authority's issuance and sale of the Bonds (and any remarketing or conversion of the Bonds after initial issuance of the Bonds) and financing of the City's share of the Project, forms of the following documents have been filed with the Secretary for consideration and approval by the Board of Directors:
- An *Indenture* under which the Authority will issue the Bonds (the "**Indenture**").
 - A *Site Lease* under which the City will lease the Property to the Authority (the "**Site Lease**").
 - A *Project Lease* under which the City will sublease the Property from the Authority (the "**Project Lease**").

- A *Bond Purchase Agreement (Escrow Bonds)* between the Authority, the City, and the purchaser or purchasers of any Floating Rate Bonds to be selected by the Treasurer (as defined herein) and named therein (collectively, the “**Floating Rate Purchasers**”), under which the Authority and the City agree to sell Floating Rate Bonds and the Floating Rate Purchasers agree to purchase Floating Rate Bonds (the “**Floating Rate Bond Purchase Agreement**”).
- A *Forward Bond Purchase Agreement* between the Authority, the City, and the purchaser or purchasers of any Floating Rate Bonds to be selected by the Treasurer and named therein (collectively, the “**Forward Floating Rate Purchasers**”), under which, subject to the satisfaction of the conditions set forth therein, the Authority and the City agree to sell Floating Rate Bonds and the Forward Floating Rate Purchasers agree to purchase Floating Rate Bonds (which purchase may occur upon the initial issuance of Floating Rate Bonds or upon remarketing of Floating Rate Bonds after the initial issuance) (the “**Forward Bond Purchase Agreement**”).
- A *Bond Purchase Agreement (Public Offering)* between the Authority, the City, and the underwriter, underwriters, remarketing agent, or remarketing agents to be selected by the Treasurer and named therein (collectively, the “**Underwriters**”), under which the Authority and the City agree to sell or remarket Fixed Rate Bonds and the Underwriters will agree to purchase, upon initial issuance or remarketing upon conversion, Fixed Rate Bonds (the “**Fixed Rate Bond Purchase Agreement**”).
- A preliminary form of *Official Statement* (the “**Official Statement**”) describing the Fixed Rate Bonds (and matters relating to them).
- An *Escrow Agreement* (the “**Escrow Agreement**”) to be used to hold the proceeds of Floating Rate Bonds and certain other amounts in certain circumstances.

- L. The Treasurer or his designee (the “**Treasurer**”) will be authorized and directed to (1) determine whether any series of the Bonds are initially issued as Fixed Rate Bonds or Floating Rate Bonds, or any combination thereof; (2) determine whether any series of Bonds are sold at initial issuance or upon a remarketing thereof in a Private Placement or in a public offering, or any combination thereof; (3) determine whether any Floating Rate Bonds are remarketed or converted to another mode of Floating Rate Bonds or Fixed Rate Bonds; (4) determine whether to sell the Bonds using the Floating Rate Bond Purchase Agreement, the Forward Bond Purchase Agreement, or the Fixed Rate Bond Purchase Agreement, or any combination of them; and (5) with the concurrence of the Authority Counsel or his designee (the “**Authority Counsel**”), approve any changes to the foregoing documents and to execute and deliver all necessary documents, all as described in this resolution.
- M. All acts, conditions, and things required by the laws of the State of California to exist, to have happened, and to have been performed before and in connection with the issuance of the Bonds and consummation of the financing hereby authorized 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 and empowered, in accordance with every requirement of law, to authorize the issuance of the Bonds and to authorize the execution and delivery of the Indenture, the Site Lease, the Project Lease, the Floating Rate Bond Purchase Agreement, the Forward Bond Purchase Agreement, the Fixed Rate Bond Purchase Agreement, the Official Statement, and the Escrow Agreement, for the purposes, in the manner, and upon the terms provided.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

- Section 1. The Board of Directors finds and determines that the statements in paragraphs A through M of the Background are true.
- Section 2. The Board of Directors finds and determines that there are significant public benefits to the citizens of the City from financing the City’s share of the Project and issuing the Bonds. The significant public benefits include but are not limited to the following:
- (a) The maintenance and promotion of economic development and increased employment within the City and the region.
 - (b) The improvement of the feasibility and enhancement of the development and redevelopment of the City’s downtown core.
 - (c) The maintenance and generation of increased tax revenues to the City.

- (d) The promotion of the general welfare, sense of community, and quality of life within the City and the region.
- (e) The development of a multi-purpose entertainment-and-sports center to provide recreational and entertainment activities, amenities, and attractions to the people of the City and the region.
- (f) The provision of a new facility for use by a National Basketball Association basketball team as the primary user in order to assure the continued presence of professional basketball in the City and the region, and the beneficial and frequent media exposure and recognition that the continued presence of professional sports would bring to the City and the region.
- (g) The demonstrable savings in effective interest rate and the costs of bond preparation, bond underwriting, and bond issuance that will result from financing the City's share of the Project through the Authority.

Section 3. The financing of the City's share of the Project and the Authority's issuance of the Bonds in one or more series the aggregate combined principal amount not to exceed \$325,000,000 in accordance with the Indenture, as executed and delivered, are hereby authorized and approved.

- (a) The Treasurer is hereby authorized and directed to determine whether any series of Bonds are initially issued as Floating Rate Bonds or Fixed Rate Bonds, or any combination thereof.
- (b) The Treasurer is hereby authorized and directed to determine whether any series of Bonds initially issued as Floating Rate Bonds are remarketed or converted to another mode of Floating Rate Bonds or Fixed Rate Bonds, all in accordance with the terms for remarketing and conversion provided in the Indenture, as executed and delivered.
- (c) The Treasurer is hereby authorized and directed to determine whether any series of the Bonds, including any Fixed Rate Bonds or Floating Rate Bonds, are sold at initial issuance or upon a remarketing thereof in a Private Placement or in a public offering, or any combination thereof.

Section 4. The proposed form of Indenture on file with the Secretary, and its terms and conditions, are hereby approved. The date, maturity date or dates (the final maturity of any series of the Bonds to be not later than 50 years from the date of issuance of the series of Bonds), interest rates or method of determining the interest rates, interest-payment dates, forms, registration privileges, transfer restrictions, place or places of payment, terms of redemption and tender, number, and other terms of the Bonds will be as provided in the Indenture as executed and delivered. Any series of the Bonds may be issued as obligations the interest on which is intended to be included in gross income for federal income-tax purposes, as determined by the Treasurer.

(a) The Treasurer is hereby authorized and directed to execute and deliver the Indenture on the Authority's behalf, in substantially the form on file with the Secretary and with such changes as the Treasurer requires or approves with the concurrence of the Authority Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

(b) The Bonds are to be executed by the manual or facsimile signature of an Authorized Authority Representative (as defined in the Indenture) and must be in the form set forth in, and must otherwise be in accordance with, the Indenture, as executed and delivered. When the Bonds are so executed, the Authorized Authority Representative will deliver them to the Trustee (as defined in the Indenture). The Trustee will then authenticate the Bonds and deliver them to the purchasers thereof, in accordance with written instructions of an Authorized Authority Representative. The instructions are to provide for the delivery of the Bonds to the purchasers thereof in accordance with the Floating Rate Bond Purchase Agreement, Forward Bond Purchase Agreement, or Fixed Rate Bond Purchase Agreement upon payment by the purchasers thereof of the purchase price for the applicable series of Bonds.

Section 5. The proposed form of the Site Lease on file with the Secretary is hereby approved. The Treasurer is hereby authorized and directed to execute and deliver the Site Lease on the Authority's behalf, in substantially the form on file with the Secretary and with such changes as the Treasurer requires or approves with the concurrence of the Authority Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

- Section 6. The proposed form of the Project Lease on file with the Secretary is hereby approved. The Treasurer is hereby authorized and directed to execute and deliver the Project Lease on the Authority's behalf, in substantially the form on file with the Secretary and with such changes as the Treasurer requires or approves with the concurrence of the Authority Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 7. The Treasurer is hereby authorized and directed to determine whether to sell or remarket the Bonds using the Floating Rate Bond Purchase Agreement, the Forward Bond Purchase Agreement, or the Fixed Rate Bond Purchase Agreement, or any combination of them.
- Section 8. The proposed form of the Floating Rate Bond Purchase Agreement on file with the Secretary is hereby approved. If the Treasurer determines under Section 7 to provide for the sale of all or any portion of the Bonds by the Floating Rate Bond Purchase Agreement, then the Treasurer is hereby authorized and directed to do the following on the Authority's behalf:
- (a) to approve the sale of any Floating Rate Bonds to the Floating Rate Purchasers as required by the Floating Rate Bond Purchase Agreement with the interest rate on any Floating Rate Bonds not to exceed 12% per annum and the Floating Rate Purchasers' compensation under the Floating Rate Bond Purchase Agreement not to exceed 1.75% of the principal amount of the Floating Rate Bonds; and
 - (b) to execute and deliver the Floating Rate Bond Purchase Agreement, in substantially the form on file with the Secretary, with such changes as the Treasurer requires or approves with the Authority Counsel's concurrence, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 9. The proposed form of the Forward Bond Purchase Agreement on file with the Secretary is hereby approved. If the Treasurer determines under Section 7 to provide for the sale or remarketing of all or any portion of the Bonds by the Forward Bond Purchase Agreement, then the Treasurer is hereby authorized and directed to do the following on the Authority's behalf:

- (a) to approve the sale or remarketing of any Bonds to the Forward Floating Rate Purchasers as required by the Forward Bond Purchase Agreement with the interest rate on any Floating Rate Bonds not to exceed 12% per annum and the Floating Rate Bond Purchasers' compensation under the Forward Bond Purchase Agreement paid as (1) a one-time upfront fee not to exceed 1.75% of the principal amount of the Floating Rate Bonds plus (2) a monthly commitment fee not to exceed 0.17% per month of the principal amount of the Floating Rate Bonds for each month the Forward Bond Purchase Agreement remains outstanding (which commitment fee may be payable under the Forward Bond Purchase Agreement in installments covering periods of multiple months and the Forward Bond Purchase Agreement may require a minimum commitment fee for early terminations); and
- (b) to execute and deliver the Forward Bond Purchase Agreement, in substantially the form on file with the Secretary, with such changes as the Treasurer requires or approves with the Authority Counsel's concurrence (including any changes to reflect that the Floating Rate Bonds will be purchased upon remarketing), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. The proposed form of the Fixed Rate Bond Purchase Agreement on file with the Secretary is hereby approved. If the Treasurer determines under Section 7 to provide for the sale or remarketing of all or any portion of the Bonds by the Fixed Rate Bond Purchase Agreement, then the Treasurer is hereby authorized and directed to do the following on the Authority's behalf:

- (a) to approve the sale or remarketing of any Fixed Rate Bonds to the Underwriters as required by the Fixed Rate Bond Purchase Agreement with the interest rate on any Fixed Rate Bonds not to exceed 9% per annum and the Underwriters' compensation not to exceed 1.25% of the principal amount of the Fixed Rate Bonds; and
- (b) to execute and deliver the Fixed Rate Bond Purchase Agreement, in substantially the form on file with the Secretary, with such changes as the Treasurer requires or approves with the Authority Counsel's concurrence (including such changes as may be necessary to sell Floating Rate Bonds under the Fixed Rate Bond Purchase Agreement, in which case the interest rate shall not exceed 12% per annum and the Underwriters' compensation shall not exceed 1.25% of the principal amount of the Floating Rate Bonds), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. The proposed form of Official Statement on file with the Secretary is hereby approved. The Treasurer is hereby authorized and directed to execute and deliver to the Underwriters on the Authority's behalf, a certificate deeming the preliminary Official Statement, in substantially the form on file with the Secretary and with such changes as the Treasurer approves in the interest of the Authority with the Authority Counsel's concurrence, to be final within the meaning of Securities Exchange Commission Rule 15c2-12. The Underwriters are hereby authorized to distribute the Official Statement in preliminary and final form. The Treasurer is hereby authorized and directed to execute and deliver the final form of the Official Statement on the Authority's behalf, in substantially the form on file with the Secretary and with such changes as the Treasurer requires or approves with the Authority Counsel's concurrence, such approval to be conclusively evidenced by the execution and delivery thereof. If the Official Statement is used for the remarketing of any series of Bonds upon conversion to Floating Rate Bonds or Fixed Rate Bonds, then the Treasurer is authorized and directed to approve any changes to the Official Statement as may be necessary to reflect the remarketing of the series of Bonds. The Treasurer is hereby authorized and directed to distribute a preliminary form of the Official Statement to the members of the Board of Directors for their review before distribution of the preliminary Official Statement to prospective purchasers of any Bonds.

Section 12. If all or any portion of the Bonds are sold or remarketed as Floating Rate Bonds, then the Treasurer is hereby authorized and directed to prepare and authorize the dissemination of one or more offering memoranda for the purpose of the sale and resale of the Floating Rate Bonds in a form substantially in the form of the Official Statement with such changes as the Treasurer determines are necessary or appropriate to reflect the terms and conditions of the Floating Rate Bonds and other matters appropriate to the offer and sale of the Floating Rate Bonds. The Treasurer is hereby authorized and directed to distribute a preliminary form of the offering memoranda to the members of the Board of Directors for their review before distribution of the preliminary offering memoranda to prospective purchasers of any Bonds.

Section 13. The proposed form of the Escrow Agreement on file with the Secretary is hereby approved. If the Treasurer determines it is necessary or appropriate, then the Treasurer is hereby authorized and directed to execute and deliver the Escrow Agreement on the Authority's behalf and to acknowledge or agree to the terms and conditions of the Escrow Agreement, with the Escrow Agreement in each case in substantially the form on file with the Secretary and with such changes as the Treasurer requires or approves with the Authority Counsel's concurrence, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 14. All approvals, consents, directions, notices, orders, requests, and other similar actions permitted or required by any of the documents authorized by this resolution, whether given or taken before or after the issuance of any series of the Bonds (including but not limited to any actions to effect an amendment or supplement of any of the documents authorized by this resolution or other agreement related to any series of the Bonds; any actions to effect a conversion, tender, and remarketing of any series of the Bonds; any investment of proceeds of the Bonds; the addition, substitution, or replacement of purchasers or underwriters; the appointment, addition, substitution, or replacement of remarketing agents; any agreements with paying agents; and the removal or replacement of the Trustee) may be given or taken by the Treasurer, without further authorization or direction by the Board of Directors. The Treasurer is hereby authorized and directed to give any such approval, consent, direction, notice, order, or request and take such other actions and execute such documents that the Treasurer deems necessary or appropriate, in the Treasurer's discretion, to further the purposes of this resolution, subject to the following: the Treasurer shall consult with the Authority Counsel before executing any agreement or amendment to an agreement.

Section 15. The Treasurer and each other appropriate officer of the Authority, each acting alone, are authorized and directed —

- (a) to execute and deliver on the Authority's behalf any and all agreements, certificates, documents, and instruments, including but not limited to signature certificates, no-litigation certificates, disclosure certificates, continuing-disclosure certificates, tax certificates, documents required by the lenders for the Project, subordination, nondisturbance and attornment agreements, letters of representation relating to book-entry registration, certificates concerning the representations in the Floating Rate Bond Purchase Agreement, certificates concerning representations in the Forward Bond Purchase Agreement, certificates concerning representations in the Fixed Rate Bond Purchase Agreement, certificates concerning the contents of the Official Statement or any other offering memoranda, and certificates and contracts for rebate compliance services or other post-issuance compliance services; and
- (b) to do any and all things and take any and all actions that may be necessary or appropriate, in their discretion, to effectuate the actions the Board of Directors has approved in this resolution.

Section 16. The Treasurer is hereby authorized and directed to do any or all of the following if the Treasurer determines that it will be advantageous to the Authority:

- (a) to purchase municipal-bond insurance or other credit enhancement for some or all of the Bonds;
- (b) to purchase one or more reserve-fund surety policies or other credit instruments for the benefit of any reserve fund established for any Bonds;
- (c) to obtain a particular rating or ratings on all or a portion of the Bonds and take such other actions as may be necessary to obtain the rating or ratings;
- (d) to negotiate the terms of a commitment for the municipal-bond insurance policy or other credit enhancement and for the reserve-fund surety policies or other credit instruments; and

- (e) to negotiate and approve, with the concurrence of the Authority Counsel, any covenants of the Authority or changes to the proposed forms of the Indenture, Site Lease, Project Lease, Floating Rate Bond Purchase Agreement, Forward Bond Purchase Agreement, Fixed Rate Bond Purchase Agreement, Information Statement, Official Statement, or Escrow Agreement that may be necessary or appropriate to purchase a municipal-bond insurance policy or other credit enhancement, to purchase reserve-fund surety policies or other credit instruments, or to obtain a particular rating or ratings on all or a portion of the Bonds.

Section 17. All actions heretofore taken by the Board of Directors, the Treasurer, or any other officers, agents, or employees of the Authority with respect to the issuance of the Bonds and the other transactions contemplated by this resolution are hereby ratified, confirmed, and approved.

Section 18. This resolution takes effect when adopted.

Adopted by the Board of Directors of the Sacramento Public Financing Authority of the City of Sacramento on May 20, 2014 by the following vote:

Ayes: Members Ashby, Cohn, Hansen, Pannell, Schenirer, Warren and Mayor Johnson

Noes: Members Fong and McCarty

Abstain: None

Absent: None

Attest:

Shirley A. Concolino

Digitally signed by Shirley A. Concolino
DN: cn=Shirley A. Concolino, o=City of Sacramento, ou=City Clerk,
email=sconcolino@cityofsacramento.org, c=US
Date: 2014.05.22 14:43:55 -07'00'

Shirley Concolino, Secretary