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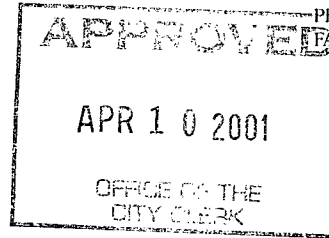
OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
TREASURER

CITY OF SACRAMENTO
CALIFORNIA

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SACRAMENTO, CA
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March 28, 2001



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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: SACRAMENTO CITY FINANCING AUTHORITY 2001 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (WATER AND GOLF CAPITAL IMPROVEMENT PROJECTS)

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends that the City Council adopt the attached resolution which approves the 2001 Capital Improvement Revenue Bonds, Series A, by determining that there are significant public benefits to the City from such proposed financing.

**CONTACT PERSON: Thomas P. Friery, City Treasurer
Lydia Lara, Deputy City Treasurer**

FOR COUNCIL MEETING: April 10, 2001

SUMMARY:

Recent changes in the Marks Roos financing structure requires demonstrated public benefits from bond issuances. The attached resolution will satisfy these requirements.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

On March 27, 2001, Council approved the issuance of the 2001 Capital Improvement Revenue Bonds after closing the public hearing.

Under recent changes in the Marks Roos Bond Pooling Act of 1985, significant public benefit from the Marks-Roos structure of financing needs to be demonstrated. These benefits have been confirmed by our underwriters. See **ATTACHMENT A**

FINANCIAL CONSIDERATIONS:

There are no new financial requirements with the adoption of the attached resolution.

ENVIRONMENTAL CONSIDERATIONS:

Council action in adopting this resolution is exempt from CEQA because it will cause no physical effects on the environment.

POLICY CONSIDERATIONS:

These Capital Improvement Revenue Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the Government Code.

ESBD CONSIDERATIONS:

City council adoption of the attached resolutions is not affected by city policy related to ESBD.

Respectfully submitted,

Lydia Lara
for Thomas P. Friery
City Treasurer

RECOMMENDATION APPROVED:

Robert P. Thomas

Robert P. Thomas
City Treasurer



P. Scott Nagelson
Director
Public Finance

Corporate and Institutional
Client Group

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March 27, 2001

Mr. Tom Friery
Treasurer
City of Sacramento
925 J Street
Suite 300
Sacramento, CA


RE: Sacramento City Financing Authority
2001 Capital Improvement Revenue Bonds, Series A
(Water and Capital Improvement Projects)

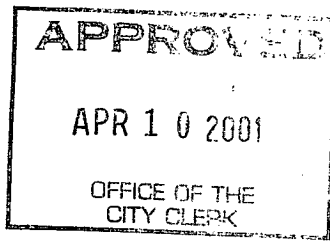
Dear Tom:

Merrill Lynch is pleased to serve as the senior managing underwriter for the above Bonds. As such, we wish to confirm our belief that the City has obtained significant public benefit from the Marks-Roos structure of the financing. The credit structure of the financing is strong and innovative and will be well received by the marketplace. This fact will allow the City to obtain the lowest possible interest rates, minimizing the cost of the projects.

It has been a pleasure serving you on this financing.

Sincerely,


P. Scott Nagelson
Director



RESOLUTION NO 2001-194

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO APPROVING THE PROPOSED FINANCING OF THE CITY OF SACRAMENTO WATER AND CAPITAL IMPROVEMENT PROJECTS BY THE ISSUANCE BY THE SACRAMENTO CITY FINANCING AUTHORITY OF ITS 2001 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (WATER AND CAPITAL IMPROVEMENT PROJECTS) AND DETERMINING THAT THERE ARE SIGNIFICANT PUBLIC BENEFITS TO THE CITY FROM SUCH PROPOSED FINANCING

WHEREAS, the City Council (the "City Council") of the City of Sacramento (the "City") took action to call a public hearing which was held by the City Council on Tuesday, the 27th day of March, 2001, at the hour of 2:00 o'clock P.M., at the regular meeting place of the City Council, City Council Chambers, Sacramento City Hall, 915 I Street, Sacramento, California 95814, to consider (1) the proposed financing of the City of Sacramento Water and Capital Improvement Projects to be located within the City by the issuance and sale by the Sacramento City Financing Authority (the "Authority") of its revenue bonds in an aggregate principal amount of not to exceed \$275,000,000 (the "Bonds"), and (2) whether there are any significant public benefits to the City from such proposed financing, including demonstrable savings to the City from the issuance and sale of the Bonds, such as savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs (in accordance with Section 6586 of the California Government Code); and

WHEREAS, a notice of such public hearing was duly published by the City as required by law in The Daily Recorder, a newspaper of general circulation in the City, and a copy of the proof of publication of such notice of public hearing is on file in the office of the City Clerk of the City; and

WHEREAS, such public hearing was duly convened by the City Council at the time and place set forth in the notice of public hearing therefor, and at such public hearing the City Council heard all interested persons desiring to be heard; and

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RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, evidence of the public benefits to the City from such proposed financing was presented by Merrill Lynch & Co. and Stone & Youngberg LLC, as the proposed underwriters (the "Underwriters") of the Bonds; and

WHEREAS, the City has considered the presentation given by the Underwriters and is fully advised in the premises;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento, as follows:

Section 1. All of the foregoing recitals are true and correct, and the City Council so finds and determines.

Section 2. The City Council hereby approves the proposed financing of the City of Sacramento Water and Capital Improvement Projects by the issuance by the Authority of its 2001 Capital Improvement Revenue Bonds, Series A (Water and Capital Improvement Projects) and hereby determines that there are significant public benefits to the City from the proposed financing in that there will be demonstrable savings to the City from the issuance and sale of the Bonds and the financing of the City of Sacramento Water and Capital Improvement Projects to be acquired and constructed with proceeds of the Bonds, including savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs (in accordance with Section 6586 of the California Government Code).

This resolution shall take effect from and after its passage and adoption. PASSED AND ADOPTED by the City Council of the City of Sacramento on April 3, 2001, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL) :
ATTEST:

City Clerk

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RESOLUTION NO.: _____

DATE ADOPTED: _____