

## RESOLUTION NO. 2008-524

Adopted by the Sacramento City Council

July 22, 2008

### A RESOLUTION SUPPORTING MUNICIPAL BOND RATING REFORM

#### BACKGROUND

- A. The recent turmoil in the municipal bond markets has brought into focus the higher standards imposed by rating agencies on municipal bonds compared to corporate bonds.
- B. Historically, municipal bonds default less than corporate bonds, but despite relative default rates, the rating agencies continue to require public agencies to secure expensive bond insurance in order to secure higher bond ratings.
- C. The City of Sacramento continues to deliver a balanced budget including the appropriation of its lease obligations and has never defaulted on City or Sacramento City Financing Authority issued debt obligations.
- D. A coalition of state and local public agencies, led by California State Treasurer Bill Lockyer, has called on the rating agencies to examine their practices and treat municipal bonds on par with corporate bonds.
- E. Rating reform may ultimately lead to a reduced costs and increased funds available for infrastructure and services.

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

Section 1. The City Treasurer is hereby authorized to participate in and take appropriate actions to support the nationwide efforts to reform how bond-rating agencies rate state and local bonds.

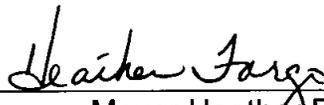
Adopted by the City of Sacramento City Council on July 22, 2008 by the following vote:

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

Noes: None.

Abstain: None.

Absent: Councilmember Cohn.

  
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Mayor Heather Fargo

Attest:

  
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Shirley Concolino, City Clerk