

## RESOLUTION NO. 2011-393

Adopted by the Sacramento City Council

June 21, 2011

### PROVIDING FOR THE BORROWING OF FUNDS FOR FISCAL YEAR 2011-12 AND THE ISSUANCE AND SALE OF THE CITY OF SACRAMENTO 2011 TAX AND REVENUE ANTICIPATION NOTES AND APPROVING THE OFFICIAL STATEMENT RELATING TO SUCH NOTES AND AUTHORIZING THE EXECUTION OF A NOTE PURCHASE AGREEMENT FOR SUCH NOTES AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH

#### BACKGROUND:

- A. Pursuant to Sections 53850 to 53858, both inclusive, of the California Government Code (the "Government Code"), being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code, and based upon staff reports, budget deliberations, and other matters presented to it, the City Council (the "City Council") of the City of Sacramento (the "City") believes that the sum of not-to-exceed fifty million dollars (\$50,000,000) is needed for the requirements of the City to satisfy obligations payable from the City's General Fund (the "General Fund") during Fiscal Year 2011-12 and that it is necessary that the City borrow this sum by the issuance of temporary notes in anticipation of the receipt of taxes, income, revenue, cash receipts, and other moneys of the City to be received for, or accrued to, the General Fund during Fiscal Year 2011-12.
- B. The City intends to borrow the sum of not-to-exceed fifty million dollars (\$50,000,000) for the purposes set forth in this resolution by the issuance and sale of the Notes (as defined in Section 2 below).
- C. The sum of fifty million dollars (\$50,000,000), when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue, cash receipts, and other moneys of the City to be received for, or accrued to, the General Fund during Fiscal Year 2011-12 and available for the payment of the interest on, and principal of, the Notes.
- D. No money has previously been borrowed by the City through the issuance of any temporary notes in anticipation of the receipt of, or payable or secured by, any taxes, income, revenue, cash receipts, or other moneys of the City to be received for, or accrued to, the General Fund during Fiscal Year 2011-12.
- E. Pursuant to Section 53856 of the Government Code, certain taxes, income, revenue, cash receipts, and other moneys of the City that will be received for, or accrued to, the General Fund during Fiscal Year 2011-12 can be pledged for the payment of the interest on, and principal of, the Notes.

- F. The sale of the Notes shall be accomplished by a negotiated sale to Stone & Youngberg LLC (the "Underwriter").

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

Section 1. The City Council finds and determines that the statements in the Background are true.

Section 2. For the purpose of anticipating taxes, income, revenue, cash receipts, and other moneys of the City to be received for, or accrued to, the General Fund during Fiscal Year 2011-12, the City shall borrow a not-to-exceed aggregate principal amount of fifty million dollars (\$50,000,000) by the issuance of temporary notes under Sections 53850 and following of the Government Code designated as the "City of Sacramento 2011 Tax and Revenue Anticipation Notes" (the "Notes"). The Notes shall be issued in fully registered form in denominations of five thousand dollars (\$5,000) or any integral multiple thereof and shall be dated the date of original issuance thereof, as determined by the Treasurer of the City (the "Treasurer") and provided for in the Note Purchase Agreement for the Notes as described in Section 11 of this resolution. The Notes shall mature (without option of prior redemption) on such date or dates as determined by the Treasurer and provided for in the Note Purchase Agreement for the Notes as described in Section 11 of this resolution, which date or dates shall not be later than the date which is thirteen months after the date of original issuance of the Notes. The Notes shall bear interest from their date of original issuance (computed on the basis of a 360-day year of twelve 30-day months) payable at the maturity of the Notes and, if the Treasurer determines that any of the Notes shall mature later than one year from the date of original issuance thereof, on a date or dates not later than the date that is one year from the date of original issuance thereof (which interest payment date or dates shall be determined by the Treasurer and provided for in the Note Purchase Agreement for the Notes as described in Section 11 of this resolution), at the rate or rates determined at the time of the sale thereof. Both the principal of the Notes and interest due on the Notes at maturity shall be payable, in lawful money of the United States of America, only to the registered owners of the Notes upon surrender thereof at the corporate trust office of U.S. Bank National Association, as initial fiscal agent for the Notes (the "Fiscal Agent"), in St. Paul, Minnesota upon the maturity thereof. No interest shall be payable on any Note for any period after maturity during which the registered owner thereof fails to properly present such Note for payment. At any time after the sale of the Notes, the Treasurer and the City Clerk of the City (the "City Clerk") shall execute the Notes for issuance hereunder and shall deliver them to the Fiscal Agent, and thereupon such Notes shall be authenticated and delivered by the Fiscal Agent to the purchaser thereof upon the written request of the City and upon receipt of payment therefor from the purchaser thereof.

Section 3. (A) The Depository Trust Company, New York, New York ("DTC"), is hereby appointed depository for the Notes. DTC shall act as depository pursuant to the Blanket Issuer Letter of Representations on file with the Treasurer and the Fiscal Agent. The Notes shall be initially issued and registered in the

name of "Cede & Co.," as nominee of DTC and shall be evidenced by a single Note for each maturity bearing interest at a particular per annum rate of interest. Registered ownership of each Note, or any portion thereof, may not thereafter be transferred except as set forth in Section 3(B).

(B) The Notes shall be initially issued and registered as provided in subsection (A) of this Section 3. Registered ownership of the Notes, or any portions thereof, may not thereafter be transferred except as follows:

(i) to any successor of Cede & Co., as nominee of DTC, or its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (B) ("Substitute Depository"); provided that any successor of Cede & Co., as nominee of DTC or Substitute Depository, shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository not objected to by the Fiscal Agent, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) determination by the Fiscal Agent to substitute another depository for DTC (or its successor) because DTC (or its successor) is no longer able to carry out its functions as depository; provided that any Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided in Section 3(C) below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Fiscal Agent to discontinue using DTC or a depository.

(C) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (B) of this Section 3, upon receipt of all outstanding Notes by the Fiscal Agent (together, in the case of a successor fiscal agent appointed by the City pursuant to Section 12 hereof, with a written request of the Fiscal Agent to the successor fiscal agent designating the Substitute Depository), new Notes, which the City shall prepare or cause to be prepared, shall be executed and delivered to, and registered in the name of any such successor to Cede & Co. or such Substitute Depository, or their respective nominees, as the case may be, all as specified by the Fiscal Agent or, in the case of a successor fiscal agent appointed by the City pursuant to Section 12 hereof, as specified in the written request of the Fiscal Agent. In the case of any transfer pursuant to clause (iii) of subsection (B) of this Section 3, upon receipt of all outstanding Notes by the Fiscal Agent (together, in the case of a successor fiscal agent appointed by the City pursuant to Section 12 hereof, with a written request of the Fiscal Agent to the successor fiscal agent), new Notes, which the City shall prepare or cause to be prepared, shall be executed and delivered to, and registered in the names of, such persons as specified by the Fiscal Agent or, in the case of a successor fiscal agent appointed by the City pursuant to Section 12 hereof, as are requested in the written request of the Fiscal Agent, subject to the limitations of this Section 3, provided that the Fiscal Agent shall deliver such new Notes as soon as practicable.

(D) The City and the Fiscal Agent may treat the person in whose name any Note is registered as the owner thereof for all purposes of this resolution and for purposes of payment of principal of, and interest on, such Note, notwithstanding any notice to the contrary

received by the Fiscal Agent or the City; and the City and the Fiscal Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Notes. Neither the City nor the Fiscal Agent shall have any responsibility or obligation, legal or otherwise, to any beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the owner of any Notes, and the Fiscal Agent may rely conclusively on its records as to the identity of the owners of the Notes.

(E) Notwithstanding any other provision of this resolution, and so long as all outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the City and the Fiscal Agent shall cooperate with Cede & Co. or its registered assigns, as sole registered owner, in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with the Blanket Issuer Letter of Representations, the provisions of which the Fiscal Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

(F) In the case of any transfer pursuant to clause (iii) of subsection (B) of this Section 3, any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount in authorized denominations, upon the books required to be kept by the Fiscal Agent pursuant to the provisions hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Note for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed and in a form approved by the Fiscal Agent.

Whenever any Note is surrendered for transfer or exchange, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Note or Notes of authorized denominations for a like aggregate principal amount. The Fiscal Agent shall require the owner requesting the transfer or exchange to pay any tax or other governmental charge required to be paid with respect to the transfer or exchange.

(G) The Fiscal Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the City upon reasonable prior notice to the Fiscal Agent. Upon the presentation of a Note for registration or transfer, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the books required to be kept by it pursuant to this paragraph, such Note as hereinbefore provided.

(H) If any Note becomes mutilated, the City, at the expense of the owner of the Note, shall execute, and the Fiscal Agent shall thereupon authenticate and deliver, a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Fiscal Agent of the Note so mutilated. Every mutilated Note so surrendered to the Fiscal Agent shall be cancelled by it and delivered to, or upon the order of, the City. If any Note is lost, destroyed, or stolen, evidence of the loss, destruction, or theft may be submitted to the City and the Fiscal Agent and, if the evidence is satisfactory to both and if indemnity satisfactory to them is given, the City, at the expense of the owner, shall execute, and the Fiscal Agent shall thereupon authenticate and deliver, a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed, or stolen (or if a lost, destroyed, or stolen Note has matured or is about to mature, instead of issuing a substitute

Note, the Fiscal Agent may pay the same without surrender thereof). The Fiscal Agent may require payment by the registered owner of a Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses incurred by the City and the Fiscal Agent. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed, or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note so alleged to be lost, destroyed, or stolen is enforceable by anyone at any time, and shall be entitled to the benefits of this resolution with all other Notes secured by this resolution.

All Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Fiscal Agent, shall be delivered to the Fiscal Agent and shall be promptly cancelled by it. The City may at any time deliver to the Fiscal Agent for cancellation any Notes previously authenticated and delivered hereunder which the City may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be cancelled by the Fiscal Agent. No Note shall be authenticated in lieu of or in exchange for any Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Fiscal Agent shall be disposed of as directed by the City.

Section 4. The Notes shall be issued without coupons and shall be substantially in the form set forth in Exhibit A attached to this resolution and by reference incorporated in this resolution, the blanks in the form to be filled in with appropriate words and figures before the execution, authentication, and delivery of the Notes.

Section 5. There is hereby established a separate fund in the General Fund for the purpose of ensuring the application of the proceeds received from the sale of the Notes for the purpose specified in Section 2 of this resolution for which the Notes are to be issued, which separate fund is hereby designated the "City of Sacramento 2011 Tax and Revenue Anticipation Notes Note Fund" (the "Note Fund"). The Treasurer shall, immediately upon receiving the proceeds of the sale of the Notes (net of the amount deposited with the Fiscal Agent in the Cost of Issuance Fund established pursuant to the Fiscal Agent Agreement referred to in Section 12 below), place in the Note Fund all amounts representing such proceeds received from the sale of the Notes. All amounts held in the Note Fund (and the accounts therein) shall be invested as permitted by Section 53601 and Section 53601.1 of the Government Code, and the proceeds of such investments shall be retained in the Note Fund.

Amounts in the Note Fund may be withdrawn and expended by the City for any purpose for which the City is authorized to expend funds from the General Fund, but only after exhausting funds otherwise available for such purposes (which are not restricted funds) and only to the extent that on any given day such other funds are not then available; provided, that if on the date that is six (6) months from the date of original issuance of the Notes, by treating as unavailable amounts that otherwise would be available amounts but that are held or set aside in a reasonable working-capital reserve not exceeding the amount set forth in the Tax Certificate executed by the City in connection with the issuance of the Notes (and in any event not exceeding five percent (5%) of the City's total working capital expenditures from its available funds in Fiscal Year 2010-11), all of the amounts deposited in the Note Fund (including investment earnings thereon) shall not have been so withdrawn and

spent, the City shall promptly notify the law firm appointed as bond counsel for the Notes by Section 13 of this resolution ("Bond Counsel") and, to the extent of its power and authority, comply with instructions from Bond Counsel as to the means of satisfying the rebate requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code").

For purposes of this section, the "proceeds" of the Notes are equal to the initial offering price of the Notes to the public, as certified to the City by the Underwriter.

Section 6. The interest on, and principal of, the Notes shall be payable from taxes, income, revenue, cash receipts, and other moneys of the City that are received for, or accrued, to the General Fund during Fiscal Year 2011-12 and are generally available for the payment of current expenses and other obligations of the City (the "Unrestricted Revenues") during Fiscal Year 2011-12. As security for the payment of the interest on and principal of the Notes, the City hereby agrees and covenants to establish and maintain a special fund, designated the "City of Sacramento 2011 Tax and Revenue Anticipation Notes Note Deposit Fund" (the "Note Deposit Fund"). As additional security for the payment of the interest on and principal of the Notes, the City hereby agrees and covenants to direct the Fiscal Agent to establish and maintain in trust a special fund, designated the "City of Sacramento 2011 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund"). The City hereby agrees and covenants to deposit in the Note Deposit Fund (a) one-third of the total principal amount of the Notes and one-third of the total interest to be paid on the Notes at their respective maturities from the Unrestricted Revenues received by the City during the monthly accounting period ending on January 31, 2012; (b) one-third of the total principal amount of the Notes and one-third of the total interest to be paid on the Notes at their respective maturities from the Unrestricted Revenues received by the City during the monthly accounting period ending on April 30, 2012; and (c) such amount from the Unrestricted Revenues received by the City during the monthly accounting period ending on May 31, 2012, which, together with the balance then contained in the Note Deposit Fund, shall be sufficient to provide for payment of the interest due on the then-outstanding Notes on their respective interest-payment dates, if any, determined in accordance with Section 2 of this resolution, as well as to pay the principal and interest due on the then-outstanding Notes at their respective maturity dates.

All Unrestricted Revenues deposited in the Note Deposit Fund are hereby pledged for the payment of the interest on, and principal of, the Notes on a parity basis, and all Unrestricted Revenues deposited in the Note Deposit Fund shall be applied proportionately for the payment of the principal of, and interest on, the Notes. The City shall transfer Unrestricted Revenues to the Note Deposit Fund on or before the Thursday preceding the last day of each accounting period specified above, and the payment of the interest on, and principal of, the Notes shall constitute a first lien and charge thereon and the Notes shall be payable ratably therefrom, and to the extent not so paid shall be paid ratably from any other moneys of the City lawfully available therefor. If the City receives insufficient Unrestricted Revenues to permit the transfer to the Note Deposit Fund of the full amount required to be deposited in the Note Deposit Fund in any accounting period specified above by the Thursday preceding the last day of the accounting period, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the

payment of the interest on, and principal of, the Notes; provided, that if the total amount required to be deposited in the Note Deposit Fund by the end of any accounting period specified above is greater than the actual amount deposited therein in the accounting period, then the amount, if any, required to be deposited into the Note Deposit Fund during the next succeeding accounting period specified above shall be increased by the amount of such shortfall. At least one business day before the date on which any principal of or interest on the Notes is due (each a "Payment Date"), the City shall transfer from the Note Deposit Fund to the Fiscal Agent for deposit in the Repayment Fund an amount equal to the amount of principal of, and interest on, the Notes becoming due on the Payment Date.

The Treasurer is hereby authorized to select other time periods and amounts than those designated above within Fiscal Year 2011-12, for which Unrestricted Revenues received by the City are pledged to the payment of the principal of, and interest on, the Notes if, upon the advice of the Underwriter, the pledge of Unrestricted Revenues received during such other time periods and in such other amounts would be financially advantageous to the City. Any such change shall be described in the final Official Statement relating to the Notes.

The money in the Note Deposit Fund shall be held and applied by the City, and the money in the Repayment Fund shall be held and applied by the Fiscal Agent, only for the purposes and as directed in this resolution, and all money deposited in the Note Deposit Fund and the Repayment Fund shall be for the benefit of the holders of the Notes until the interest on and principal of the Notes are paid or until provision has been made for the payment of the interest on and principal of the Notes as the interest and principal become due. Any money remaining in or accruing to the Note Deposit Fund and the Repayment Fund after the interest on and the principal of the Notes have been paid in full, or provision for such payment has been made, shall be transferred to the City for deposit by the City into the General Fund. All money held in the Note Deposit Fund and the Repayment Fund shall be invested only as permitted by Section 53601 and Section 53601.1 of the Government Code, and; with respect to the Repayment Fund, the investment shall be specified by the City in its written request filed with the Fiscal Agent.

Section 7. The Treasurer is hereby authorized to execute the Notes by his manual or facsimile signature, and the City Clerk is hereby authorized to countersign the Notes by her manual or facsimile signature and to affix manually or by facsimile the seal of the City thereto; provided, that the Notes shall not be valid unless and until the Fiscal Agent has manually authenticated the Notes by executing the Certificate of Authentication appearing thereon.

Section 8. It is hereby covenanted and warranted by the City that all representations and recitals contained in this resolution are true and that the City and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection, and enforcement of the Unrestricted Revenues pledged hereunder in accordance with law and for carrying out the provisions of this resolution.

Section 9. (A) The City covenants that, if it is subject to rebate as provided in Section 5 of this resolution, then it shall make all calculations in a reasonable-and-prudent fashion relating to any rebate of excess investment earnings on the proceeds of the Notes due to the United States Treasury; shall segregate and set aside from lawfully available sources the amount the calculations may indicate may be required to be paid to the United States Treasury; and shall otherwise at all times do and perform all acts and things necessary and within its power and authority, including complying with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and complying with the instructions of Bond Counsel referred to in Section 5 of this resolution, to assure that interest on the Notes shall, for the purposes of federal income-taxes and California personal-income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation. If such a calculation is required, then the City will immediately set aside, from revenues attributable to the 2011-12 Fiscal Year or, to the extent not available from those revenues, from any other money lawfully available, the amount of any rebate in a separate fund, designated as the "City of Sacramento 2011 Tax and Revenue Anticipation Notes Rebate Fund," that the City hereby agrees to establish.

(B) Notwithstanding any other provision of this resolution to the contrary, upon the City's failure to observe, or refusal to comply with, any covenants contained in this section, no one other than the former or current registered owners of the Notes will be entitled to exercise any right or remedy under this resolution on the basis of the City's failure to observe, or refusal to comply with, any such covenants.

(C) The covenants contained in this section will survive the payment of the interest on and principal of the Notes.

(D) Notwithstanding any provision of this section, if the City shall provide to the Treasurer an opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income-tax purposes of interest on the Notes, then the Treasurer and the City may conclusively rely on that opinion in complying with the requirements of this section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 10. The Official Statement in preliminary form for the Notes, in substantially the form now on file with the City Clerk, is hereby approved, and the Treasurer is authorized to certify to the Underwriter on behalf of the City that the Official Statement in preliminary form is deemed final by the City as of its date, within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (except for the omission of certain final pricing, rating and related information as permitted by that rule); and the Treasurer is hereby authorized and directed, for and in the name and on behalf of the City, to sign a copy of the Official Statement in final form, and the Underwriter is authorized and directed to distribute copies of the Official Statement in final form to all ultimate purchasers of the Notes.

Section 11. The form of the Note Purchase Agreement for the Notes (the "Note Purchase Agreement") providing for the sale of the Notes by the City to the

Underwriter, in substantially the form now on file with the City Clerk, is hereby approved. The Treasurer is hereby authorized to accept the offer of the Underwriter to purchase the Notes when he is satisfied with the terms of the purchase and he is hereby further authorized to execute the Note Purchase Agreement for and on behalf of the City to evidence the sale of the Notes; provided, that the interest rate on any Notes may not exceed three percent (3.00%) per annum and the underwriter's discount for the purchase of the Notes may not exceed one percent (1.00%) of the principal amount of the Notes.

Section 12. U.S. Bank National Association is hereby appointed as Fiscal Agent for the Notes. The form of Fiscal Agent Agreement relating to the Notes, in substantially the form now on file with the City Clerk, is hereby approved. The Treasurer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Fiscal Agent Agreement, with any changes, additions, completions, and corrections therein as the Treasurer, after consulting with the City Attorney's Office, may require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

The City hereby directs and authorizes the payment by the Fiscal Agent of the interest on, and principal of, the Notes, when the interest and principal become due and payable, from the Repayment Fund in the manner set forth herein. Payment of the Notes must be in accordance with the terms of the Notes and this resolution.

This appointment does not preclude the City from appointing one or more successors thereto, all without notice to, or the consent of, the registered owners of the Notes. The City hereby authorizes the Treasurer to appoint any successor Fiscal Agent. Any successor Fiscal Agent must have co-fiscal-agent relationships with one or more banks or trust companies that have offices in New York, New York; or Los Angeles, California; or San Francisco, California.

The Fiscal Agent is also appointed as registrar and, upon the request of any registered owner, is authorized to record the transfer or exchange Notes in accordance with the provisions hereof.

Section 13. Orrick, Herrington & Sutcliffe LLP is hereby appointed to serve as bond counsel in connection with the Notes. The form of an Agreement for Bond Counsel Services relating to the Notes, in substantially the form now on file with the City Clerk, is hereby approved. The City Attorney is hereby authorized, for and in the name of and on behalf of the City, to execute and deliver the Agreement for Bond Counsel Services, with any changes, additions, completions, and corrections therein as she may require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 14. The City hereby agrees and covenants that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") executed by the City and dated the date of original issuance and delivery of the Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and, notwithstanding any other provision of this resolution, the failure of the City to

comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided, that any registered owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 15. The Treasurer and the City Clerk are hereby authorized and directed to execute and deliver all of the Notes to the Underwriter in accordance with the Note Purchase Agreement. All actions previously taken by the officers and agents of the City or the City Council with respect to the sale and issuance of the Notes are hereby approved, confirmed, and ratified, and the officers and agents of the City and the City Council are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute any and all certificates, agreements, and other documents that they, or any of them, may deem necessary or advisable to consummate the lawful issuance and delivery of the Notes in accordance with this resolution.

Section 16. This resolution takes effect when adopted.

Adopted by the City of Sacramento City Council on June 21, 2011 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

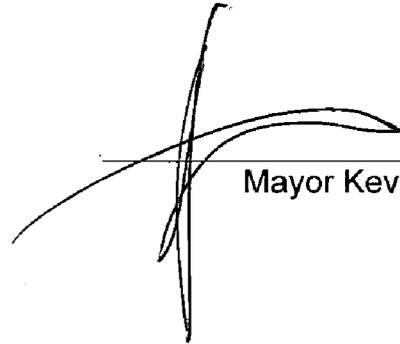
Noes: None.

Abstain: None.

Absent: None.

Attest:

  
Shirley Condolino, City Clerk

  
Mayor Kevin Johnson

**EXHIBIT A**

**[FORM OF NOTE]**

REGISTERED

REGISTERED

No. R-\_\_

\$\_\_\_\_\_

**CITY OF SACRAMENTO  
2011 TAX AND REVENUE ANTICIPATION NOTE**

Rate of Interest: \_\_\_\_\_ Date of Original Issuance: \_\_\_\_\_ Maturity Date: \_\_\_\_\_ CUSIP No.: \_\_\_\_\_  
\_\_\_\_\_ %

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

FOR VALUE RECEIVED, the City of Sacramento (the "City") acknowledges itself indebted to and promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, together with interest thereon payable [on \_\_\_\_\_ and] at the maturity thereof, at the Rate of Interest per annum set forth above (computed on the basis of a 360-day year composed of twelve 30-day months) in like lawful money from the Date of Original Issuance specified above until payment in full of the principal sum. The principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note at the corporate trust office of U.S. Bank National Association, as fiscal agent (together with any successor appointed by the City, the "Fiscal Agent") as the same shall fall due; provided, however, that no interest shall be payable for any period after maturity during which the registered owner hereof fails to properly present this Note for payment.

This Note is part of an authorized issue of Notes entitled "City of Sacramento 2011 Tax and Revenue Anticipation Notes" (the "Notes") issued in the aggregate principal amount of \$\_\_\_\_\_ all of like tenor, made, executed and given pursuant to the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code, and under and pursuant to the provisions of a Resolution of the City Council of the City adopted on June 21, 2011 (herein called the "Resolution"), authorizing the issuance of the Notes. All acts, conditions and things required to exist, happen and be performed precedent to

and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and this Note, together with all other indebtedness and obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of California. The Notes shall be secured on a parity basis with each other.

The principal of and interest on the Notes shall be payable from Unrestricted Revenues (as that term is defined in the Resolution). As security for the payment of the principal of and interest on the Notes, the City has covenanted to deposit in the Note Deposit Fund certain Unrestricted Revenues on the dates and in the amounts required by the Resolution. To the extent such funds are insufficient for the payment of the Notes, the Notes shall be paid from any other moneys of the City lawfully available therefor.

Subject to the limitations set forth in the Resolution, the registered owner of this Note or the registered owner's attorney (duly authorized in writing) may transfer this Note by surrendering it at the Fiscal Agent's corporate trust office. The Fiscal Agent shall then cancel this Note and issue a new Note to the transferee in the authorized denominations and for the same aggregate principal amount. A transfer must be done in the manner prescribed by the Resolution, and all charges specified in the Resolution must be paid.

The City and the Fiscal Agent may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Fiscal Agent shall be affected by any notice to the contrary.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Registration hereon shall have been signed by the Fiscal Agent.

IN WITNESS WHEREOF, the City of Sacramento has caused this Note to be executed by the Treasurer of the City, and countersigned by the City Clerk of the City, and caused its official seal to be affixed hereto, all as of this \_\_\_\_ day of \_\_\_\_\_, 2011.

CITY OF SACRAMENTO

By \_\_\_\_\_  
City Treasurer

(Seal)

Countersigned:

\_\_\_\_\_  
City Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This Note is one of the Notes described in the within-mentioned Resolution, which Note has been authenticated and registered on the date set forth below.

Date of Authentication: \_\_\_\_\_

By \_\_\_\_\_  
Fiscal Agent

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ (insert Social Security Number or taxpayer identification number) the within-mentioned registered Note and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated:

\_\_\_\_\_  
Signature

NOTE: The signature to the assignment must correspond to the name as written on the face of this Note in every particular, without any alteration or change whatsoever.

Signature Guaranteed By:

\_\_\_\_\_

NOTE: The signature to the assignment must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

[FORM OF DTC LEGEND]

Unless the certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, since the registered owner hereof, Cede & Co., has an interest herein.