

## RESOLUTION NO. 2012-125

Adopted by the Sacramento City Council

May 15, 2012

### DECLARATION OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FOR THE REHABILITATION AND IMPROVEMENT OF UTILITIES INFRASTRUCTURE FROM PROCEEDS OF CITY WATER-SYSTEM REVENUE BONDS ISSUED BY CITY OF SACRAMENTO OR SACRAMENTO CITY FINANCING AUTHORITY; AUTHORIZATION TO POTENTIALLY REFUND PRIOR DEBT OBLIGATIONS ASSOCIATED WITH THE CITY'S WATER PROGRAM; DESIGNATION OF ORRICK, HERRINGTON & SUTCLIFFE LLP TO SERVE AS BOND COUNSEL AND STRADLING YOCCA CARLSON & RAUTH, P.C. TO SERVE AS DISCLOSURE COUNSEL FOR THE CITY WATER-SYSTEM REVENUE BONDS

#### BACKGROUND

- A. The City Council has determined to construct and acquire certain public facilities and to finance the construction and acquisition of those facilities using bonds issued by either the City of Sacramento or the Sacramento City Financing Authority (the "**Bonds**"). The facilities consist of the following, all of which are to be located within the City or to serve City Utilities ratepayers, i.e., the residents and business owners in the City (the "**Projects**"): rehabilitation and improvement of the water-system infrastructure, including but not limited to water-meter retrofits; rehabilitation or replacement of transmission and distribution mains and appurtenances; rehabilitation of the Fairbairn and Sacramento River Water Treatment Plants; rehabilitation of City drinking-water wells and appurtenances; rehabilitation of reservoirs and appurtenances; acquisition of land and easements; support activities of the Projects; and planning, project development, and design of the Projects.
- B. The maximum principal amount of Bonds is not expected to exceed \$340 million, and the Bonds will likely be issued over the next three fiscal years beginning in Fiscal Year 2012/13. The Bonds will include "new money" for the Projects and may also include "refunding" bonds for existing water-related debt obligations. Depending on the circumstances, the interest on the Bonds may or may not be exempt from income taxation under the United States Internal Revenue Code.
- C. The City expects to pay certain expenditures in connection with the Projects before the Bonds are issued (the "**Original Expenditures**") from the City's Water Fund (a City enterprise fund) and to use a portion of the proceeds of the Bonds to reimburse itself for the Original Expenditures.
- D. City staff desires to engage Orrick, Herrington & Sutcliffe LLP to serve as bond counsel for issuance of the Bonds.
- E. City staff desires to engage Stradling Yocca Carlson & Rauth, P.C. to serve as disclosure counsel for issuance of the Bonds.

- F. Section 1.150-2 of the United States Treasury Regulations (26 C.F.R. § 1.150-2) requires the City to declare its reasonable "official intent" to reimburse itself for the Original Expenditures with the proceeds of the Bonds.
- G. The City Council is fully advised in this matter.

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

- Section 1. The City Council finds that the statements in the Background are true.
- Section 2. The City hereby declares its official intent to use proceeds of an obligation, (i.e., proceeds of the Bonds) to reimburse itself for the Original Expenditures.
- Section 3. Orrick, Herrington & Sutcliffe LLP is hereby designated as bond counsel for the Bonds. The form of an Agreement for Bond Counsel Services relating to the Bonds, now on file with the City Clerk, is hereby approved. The City Attorney is hereby authorized, on the City's behalf, to sign and deliver the Agreement for Bond Counsel Services with any non-material changes the City Attorney determines to be required.
- Section 4. Stradling Yocca Carlson & Rauth, P.C. is hereby designated as disclosure counsel for the Bonds. The form of an Agreement for Disclosure Counsel Services relating to the revenue bonds, now on file with the City Clerk, is hereby approved. The City Attorney is hereby authorized, on the City's behalf, to sign and deliver the Agreement for Disclosure Counsel Services with any non-material changes the City Attorney determines to be required.
- Section 5. This resolution is adopted solely for the purpose of establishing compliance with the requirements of Section 1.150-2 of the United States Treasury Regulations. It does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Projects.
- Section 6. This resolution takes effect when adopted.

Adopted by the City of Sacramento City Council on May 15, 2012 by the following vote:

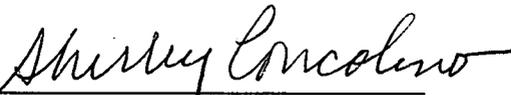
Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer,  
and Mayor Johnson.

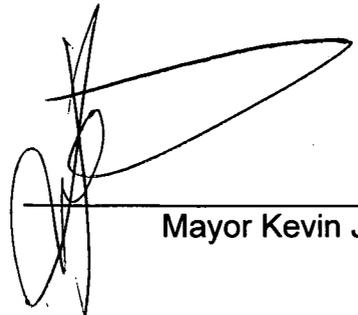
Noes: None.

Abstain: Councilmember Sheedy

Absent: None.

Attest:

  
Shirley Concolino, City Clerk

  
Mayor Kevin Johnson