

## RESOLUTION NO. 2013-0060

Adopted by the Sacramento City Council

February 26, 2013

**AUTHORIZING THE ISSUANCE AND SALE OF CITY OF SACRAMENTO WATER REVENUE BONDS, SERIES 2013, TO FINANCE THE COSTS OF CERTAIN IMPROVEMENTS TO THE CITY'S WATER SYSTEM; APPROVING THE OFFICIAL STATEMENT RELATED TO THE BONDS; APPROVING THE FORMS OF RELATED FINANCING DOCUMENTS; AUTHORIZING THE CITY 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 City of Sacramento is duly organized and existing under the Sacramento City Charter (the "**Charter**") and the California Constitution.
- B.** Under sections 3, 5, and 7 of article XI of the California Constitution and section 10 of the Charter, the City is authorized to make and enforce all laws and regulations concerning municipal affairs and certain other matters.
- C.** Under section 119 of the Charter, the City is specifically authorized to issue revenue bonds for any lawful purpose and to adopt a procedural ordinance prescribing the terms and conditions of issuance of revenue bonds.
- D.** Acting in accordance with its authority, the City Council has enacted the Enterprise Revenue Bond Law, codified as chapter 3.152 of the Sacramento City Code (the "**Law**"), to authorize and establish the procedures for the City's issuance of revenue bonds for the purpose of financing and refinancing the City's enterprises.
- E.** The City now owns and operates facilities for the provision of water service, all of which are included in and compose the City's water-enterprise system (the "**Water System**").
- F.** The City is empowered by the Law to issue its bonds for the purpose of financing certain improvements to the Water System.
- G.** The City Department of Utilities has identified a three-year (FY2013-2015) Water CIP need of approximately \$260.5 million, of which approximately \$239.5 million in projects is expected to be funded from the proceeds of the issuance of water-revenue bonds.

- H. In accordance with the Law, the City has determined to issue the City of Sacramento Water Revenue Bonds, Series 2013 (the “**Series 2013 Bonds**”), in the aggregate principal amount not to exceed \$275 million, in order to finance the costs of certain improvements to the Water System.
- I. In furtherance of the City’s issuance of the Series 2013 Bonds, forms of the following documents have been filed with the City Clerk for consideration and approval by the City Council:
- An *Indenture* (the “**Indenture**”) under which (1) the City will issue “Bonds” (as defined in the Indenture), including the Series 2013 Bonds; (2) the City will incur other obligations secured by the net revenues of the Water System; and (3) the Trust Estate (as defined in the Indenture) will be administered to pay the principal and purchase price of and interest and premium, if any, on the Bonds and any payments with respect to such other obligations.
  - A *First Supplemental Indenture* (the “**Supplemental Indenture**”) providing for the issuance of the Series 2013 Bonds under the Indenture and specifying certain terms of the Series 2013 Bonds.
  - A *Bond Purchase Agreement* (the “**Bond Purchase Agreement**”) under which, among other things, the City agrees to sell, and the underwriters of the Series 2013 Bonds named in the Bond Purchase Agreement (the “**Underwriters**”), agree to purchase, the Series 2013 Bonds.
  - A preliminary form of an *Official Statement* (the “**Official Statement**”) describing the Series 2013 Bonds and other matters relating to them.
  - A *Continuing Disclosure Certificate* (the “**Continuing Disclosure Certificate**”) under which the City agrees to provide certain ongoing disclosure with respect to the Series 2013 Bonds.
  - An *Amendment Agreement* (the “**Amendment Agreement**”) under the terms of which certain prior agreements relating to a loan secured by the revenues of the Water System will be amended.
- J. The Series 2013 Bonds will be limited obligations of the City secured by a pledge of, and payable solely from, the net revenues of the Water System and the other collateral pledged under the Indenture, subject to the application of the net revenues of the Water System and the other collateral for the purposes set forth in the Indenture and on the terms and conditions set forth in the Indenture. The General Fund of the City is not liable for, and the credit or taxing power of the City is not pledged for, the payment of the Series 2013 Bonds.

- K. All acts, conditions, and things required by the Law and the Constitution and 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 Series 2013 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 City is now duly authorized and empowered, in accordance with every requirement of law, to authorize the issuance of the Series 2013 Bonds and to authorize the execution and delivery of the Indenture, the Supplemental Indenture, the Bond Purchase Agreement, the Official Statement, the Continuing Disclosure Certificate, and the Amendment Agreement for the purposes, in the manner, and upon the terms provided.

**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 paragraphs A through K of the Background are true.
- Section 2.** The City's issuance of City of Sacramento Water Revenue Bonds, Series 2013, in an aggregate principal amount not to exceed \$275 million and in accordance with the Indenture and the Supplemental Indenture, as finally executed and delivered, is hereby authorized and approved.
- Section 3.** The proposed forms of Indenture and Supplemental Indenture on file with the City Clerk, and their terms and conditions, are hereby approved. The structure, date, maturity date or dates (the final maturity to be not later than September 1, 2043), fixed interest rates, interest-payment dates, forms, registration privileges, place or places of payment, terms of redemption, number, and other terms of the Series 2013 Bonds will be as provided in the Indenture and the Supplemental Indenture as finally executed and delivered.

(a) The City Treasurer or his designee (the "**Authorized Representative**") is hereby authorized and directed to execute and deliver the Indenture and the Supplemental Indenture on the City's behalf, in substantially the forms on file with the City Clerk and with such changes as the Authorized Representative requires or approves with the concurrence of the City Attorney or his designee (the "**City Attorney**"), such approval to be conclusively evidenced by the execution and delivery thereof.

(b) The Series 2013 Bonds are to be executed by the manual or facsimile signature of the Authorized Representative and must be in the form set forth in, and must otherwise be in accordance with, the Supplemental Indenture. When the Series 2013 Bonds are so executed, the Authorized Representative shall deliver them to the Trustee (as defined in the Indenture). The Trustee shall then authenticate the Series 2013 Bonds and deliver them to the Underwriters in accordance with written instructions the Authorized Representative signs on the City's behalf, which instructions the Authorized Representative is hereby authorized and directed to sign and deliver to the Trustee. The instructions are to provide for the delivery of the Series 2013 Bonds to the Underwriters in accordance with the Bond Purchase Agreement upon payment by the Underwriters of the purchase price for the Series 2013 Bonds.

**Section 4.** The proposed form of the Bond Purchase Agreement on file with the City Clerk is hereby approved. The Authorized Representative is hereby authorized and directed to do the following on the City's behalf:

(a) to sell the Series 2013 Bonds to the Underwriters as required by the Bond Purchase Agreement, with a true interest cost not to exceed 6.00% and with the Underwriters' compensation not to exceed 1.00% of the principal amount of the Series 2013 Bonds; and

(b) to execute and deliver the Bond Purchase Agreement, in substantially the form on file with the City Clerk, with such changes as the Authorized Representative requires or approves with the City Attorney's concurrence, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5.** The proposed form of Official Statement on file with the City Clerk is hereby approved. The Authorized Representative is hereby authorized and directed to execute and deliver to the Underwriters, on the City's behalf, a certificate deeming the preliminary Official Statement, in substantially the form on file with the City Clerk and with such changes as the Authorized Representative approves in the interest of the City with the City Attorney'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 Authorized Representative is hereby authorized and directed to execute and deliver the final form of the Official Statement on the City's behalf, in substantially the form on file with the City Clerk and with such changes as the Authorized Representative requires or approves with the City Attorney's concurrence, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The proposed form of the Continuing Disclosure Certificate on file with the City Clerk is hereby approved. The Authorized Representative is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate on the City's behalf, in substantially the form on file with the City Clerk and with such changes as the Authorized Representative requires or approves with the City Attorney's concurrence, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** The proposed form of the Amendment Agreement on file with the City Clerk is hereby approved. The Authorized Representative is hereby authorized and directed to execute and deliver the Amendment Agreement on the City's behalf, in substantially the form on file with the City Clerk and with such changes as the Authorized Representative requires or approves with the City Attorney's concurrence, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 8.** 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 the Series 2013 Bonds (including, without limitation, any amendment of any of the documents authorized by this resolution or other agreement related to the Series 2013 Bonds; any investment of proceeds of the Series 2013 Bonds; the addition, substitution, or replacement of underwriters; any agreements with paying agents; and the removal or replacement of the Trustee) may be given or taken by the Authorized Representative, without further authorization or direction by the City Council. The Authorized Representative 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 Authorized Representative deems necessary or desirable, in his or her discretion, to further the purposes of this resolution.

**Section 9.** The Authorized Representative and each other appropriate officer of the City, each acting alone, are authorized and directed (a) to execute and deliver on the City's behalf any and all agreements, certificates, documents, and instruments, including, without limitation, signature certificates, no-litigation certificates, disclosure certificates, tax certificates, letters of representation relating to book-entry registration, certificates concerning the representations in the Bond Purchase Agreement, certificates concerning the contents of the Official Statement, and certificates and contracts for rebate compliance services; and (b) to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions the City Council has approved in this resolution. The Authorized Representative may appoint in writing a designee to perform any of the actions that the Authorized Representative may take under this resolution.

**Section 10.** The Authorized Representative is hereby authorized to do any or all of the following if he or she determines that it will be advantageous to the City:

(a) to purchase municipal-bond insurance or other credit enhancement for some or all of the Series 2013 Bonds;

(b) to purchase one or more reserve-fund surety policies or other credit instruments for the benefit of any reserve fund established for the Series 2013 Bonds;

(c) to obtain a particular rating or ratings on all or a portion of the Series 2013 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 City Attorney, any covenants of the City or changes to the proposed forms of the Indenture, Supplemental Indenture, Bond Purchase Agreement, Official Statement, Continuing Disclosure Certificate, and Amendment 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 Series 2013 Bonds.

**Section 11.** All actions heretofore taken by the City Council, the Authorized Representative, or any other officers, agents, or employees of the City with respect to the issuance of the Series 2013 Bonds and the other transactions contemplated by this resolution and by the Official Statement are hereby ratified, confirmed, and approved.

**Section 12.** This resolution takes effect when adopted.

Adopted by the City of Sacramento City Council on February 26, 2013 by the following vote:

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

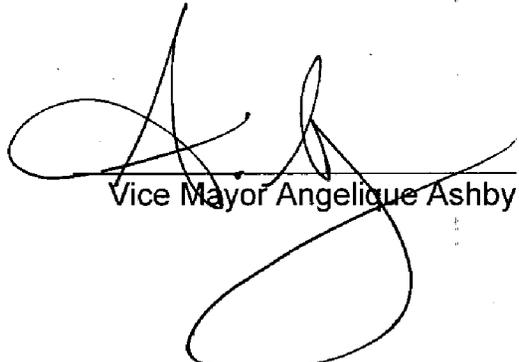
Noes: None.

Abstain: None.

Absent: None.

Attest:

  
Shirley Concolino, City Clerk

  
Vice Mayor Angelique Ashby