

**Meeting Date:** 9/16/2014

**Report Type:** Staff/Discussion

**Report ID:** 2014-00442

**Title: (City Council/Financing Authority) Termination of Site and Project Leases associated with Sacramento City Financing Authority Revenue Bonds (North Natomas CFD No. 2) Series A (1999); and Issuance of North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014).**

**Location:** District 1

**Recommendation:** 1) Pass a City Council Resolution authorizing a) the issuance of City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014); b) the execution and delivery of a Second Supplemental Indenture, a First Supplemental Trust Agreement, and a Termination Agreement in connection with the bonds; and c) certain other actions in connection therewith; and 2) pass a Sacramento City Financing Authority Resolution a) authorizing the execution and delivery of a First Supplemental Trust Agreement and a Termination Agreement in connection with the Sacramento City Financing Authority Revenue Bonds (North Natomas CFD No. 2) Series A (1999); and b) certain other actions in connection therewith.

**Contact:** Janelle Gray, Debt Manager, (916) 808-8296; Brian Wong, Senior Debt Analyst, (916) 808-5811, Office of the Treasurer

**Presenter:** Brian Wong, Senior Debt Analyst, (916) 808-5811, Office of the Treasurer

**Department:** City Treasurer

**Division:** City Treasurer

**Dept ID:** 05001011

**Attachments:**

- 1-Description/Analysis
- 2-Background
- 3-Resolution (City)
- 4-Resolution (Authority)
- 5-Exhibit A - Second Supplemental Indenture
- 6-Exhibit B - First Supplemental Trust Agreement
- 7-Exhibit C - Termination Agreement
- 8-Exhibit D - Bond Counsel Agreement

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**City Attorney Review**

Approved as to Form  
Joseph Cerullo  
9/4/2014 6:34:06 PM

**Approvals/Acknowledgements**

Department Director or Designee: Janelle Gray - 8/26/2014 9:19:10 AM

## Description/Analysis

**Issue Detail:** Under the *Property Conveyance Agreement and Joint Escrow Instructions* relating to the Entertainment and Sports Center (the “**ESC**”), the City is obligated to transfer the City-owned 100-acre parcel located directly north of Sleep Train Arena (the “**Stadium Parcel**”) to SBH Natomas LLC (“**SBH**”) as part of the City’s contribution toward the overall cost of financing the ESC (the “**ESC financing**”). As a precondition to that transfer, the City must do the following:

- Terminate the Site and Project Leases it entered into in 1999 in connection with two series of bonds, one issued by the City through North Natomas Community Facilities District No. 2 (“**CFD 2**”), the other issued by the Sacramento City Financing Authority (“**SCFA**”). These bonds were used to finance the construction of drainage improvements, and the rent received under the leases, together with special taxes collected by CFD 2, was used to pay annual debt service (i.e., principal and interest) on the bonds.
- Issue additional bonds through CFD 2. These additional bonds will, in effect, replace the terminated leases, and the tax revenues associated with these bonds will be used to pay the portion of the debt service on the 1999 bonds that had been paid with the rent.

The Background section of this report explains in detail the history of CFD 2, the Site and Project Leases, and the two series of bonds issued in 1999.

**Policy Considerations:** As noted, the City is contractually obligated to transfer the Stadium Parcel to SBH. To facilitate the transfer, the City must adopt a resolution approving the issuance of additional bonds through CFD 2, and the City and SCFA must enter into a Second Supplemental Indenture (supplementing the Master Indenture for CFD 2), a First Supplemental Trust Agreement, and a Termination Agreement (terminating the Site and Project Leases).

**Economic Impacts:** Not applicable.

**Environmental Considerations:** Not applicable.

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** The actions requested are necessary to transfer the Stadium Parcel to SBH as required by the *Property Conveyance Agreement and Joint Escrow Instructions* relating to the ESC financing.

**Financial Considerations:** Terminating the Site and Project Leases will relieve the General Fund of its obligation to pay future rent under the Project Lease from March 1, 2015, through September 1, 2023, in the amount of approximately \$260,000 annually – a total savings of approximately \$2.35 million (to be adjusted for the pro-rata proportion of FY2015 property taxes). As the new owner of the Stadium Parcel, SBH will be responsible for paying the CFD 2 special taxes that replace the rent from the terminated leases. The costs of issuing the additional CFD 2 bonds (chiefly the fees of bond counsel, disclosure counsel, and appraisers) will be paid from funding set aside for the ESC project in accordance with Resolution No. 2014-0131, which was approved by City Council on May 20, 2014.

**Local Business Enterprise (LBE):** Not applicable.

## Background

Under the *Property Conveyance Agreement and Joint Escrow Instructions* relating to the Entertainment and Sports Center (the “**ESC**”), the City is obligated to transfer the City-owned 100-acre parcel located directly north of Sleep Train Arena (the “**Stadium Parcel**”) to SBH Natomas LLC (“**SBH**”) as part of the City’s contribution toward the overall cost of financing the ESC (the “**ESC financing**”).

The Stadium Parcel is located in the North Natomas Community Facilities District No. 2 (“**CFD 2**”), which was established to finance drainage improvements. So long as the City owns it, the Stadium Parcel is exempt from CFD 2’s special tax. That exemption complicated the issuance of bonds in 1999, as it meant that the other, taxable parcels within CFD 2 would have to pick up the Stadium Parcel’s share of the special tax levied to pay debt service on the bonds. The City, however, desired to pay its fair share of the cost to construct the improvements notwithstanding the exemption. To that end, in 1999 it implemented the following financing structure:

- The City leased the Stadium Parcel to the Sacramento City Financing Authority (“**SCFA**”) under a “Site Lease,” with SCFA making a one-time rental payment of \$2,834,340. SCFA then leased the Stadium Parcel back to the City under a “Project Lease” that obligates the City to pay annual rent according to a schedule.
- Through CFD 2, the City issued special-tax bonds in the aggregate principal amount of \$4,995,000 (the “**1999 CFD Bonds**”). Annual debt service on these bonds (i.e., principal and interest) is paid by the annual special tax levied on all *taxable* parcels within CFD 2.
- SCFA issued its own revenue bonds in the aggregate principal amount of \$7,905,000 (the “**SCFA Bonds**”).
- SCFA used \$4,995,000 from the proceeds of the SCFA Bonds to buy the 1999 CFD Bonds, thereby entitling SCFA to receive the debt-service payments owed under the 1999 CFD Bonds. SCFA uses these payments to pay 63% of the debt service it owes on the SCFA Bonds.
- SCFA used the remaining \$2,910,000 from the proceeds of the SCFA Bonds to make the one-time rental payment under the Site Lease and acquire the Project Lease, thereby entitling SCFA to receive the rent the City pays under the Project Lease. SCFA uses the rent to pay the remaining 37% of debt service on the SCFA Bonds.

The *Master Indenture* for CFD 2 provides a mechanism for terminating the Site and Project Leases when the City transfers ownership of the Stadium Parcel to a private entity. Under that mechanism, the City issues additional CFD 2 bonds that are used to pay the remaining rental payments owed under the Project Lease, which is then terminated along with the Site Lease. In effect—and this is greatly simplified—the rental payments that SCFA currently uses to pay 37% of the debt service on the SCFA Bonds are replaced with new special-tax revenues collected from the Stadium Parcel after it is

transferred to the new owner and loses its tax-exempt status. Importantly, the proposed additional bonds are not sold publicly, and no cash is generated by the bonds; instead, the additional bonds replace the Project Lease as the “credit” for part of the debt service on the SCFA Bonds.

Issuing the additional bonds and terminating the existing Site and Project Leases entails the following documents, copies of which are attached to this report in near-final form:

- A *Termination Agreement* between the City and SCFA, terminating the Site and Project Leases.
- A *Second Supplemental Indenture* between the City and U.S. Bank National Association as trustee. This document relates to the issuance of the additional CFD 2 bonds, which will be designated as the City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014) (the “**2014 CFD Bonds**”)
- A *First Supplemental Trust Agreement* between the City, SCFA, and U.S. Bank National Association as trustee.
- A resolution of the City Council, authorizing the issuance of the 2014 CFD Bonds; approving the *Termination Agreement*, *Second Supplemental Indenture*, and *First Supplemental Trust Agreement*; and appointing bond and disclosure counsel for the 2014 CFD Bonds.
- A resolution of the SCFA governing board, approving the *Termination Agreement*, *Second Supplemental Indenture*, and *First Supplemental Trust Agreement*.

Importantly, the 2014 CFD Bonds will neither extend the original final maturity of the 1999 CFD Bonds nor increase the aggregate principal outstanding associated with CFD 2:

**Effects of Terminating the Site and Project Leases and Issuing the 2014 CFD Bonds**

<b>Special Tax Revenue from CFD 2 and Rent from the Site &amp; Project Leases</b>	<b>Before Termination &amp; Issuance</b>	<b>After Termination &amp; Issuance</b>
Total Annual CFD 2 Special Taxes	\$2,065,000	\$3,815,000*
Annual Rent Paid from General Fund	\$1,750,000	\$0
<b>Total</b>	<b>\$3,815,000</b>	<b>\$3,815,000</b>

\* Includes the principal amount of the 2014 CFD Bonds

**Conditions Precedent to Issuance of the 2014 CFD Bonds**

Before issuing the 2014 CFD Bonds, the City must satisfy the following conditions:

- Certify a value-to-lien ratio of at least 3:1 (inclusive of overlapping debt of other special districts and the debt of the proposed 2014 CFD Bonds).

- Certify that the ratio of the tax levy to debt-service coverage would be at least 115% if the CFD 2 special tax were levied and collected at its maximum rate.

Both of these conditions have been satisfied:

- An independent land appraiser has determined that the “bulk sale” value of land within CFD 2 is approximately \$20.6 million, which equates to a value-to-lien ratio of 3.11:1 (see below).
- The ratio of the tax levy to debt-service coverage in CFD 2 exceeds the 115% threshold.

## **The Appraisal**

As a condition for issuing the 2014 CFD Bonds, the *Master Indenture* for CFD 2 requires an appraisal of the land subject to the special tax to confirm that the value-to-lien ratio for CFD 2 after issuance of the 2014 CFD Bonds (and including overlapping debt related to other special districts) will be at least 3:1. The appraisal must be done on a “bulk value of land basis.”

The City retained two firms to conduct the appraisal – *Smith and Associates* (“**Smith**”) and *Clark-Wolcott Company, Inc.* (“**Clark-Wolcott**”). Smith served as the primary appraiser and prepared the analysis in accordance with the California Debt and Investment Advisory Commission’s *Appraisal Standards for Land-Secured Financings* (“**CDIAC Appraisal Guidelines**”), the *Uniform Standards of Professional Appraisal Practice* requirements (“**USPAP Requirements**”), and the requirements of the *Master Indenture*. Clark-Wolcott reviewed the analysis and reports prepared by Smith to ensure compliance with Smith’s scope of services, to validate that Smith’s appraisal methodology and assumptions were reasonable, and to validate that the appraisal reports (draft and final) were completed in accordance with CDIAC Appraisal Guidelines and the USPAP Requirements.

The appraisal report prepared by Smith identifies an estimated value of \$20.6 million based on the “bulk value of land basis” and determines an estimated value-to-lien ratio of 3.11:1. The appraisal assumes the assessment of nearly 246 net acres (including vacant properties) at their highest and best use. For comparison, according to Sacramento County the FY2013/14 assessed value of improvements on taxable parcels within CFD 2 is approximately \$85.88 million.

## **After Termination of the Leases and Issuance of the 2014 CFD Bonds**

After termination of the Site and Project Leases, the General Fund will be relieved of future rent payments from March 1, 2015, through September 1, 2023, in the amount of approximately \$260,000 annually — a total savings of approximately \$2.35 million (to be adjusted for the pro-rata proportion of FY2015 property taxes). After the issuance of the 2014 CFD Bonds, either SBH or an SBH-related entity will be responsible for paying the CFD 2 special tax on the Stadium Parcel.

## RESOLUTION NO. 2014-\_\_\_\_\_

Adopted by the Sacramento City Council

**September 16, 2014**

### **AUTHORIZING (1) THE ISSUANCE OF CITY OF SACRAMENTO NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2 SPECIAL TAX BONDS, SERIES B (2014); (2) THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENTAL INDENTURE, A FIRST SUPPLEMENTAL TRUST AGREEMENT, AND A TERMINATION AGREEMENT IN CONNECTION WITH THE BONDS; AND (3) CERTAIN OTHER ACTIONS IN CONNECTION WITH THE BONDS**

#### **BACKGROUND:**

- A.** At an election held in the City of Sacramento North Natomas Community Facilities District No. 2 (the “**CFD**”) on June 23, 1998, the qualified electors in the CFD duly authorized the issuance of \$32,000,000 principal amount of special tax bonds under the Mello- Roos Community Facilities Act of 1982 (Government Code sections 53311 through 53368) as amended (the “**Act**”) for the purpose of financing the acquisition and construction of certain public facilities.
- B.** At the election, the qualified electors in the CFD also authorized the levy and collection of a special tax under the Act to be used to pay the interest on, principal of, and redemption premiums (if any) on, such bonds.
- C.** On January 20, 1999, the City of Sacramento (the “**City**”) issued its North Natomas Community Facilities District No. 2 Special Tax Bonds, Series A (1999) in the principal amount of \$4,995,000 (the “**Series A Bonds**”) and sold the Series A Bonds to the Sacramento City Financing Authority (the “**Authority**”) for the purpose of financing the acquisition and construction of certain public facilities authorized to be financed by the CFD.
- D.** In connection with the issuance of the Series A Bonds, the City also entered into a Site Lease (the “**Site Lease**”) and a Project Lease (the “**Project Lease**”) with the Authority, each dated as of January 1, 1999, for the purpose of financing the acquisition and construction of certain public facilities authorized to be financed by the CFD.
- E.** On January 20, 1999, the Authority (1) issued its Revenue Bonds (North Natomas CFD No. 2) Series A (1999) (the “**Authority Bonds**”) under a Trust Agreement, dated as of January 1, 1999 (the “**Trust Agreement**”), between the Authority, the City, and U.S. Bank National Association, as successor trustee (the “**Authority Trustee**”); (2) pledged the Series A Bonds to the Authority Trustee to secure the payment of the Authority Bonds; and (3) assigned its rights under the

Site Lease and the Project Lease to the Authority Trustee to secure the payment of the Authority Bonds.

- F.** The Project Lease provides that upon the transfer of the property leased under the Project Lease (the “**Leased Property**”) to a non-governmental entity the property will become subject to the special tax levied in the CFD and the City will issue additional special tax bonds and deliver those bonds to the Authority in exchange for the Authority’s reconveyance of its interests in the Site Lease and the Project Lease.
- G.** The City anticipates transferring the Leased Property to a non-governmental entity, and, upon the transfer, the Leased Property will become subject to the special tax levied in the CFD.
- H.** The Sacramento City Council (the “**City Council**”) has determined to authorize the issuance of the City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014) (the “**Bonds**”) under the Act for the purpose of refinancing the acquisition and construction of the public facilities originally financed by the execution and delivery of the Site Lease and the Project Lease.
- I.** Concurrently with the transfer of the Leased Property to a non-governmental entity, the City will issue the Bonds and deliver them to the Authority Trustee in exchange for the Authority’s and the Authority Trustee’s termination and reconveyance of their interests in the Site Lease and the Project Lease.
- J.** In furtherance of the City’s issuance of the Bonds and the Authority’s and the Authority Trustee’s termination and reconveyance of their interests in the Site Lease and the Project Lease, forms of the following documents have been filed with the Sacramento City Clerk (the “**Clerk**”) for the City Council’s consideration and approval:
- A Second Supplemental Indenture (the “**Supplemental Indenture**”) supplementing the Master Indenture dated as of January 1, 1999 (the “**Master Indenture**” and, together with the Supplemental Indenture, the “**Indenture**”), between the City and the Authority Trustee, under the terms of which the Bonds are to be issued and secured.
  - A First Supplemental Trust Agreement between the City, the Authority, and the Authority Trustee, under the terms of which certain terms of the Trust Agreement will be amended to provide for the pledge of the Bonds to the payment of the Authority Bonds (the “**Supplemental Trust Agreement**”).
  - A Termination Agreement between the City, the Authority, and the Authority Trustee, providing for the termination and reconveyance of the

Authority's and the Authority Trustee's interests in the Site Lease and the Project Lease (the "**Termination Agreement**").

- An Agreement for Bond Counsel Services between the City and Orrick, Herrington & Sutcliffe (the "**Bond Counsel Agreement**").

**K.** All acts, conditions, and things required by California law to exist, to have happened, and to have been performed before and in connection with the consummation of the transactions authorized by this resolution 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, under each requirement of law, to authorize the issuance of the Bonds and the execution and delivery of certain documents in order to further implement the transactions in the manner and upon the terms provided in this resolution.

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

**Section 1.** The statements in paragraphs A through K of the Background are true.

**Section 2.** The City Council hereby authorizes and approves the issuance of the Bonds in accordance with the Indenture in an aggregate principal amount not to exceed \$1,7500,000. The final maturity date of the Bonds may not be later than September 1, 2023. The total interest cost to maturity on the Bonds plus the principal amount of the Bonds may not exceed the total remaining principal and interest components of the base rental payments under the Project Lease.

**Section 3.** The City Council hereby determines that the appraised value (based upon the "bulk value of land basis" as required by the Master Indenture) of the real property within the CFD that will be subject to the levy of a special tax under the Act to pay debt service on the Bonds is at least three times the sum of the following: the principal amount of the Bonds, plus the principal amount of all other bonds outstanding that are secured by a special tax levied under the Act on property within the CFD, plus the principal amount of all other bonds outstanding that are secured by special assessments levied on property within the CFD. Accordingly the limitations of section 53345.8(a) of the Act have been duly satisfied.

**Section 4.** The City Council hereby approves the Supplemental Indenture and its terms and conditions. The date, maturity date or dates, fixed-interest rates, interest-payment dates, forms, registration privileges, place or places of payment, terms of redemption and number of Bonds, and other terms of the Bonds are to be as provided in the Supplemental Indenture as finally executed and delivered.

- (a) The Sacramento City Treasurer or his designee (the “**Treasurer**”) is hereby authorized and directed to execute and deliver to the Trustee, on the City’s behalf, the Supplemental Indenture in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Supplemental Indenture.
- (b) The City Council hereby authorizes and directs the Treasurer to execute and deliver to the Trustee, on the City’s behalf, written instructions providing for the delivery of the Bonds to the Authority Trustee upon execution and delivery by the Authority and the Authority Trustee of the Termination Agreement (the “**Instructions**”).
- (c) The Bonds are to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the Clerk, and each of the Bonds must be in the form set forth in, and otherwise be in accordance with, the Indenture. When the Bonds are so executed, the Treasurer shall deliver them to the Trustee under the Indenture for authentication by the Trustee. The Trustee shall then deliver the Bonds to the Authority Trustee in accordance with the Instructions.

**Section 5.** The City Council hereby approves the Supplemental Trust Agreement and authorizes the Treasurer to execute and deliver it to the Authority and the Authority Trustee on the City’s behalf in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Supplemental Trust Agreement.

**Section 6.** The City Council hereby approves the Termination Agreement and authorizes and directs the Treasurer to execute and deliver it to the Authority and the Authority Trustee on the City’s behalf in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Termination Agreement.

**Section 7.** The City Council hereby approves the Bond Counsel Agreement and appoints Orrick, Herrington & Sutcliffe to serve as bond counsel in connection with the Bonds. The City Attorney is hereby authorized, on the City’s behalf, to sign and deliver the Bond Counsel Agreement with any non-material changes the City Attorney determines to be required. If needed, the City Attorney is also authorized to retain Stradling Yocca Carlson & Rauth as disclosure counsel in connection with the Bonds; the

compensation paid to Stradling Yocca Carlson & Rauth may not exceed \$10,000.

**Section 8.** The officers of the City, each acting alone, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents and agreements they consider necessary or advisable to carry out, give effect to, and comply with, the terms and intent of this resolution, the Indenture, the Supplemental Trust Agreement, the Termination Agreement, and the Bonds. All actions previously taken by those officers are hereby ratified, confirmed, and approved.

**Section 9.** City staff is hereby authorized to appropriate from funds related to Entertainment and Sports Center the monies needed to pay the fees and costs related to issuing the Bonds, including but not limited to the fees and costs of bond- and tax-counsel services, disclosure-counsel services, appraiser and appraisal-review services, trustee services, and financial-advisor services.

**Section 10.** This resolution takes effect when adopted.

**RESOLUTION NO. 2014-\_\_\_\_\_**

Adopted by the Sacramento City Financing Authority

**September 16, 2014**

**AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL TRUST AGREEMENT AND A TERMINATION AGREEMENT IN CONNECTION WITH THE SACRAMENTO CITY FINANCING AUTHORITY REVENUE BONDS (NORTH NATOMAS CFD NO. 2), SERIES A (1999); AND CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

**BACKGROUND:**

- A.** At an election held in the City of Sacramento North Natomas Community Facilities District No. 2 (the “**CFD**”) on June 23, 1998, the qualified electors in the CFD duly authorized the issuance of \$32,000,000 principal amount of special tax bonds under the Mello- Roos Community Facilities Act of 1982 (Government Code sections 53311 through 53368) as amended (the “**Act**”) for the purpose of financing the acquisition and construction of certain public facilities.
- B.** At the election, the qualified electors in the CFD also authorized the levy and collection of a special tax under the Act to be used to pay the interest on, principal of, and redemption premiums (if any) on, such bonds.
- C.** On January 20, 1999, the City of Sacramento (the “**City**”) issued its North Natomas Community Facilities District No. 2 Special Tax Bonds, Series A (1999) in the principal amount of \$4,995,000 (the “**Series A Bonds**”) and sold the Series A Bonds to the Sacramento City Financing Authority (the “**Authority**”) for the purpose of financing the acquisition and construction of certain public facilities authorized to be financed by the CFD.
- D.** In connection with the issuance of the Series A Bonds, the City also entered into a Site Lease (the “**Site Lease**”) and a Project Lease (the “**Project Lease**”) with the Authority, each dated as of January 1, 1999, for the purpose of financing the acquisition and construction of certain public facilities authorized to be financed by the CFD.
- E.** On January 20, 1999, the Authority (1) issued its Revenue Bonds (North Natomas CFD No. 2) Series A (1999) (the “**Authority Bonds**”) under a Trust Agreement, dated as of January 1, 1999 (the “**Trust Agreement**”), between the Authority, the City, and U.S. Bank National Association, as successor trustee (the “**Authority Trustee**”); (2) pledged the Series A Bonds to the Authority Trustee to secure the payment of the Authority Bonds; and (3) assigned its rights under the Site Lease and the Project Lease to the Authority Trustee to secure the payment of the Authority Bonds.

- F.** The Project Lease provides that upon the transfer of the property leased under the Project Lease (the “**Leased Property**”) to a non-governmental entity the property will become subject to the special tax levied in the CFD and the City will issue additional special tax bonds and deliver those bonds to the Authority in exchange for the Authority’s reconveyance of its interests in the Site Lease and the Project Lease.
- G.** The City anticipates transferring the Leased Property to a non-governmental entity, and, upon the transfer, the Leased Property will become subject to the special tax levied in the CFD.
- H.** The Sacramento City Council (the “**City Council**”) has determined to authorize the issuance of the City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014) (the “**Bonds**”) under the Act for the purpose of refinancing the acquisition and construction of the public facilities originally financed by the execution and delivery of the Site Lease and the Project Lease.
- I.** Concurrently with the transfer of the Leased Property to a non-governmental entity, the City will issue the Bonds and deliver them to the Authority Trustee in exchange for the Authority’s and the Authority Trustee’s termination and reconveyance of their interests in the Site Lease and the Project Lease.
- J.** In furtherance of the Authority’s and the Authority Trustee’s termination and reconveyance of their interests in the Site Lease and the Project Lease, forms of the following documents have been filed with the Secretary of the Authority (the “**Secretary**”) for the consideration and approval by the governing board of the Authority:
- A First Supplemental Trust Agreement between the City, the Authority, and the Authority Trustee, under the terms of which certain terms of the Trust Agreement will be amended to provide for the pledge of the Bonds to the payment of the Authority Bonds (the “**Supplemental Trust Agreement**”).
  - A Termination Agreement between the City, the Authority, and the Authority Trustee, providing for the termination and reconveyance of the Authority’s and the Authority Trustee’s interests in the Site Lease and the Project Lease (the “**Termination Agreement**”).
- K.** All acts, conditions, and things required by California law to exist, to have happened, and to have been performed before and in connection with the consummation of the transactions authorized by this resolution do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the Authority is now duly authorized and empowered, under each requirement of law, to authorize the execution and delivery of certain

documents in order to further implement the transactions in the manner and upon the terms provided in this resolution.

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

**Section 1.** The statements in paragraphs A through K of the Background are true.

**Section 2.** The Board of Directors hereby approves the Supplemental Trust Agreement and authorizes the Treasurer or his designee (the “**Treasurer**”) to execute and deliver it to the City and the Authority Trustee on the Authority’s behalf in substantially the form on file with the Secretary, with any changes the Treasurer may require or approve with the concurrence of the Authority Counsel, and with approval to be conclusively evidenced by the execution and delivery of the Supplemental Trust Agreement.

**Section 3.** The Board of Directors hereby approves the Termination Agreement and authorizes and directs the Treasurer to execute and deliver it to the City and the Authority Trustee on the Authority’s behalf in substantially the form on file with the Secretary, with any changes the Treasurer may require or approve with the concurrence of the Authority Counsel, and with approval to be conclusively evidenced by the execution and delivery of the Termination Agreement.

**Section 4.** The officers of the Authority, each acting alone, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents and agreements they consider necessary or advisable to carry out, give effect to, and comply with, the terms and intent of this resolution, the Supplemental Trust Agreement, and the Termination Agreement. All actions previously taken by those officers are hereby ratified, confirmed, and approved.

**Section 5.** This resolution takes effect when adopted.

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SECOND SUPPLEMENTAL INDENTURE

by and between the

CITY OF SACRAMENTO

and

U. S. BANK NATIONAL ASSOCIATION,

as Trustee

Relating to the

\$1,750,000

CITY OF SACRAMENTO  
NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2  
SPECIAL TAX BONDS, SERIES B (2014)

Dated as of September 1, 2014

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## SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture (this “**Second Supplemental Indenture**”), dated as of September 1, 2014, is by and between the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “**City**”); and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as trustee (the “**Trustee**”).

### WITNESSETH:

WHEREAS, the City and the Trustee have duly executed a Master Indenture (the “**Master Indenture**”) dated as of January 1, 1999, which Master Indenture authorized the issuance of \$32,000,000 aggregate principal amount of City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds (the “**Bonds**”) and provided for the issuance of the Bonds in series; and

WHEREAS, the City previously issued \$4,995,000 aggregate principal amount of Series A (1999) Bonds of the Bonds under the Master Indenture as supplemented by a First Supplemental Indenture, dated as of January 1, 1999, between the City and the Trustee; and

WHEREAS, the City has determined to prescribe the terms, conditions, and form of \$1,750,000 aggregate principal amount of Series B (2014) Bonds (the “**Series B (2014) Bonds**”) of the Bonds; and

WHEREAS, all things necessary to cause the Series B (2014) Bonds, when duly executed by the City and authenticated by the Trustee and delivered as provided herein, to be legal and valid special tax obligations of the City enforceable in accordance with their terms, and to constitute this Second Supplemental Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Series B (2014) Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Series B (2014) Bonds at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants, and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Series B (2014) Bonds shall be issued and received, and in consideration of the premises and of the mutual agreements and covenants contained herein and of the acceptance of the Series B (2014) Bonds by the respective registered owners thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby agree and covenant with the Trustee, for the benefit of the respective registered owners from time to time of the Series B (2014) Bonds, as follows:

## ARTICLE I

### DEFINITIONS

#### SECTION 1.01. Definitions.

(a) All terms which are defined in Section 1.01 of the Master Indenture shall (except as otherwise provided herein) have the same definitions, respectively, in this Second Supplemental Indenture that are given to such terms in Section 1.01 of the Master Indenture.

(b) Unless the context otherwise requires, the terms defined in this subsection shall for all purposes hereof and of the Master Indenture and of the Series B (2014) Bonds and of any certificate, opinion, report, request, or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

#### Authority

“Authority” means the Sacramento City Financing Authority.

#### Authority Bonds

“Authority Bonds” means the Authority’s Revenue Bonds (North Natomas CFD No. 2), Series A (1999).

#### Authority Trustee

“Authority Trustee” means U.S. Bank National Association, as trustee for the Authority Bonds.

#### Master Indenture

“Master Indenture” means the Master Indenture dated as of January 1, 1999, by and between the City and the Trustee entered into under and pursuant to the Law.

#### Project Lease

“Project Lease” means the Project Lease, dated as of January 1, 1999, between the Authority and the City relating to the Authority Bonds.

#### Second Supplemental Indenture

“Second Supplemental Indenture” means this Second Supplemental Indenture dated as of September 1, 2014, by and between the City and the Trustee entered into under and pursuant to the Law and the Master Indenture.

Series B (2014) Bonds

“Series B (2014) Bonds” means the Bonds referred to by that name authorized to be issued by Article II hereof.

Site Lease

“Site Lease” means the Site Lease, dated as of January 1, 1999, between the City and the Authority relating to the Authority Bonds.

ARTICLE II

ISSUANCE OF SERIES B (2014) BONDS

SECTION 2.01. Authorization of Series B (2014) Bonds. The City Council has reviewed all proceedings heretofore taken relative to the authorization of the Series B (2014) Bonds and has found, as a result of such review, and hereby finds and determines, that all acts, conditions, and things required by law to exist, happen, and be performed precedent to and in the issuance of the Series B (2014) Bonds do exist, have happened, and have been performed in due time, form, and manner as required by the Law, and the City is now authorized, pursuant to each and every requirement of the Law and the Master Indenture and hereof, to issue the Series B (2014) Bonds in the form and manner provided herein, which Series B (2014) Bonds shall be entitled to the benefit, protection, and security of the Law and the Master Indenture and hereof.

SECTION 2.02. Terms of Series B (2014) Bonds. The Series B (2014) Bonds shall be in the aggregate principal amount of \$1,750,000; shall be designated the “City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014)”; shall be dated the date of initial delivery; shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof; shall mature on the dates and in the principal amounts set forth in the following schedule; and shall bear interest (computed on a 360-day year of twelve 30-day calendar months) payable on March 1, 2015, and semiannually thereafter on March 1 and September 1 in each year at the rates per annum set forth in the following schedule:

<u>Maturity Date</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2015	\$140,000	6.25%
2016	150,000	6.25
2017	165,000	6.25
2018	180,000	6.25
2019	190,000	6.25
2020	205,000	6.25
2021	225,000	6.25
2022	240,000	6.25
2023	255,000	6.25

SECTION 2.03. Optional Redemption Prices and Terms of Series B (2014) Bonds. The Series B (2014) Bonds are subject to optional redemption by the City prior to their respective stated maturity dates, as a whole or in part in integral multiples of \$5,000 from such maturity dates selected by the City, on any interest payment date, from any source of available funds, upon mailed notice as provided in the Master Indenture, at a redemption price equal to 100% of the principal amount of the Series B (2014) Bonds called for redemption, together with accrued interest thereon to the date of redemption. The provisions of Article IV of the Master Indenture apply to the optional redemption of Series B (2014) Bonds.

SECTION 2.04. Extraordinary Redemption Prices and Terms of Series B (2014) Bonds. The Series B (2014) Bonds are subject to extraordinary redemption by the City prior to their respective stated maturity dates, as a whole or in part in integral multiples of \$5,000 from such maturity dates selected by the City, on any interest payment date, solely from prepayments of the Special Tax, upon mailed notice as provided in the Master Indenture, at a redemption price equal to the principal amount of Series B (2014) Bonds or portions thereof called for redemption, together with accrued interest thereon to the date of redemption. The provisions of Article IV of the Master Indenture apply to the extraordinary redemption of Series B (2014) Bonds.

SECTION 2.05. Form of Series B (2014) Bonds. The Series B (2014) Bonds and the authentication and registration endorsements and the assignments to appear thereon shall be substantially in the following forms, respectively:

[FORM OF SERIES B (2014) BOND]

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SACRAMENTO

CITY OF SACRAMENTO  
NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2  
SPECIAL TAX BOND, SERIES B (2014)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>
6.25%	September 1, _____	_____, 2014

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of Sacramento, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City"), for value

received hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds hereinafter referred to) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered as of a day during the period from the sixteenth (16th) day of the month next preceding each interest payment date to such interest payment date, both dates inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on a day on or before the fifteenth (15th) day of the month next preceding the first interest payment date, in which event it shall bear interest from its dated date) until the principal hereof shall have been paid, at the interest rate per annum set forth above (computed on a 360-day year of twelve 30-day calendar months), payable on March 1, 2015, and semiannually thereafter on March 1 and September 1 in each year. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the office of U.S. Bank National Association (the "Trustee"), in San Francisco, California. The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Trustee as the registered owner hereof at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date, such interest to be paid by check mailed to such registered owner at his address as it appears on such books or at such other address as he may have filed with the Trustee for that purpose, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds then outstanding, payment shall be made at such owner's option by federal wire transfer of immediately available funds according to written instructions provided by such owner to the Trustee prior to the fifteenth (15th) day of the month next preceding such interest payment date to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the office of the Trustee at maturity or on redemption prior to maturity.

This bond is one of a duly authorized issue of bonds in the aggregate principal amount of one million seven hundred fifty thousand dollars (\$1,750,000) issued by the City Council of the City for the City of Sacramento North Natomas Community Facilities District No. 2 (the "Community Facilities District") located in the City, designated the "City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014)" (the "Series B (2014) Bonds"), under and pursuant to the Mello-Roos Community Facilities Act of 1982 (being Sections 53311 et seq. of the Government Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto (the "Law"), and under and pursuant to a Master Indenture dated as of January 1, 1999, by and between the City and the Trustee, which Master Indenture authorized the issuance in various series from time to time of thirty-two million dollars (\$32,000,000) aggregate principal amount of "City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds" (the "Bonds"), and a Second Supplemental Indenture (the "Second Supplemental Indenture," and together with the Master Indenture as supplemented and amended from time to time, the "Indentures") supplemental thereto dated as of September 1, 2014, by and between the City and the Trustee, all of like tenor and date (except for such variations, if any, as may be required to

designate varying numbers, denominations, maturities, interest rates or redemption provisions of the Series B (2014) Bonds). All the Series B (2014) Bonds are equally and ratably secured in accordance with the terms and conditions of the Indentures (copies of which are on file at the office of the City Clerk and at the above-mentioned office of the Trustee), and reference is hereby made to the Law and to the Indentures and any and all amendments thereof and supplements thereto for a description of the terms on which the Series B (2014) Bonds are issued and for the rights of the registered owners of the Series B (2014) Bonds; and all the terms of the Law and the Indentures are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Series B (2014) Bond, to all the provisions of which the registered owner of this Series B (2014) Bond, by his acceptance hereof, agrees and consents; and each taker and subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indentures and shall be bound by all the conditions and terms thereof.

The Series B (2014) Bonds are issued to provide money to refinance the acquisition and construction of certain public facilities for the City in accordance with the Indentures and are special tax obligations of the City, and the interest on and principal of and redemption premiums, if any, on the Series B (2014) Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indentures, and herein the “Special Tax”) and certain other funds as provided in the Indentures, and the City is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the Series B (2014) Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Series B (2014) Bonds. The Series B (2014) Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts except the money in the Special Tax Fund established under the Indentures and such other funds, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Series B (2014) Bonds is a general debt, liability or obligation of the City. Additional Bonds payable from the proceeds of the Special Tax may be issued which will rank equally as to security with the Series B (2014) Bonds, but only subject to the conditions and limitations contained in the Indentures.

The Series B (2014) Bonds are subject to optional redemption by the City prior to their respective stated maturity dates, as a whole or in part in integral multiples of five thousand dollars (\$5,000) from such maturity dates selected by the City, on any interest payment date, from any source of available funds, upon mailed notice as hereinafter provided, at a redemption price equal to 100% of the principal amount of the Series B (2014) Bonds called for redemption, together with accrued interest thereon to the date of redemption.

The Series B (2014) Bonds are subject to extraordinary redemption by the City prior to their respective stated maturity dates, as a whole or in part in integral multiples of five thousand dollars (\$5,000) from such maturity dates selected by the City, on any interest payment date, solely from prepayments of the Special Tax (as that term is defined in the Indenture), upon mailed notice as provided in the Master Indenture, at a redemption price equal to the principal amount of Series B (2014) Bonds or portions thereof called for redemption, together with accrued interest thereon to the date of redemption.

If less than all the outstanding Series B (2014) Bonds are to be redeemed at the option of the City at any one time, the City shall select the maturity dates or dates of the Series B (2014) Bonds to be redeemed, and if less than all the outstanding Series B (2014) Bonds of any one maturity date are to be redeemed at any one time, the Trustee shall select the Series B (2014) Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) in any manner that it deems appropriate and fair.

Notice of redemption of any Series B (2014) Bond or any portion thereof shall be mailed not less than thirty (30) days nor more than ninety (90) days before the redemption date to the registered owner thereof and to all securities depositories and securities information services selected by the City in accordance with the Indentures and to the original purchaser or underwriter of the Series B (2014) Bonds, but failure to receive any such mailed notice shall not affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Series B (2014) Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Series B (2014) Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Series B (2014) Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Series B (2014) Bond or the portion thereof to be redeemed, and upon surrender of this Series B (2014) Bond if redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the registered owner hereof at the expense of the City a new Series B (2014) Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Series B (2014) Bond so surrendered.

The City has covenanted that, so long as any Series B (2014) Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indentures) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indentures, and which in any event will be sufficient to pay the interest on and the principal of and the Sinking Fund Account Payments, if any, for and the redemption premiums, if any, on the Series B (2014) Bonds as they become due and payable and to replenish the Bond Reserve Fund (or to reinstate any surety bond issued in whole or partial satisfaction thereof) established under the Indentures and to pay all current Expenses (as that term is defined in the Indentures) as they become due and payable in accordance with the provisions of the Indentures.

The Series B (2014) Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple thereof, except that no Series B (2014) Bond shall have principal maturing on more than one principal maturity date. The registered owner of any Series B (2014) Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Series B (2014) Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indentures.

The registration of this Series B (2014) Bond is transferable on the registration books kept by the Trustee by the registered owner hereof or by his duly authorized attorney upon surrender of this Series B (2014) Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new Series B (2014) Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and upon payment of the charges provided in the Indentures. The City and the Trustee may deem and treat the person in whose name this Series B (2014) Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the City and of the registered owners of the Series B (2014) Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indentures, but no such amendment shall (1) extend the maturity of this Series B (2014) Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the City to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Series B (2014) Bond, or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax other than as provided in the Indentures, or jeopardize the ability of the City to levy and collect the Special Tax, or (3) reduce the percentage of Series B (2014) Bonds required for the written consent to an amendment of the Indentures, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indentures.

The Series B (2014) Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council of the City nor the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Series B (2014) Bonds otherwise than from the proceeds of the Special Tax and the other funds as provided in the Indentures.

This Series B (2014) Bond shall not be entitled to any benefits under the Indentures or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Series B (2014) Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series B (2014) Bond, together with all other obligations of the City, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the amount of Series B (2014) Bonds permitted to be issued under the Indentures.

IN WITNESS WHEREOF, the City of Sacramento has caused this Series B (2014) Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk, and has caused its seal to be impressed hereon by facsimile reproduction, and has caused this Series B (2014) Bond to be dated \_\_\_\_\_, 2014.

CITY OF SACRAMENTO

By \_\_\_\_\_  
Mayor

(Seal)

Countersigned:

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

[FORM OF CERTIFICATE OF AUTHENTICATION AND  
REGISTRATION TO APPEAR ON SERIES B (2014) BONDS]

This is one of the Series B (2014) Bonds described in the within-mentioned  
Indentures which has been authenticated and registered on the date indicated below.

Date: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON SERIES B (2014) BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto  
\_\_\_\_\_ the within Series B (2014) Bond and  
do(es) hereby irrevocably constitute and appoint \_\_\_\_\_  
attorney to transfer the same on the bond register of the Trustee, with full power of substitution  
in the premises.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written  
on the face of the within Series B (2014) Bond in every particular, without alteration or  
enlargement or any change whatsoever, and the signature(s) must be guaranteed by an  
eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of  
Assignee: \_\_\_\_\_

SECTION 2.06. Delivery of Series B (2014) Bonds; Deposit to Bond Reserve Fund. The Series B (2014) Bonds are being issued and delivered to the Authority Trustee in exchange for the Authority's and the Authority Trustee's termination and reconveyance of their interests in the Site Lease and Project Lease that previously financed the acquisition and construction of certain public facilities for the City authorized to be financed with the proceeds of the Special Tax and the Bonds. Therefore, there are no proceeds of the sale of the Series B (2014) Bonds. On the date of issuance of the Series B (2014) Bonds, the Trustee shall deposit the amount of \$\_\_\_\_\_, transferred to it by the City from lawfully available funds, in the Bond Reserve Fund, which amount, together with the amount already on deposit in the Bond Reserve Fund, is equal to the Required Bond Reserve as of the date of issuance of the Series B (2014) Bonds.

### ARTICLE III

#### MISCELLANEOUS

SECTION 3.01. Authority for this Second Supplemental Indenture. This Second Supplemental Indenture is executed under and pursuant to the provisions of the Law and is supplemental to and is executed in accordance with Articles II and VIII of the Master Indenture.

SECTION 3.02. Terms of Series B (2014) Bonds Subject to the Master Indenture. Except as in this Second Supplemental Indenture expressly provided, every agreement, condition, covenant, and term contained in the Master Indenture shall apply to this Second Supplemental Indenture and to the Series B (2014) Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations, and modifications thereof as may be appropriate to make the same conform to this Second Supplemental Indenture.

SECTION 3.03. Effective Date of this Second Supplemental Indenture. This Second Supplemental Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the City has caused this Second Supplemental Indenture to be signed in its name by the City Treasurer, and U.S. Bank National Association, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this Second Supplemental Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

CITY OF SACRAMENTO

By \_\_\_\_\_  
Russell T. Fehr  
City Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

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SACRAMENTO CITY FINANCING AUTHORITY

and

CITY OF SACRAMENTO

and

U.S. BANK NATIONAL ASSOCIATION,  
as successor Trustee

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FIRST SUPPLEMENTAL TRUST AGREEMENT

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Dated as of September 1, 2014

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\$7,905,000

SACRAMENTO CITY FINANCING AUTHORITY  
REVENUE BONDS  
(NORTH NATOMAS CFD NO. 2)  
SERIES A (1999)

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ARTICLE II  
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## FIRST SUPPLEMENTAL TRUST AGREEMENT

This FIRST SUPPLEMENTAL TRUST AGREEMENT (this “**First Supplement**”), dated as of September 1, 2014, is between the SACRAMENTO CITY FINANCING AUTHORITY, a joint-exercise-of-powers agency duly organized and existing under the laws of the State of California (the “**Authority**”); the CITY OF SACRAMENTO, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the “**City**”); and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “**Trustee**”).

### WITNESSETH:

WHEREAS, on January 20, 1999, the Authority issued its Revenue Bonds (North Natomas CFD No. 2) Series A (1999), in the aggregate principal amount of \$7,905,000 (the “**Bonds**”), pursuant to the Trust Agreement, dated as of January 1, 1999 (the “**Trust Agreement**”), between the Authority, the City, and the Trustee;

WHEREAS, under the Trust Agreement, the Bonds are secured by, among other things, a Project Lease, dated as of January 1, 1999 (the “**Project Lease**”), between the Authority and the City and the base rental payments payable by the City to the Authority under the Project Lease;

WHEREAS, Section 3.01 of the Project Lease provides that if the Site (as defined in the Project Lease) is sold or leased by the City to a non-governmental entity, then the Site will become subject to the special tax securing the City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds (the “**Special Tax Bonds**”) and the City will issue additional Special Tax Bonds in a principal amount equal to the principal amount represented by the unpaid base rental payments then due under the Project Lease and will deliver the additional Special Tax Bonds to the Authority in exchange for the Authority’s termination and reconveyance of its interests under the Site Lease (as defined in the Project Lease) and the Project Lease;

WHEREAS, concurrently with the delivery of this First Supplement, the City is transferring the Site to a non-governmental entity and the Site will become subject to the special tax securing the Special Tax Bonds as a result of the transfer;

WHEREAS, concurrently with the delivery of this First Supplement, the City is issuing its North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014) (the “**Series B (2014) Special Tax Bonds**”) in the aggregate principal amount of \$1,750,000 and delivering them to the Trustee in exchange for the Authority’s and the Trustee’s termination and reconveyance of their interests under the Site Lease and the Project Lease;

WHEREAS, the Authority, the City, and the Trustee have determined that it is necessary to make certain amendments to the Trust Agreement to add the Series B (2014) Special Tax Bonds and the payments thereon and prepayments thereof to the Trust Estate (as defined in the Trust Agreement);

WHEREAS, this First Supplement is being executed and delivered pursuant to Section 11.02 of the Trust Agreement;

NOW, THEREFORE, for and in consideration of these premises and the mutual covenants herein contained, the parties hereto do hereby agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. Definitions. All terms which are defined in Section 1.01 of the Trust Agreement shall (except as otherwise provided herein) have the same definitions, respectively, in this First Supplement that are given to such terms in Section 1.01 of the Trust Agreement.

## ARTICLE II

### AMENDMENT OF TRUST AGREEMENT

SECTION 2.01. Amendment of Section 1.01 of the Trust Agreement. Section 1.01 of the Trust Agreement is hereby amended as follows (additions shown in ***bold italicized text*** for the convenience of the reader):

(A) The definition of “Special Tax Bonds” set out in Section 1.01 of the Trust Agreement is hereby amended as follows:

“Special Tax Bonds” means the City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series A (1999) ***and the City of Sacramento North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014)*** issued upon the security of special taxes pursuant to the Special Tax Bonds Indenture and the Mello-Roos Community Facilities Act of 1982.’

(B) The definition of “Special Tax Bonds Indenture” set out in Section 1.01 of the Trust Agreement is hereby amended as follows:

“Special Tax Bonds Indenture” means the Master Indenture by and between the City and U.S. Bank Trust National Association, as Trustee, dated as of January 1, 1999, as supplemented by the First Supplemental Indenture by and between such parties, dated as of January 1, 1999,

*and the Second Supplemental Indenture by and between such parties, dated as of September 1, 2014, providing for the issuance of the Special Tax Bonds.'*

### ARTICLE III

#### MISCELLANEOUS

SECTION 3.01. Authority for First Supplement; Pledge of Trust Estate. This First Supplement is supplemental to and is executed in accordance with Section 11.02 of the Trust Agreement. In all respects not inconsistent with the terms and provisions of this First Supplement, the Trust Agreement is hereby ratified, approved, and confirmed. The Trust Agreement, as so amended hereby, and this First Supplement shall be read, taken, and construed as one and the same instrument.

In order to secure the payment of the interest on and the principal of and the redemption premiums, if any, on all Bonds Outstanding under the Trust Agreement from time to time according to their tenor and effect, and the making of the payments required to be made by the Authority thereunder and the performance by the Authority of the agreements, conditions, covenants and terms contained therein and in the Bonds, the Authority does hereby assign, bargain, convey, grant, mortgage, and pledge a security interest unto the Trustee and unto its successors and assigns hereunder forever in all right, title, and interest of the Authority in, to, and under the Trust Estate (as amended by this First Supplement), subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, to have and to hold in trust all of the same hereby assigned, bargained, conveyed, granted, mortgaged, and pledged or agreed or intended so to be to the Trustee and to its successors and assigns forever for the equal and ratable benefit of the Owners from time to time of all Bonds issued by the Authority under the Trust Agreement and authenticated by the Trustee and delivered thereunder and Outstanding thereunder without any priority as to the Trust Estate of any one Bond over any other (except as expressly provided in or permitted by the Trust Agreement), upon the trusts and subject to the agreements, conditions, covenants, and terms set forth in the Trust Agreement and herein.

SECTION 3.02. Effective Date of First Supplement. This First Supplement shall take effect upon its execution and delivery.

SECTION 3.03. Execution in Several Counterparts. This First Supplement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority, the City, and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused this First Supplement to be signed in its name and on its behalf by its Treasurer, the City has caused this First Supplement to be signed in its name and on its behalf by its City Treasurer, and the Trustee has caused this First Supplement to be signed in its name and on its behalf by its duly authorized representative, all as of the day and year first above written.

SACRAMENTO CITY FINANCING  
AUTHORITY

By \_\_\_\_\_  
Russell T. Fehr  
Treasurer

CITY OF SACRAMENTO

By \_\_\_\_\_  
Russell T. Fehr  
City Treasurer

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

ORRICK, HERRINGTON & SUTCLIFFE LLP  
400 Capitol Mall, Suite 3000  
Sacramento, CA 95814  
Attention: Brandon R. Dias, Esq.

**Free Recording Requested Pursuant to  
California Government Code § 6103**

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TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (this “**Agreement**”), dated as of September 1, 2014, is entered into by and between the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “**City**”); the Sacramento City Financing Authority, a joint-exercise-of-powers agency duly organized and existing under the laws of the State of California (the “**Issuer**”); and U.S. Bank National Association, successor by merger to U.S. Bank Trust National Association, as trustee (the “**Trustee**”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America.

WITNESSETH

WHEREAS, the City, as lessor, and the Issuer, as lessee, have entered into that certain Site Lease, dated as of January 1, 1999 (the “**Site Lease**”), relating to certain real property situated in the City as more particularly described therein (the “**Demised Premises**”), which Site Lease was recorded in the Official Records of the County of Sacramento (the “**County**”) on January 19, 1999 (Document No. 199901191067);

WHEREAS, the Issuer, as lessor, and the City, as lessee, have entered into that certain Project Lease, dated as of January 1, 1999 (the “**Project Lease**”), relating to the Demised Premises, which Project Lease was recorded in the Official Records of the County on January 19, 1999 (Document No. 199901191068);

WHEREAS, concurrently with the recording of this Agreement and pursuant to Section 3.01 of the Project Lease, the Demised Premises are being transferred to a non-governmental entity, and the City is issuing \$1,750,000 principal amount of its North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014) (the “**Series B (2014) Bonds**”) and delivering the Series B (2014) Bonds to the Trustee in exchange for the Issuer’s and the Trustee’s termination and reconveyance of their interests in the Site Lease and the Project Lease;

WHEREAS, the City and the Issuer desire that the Site Lease and the Project Lease be terminated with respect to the Demised Premises described in Exhibit A hereto and made a part hereof;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City, the Issuer, and the Trustee do hereby agree as follows:

1. Termination of Site Lease. The City, the Issuer, and the Trustee do hereby terminate the Site Lease. The Trustee and the Issuer do hereby remise, release, and forever quitclaim to the City all interest of the Trustee and the Issuer, respectively, under the Site Lease. The parties hereby agree that the Site Lease shall be for all purposes of no further force and effect, and the Trustee and the Issuer and their respective successors and assigns are hereby released from all obligations and liabilities under the Site Lease. The Trustee hereby consents to the foregoing termination.

2. Termination of Project Lease. The City, the Issuer, and the Trustee do hereby terminate the Project Lease. The Trustee and the City do hereby remise, release, and forever quitclaim to the Issuer all interest of the Trustee and the City, respectively, under the Project Lease. The parties hereby agree that the Project Lease shall be for all purposes of no further force and effect, and the Trustee and the City and their respective successors and assigns are hereby released from all obligations and liabilities under the Project Lease. The Trustee hereby consents to the foregoing termination.

3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The signature page of any counterpart may be removed therefrom and attached to any other counterpart to evidence execution thereof by all of the parties hereto without affecting the validity thereof.

5. Severability. If any provision of this Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, that provision shall not affect the validity, legality, or enforceability of any other provision of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

CITY OF SACRAMENTO

By: \_\_\_\_\_  
Russell T. Fehr  
City Treasurer

SACRAMENTO CITY FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Russell T. Fehr  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**DEMISED PREMISES**

All that certain property in the City of Sacramento, County of Sacramento, State of California as described in the attached description.

[Attach property description from original leases]

[Insert notary pages for all signatures]

## AGREEMENT FOR BOND COUNSEL SERVICES

CITY OF SACRAMENTO  
NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2  
SPECIAL TAX BONDS, SERIES B (2014)

This Agreement for Bond Counsel Services, dated as of September 16, 2014, for reference, is between the CITY OF SACRAMENTO, a California municipal corporation (the “**City**”); and ORRICK, HERRINGTON & SUTCLIFFE LLP, a California limited-liability partnership (“**Orrick**”).

### Background

The City desires to engage the services of Orrick in connection with the City’s authorization, issuance, and delivery of the City’s North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2014) (the “**CFD Bonds**”) for the following purposes: refinancing certain public improvements previously constructed for the benefit of property within the City’s North Natomas Community Facilities District No. 2; and terminating the site and project leases between the City and the Sacramento City Financing Authority (the “**Authority**”) that relate to the Sacramento City Financing Authority Revenue Bonds (North Natomas CFD No. 2) Series A (1999) (the “**Authority Bonds**”). The City and Orrick desire to enter into this agreement to evidence the engagement of Orrick in connection with the CFD Bonds and to specify the terms of the engagement. Orrick possesses the necessary professional capabilities and resources to provide the legal services required by the City as described in this agreement.

*With these background facts in mind, the City and Orrick hereby agree as follows:*

1. The City retains Orrick as special counsel to perform, and Orrick shall perform, the following legal services for the City in connection with the CFD Bonds and the termination of the site lease and project lease relating to the Authority Bonds:
  - (a) Consultation with representatives of the City (including the City Treasurer and the City Attorney), and others with respect to the timing, terms, and legal structure of the CFD Bonds.
  - (b) Preparation of documents that are required for the authorization, issuance, and delivery of the CFD Bonds and the termination of the site lease and project lease relating to the Authority Bonds and are to be adopted or entered into by one or both of the City and the Authority, including authorizing resolutions, a second supplemental indenture, a first supplemental trust agreement, and a termination agreement (the “**Major Legal Documents**”). The Major Legal Documents do not include any disclosure or continuing-disclosure documents.
  - (c) Attendance at such meetings or hearings of the City Council and Authority’s governing board and at such working-group meetings or conference calls as the City may request, and assistance to the City’s staff in preparation of such explanations or presentations to the City Council and the Authority’s governing board as the City may request.

- (d) Rendering of Orrick's customary form of final approving opinion to the City on the validity of the CFD Bonds.
  - (e) After issuance of the CFD Bonds and termination of the site lease and project lease relating to the Authority Bonds, preparation and delivery to the City of a transcript of the legal proceedings for the CFD Bonds in both loose-leaf and CD ROM formats.
  - (f) After issuance of the CFD Bonds and termination of the site lease and project lease relating to the Authority Bonds, telephone consultations with the City's officials and staff to answer questions about the facts and circumstances concerning the CFD Bonds and the termination of the site lease and the project lease relating to the Authority Bonds.
2. Orrick's services under this agreement do not include the following, although Orrick may provide these services under a separate agreement with the City:
- (a) Legal services in connection with any litigation or other legal or administrative proceeding, audit, or investigation involving any of the CFD Bonds, the Authority Bonds, or any related matter.
  - (b) Legal services in connection with the preparation, content, or dissemination of any disclosure or continuing-disclosure documents.
  - (c) Legal services related to compliance with the California Environmental Quality Act.
  - (d) Legal services in connection with arbitrage-rebate compliance respecting the CFD Bonds or the Authority Bonds.
  - (e) Legal services relating to state blue-sky laws or to title to, or perfection of security interests in, real or personal property.
  - (f) Financial analysis or advice.
3. Orrick and the City acknowledge that the City retains the full-time services of the City Attorney and City Attorney's Office to render day-to-day and ongoing legal services to the City. Orrick shall circulate documents to, and coordinate its services with, the City Attorney to the extent requested by the City or the City Attorney. Orrick may assume that the City Attorney or one of the attorneys in the City Attorney's Office has reviewed all documents and matters submitted to the City Council for adoption or approval, or to the City's officers for execution, before those documents and matters are adopted, approved, or executed.
4. As consideration for the services set forth in section 1, the City shall pay to Orrick the following amounts:
- (a) As legal fees, the City shall pay Orrick a flat amount of \$45,000 assuming that a closing occurs by November 30, 2014, that Orrick is not required to produce more than four drafts of the Major Legal Documents, and that no unforeseen issues arise that require Orrick to spend additional time rendering services under this agreement that were not

contemplated when this agreement is entered into. If any of these assumptions proves incorrect, Orrick will be entitled to additional compensation from the City (not subject to the flat amount specified above) for the hours actually performed in rendering the additional services at Orrick's normal hourly rates in effect from time to time.

- (b) As reimbursement for disbursements, including preparation and distribution of a transcript in both loose-leaf and CD ROM formats, the City shall pay Orrick a flat amount of \$1,000.
  - (c) Except as provided in section 5 respecting termination of this agreement by the City, the City's obligation to pay the amounts required by sections 4(a) and 4(b) is contingent upon the issuance and delivery of the CFD Bonds, and the amounts owed will be due and payable forthwith upon presentation of an invoice by Orrick following issuance and delivery.
5. Either party may, at any time, terminate this agreement and all legal services to be rendered under it, with or without cause, by giving written notice to the other party. In that event, all finished and unfinished documents that Orrick has prepared for the City's or the Authority's adoption, approval, or execution will, at the option of the City, become the City's property, and Orrick shall deliver them to the City or to any party the City may designate, all subject to the condition that Orrick will have no liability whatsoever for any subsequent use of the documents. If the City terminates this agreement, then the City shall pay Orrick forthwith for all satisfactory work at Orrick's standard hourly rates, with payment not to exceed the flat amount specified in section 4(a) above, subject to the following: if the City terminates for cause, then any compensation is to be adjusted in the light of the facts and circumstances involved in the termination. If not sooner terminated, this agreement and all legal services to be rendered under it will terminate upon issuance and delivery of the CFD Bonds, except that the City will remain liable for any unpaid fees and expenses due under section 4 above. Upon termination, Orrick will have no future duty of any kind to the City with respect to the CFD Bonds and the termination of the site lease and project lease relating to the Authority Bonds, except as provided in sections 1(e) and 1(f) above.
6. Role of Bond Counsel.
- (a) The role of bond counsel in financings, generally, is to prepare or review documents and to coordinate the procedures for authorization of the issuance, sale, and delivery of bonds and to provide an expert legal opinion with respect to the validity of the bonds and other subjects addressed by the opinion. Consistent with the historical origin and unique role of bond counsel, and the reliance thereon by the public-finance market generally, Orrick's role as bond counsel under this agreement is not the partisan role of an advocate. Instead, Orrick's role is to provide legal documents needed for the issuance and delivery of the CFD Bonds and to provide an opinion that represents an objective judgment on the matters addressed therein.
  - (b) In performing its services as bond counsel in connection with the CFD Bonds, Orrick shall act as special counsel to the City with respect to issuance of the CFD Bonds. In

that capacity, Orrick shall assist the City's staff in representing the City, but only with respect to the sufficiency of the legal documents for the issuance and delivery of the CFD Bonds and the termination of the site lease and project lease relating to the Authority Bonds and in a manner not inconsistent with the role of bond counsel described in section 6(a) above.

- (c) Orrick's function and responsibility under this agreement, and as bond counsel with respect to the issuance of the CFD Bonds, terminates upon the issuance and delivery of the CFD Bonds (unless terminated sooner as provided in section 5 above), except as provided in sections 1(e) and 1(f) above. Orrick's services as bond counsel through issuance and delivery of the CFD Bonds and termination of the site lease and project lease relating to the Authority Bonds are limited to those contracted for explicitly in this agreement. Any engagement of Orrick with respect to rebate compliance, disclosure, or any other matter is separate from its engagement as bond counsel through issuance of the CFD Bonds and termination of the site lease and project lease relating to the Authority Bonds. However, unless otherwise provided, any such post-issuance engagement with respect to the CFD Bonds or the Authority Bonds will continue on the same basis set forth in this section 6.
7. The City acknowledges that Orrick regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, Orrick has represented, is representing, and expects to represent in the future other public entities (such as the County of Sacramento, the Sacramento Municipal Utility District, and the State of California), bond underwriters (such as Stifel, Nicolaus & Company, Incorporated), trustees, rating agencies, insurers, banks, credit-enhancement providers, lenders, contractors, suppliers, financial and other consultants and advisors, accountants, investment providers/brokers, providers/brokers of derivative products, and others who may have a role or interest in the CFD Bonds or the Authority Bonds or who may be involved with, or adverse to, the City or the Authority in this or some other matter. Orrick shall not represent any such entity (i.e., other private and public entities) in connection with the CFD Bonds without the City's express written consent. Given the special, limited role of bond counsel described in section 6 above, the City (a) acknowledges that no conflict of interest exists or would exist in connection with any matter other than the CFD Bonds; (b) waives any such conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this agreement or any such other attorney-client relationship that Orrick may have had, may have, or may enter into; and (c) consents to any and all such relationships subject to the condition that the City's separate written consent and a separate conflict-waiver letter will be required to be obtained by Orrick if Orrick concurrently represents the City and any other entity in connection with the issuance and delivery of the CFD Bonds.
8. Nothing in this agreement or in any of the documents expressly or impliedly contemplated by this agreement is intended to give, or is to be construed to give, any person or entity other than the City, the Authority, and Orrick any legal or equitable right or claim under, or in respect of, this agreement, and this agreement inures to the sole and exclusive benefit of the City, the Authority, and Orrick. Orrick may not assign its obligations under this

agreement without the express written consent of the City, except to a successor partnership or corporation to which all or substantially all of the assets and operations of Orrick are transferred. The City may not assign its rights and obligations under this agreement without the express written consent of Orrick. All references to Orrick and the City in this agreement refer to their respective successors and assignees and will bind and inure to the benefit of their successors and assignees whether so expressed or not.

9. The parties may sign this agreement in counterparts, each of which will be considered an original, but all of which will constitute the same agreement.
10. To be effective, notices pertaining to this agreement must be sent by the U.S. Postal Service, first class, postage prepaid, addressed as follows:

*If to the City:*

Office of the City Treasurer  
915 "I" Street  
Historic City Hall, Third Floor  
Sacramento, CA 95814-2704  
Attention: Janelle Gray

*If to Orrick:*

Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, CA 95814  
Attention: Jenna Magan

*and*

Office of the City Attorney  
915 "I" Street  
New City Hall, Fourth Floor  
Sacramento, CA 95814-2604  
Attention: Joseph Cerullo

11. This agreement is effective on the date both parties have signed it, as indicated by the dates in the signature blocks below.

*(Signature Page Follows)*

**City of Sacramento**

By: \_\_\_\_\_  
James Sanchez, City Attorney  
Date: September \_\_, 2014

Approved as to Form  
Sacramento City Attorney

By: \_\_\_\_\_  
Joseph P. Cerullo  
Senior Deputy City Attorney

**Orrick, Herrington & Sutcliffe LLP**

By:   
Jenna Magan, Partner  
Date: September 10, 2014