

RESOLUTION NO. 2006-848

Adopted by the Sacramento City Council

November 21, 2006

AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS TO ONE OR MORE LEASES WITH THE SACRAMENTO CITY FINANCING AUTHORITY, APPROVING THE EXECUTION AND DELIVERY BY THE SACRAMENTO CITY FINANCING AUTHORITY OF ONE OR MORE PURCHASE CONTRACTS FOR THE SACRAMENTO CITY FINANCING AUTHORITY 2006 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES C (300 RICHARDS BOULEVARD BUILDING ACQUISITION), SACRAMENTO CITY FINANCING AUTHORITY 2006 TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES D (300 RICHARDS BOULEVARD BUILDING ACQUISITION) AND SACRAMENTO CITY FINANCING AUTHORITY 2006 CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS, SERIES E (MASTER LEASE PROGRAM FACILITIES), AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE CONTINUING DISCLOSURE CERTIFICATES FOR THE BONDS, APPROVING THE DISTRIBUTION BY THE SACRAMENTO CITY FINANCING AUTHORITY OF ONE OR MORE PRELIMINARY OFFICIAL STATEMENTS AND APPROVING THE EXECUTION, DELIVERY AND DISTRIBUTION BY THE SACRAMENTO CITY FINANCING AUTHORITY OF ONE OR MORE FINAL OFFICIAL STATEMENTS FOR THE BONDS, AUTHORIZING THE REFUNDING OF CERTAIN PRIOR BONDS AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

BACKGROUND:

- A. The City Council (the "City Council") of the City of Sacramento (the "City") has by duly adopted prior resolutions authorized the execution and delivery by the City of a Master Site Lease, dated as of December 1, 1999, as amended (the "Master Site Lease") by and between the Sacramento City Financing Authority (the "Authority") and the City pursuant to which the real property described therein was leased by the City to the Authority and has further authorized the execution and delivery by the Authority of a Master Project Lease, dated as of December 1, 1999, as amended (the "Master Project Lease") by and between the Authority and the City pursuant to which the Authority leased the real property (together with the improvements thereon) back to the City in order to provide for the 1999 Project, the 2000 Project, the 2001 Project, the 2002A Project, the 2003 Project and the 2006 Project (as defined in the Master Project Lease and herein collectively called the "Master Lease Program Projects").
- B. The City Council has determined that it is in the best interests of the City and its citizens and is necessary and proper for City purposes that the real property

described in one or more Amendments to Master Site Lease (collectively, the "Amendment to Master Site Lease"), by and between the City and the Authority, be leased by the City to the Authority, and that the Authority lease the real property (together with the improvements thereon) back to the City pursuant to one or more Amendments to Master Project Lease (collectively, the "Amendment to Master Project Lease"), by and between the Authority and the City, in substantially the forms presented to this meeting, with the total principal components of the payments payable as base rental pursuant to the Amendment to Master Project Lease to be in a combined amount not exceeding three hundred ten million dollars (\$310,000,000) and with the term of any Amendment to Master Project Lease to be not in excess of thirty-five (35) years from the date of execution of such Amendment to Master Project Lease.

- C. Pursuant to the Amendment to Master Project Lease, the City will be obligated to make base rental payments to the Authority for the lease of the real property (together with the improvements thereon) to it.
- D. The Authority has determined to issue its 2006 Capital Improvement Revenue Bonds, Series C (300 Richards Boulevard Building Acquisition) (the "Series C Bonds"), 2006 Taxable Capital Improvement Revenue Bonds, Series D (300 Richards Boulevard Building Acquisition) (the "Series D Bonds") and 2006 Capital Improvement Refunding Revenue Bonds, Series E (Master Lease Program Facilities) (the "Series E Bonds" and, together with the Series C Bonds and the Series D Bonds, the "Bonds") pursuant to one or more Indentures (collectively, the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), a portion of the proceeds of which will be used by the Authority as the source of funds for the payment to the City of the purchase price of the Amendment to Master Project Lease (being the Program Obligation as defined in the Indenture). The City has determined to apply the proceeds of such purchase price to the acquisition and improvement of the 300 Richards Boulevard Building, adjacent parking, land and implementation of related improvements and other actions consistent with the City's Downtown Space Planning—Guiding Principles (collectively, the "300 Richards Boulevard Building Acquisition Project") and may apply a portion of such purchase price to provide funds to refund, in whole or in part, the Prior Bonds.
- E. The Authority will assign, without recourse, all its rights to receive the base rental payments from the City under the Amendment to Master Project Lease to the Trustee, for the benefit of the registered owners of the Bonds.
- F. In connection with the issuance of the Bonds, the Authority (with the prior approval of the City) will approve the distribution of one or more Preliminary Official Statements for the Bonds (collectively, the "Preliminary Official Statement") and the Authority (with the prior approval of the City) will enter into one or more Purchase Contracts providing for the sale of the Bonds (collectively, the "Purchase Contract") and the City will execute one or more Continuing Disclosure Certificates for the Bonds (collectively, the "Continuing Disclosure Certificate") in compliance with

Securities and Exchange Commission Rule 15c2- 12(b)(5), all in substantially the forms of the Preliminary Official Statement, the Purchase Contract and the Continuing Disclosure Certificate presented to this meeting, and (after the sale of the Bonds) the Authority (with the prior approval of the City) will execute and deliver and authorize the distribution of one or more Final Official Statements for the Bonds (collectively, the "Final Official Statement").

- G. For the purpose of financing redevelopment activities within or of benefit to the Richards Boulevard Redevelopment Project Area and the Merged Downtown Redevelopment Project Area, the City has previously authorized, executed and delivered the following Advance Repayment Agreements: a Richards Boulevard Advance Repayment Agreement, dated as of December 1, 1999, as amended in a First Amendment to Richards Boulevard Advance Repayment Agreement, dated as of June 1, 2005, and in a Second Amendment to Richards Boulevard Advance Repayment Agreement, dated as of June 1, 2006 (the "Richards Boulevard Advance Repayment Agreement") and a Merged Downtown Advance Repayment Agreement, dated as of July 1, 2002, as amended in a First Amendment to Merged Downtown Advance Repayment Agreement, dated as of June 1, 2005, each by and between the City and the Redevelopment Agency of the City of Sacramento (the "Merged Downtown Advance Repayment Agreement" and, together with the Richards Boulevard Advance Repayment Agreement, the "Redevelopment Agreements"), and pursuant thereto certain funds were advanced to the Redevelopment Agency of the City of Sacramento (the "Agency") to pay for the costs of acquisition and construction of various projects and improvements within these Redevelopment Project Areas.
- H. The City Council of the City has determined that it is in the best interests of the City and its citizens and is necessary and proper for City purposes and the Agency has determined that it is in the best interests of the Agency and is necessary and proper for Agency purposes that the terms of the Richards Boulevard Advance Repayment Agreement be amended to permit the Agency to prepay to the City, at any time and without any prepayment penalty, the sum of not to exceed two million three hundred thousand dollars (\$2,300,000) in order to assist the City in the acquisition, construction and implementation of the 300 Richards Boulevard Building Acquisition Project.
- I. The City has determined that it may reduce the costs of the Master Lease Program Projects by issuing refunding revenue bonds to refund all or a portion of the Authority's 2001 Capital Improvement Revenue Bonds, Series A (Water and Capital Improvement Projects), 2002 Revenue Bonds, Series A (City Hall and Redevelopment Projects) and 2003 Capital Improvement Revenue Bonds (911 Call Center and Other Municipal Projects) (collectively, the "Prior Bonds") and amending the Master Project Lease to reduce the amount of certain of the base rental payments to be made by the City thereunder.
- J. All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the authorization of the

execution and delivery by the City of the Amendment to Master Site Lease, the Amendment to Master Project Lease and the Continuing Disclosure Certificate 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 to execute and deliver the Amendment to Master Site Lease, the Amendment to Master Project Lease and the Continuing Disclosure Certificate and to approve the execution by the Authority of the Purchase Contract and to approve the distribution by the Authority of the Preliminary Official Statement and (after the sale of the Bonds) to approve the execution, delivery and distribution by the Authority of the Final Official Statement and to do any and all things and to execute any and all documents related to the Authority's refunding of all or a portion of the Prior Bonds.

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

- Section 1. The City Council so finds and determines that the statements in paragraphs A through J of the Background are true.
- Section 2. The City is authorized to execute and deliver the Amendment to Master Site Lease, the Amendment to Master Project Lease, and the Treasurer of the City (the "Treasurer") or his designee is hereby authorized and directed to execute the Amendment to Master Site Lease and the Amendment to Master Project Lease for and on behalf of the City, and the City Clerk of the City is hereby authorized and directed to attest the execution and to affix the seal of the City thereto and to deliver the Amendment to Master Site Lease and the Amendment to Master Project Lease, and as executed and delivered, the Amendment to Master Site Lease and the Amendment to Master Project Lease shall be in substantially the forms presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.
- Section 3. The Purchase Contract between the representative of the underwriters of the Bonds designated therein as finally executed (the "Representative"), and the Authority providing for the sale of the Bonds by the Authority to the Representative, is hereby approved by the City for execution by the Authority and delivery to the Representative, and as executed and delivered, the Purchase Contract shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the officer executing the Purchase Contract shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof, provided that the Bonds shall bear interest at a true interest cost not to exceed eight percent (8%) and with an underwriter's discount of not more than two percent (2%) of the principal amount thereof.

- Section 4. The City is authorized to execute and deliver the Continuing Disclosure Certificate, and the Treasurer is hereby authorized and directed to execute the Continuing Disclosure Certificate for and on behalf of the City and to deliver the Continuing Disclosure Certificate, and as executed and delivered, the Continuing Disclosure Certificate shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.
- Section 5. The City hereby approves the distribution by the Authority of the Preliminary Official Statement, in substantially the form presented to this meeting, and, after the sale of the Bonds, the Treasurer is hereby authorized and directed for and on behalf of the City to approve the execution and delivery by the Authority to the Representative of the Final Official Statement, each with the additions thereto or changes therein as the Authority (with the prior approval of the City) shall require or approve, with approval to be conclusively evidenced by the execution (in the case of the Final Official Statement) and delivery thereof; and the Representative is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is directed to distribute copies of the Final Official Statement to all actual purchasers of the Bonds. The Treasurer (with the prior approval of the City) is hereby authorized and directed for and on behalf of the City to certify on behalf of the City that the Preliminary Official Statement has been "deemed final" by the City, except for certain final pricing and related information pursuant to Rule 15c2-12 of the Securities and Exchange Commission.
- Section 6. The City is authorized to execute and deliver, and the Treasurer or his designee is hereby authorized and directed to execute for and on behalf of the City, an amendment to the Richards Boulevard Advance Repayment Agreement providing that the Agency may prepay to the City, at any time and without any prepayment penalty, the sum of not to exceed two million three hundred thousand dollars (\$2,300,000) in order to assist the City in the acquisition, construction and implementation of the 300 Richards Boulevard Building Acquisition Project, and such amendment shall be in the form as the Treasurer or his designee executing the same shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.
- Section 7. The City is authorized, and the Treasurer or his designee is hereby authorized and directed, to do any and all things and to execute any and all documents necessary to refund all or a portion of the Prior Bonds with proceeds of the Series E Bonds, including, but not limited to, the execution and delivery of the amendments to the Merged Downtown Advance Repayment Agreement, leases and any other documents necessary to

accomplish the refunding of the Prior Bonds, provided that the scheduled payments of the principal of and interest on the Series E Bonds shall in the aggregate be in a reduced amount when compared to the scheduled payments of principal and interest on the Prior Bonds that the Treasurer determines shall result in an aggregate present value savings to the Authority of not less than four and a half percent (4.50%), which determination by the Treasurer shall be final, conclusive and binding, and such amendments and documents shall be in the form as the Treasurer or his designee executing the same shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The officers of the City are hereby each authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including without limitation, a tax certificate, escrow agreements and any documents as may be required in order to obtain bond insurance, a reserve fund surety bond, if any, or to issue the Bonds in one or more series, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution, the Amendment to Master Site Lease, the Amendment to Master Project Lease, the Indenture, the Purchase Contract, the Continuing Disclosure Certificate, the Bonds and the amendments to the Redevelopment Agreements, including the purchase of a bond insurance policy and a reserve fund surety bond for the Bonds if deemed desirable, and any actions heretofore taken by the officers are hereby ratified, confirmed and approved.

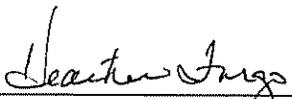
Adopted by the City of Sacramento City Council on November 21, 2006 by the following vote:

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

Noes: None.

Abstain: None.

Absent: None.



Mayor, Heather Fargo

Attest


Shirley Concolino, City Clerk