

## **RESOLUTION NO. 2007-785**

Adopted by the Sacramento City Council

October 30, 2007

### **CONFIRMING THE CITY TREASURER'S RECOMMENDATION OF FIRMS TO SERVE AS THE CITY'S INVESTMENT BANKERS AND FINANCIAL ADVISORS FOR A TERM OF FIVE YEARS**

#### **BACKGROUND:**

- A. The City Treasurer's Office occasionally desires to retain the services of an investment banker and financial advisor who can provide financial expertise and financial services needed to meet the City's diverse financing needs.
- B. The City Treasurer's Office has solicited proposals from several firms well qualified to provide such financial expertise and financial services. Soliciting these proposals also enabled the City Treasurer's Office to evaluate various technological advances and procedural enhancements that could improve the City's financial efficiency.
- C. Having reviewed the proposals received, and after considering the City's financing needs, the City Treasurer has selected a financing team. Given the need to maintain continuity on complex, long-term projects, the City Treasurer recommends that the City Council approve a five-year appointment, under which the team members will provide the City Treasurer's Office with the financial expertise and financial services described in Exhibit A to this resolution.
- D. Under the proposal, one firm of the team will be selected as lead manager with the other team firms to serve as co-managers for negotiated bond sales and as financial consultants for competitive-bid financings. Lead manager responsibility will be assigned based on the expertise and experience demonstrated by a firm in the particular type of financing contemplated.

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

Section 1. The City Council hereby finds the above information to be true and correct.

Section 2. The City Council hereby approves the City Treasurer's selection of a financing team consisting of Goldman, Sachs & Co.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Stone & Youngberg LLC; Siebert Brandford Shank & Co., LLC; and Sutter Securities Incorporated to serve as investment bankers and financial advisors to the City for a five-year term. In addition, for each financing that, in the City Treasurer's judgment, requires the financing team's expertise and services, the City Council hereby authorizes the City Treasurer—

- (a) to select from the financing team the member or members who will participate; and
- (b) to prepare and submit to the City Council a bond-purchase contract between the City and the selected member or members, specifying the services to be provided and the compensation to be paid.

Section 3. The financing team approved by this resolution will serve at the City's pleasure.

**Table of Contents:**

Exhibit A: Scope of Services

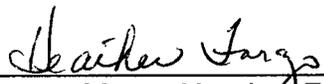
Adopted by the City of Sacramento City Council on October 30, 2007 by the following vote:

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

## Scope of Services

Services to be provided include but are not limited to the following:

1. Provide advice and recommendations related to the issuance of bonds and project-specific financing programs.
2. Review the overall financial status of the City to determine resources available for the implementation and payment for each specific project.
3. Prepare all necessary reports and documents to support the issuance of debt, such as cash flows analysis, debt-service projections, substantiation of revenue estimates, verification of cash flows, and project or market feasibility, etc.
4. Identify appropriate level of public subsidy, including but not limited to assessment of project feasibility and creditworthiness of each recommended form of financing.
5. Analyze various financing options to achieve optimal leverage of City resources, while maintaining a prudent level of risk, through debt vehicles such as public/private partnerships, leases, refunding actions, pay-as-you-go vs. bond financing, and the like. Such analyses will cover such issues as advantages and disadvantages of each financing option, risk analysis, legal constraints, etc.
6. Evaluate the potential expressions of interest for equity investment in the projects and assist in preparation of execution of documents if any such proposal is utilized.
7. Assist in the identification of potential equity investors for projects.
8. Identify the appropriate financing vehicle(s), including but not limited to, general-obligation bonds, leases, short-term debt, project- or system-revenue bonds, certificates of participation, assessment bonds, special-tax bonds (Mello-Roos), housing and tax-increment bonds, or private-developer participation where appropriate. Such debt may take the form of taxable or tax-exempt financing.
9. Prepare bond-amortization schedules, provisions for redemption prior to maturity, call premiums, registration, investment procedures, and other matters related to the structuring of bonds that may result in obtaining the lowest practical interest cost and the widest distribution of the bonds.

10. Obtain bond insurance, letters of credit, or any other type of credit enhancement deemed cost-effective for the transaction.
11. Assess the benefits of credit enhancements such as letters of credit, surety bonds, or bond insurance.
12. Prepare and distribute the preliminary and final Official Statements and other documents required to facilitate a successful bond sale.
13. Arrange meetings and prepare materials for presentations to Moody's, Standard & Poor, and credit-enhancement and surety-reserve providers.
14. Review leases, agreements, construction contracts, insurance provisions, covenant requirements, and all relevant legal documents and issues so as to provide the City with the greatest degree of flexibility compatible with sound financing and efficient financing procedures.
15. Analyze alternative bond structures or other form(s) of debt for specific projects so as to secure the lowest practical interest rate and, where appropriate, the widest competition for bond purchase, to include retail, institutional, private placement, etc.
16. Advise on the best bond structure to obtain the lowest interest rate (such as incorporation of a fixed rate, serial or term bonds, or zero coupons).
17. Advise on maturity schedules, redemption features, and/or covenants to establish reserve funds, and on investment procedures or other matters deemed appropriate by the team, the City, and/or bond counsel.
18. Develop a comprehensive marketing plan to reach a broad interest of potential investors to obtain the lowest possible cost of borrowing.
19. Administer the marketing and sale of the obligation.
20. Assist in the coordination of the bond closing.
21. Prepare a comprehensive "Final Pricing Book" within a reasonable time of the closing of each financing transaction that includes information requested by the City.
22. Provide continuing updates and advice on the impact of current or proposed state or federal legislation and market conditions that could affect the financial plans of the City, arbitrage compliance of existing debt, and refunding opportunities.