RESOLUTION NO. 2007-798

Adopted by the Sacramento City Council

November 6, 2007

APPROVING $1.523 MILLION LOAN FOR THE SACRAMENTO MARINA SOUTH BASIN RENOVATION PROJECT

BACKGROUND

A. On April 10, 2007, the City Council authorized the City Manager to enter into a loan agreement with Bank of America for the Sacramento Marina South Basin Renovation Project. The loan is needed to finance engineering-design costs and provide a contingency fund, and is not to exceed $1.5 million. The City Treasurer's Office is now seeking approval of the financing documents associated with the $1.5 million loan, as well as approval of $23,000 in estimated issuance costs. The loan agreement will be with an affiliate of Bank of America, Banc of America Public Capital Corp. (the "Bank").

B. The City Treasurer's Office has had various financings through Bank since 1996, each using a lease-and-leaseback structure. The City will utilize this financing structure to borrow the $1.5 million needed to complete the Sacramento Marina South Basin Renovation Project. The City will lease City-owned property to the Bank (the Ground and Facilities Lease) in return for the Bank's lump-sum rental payment of $1.5 million. The Bank will in turn sublease the property back to the City for 15 years (the Sublease), and the City's semi-annual rental payments under the Sublease will equal debt service on the loan. Both the Ground and Facilities Lease and the Sublease will terminate when the loan is fully repaid. The source of payment of this lease financing will be derived from the Marina Budget.

C. In accordance with Sacramento City Code section 3.68.110, subsection F, the City Council finds and determines that, given the special circumstances of this transaction, the competitive-bidding procedures under chapter 3.68 of the Sacramento City Code are inappropriate and that it is in the best interest of the City to enter into the Ground and Facilities Lease without bidding.

D. It is desirable and necessary to approve the forms of the various documents and to authorize the City Treasurer to perform the actions necessary to secure the financing.

E. The City Council is fully advised on this matter.

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

Section 1. The above recitals are true, and City Council so finds and determines.

Section 2. The City Council hereby approves the $1.523 million loan from the Bank, consisting of $1.5 million plus $23,000 in issuance costs.

Section 3. The City Treasurer is hereby authorized to execute and deliver to the Bank, on the City's behalf, the Ground and Facilities Lease and the Sublease required for the $1.5 million loan from the Bank, each to be substantially in the form now on file with the City Clerk, with such non-substantive changes as the City Treasurer may require or approve in the interest of the City after consulting with the City Attorney. The City Treasurer is further authorized to execute and deliver, on the City's behalf and after consulting with the City Attorney, any other documents required for the loan.

Adopted by the City of Sacramento City Council on November 6, 2007 by the following vote:

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

Noes: None.

Abstain: None.

Absent: None.

Heather Fargo

Mayor Heather Fargo

Attest:

Shirley Concolino

Shirley Concolino, City Clerk