

RESOLUTION NO. 2005-002

Adopted by the Sacramento City Financing Authority

November 1, 2005

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$165,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO CITY FINANCING AUTHORITY 2005 TAX ALLOCATION REVENUE BONDS, SERIES A (MERGED DOWNTOWN AND OAK PARK PROJECTS) AND \$45,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO CITY FINANCING AUTHORITY 2005 TAXABLE TAX ALLOCATION REVENUE BONDS, SERIES B (MERGED DOWNTOWN AND OAK PARK PROJECTS); AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE AND RELATED LOAN AGREEMENTS, AND A BOND PURCHASE CONTRACT IN CONNECTION THEREWITH, AND APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR SUCH BONDS; AND AUTHORIZING THE EXECUTION, DELIVERY AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT FOR SUCH BONDS; AND AUTHORIZING THE REFINANCING OF CERTAIN PRIOR BONDS; AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

BACKGROUND

- A. The Sacramento City Financing Authority is a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority").
- B. The Redevelopment Agency of the City of Sacramento (the "Agency") has determined that it is in the best interests of the Agency to enter into a Merged Downtown Loan Agreement in the aggregate principal amount of not to exceed one hundred sixty-five million dollars (\$165,000,000) and an Oak Park Loan Agreement in the aggregate principal amount of not to exceed forty-five million dollars (\$45,000,000) (collectively, the "Loan Agreements") each with the Authority and a trustee to be named therein (the "Trustee"), in substantially the forms presented to this meeting.
- C. Under the Loan Agreements, the Agency will be obligated to make loan payments to the Authority.
- D. The Authority proposes to issue its 2005 Tax Allocation Revenue Bonds, Series A (Merged Downtown and Oak Park Projects) (the "Series A Tax-Exempt Bonds") and its 2005 Taxable Tax Allocation Revenue Bonds, Series B (Merged Downtown and Oak Park Projects) (the "Series B Taxable Bonds" and together

with the Series A Tax-Exempt Bonds, the "Bonds") pursuant to an Indenture (the "Indenture") by and between the Authority and the Trustee, the proceeds of which Bonds will be used by the Authority to purchase the Loan Agreements from the Agency and may be used to refinance, in whole or in part, the Agency's Merged Downtown Sacramento Redevelopment Project Tax Allocation Bonds, Series 1998A and the portions of the Authority's 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects) and its 2002 Revenue Bonds, Series A (City Hall and Redevelopment Projects) loaned to the Agency (collectively, the "Prior Bonds"), and the Agency has determined that on the date of issuance of the Bonds the projects to be financed or refinanced with the proceeds of the Bonds will be located within the geographic boundaries of the Agency.

- E. The Authority will assign, without recourse, all its rights to receive such loan payments from the Agency under the Loan Agreements to the Trustee, for the benefit of the registered owners of the Bonds.
- F. In connection with the issuance of the Bonds, the Authority will cause the distribution of a Preliminary Official Statement for the Bonds (the "Preliminary Official Statement") and the Authority will enter into a Purchase Contract providing for the sale of the Bonds (the "Purchase Contract"), all in substantially the forms of the Preliminary Official Statement and the Purchase Contract presented to this meeting, and (after the sale of the Bonds) the Authority will execute and deliver and cause the distribution of a Final Official Statement for the Bonds (the "Final Official Statement").

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE SACRAMENTO CITY FINANCING AUTHORITY RESOLVES AS FOLLOWS:

Section 1. All of the above recitals are true and correct, and the Authority so finds and determines. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. The Authority hereby approves the Loan Agreements, and the Treasurer or his designee is hereby authorized and directed to execute the Loan Agreements for and on behalf of the Authority, and the Secretary is hereby authorized and directed to attest such execution and to deliver the Loan Agreements. As executed and delivered, the Loan Agreements shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the Treasurer or his designee shall require or approve, including without limitation any such additions or changes required by Section 6 of this Resolution or by the providers of credit enhancement for the Bonds and not otherwise inconsistent with this resolution, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Authority hereby approves the Indenture, and the Treasurer or his designee is hereby authorized and directed to execute the Indenture for and on behalf

of the Authority, and the Secretary is hereby authorized and directed to attest such execution and to deliver the Indenture. As executed and delivered, the Indenture shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the Treasurer or his designee shall require or approve, including without limitation any such additions or changes required by Section 6 of this Resolution or by the providers of credit enhancement for the Bonds and not otherwise inconsistent with this resolution, such approval to be conclusively evidenced by the execution and delivery thereof. The Bonds authorized to be issued under such Indenture, when executed, shall be delivered to the Trustee for authentication by the Trustee, and the Trustee is hereby requested and directed to authenticate the Bonds by executing the Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the Representative hereinafter defined in accordance with written instructions executed on behalf of the Treasurer or his designee, which instructions said officer is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Trustee and which instructions shall provide for the delivery of the Bonds to such Representative upon payment of the purchase price thereof.

Section 4. The Purchase Contract between Stone & Youngberg LLC, as the representative of the underwriters of the Bonds (the "Representative"), and the Authority, and as approved by the Agency, in substantially the form presented to this meeting, providing for the sale of the Bonds by the Authority to the Representative, is hereby approved by the Authority for execution and delivery by the Authority to the Representative, and the Treasurer or his designee is hereby authorized and directed (after the approval of the Agency) to execute the Purchase Contract for and on behalf of the Authority and to deliver the Purchase Contract. As executed and delivered, the Purchase Contract shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the officer executing the Purchase Contract shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the Bonds shall be in a combined principal amount not to exceed two hundred ten million dollars (\$210,000,000), and shall bear interest at a true interest cost not to exceed five and 75/100 percent (5.75%) per annum with respect to the Series A Tax-Exempt Bonds and six and 75/100 percent (6.75%) per annum with respect to the Series B Taxable Bonds.

Section 5. The Treasurer or his designee is hereby authorized and directed for and on behalf of the Authority to approve the distribution of the Preliminary Official Statement, in substantially the form presented to this meeting, and to certify on behalf of the Authority that the Preliminary Official Statement has been "deemed final" by the Authority, except for certain final pricing and related information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, and (after the sale of the Bonds) the Treasurer or his designee is hereby authorized and directed for and on behalf of the Authority (after the approval of the Agency) to execute and deliver to the Representative the Final Official Statement, with such additions thereto or changes therein as the Treasurer or his designee shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. 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.

Section 6. The officers of the Authority are hereby each authorized and directed, jointly and severally, 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 Bonds if such refunding will result in at least a three percent net present value savings based on a discount rate equal to the arbitrage yield on the Bonds.

Section 7. The Authority hereby approves the Agreement for Bond Counsel Services, dated as of August 1, 2005 (the "Agreement for Bond Counsel Services"), among the Authority, the Agency and Orrick, Herrington & Sutcliffe LLP, and the Treasurer or his designee is hereby authorized and directed to execute the Agreement for Bond Counsel Services for and on behalf of the Authority. As executed and delivered, the Agreement for Bond Counsel Services shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the Treasurer or his designee shall require or approve, and not otherwise inconsistent with this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The officers of the Authority 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, escrow agreements, any other documents as may be required in order to obtain bond insurance or one or more reserve fund credit instruments 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 Loan Agreements, the Indenture, the Purchase Contract and the Bonds, including the purchase of one or more bond insurance policies for the Bonds if deemed desirable and the purchase of one or more reserve fund credit instruments if deemed desirable, and any such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 9. This resolution shall take effect from and after its passage and adoption.

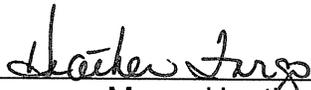
Adopted by the City of Sacramento Financing Authority on November 1, 2005 by the following vote:

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