



**REPORT TO CITY COUNCIL, SACRAMENTO CITY FINANCING  
AUTHORITY AND REDEVELOPMENT AGENCY OF THE CITY  
OF SACRAMENTO**

City of Sacramento  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

PUBLIC HEARING  
February 14, 2006

Honorable Mayor and  
Members of the City Council

**Subject:** ISSUANCE OF THE 2006 TAX ALLOCATION REVENUE BONDS, SERIES A  
AND 2006 TAXABLE TAX ALLOCATION REVENUE BONDS, SERIES B FOR THE  
DEL PASO HEIGHTS AND OAK PARK PROJECTS AND RELATED ACTIONS

**Location/Council District:**

Del Paso Heights Redevelopment Project Area – District 2  
Oak Park Redevelopment Project Area – District 5

**Recommendation:**

Staff recommends that the City Council, the Sacramento City Financing Authority and the Redevelopment Agency approve the attached resolutions authorizing the issuance of the Sacramento City Financing Authority 2006 Tax Allocation Revenue Bonds Series A (Del Paso Heights and Oak Park Projects) and 2006 Taxable Tax Allocation Revenue Bonds, Series B (Del Paso Heights). The recommended actions include 1) issuing bonds not to exceed \$25 million by the Financing Authority, 2) executing loan agreements, 3) distributing the Preliminary and Final Official Statements 4) allocating \$3.2 million of low/moderate income housing funds for Del Paso Nuevo, 5) approving the reimbursement resolution for the Del Paso Nuevo project and 5) executing all documents necessary for the bond issuance.

**Contact:**

Satoshi Matsuda, SHRA Finance Director, 440-1370  
Lisa Bates, SHRA Community Development Director, 440-1322

**Presenters:** Satoshi Matsuda

**Department:** Sacramento Housing and Redevelopment Agency

**Summary:**

Based on the growth of tax increment revenues, need for additional project funds and current favorable interest rate environment, the issuance of tax allocation revenue



**THE ISSUANCE OF THE 2006 TARBS, SERIES A AND 2006 TAXABLE TARBS, SERIES B FOR THE DEL PASO HEIGHTS AND OAK PARK PROJECT AREAS**

bonds is recommended for the Del Paso Heights Redevelopment Project Area and for the Oak Park Redevelopment Project Area. The targeted amount of net project funds is \$8.0 million for Del Paso Heights of which low/moderate income housing funds of \$3.2 million is to be allocated to the final phases of the Del Paso Nuevo housing project. The recommendations include authorizing the possible refunding of certain prior Oak Park bonds if economically feasible and all administrative actions required for the issuance of both Series A and Series B issues. There will be no new project funds for Oak Park with this issue.

**Committee/Commission Action:**

At its meeting of February 1, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the bond issue for Del Paso Heights and Oak Park Redevelopment Project Areas.

AYES: Burns, Burruss, Coriano, Fowler, Gale, Gore, Hoag, Piatkowski, Shah, Simon, Stivers.

NOES: None.

ABSENT: None.

**Background Information:**

Pursuant to California Community Redevelopment Law, redevelopment agencies are required to demonstrate indebtedness in order to continue to receive tax increment (TI) revenues. A typical method redevelopment agencies use to incur debt is to issue tax allocation revenue bonds. The tax allocation revenue bonds (TARBs) are secured by TI revenues derived from the project area and repayment of the bonds is the sole obligation of the specific redevelopment project area involved in the financing.

The proposed financing will 1) provide new tax-exempt and taxable project funds for Del Paso Heights project area and 2) refund a portion of the 1999 bonds for the Oak Park project area. Generally, tax-exempt bonds are issued if the projects anticipated involve construction of infrastructure or if the project funds are needed to assist private development with no repayment of the funds. Taxable funds are used to make loans when repayment is likely. Taxable bonds have higher interest rates than tax-exempt bonds and therefore staff usually recommends that taxable funds be kept at a minimum. Staff is recommending \$3.6 million in taxable project funds. Of this amount, \$1.8 million in taxable low/moderate income housing proceeds would be designed for Del Paso Nuevo and \$1.8 million in taxable redevelopment funds would be allocated for commercial development projects.

For these two project areas, bond rating of A- using Standard & Poor's rating criteria is expected. To raise the rating to AAA, the purchase of bond insurance is recommended. In addition, staff is recommending the purchase of surety bonds from the AAA bond insurer to eliminate the need for large reserve accounts for this issue and to free up

**THE ISSUANCE OF THE 2006 TARBS, SERIES A AND 2006 TAXABLE TARBS, SERIES B FOR THE DEL PASO HEIGHTS AND OAK PARK PROJECT AREAS**

existing reserve accounts, if obtainable and financially feasible. Staff anticipates that this financing technique can result in approximately \$1.0 million more in project funds becoming available.

Staff is recommending refunding a portion of the 1998 Oak Park bonds if the net present value savings are greater than 2.50%. With this threshold, staff anticipates a net present value saving of \$300,000. In addition, future debt service payments will be reduced by approximately \$1.9 million as a portion of the debt service reserve account can also be released with the refunding.

**Financing Documents:**

The following documents are on file with the Agency Clerk and City Clerk:

- Preliminary Official Statement
- Indenture of Trust
- Del Paso Heights loan agreement
- Oak Park loan agreement
- Purchase contract
- Fiscal consultant reports
- Continuing disclosure certificate

**Financing Team:**

The financing team and pricing committee members are identified below:

Redevelopment Agency	Agency Finance Director*
Financing Authority	City Treasurer*
Underwriters	Stone & Youngberg, LLC
Bond Counsel	Orrick Herrington & Sutcliffe LLP
Disclosure Counsel	Jones Hall
Fiscal Consultant	Fraser & Associates

\* Indicates the pricing committee members

**Financial Considerations:**

The Sacramento City Financing Authority will be the conduit issuer for this bond issue. The recommendations contained in this report should have no financial impact to the Financing Authority or City. The obligations to repay the bonds are totally the responsibility of the Del Paso Heights and Oak Park project areas. The Agency will enter into loan agreements with the Financing Authority under which the TI from the applicable project area is pledged. The loan agreements are the sole security to the bond buyers and financial obligations solely belong to the applicable project area.

Staff recommends allocation of \$3.2 million of the low/moderate income housing bond proceeds to the Del Paso Nuevo housing project. Staff is also recommending approval

THE ISSUANCE OF THE 2006 TARBS, SERIES A AND 2006 TAXABLE TARBS,  
SERIES B FOR THE DEL PASO HEIGHTS AND OAK PARK PROJECT AREAS

of the reimbursement agreement for Del Paso Nuevo, if this financing is delayed because of interest changes. Staff will return with recommends on the use of the redevelopment funds of approximately \$5.0 million after the bond issue has been approved and actual project funds are known.

For Oak Park, the refunding of a portion of the 1999 bonds was economically unfeasible when the 2005 Sacramento City Financing Authority 2005 Tax Allocation Revenue Bonds were issued. Because of the potential to reduce future debt service payments by approximately \$1.9 million still exist, staff is recommending the 2.5% of net present value savings threshold be used for this issue.

**Environmental Considerations:**

The redevelopment plans for the Del Paso Heights and Oak Park project areas were subject to environmental review at the time of adoption and amendment. Projects undertaken within the project areas that may be funded with the bond proceeds are subject to environmental review individually prior to their approval.

The proposed action to issue bonds as a financing mechanism that does not involve a commitment to any specific project is exempt from environmental review per CEQA Guidelines Section 15378(b)(4). This action is not subject to NEPA.

**Policy Considerations:**

There is no policy consideration associated with this report. Recommendations are consistent with past redevelopment bond issuance actions.

**M/WBE Considerations:**

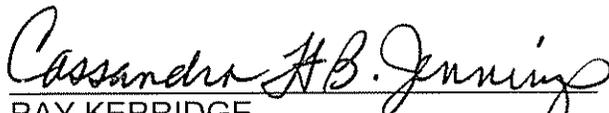
Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by:



ANNE M. MOORE  
Executive Director

Recommendation Approved:

*for*   
RAY KERRIDGE  
Interim City Manager

**THE ISSUANCE OF THE 2006 TARBS, SERIES A AND 2006 TAXABLE TARBS,  
SERIES B FOR THE DEL. PASO HEIGHTS AND OAK PARK PROJECT AREAS**

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## **RESOLUTION NO. 2006 -**

**Adopted by the Sacramento City Council**

on date of

**APPROVING THE PROPOSED FINANCING OF THE DEL PASO HEIGHTS PROJECT AND THE PROPOSED REFINANCING OF THE OAK PARK PROJECT THROUGH THE ISSUANCE BY THE SACRAMENTO CITY FINANCING AUTHORITY OF ITS 2006 TAX ALLOCATION REVENUE BONDS, SERIES A (DEL PASO HEIGHTS AND OAK PARK PROJECTS), AND ITS 2006 TAXABLE TAX ALLOCATION REVENUE BONDS, SERIES B (DEL PASO HEIGHTS PROJECT) AND THE LOAN OF THE PROCEEDS THEREOF TO THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**

### **BACKGROUND**

- A. The Redevelopment Agency of the City of Sacramento (the "Agency") proposes to enter into a Loan Agreement (the "Del Paso Heights Loan Agreement") with the Sacramento City Financing Authority (the "Authority") and a trustee to be named therein (the "Trustee"), relating to the proposed financing by the Agency of the Del Paso Heights Project Area Redevelopment Project located within the geographic boundaries of the Agency, as more particularly described in the copies of such loan agreement on file with the City Clerk of the City of Sacramento (the "City").
- B. The Agency proposes to enter into a Loan Agreement (the "Oak Park Loan Agreement" and together with the Del Paso Heights Loan Agreement, the "Loan Agreements") with the Authority and the Trustee, relating to the proposed refinancing by the Agency of the Oak Park Project Area Redevelopment Project located within the geographic boundaries of the Agency, as more particularly described in the copies of such loan agreement on file with the City Clerk of the City.
- C. In order to provide funds to the Authority to make the loans to the Agency pursuant to the Loan Agreements concurrent with the execution and delivery of the Loan Agreements, the Authority proposes to issue its 2006 Tax Allocation Revenue Bonds, Series A (Del Paso Heights and Oak Park Projects) (the "Series A Tax-Exempt Bonds") and its 2006 Taxable Tax Allocation Revenue Bonds, Series B (Del Paso Heights Project) (the "Series B Taxable Bonds" and together with the Series A Tax-Exempt Bonds, the "Bonds").

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

Section 1. All of the foregoing recitals are true and correct, and the City Council 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 City Council approves of the Agency entering into the Del Paso Heights Loan Agreement in the aggregate principal amount of not to exceed twelve million dollars (\$12,000,000) and the Oak Park Loan Agreement in the aggregate principal amount of not to exceed thirteen million dollars (\$13,000,000), in substantially the forms of such loan agreements presented to this meeting, with such insertions, deletions and other modifications considered appropriate by the Agency and otherwise not inconsistent with this resolution, provided that the true interest cost of such Loan Agreements shall not exceed six percent (6.0%) per annum with respect to the portion of the loans made from proceeds of the Series A Tax-Exempt Bonds and seven percent (7.0%) per annum with respect to the portion of the loans made from the proceeds of the Series B Taxable Bonds.

Section 3. This resolution shall take effect from and after its passage and adoption.

# RESOLUTION NO. 2006 - \_\_\_\_\_

Adopted by the Sacramento City Financing Authority

on date of

**AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO CITY FINANCING AUTHORITY 2006 TAX ALLOCATION REVENUE BONDS, SERIES A (DEL PASO HEIGHTS AND OAK PARK PROJECTS) AND SACRAMENTO CITY FINANCING AUTHORITY 2006 TAXABLE TAX ALLOCATION REVENUE BONDS, SERIES B (DEL PASO HEIGHTS PROJECT); 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 Del Paso Heights Loan Agreement in the aggregate principal amount of not to exceed twelve million dollars (\$12,000,000) and an Oak Park Loan Agreement in the aggregate principal amount of not to exceed thirteen million dollars (\$13,000,000) (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 2006 Tax Allocation Revenue Bonds, Series A (Del Paso Heights and Oak Park Projects) (the "Series A Tax-Exempt Bonds") and its 2006 Taxable Tax Allocation Revenue Bonds, Series B (Del Paso Heights Project) (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 portion of the Authority's 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects) loaned to the Agency (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 Bond 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 Underwriter 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 Underwriter upon payment of the purchase price thereof.

Section 4. The Purchase Contract between Stone & Youngberg LLC, the underwriter of the Bonds (the "Underwriter"), 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 Underwriter, is hereby approved by the Authority for execution and delivery by the Authority to the Underwriter, 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 twenty-five million dollars (\$25,000,000), and shall bear interest at a true interest cost not to exceed six percent (6.0%) per annum with respect to the Series A Tax-Exempt Bonds and seven percent (7.0%) 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 Underwriter 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 Underwriter 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 two and one-half 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 February 1, 2006 (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.

# RESOLUTION NO. 2006 - \_\_\_\_\_

Adopted by the Sacramento City Financing Authority

on date of

## DECLARING THE OFFICIAL INTENT OF THE SACRAMENTO CITY FINANCING AUTHORITY TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS

### 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 Authority reasonably expects to issue debt obligations in an amount not expected to exceed \$3,500,000 and to loan the proceeds thereof to the Redevelopment Agency of the City of Sacramento (the "Agency").
- C. The Agency has advised the Authority that it intends to use such loan to provide long-term financing for certain improvements in connection with the development of a 60 -100 unit mixed income single family residential project known as "Del Paso Nuevo" (the "Project").
- D. The Agency is expected to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of the debt obligations that will provide long-term financing of costs associated with the Project.
- E. The Authority reasonably expects that certain of the proceeds of such debt obligations will be used to reimburse the Agency for such Reimbursement Expenditures.

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

- Section 1. The Authority finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Authority or the Agency to make any expenditure, incur any indebtedness, or proceed with the Project or any portion thereof.

## **RESOLUTION NO. 2006 - \_\_\_\_\_**

**Adopted by the Redevelopment Agency of the City of Sacramento**

on date of

**AUTHORIZING THE EXECUTION AND DELIVERY OF LOAN AGREEMENTS WITH THE SACRAMENTO CITY FINANCING AUTHORITY TO PROVIDE FOR THE FINANCING AND REFINANCING OF THE DEL PASO HEIGHTS PROJECT AREA AND OAK PARK PROJECT AREA REDEVELOPMENT PROJECTS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE FOR THE SACRAMENTO CITY FINANCING AUTHORITY 2006 TAX ALLOCATION REVENUE BONDS, SERIES A (DEL PASO HEIGHTS AND OAK PARK PROJECTS) AND THE SACRAMENTO CITY FINANCING AUTHORITY 2006 TAXABLE TAX ALLOCATION REVENUE BONDS, SERIES B (DEL PASO HEIGHTS PROJECT); AND AUTHORIZING THE APPROVAL OF A BOND PURCHASE CONTRACT FOR SUCH BONDS; 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 DETERMINING THERE ARE SIGNIFICANT PUBLIC BENEFITS TO THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO FROM SUCH PROPOSED FINANCING AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

### **BACKGROUND**

- A. The Sacramento City Financing Authority (the "Authority") is authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto, to issue revenue bonds to provide funds to assist local entities to finance or refinance capital improvements in order that such local entities may achieve their public purposes.
- B. The Redevelopment Agency of the City of Sacramento (the "Agency") is authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of

California (the "Redevelopment Law"), and has the power under Section 33601 of the Redevelopment Law to borrow money for any of its corporate purposes.

- C. A redevelopment plan for a redevelopment project known and designated as the "Redevelopment Agency of the City of Sacramento Del Paso Heights Project Area Redevelopment Project" and a redevelopment plan for a redevelopment project known and designated as the "Redevelopment Agency of the City of Sacramento Oak Park Project Area Redevelopment Project" (collectively, the "Redevelopment Projects"), both located in the City of Sacramento, have been adopted in compliance with all requirements of the Redevelopment Law.
- D. For the purpose of financing and refinancing redevelopment activities within or of benefit to the Redevelopment Projects, the Agency has requested the Authority to make loans (the "Loans") to the Agency under a Del Paso Heights Loan Agreement in the aggregate principal amount of not to exceed twelve million dollars (\$12,000,000) and an Oak Park Loan Agreement in the aggregate principal amount of not to exceed thirteen million dollars (\$13,000,000 (collectively, the "Loan Agreements"), each to be entered into among the Agency, the Authority and a trustee to be named therein, in substantially the forms of the Loan Agreements presented to this meeting.
- E. In order to provide funds to the Authority to make the Loans to the Agency as well as for other purposes, concurrent with the execution and delivery of the Loan Agreements, the Authority will issue its 2006 Tax Allocation Revenue Bonds, Series A (Del Paso Heights and Oak Park Projects) (the "Series A Tax-Exempt Bonds") and its 2006 Taxable Tax Allocation Revenue Bonds, Series B (Del Paso Heights Project) (the "Series B Taxable Bonds," and together with the Series A Tax-Exempt Bonds, the "Bonds"); proceeds of the Bonds may also be used to provide funds to refinance, in whole or in part, the portion of the Authority's 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects) loaned to the Agency (the "Prior Bonds").
- F. In connection with the issuance of the Bonds, the Authority and the Agency will approve the distribution of a Preliminary Official Statement for the Bonds (the "Preliminary Official Statement") and the Agency will approve of the Authority entering into a Bond Purchase Contract providing for the sale of the Bonds (the "Bond Purchase Contract") and the Agency will execute a Continuing Disclosure Certificate for the Bonds (the "Continuing Disclosure Certificate") in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5), in substantially the forms of the Preliminary Official Statement, the Bond Purchase Contract and the Continuing Disclosure Certificate presented to this meeting, and (after the sale of the Bonds) the Authority and the Agency will execute and deliver and authorize the distribution of a Final Official Statement for the Bonds (the "Final Official Statement").

- G. The Agency called a public hearing which was held by the Agency on Tuesday, the 14th day of February, 2006, at the hour of 7:00 o'clock P.M., at the regular meeting place of the Agency, City Council Chambers, Sacramento City Hall, 915 I Street, Sacramento, California 95814, to consider the proposed financing or refinancing of the projects to be financed or refinanced (the "Projects") and located within the geographic boundaries of the Agency, by the issuance and sale of the Bonds, and whether there are any significant public benefits to the Agency from such proposed financing, including demonstrable savings from the issuance and sale of the Bonds, such as savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs (in accordance with Section 6586 of the California Government Code).
- H. A notice of such public hearing was duly published by the Agency as required by law in The Sacramento Bee, a newspaper of general circulation in the county wherein the Projects are located, and a copy of the proof of publication of such notice of public hearing is on file in the office of the Secretary of the Agency.
- I. Such public hearing was duly convened by the Agency at the time and place set forth in the notice of public hearing therefor, and at such public hearing the Agency heard all interested persons desiring to be heard.

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

Section 1. All of the foregoing recitals are true and correct, and the Agency 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 Agency hereby determines that there are significant public benefits to the Agency from the proposed financing in that there will be demonstrable savings from the issuance and sale of the Bonds and the financing and refinancing of the Projects with proceeds of the Bonds, including savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs (in accordance with Section 6586 of the California Government Code).

Section 3. The Agency hereby approves the Loan Agreements, and the Executive Director of the Agency (the "Executive Director") or her designee is hereby authorized and directed to execute the Loan Agreements for and on behalf of the Agency, and the Secretary of the Agency (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 forms presented to this meeting, with such additions thereto or changes therein as the officer executing the Loan Agreements shall require or approve, including without limitation any such additions or changes required by Section 7 of this Resolution and 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 4. The Agency hereby approves the Continuing Disclosure Certificate, and the Executive Director or her designee is hereby authorized and directed to execute the Continuing Disclosure Certificate for and on behalf of the Agency and to deliver the Continuing Disclosure Certificate. As executed and delivered, the Continuing Disclosure Certificate shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the officer executing the Continuing Disclosure Certificate shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Bond Purchase Contract between Stone & Youngberg LLC, as the underwriter (the Underwriter"), and the Authority, in substantially the form presented to this meeting, providing for the sale of the Bonds by the Authority to the Underwriter, is hereby authorized to be approved by the Agency for execution by the Executive Director or her designee and delivery to the Underwriter. The Executive Director or her designee is hereby authorized and directed to indicate the Agency's final approval by executing and delivering the Bond Purchase Contract. As so approved, the Bond Purchase Contract shall be in substantially the form presented to this meeting, with such additions thereto or changes therein as the officer executing the Bond 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 twenty-five million dollars (\$25,000,000) and shall bear interest at a true interest cost not to exceed six percent (6.0%) per annum with respect to the Series A Tax-Exempt Bonds and seven percent (7.0%) per annum with respect to the Series B Taxable Bonds.

Section 6. The Executive Director or her designee is hereby authorized and directed for and on behalf of the Agency to approve the distribution of the Preliminary Official Statement, in substantially the form presented to this meeting and to certify on behalf of the Agency that the Preliminary Official Statement has been "deemed final" by the Agency, except for certain final pricing and related information pursuant to Rule 15c2-12 of the Securities Exchange Commission, and after the sale of the Bonds, the Executive Director or her designee is hereby authorized and directed for and on behalf of the Agency to execute and deliver to the Underwriter the Final Official Statement, with such additions thereto or changes therein as the Authority and the Agency shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of Bonds and is directed to distribute copies of the Final Official Statement to all actual purchasers of the Bonds.

Section 7. The officers of the Agency 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 two and one-half percent net present value savings based on a discount rate equal to the arbitrage yield on the Bonds.

Section 8. The Agency hereby approves the Agreement for Bond Counsel Services, dated as of February 1, 2006 (the "Agreement for Bond Counsel Services"), among the Agency, the Authority and Orrick, Herrington & Sutcliffe LLP, and the Executive Director 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 Executive Director 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 9. The officers of the Agency 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 and 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 Bond Purchase Contract and the Bonds, including the purchase of a bond insurance policy and one or more reserve fund credit instruments for the Bonds if deemed desirable, and any such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 10. This resolution shall take effect from and after its passage and adoption.