

RESOLUTION NO. 2006-267

Adopted by the Sacramento City Council

April 18, 2006

**AUTHORIZING ISSUANCE OF LIMITED OBLIGATION
REFUNDING BONDS, REASSESSMENT DISTRICT II NO. 2006-01
(WILLOWCREEK II A.D. NO. 96-01 AND NORTH NATOMAS A.D. NO. 88-03),
APPROVING A BOND PURCHASE CONTRACT, APPROVING AN OFFICIAL
STATEMENT; AUTHORIZING THE EXECUTION OF THE BONDS; APPROVING A
FISCAL AGENT AGREEMENT; APPROVING A REFUNDING ESCROW
AGREEMENT; APPROVING A CONTINUING DISCLOSURE CERTIFICATE; AND
AUTHORIZING RELATED ACTIONS AND THE EXECUTION OF RELATED
DOCUMENTS WITH RESPECT TO THE ISSUANCE AND SALE OF THE BONDS**

BACKGROUND

A. The City Council (the "Council") of the City of Sacramento (the "City"), by proceedings duly had and taken, previously provided for the issuance of the following prior bonds (hereinafter referred to as the "Prior Bonds"):

- 1) City of Sacramento Limited Obligation Improvement Bonds, North Natomas Assessment District No. 88-03 in the original principal amount of \$38,446,534.32, dated April 26, 1989; and
- 2) City of Sacramento Limited Obligation Improvement Bonds, Willowcreek II Assessment District No. 96-01 in the original principal amount of \$14,248,542.57, dated July 24, 1997;

The unmatured portions of the Prior Bonds, that have not been prepaid, are now outstanding.

B. The Council has determined to issue refunding bonds (the "Refunding Bonds" as defined herein) pursuant to the conditions and terms of the Refunding Bond Act of 1984 for 1915 Improvement Act Bonds (being Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") for the purpose of refunding the unmatured portions of the Prior Bonds and to provide for the levy and collection of reassessments as security for the Refunding Bonds.

C. The Council referred the matter of the refunding of the Prior Bonds and the levy and collection of reassessments as security for the Refunding Bonds to Harris & Associates, civil engineers (the "Reassessment Engineer"), as the reassessment engineer in these proceedings, and directed the Reassessment Engineer to prepare and file with the City Clerk a report in writing containing the matters specified in Section 9523 of the California Streets and Highways Code.

- D.** The Reassessment Engineer has prepared and filed with the City Clerk a report in writing (the "Report") containing the matters required by Section 9523 of the California Streets and Highways Code, and the Report was presented by the City Clerk to the Council for consideration.
- E.** The Report was carefully considered and reviewed by the Council, and the Council was fully advised in the matter, and on the basis of the review the Council found and determined that all of the conditions in connection with the issuance of the Refunding Bonds specified in Section 9525 of the California Streets and Highways Code were satisfied.
- F.** The Report was thereafter adopted, approved and confirmed by the Council, and the reassessments as contained therein were thereby confirmed and levied.
- G.** In furtherance of implementing the refunding, there has been filed with the City Clerk for consideration and approval by the Council a form of Fiscal Agent Agreement (the "Fiscal Agent Agreement") under the terms of which the City of Sacramento Limited Obligation Refunding Bonds, Reassessment District II No. 2006-01 (Willowcreek II A.D. No. 96-01 and North Natomas A.D. No. 88-03), (the "Refunding Bonds"), are to be issued.
- H.** The Council has determined that a private sale of the Refunding Bonds under the Refunding Act would result in a lower overall cost to the City on the Refunding Bonds.
- I.** The City has determined to negotiate the price for the purchase of the Refunding Bonds with Stone & Youngberg LLC as underwriter (the "Underwriter"), and a form of Bond Purchase Contract (the "Bond Purchase Contract") is on file with the City Clerk and is presented to this meeting.
- J.** In connection with implementation of the issuance and sale of the Refunding Bonds, there has been filed with the City Clerk for consideration and approval by the Council a form of official statement (the "Official Statement"), describing the proposed issuance and sale of the Refunding Bonds.
- K.** In furtherance of implementing the refunding, there has been filed with the City Clerk for consideration and approval by the Council a form of Refunding Escrow Agreement (the "Refunding Escrow Agreement") under the terms of which the Prior Bonds are to be redeemed.
- L.** In order to facilitate the sale of the Refunding Bonds, the City will provide the Underwriter with a continuing disclosure certificate (the "Continuing Disclosure Certificate"), the form of which is now on file with the City Clerk.
- M.** The Council is fully advised in 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 the Council so finds and determines.

Section 2. The Council has reviewed all proceedings heretofore taken relative to the foregoing and hereby finds and determines, that all acts, conditions and things required by law to exist, to happen and to be performed precedent to and in the issuance of the Refunding Bonds under the Refunding Act as hereinafter authorized and provided do exist, have happened and have been performed in due time, form and manner as required by the Act and all other applicable laws, and the City is now authorized pursuant to each and every requirement of law to authorize the issuance of the Refunding Bonds.

Section 3. The Refunding Bonds in aggregate principal amount not to exceed \$19,130,000 shall be issued upon and shall represent and shall be secured by the reassessments, in accordance with the provisions of the Refunding Act, to provide means, along with other available funds, for refunding the Prior Bonds, including payment of all costs of issuing the Refunding Bonds. The Refunding Bonds shall be issued as hereinafter set forth and shall be known as the "City of Sacramento Limited Obligation Refunding Bonds, Reassessment District II No. 2006-01 (Willowcreek II A.D. No. 96-01 and North Natomas A.D. No. 88-03)." The net proceeds of the Refunding Bonds, along with other available funds, shall be used to defease and redeem the Prior Bonds for cancellation.

Section 4. The costs of issuing the Refunding Bonds set forth in the Reassessment Report approved by the Council today, are designated and approved within the meaning of California Streets and Highways Code Section 9600.

Section 5. The Bond Purchase Contract providing for the sale of the Refunding Bonds, in the form submitted by the Underwriter and now on file with the City Clerk, is hereby approved, and the City Treasurer or any Authorized Representative (used herein as defined in the Fiscal Agent Agreement) is authorized to execute and deliver the Bond Purchase Contract on behalf of the City in substantially the form now on file with the City Clerk, with such changes as the City Treasurer or any Authorized Representative may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City, for the sale of the Refunding Bonds to the Underwriter at the purchase price to be set forth in the Bond Purchase Contract, upon the terms and conditions set forth in the Bond Purchase Contract; provided, that the Refunding Bonds shall be sold at a true interest cost not to exceed eight per cent (8.0%) per annum and with an underwriter's discount (exclusive of original issue discount) not in excess of three per cent (3.0%) of the principal amount thereof.

Section 6. The form of Official Statement in preliminary form relating to the issuance and sale of the Refunding Bonds, distributed to the Council prior to this meeting and on file with the City Clerk, is hereby approved, with such changes as the City Treasurer or any Authorized Representative shall approve, and the City Treasurer or any Authorized

Representative is hereby authorized and directed to approve the distribution of the Official Statement in preliminary form when he is satisfied with it and to certify on behalf of the City that the Official Statement in preliminary form 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; and the City Treasurer or any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Underwriter the Official Statement in final form, with such changes as the City Treasurer or any Authorized Representative may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The City Treasurer and the City Clerk are hereby authorized and directed, respectively, as such officers, to execute manually or in facsimile each of the Refunding Bonds on behalf of the City, and the City Clerk is hereby authorized and directed to affix manually or in facsimile the official seal of the City thereto; and such signing and sealing as herein provided shall be a sufficient and binding execution of the Refunding Bonds by the City. In case either of these officers whose signature appears on the Refunding Bonds shall cease to be such officer before the delivery of the Refunding Bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes just as if the officer had remained in office until the delivery of the Refunding Bonds.

Section 8. The form of Fiscal Agent Agreement by and between the City and U.S. Bank National Association, as Fiscal Agent, submitted to this meeting and on file with the City Clerk, is hereby approved. The City Treasurer or any Authorized Representative is hereby authorized and directed to execute and deliver the Fiscal Agent Agreement in substantially the form on file with the City Clerk, with such changes, additions or deletions as the City Treasurer or the Authorized Representative may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City, such approval to be conclusively evidenced by such execution and delivery.

Section 9. The form of Refunding Escrow Agreement by and between the City and U.S. Bank National Association, as Escrow Agent, submitted to this meeting and on file with the City Clerk, is hereby approved. The City Treasurer or any Authorized Representative is hereby authorized and directed to execute and deliver the Refunding Escrow Agreement in substantially the form on file with the City Clerk, with such changes, additions or deletions as the City Treasurer or the Authorized Representative may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City, such approval to be conclusively evidenced by such execution and delivery.

Section 10. The form of Continuing Disclosure Certificate on file with the City Clerk is hereby approved. The City Treasurer or any Authorized Representative is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate in substantially the form on file with the City Clerk, with such changes, additions or

deletions as the City Treasurer or the Authorized Representative may require or approve after consultation with the City Attorney and Bond Counsel in the interest of the City, such approval to be conclusively evidenced by such execution and delivery.

Section 11. The City Manager, City Treasurer, Superintendent of Streets (being the Development Engineering Manager, Development Services Department), City Attorney, City Clerk and any and all other officers, agents and employees of the City are hereby authorized and directed to take any and all actions and execute and deliver any and all documents necessary or convenient to accomplish the purposes of this Resolution.

Section 12. This resolution shall take effect immediately upon its adoption.

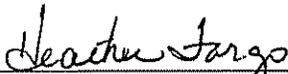
Adopted by the City of Sacramento City Council on April 18, 2006 by the following vote:

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