



REPORT TO COUNCIL

City of Sacramento

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PUBLIC HEARING
May 23, 2006

Honorable Mayor and
Members of the City Council

Subject: 2006 Capital Improvement Revenue Bonds (CIRB's)

Location/Council District: City-wide

Recommendation: Staff recommends that the Sacramento City Council conduct a public hearing and adopt 1) a Sacramento City Financing Authority, the Sacramento City Council and the Redevelopment Agency of the City of Sacramento (SHRA) Resolutions approving the issuance of the 2006 CIRBs and authorize the execution of an Indenture, Bond Purchase Agreement, and other related documents as identified in **Attachment 1**, (on file with the Clerk of the City and Agency); and 2) adopt a City Resolution determining that there is evidence of the public benefits to the citizens of the City from the proposed financing; and 3) adopt a City Resolution approving Policy Directives related to the oversight and management of the 2006; and 4) adopt a City Resolution establishing the estimated budget for the 2006 CIRBs, and authorizing the City Treasurer to make necessary amendments after bonds are sold.

Contacts: Thomas P. Friery, City Treasurer, 808-5168 and Janelle Gray, Public Finance & Banking Manager, 808-8296

Presenters: Thomas P. Friery, City Treasurer, 808-5168, and Janelle Gray, Public Finance and Banking Manager, 808-8296

Department: Office of the City Treasurer

Division: Financing

Organization No: 0900

Summary:

The Office of the City Treasurer recommends that City Council adopt the attached resolutions related to the 2006 CIRBs. This action will officially authorize the issuance of approximately \$150 million in 2006 CIRBs lease revenue bonds. As of May 8, 2006, the total financing for the 2006 CIRBs will include net proceeds of \$91.9 million for Tier I Community Reinvestment Capital Improvement Program (CRCIP) projects, \$23.4 million in general fund loans to the Crocker Art Museum, Arts Rehearsal Space, and Haggin Oaks Economic Development project, and \$25.5 million for SHRA as a "piggy-back" to the 2006 CIRBs (all identified on **Attachment 2**).

The source of funds for lease payments for the 2006 CIRBs are: an annual appropriation by City Council of \$6.5 million dollars of general fund monies as a lease payment for the CRCIP, \$2.5 million for the loans (Crocker Art Museum Expansion, Arts Rehearsal Space, and Haggin Oaks Economic Development), and \$1.9 million from SHRA through Advance Repayment Agreements by and between SHRA and the City of Sacramento.

As a result of interest rate increases since March 26, 2006, the net proceeds for Tier I projects is approximately \$2.1 million less than City Council anticipated at that time. To address this issue, the recommendation is that Tier I projects remain at the approved level and that the programmed contingency be reduced as necessary to adjust for interest rate movement.

The City Treasurer's Office has developed a preliminary financing structure (**Attachment 3**) estimating tax-exempt and taxable lease revenue bonds based on an assessment of the current CRCIP projects status. However, in addition to current project status, there are future actions that will subsequently impact the financing structure. In order to ensure that the final financing structure complies with City Council's objectives and federal tax laws it is necessary to develop Policy Directives. Accomplishing this will ensure optimal use of tax-exempt bonds, while also ensuring City Council's objectives are met. Recommended Policy Directives are summarized under Policy Considerations section and are more fully described on **Exhibit A** of the Policy Directive resolution for City Council consideration and adoption.

Additionally, City Council is being asked to adopt a budget resolution recognizing the bond proceeds, payment of bond costs, and authorizing the establishment of capital improvement projects (CIPs) for the CRCIP Tier I projects and establish the budget as approved by the City Council. This resolution also authorizes the City Treasurer to modify the budget as may be required after final pricing and sale of the bonds.

Committee/Commission Action: None.

Background Information:Prior Council Action

- On October 11, 2005, City Council was presented with a proposal for a “quality of life” bond issuance that would include neighborhood, community, and various cultural related projects. City Council authorized the City Manager to identify projects for the CRCIP and further directed the City Treasurer to propose a debt structure to finance these projects.
- On December 13, 2005, staff reported back with a proposed list of community projects, and provided an overview of the limitations associated with tax-exempt bond proceeds, including private activity use, hedge bonds, and arbitrage. Additionally, City Council approved a Reimbursement Resolution (CC2005-919) to use bond proceeds from the 2006 CIRBs issue to permit the reimbursement for expenditures incurred for various CRCIP projects. Staff was also directed to report back to City Council with a refined projects list to include project descriptions and preliminary cost estimates.
- On January 10, 2006, City Council attended a financial planning workshop and developed a CRCIP project list. Each project was evaluated and ranked in priority order as either a Tier 1 or Tier 2 project. The City Treasurer’s Office was directed to report back with the proposed financing structure to meet the City Council’s overall project priorities. Staff was also requested to bring back any additional or new information.
- On February 7, 2006, City Council approved the CRCIP project list. The City Treasurer’s Office was directed to report back with the proposed financing structure to meet the City Council’s overall project priorities. Staff was also requested to bring back any additional or new information.
- On March 21, 2006, the Mayor and City Council directed staff on which final projects to include in the Tier I and Tier II lists. Staff was also directed to develop policy recommendations, which have been identified in the Policy Considerations section of this report.
- On April 18, 2006 the Mayor and City Council approved the final Tier I and Tier II project list and bridge financing for: the Crocker Museum, the Performing Arts Rehearsal Space and the Haggin Oaks Economic Development project. Council also directed staff to develop policy regarding rules of engagement with funding, deliverables, staffing requirements, use of funding and critical timing as it relates to bond covenants.

Additionally, during the March 21, 2006 meeting City Council approved a proposed taxable refunding of approximately \$5.3 million of the tax-exempt 93 Lease Revenue Bonds related to two City parking garages to optimize private activity uses. Upon further analysis and discussion with bond counsel on April 28, 2006 it was determined

that a refunding is not necessary at this time to increase private activity uses within the City parking garages. This determination was made after a review of previous private activity uses by the Parking Division. Bond counsel advised that in the future should private activity uses increase to such an extent as to exceed the permissible 10% threshold, the amount of increase could be mitigated through the payment of 29% of the interest still owing on the portion of the bonds that exceed the allowable use. The 29% payment would be comparable to the cost incurred for a taxable refunding. While it is not anticipated, the City Treasurer's Office, in coordination with the Parking Division, will report back to City Council in the event this did occur.

City Council's action will officially authorize the issuance of approximately \$153 million in 2006 CIRB lease revenue bonds. In addition, to remain compliant with federal tax laws, the CRCIP portion of the bonds has a preliminary structure of approximately 75% tax-exempt and 25% issued as taxable. The 2006 CIRBS will be used for three distinct City purposes:

1. approximately \$99.9 million in lease revenue bonds will be dedicated to the CRCIP approved by City Council. Included in this amount are \$83 million of Tier 1 project costs, \$8.9 million of contingency associated with certain of the projects, and \$8 million of financing costs;
2. approximately \$25.4 million in lease revenue bonds will be dedicated to General Fund loans that were authorized by City Council as "bridge loans." Included in this amount are \$12 million for the Crocker Art Museum Expansion, \$5 million for the Art Rehearsal Space, \$6.4 million for the Haggin Oaks Economic Development project, and \$2 million for financing costs;
3. approximately \$ 27.7 million in lease revenue bonds will be loaned to SHRA. The loans are associated with four redevelopment areas: North Sacramento, 65th Street, Army Depot, and Richards Boulevard. Included are \$25.5 million for the project areas and \$2.2 for financing costs.

Financial Considerations:

The 2006 CIRBs are estimated at \$153 million of which \$85.8 million are currently projected to be tax-exempt and \$67.2 million as taxable. The weighted average life is 18.5 years, and the net interest cost is estimated at 5.267% as of May 8, 2006.

Approximately \$99.8 million is associated with the CRCIP component of the lease revenue bonds. At the March 21, 2006, City Council meeting it was estimated that \$94 million of net proceeds would be available for programming for the CRCIP; since then interest rates have been rising. This increased cost results in less available funds for programming; as of May 8, 2006, it was estimated that \$91.9 million of net proceeds would be available for programming. The CRCIP included an \$11 million contingency that was applied against 12 of the projects; this contingency equated to approximately 17% contingency of these projects. Staff believes the contingency amount can be reduced to cover the shortfall of net proceeds from \$94 million to \$91.9 million (\$2.1

million.) This action, if approved, would reduce the contingency to 14%, which in consideration of other contingency funds contained in the project budgets would still provide a prudent contingency level. Additionally, considering the possibility of further interest rate increases before the sale of the CIRBs, the City Treasurer seeks authorization to reduce the contingency to not less than 12% should it become necessary to meet any further shortages due to interest rate increase. Finally, should interest rates increase whereby a reduction of this contingency is not sufficient to maintain the Tier I projects approved by City Council, The City Treasurer asks City Council consideration to use investment earnings on the unspent lease revenue bond proceeds to be directed to the shortfall. This concept is contained in the Policy Directives (Exhibit A to resolution.)

The total annual debt service associated with the 2006 CIRBs lease revenue bonds is estimated at \$10.9 million, dropping to \$9.3 million after the 10th year. The source of payment will be: \$6.5 million from the General Fund for the CRCIP projects, \$2.5 million from the General Fund for the loans (reimbursement agreements with Crocker - 10 year amortization, Art Rehearsal – 30 year amortization, and Haggin Oaks Economic Development – 30 year amortization), and \$1.9 million from SHRA. Although not specifically pledged, the ERAF monies the City will begin receiving in 2006 will augment the General Fund. As a lease revenue bond the debt service for the 2006 CIRB is subject to annual appropriation by the City Council.

The schedule below reflects the key dates for the financing.

Activity	Date
Receive Credit Ratings	May 17, 2006
Council Hearing and Approval	May 23, 2006
Pricing	June 1, 2006
Bond Closing	June 15, 2006
Funding Available for Programming	July 1, 2006

Exhibit A of the Budget Resolution authorizes the City Treasurer to recognize the lease revenue bond funds upon closing, authorizes payment of the financings costs and permits the City Treasurer to make adjustments and/or augmentations to reflect the actual amounts upon the close of the transaction. Additionally, it permits the establishment of capital improvement projects (CIPs) for the CRCIP Tier I projects and establish the budget as approved.

Environmental Considerations:

The requested action is not subject to the provisions of the California Environmental Quality Act (CEQA). Environmental review for any project that utilizes funds allocated by the proposed debt issue will be performed in conjunction with planning, design and approval of each specific project as appropriate.

Policy Considerations:

The CRCIP derives from a policy decision by City Council to make a major investment in quality of life issues in the community. City Council also wanted to optimize the City's ability to invest in these projects while complying with tax laws. Finally, City Council wanted to optimize the economic benefit in the community in an appropriate time frame. To assure the realization of these objectives it is necessary to establish policies that will accomplish these objectives.

The City Treasurer's Office has developed a preliminary financing structure (estimating tax-exempt and taxable lease revenue bonds) based on an assessment of the current CRCIP project status. However, in addition to current project status, there are future actions that will subsequently impact the financing structure. In order to determine the final financing structure complies with City Council's objectives and federal tax laws it is necessary to develop Policy Directives. Accomplishing this will ensure optimal use of tax-exempt bonds, while also ensuring City Council's objectives are met. Policy Directives are summarized below and are more fully described on **Exhibit A** of the Policy Resolution for City Council consideration and adoption.

1. Project Status:

Policy Directive

Preliminary Work: Projects that have not begun preliminary work which may include acquisition, community outreach, environmental, design, etc. within [12] months of July 1, 2006 (anticipated funding availability date), will be reassessed for continued funding or substitution of other projects.

Construction Work: Projects that have not commenced construction within [24] months of July 1, 2006, will be reassessed for continued funding or substitution of other projects..

2. External Funding Sources:

Policy Directive

City bond funds will not be advanced until such time that [50%] of the needed external funding is achieved.

3. Grant Funds:

Policy Directive

Agreements or MOUs with grantee organizations should be put in place to ensure project objectives will be met before funding is awarded

4. General Fund Loans:

Policy Directive

Loan or Development Agreements with grantee organizations must be put in place prior to award of funding.

5. Contingency:

Policy Directive

Contingency is earmarked for Tier I construction projects and should not be reprogrammed to Tier II or other projects until assurance can be made that all Tier I projects have sufficient funding to be completed; and the contingency can be reduced at the time of bond sale of an amount not less than 12% of the Tier I projects that have a contingency, if such reduction is necessary to maintain project funds for all Tier I projects originally approved by City Council. City Council must approve all use of contingency.

6. Bond Proceeds Management:

Policy Directive

The City Treasurer's Office will report back to City Council [semi-annually] on the availability and programming of investment earnings and the status of projects as they relate to compliance with tax-exempt regulations and Policy Directives; and City Council authorize the use of investment earnings from the 2006 CIRB (excluding the SHRA component) unspent lease revenue bond funds to restore all Tier I projects should interest rates increase prior to the bond issue and a reduction in contingency funds previously described not be sufficient to offset the loss of project funds due to potential interest rate increases.

Policy Directives will assist the City Treasurer's Office to structure the CRCIP bonds to meet City Council objectives, manage the bond proceeds in compliance with federal regulations, and provide periodic report backs to City Council on program status.

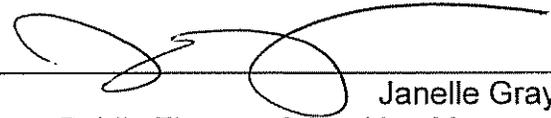
The Capital Improvement Revenue Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the Government Code of the State of California.

The action requested herein is also consistent with the City's Strategic Plan goals to expand economic development throughout the City and achieve sustainability and livability.

Emerging Small Business Development (ESBD):

None.

Respectfully Submitted by:



Janelle Gray
Public Finance & Banking Manager

Approved by:



THOMAS P. FRIERY
City Treasurer

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**SACRAMENTO CITY FINANCING AUTHORITY
2006 CAPITAL IMPROVEMENT REVENUE BONDS
(COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM & SHRA)
LIST OF DOCUMENTS ON FILE WITH THE CITY CLERK**

- Preliminary Official Statement
- Indenture
- Bond Purchase Contract
- Continuing Disclosure Certificate
- Sixth Amendment to Master Project Lease
- Fifth Amendment to Master Site Lease
- 65th Street Advance Repayment Agreement
- Army Depot Advance Repayment Agreement
- Second Amendment to North Sacramento Advance Repayment Agreement
- Second Amendment to Richards Boulevard Advance Repayment Agreement

**2006 CAPITAL IMPROVEMENT REVENUE BONDS
(COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM AND SHRA)**

PRIORITY PROJECTS	GENERAL FUND	DOWNTOWN BOND	FUND BALANCE	LOT A PROCEEDS	OTHER
(1) Pocket Library	\$214,078,000	\$11,053,000	\$3,600,000	\$5,000,000	\$1,830,000
	3,700,000				\$848,000
(2) Crocker Art Museum Expansion	\$2,000,000	\$8,000,000			
(3) Zoo Veterinary Hospital	1,200,000				
(4) Regional Park Improvements	5,000,000				
(5) Animal Shelter Cattery Building	\$1,500,000				
(6) George Sim Community Center	\$6,500,000				
(7) South Natomas Community Center Improvements	\$400,000				
(8) Sacramento Unity Center	\$2,000,000				
(9) Art Rehearsal Space (14/H) Land & Match for Building	\$9,000,000				
(10) Intermodal Transportation Facility-Various Options	\$3,000,000				
(11) Oak Park Community Center Phase II	\$1,000,000				\$450,000
(12) Sierra 2 Restroom & Access Improvements	\$175,000		\$600,000		\$532,000
(13) Valley Hi-North Laguna Library	\$16,000,000				
(14) District 2 Improvements (streetslights, sidewalks, parks)	\$7,500,000				
(15) District 3 Improvements (Ben Ali curbs, gutters, streetslights & parks)	\$1,000,000				
(16) District 1 Improvements (Alkali Flat, Stanford-Teen Cntr, Charter Performing Arts)	\$1,500,000				
(17) Memorial Auditorium Historical Studies Group Request	\$3,053,000	\$3,053,000		\$5,000,000	
(18) Community Center Theater Design	\$0				
(19) Fairytale Town Fencing & Walkways	\$500,000				
(20) Children's Theater of CA (CTC-B Street)	\$1,000,000				
(21) District Improvement Funding	\$7,200,000		\$3,000,000		
(22) Neighborhood Park Improvements	\$3,000,000				
(23) Indian Heritage Museum	\$6,300,000				
(24) Discovery Museum-Gold Rush Exhibit	\$500,000				
City Contingency	\$11,000,000				
Tier I Funding Plan: \$94,028,000					
(25) District 7 Facilities/Improvements	\$6,300,000				
(26) Neighborhood Infrastructure/CDBG eligible (streetslights, curbs/gutters & sidewalks)	\$5,000,000				
(27) Children's Theater of CA (CTC-B Street)	\$2,000,000				
(28) SMUD Underground Match	\$5,000,000				
(29) Sacramento Zoo Animal Exhibits	\$1,950,000				
Tier II Funding Plan: \$22,250,000					

**2006 CAPITAL IMPROVEMENT REVENUE BONDS
(COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM AND SHRA)**

PRIORITY PROJECTS	GENERAL FUND	DOWNTOWN BOND	FUND BALANCE	LOT A PROCEEDS	OTHER
(30) Crocker Art Museum Expansion	\$12,000,000				
(31) Arts Rehearsal Space	\$5,000,000				
(32) Haggin Oaks Economic Development	\$6,400,000				
<i>Bridge Financing Funding Plan:</i>	<i>\$23,400,000</i>				
(33) North Sacramento	\$5,000,000				
(34) 65th Street	\$5,500,000				
(35) Army Depot	\$10,000,000				
(36) Richards Boulevard	\$5,000,000				
<i>SHRA Funding Plan:</i>	<i>\$25,500,000</i>				
		\$11,053,000	\$36,000,000	\$5,000,000	\$1,830,000

CRCIP Projects Tax-exempt/Taxable Allocation

Tier	CRCIP - Project Name	Tax-exempt	Tax-exempt Contingency	Total Tax-Exempt	Taxable	Taxable Contingency	Total Taxable	% Contngncy	TOTAL Tax-Exempt & Taxable w/ Contingency
Tier 1	Pocket Library	\$ -	\$ -	\$ -	\$ 3,700,000	\$ 740,000	\$ 4,440,000	20%	\$ 4,440,000
Tier 1	Regional Park Improvements (Granite, Sutter Landing, North Natomas)	\$ 5,000,000	\$ 750,000	\$ 5,750,000	\$ -	\$ -	\$ -	15%	\$ 5,750,000
Tier 1	Animal Shelter Cattery Building	\$ 1,500,000	\$ 225,000	\$ 1,725,000	\$ -	\$ -	\$ -	15%	\$ 1,725,000
Tier 1	George Sim Community Center	\$ 6,500,000	\$ 975,000	\$ 7,475,000	\$ -	\$ -	\$ -	15%	\$ 7,475,000
Tier 1	So. Natomas Community Cntr Improv	\$ 400,000	\$ 60,000	\$ 460,000	\$ -	\$ -	\$ -	15%	\$ 460,000
Tier 1	Art Rehearsal Space	\$ 3,000,000	\$ 450,000	\$ 3,450,000	\$ 6,000,000	\$ 900,000	\$ 6,900,000	15%	\$ 10,350,000
Tier 1	Oak Park Community Ctr Phase 2	\$ 1,000,000	\$ 150,000	\$ 1,150,000	\$ -	\$ -	\$ -	15%	\$ 1,150,000
Tier 1	Sierra 2 Restroom & Access Improvements	\$ 175,000	\$ 26,250	\$ 201,250	\$ -	\$ -	\$ -	15%	\$ 201,250
Tier 1	Valley Hi-North Laguna Library	\$ 16,000,000	\$ 3,200,000	\$ 19,200,000	\$ -	\$ -	\$ -	20%	\$ 19,200,000
Tier 1	District 2 Improvements (streetslights, sidewalks, parks)	\$ 3,750,000	\$ 562,500	\$ 4,312,500	\$ 3,750,000	\$ 562,500	\$ 4,312,500	15%	\$ 8,625,000
Tier 1	District 3 Improvements (Ben Ali Playground)	\$ 1,000,000	\$ 150,000	\$ 1,150,000	\$ -	\$ -	\$ -	15%	\$ 1,150,000
Tier 1	Memorial Auditorium Improvements	\$ 3,053,000	\$ 457,950	\$ 3,510,950	\$ -	\$ -	\$ -	15%	\$ 3,510,950
	Subtotal - CRCIP w/Contingency	\$ 41,378,000	\$ 7,006,700	\$ 48,384,700	\$ 13,450,000	\$ 2,202,500	\$ 15,652,500		\$ 64,037,200
Tier 1	Crocker Art Museum Expansion	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	0%	\$ 2,000,000
Tier 1	Sacramento Zoo Veterinary Hospital	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	0%	\$ 1,200,000
Tier 1	Sacramento Unity Center Neighborhood Park	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	0%	\$ 2,000,000
Tier 1	Improvements	\$ 3,000,000	\$ 165,000	\$ 3,165,000	\$ -	\$ -	\$ -	5.5%	\$ 3,165,000

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**CRCIP Projects
Tax-exempt/Taxable Allocation**

Tier	CRCIP - Project Name	Tax-exempt	Tax-exempt Contingency	Total Tax-Exempt	Taxable	Taxable Contingency	Total Taxable	% Contingency	TOTAL Tax-Exempt & Taxable w/ Contingency
Tier 1	Intermodal Transportation Facility	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	0%	\$ 3,000,000
	District 1 Improvements(Alkali Flat B & G Club Park, Stanford Teen Center, Charter Performing Arts) Community Center Theater Design Fairyfale Town Fencing and Walkways	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 500,000	\$ -	\$ 500,000	0%	\$ 1,500,000
Tier 1	GRANT TE \$1M, TAXABL E \$500K	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -
Tier 1	GRANT	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	0%	\$ 500,000
Tier 1	Children's Theater of CA (CTC-B Street) District Improvement Funding	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	0%	\$ 1,000,000
Tier 1	Indian Heritage Museum - Discovery Museum - Gold Rush Exhibit	\$ 6,300,000	\$ -	\$ 6,300,000	\$ -	\$ -	\$ -	20%	\$ 8,860,000
Tier 1	GRANT	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	0%	\$ 500,000
	Subtotal - CRCIP w/out Contingency	\$ 19,500,000	\$ 165,000	\$ 19,665,000	\$ 8,700,000	\$ 1,660,000	\$ 10,360,000		\$ 30,025,000
	Total CRCIP	\$ 60,878,000	\$ 7,171,700	\$ 68,049,700	\$ 22,150,000	\$ 3,862,500	\$ 26,012,500		\$ 94,062,200
	CITY LOANS								
	Crocker Art Museum Expansion Arts Rehearsal Space	\$ 12,000,000	\$ -	\$ 12,000,000	\$ 5,000,000	\$ -	\$ 5,000,000	0%	\$ 12,000,000
	Haggin Oaks Economic Development	\$ 12,000,000	\$ -	\$ 12,000,000	\$ 6,400,000	\$ -	\$ 6,400,000	0%	\$ 23,400,000
	Subtotal - City Loans	\$ 24,000,000	\$ -	\$ 24,000,000	\$ 11,400,000	\$ -	\$ 11,400,000		\$ 6,400,000
	SHRA								
	North Sacramento 65th Street Army Depot Richards Boulevard	\$ 500,000	\$ -	\$ 500,000	\$ 4,500,000	\$ -	\$ 4,500,000		\$ 5,000,000
		\$ 1,650,000	\$ -	\$ 1,650,000	\$ 3,850,000	\$ -	\$ 3,850,000		\$ 5,500,000
		\$ 4,000,000	\$ -	\$ 4,000,000	\$ 6,000,000	\$ -	\$ 6,000,000		\$ 10,000,000
		\$ 2,900,000	\$ -	\$ 2,900,000	\$ 2,100,000	\$ -	\$ 2,100,000		\$ 5,000,000
	Sub-total SHRA	\$ 9,050,000	\$ -	\$ 9,050,000	\$ 16,450,000	\$ -	\$ 16,450,000		\$ 25,500,000
	TOTAL PROJECT FUNDS	\$ 81,928,000	\$ 7,171,700	\$ 89,099,700	\$ 50,000,000	\$ 3,862,500	\$ 53,862,500		\$ 142,962,200

RESOLUTION NO. FA2006-_____

Adopted by the Sacramento City Financing Authority

Date

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$200M AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO CITY FINANCING AUTHORITY 2006 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) AND SACRAMENTO CITY FINANCING AUTHORITY 2006 TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES B (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED AMENDMENTS TO LEASES WITH THE CITY OF SACRAMENTO AND AN INDENTURE IN CONNECTION THEREWITH, AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT FOR THE BONDS, APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION, DELIVERY AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT FOR THE BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE FOR THE 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 Authority has by duly adopted prior resolutions authorized the execution and delivery by the Authority of a Master Site Lease, dated as of December 1, 1999, as amended (the "Master Site Lease") by and between the Authority and the City of Sacramento (the "City") pursuant to which the real property described therein was leased by the City to the Authority and has further authorized the execution and delivery by the Authority of a Master Project Lease, dated as of December 1, 1999, as amended (the "Master Project Lease") by and between the Authority and the City pursuant to which the Authority leased the real property (together with the improvements thereon) back to the City in order to provide for the 1999 Project, the 2000 Project, the 2001 Project, the 2002A Project and the 2003 Project (as defined in the Master Project Lease and herein collectively called the "Master Lease Program Projects").
- C.** The City Council (the "City Council") of the City of Sacramento (the "City") has determined that it is in the best interests of the City and its citizens and is

necessary and proper for City purposes that the real property described in the Fifth Amendment to Master Site Lease, dated as of June 1, 2006 (the "Fifth Amendment to Master Site Lease"), by and between the City and the Authority, be leased by the City to the Authority, and that the Authority lease the real property (together with the improvements thereon) back to the City pursuant to the Sixth Amendment to Master Project Lease, dated as of June 1, 2006 (the "Sixth Amendment to Master Project Lease"), by and between the Authority and the City, in substantially the forms of the two leases presented to this meeting, with the total principal components of the 2006 Base Rental Payments (as that term is defined in the Sixth Amendment to Master Project Lease) to be in an amount not exceeding two hundred million dollars (\$200M) and with the term of the Sixth Amendment to Master Project Lease to be not in excess of 30 years.

- D. The Sixth Amendment to Master Project Lease, the City will be obligated to make base rental payments to the Authority for the lease of the real property (together with the improvements thereon) to it.
- E. The Authority has determined to issue its 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") pursuant to an Indenture dated as of June 1, 2006 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), a portion of the proceeds of which will be used by the Authority as the source of funds for the payment to the City of the purchase price of the Sixth Amendment to Master Project Lease (being the Program Obligation as defined in the Indenture), and the City has determined that on the date of issuance of the Bonds the projects to be acquired and constructed for the citizens of the City with the proceeds of the Bonds will be located within the territorial limits of the City.
- F. The Authority will assign, without recourse, all its rights to receive the base rental payments from the City under the Sixth Amendment to Master Project Lease to the Trustee, for the benefit of the registered owners of the Bonds.
- G. In connection with the issuance of the Bonds, the Authority (with the prior approval of the City) will approve the distribution of a Preliminary Official Statement for the Bonds (the "Preliminary Official Statement") and the Authority (with the prior approval of the City) will enter into a Purchase Contract providing for the sale of the Bonds (the "Purchase Contract") and the Authority 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), all in substantially the forms of the Preliminary Official Statement, the Purchase Contract and the Continuing Disclosure Certificate presented to this meeting, and (after the sale of the Bonds) the Authority (with the prior approval of the City) will execute and deliver and authorize the distribution of a Final Official Statement for the Bonds (the "Final Official Statement").

- H. All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the authorization of the execution and delivery by the Authority of the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the Indenture and the Continuing Disclosure Certificate and the execution and delivery of the Bonds do exist, have happened and have been performed in regular and due time, form and manner as required by law. The Authority is now duly authorized to execute and deliver the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the Continuing Disclosure Certificate and the Indenture and (with the prior approval of the City) to approve the distribution of the Preliminary Official Statement and (with the prior approval of the City) to execute and deliver the Purchase Contract and (after the sale of the Bonds) (with the prior approval of the City) to execute and deliver and authorize the distribution of the Final Official Statement and to execute and deliver the Bonds.

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

Section 1. The Authority so finds and determines that the statements in paragraphs A through H of the Background are true.

Section 2. The Authority is authorized to execute and deliver the Fifth Amendment to Master Site Lease and the Sixth Amendment to Master Project Lease, and the Treasurer of the Authority (the "Treasurer") is hereby authorized and directed to execute the Fifth Amendment to Master Site Lease and the Sixth Amendment to Master Project Lease for and on behalf of the Authority, and the Secretary of the Authority (the "Secretary") is hereby authorized and directed to attest the execution and to deliver the Fifth Amendment to Master Site Lease and the Sixth Amendment to Master Project Lease, and as executed and delivered, the Fifth Amendment to Master Site Lease and the Sixth Amendment to Master Project Lease shall be in substantially the forms presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Authority is authorized execute and deliver the Indenture, and the Treasurer 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 the execution and to deliver the Indenture, and as executed and delivered, the Indenture shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof, and the Authority is authorized execute and deliver the Bonds pursuant to the Indenture, which 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, 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 the Representative upon payment of the purchase price thereof.

Section 4. The Purchase Contract between Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the representative of the underwriters of the Bonds (the "Representative"), and the Authority, 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 is hereby authorized and directed (after the approval of the City) to execute the Purchase Contract for and on behalf of the Authority and to deliver the Purchase Contract, and as executed and delivered, the Purchase Contract shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the officer executing the Purchase Contract shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof; provided, that the Bonds shall bear interest at a true interest cost not to exceed seven percent (7%) per annum and with an underwriter's discount of not more than two percent (2%) of the principal amount thereof.

Section 5. The Treasurer (with the prior approval of the City) 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, after the sale of the Bonds, the Treasurer is hereby authorized and directed for and on behalf of the Authority (with the prior approval of the City) to execute and deliver to the Representative the Final Official Statement, each with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution (in the case of the Final Official Statement) and delivery thereof; and 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. The Treasurer (with the prior approval of the City) is hereby authorized and directed for and on behalf of the Authority 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.

Section 6. The Authority is authorized to execute and deliver the Continuing Disclosure Certificate, and the Treasurer is hereby authorized and directed to execute the Continuing Disclosure Certificate for and on behalf of the Authority and to deliver the Continuing Disclosure Certificate, and as executed and delivered, the Continuing Disclosure Certificate shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. 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, any documents as may be required in order to obtain bond insurance, a reserve fund surety bond, if any, 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 Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the Indenture, the Purchase Contract, the Official Statement, the Continuing Disclosure Certificate and the Bonds, including the purchase of a bond insurance policy and a reserve fund surety bond for the Bonds if deemed desirable, and any actions heretofore taken by the officers are hereby ratified, confirmed and approved.

PASSED AND ADOPTED by the City Council of the City of Sacramento on May 23, 2006, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL)

ATTEST:

City Clerk

RESOLUTION NO. 2006-_____

Adopted by the Sacramento City Council

Date

AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS TO LEASES WITH THE SACRAMENTO CITY FINANCING AUTHORITY AND ADVANCE REPAYMENT AGREEMENTS AND AMENDMENTS TO ADVANCE REPAYMENT AGREEMENTS WITH THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RELATING TO THE FINANCING OF VARIOUS CITY OF SACRAMENTO AND REDEVELOPMENT PROJECTS, APPROVING THE EXECUTION AND DELIVERY BY THE SACRAMENTO CITY FINANCING AUTHORITY OF A PURCHASE CONTRACT FOR THE SACRAMENTO CITY FINANCING AUTHORITY 2006 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) AND SACRAMENTO CITY FINANCING AUTHORITY 2006 TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES B (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM), AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS, APPROVING THE DISTRIBUTION BY THE SACRAMENTO CITY FINANCING AUTHORITY OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING THE EXECUTION, DELIVERY AND DISTRIBUTION BY THE SACRAMENTO CITY FINANCING AUTHORITY OF A FINAL OFFICIAL STATEMENT FOR THE BONDS AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

BACKGROUND:

A The City Council (the "City Council") of the City of Sacramento (the "City") has determined that it is in the best interests of the City and its citizens and is necessary and proper for City purposes that the real property described in the Fifth Amendment to Master Site Lease, dated as of June 1, 2006 (the "Fifth Amendment to Master Site Lease"), by and between the City and the Sacramento City Financing Authority (the "Authority"), be leased by the City to the Authority, and that the Authority lease the real property (together with the improvements thereon) back to the City pursuant to the Sixth Amendment to Master Project Lease, dated as of June 1, 2006 (the "Sixth Amendment to Master Project Lease"), by and between the Authority and the City, in substantially the forms of the two leases presented to this meeting, with the total principal components of the 2006 Base Rental Payments (as that term is defined in the Sixth Amendment to Master Project Lease) to be in an amount not exceeding two hundred million dollars (\$200M) and with the term of the Sixth Amendment to Master Project Lease to be not in excess of 30 years.

- B** Under the Sixth Amendment to Master Project Lease, the City will be obligated to make base rental payments to the Authority for the lease of the real property (together with the improvements thereon) to it.
- C** The Authority has determined to issue its 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") pursuant to an Indenture dated as of June 1, 2006 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), a portion of the proceeds of which will be used by the Authority as the source of funds for the payment to the City of the purchase price of the Sixth Amendment to Master Project Lease (being the Program Obligation as defined in the Indenture).
- D** The Authority will assign, without recourse, all its rights to receive the base rental payments from the City under the Sixth Amendment to Master Project Lease to the Trustee, for the benefit of the registered owners of the Bonds.
- E** The City is willing to advance funds to the Agency (the "2006 Advance") to finance redevelopment activities within its Army Depot Redevelopment Project and its 65th Street Redevelopment Project pursuant to two separate Advance Repayment Agreements with respect to each of the Redevelopment Projects, each dated as of June 1, 2006 (collectively, the "2006 Advance Repayment Agreements"), each by and between the City and the Agency, in substantially the forms of the 2006 Advance Repayment Agreements presented to this meeting.
- F** In order to obtain funds to make the 2006 Advance, the City will lease certain City-owned real property to the Authority and use a portion of the proceeds of the Authority's single up-front lease payment for the real property to fund the 2006 Advance to the Agency.
- G** The Authority will fund the lease payment with a portion of the proceeds of the Bonds.
- H** The City Council has by duly adopted prior resolutions authorized the execution and delivery by the City of a Richards Boulevard Advance Repayment Agreement and a North Sacramento Advance Repayment Agreement, each dated as of December 1, 1999, and all by and between the City and the Agency (collectively, the "1999 Redevelopment Advance Payment Agreements"), and pursuant thereto certain funds were advanced to the Agency to pay for the costs of acquisition and construction of various projects and improvements within certain of the Agency's redevelopment project areas.

- I** The City Council of the City has by duly adopted prior resolutions determined that it was in the best interests of the City and its citizens and was necessary and proper for City purposes that the terms of the 1999 Redevelopment Advance Payment Agreements be so amended in a First Amendment to Richards Boulevard Advance Repayment Agreement and a First Amendment to North Sacramento Advance Repayment Agreement, each dated as of June 1, 2005, and all by and between the City and the Agency (collectively, the "2005 Amendments to Redevelopment Advance Payment Agreements").
- J** The City Council of the City has determined that it is in the best interests of the City and its citizens and is necessary and proper for City purposes that the terms of the 1999 Redevelopment Advance Payment Agreements be so amended in a Second Amendment to Richards Boulevard Advance Repayment Agreement and a Second Amendment to North Sacramento Advance Repayment Agreement, each dated as of June 1, 2006, and all by and between the City and the Agency (collectively, the "2006 Amendments to Redevelopment Advance Payment Agreements" and together with the 2006 Redevelopment Advance Payment Agreements, the "2006 Redevelopment Agreements") in substantially the forms presented to this meeting.
- K** In connection with the issuance of the Bonds, the Authority (with the prior approval of the City) will approve the distribution of a Preliminary Official Statement for the Bonds (the "Preliminary Official Statement") and the Authority (with the prior approval of the City) will enter into a Purchase Contract providing for the sale of the Bonds (the "Purchase Contract") and the City 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), all in substantially the forms of the Preliminary Official Statement, the Purchase Contract and the Continuing Disclosure Certificate presented to this meeting, and (after the sale of the Bonds) the Authority (with the prior approval of the City) will execute and deliver and authorize the distribution of a Final Official Statement for the Bonds (the "Final Official Statement").
- L** All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the authorization of the execution and delivery by the City of the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the 2006 Redevelopment Agreements and the Continuing Disclosure Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized to execute and deliver the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the 2006 Redevelopment Agreements and the Continuing Disclosure Certificate and to approve the execution by the Authority of the Purchase Contract and to approve the distribution by the Authority of the Preliminary Official Statement and (after the sale of the Bonds) to approve the execution, delivery and distribution by the Authority of the Final Official Statement.

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

Section 1. The City Council so finds and determines that the statements in paragraphs A through L of the Background are true.

Section 2. The City is authorized to execute and deliver the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements, and the Treasurer of the City (the "Treasurer") or his designee is hereby authorized and directed to execute the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements for and on behalf of the City, and the City Clerk of the City is hereby authorized and directed to attest the execution and to affix the seal of the City thereto and to deliver the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements, and as executed and delivered, the Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease and the 2006 Redevelopment Agreements shall be in substantially the forms presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Purchase Contract between Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the representative of the underwriters of the Bonds (the "Representative"), and the Authority, 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 City for execution by the Authority and delivery to the Representative, and as executed and delivered, the Purchase Contract shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the officer executing the Purchase Contract shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof; provided, that the Bonds shall bear interest at a true interest cost not to exceed seven percent (7%) per annum and with an underwriter's discount of not more than two percent (2%) of the principal amount thereof.

Section 4. The City is authorized to execute and deliver the Continuing Disclosure Certificate, and the Treasurer is hereby authorized and directed to execute the Continuing Disclosure Certificate for and on behalf of the City and to deliver the Continuing Disclosure Certificate, and as executed and delivered, the Continuing Disclosure Certificate shall be in substantially the form presented to this meeting, with the additions thereto or changes therein as the Treasurer shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The City hereby approves the distribution by the Authority of the Preliminary Official Statement, in substantially the form presented to this meeting, and, after the sale of the Bonds, the Treasurer is hereby authorized and directed for and on behalf of the City to approve the execution and delivery by the Authority to the

Representative of the Final Official Statement, each with the additions thereto or changes therein as the Authority (with the prior approval of the City) shall require or approve, with approval to be conclusively evidenced by the execution (in the case of the Final Official Statement) and delivery thereof, and 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. The Treasurer (with the prior approval of the City) is hereby authorized and directed for and on behalf of the City to certify on behalf of the City that the Preliminary Official Statement 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.

Section 6. The officers of the City 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, any documents as may be required in order to obtain bond insurance, a reserve fund surety bond, if any, 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 Fifth Amendment to Master Site Lease, the Sixth Amendment to Master Project Lease, the 2006 Redevelopment Agreements, the Indenture, the Purchase Contract, the Continuing Disclosure Certificate and the Bonds, including the purchase of a bond insurance policy and a reserve fund surety bond for the Bonds if deemed desirable, and any actions heretofore taken by the officers are hereby ratified, confirmed and approved.

Section 7. Except as amended by the 2005 Amendments to Redevelopment Advance Payment Agreements and the 2006 Amendments to Redevelopment Advance Payment Agreements, the 1999 Redevelopment Advance Payment Agreements are ratified and confirmed in all other respects.

Section 8. The execution and delivery of the 2006 Redevelopment Agreements by the Agency and the incurrence of indebtedness thereunder by the Agency is hereby approved by the City.

PASSED AND ADOPTED by the City Council of the City of Sacramento on May 23, 2006, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL)

ATTEST:

City Clerk

RESOLUTION NO. RA2006-_____

Adopted by the Redevelopment Agency of the City of Sacramento

Date

AUTHORIZING THE EXECUTION AND DELIVERY OF ADVANCE REPAYMENT AGREEMENTS AND AMENDMENTS TO ADVANCE REPAYMENT AGREEMENTS WITH THE CITY OF SACRAMENTO RELATING TO CERTAIN REDEVELOPMENT PROJECTS AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

BACKGROUND:

- A.** The Sacramento City Financing Authority (the "Authority") is authorized pursuant Articles 1 and 4 of Chapter 5, Division 7, Title 1 (commencing with section 6500) 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 the 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.** Redevelopment plans for redevelopment project areas known and designated as the Army Depot Redevelopment Project and the 65th Street Redevelopment Project, the Richards Boulevard Redevelopment Project and the North Sacramento Redevelopment Project (collectively, the "Redevelopment Project Areas"), located wholly or partially within the City of Sacramento (the "City"), have been adopted in compliance with all requirements of the Redevelopment Law.
- D.** The City is willing to advance funds to the Agency (the "2006 Advance") to finance redevelopment activities within its Army Depot Redevelopment Project and its 65th Street Redevelopment Project pursuant to two separate Advance Repayment Agreements with respect to each of the Redevelopment Projects, each dated as of June 1, 2006 (collectively, the "2006 Advance Repayment Agreements"), each by and between the City and the Agency, in

substantially the forms of the 2006 Advance Repayment Agreements presented to this meeting.

- E. In order to obtain funds to make the 2006 Advance, the City will lease certain City-owned real property to the Authority and use the proceeds of the Authority's payment for the real property to fund the 2006 Advance to the Agency.
- F. The Authority will fund the lease payment with a portion of the proceeds of its 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") pursuant to an Indenture dated as of June 1, 2006 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").
- G. For the purpose of financing redevelopment activities within or of benefit to certain of the Redevelopment Project Areas, the Agency has previously authorized, executed and delivered the following Advance Repayment Agreements: a Richards Boulevard Advance Repayment Agreement and a North Sacramento Advance Repayment Agreement, each dated as of December 1, 1999, and each by and between the City and the Agency (collectively, the "1999 Redevelopment Agreements"), and pursuant thereto certain funds were advanced to the Agency to pay for the costs of acquisition and construction of various projects and improvements within certain of the Agency's Redevelopment Project Areas.
- H. The City Council of the City has by duly adopted prior resolutions determined that it was in the best interests of the City and its citizens and was necessary and proper for City purposes and the Agency has by duly adopted prior resolutions determined that it was in the best interests of the Agency and was necessary and proper for Agency purposes that the terms of the 1999 Redevelopment Agreements be so amended in a First Amendment to Richards Boulevard Advance Repayment Agreement and a First Amendment to North Sacramento Advance Repayment Agreement, each dated as of June 1, 2005, and each by and between the City and the Agency (collectively, the "2005 Redevelopment Agreement Amendments").
- I. The City Council of the City has determined that it is in the best interests of the City and its citizens and is necessary and proper for City purposes and the Agency has determined that it is in the best interests of the Agency and is necessary and proper for Agency purposes that the terms of the Redevelopment Advance Payments Agreements be so amended in a Second Amendment to Richards Boulevard Advance Repayment Agreement and a Second Amendment to North Sacramento Advance Repayment Agreement,

each dated as of June 1, 2006, and each by and between the City and the Agency, (collectively, the "2006 Redevelopment Agreement Amendments" and together with the 2006 Redevelopment Advance Payment Agreements, the "2006 Redevelopment Agreements") in substantially the forms presented to this meeting.

- J.** All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the authorization of the execution and delivery of the 2006 Redevelopment Agreements do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized to execute and deliver the 2006 Redevelopment Agreements, to approve the distribution of the Preliminary Official Statement by the Authority, the execution by the Authority of the Bond Purchase Contract and (after the sale of the Bonds) to execute and deliver and authorize the distribution of the Final Official Statement.

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

Section 1. The Agency so finds and determines that the statements in paragraphs A through J of the Background are true.

Section 2. The Executive Director of the Agency or any officer of the Agency designated thereby (the "Executive Director"), is hereby authorized and directed to execute and deliver the 2006 Redevelopment Agreements, for and on behalf of the Agency, in substantially the forms presented to this meeting, with the additions thereto or changes therein as the officer executing the 2006 Redevelopment Agreements shall require or approve, with approval to be conclusively evidenced by the execution and delivery thereof; provided that the amount of the 2006 Advance shall not exceed \$30M.

Section 3. 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, 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 and the 2006 Redevelopment Agreements, and any the actions heretofore taken by the officers are hereby ratified, confirmed and approved.

Section 4. Except as amended by the 2005 Redevelopment Agreement Amendments and the 2006 Redevelopment Agreement Amendments, the 1999 Redevelopment Agreements are ratified and confirmed in all other respects.

PASSED AND ADOPTED by the City Council of the City of Sacramento on May 23, 2006, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL)

ATTEST:

City Clerk

RESOLUTION NO. 2006-_____

Adopted by the Sacramento City Council

Date

APPROVING THE PROPOSED FINANCING OF THE 2006 CRCIP PROJECTS AND THE 501(C)(3) PROJECTS BY THE SACRAMENTO CITY FINANCING AUTHORITY'S ISSUANCE OF ITS 2006 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) AND 2006 TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES B (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM); AND DETERMINING THAT THERE ARE SIGNIFICANT PUBLIC BENEFITS TO THE CITIZENS OF THE CITY FROM THE PROPOSED FINANCING

BACKGROUND:

- A.** The City of Sacramento (the "City") proposes to enter into a Fifth Amendment to Master Site Lease and a related Sixth Amendment to Master Project Lease with the Sacramento City Financing Authority (the "Authority") relating to the proposed financing by the Authority of the acquisition and construction of certain municipal projects (the "2006 CRCIP Projects"), which include the acquisition and construction of certain municipal projects to be owned and/or operated by various California nonprofit corporations described in section 501(c)(3) of the Internal Revenue Code of 1986 (the "501(c)(3) Projects"), to be located within the territorial limits of the City, as more particularly described in the staff reports presented to the City Council during its meetings on December 13, 2005, March 21, 2006 and April 18, 2006.
- B.** The Authority intends to issue and sell its 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and its 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds") in an aggregate principal amount of not to exceed \$200,000,000. The Series A Bonds and the Series B Bonds are herein collectively referred to as the "Bonds". A portion of the proceeds from the sale of the Bonds will be used to provide funds for the purpose of financing the 2006 CRCIP Projects. In addition, a portion of the proceeds of the Series A Bonds will be used to provide funds for the purpose of financing the 501(c)(3) Projects, for significant public benefits to the citizens of the City by the acquisition of the Sixth Amendment to Master Project Lease.
- C.** Pursuant to Section 147(f) of the Internal Revenue Code of 1986, prior to their issuance, the Series A Bonds are required to be approved by the "applicable elected representative" of the governmental unit on whose behalf the Series A Bonds are expected to be issued and by a governmental unit having jurisdiction

over the entire area in which any facility financed by the Series A Bonds is to be located, after a public hearing held following reasonable public notice.

- D. The members of the City Council are the applicable elected representatives of the City.
- E. The City Council (the "City Council") of the City called a public hearing which was held by the City Council on Tuesday, May 23, 2006, at 2:00 p.m., at the regular meeting place of the City Council, City Council Chambers, Sacramento City Hall, 915 I Street, 1st Floor, Sacramento, California. At the public hearing the City Council considered the proposed financing of the 2006 CRCIP Projects and the 501(c)(3) Projects to be located within the territorial limits of the City by the issuance and sale by the Authority of the Bonds. The City Council also considered whether there are any significant public benefits to the citizens of the City from the 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).
- F. A notice of the public hearing was duly published by the City as required by law in The Daily Recorder, a newspaper of general circulation in the City, at least 14 days prior to the date hereof, identifying the 2006 CRCIP Projects and the 501(c)(3) Projects, and a copy of the proof of publication of the notice of public hearing is on file in the office of the City Clerk.
- G. The public hearing was duly convened by the City Council at the time and place set forth in the notice of public hearing therefor, and the City Council heard all interested persons desiring to address the City Council on the foregoing matters at the public hearing.
- H. Evidence of the public benefits to the citizens of the City from the proposed financing was presented by a representative of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the representative of the underwriters (the "Representative") of the Bonds.
- I. The City has considered the presentation given by the Representative and is fully advised in the premises.
- J. It is intended that this resolution shall constitute the approval of the issuance of the Series A Bonds and the 501(c)(3) Projects required by Section 147(f) of the Code, as applicable.

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

Section 1. The City Council finds and determines that the statements in paragraphs A through J of the Background are true.

Section 2. The City Council hereby approves the proposed financing of the 2006 CRCIP Projects by the issuance by the Authority of the Bonds and hereby determines that there are significant public benefits to the citizens of the City from the proposed financing in that there will be demonstrable savings from the issuance and sale of the Bonds and the financing of the 2006 CRCIP Projects and the 501(c)(3) Projects to be acquired and constructed 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 City Council hereby approves the issuance of the Series A Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Series A Bonds and the 501(c)(3) Projects for the purposes of Section 147(f) of the Code.

PASSED AND ADOPTED by the City Council of the City of Sacramento on May 23, 2006, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL)

ATTEST:

City Clerk

RESOLUTION NO. 2006-_____

Adopted by the Sacramento City Council

Date

RESOLUTION APPROVING POLICY DIRECTIVES RELATED TO THE OVERSIGHT AND MANAGEMENT OF THE 2006 CAPITAL IMPROVEMENT REVENUE BONDS

BACKGROUND:

- A.** The Community Reinvestment Capital Improvement Program (CRCIP) is a policy level decision by City Council to make a major investment in quality of life issues in the community. City Council wanted to also optimize the City's ability to invest in these projects while complying with tax laws. Finally, City Council wanted to optimize the economic benefit in the community in an appropriate time window.
- B.** City Council approved a list of projects for inclusion in the 2006 Capital Improvement Revenue Bond (CIRBs) issue and directed the City Treasurer to proceed with financing to provide funds for the acquisition and construction of certain CRCIP municipal projects, some of which will be leased, owned and/or operated by various non-profit organizations. As well as provide funds for Sacramento Housing and Redevelopment Agency (SHRA) project areas and three additional financing projects.
- C.** The City Council provided direction to the Treasurer's office to report back with the proposed financing structure to meet the city council's overall project priorities. Staff was also directed to develop policy recommendations regarding; rules of engagement with funding, deliverables, use of funding and critical timing as it relates to bond covenants.

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

The City Council finds and determines that the statements in paragraphs A through D of the Background are true.

Section 1. The Policy Directives as fully described in **Exhibit A** (herein incorporated) will be used as the guiding principles to ensure fiscal responsibility and accountability in the management of the 2006 CIRBs.

Section 2. The City Treasurer's Office will report back to City Council on the availability and programming of investment earnings and the status of projects as they relate to compliance with tax-exempt regulations and Policy Directives.

PASSED AND ADOPTED by the City Council of the City of Sacramento on May 23, 2006, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL)

ATTEST:

City Clerk

**2006 CIRB
CITY COUNCIL POLICY DIRECTIVES
(CRCIP and Loan Program)**

The Community Reinvestment Capital Improvement Program (CRCIP) is a policy decision by City Council to make a major investment in quality of life issues in the community. City Council wanted to also optimize the City's ability to invest in these projects while complying with tax laws. Finally, City Council wanted to optimize the economic benefit in the community in an appropriate time frame. To assure the realization of these objectives it is necessary to establish policies that will accomplish these objectives.

The CRCIP envisioned borrowing \$94+/- million to fund 24 separate Tier I projects for the City and Community non-profit organizations, as well as \$23.4 million for three other City-owned projects. The projects are all in different stages of development. Some projects are "shovel ready," while others require additional funding, and still others have not been sited, completed environmental work, or have construction drawings. Additionally, other projects need additional funding under the

The CRCIP projects, by City Council direction, will be primarily financed with the proceeds of the 2006 CIRB bond sale, not internal City funds. Traditionally, the City uses tax-exempt bonds to finance public improvements. However, the nature and readiness of certain CRCIP projects do not comply with tax-exempt financing regulations (i.e. hedge bonds, arbitrage, private activity), and therefore, those projects require the use of taxable bonds. Taxable bonds generally cost approximately 20% more than tax-exempt bonds.

The City Treasurer's Office has developed a preliminary financing structure based on an assessment of the current project status. However, in addition to current project status, there are future considerations that will subsequently impact the financing structure. In order to determine the final financing structure and comply with City Council's objectives it is necessary to develop Policy Directives. Accomplishing this will ensure optimal use of tax-exempt bonds, while also ensuring City Council's objectives are met. The following are offered as Policy Directives for City Council consideration and adoption.

1. **PROJECT STATUS:** The preliminary financing structure has been based upon current project status and assumes all projects funded with tax-exempt funding will be completed within three years. Failure to comply with this or other tax-exempt financing regulations can result in significant financial liability to the City, including treble damages (for the amount of bonds issued.) Finally, should the identified CRCIP projects not progress in a timely manner, sufficient time must be available to reprogram and expend the tax-exempt bond proceeds and accomplish City Council objectives.

Policy Directive

Preliminary Work: Projects that have not begun preliminary work which may include acquisition, community outreach, environmental, design, etc. within [12] months of July 1, 2006 (anticipated funding availability date), will be reassessed for continued funding or substitution of other projects.

Construction Work: Projects that have not commenced construction within [24] months of July 1, 2006, will be reassessed for continued funding or substitution of other projects.

Projects which are in this category at this time include:

- Animal Shelter Cattery Building*
- Art Rehearsal Space*
- Children's Theater of CA (B Street)*
- Crocker Art Museum Expansion*
- Discovery Museum*
- District Improvement Funding
- District 1 Improvements* - Alkali Flat Boys & Girls Club
- District 1 Improvements* - Stanford Teen Center
- District 2 Improvements*
- District 3 Improvements*
- Fairytale Town*
- George Sim Community Center*
- Indian Heritage Museum
- Intermodal Transportation Facility
- Memorial Auditorium Improvements*
- Neighborhood Park Improvements
- Oak Park Community Center Phase 2*
- Pocket Library*
- Regional Park Improvements*
- Sacramento Unity Center*
- So. Natomas Community Center Improvements*
- Valley Hi-North Laguna Library*

2. **EXTERNAL FUNDING SOURCES:** Several projects, specifically those associated with non-profit organizations, require some form of external funding to complete the identified project. If the external funding is not achieved, it is likely that the project will not be completed. Additionally, if the City bond funds are advanced without assurance that the project will be completed, it is highly unlikely that the City would be repaid and able to reprogram the proceeds for another project.

* Denotes in more than one Policy Directive Category

Policy Directive

City bond funds will not be advanced until such time that [50%] of the needed external funding is achieved.

Projects which are in this category at this time include:

- Arts Rehearsal Space*
- Children's Theatre of CA (B Street Theatre)*
- Crocker Art Museum Expansion*
- District 1 Improvements* (Alkali Flat, Teen Center, Charter School)
- Sacramento Unity Center*

3. **GRANT FUNDS:** Tax-exempt or taxable bond proceeds may be granted to non-profit organizations. Federal requirements on the use of tax-exempt bond proceeds can be eliminated thru the use of a grant. From a tax perspective the funds are considered expended at the time the grant is made. However, absent some form of agreement, from a policy perspective there can be no assurance that the funds would be used for the desired project.

Policy Directive

Agreements or MOUs with grantee organizations should be put in place to ensure project objectives will be met before funding is awarded.

Projects which are in this category at this time include:

- Arts Rehearsal Space* – see General Fund Loan Directive
- Children's Theatre of CA (B Street Theatre)*- e.g. located within City limits, External Funding in place
- Crocker Art Museum Expansion* – see General Fund Loan Directive
- Discovery Museum* – e.g. City owned unrestricted use
- District 1 Improvements* (Alkali Flat, Teen Center, Charter School) – e.g. Policy Directive regarding External Funding
- Fairytale Town* – e.g. City owned unrestricted use
- Sacramento Unity Center* – e.g. Policy Directive regarding External Funding
- Sacramento Zoo* – e.g. City owned unrestricted use

4. **GENERAL FUND LOANS:** In addition to the CRCIP, City Council authorized General Fund loans to three City related projects, two of which have non-profit affiliation. These loans while separate from the CRCIP are included in the overall City financing.

Policy Directive

Loan or Development Agreements with grantee organizations must be put in place prior to award of funding.

Projects which are in this category at this time include:

- Art Rehearsal Space* – e.g. Policy Directive regarding External Funding in-lieu of deferment of TIs
- Crocker Art Museum Expansion* – e.g. \$20 million associated with Lot X
- Haggin Oaks Development Site – e.g. Development Agreement in place

5. **CONTINGENCY:** The CRCIP includes a contingency of approximately \$11 million that is associated with 12 of the 28 Tier I projects. The contingency approximates 17% of these projects. Council has previously indicated that any use of the contingency should return to City Council for approval. As a result of interest rate increases that have occurred since City Council approval of the program there presently are not sufficient project funds to fully fund all Tier I projects and the anticipated \$11 million contingency. The Tier I project funds could be maintained through a prudent reduction in the contingency.

Policy Directive

Contingency is earmarked for Tier I construction projects and should not be reprogrammed to Tier II or other projects until assurance can be made that all Tier I projects have sufficient funding to be completed; and the contingency can be reduced at the time of bond sale of an amount not less than 12% of the Tier I projects that have a contingency, if such reduction is necessary to maintain project funds for all Tier I projects originally approved by City Council. City Council must approve all use of contingency.

Projects which are in this category at this time include:

- Animal Shelter Cattery Building*
- Art Rehearsal Space*
- District 2 Improvements*
- District 3 Improvements*
- George Sim Community Center*
- Memorial Auditorium Improvements*
- Oak Park Community Center Phase 2*
- Pocket Library*
- Regional Park Improvements*
- Sierra 2 Restroom & Access Improvements
- So. Natomas Community Center Imp*
- Valley Hi-North Laguna Library*

6. **BOND PROCEEDS MANAGEMENT:** The CRCIP projects have been gross funded and not net funded as is customary for City financings. Therefore, the investment earnings pending expenditure of fund balance are not integral to meeting the objectives of the CRCIP. There is no time limit on the expenditure of investment income earned on taxable bond proceeds, whereas, the expenditure of investment earnings from tax-exempt must comply with federal regulations. Therefore, the investment income should be reported to City Council periodically for programming (as opposed to

accumulating in the fund balance). Additionally, because of federal regulations on tax-exempt bond proceeds, routine reporting should be made to City Council.

Policy Directive

The City Treasurer's Office will report back to City Council [semi-annually] on the availability and programming of investment earnings and the status of projects as they relate to compliance with tax-exempt regulations and Policy Directives; and City Council authorize the use of investment earnings from the 2006 CIRB (excluding the SHRA component) unspent lease revenue bond funds to restore all Tier I projects should interest rates increase prior to the bond issue and a reduction in contingency funds previously described not be sufficient to offset the loss of project funds due to potential interest rate increases.

Policy Directives will assist the City Treasurer's Office to structure the CRCIP bonds to meet City Council objectives, manage the bond proceeds in compliance with federal regulations, and provide periodic report backs to City Council on program status.

-End-

RESOLUTION NO. 2006-_____

Adopted by the Sacramento City Council

Date

RESOLUTION ESTABLISHING THE 2006 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) AND 2006 TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES B (COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM) REVENUE AND EXPENDITURE BUDGET IN THE AMOUNT OF \$153,114,731

BACKGROUND:

- A.** The City Council of the City of Sacramento (the "City") has determined to implement a Community Reinvestment Capital Improvement program (CRCIP) for grants, the development, planning, design, acquisition and construction of various capital improvements and infrastructure projects and related facilities and betterments approved by the City Council; and
- B.** Through a series of City Council meetings, City Council has approved a list of projects for inclusion in the 2006 Capital Improvement Revenue Bond (CIRB) issue and has directed the City Treasurer to proceed with financing to include the CRCIP projects, Sacramento Housing and Redevelopment Agency (SHRA) project areas and three additional financing projects.
- C.** The 2006 CIRBs will provide funds for acquisition and construction of certain CRCIP municipal projects, some of which will be leased, owned and/or operated by various non-profit organizations. As well as provide funds for Sacramento Housing and Redevelopment Agency (SHRA) project areas and three additional financing projects.
- D.** In order to implement the 2006 CIRB program as intended by City Council it is necessary to approve various financial and accounting authorizations and transactions.

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

Section 1. The City Council finds and determines that the statements in paragraphs A through E of the Background are true.

Section 2. Staff is authorized to establish the capital improvement projects (CIPs) for the CRCIP Tier I projects and establish the budgets as approved by the City Council.

Section 3. The appropriations, as outlined on **Exhibit A** to this Resolution, will be supported by revenue from the sale of Lease Revenue Bonds (2006 Capital Improvement Revenue Bonds).

Section 4. The City Treasurer is hereby authorized to modify the budget as may be required after final pricing and sale of the bonds and as thereafter required to carry-out the terms and intent of the financing in accordance with law and city policy.

Section 5. All Cost of Issuance expenditures must have written approval from the Office of the City Treasurer prior to final payment.

PASSED AND ADOPTED by the City Council of the City of Sacramento on May 23, 2006, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor

(SEAL)

ATTEST:

City Clerk

EXHIBIT A
Budget Resolution

2006 CIRB Project Budget

	COMBINED	CRCIP	SHRA	Crocker Museum	Arts Rehearsal	Haggin Oaks
PAR	\$ 149,715,000	\$ 97,320,000	\$ 27,425,000	\$ 12,804,616	\$ 5,336,089	\$ 6,829,295
Net Premium	\$ 3,399,731	\$ 2,578,787	\$ 338,678	\$ 247,306	\$ 103,060	\$ 131,900
TOTAL	\$ 153,114,731	\$ 99,898,787	\$ 27,763,678	\$ 13,051,922	\$ 5,439,149	\$ 6,961,195
REVENUE BUDGET	\$ 153,114,731	\$ 99,898,787	\$ 27,763,678	\$ 13,051,922	\$ 5,439,149	\$ 6,961,195
EXPENDITURE BUDGET	\$ 153,114,731	\$ 99,898,787	\$ 27,763,678	\$ 13,051,922	\$ 5,439,149	\$ 6,961,195
Underwriter's Discount	\$ (973,148)	\$ (634,924)	\$ (176,457)	\$ (82,954)	\$ (34,569)	\$ (44,243)
Subtotal	\$ 152,141,584	\$ 99,263,862	\$ 27,587,221	\$ 12,968,968	\$ 5,404,580	\$ 6,916,952
Cost of Issuance						
City Treasurer	\$ 25,000	\$ 16,311	\$ 4,533	\$ 2,131	\$ 888	\$ 1,137
City Attorney	\$ 14,000	\$ 9,134	\$ 2,539	\$ 1,193	\$ 497	\$ 636
Trustee Fee/Counsel	\$ 7,000	\$ 4,567	\$ 1,269	\$ 597	\$ 162	\$ 58
Escrow/Title	\$ 80,000	\$ 52,196	\$ 14,506	\$ 6,819	\$ 2,842	\$ 3,637
Bond Counsel	\$ 175,000	\$ 114,178	\$ 31,732	\$ 14,917	\$ 6,217	\$ 7,956
S&P Credit Rating	\$ 42,000	\$ 27,403	\$ 7,616	\$ 3,580	\$ 1,492	\$ 1,909
Moody's Credit Rating	\$ 36,000	\$ 23,488	\$ 6,528	\$ 3,069	\$ 1,279	\$ 1,637
Contingency	\$ 21,000	\$ 13,701	\$ 3,808	\$ 1,790	\$ 746	\$ 955
Subtotal*	\$ 400,000	\$ 260,978	\$ 72,530	\$ 34,097	\$ 14,123	\$ 17,925
Other Funds/Costs						
Reserve Fund	10,916,950	\$ 7,122,698	\$ 1,979,527	\$ 930,591	\$ 387,807	\$ 496,327
Bond Insurance	N/A					
Rounding	\$ 27,325	\$ -	\$ 21,215	\$ 3,133	\$ 1,306	\$ 1,671
Subtotal	10,944,275	7,122,698	2,000,741	933,724	389,113	497,998
Net Proceeds Available**	140,797,307	91,897,307	25,500,000	12,000,000	5,000,000	6,400,000

*Actual

**Figures may not add due to rounding

Sacramento City Financing Authority

2006 Capital Improvement Revenue Bonds (Community Reinvestment Capital Improvement Program & SHRA)

Presentation Overheads

May 23, 2006

Financing Structure

- ❑ General Fund lease-secured credit
 - Secured by Master Asset Pool

- ❑ Debt Service is a General Fund Lease Obligation of the City

- ❑ Program Management
 - Council Updates
 - Policy Directives

Project/Program Overview*

	Tax-Exempt	Taxable	Total
CRCIP	\$68.9M	\$22.9M	\$91.9M
Loans	\$12.0	\$11.4M	\$23.4M
SHRA	\$9.0M	\$16.5M	\$25.5M
Total	\$77.1	\$63.0M	\$140.7M

*Approximate subject to change

Financing Schedule

<u>Date</u>	<u>Action</u>
May 17	Receipt of Ratings and Insurance
	Bids
May 23	Council Approval and Hearings
June 1	Pricing
June 15	Closing

Policy Directives

- ❑ Major Investment in Quality of Life Civic Infrastructure
- ❑ Optimize the City's Ability to Invest while complying with Tax Laws
- ❑ Optimize the economic benefit in an appropriate timeframe.

Policy Directives

1. Project Status

- ***Preliminary Work:*** *Projects that have not begun preliminary work within [12] months of July 1, 2006*
- ***Construction Work:*** *Projects that have not commenced construction within [24] months of July 1, 2006*

Policy Directives

2. EXTERNAL FUNDING SOURCES:

- *City bond funds will not be advanced until [50%] of external funding is achieved*

3. GRANT FUNDS:

- *Agreements or MOUs must be put in place*

4. GENERAL FUND LOANS:

- *Loan or Development Agreements must be put in place*

Policy Directive

5. CONTINGENCY:

- *Contingency is earmarked for Tier I construction projects*
- *City Council must approve all use of contingency*

Policy Directives

6. BOND PROCEEDS MANAGEMENT:

- *The City Treasurer's Office will report back to City Council [semi-annually] on the availability and programming of investment earnings and the status of projects*
- *Investment earnings from the 2006 CIRB will be used to restore all Tier I projects*

