

RESOLUTION NO. 2006-365

Adopted by the Sacramento City Council

May 23, 2006

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.

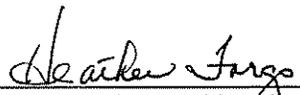
Adopted by the City of Sacramento City Council on May 23, 2006 by the following vote:

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