

## **RESOLUTION NO. 2006-003**

Adopted by the City of Sacramento Financing Authority

May 23, 2006

**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 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. Pursuant to 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"), each in substantially the forms of the Preliminary Official Statement and the Purchase Contract presented to this meeting, and (after the sale of the Bonds) the Authority (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 and the Indenture 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 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 to 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 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 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.

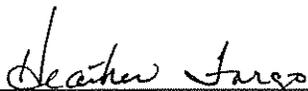
Adopted by the City of Sacramento Financing Authority on May 23, 2006 by the following vote:

Ayes: Members Cohn, Fong, Hammond, McCarty, Pannell Sheedy, Tretheway, Waters, and Chair Fargo.

Noes: None.

Abstain: None.

Absent: None.

  
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Heather Fargo, Chair

Attest:

  
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Shirley Concolino, Secretary