

RESOLUTION NO. 2017-0001

Adopted by the Governing Board of the
Sacramento City Financing Authority

March 21, 2017

AUTHORIZING THE TERMINATION OF AN INTEREST-RATE-SWAP AGREEMENT, LEASES, AND OTHER AGREEMENTS IN CONNECTION WITH REFINANCING THE SACRAMENTO CITY FINANCING AUTHORITY 1997 LEASE REVENUE BONDS (ARCO ARENA ACQUISITION); AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE REFINANCING

BACKGROUND:

- A. The Sacramento City Financing Authority (the “**Authority**”) is a joint-powers authority duly organized and existing under California law.
- B. The City of Sacramento (the “**City**”) is a municipal corporation duly organized and existing under the Sacramento City Charter (the “**Charter**”) and the California Constitution.
- C. Under the agreements relating to the development of a multi-purpose entertainment-and-sports center known as the “**Golden 1 Center**,” the Sacramento Public Financing Authority (“**SPFA**”) and the City have determined to refinance the City’s obligations relating to the Sacramento City Financing Authority 1997 Lease Revenue Bonds (ARCO Arena Acquisition) (the “**1997 Bonds**”).
- D. The proceeds of the 1997 Bonds were used to assist Kings Arco Arena Limited Partnership (now known as Kings Arena Limited Partnership, “**KALP**”) in refinancing its acquisition of certain real property and the facilities thereon, i.e., the sports arena formerly known as “ARCO Arena” and now known as “**Sleep Train Arena**,” through the City’s acquisition of the arena.
- E. In connection with the 1997 Bonds, the Authority and Goldman Sachs Capital Markets, L.P. entered into an ISDA Master Agreement, dated as of May 22, 2007 (the “**Master Agreement**”); a U.S. Municipal Counterparty Schedule to the Master Agreement, dated as of May 22, 2007 (the “**Schedule**”); and a Second Revised Confirmation, dated May 30, 2007 (the “**Confirmation**” and, together with the Master Agreement and the Schedule, the “**Swap Agreement**”).
- F. In connection with the issuance of the 1997 Bonds, the Authority and the City entered into a Facility Lease for the purpose of leasing Sleep Train Arena, dated as of July 1,

1997, as amended by a First Amendment to Facility Lease, dated as of July 1, 2007 (the “**1997 Facility Lease**”), under which the City is obligated to make certain base-rental payments (the “**1997 Base-Rental Payments**”) sufficient to pay the principal of, and interest on, the 1997 Bonds and to make payments under the Swap Agreement on the terms and conditions set forth in the 1997 Facility Lease.

- G. The 1997 Facility Lease permits the City to prepay the principal components of the 1997 Base-Rental Payments.
- H. SPFA and the City have determined to prepay the remaining principal components of the 1997 Base-Rental Payments and pay the accrued and unpaid interest components of the 1997 Base-Rental Payments, if any (and thereby refund the outstanding principal amount of the 1997 Bonds and pay accrued and unpaid interest on the 1997 Bonds, if any) and to terminate the Swap Agreement.
- I. To refinance the City’s obligations relating to the 1997 Bonds, SPFA and the City have determined to issue the Sacramento Public Financing Authority Lease Revenue Bonds, Series [Year of Issuance] (1997 Lease Revenue Bonds Refinancing) (Federally Taxable) in an aggregate principal amount not exceeding \$60,000,000 (the “**Refunding Bonds**”).
- J. In connection with the issuance of the 1997 Bonds, KALP and the City entered into an Arena Facility Sublease, dated as of July 1, 1997 (the “**1997 Arena Facility Sublease**”), under which KALP is obligated to pay rent to the City for the stated term of the 1997 Arena Facility Sublease or until the date of the City Obligation Repayment (as defined in the 1997 Arena Facility Sublease), whichever occurs first (subject to the provisions of the 1997 Arena Facility Sublease).
- K. By virtue of the City’s prepaying the remaining principal components of the 1997 Base-Rental Payments and paying the accrued and unpaid interest components of the 1997 Base-Rental Payments, if any (and thereby refunding the outstanding principal amount of the 1997 Bonds and paying accrued and unpaid interest on the 1997 Bonds, if any) and terminating the Swap Agreement, the obligation of KALP to make the City Obligation Repayment will be satisfied and discharged, and the 1997 Facility Lease, the 1997 Arena Facility Sublease, and various other agreements entered into in connection with the 1997 Bonds (collectively, the “**1997 Arena Related Documents**”) will be terminated.
- L. The City and the Authority intend to enter into a term sheet agreement (the “**Term Sheet Agreement**”) with KALP and certain other related entities in connection with the remarketing of the 1997 Bonds and the issuance of the Refunding Bonds.

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

- Section 1. The Governing Board finds that the statements in paragraphs A through L of the Background are true.
- Section 2. The Treasurer of the Authority or his designee (the “**Treasurer**”) and each other appropriate officer of the Authority, each acting alone, are authorized and directed to take all actions necessary and to execute and deliver on the Authority’s behalf all documents related to the refunding of the 1997 Bonds, the termination of the Swap Agreement, and the payment of a termination payment under the Swap Agreement as long as the termination payment is funded with the proceeds of the Refunding Bonds and other funds provided by or on behalf of KALP or its affiliates.
- Section 3. The Treasurer and each other appropriate officer of the Authority, each acting alone, are authorized and directed to take all actions necessary and to execute and deliver on the Authority’s behalf all documents necessary to terminate the 1997 Arena Related Documents and transfer fee title to the Sleep Train Arena site and all improvements thereon (including Sleep Train Arena and the related practice facility) to KALP or its affiliated designee, including release of related quitclaim deeds, and to terminate the liens related to the 1997 Bonds once the 1997 Bonds are redeemed.
- Section 4. The Treasurer and each other appropriate officer of the Authority, each acting alone, are authorized and directed to execute and deliver the Term Sheet Agreement on the Authority’s behalf, in substantially the form on file with the Secretary and with such changes as the Treasurer requires or approves with the concurrence of the Sacramento City Attorney or his designee, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 5. The Treasurer and each other appropriate officer of the Authority, each acting alone, are authorized and directed—
- (a) to execute and deliver on the Authority’s behalf all agreements, certificates, documents, and instruments that may be necessary or appropriate, in their discretion, to effectuate the actions the Governing Board has approved in this resolution; and
 - (b) to do all things and take all actions that may be necessary or appropriate, in their discretion, to effectuate the actions the Governing Board has approved in this resolution.

Section 6. All actions previously taken by the Governing Board, the Treasurer, or any other officers, agents, or employees of the Authority with respect to the transactions contemplated by this resolution are hereby ratified, confirmed, and approved.

Section 7. This resolution takes effect when adopted. As used in this resolution, "including" is a term of enlargement meaning "including but not limited to."

Adopted by the Financing Authority of the City of Sacramento on March 21, 2017, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Steinberg

Noes: None

Abstain: None

Absent: None

Attest by Secretary:

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Financing Authority.