

RESOLUTION NO. 2015-0233

Adopted by the Sacramento City Council

July 21, 2015

AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO A LEASE RELATING TO THE REFINANCING OF VARIOUS CITY FACILITIES; AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT AND CONTINUING DISCLOSURE CERTIFICATE FOR THE SACRAMENTO CITY FINANCING AUTHORITY 2015 REFUNDING REVENUE BONDS (MASTER LEASE PROGRAM FACILITIES); APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION, DELIVERY, AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT FOR THE BONDS; AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE BONDS

BACKGROUND

- A. The City of Sacramento (the “**City**”) and the Sacramento City Financing Authority (the “**Authority**”) are parties to the following agreements:
- A Master Site Lease dated as of December 1, 1999, under which the City leased to the Authority the real property described therein (as amended, the “**Master Site Lease**”); and a Master Project Lease dated as of December 1, 1999, under which the Authority leased the same real property plus the improvements on that property back to the City (as amended, the “**Master Project Lease**”). The purpose of these agreements is to finance and refinance certain capital improvements (the “**Master Lease Program Projects**”). The Sacramento City Council (the “**City Council**”) authorized both agreements by duly adopted resolutions.
 - A Solid Waste Site Lease dated as of December 1, 1999 (as amended, the “**Solid Waste Site Lease**”), under which the City leased to the Authority the real property described therein, and a Solid Waste Facility Lease dated as of December 1, 1999 (as amended, the “**Solid Waste Facility Lease**”), under which the Authority leased certain solid-waste facilities to the City. The purpose of these agreements is to finance and refinance certain improvements to the City’s municipal solid-waste system (the “**Solid Waste Project**”). The City Council authorized the City’s execution and delivery of both agreements by duly adopted resolutions.

- B. The City has determined that the costs of the Master Lease Program Projects and the Solid Waste Project can be lowered by having the Authority issue refunding revenue bonds and use the proceeds to do the following, all as authorized by this resolution:
- refinance certain of the City's Base Rental Payments under the Master Project Lease (the "**Prior Base Rental Payments**");
 - refinance the City's base rental payments under the Solid Waste Facility Lease (the "**Prior Solid Waste Base Rental Payments**");
 - amend the base rental payments in the Master Project Lease as necessary to refinance the Prior Base Rental Payments and the Prior Solid Waste Base Rental Payments; and
 - terminate the Solid Waste Site Lease and the Solid Waste Facility Lease once the Solid Waste Project has been included in the Master Lease Program Project.
- C. The City Council 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 Master Project Lease be so amended by a Tenth Amendment to Master Project Lease tentatively dated as of September 1, 2015, in substantially the form presented at this meeting (the "**Tenth Amendment to Master Project Lease**").
- D. Under the Tenth Amendment to Master Project Lease, the City will be obligated to make base rental payments to the Authority for the lease of certain property thereunder (the "**2015 Base Rental Payments**").
- E. The Authority has determined to issue its 2015 Refunding Revenue Bonds (Master Lease Program Facilities) (the "**Refunding Bonds**") under an Indenture tentatively dated as of September 1, 2015 (the "**Indenture**"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"). The Authority will use a portion of the proceeds of the Refunding Bonds, together with other available amounts, (1) to refund all or a portion of certain of the Authority's prior revenue-bond issues, as specified in the Indenture (the "**Prior Bonds**"); (2) to discharge the Prior Base Rental Payments and the Prior Solid Waste Base Rental Payments; (3) to fund a reserve fund, pay the purchase price for a surety bond, or both, at the sole option of the City; and (4) to pay costs of issuance.
- F. The Authority will assign, without recourse, all its rights to receive payments on the Tenth Amendment to Master Project Lease (the "**2015 Program Obligation Payments**") to the Trustee, for the benefit of the registered owners of the Refunding Bonds.

- G. In connection with issuing the Refunding Bonds, the Authority and the City will approve the distribution of a Preliminary Official Statement for the Refunding Bonds (the **"Preliminary Official Statement"**) and enter into a Purchase Contract providing for the sale of the Refunding Bonds (the **"Purchase Contract"**), and the City will execute a Continuing Disclosure Certificate for the Refunding Bonds in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5) (the **"Continuing Disclosure Certificate"**). The Preliminary Official Statement, the Purchase Contract, and the Continuing Disclosure Certificate will be substantially in the forms of those documents presented to this meeting. After the sale of the Refunding Bonds, the City will execute and deliver, and will authorize the distribution of, a Final Official Statement for the Refunding Bonds (the **"Final Official Statement"**).
- H. The interest on the Refunding Bonds may qualify for tax exemption under section 103 of the Internal Revenue Code of 1986 (as amended, the **"Code"**) only if the Refunding Bonds are approved in accordance with section 147(f) of the Code. Accordingly, the City Council must approve the issuance and sale of the Refunding Bonds in order to satisfy the public-approval requirements of section 147(f) of the Code. The City Council is the elected legislative body of the City and thus is the applicable elected representative required to approve the issue within the meaning of section 147(f) of the Code. The Master Lease Program Projects and the Solid Waste Project are located wholly within the City.
- I. On July 7, 2015, the City caused a notice to appear in the *Sacramento Bulletin*, which is a newspaper of general circulation within the City, stating that a public hearing with respect to the issuance of the Refunding Bonds would be held by the City Council on July 21, 2015. The City Council held the public hearing on July 21, 2015, and an opportunity was provided for persons to comment on the issuance and sale of the Refunding Bonds and on the plan of financing the Master Lease Program Projects and the Solid Waste Project.
- 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 City's execution and delivery of the Tenth Amendment to Master Project Lease, the Purchase Contract, 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. Accordingly, the City is now duly authorized to execute and deliver the Tenth Amendment to Master Project Lease, the Purchase Contract, and the Continuing Disclosure Certificate; to approve the distribution of the Preliminary Official Statement; and, after the sale of the Refunding Bonds, to approve the City's execution, delivery, and distribution of the Final Official Statement.

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

- Section 1. The statements in paragraphs A through J of the Background are true.
- Section 2. The City Treasurer or his designee (the “**Treasurer**”) is hereby authorized and directed to execute the Tenth Amendment to Master Project Lease on the City’s behalf, and the City Clerk or her designee is hereby authorized and directed to attest the execution and to deliver the Tenth Amendment to Master Project Lease. As executed and delivered, the Tenth Amendment to Master Project Lease must be substantially in the form presented at this meeting, with such additions or changes as the Treasurer may require or approve, and with approval to be conclusively evidenced by the execution and delivery, subject to the following:
- (a) the 2015 Program Obligation Payments when compared to the Prior Base Rental Payments and the Prior Solid Waste Base Rental Payments must be in a reduced amount that the Treasurer, after consultation with the Representative (defined in Section 3) or the City’s financial advisor, determines will result in an aggregate positive present-value savings to the City, the Treasurer’s determination being final, conclusive, and binding upon the Authority and the City; and
 - (b) the principal component of the base rental payments to be contained in the Tenth Amendment to Master Project Lease and set out in Exhibit B to the Tenth Amendment to Master Project Lease must not exceed in aggregate \$250,000,000.
- Section 3. The Purchase Contract providing for the sale of the Refunding Bonds to Morgan Stanley & Co. LLC, as the representative of itself, Stifel Nicolaus Inc., and any other underwriters of the Refunding Bonds named therein (the “**Representative**”), in the form presented at this meeting, is hereby approved. The Treasurer is hereby authorized and directed to execute and deliver the Purchase Contract on the City’s behalf. As executed and delivered, the Purchase Contract must be in substantially the form presented at this meeting, with such additions or changes as the Treasurer may require or approve, and with approval to be conclusively evidenced by the execution and delivery, subject to the conditions described in Section 2 above.
- Section 4. The Treasurer is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate on the City’s behalf. As executed and delivered, the Continuing Disclosure Certificate must be in substantially the form presented at this meeting, with such additions or changes as the Treasurer may

require or approve, and with approval to be conclusively evidenced by the execution and delivery.

- Section 5. The distribution of the Preliminary Official Statement, in substantially the form presented at this meeting, is hereby approved. The Treasurer is authorized to certify on the City's behalf that the Preliminary Official Statement has been "deemed final" by the City, except for certain final pricing and related information, in accordance with Rule 15c2-12 of the Securities and Exchange Commission. The Treasurer is hereby authorized and directed on the City's behalf to execute and deliver to the Representative the Final Official Statement, with such additions or changes as the City may require or approve, and with approval to be conclusively evidenced by the execution and delivery. The Representative is hereby directed to distribute copies of the Final Official Statement to all actual purchasers of the Refunding Bonds.
- Section 6. The Agreement for Bond-Counsel Services presented at this meeting is hereby approved, and the City Attorney or his designee (the "**City Attorney**") is hereby authorized and directed to execute and deliver it to Orrick, Herrington & Sutcliffe LLP on the City's behalf in substantially the form presented at this meeting, with any changes the City Attorney may require or approve, and with approval to be conclusively evidenced by the execution and delivery of the Agreement for Bond Counsel Services.
- Section 7. The Disclosure-Counsel Agreement presented at this meeting is hereby approved, and the City Attorney is hereby authorized to execute and deliver it to Stradling Yocca Carlson & Rauth, a Professional Corporation, on the City's behalf in substantially the form presented at this meeting, with any changes the City Attorney may require or approve, and with approval to be conclusively evidenced by the execution and delivery of the Disclosure-Counsel Agreement.
- Section 8. The City's officers are hereby each authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents they may deem necessary or advisable to carry out, give effect to, and comply with this resolution, the Tenth Amendment to Master Project Lease, the Indenture, the Purchase Contract, the Continuing Disclosure Certificate, and the Refunding Bonds. Any such actions previously taken by the City's officers are hereby ratified, confirmed, and approved. This authorization includes but is not limited to—
- (a) the execution and delivery of any documents required (1) to obtain bond insurance, a reserve-fund surety bond, or both, if deemed desirable and (2) to issue the Refunding Bonds in one or more series as taxable or tax-exempt;

- (b) the execution of escrow agreements and tax certificates and agreements; and
- (c) the purchase of a bond-insurance policy, a reserve-fund surety bond, or both, for the Refunding Bonds if deemed desirable.

Section 9. The Master Project Lease, as amended by the Tenth Amendment to Master Project Lease, is hereby ratified and confirmed in all respects. The Master Site Lease is also hereby ratified and confirmed in all respects.

Section 10. The issuance and sale of the Bonds by the Authority is hereby approved. The City Council intends that this resolution constitute approval of the Refunding Bonds by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located in accordance with section 147(f) of the Code.

Section 11. This resolution takes effect when adopted.

Adopted by the City of Sacramento City Council on July 21, 2015, by the following vote:

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

Noes: None

Abstain: None

Absent: Mayor Johnson

Attest:

Shirley Concolino Digitally signed by Shirley Concolino
DN: cn=Shirley Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2015.07.28 16:07:32 -07'00'

Shirley Concolino, City Clerk