

## CITY OF SACRAMENTO

### OFFICE OF THE TREASURER

800 - 10TH STREET  
SUITE 1

SACRAMENTO, CA 95814  
TELEPHONE (916) 449-5318

THOMAS P. FRIERY  
TREASURER

DONALD E. SPERLING  
ASST. TREASURER

July 23, 1986  
860:TPFlv:legal

TO: Thomas P. Friery, City Treasurer

FROM: Deborah Carter, Investment Officer

SUBJECT: Recorded Title Documents for the 1986/87 Certificates of Participation (COP)

This morning I picked up the official, recorded title documents (Site Lease, Project Lease, Assignment Agreement and Trust Agreement) for the 1986/87 COP from Western Title Insurance Company. I then delivered these documents to the City Clerk's Office for safekeeping, as per Carlo Fowler's instructions.

DEBORAH L. CARTER *DL*  
Investment Officer

cc: Carlo Fowler, Orrick, Herrington & Sutcliffe  
Phil Pennington, Western Title Insurance Co.  
-Anne Mason, Asst. City Clerk

Recording requested by and  
when recorded mail to:

WESTERN TITLE INSURANCE COMPANY  
SACRAMENTO COUNTY DIVISION  
919 8th STREET  
SACRAMENTO, CALIF. 95814

A. L. PENNINGTON

BOOK PAGE  
86 07 18 0055

OFFICIAL RECORDS  
RECORDED AT REQUEST OF  
WESTERN TITLE INSURANCE CO.

JUL 18 8 00 AM

*Jose Quocelle Smith* 1986  
SACRAMENTO COUNTY  
CLERK-RECORDER

134475

NO  
FEE  
E

TRUST AGREEMENT

by and among

SECURITY PACIFIC NATIONAL BANK

and the

SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION

and the

CITY OF SACRAMENTO

RELATING TO  
CERTIFICATES OF PARTICIPATION  
IN RENTAL PAYMENTS TO BE MADE  
UNDER AND PURSUANT TO THE  
PROJECT LEASE  
FOR THE  
CITY OF SACRAMENTO  
1986 PUBLIC FACILITIES PROJECT

Executed and Entered Into as of July 1, 1986



Recording requested by and  
when recorded mail to:  
**WESTERN TITLE INSURANCE COMPANY**  
**SACRAMENTO COUNTY DIVISION**  
919 8th STREET  
SACRAMENTO, CALIF. 95814

BOOK PAGE  
86 07 18 0047

OFFICIAL RECORDS  
RECORDED AT REQUEST OF  
WESTERN TITLE INSURANCE CO.

JUL 18 8 00 AM

R. D. PENNINGTON

*Jose Guiselle Smith* 1986  
SACRAMENTO COUNTY  
CLERK-RECORDER

134474

NO  
FEE  
E

ASSIGNMENT AGREEMENT

by and between the  
SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION

and

SECURITY PACIFIC NATIONAL BANK

RELATING TO THE  
PROJECT LEASE FOR THE  
CITY OF SACRAMENTO  
1986 PUBLIC FACILITIES PROJECT

Executed and Entered Into as of July 1, 1986

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Recording requested by and  
when recorded mail to:  
WESTERN TITLE INSURANCE COMPANY  
SACRAMENTO COUNTY DIVISION  
919 8th STREET  
SACRAMENTO, CALIF. 95814

BOOK PAGE  
86 07 18 0013

OFFICIAL RECORDS  
RECORDED AT REQUEST OF  
WESTERN TITLE INSURANCE CO.

JUL 18 8 00 AM

B. C. PENNINGTON

*Jose Roselle Smith* 1986  
SACRAMENTO COUNTY  
CLERK-RECORDER

134473

NO  
FEE  
E

PROJECT LEASE

by and between the

SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION

and the

CITY OF SACRAMENTO

FOR THE  
CITY OF SACRAMENTO  
1986 PUBLIC FACILITIES PROJECT

Executed and Entered Into as of July 1, 1986

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Recording requested by and  
when recorded mail to:  
WESTERN TITLE INSURANCE COMPANY  
SACRAMENTO COUNTY DIVISION  
919 8th STREET  
SACRAMENTO, CALIF. 95814

B. C. PENNINGTON

OFFICIAL RECORDS  
RECORDED AT REQUEST OF  
WESTERN TITLE INSURANCE CO.

JUL 18 8 00 AM

*Jose Russell Smith* 1986  
SACRAMENTO COUNTY  
CLERK-RECORDER

BOOK PAGE  
86 0718 0001

134472

SITE LEASE

by and between the  
CITY OF SACRAMENTO

and the

SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION

Executed and Entered Into as of July 1, 1986

NO  
FEE  
3



**Fidelity National Title Insurance Company**

919 Eighth Street, P.O. Box 68, Sacramento, CA 95801 441-2950

RECEIVED  
CITY CLERK'S OFFICE  
CITY OF SACRAMENTO

NOV 30 12 06 PM '87

Purchaser:  
Public Facilities Financing  
Corporation with Lease Back  
to City of Sacramento

Order No. 328101-WDH

Escrow Officer: Will D. Harley

**Preliminary Report**

*In response to the application for a policy of title insurance referenced herein, FIDELITY NATIONAL TITLE INSURANCE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.*

*The printed exceptions and exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.*

*This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a Policy or Policies of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.*

*The form of policy of title insurance contemplated by this report is: CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY and/or appropriate policy as requested.*

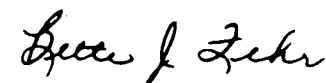
TO: City of Sacramento  
Treasurer's Office  
Attn: Thomas P. Friery

**Fidelity National Title Insurance Company**

Dated as of November 20, 1987  
at 7:30 a.m.



By  President

Attest  Secretary

Countersigned:   
TEH/br 2 Authorized Signature

The estate or interest in the land described herein and which is covered by this report is:

IN FEE

Title to said estate or interest at the date hereof is vested in:

SACRAMENTO COMMUNITY CENTER AUTHORITY, a public entity and agency organized and existing pursuant to said agreement entitled "Joint Exercise of Powers Agreement" between the County of Sacramento and the City of Sacramento creating the Sacramento Community Center Authority, dated for convenience as of November 25, 1969, recorded August 27, 1971, in Book 710827, Official Records, page 672.

At the date hereof exceptions to coverage in addition to the exclusions contained in said policy form would be as follows:

- A. Taxes for the fiscal year 1987-88 are not assessed.
- B. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, Revenue and Taxation Code, Sections 75 et seq.
1. Easements as reserved in the Ordinance Abandoning and Vacating certain Streets, Alleys, and Portions thereof, Ordinance No. 3015, Fourth Series, recorded August 6, 1971, Book 710806, Official Records, page 597.

Said reserved easements include the right for construction and maintenance of public utilities, affecting the Westerly 64 feet of 13th Street lying between the Southerly right of way line of J Street and the Northerly right of way line of L Street, excepting therefrom the Westerly 1/2 of 13th Street.

Said reserved easements include a right of way for public road and public utilities over that portion of 13th Street as delineated in said ordinance.

2. Provisions contained in the agreement entitled "Joint Exercise of Powers Agreement" between the County of Sacramento and the City of Sacramento creating the Sacramento Community Center Authority, recorded concurrently with Resolution No. 1150 on August 27, 1971, Book 710827, Official Records, page 672.
3. A lease affecting said land, entitled "Project Lease", dated "for convenience as of August 1, 1971", executed by said Sacramento Community Center Authority, as Lessor, to the City of Sacramento, a chartered and municipal corporation, as Lessee, for the term and upon and subject to the covenants, conditions, and provisions therein contained, recorded August 27, 1971, Book 710827, Official Records, page 712.

(Continued)

3. Continued

An assignment of the Lessor's interest of said Lease, given as additional security for the payment of the bonded indebtedness secured by the Resolution No. 10-71, recorded August 27, 1971, Book 710827, Official Records, page 735.

A Sub-lease entitled "Community Center Sublease", recorded concurrently with the Resolution No. 71-634, authorizing the execution of said sublease, between the City of Sacramento, a municipal corporation, and the County of Sacramento, a chartered county and political subdivision of the State of California, recorded August 27, 1971, Book 710827, Official Records, page 742.

4. The effect of an Indenture in the form of a Resolution, entitled "Resolution No. 10-71 Authorizing the Issuance of \$19,000.000.00 Principal Amount of Sacramento Community Center Authority 1971 Bonds", adopted by the Governing Board of said Authority on July 28, 1971, as their respective interests may appear and Security Pacific National Bank, a national banking association, as Trustee, under said Resolution, for the use and benefit of the owners and holders of said Bonds initially issued.

Said Indenture includes, among other provisions, the provision that the bonds authorized by and at any time outstanding pursuant to said Resolution shall be secured by a pledge of and lien upon certain revenues, among which are revenues derived from the lease referred to in Paragraph No. 3 above.

5. An easement for a public road and public utilities executed by the Sacramento Community Center Authority, a public entity and agency existing under the laws of the State of California, to the City of Sacramento, a municipal corporation, recorded August 31, 1971, Book 710831, Official Records, page 249.

6. The effect of the document entitled "Property Rehabilitation Standards For Satisfactory Of Properties", dated March 28, 1968, recorded January 31, 1969, in Book 690131 of Official Records, Page 328; and Amendments or Revisions thereto:

- (a) Recorded June 10, 1971, in Book 710610 of Official Records, Page 232.
- (b) Recorded February 15, 1973, in Book 730215 of Official Records, Page 394.
- (c) Recorded August 23, 1978, in Book 780823 of Official Records, Page 1222.

\* \* \* \*

NOTICE:

On all transactions recorded after January 1, 1985, checks deposited in escrow, which are drawn on out of state banks, will delay closing by as much as 8 days, and drafts will delay close of escrow for a longer period.

All checks drawn on California banks, on behalf of, or by buyers, must be in possession of the escrow holder prior to recording.

SENATE BILL 1550

\* \* \* \*

NOTE FOR INFORMATION:

Your attention is directed to Sacramento City Ordinance No. 4101, Fourth Series, which ordinance imposes a real property transfer tax on sales at the rate of one-fourth of one-percent of the value of consideration.

\* \* \* \*

Unless shown in the body of this Report, there appear of Record no transfer or agreement to transfer the land described herein recorded within the period of six months prior to the date of this Report, except as follows: NONE

\* \* \* \*

DESCRIPTION

All that real property situate in the State of California, County of Sacramento, City of Sacramento, described as follows:

The blocks bounded by the center line of 13th Street, the Westerly line of 14th Street, the Southerly line of "J" Street and the Northerly line of "L" Street according to the official plat of the City of Sacramento.

ation

1 2 3 4 5 6

1.200.527.9603

OLD CITY

Tax Area Code

6-11

(05)

ST. 8

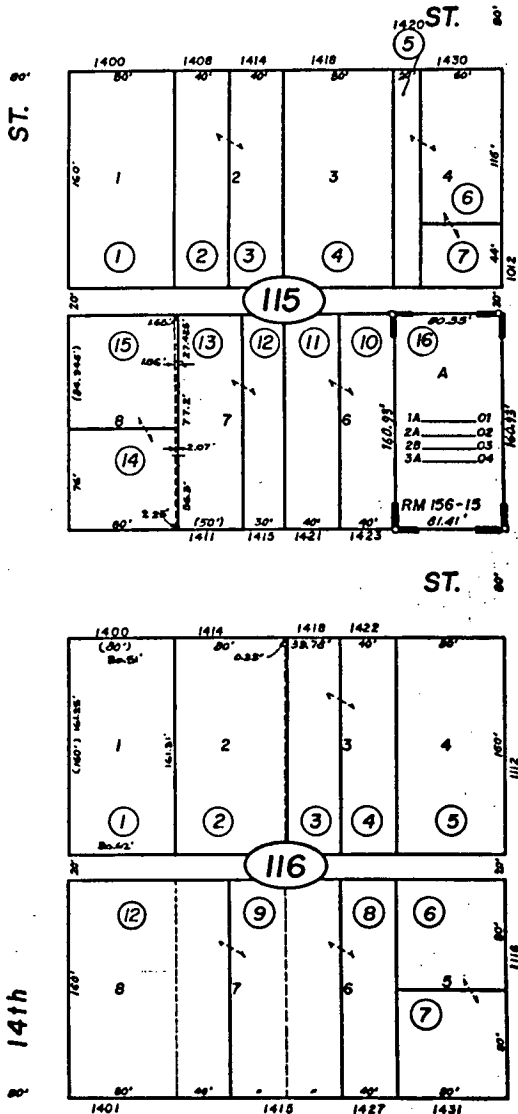
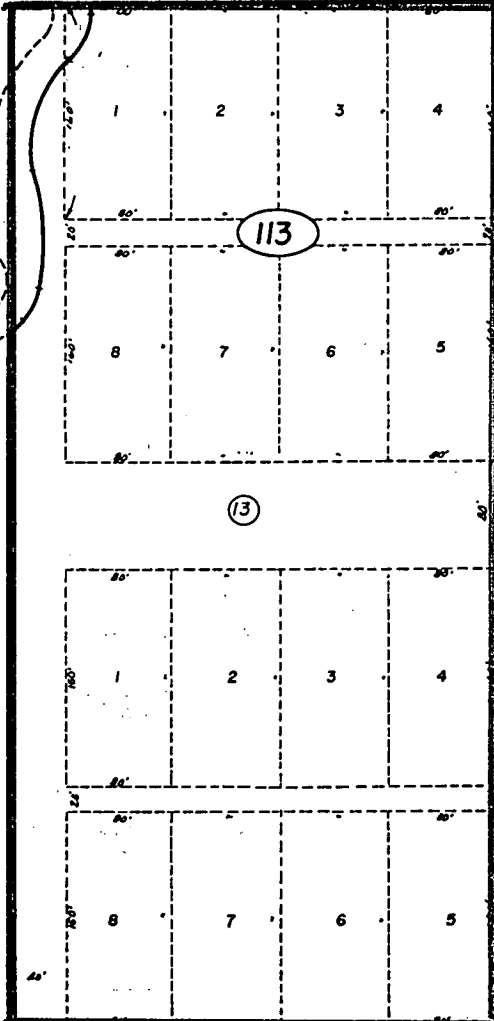
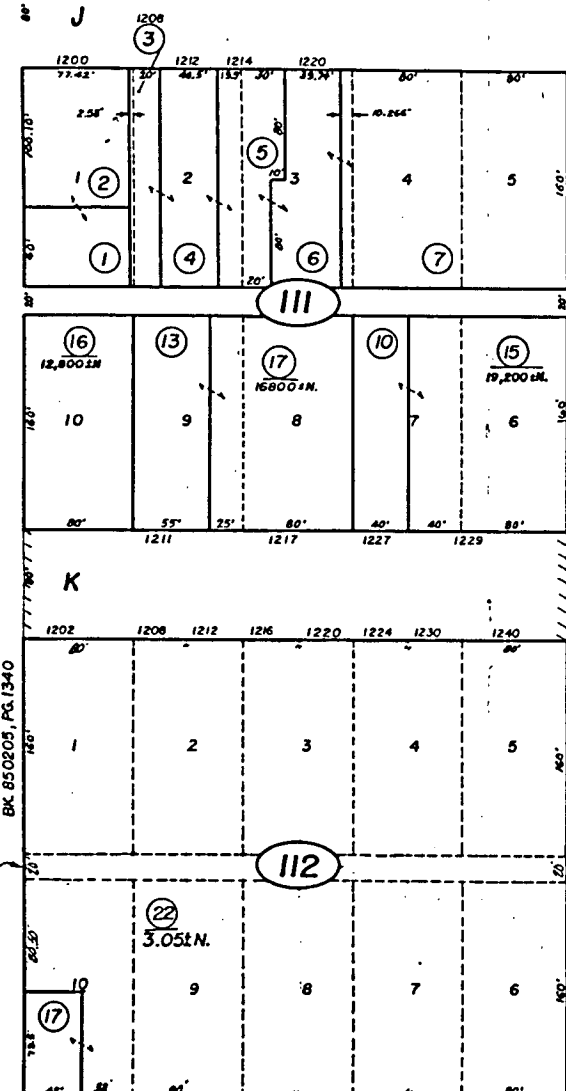
ST.

(12)

ST. 8

ST.

CITY OF SACRAMENTO  
Assessor's Map No. 6 - Pg. II  
County of Sacramento, Calif.



(16)



## EXHIBIT A

### CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY—1973 (AMENDED 12/6/85 AND 2/20/86) SCHEDULE B (AMENDED (2/20/86))

This policy does not insure against loss or damage, nor against costs, attorneys' fees or expenses, any or all of which arise by reason of the following:

#### Part I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule A, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.

7. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part, whether or not shown by the public records at Date of Policy, or the effect of any violation of any such law, ordinance or governmental regulation, whether or not shown by the public records at Date of Policy.

8. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records.

9. Defects, liens, encumbrances, adverse claims, or other matters (a) whether or not shown by the public records at date of policy, but created, caused, suffered, assumed or agreed to by the insured claimant; (b) not shown by the public records and not otherwise excluded from coverage but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured claimant; (c) attaching or created subsequent to Date of Policy; or (d) resulting in loss or damage which would not have been sustained if the insured claimant had been a purchaser or encumbrancer for value without knowledge.

### AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (6-1-87) WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE SCHEDULE OF EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims, or other matters: (a) created, suffered, assumed or agreed to by the insured claimant;

(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

(c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy, (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material); or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.

5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage, and is based upon usury or any consumer credit protection or truth in lending law.

6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.

(Continued on back cover)

## EXHIBIT A (CONTINUED)

### AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
  - land use
  - improvements on the land
  - land division
  - environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at policy date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records on the Policy Date
  - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
  - that are created, allowed, or agreed to by you
  - that are known to you, but not to us, on the Policy Date—unless they appeared in the public records
  - that result in no loss to you
  - that first affect your title after the Policy Date—this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
  - to any land outside the area specifically described and referred to in Item 3 of Schedule A
  - or
  - in streets, alleys, or waterways that touch your land.

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

### SCHEDULE B EXCEPTIONS

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.
3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

### AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (6-1-87) SCHEDULE OF EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation, or alleged violation affecting the land has been recorded in the

public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy, or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

*hawaii*

RECEIVED  
CITY CLERKS OFFICE  
CITY OF SACRAMENTO

JAN 11 8 36 AM '88



## CITY OF SACRAMENTO

### INTER-OFFICE ROUTING

Financing Team  
City Council

To: \_\_\_\_\_ Attn: Walter Slipe

Dept/Div

- ☒ For Your Information      Date 1/8/88  
☐ Per Your Request  
☐ Please Comment      RE: 1987 COP Public Facilities  
☐ Take Necessary Action      Project Financing

Comments for your files  
Enclosed/is a copy of letters from

Standard & Poor's and Moody's Investors Services

confirming our rating.

THOMAS P. FRIERY

City Treasurer

SIGNATURE

TITLE OR DEPT.

# Moody's Investors Service

99 Church Street, New York, NY 10007

December 8, 1987

Mr. Thomas Friery  
Treasurer  
City of Sacramento  
800 10th Street Suite 1  
Sacramento, California 95814

Dear Mr. Friery:

We wish to inform you that our Rating Committee has assigned the rating of Aa to the \$42,225,000 Sacramento-Sacramento City Public Facilities Finance Corporation, California Public Facilities Project Certificates of Participation dated December 1, 1987 to be sold through negotiation on December 8, 1987.

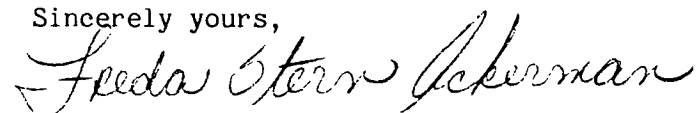
In order that we may maintain the currency of this rating over the period of the loan, we will require current financial and other updating information. We will appreciate your continued cooperation in the future.

We would appreciate receiving a copy of the final Official Statement when available.

Under separate cover you will be receiving a copy of our credit report on the above referenced bond sale.

Should you have any questions regarding the above, please do not hesitate to contact Ms. Barbara Flickinger at (212) 553-0300.

Sincerely yours,



Freda Stern Ackerman  
Executive Vice President

BJF :pl

cc: Mr. Ash D. Wood  
Paine Webber Inc.  
100 California Street  
Suite 1200  
San Francisco, California 94111

# Standard & Poor's Corporation

25 Broadway, New York, New York 10004 212/208-1002



Debt Rating Services  
Municipal Bond Department

December 11, 1987

Mr. Thomas Friery  
Treasurer  
City of Sacramento  
800 Tenth Street - Suite One  
Sacramento, California 95814-2688

Re: \$42,225,000 City of Sacramento, California, Certificates of  
Participation (1987 Public Facilities Project), dated:  
December 1, 1987

Dear Mr. Friery:

Pursuant to request for a Standard & Poor's rating on the above debt obligations, we have reviewed the information furnished to us and, subject to the terms and conditions of the MEMORANDUM OF AGREEMENT on the reverse side hereof, have assigned a rating of "A+" to the obligations.

Please note that the information referred to in the third paragraph of the MEMORANDUM OF AGREEMENT includes annual audits and budgets and, for revenue bond ratings in connection with construction financing, progress reports, not less often than quarterly, covering the project being financed.

In the event that you decide to include this rating in an Official Statement, prospectus or other offering literature, we request that you include S&P's definition of the rating together with a statement that the rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information.

We are pleased to have been of service to you. Our bill will be sent in due course. If you have any questions, please contact us.

Very truly yours,

Hyman C. Grossman  
Managing Director

/ed

cc: Mr. Ashford D. Wood  
Vice President  
Paine Webber Incorporated  
100 California Street - Suite 1200  
San Francisco, California 94111

LAW OFFICES  
ORRICK, HERRINGTON & SUTCLIFFE

555 Capitol Mall  
Sacramento, California 95814  
Telephone (916) 447-9200  
Telecopier (916) 447-7791

San Francisco, California 94111  
600 Montgomery Street  
Telephone (415) 392-1122

Los Angeles, California 90071  
333 South Hope Street  
Telephone (213) 680-7000

New York, New York 10022  
599 Lexington Avenue  
Telephone (212) 326-8800

Writer's Direct Dial Number  
916-322-1913

March 2, 1988

MEMORANDUM TO THE DISTRIBUTION LIST

RE: City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)

Enclosed for your use is a loose transcript from the above referenced financing. The Joint Powers Authority Agreement is missing from the transcript. Upon my receipt of this document I will forward everyone a copy. Should you have any questions or comments concerning these documents, please feel free to contact me.

Susan G. Cochran

(iv) that the President named herein has executed and the Secretary named herein has affixed the seal of the Corporation to, and attested, each of the following:

- (a) Trust Agreement dated as of December 1, 1987, by and among the City of Sacramento (the "City") the Corporation and Security Pacific National Bank (the "Trustee");
- (b) Project Lease dated as of December 1, 1987, by and between the City and the Corporation.
- (c) Acquisition Agreement dated as of December 1, 1987 by and between the City and the Corporation;
- (d) Assignment Agreement dated as of December 1, 1987, by and among the City, the Corporation and the Trustee;
- (e) Purchase Agreement dated December 8, 1987, by and among the City, the Corporation and the underwriters named therein.

(v) that the seal impressed hereon and impressed on each of such documents is the true and correct seal of the Corporation.

Dated: January 7, 1988.

SACRAMENTO CITY PUBLIC  
FACILITIES FINANCING  
CORPORATION

By *L. Burnett Miller*  
President

[Seal]

By *Quaine Magara*  
Secretary

ORRICK, HERRINGTON & SUTCLIFFE

DISTRIBUTION LIST

Joel Tenorio  
Security Pacific National Bank  
33 New Montgomery  
11th Floor  
San Francisco, CA 94105

Bill Lofton  
Arnelle & Hastie  
1160 Battery Street  
Suite 380  
San Francisco, CA 94111

Mary A. Collins  
Orrick, Herrington & Sutcliffe  
600 Montgomery Street  
San Francisco, CA 94111

Thomas P. Friery  
City Treasurer  
City of Sacramento  
800 10th Street  
Suite 1  
Sacramento, CA 95814

David Affleck  
City of Sacramento  
Treasurer's Office  
800 10th Street  
Suite 1  
Sacramento, CA 95814

John S. Harrison  
Harrison, Taylor & Bazile  
449 15th Street  
Suite 303  
Oakland, CA 94612



\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

COSTS OF ISSUANCE FUND REQUISITION

Security Pacific National Bank, as Trustee  
San Francisco, CA

Date:  
Requisition No.

Ladies and Gentlemen:

This letter is our authorization to you to disburse from the Costs of Issuance Fund established under the Trust Agreement dated as of December 1, 1987 (the "Trust Agreement") by and among Security Pacific National Bank (the "Trustee"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"), the sums specified in Schedule I attached hereto to the individuals, firms or corporations named therein for the payment of the specified costs. Attached hereto is an invoice or evidence of the City's payment of an invoice relating to each payment requested.

Each payment requested hereby is a proper charge against the Costs of Issuance Fund.

Very truly yours,  
  
CITY OF SACRAMENTO

By \_\_\_\_\_  
Title:  
(Either Mayor, City Manager  
or Treasurer)

Attest:

By \_\_\_\_\_  
City Clerk

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Schedule I

Payee

Amount

Purpose

sac-19  
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\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

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Transcript of Proceedings

Closing Date: January 7, 1988

Unless otherwise specified, all documents will be dated the date of the Closing.

I. Major Documents

1. Acquisition Agreement dated as of December 1, 1987, by and between the City and the Corporation.
2. Grant Deed from the City to the Corporation (to be recorded with the County Recorder of Sacramento County).
3. Trust Agreement dated as of December 1, 1987, by and among the City, the Corporation and the Trustee.
4. Project Lease dated as of December 1, 1987, by and between the City and the Corporation (to be recorded with the County Recorder of Sacramento County).
5. Assignment Agreement dated as of December 1, 1987, by and between the Corporation and the Trustee (to be recorded with the County Recorder of Sacramento County).
6. Escrow Agreement dated as of December 1, 1987, by and among the Authority, the City and the Bank.
7. Title Insurance Policy.

II. Sale Documents

8. Purchase Agreement, dated December 8, 1987, by and among the Underwriters, the City and the Corporation, and acknowledged by the Trustee.
9. Preliminary Official Statement dated December 1, 1987.
10. Final Official Statement dated December 8, 1987.

11. Preliminary Blue Sky Survey dated December 2, 1987.
12. Blue Sky Memorandum.
13. Legal Investment Survey.

#### III. City Documents

14. City of Sacramento, Ordinance No. 87-114 approving the lease of the Community Center together with an affidavit of publication of the Ordinance, and Resolutions No. 87-104, and 88-001, approving and authorizing the execution of legal documents, adopted by the City Council on December 1, 1987, December 8, 1987, and January 5, 1988, certified as of the Closing Date.
15. Certificate of the City.
16. Certificate as to Arbitrage, together with underwriters' representations regarding purchase of securities, reserve fund, and initial offering price to the public.
17. Rebate Certificate.
18. Written Request of the City to the Trustee.
19. Certificates of Insurance.
20. Form of Requisition for Costs of Issuance Fund, together with Requisition No. 1.
21. Form of Requisition for Acquisition Fund.
22. Notice of Proposed Debt Issuance to California Debt Advisory Commission and Notice of Final Sale, together with letter regarding negotiated sale.
23. IRS Form 8038-G.
24. Opinion of City Attorney.

#### IV. Corporation Documents

25. Sacramento City Public Facilities Financing Corporation Resolution No. 87-001, authorizing the financing and the execution of the legal documents, certified as of the Closing Date.
26. Certificate of Status - Domestic Corporation issued by California Secretary of State, together with Good Standing Certificate by the Secretary of State.

27. Certificate regarding Effectiveness of Articles of Incorporation, together with Articles of Incorporation and all amendments.
28. Certificate regarding Effectiveness of Bylaws, together with Bylaws and all amendments.
29. Incumbency and Signature Certificate.
30. Opinion of Counsel to the Corporation.

#### V. Authority Documents

31. Joint Powers Authority Agreement.
32. Signature and Incumbency Certificate of the Authority.
33. Notice of Termination dated January 7, 1987.
34. Certified Copy of Resolution No. 87-001 authorizing Defeasance of the 1971 Bonds and execution of the Escrow Agreement.
35. Grant Deed from the Authority to the City (to be recorded with the County Recorder of Sacramento County).

#### VI. Documents Relating to Refunding of 1971 Bonds

36. Ernst & Whinney Report

#### VII. Bank Documents

37. Certificate of the Bank.
38. Receipt for Purchase Price and other Monies.
39. Opinion of Counsel to the Bank.

#### VIII. Underwriters Documents

40. Rating Letters from Standard and Poor's Corporation and Moody's Investors Service.
41. Receipt for Certificates of Participation.
42. Initial Comfort Letter from Touche, Ross & Co. dated December 8, 1987 and Final Comfort Letter dated January 7, 1987.

43. Specimen Certificate of Participation.

44. Opinion of Co-Underwriters' Counsel.

IX. Co-Special Counsel Documents

45. Final Approving Legal Opinion of Co-Special Counsel.

46. Supplemental Opinion of Co-Special Counsel to the Underwriters.

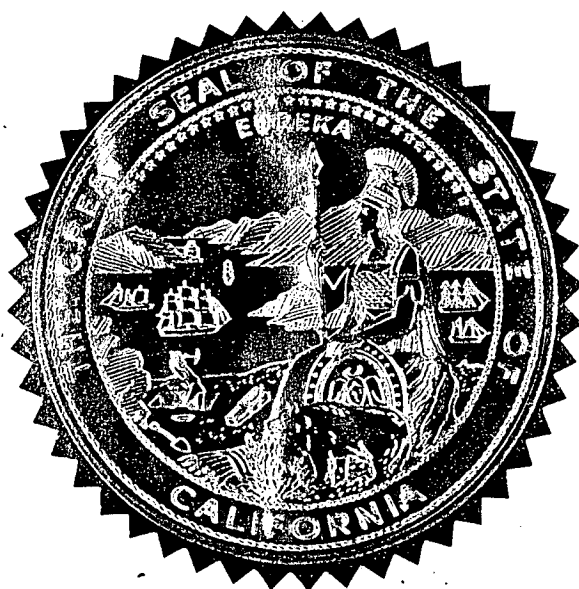
47. Defeasance Opinion of Co-Special Counsel relating to the Sacramento Community Center Authority 1971 Bonds (the "1971 Bonds").

X. Closing Memorandum

48. Closing Memorandum



CERTIFICATE OF STATUS  
DOMESTIC CORPORATION



STATE OF CALIFORNIA



**FRANCHISE TAX BOARD**

P.O. Box 942857

Sacramento, CA 94257-0540

In Reply Refer To : 357:LGS:REJ

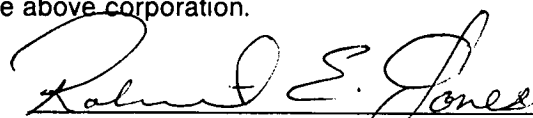
Date : JANUARY 06 1988

ORRICK, HERRINGTON & SUTCLIFFE  
555 CAPITOL MALL STE 1200  
SACRAMENTO CA 95814

Corporation : SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION  
Corporation Number : 1532767

- ☐ 1. The corporation is in good standing, has no known unpaid tax liability and is entitled to transact business in California. Returns remain subject to audit.
- ☒ 2. The corporation is in good standing and entitled to transact business in California. Returns remain subject to audit.
- ☐ 3. The corporation is not qualified to transact business in California. There is no known unpaid tax liability. Returns remain subject to audit.
- ☐ 4. The corporation is not qualified to transact business in California. Returns remain subject to audit.
- ☐ 5. The corporation has made necessary prepayment with incorporation or qualification on \_\_\_\_\_.
- ☐ 6. The corporation has an unpaid liability of \$ \_\_\_\_\_ for income year(s) ended \_\_\_\_\_.
- ☒ 7. Our records do not show receipt of the franchise tax return(s) for the income year(s) ended 0587.
- ☐ 8. The corporation was \_\_\_\_\_ effective \_\_\_\_\_.
- ☐ 9. The corporation's current address on record is:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ 10. The corporation is in the process of being reinstated to good standing.
- ☐ 11. We have no current information on the above corporation.

Telephone (916) 369-3787

  
REPRESENTATIVE



\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CERTIFICATE OF CORPORATION SECRETARY

I, Lorraine Magana, Secretary of the Sacramento City Public Facilities Financing Corporation (the "Corporation") hereby certify that the foregoing is a true, correct and complete copy of Resolution No. 87-001, duly adopted by the Board of Directors of the Corporation at a regular meeting thereof duly and regularly held on December 8, 1987 of which meeting all of the members of said Board of Directors had due notice.

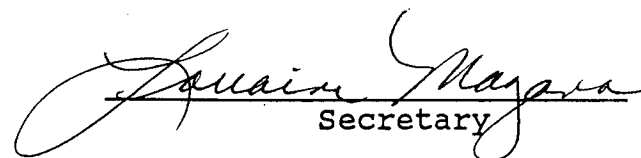
I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a true, correct and complete copy of the original resolution duly adopted by said Board of Directors at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since its adoption and is in full force and effect as of the date hereof.

I further certify that in accordance with California Government Code Section 54954.2, the agenda for the regular meeting of December 8, 1987 of the Board of Directors containing a brief description of each item to be discussed at such meeting was posted at least 72 hours before such meeting in a location freely accessible to members of the public.

IN WITNESS WHEREOF, I have executed this Certificate and affixed the seal of the Sacramento City Public Facilities Financing Corporation on the date hereinbelow set forth.

Dated: January 7, 1988

[SEAL]

  
Secretary

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\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CERTIFICATE REGARDING EFFECTIVENESS  
OF  
ARTICLES OF INCORPORATION

The undersigned hereby states and certifies in connection with the execution and delivery of the above-referenced Certificates of Participation:

(i) that she is the Secretary of the Sacramento City Public Facilities Financing Corporation, a California nonprofit public benefit corporation (the "Corporation"), and as such, is familiar with the facts herein certified and is qualified and authorized to certify the same; and

(ii) that attached hereto is a true and correct copy of the Articles of Incorporation of the Corporation as filed with and certified by the Secretary of State of the State of California on June 5, 1986, which Articles of Incorporation have not been amended, modified, supplemented or rescinded and remain in full force and effect as of the date hereof.

Dated: January 7, 1988

SACRAMENTO CITY PUBLIC  
FACILITIES FINANCING  
CORPORATION

By Louanne Harper  
Secretary

CERTIFIED AS TRUE COPY OF:

Articles of Incorporation for SC. FC

7-15-86

DATE CERTIFIED

Anne J. Mason

ASSISTANT SECRETARY, SACRAMENTO  
CITY PUBLIC FACILITIES FINANCING  
CORPORATION

ARTICLES OF INCORPORATION

OF

SACRAMENTO CITY PUBLIC FACILITIES

FINANCING CORPORATION

(A Nonprofit Public Benefit Corporation)

1532767

TIL  
ENDORSED  
FILED

In the office of the Secretary of State  
of the State of California

JUN 05 1986

MARCH FONG EU, Secretary of State

The undersigned do hereby associate themselves together for the purpose of forming a nonprofit public benefit corporation under and pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), and do hereby certify:

FIRST: The name of this Corporation is "Sacramento City Public Facilities Financing Corporation" (hereinafter called the "Corporation").

SECOND: The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. The Corporation is organized under the Nonprofit Public Benefit Corporation Law for public purposes. The specific and primary purpose for which the Corporation is formed is to provide assistance to the City of Sacramento in financing the acquisition, construction, improvement and remodeling of public buildings, equipment and facilities for the City of Sacramento, together with parking, site development, landscaping, utilities, furnishings, improvements and all appurtenant and related facilities.

Incidental to and in order to carry out the foregoing purpose, the Corporation shall have and possess, subject to the provisions of these Articles, all powers now or hereafter conferred upon nonprofit public benefit corporations by the laws of the State of California, with the following limitation: The Corporation shall never engage in any activity other than such activities as may be incidental to and for the purpose of carrying out the primary purpose for which the Corporation is formed for and on behalf of the City of Sacramento.

THIRD: The Corporation is organized as a nonprofit public benefit corporation, without capital stock and without members. No gains, profits or dividends shall be distributed to any of the directors or officers of the Corporation, and no part of the net earnings, funds or assets of the Corporation shall inure to the benefit of any director, officer or individual, or any other person, firm or corporation, excepting only the City of Sacramento. No part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, nor shall it participate in, or intervene in, or publish or distribute statements concerning, any political campaign on behalf of any candidate for public office. The property of the Corporation is irrevocably dedicated to the City of Sacramento; provided, however, that until all indebtedness of the Corporation shall have been paid, such

property and any net revenues therefrom may be used for the purpose of paying and retiring such indebtedness.

FOURTH: The name and address of the initial agent for service of process of the Corporation is Lorraine Magana, City Clerk, City Hall, 915 "I" Street, Sacramento, California 95814.

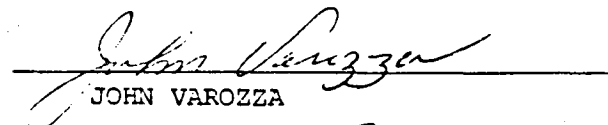
FIFTH: The number of directors of the Corporation shall be three (3), until such number shall be changed by an amendment to these Articles.

SIXTH: These Articles of Incorporation may be amended only with the written consent of the City Council of the City of Sacramento and by approval of the board of directors of the Corporation.

SEVENTH: Upon any liquidation, dissolution or winding up of the Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the directors shall distribute and transfer all remaining assets of the Corporation to the City of Sacramento.

IN WITNESS WHEREOF, the undersigned has executed these presents this 3rd day of June 1986.

  
RALPH SCURFIELD

  
JOHN VAROZZA

  
BURNETT MILLER

\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
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Facilities Financing Corporation

CERTIFICATE REGARDING EFFECTIVENESS  
OF  
BYLAWS

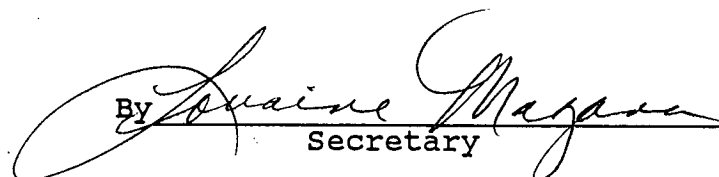
The undersigned hereby states and certifies in connection with the execution and delivery of the above-referenced Certificates of Participation:

(i) that she is the Secretary of the Sacramento City Public Facilities Financing Corporation, a California nonprofit public benefit corporation (the "Corporation"), and as such, is familiar with the facts herein certified and is qualified and authorized to certify the same; and

(ii) that attached hereto is a true and correct copy of the By-Laws which have not been amended, modified, supplemented or rescinded and remain in full force and effect as of the date hereof.

Dated: January 7, 1988

SACRAMENTO CITY PUBLIC  
FACILITIES FINANCING CORPORATION

By  Secretary

BYLAWS  
OF  
CITY OF SACRAMENTO PUBLIC FACILITIES  
FINANCING CORPORATION

ARTICLE I

Name, Organization and Purpose,  
Principal Office, Seal

Section 1.01. Name. The name of this corporation is "City of Sacramento Public Facilities Financing Corporation" (hereinafter referred to as the "Corporation").

Section 1.02. Organization, Purpose and Use of Funds. The Corporation is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California to provide assistance to the City of Sacramento, California, in financing the acquisition, construction, improvement and remodeling of public buildings, facilities and equipment for the City of Sacramento, including but not limited to administration facilities, together with parking, site development, landscaping, utilities, furnishings, improvements and all appurtenant and related facilities. The activities of the Corporation shall be limited to the activities described in its Articles of Incorporation. No gains, profits or dividends shall be distributed to any of the directors or officers of the Corporation, and no part of the net earnings, funds or assets of the Corporation shall

inure to the benefit of any director, officer or individual or any other person, firm or corporation excepting only the City of Sacramento.

Section 1.03. Principal Office. The principal office of the Corporation shall be in the City of Sacramento, State of California.

Section 1.04. Seal. The corporate seal of the Corporation shall set forth the name of the Corporation and shall have inscribed thereon the words "Incorporated June 5, 1986, California."

## ARTICLE II

### Membership

Section 2.01. The Corporation shall have no members. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board of Directors. All rights which would otherwise vest in the members shall vest in the directors.

## ARTICLE III

### Directors

Section 3.01. Number of Directors, Term of Office. The Board of Directors shall consist of three (3) persons. The number of directors may be changed by amendment of the Articles of Incorporation. The names and addresses of the persons who are appointed to act as the first directors



of the Corporation, until the selection of their successors,  
are as follows:

<u>Name</u>	<u>Address</u>
R. Burnett Miller	1224 40th Street, Sacramento 95819
Ralph Scurfield	601 University Avenue #150 Sacramento, CA 95825
John Varozza	1732 63rd Avenue, Sacramento 95822

Each of the three (3) directors shall hold office until the selection and qualification of his or her successor or until his or her death, resignation or removal, whichever occurs earlier. No person shall be eligible to serve as a director except a person who has been initially approved as a director by resolution of the City Council of the City of Sacramento.

Section 3.02. Organization Meeting. The first Board of Directors may at any time hold an organizational meeting at which the directors shall organize by electing from their number a President, a Vice President and a Chief Financial Officer. In addition, the Board of Directors shall elect a Secretary and may elect such subordinate officers as they may determine, none of whom need be a director of the Corporation. Each officer shall hold office until the

election and qualification of his or her successor or until his or her death, resignation or removal.

Section 3.03. Place of Directors' Meetings.

Meetings of the directors shall be held at such place in the City of Sacramento, or elsewhere, as may be designated in the notice of meeting or by resolution of the Board of Directors.

Section 3.04. Regular Meetings. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the time and place of holding such meetings. Notice of regular meetings need not be given.

Section 3.05. Special Meetings, Notice, Waiver. A special meeting of the Board of Directors shall be held whenever called by the President, by the Vice President, or by any two (2) directors. Each such meeting shall be held upon notice by first-class mail posted at least forty-eight (48) hours before the day on which the meeting is to be held or upon notice delivered personally or by telephone or telegraph, charges prepaid, at least twenty-four (24) hours before the day on which the meeting is to be held. Notice of adjournment of a meeting need not be given to absent directors if the time and place are fixed at the meeting adjourned. The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if each of the directors either signs a written waiver of notice or a

written consent to the holding of such meeting or an approval of the minutes thereof, whether before or after the meeting, or attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 3.06. Action by Written Consent. Any action required or permitted to be taken by the Board of Directors under any provision of law or these Bylaws may be taken without a meeting if all members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as a unanimous vote of such directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting and that the Bylaws of this Corporation authorize the directors to so act and such statement shall be prima facie evidence of such authority.

Section 3.07. Quorum and Manner of Action. At all meetings of the Board of Directors a majority of the directors in office at the time, present in person at such meeting, shall be sufficient to constitute a quorum. Unless

a greater number is expressly required by statute or by these Bylaws, every act or decision done or made by a majority of the directors present at a meeting duly held, at which a quorum is present and acting, shall be regarded as the act of the Board of Directors.

Section 3.08. Conduct of Meetings. The President or, in his or her absence, the Vice President, or, in the absence of the Vice President, a chairperson chosen by a majority of the directors present, shall preside.

Section 3.09. Resignations and Vacancies. Any director of the Corporation may resign at any time by giving written notice to the President or to the Board of Directors, and, where such resignation would leave the Corporation without a duly elected director or directors in charge of its affairs, to the Attorney General of the State of California. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

A vacancy or vacancies in the Board shall be deemed to exist in the event of the death, resignation or removal of any director. Any vacancy in the Board of Directors shall be filled by a majority of the remaining directors, whether or not less than a quorum, subject to the approval of the City Council of the City of Sacramento. Each director so selected

shall hold office until his or her death, resignation or removal.

Section 3.10. Compensation of Directors. No director shall be entitled to receive any compensation for serving as a director or as an officer of the Corporation.

Section 3.11. Removal of Directors. Any director may be removed by the vote of a majority of all directors or, for cause, by the City Council of the City of Sacramento which may then appoint a successor to such director.

Section 3.12. Notice to City of Sacramento. Notice of all meetings of the Board of Directors of the Corporation shall be given by the Secretary or an Assistant Secretary of the Corporation to the Mayor and the City Clerk of the City of Sacramento. Representatives of the City of Sacramento may attend and may make comments at all such meetings.

#### ARTICLE IV

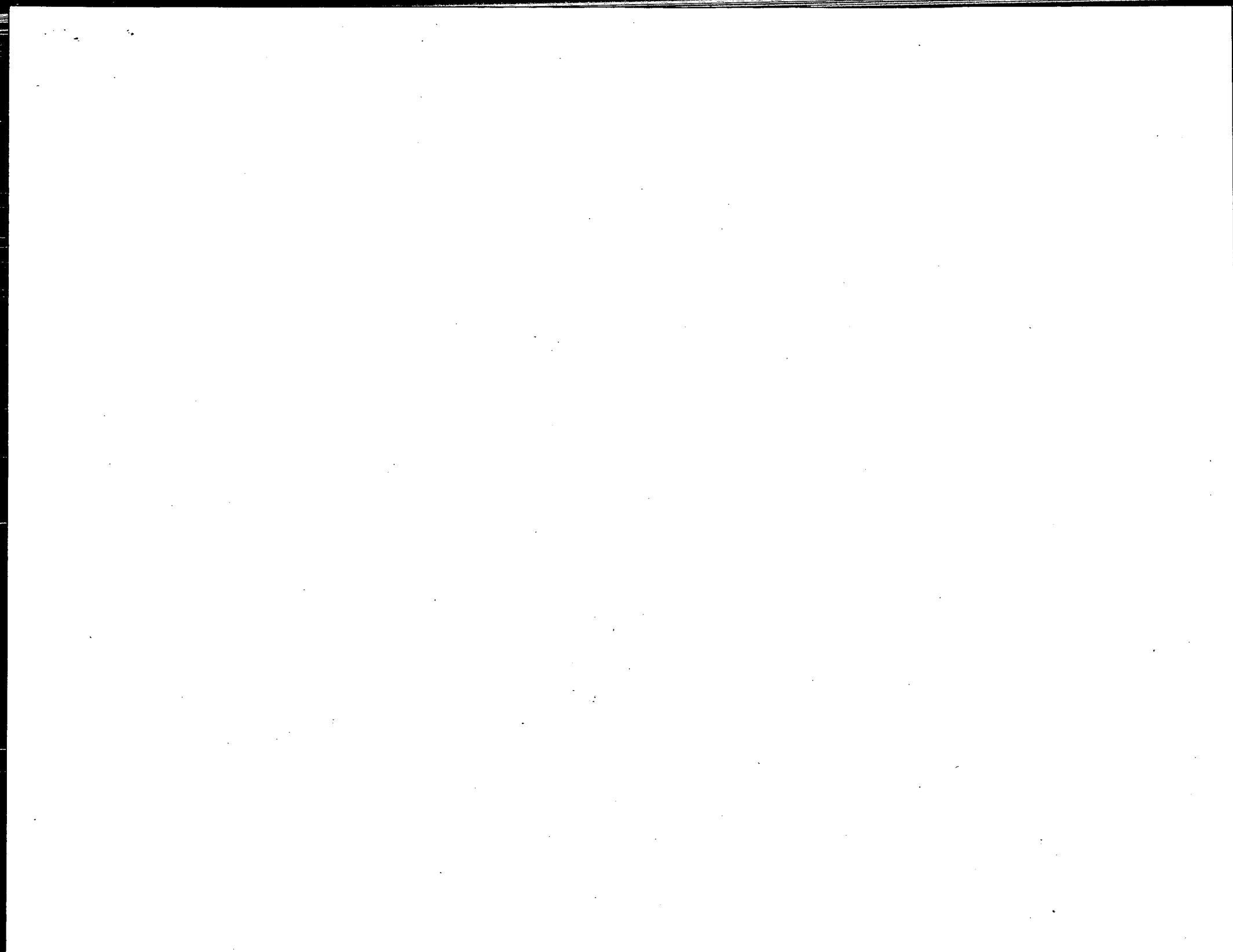
##### Powers of Board of Directors

Section 4.01. General Powers of Board of Directors. All corporate powers shall be exercised by or under the authority of, and the business, property and affairs of the Corporation shall be controlled by, the Board of Directors.

Section 4.02. Indemnification. To the full extent permitted by law, the Board of Directors may authorize indemnification by the Corporation of any person who is or

was a director, officer, employee or other agent of the Corporation, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Corporation, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 4.03. Incurring of Indebtedness. The Board of Directors, on behalf of the Corporation, may incur such indebtedness for the proper purposes of the Corporation as the Board may deem necessary or appropriate, may issue bonds, notes, debentures and other evidences of indebtedness of the Corporation, may secure the same by mortgage, transfer in trust, pledge or other encumbrance of the whole or any part of the assets of the Corporation, and may establish funds and make other provisions for the payment of such indebtedness and interest thereon.



## ARTICLE V

### Officers

Section 5.01. Number and Qualifications. The officers of the Corporation shall be a President, a Vice President, a Secretary and a Chief Financial Officer and such subordinate officers, including one or more assistant secretaries and assistant financial officers, as the Board of Directors may elect. Only directors shall be qualified to hold the office of President, Vice President and Chief Financial Officer, but the Board of Directors may elect any person, whether or not a director of the Corporation, to hold the office of Secretary or any subordinate office.

Section 5.02. Election, Term of Office. Each officer shall be elected by the Board of Directors and shall hold office until his or her successor shall have been elected and qualified, or until the death, resignation or removal of such officer.

Section 5.03. Resignations. Any officer may resign at any time by giving written notice to the President or to the Board of Directors of the Corporation. Any such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.04. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or



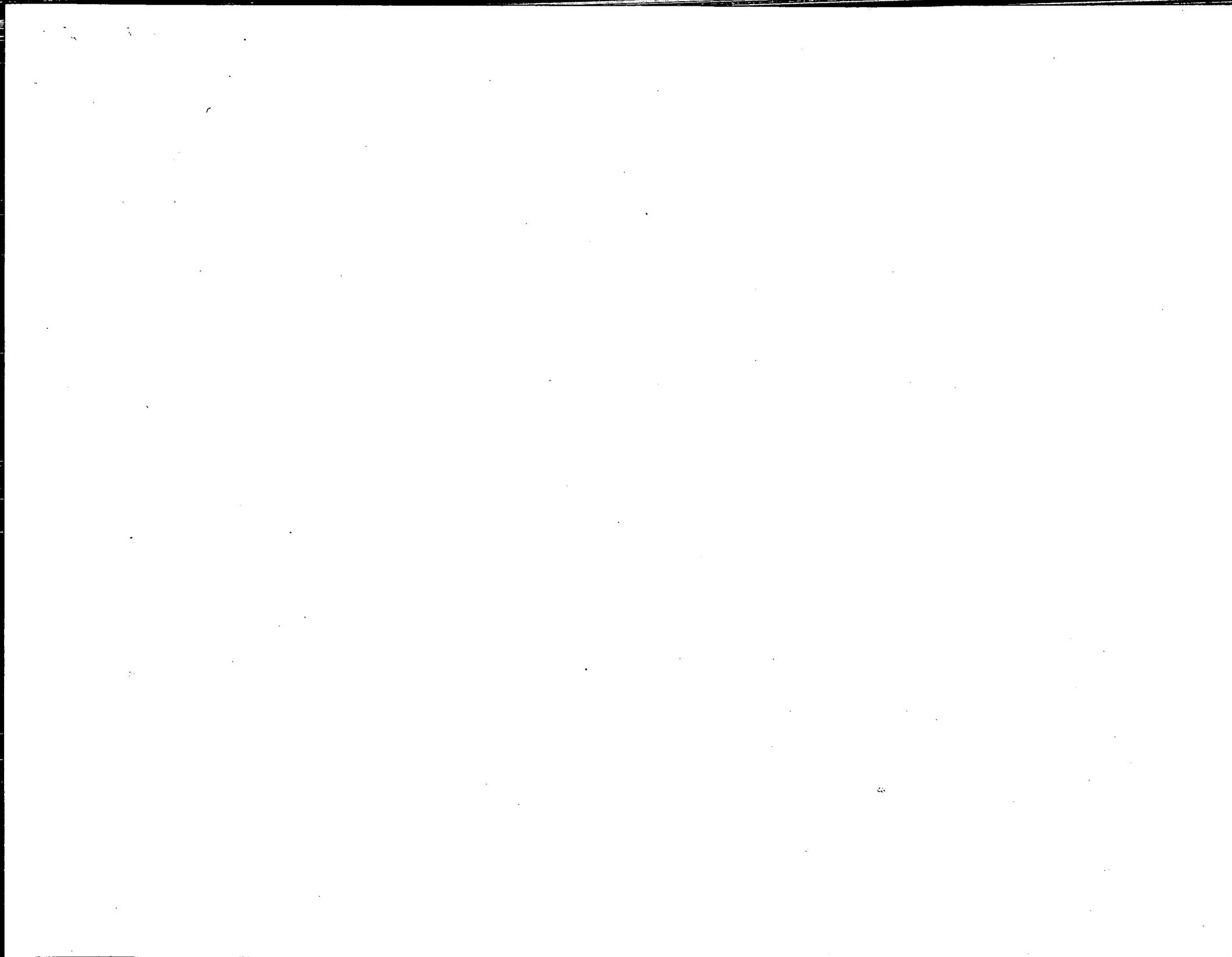
any other cause, shall be filled in the manner prescribed in these Bylaws for regular election to such office.

Section 5.05. President. The President shall be the chief executive officer of the Corporation and shall have general supervision over the business of the Corporation, subject, however, to the control of the Board of Directors. The President shall preside at all meetings of the Board of Directors. The President may sign and execute, in the name of the Corporation, deeds, mortgages, leases, bonds, contracts and other instruments duly authorized by the Board of Directors, and generally shall perform all duties incident to the office of President and such other duties as may from time to time be assigned to such office by the Board of Directors.

Section 5.06. Vice President. At the request of the President or in case of his or her absence or disability, the Vice President shall perform all duties of the President and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. In addition, the Vice President shall perform such other duties as may from time to time be assigned to that office by the Board of Directors or the President.

Section 5.07. Secretary. The Secretary shall

(a) Certify and keep at the office of the Corporation, or at such other place as the Board of Directors may



order, the original or a copy of the Bylaws, as amended or otherwise altered;

(b) Keep at the office of the Corporation, or at such other place as the Board of Directors may order, a book of minutes of all meetings of the directors, recording therein the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, and the proceedings thereat;

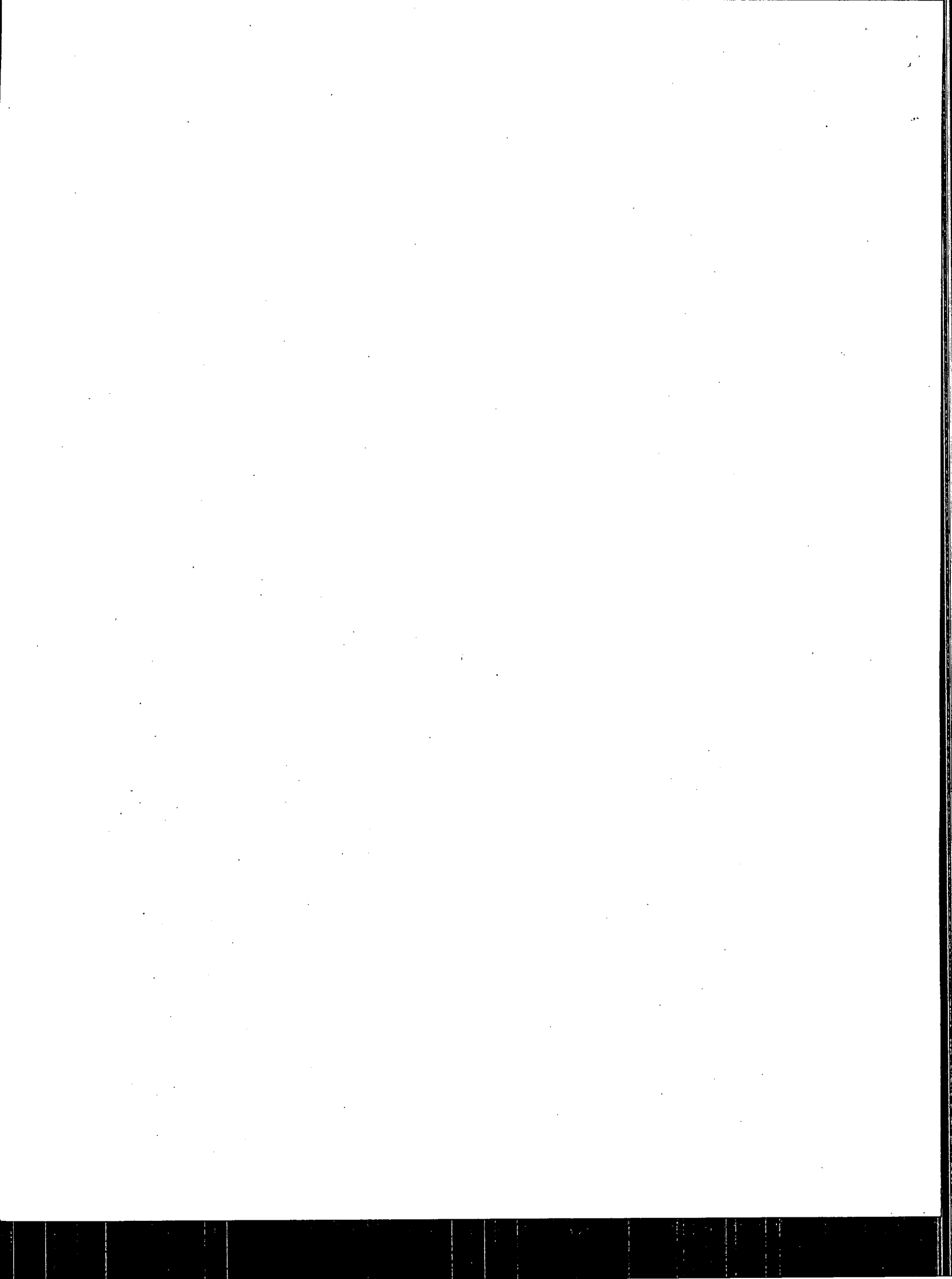
(c) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;

(d) Be custodian of the records and seal of the Corporation;

(e) Exhibit at all reasonable times to any director, upon application, the Bylaws and minutes of the proceedings of the directors of the Corporation; and

(f) In general, perform all duties of the office of Secretary and such other duties as may from time to time be assigned to such office by the Board of Directors or the President.

Section 5.08. Chief Financial Officer. The Chief Financial Officer shall receive and have charge of all funds of the Corporation and shall disburse such funds only as directed by the Board of Directors. The Chief Financial Officer shall, in general, perform all duties incident to the office of Chief Financial Officer and such other duties as



may from time to time be assigned to such office by the Board of Directors or the President.

Section 5.09. Subordinate Officers. Subordinate officers shall perform such duties as shall be prescribed from time to time by the Board of Directors or the President.

## ARTICLE VI

### Dissolution

Section 6.01. The Corporation shall not be voluntarily dissolved except by approval of the Board of Directors. In the event of dissolution of the Corporation in any manner and for any cause, after the payment or adequate provision for the payment of all of its debts and liabilities, all of the remaining funds, assets and properties of the Corporation shall be paid or distributed to the City of Sacramento.

## ARTICLE VII

### General

Section 7.01. Fiscal Year. The fiscal year of the Corporation shall begin July 1 and end June 30 of each year, except the first fiscal year which shall run from the date of incorporation to June 30, 1986.

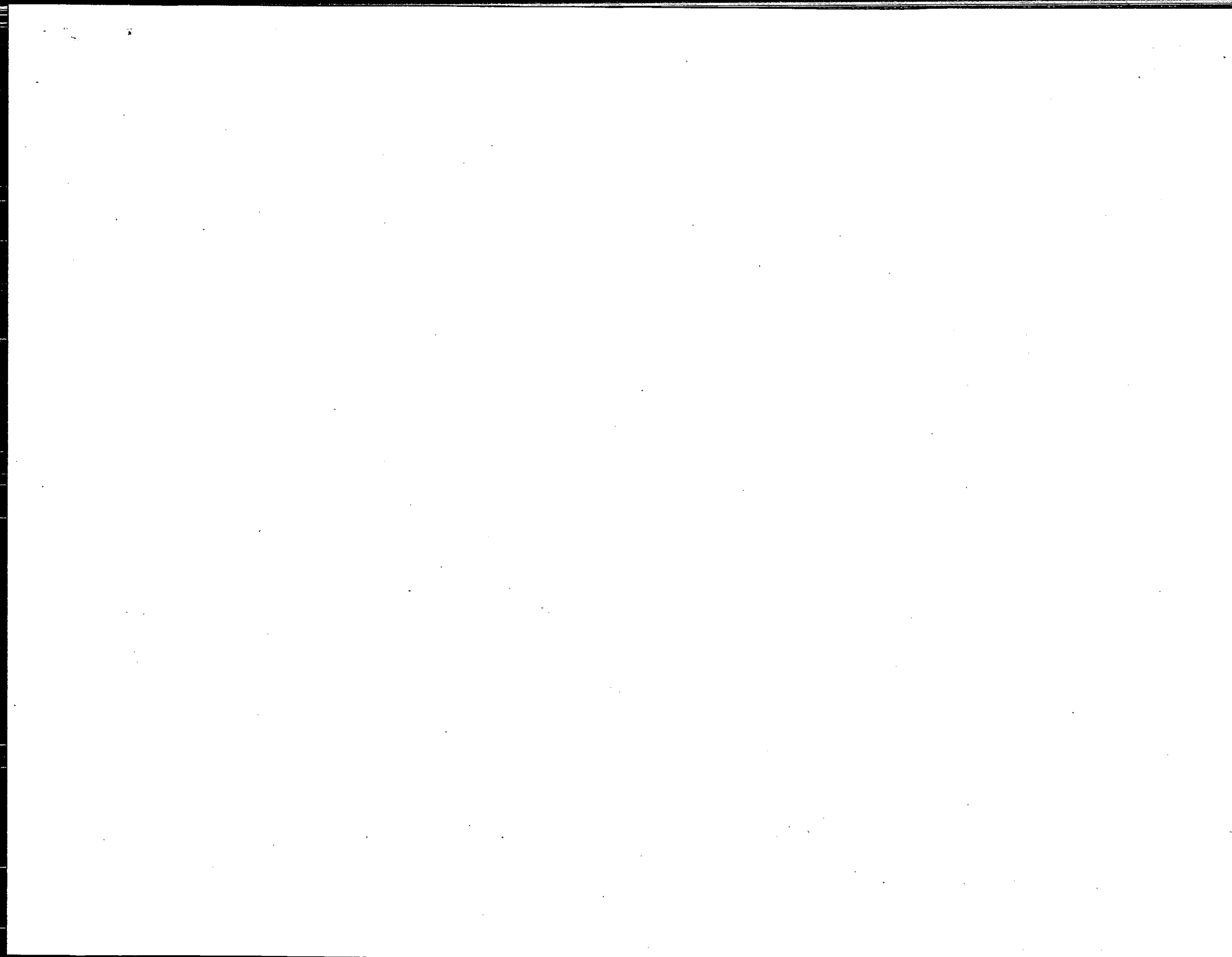
Section 7.02. Brown Act. To the extent required by law, the Corporation shall comply with the provisions of the Ralph M. Brown Act, Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 54950).

ARTICLE VIII

Amendment of Bylaws and  
Articles of Incorporation

Section 8.01. Amendment of Bylaws. With the written consent of the City of Sacramento, any of these Bylaws may be amended or repealed, and new Bylaws may be adopted, by vote or written consent of the Board of Directors.

Section 8.02. Amendment of Articles of Incorporation. The Articles of Incorporation of the Corporation may be amended only with the written consent of the City Council of the City of Sacramento and by approval of the Board of Directors of the Corporation.



SECRETARY'S CERTIFICATE

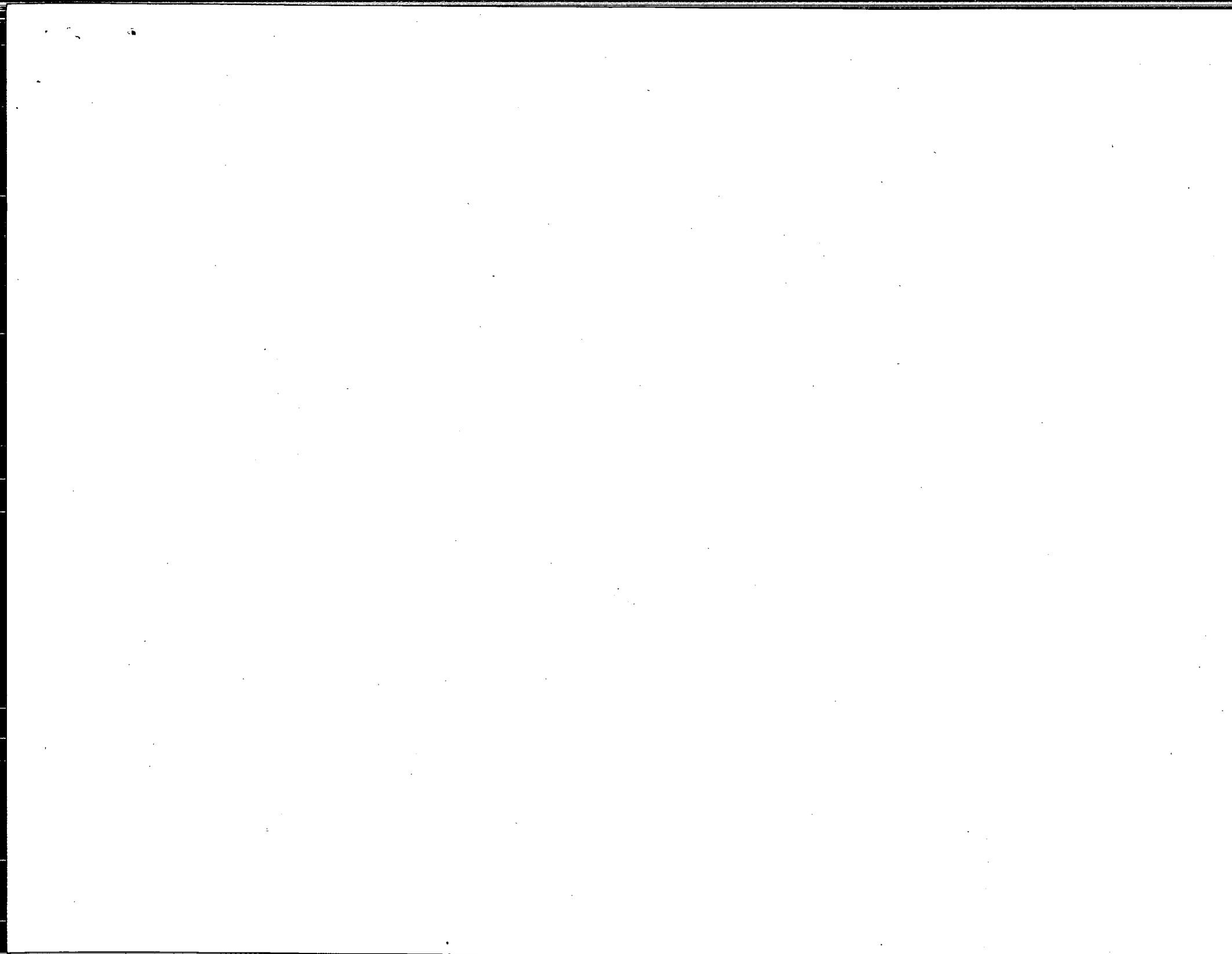
The undersigned hereby certifies that the undersigned is the Secretary of the City of Sacramento Public Facilities Financing Corporation, a California nonprofit public benefit corporation; that the foregoing is a full, true and correct copy of the Bylaws of said Corporation; and that said Bylaws are in full force and effect as of the date hereof.

Dated: July 18, 1986.

Anne J. Mason  
Secretary

[SEAL]





Sacramento City  
Public Facilities  
Financing Corporation  
915 I Street  
Sacramento, CA 95814

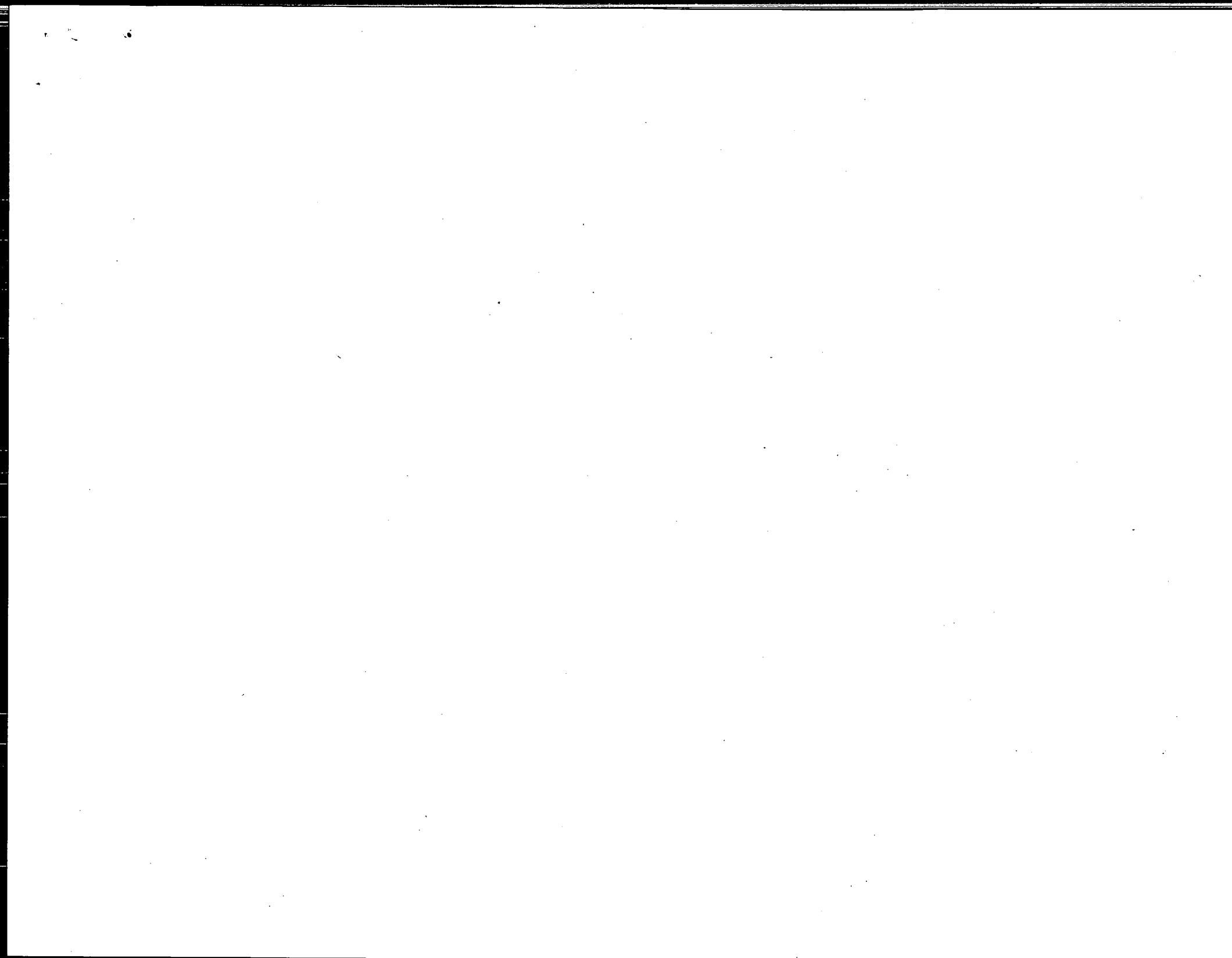
Exhibit C  
to Form 1023

- 9g. The Corporation was formed in June 1986 in order to assist the City of Sacramento in a lease-leaseback financing in connection with the execution and delivery of the \$14,490,000 initial aggregate principal amount of City of Sacramento Certificates of Participation (1986 Public Facilities Project). Pursuant to a Site Lease (attached as Appendix A to this Exhibit C), the City leased to the Corporation certain real property described therein. Pursuant to a Project Lease (attached as Appendix B to this Exhibit C), the Corporation agreed (i) to acquire certain computer hardware and software equipment constituting a local government financial system, (ii) to construct the Stockton Boulevard Community Library, (iii) to acquire certain computer hardware and software, radio equipment, mobile data terminals and other communications equipment, (iv) to construct Fire Station No. 11 at Florin Road and Havenside Avenue, and (v) to acquire 21,000 90-gallon refuse containers for solid waste management.

The Corporation assigned its right to receive rental payments from the City under the Project Lease to Security Pacific National Bank under the Assignment Agreement (attached as Appendix C to this Exhibit C). Security Pacific National Bank serves as Trustee under the Trust Agreement (attached as Appendix D to this Exhibit C) and agreed to execute and deliver Certificates of Participation to be sold to certain investors. Each Certificate represents the proportionate interest of the owner thereof to receive the rental payments made by the City to the Trustee.

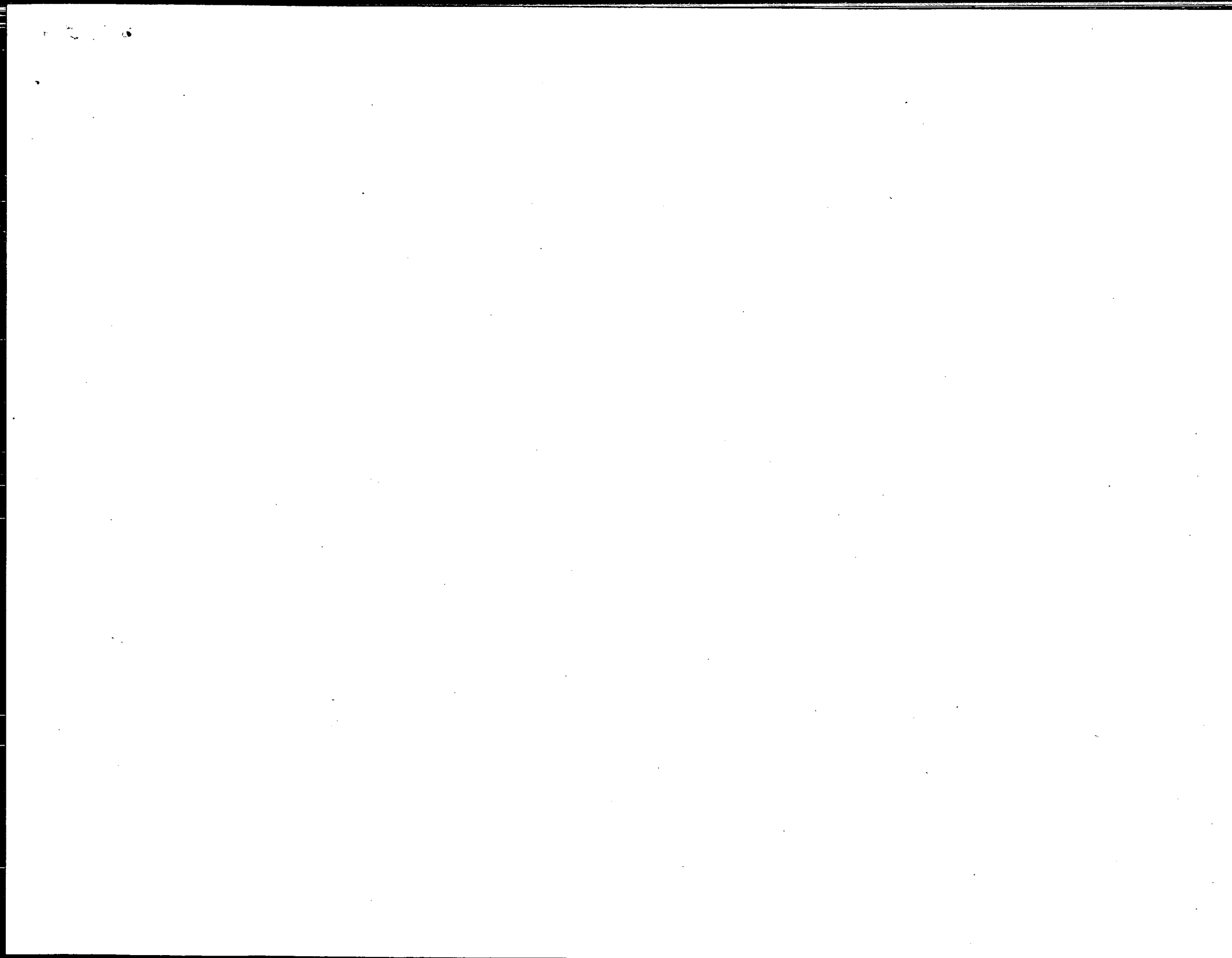
The proceeds of the sale of the Certificates were used to acquire and construct the equipment and facilities referred to above. Pursuant to the Agency Agreement (attached as Appendix E to this Exhibit C), the Corporation appointed the City to act as its agent in acquiring and constructing such facilities.

The Corporation is currently assisting the City in a proposed sale-leaseback financing in connection with the proposed execution and delivery of \$42,225,000 initial aggregate principal amount of City of Sacramento Certificates of Participation (1987 Public Facilities



Project). Pursuant to an Acquisition Agreement (attached as Appendix F to this Exhibit C), the City proposes to sell to the Corporation the fine arts theater comprising a portion of the Sacramento Community Convention Center. Pursuant to a Project Lease (attached as Appendix G to this Exhibit C), the Corporation will agree to lease the theater back to the City. Pursuant to an Assignment Agreement (attached as Appendix H to this Exhibit C) the Corporation would assign its right to receive rental payments under the Project Lease to Security Pacific National Bank, as Trustee under the Trust Agreement (attached as Appendix I to this Exhibit C). Pursuant to the Trust Agreement, the Trustee will agree to execute certificates of participation to be sold to certain investors. Each Certificate will represent the proportionate interest of the owner thereof to receive the rental payments made by the City to the Trustee.

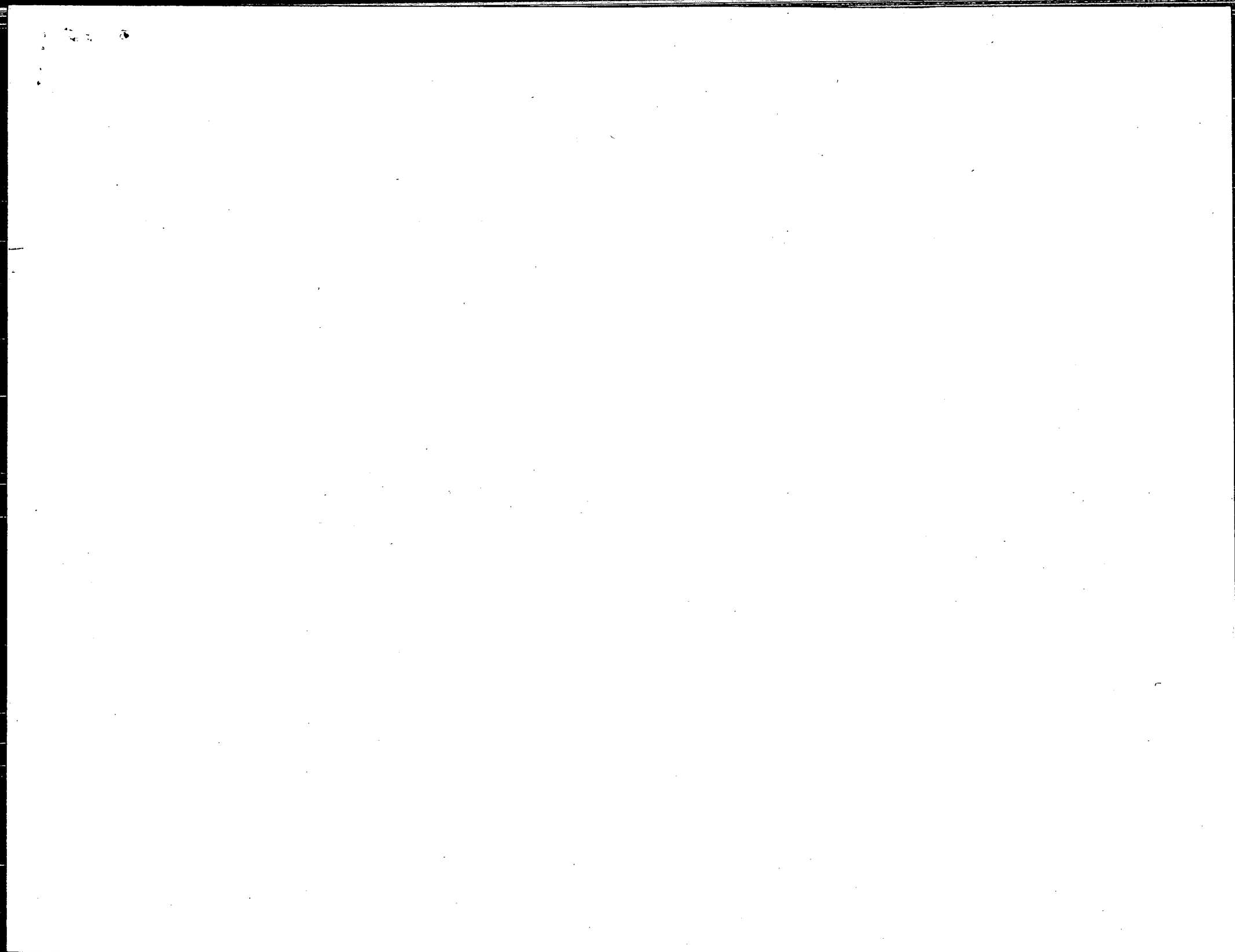
Pursuant to the Project Lease, the Corporation and the City will agree that the Corporation will use the proceeds of the sale of the Certificates to purchase the theater from the City pursuant to the Acquisition Agreement. The City will further agree to use such money to acquire or construct certain municipal improvements including, among other things, (i) a computer-aided dispatch system for police, fire, and local government calls, (ii) 60,000 90-gallon refuse containers for the City's solid waste management program, (iii) a computer software package for managing City utility operations, (iv) computer hardware and software for a geographic information system, (v) a local area microcomputer network for an automated building permit management system, (vi) Police Substation No. 1 near the intersection of Franklin Boulevard and Fruitridge Road, (vii) the expansion of the Community Center, (viii) and a 900 space parking facility opposite City Hall. A portion of the proceeds of the Certificates is proposed to be used by the City to refinance the \$15,500,000 outstanding principal amount of the Sacramento Community Center Authority Lease Revenue Bonds, Series 1971.



Sacramento City  
Public Facilities  
Financing Corporation  
915 I Street  
Sacramento, CA 95814

Exhibit D  
to Form 1023

As set forth in Exhibit C, the Corporation was created to assist the City of Sacramento in connection with financing certain municipal projects. All income of the Corporation is assigned to the Trustee under the Trust Agreement for the 1986 Certificates of Participation. Given the nature of such financings, the Corporation has no revenue, expenses, assets or liabilities.



\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

INCUMBENCY AND SIGNATURE CERTIFICATE OF CORPORATION

The undersigned hereby state and certify:


(i) that they are the duly appointed, qualified and acting President and Secretary of the Sacramento City Public Facilities Financing Corporation, a nonprofit public benefit corporation (the "Corporation") and, as such, are familiar with the facts herein certified and are authorized and qualified to certify the same;

(ii) that the signatures set forth opposite the names and titles of the following persons are the true and correct specimens of, or are, the genuine signatures of such persons, and each person by his or her signature certifies that the signature of the other is genuine:

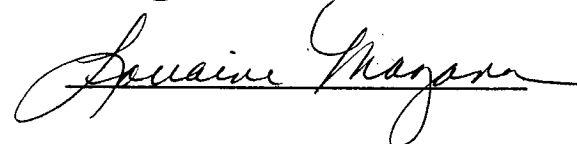
Name

Signature

R. Burnett Miller,  
President



Lorraine Magana,  
Secretary

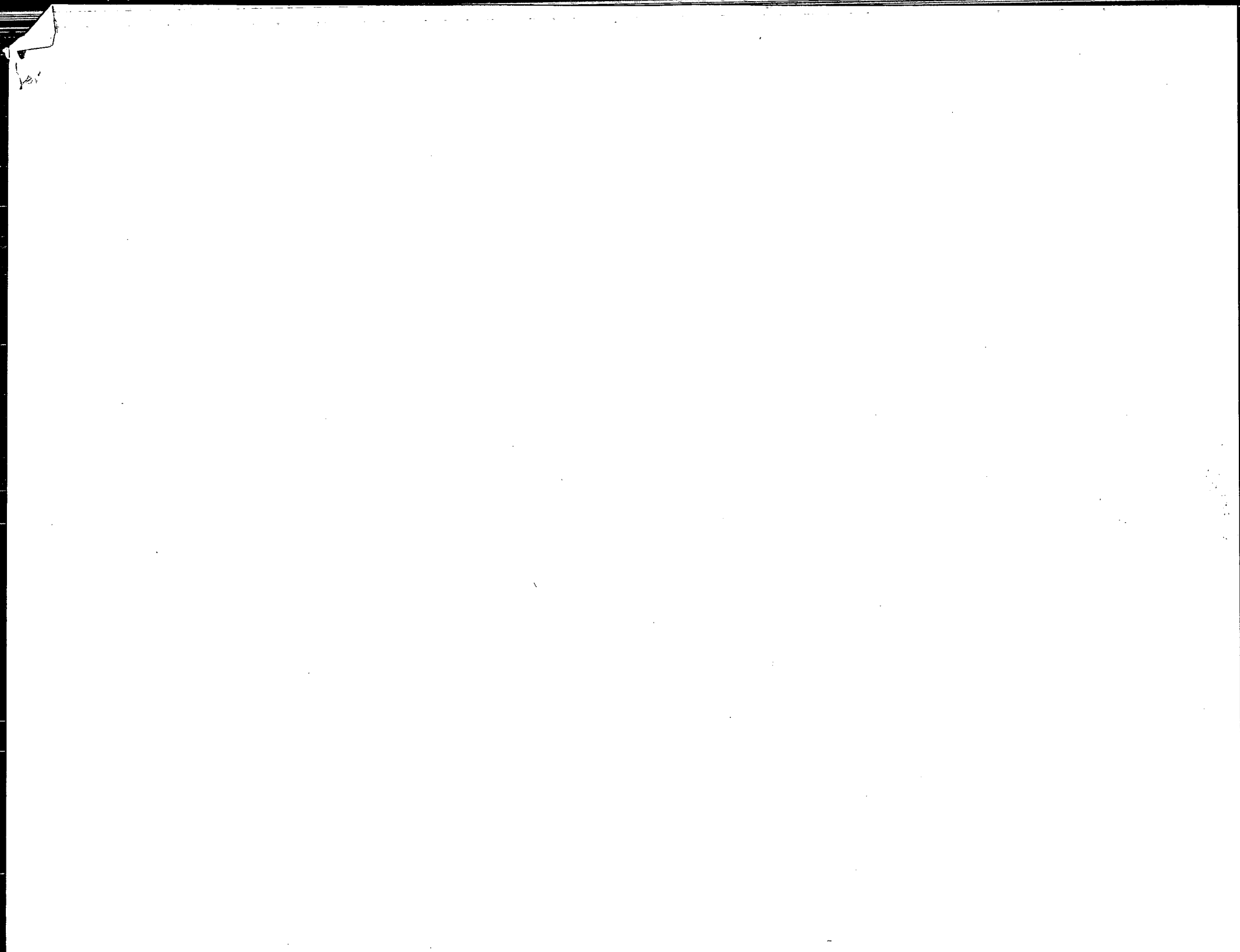


(iii) that the following are now and have continuously been since the dates of incorporation of the Corporation the duly elected or appointed, qualified and acting members of the Board of Directors of the Corporation and that the members of the Board of Directors of the Corporation will serve until their resignation or until the election or qualification of their successors:

R. Burnett Miller  
Ralph Scurfield  
John Varozza

sac-28  
sac\closing.d21







OFFICE OF THE  
CITY ATTORNEY

JAMES P. JACKSON  
CITY ATTORNEY

THEODORE H. KOBAY, JR.  
ASSISTANT CITY ATTORNEY

CITY OF SACRAMENTO  
CALIFORNIA

January 7, 1988

812 TENTH STREET  
SACRAMENTO, CA  
95814-2694

916-449-5346

DEPUTY CITY  
ATTORNEYS:  
SAMUEL L. JACKSON  
WILLIAM P. CARNAZZO  
LAWRENCE M. LUNARDINI  
GARLAND E. BURRELL, JR.  
DIANE B. BALTER  
RICHARD F. ANTOINE  
TAMARA MILLIGAN-HARMON  
RICHARD E. ARCHIBALD  
LINDA M. GONZALEZ

City of Sacramento  
Sacramento, California

PaineWebber Incorporated  
San Francisco, California

Stone & Youngberg  
San Francisco, California

Cranston/Prescott, a Division of  
Prescott, Ball & Turben, Inc.  
Los Angeles, California

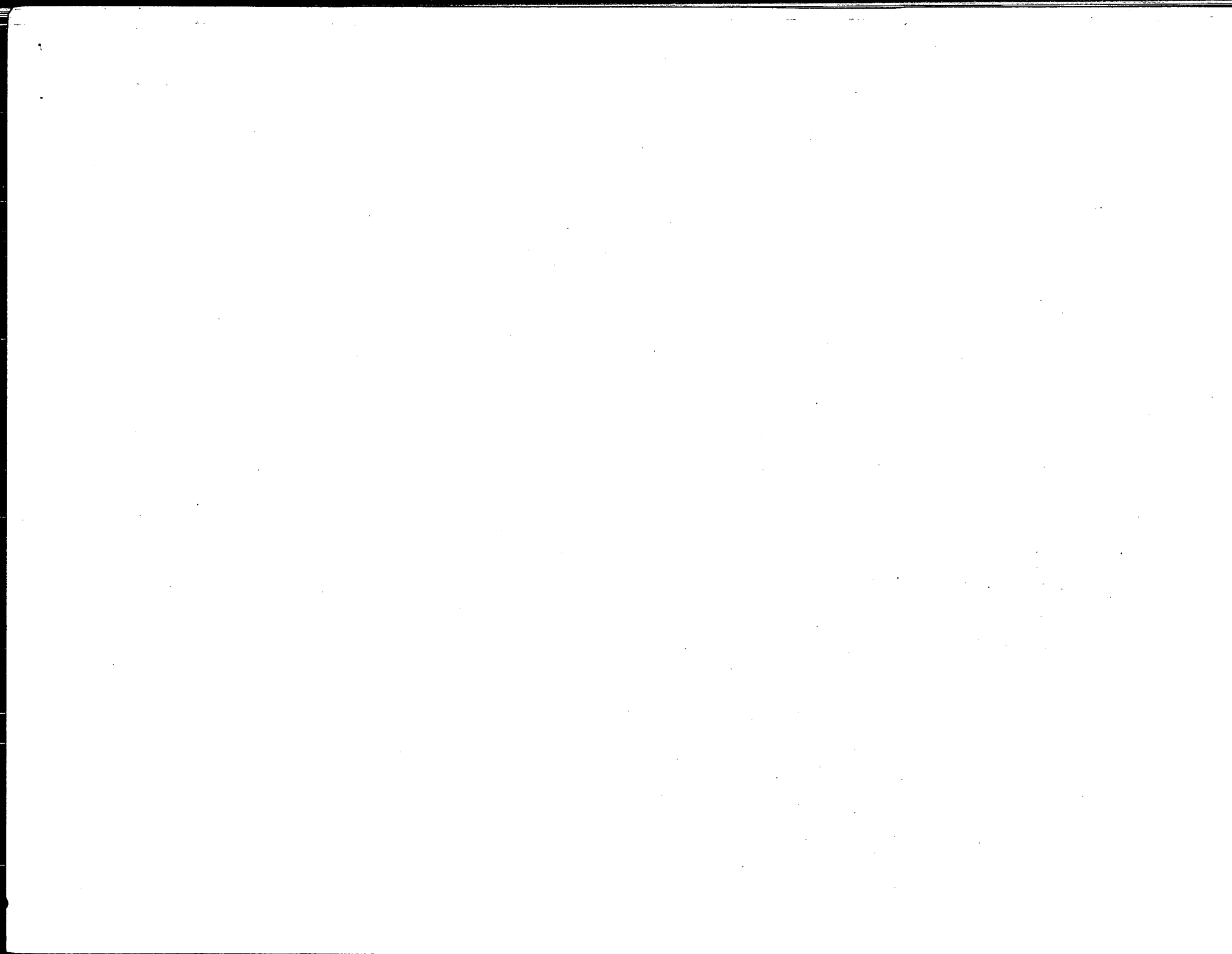
Orrick, Herrington & Sutcliffe  
Sacramento, California

Arnelle & Hastie  
San Francisco, California

Re: \$41,650,000 City of Sacramento, Certificates of  
Participation (1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the City  
of Sacramento to the Sacramento City Public Facilities  
Financing Corporation

Ladies and Gentlemen:

I am the City Attorney of the City of Sacramento, California (the "City") and, in connection with the execution and delivery of \$41,650,000 principal amount of the above-captioned Certificates of Participation (the "Certificates"), pursuant to a Trust Agreement dated as of December 1, 1987 (the "Trust Agreement"), by and among the City, the Sacramento City Public Facilities Financing Corporation (the "Corporation") and Security Pacific National Bank, as trustee (the "Trustee"), I have acted as counsel to the Corporation. In such capacity, I have reviewed



City of Sacramento  
PaineWebber  
Stone & Youngberg  
Cranston/Prescott  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie

January 7, 1988  
Page -2-

the Corporation's Articles of Incorporation, By-Laws and resolutions adopted by its board of directors and an executed copy of each of the following documents:

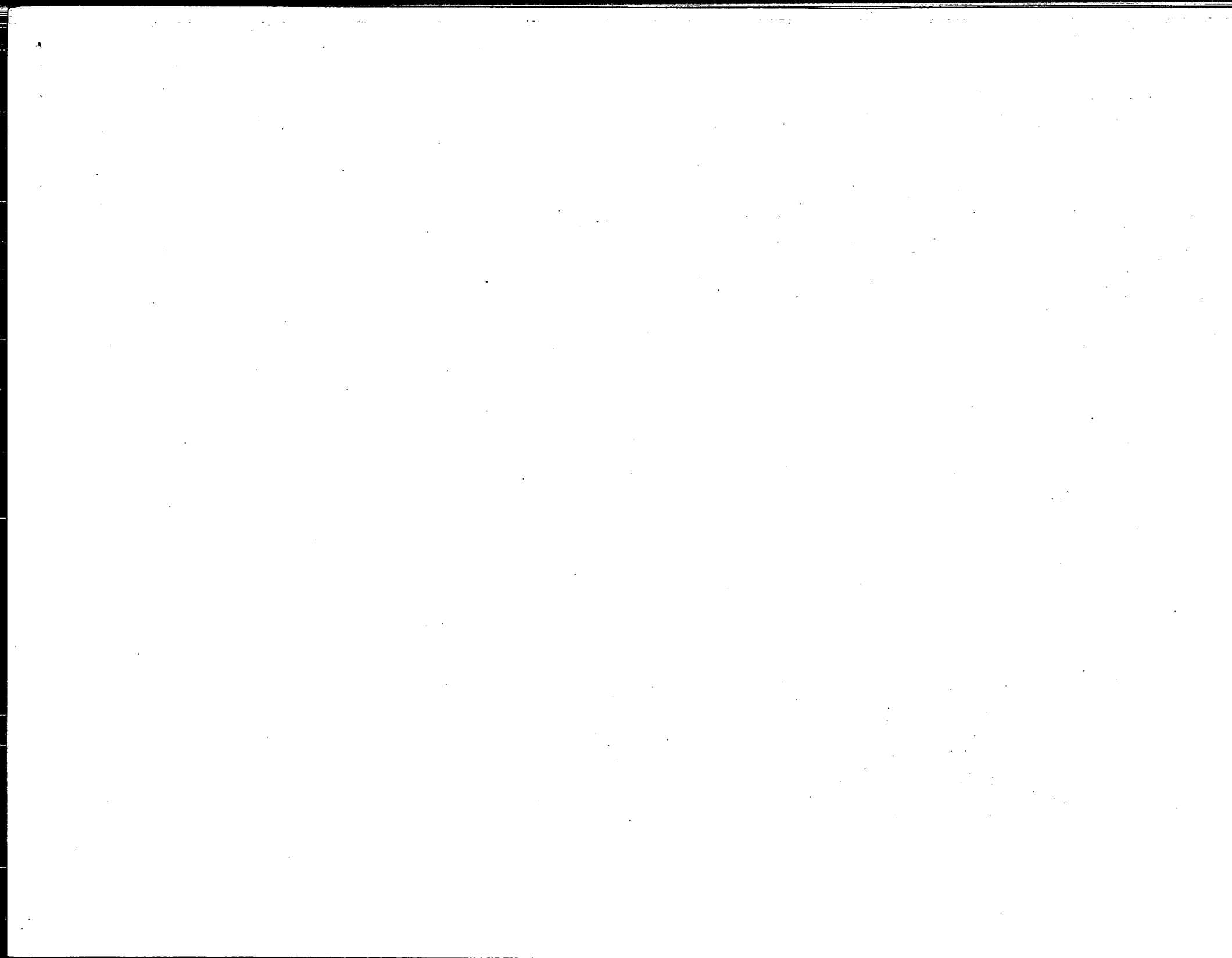
- (i) the Trust Agreement;
- (ii) the Project Lease dated as of December 1, 1987 (the "Lease"), by and between the City and the Corporation;
- (iii) the Assignment Agreement dated as of December 1, 1987 (the "Assignment Agreement"), by and between the Corporation and the Trustee;
- (iv) the Acquisition Agreement dated as of December 1, 1987 (the "Acquisition Agreement"), by and between the City and the Corporation;
- (v) the Purchase Agreement dated as of December 8, 1987 (the "Purchase Agreement"), by and among the City, the Corporation and the underwriters named therein; and
- (vi) the Official Statement dated December 8, 1987 (the "Official Statement"), of the City relating to the Certificates.

I have also examined such other documents and matters of law as I have deemed necessary in connection with rendering the opinions set forth herein.

Terms not otherwise defined herein shall have the meanings defined in the Purchase Agreement.

Based on the foregoing, in my opinion:

- (i) The Corporation is a non-profit corporation duly organized and validly existing under the laws of the State of California.
- (ii) The Corporation has full power and authority under its Articles of Incorporation, by-laws and laws of the State of California to undertake the acquisition of the Property, to enter into the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement and to perform its obligations



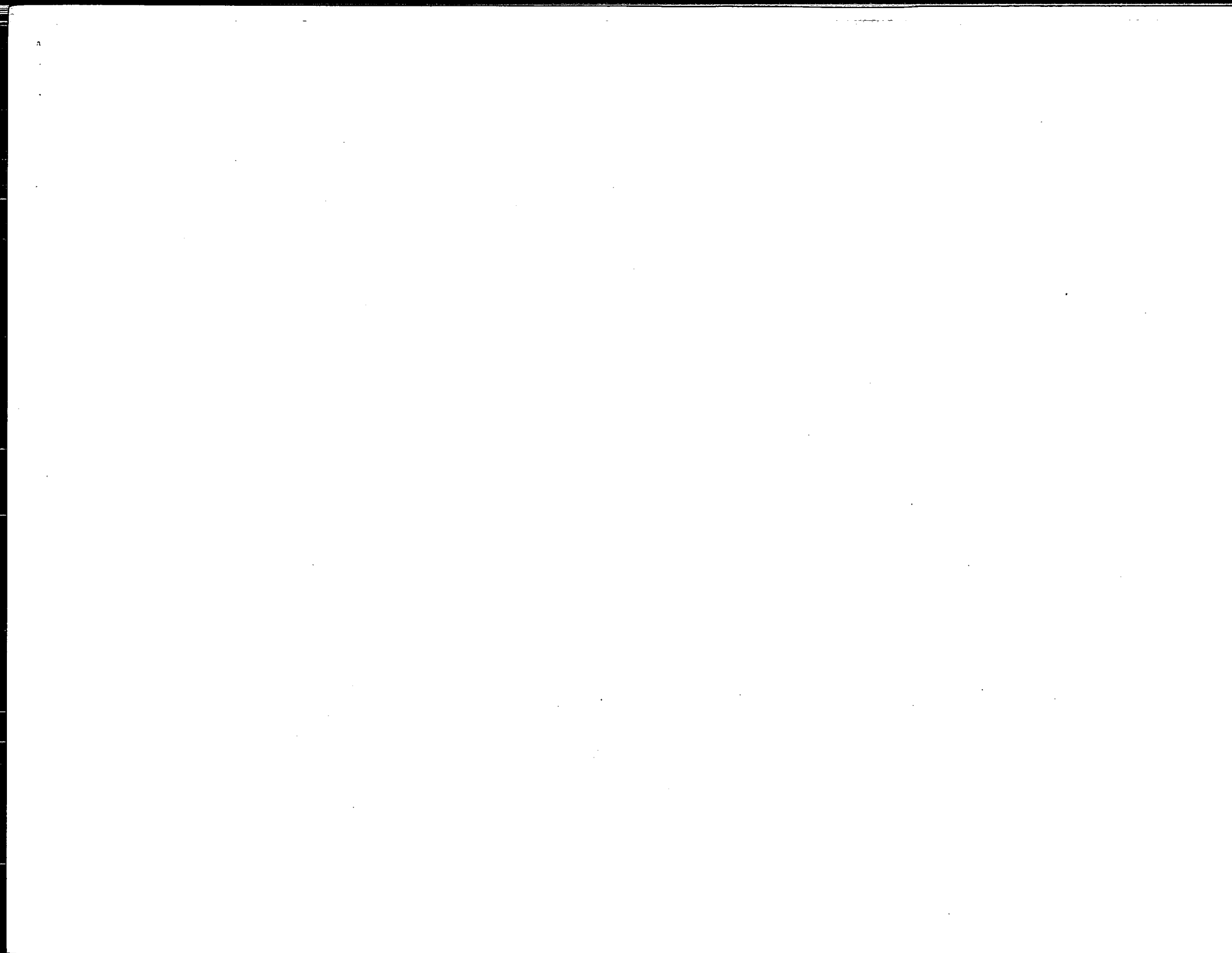
City of Sacramento  
PaineWebber  
Stone & Youngberg  
Cranston/Prescott  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie

January 7, 1988  
Page -3-

thereunder, and has taken any and all proceedings and obtained all consents and approvals required in connection therewith by any applicable California law.

- (iii) The Corporation has duly authorized the execution and delivery of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement. The execution and delivery of each such agreement and the performance by the Corporation of its obligations thereunder will not conflict with, violate or result in a breach of or constitute a default under any indenture, agreement or other instrument known to the Corporation by which the Corporation or any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over the Corporation or any of its property and by which the Corporation or any of its properties may be bound.
- (iv) The Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the Corporation and are legal, valid and binding obligations of the Corporation enforceable against it in accordance with their terms.
- (v) To the best of my knowledge, after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any courts, public board or body pending, or to my knowledge threatened, against or affecting the Corporation challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect, the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, and the Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by the Corporation of any of its obligations thereunder.

Enforceability of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement may be limited by bankruptcy, insolvency, moratorium or



City of Sacramento  
PaineWebber  
Stone & Youngberg  
Cranston/Prescott  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie

January 7, 1988  
Page -4-

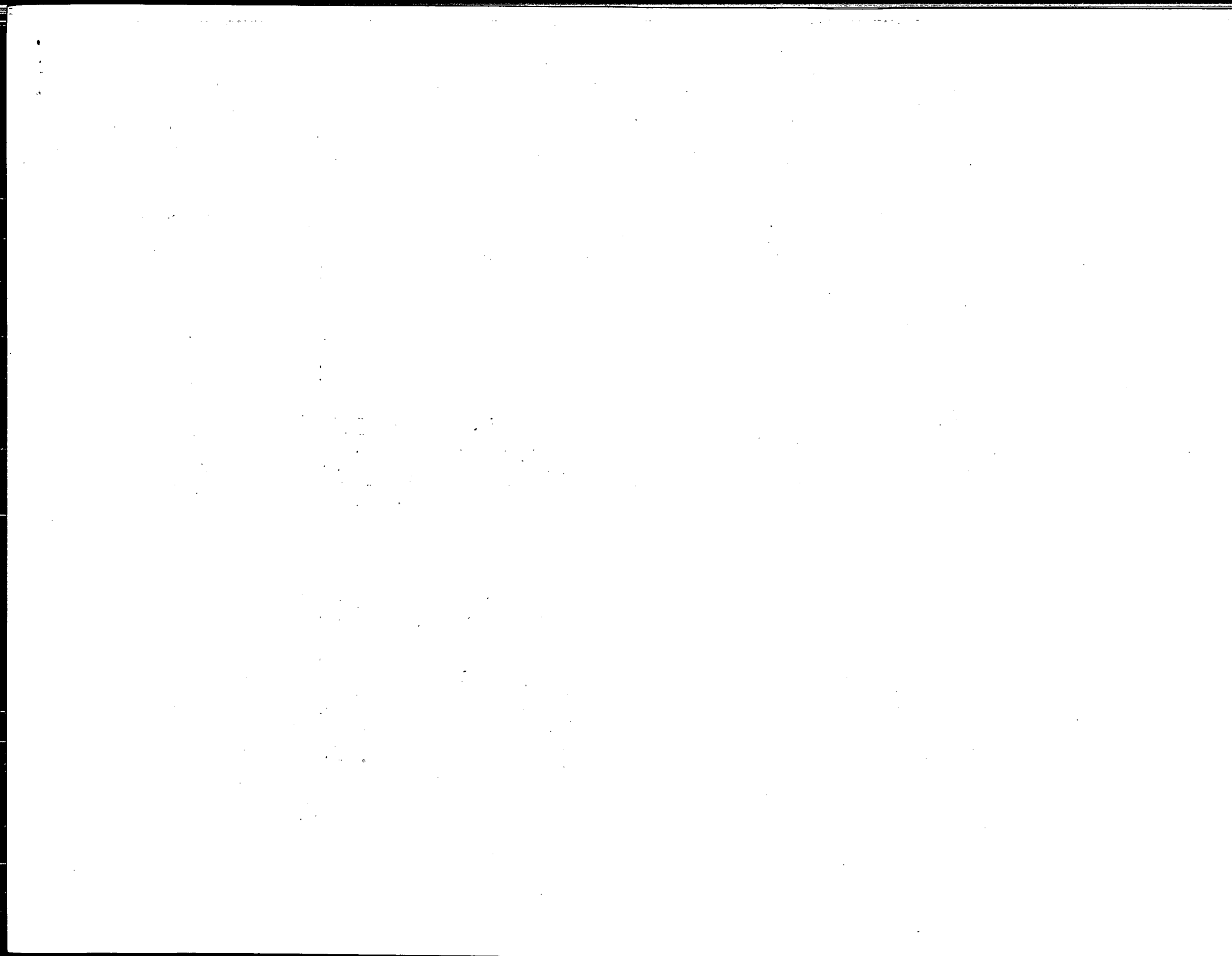
other similar laws relating to the enforcement of creditors' rights and by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require, or may require, enforcement by a court of equity.

Very truly yours,

A handwritten signature in cursive script, reading "James P. Jackson".

JAMES P. JACKSON  
City Attorney  
City of Sacramento, as Counsel to  
the Sacramento City Public  
Facilities Financing Corporation





\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

INCUMBENCY AND SIGNATURE CERTIFICATE OF THE AUTHORITY

The undersigned hereby state and certify:

(i) that they are the duly appointed, qualified and acting Chairman and Secretary of the Sacramento Community Center Authority (the "Authority") and, as such, are familiar with the facts herein certified and are authorized and qualified to certify the same;

(ii) that the following are now, and have continuously been since January 1, 1986, the duly elected or appointed, qualified and acting members of the governing board of the Authority and the dates of the scheduled ending of their respective current terms of office are hereunder correctly designated opposite their names:

<u>Member</u>	<u>Date of Ending of Current Term</u>
Walter Christensen	July 13, 1988
E. A. Combatalade	July 13, 1988
Linda Tochtermann	March 30, 1988
Satoshi Matsuda	March 30, 1988
Ted Hansen	March 30, 1988

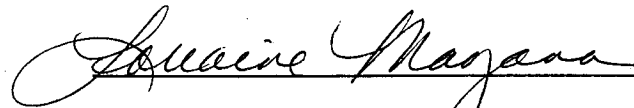
(iii) that the signatures set forth opposite the names and titles of the following persons are the true and correct specimens of, or are, the genuine signatures of such persons, and each person by his or her signature certifies that the signature of the other is genuine:



Name  
Walter Christensen,  
President

Signature  


Lorraine Magana,  
Secretary



(iv) that the Chairman named herein has executed and the Secretary named herein has affixed the seal of the Authority to, and attested, each of the following:


- (a) the Escrow Agreement dated as of December 1, 1987, by and among the City, the Authority, and the Bank.
- (b) the Notice of Termination dated as of January 7, 1988, by and among the Authority, the City of Sacramento, the County of Sacramento and Security Pacific National Bank.

(v) that the seal impressed hereon and impressed on each of such documents is the true and correct seal of the Authority.

Dated: January 7, 1988.

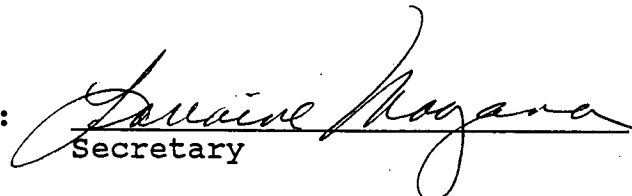
SACRAMENTO COMMUNITY  
CENTER AUTHORITY

By:

  
Chairman

[Seal]

By:

  
Secretary



RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

003379

Orrick, Herrington & Sutcliffe  
555 Capitol Mall  
Sacramento, CA 95814  
Attention: Randolph Hooks

ORDER No. 328101

BOOK PAGE

88 01-7 0898

OFFICIAL RECORDS  
SACRAMENTO COUNTY, CALIF.

1988 JAN -7 AM 9:26

*Jeff Russell Smith*  
COUNTY CLERK-RECORDER

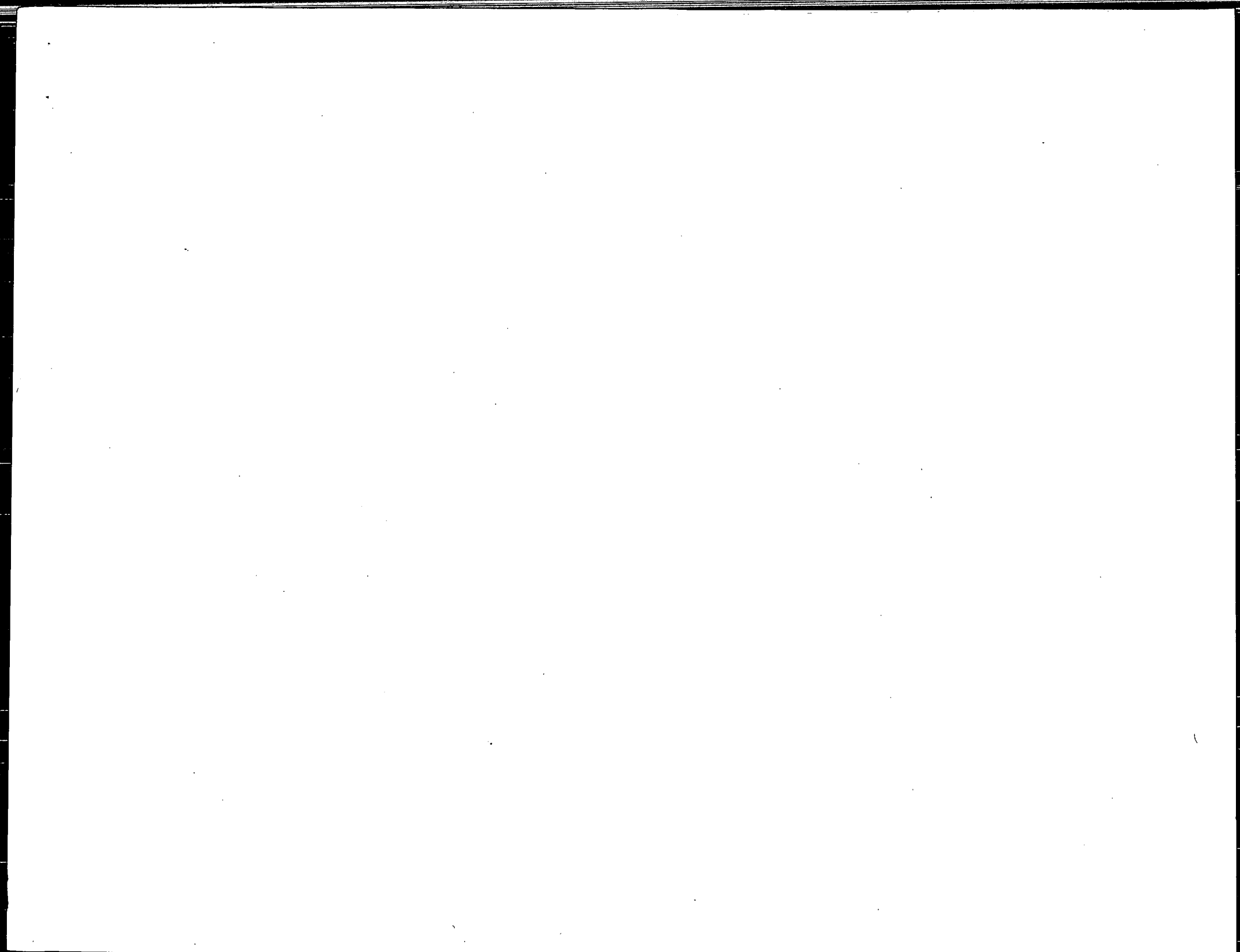
NOTICE OF TERMINATION

This NOTICE OF TERMINATION, made and entered into as of January 7, 1988 by and between the CITY OF SACRAMENTO, a municipal corporation and charter city of the State of California (the "City"), the COUNTY OF SACRAMENTO, a political subdivision of the State of California (the "County"), the SACRAMENTO COMMUNITY CENTER AUTHORITY, a joint powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority") and SECURITY PACIFIC NATIONAL BANK, a national banking association organized and existing under and by virtue of the laws of the United States of America (the "Bond Trustee");

NO  
FEE  
E

W I T N E S S E T H:

WHEREAS, the Authority was created pursuant to the Joint Exercise of Powers Agreement dated for convenience as of November 25, 1969, as amended (the "Agreement"), by and between the City and the County and recorded in the official



records of Sacramento County, California on August 27, 1971, in Book 710827, page 672;

WHEREAS, the Authority has previously issued its Sacramento Community Center Authority 1971 Bonds (the "Bonds") pursuant to Resolution No. 10-71 adopted by the Authority on July 28, 1971 (the "Resolution"), for the purpose of assisting the City by financing the construction of certain community center facilities (the "Community Center Project"); and

WHEREAS, the Authority leased to the City the Community Center Project including the site thereof pursuant to that certain Project Lease, dated for convenience as of August 1, 1971 (the "Project Lease") and recorded in the Official Records of Sacramento County, California on August 27, 1971 in Book 710827, page 712.

WHEREAS, the Authority assigned to the Bond Trustee as security for payment of the Bonds its interest in the Project Lease pursuant to that certain Assignment of Interest in Project Lease dated for convenience as of August 1, 1971 and recorded in the Official Records of Sacramento County, California on August 27, 1971 in Book 710827, page 735.

WHEREAS, to secure payment of the principal of and interest on the Bonds, the Authority and the City have irrevocably deposited with the Bond Trustee sufficient moneys and investments to provide for the payment of the Bonds pursuant to that certain Escrow Agreement dated as of



December 1, 1987 (the "Escrow Agreement") by and among the City, the Authority and the Bond Trustee;

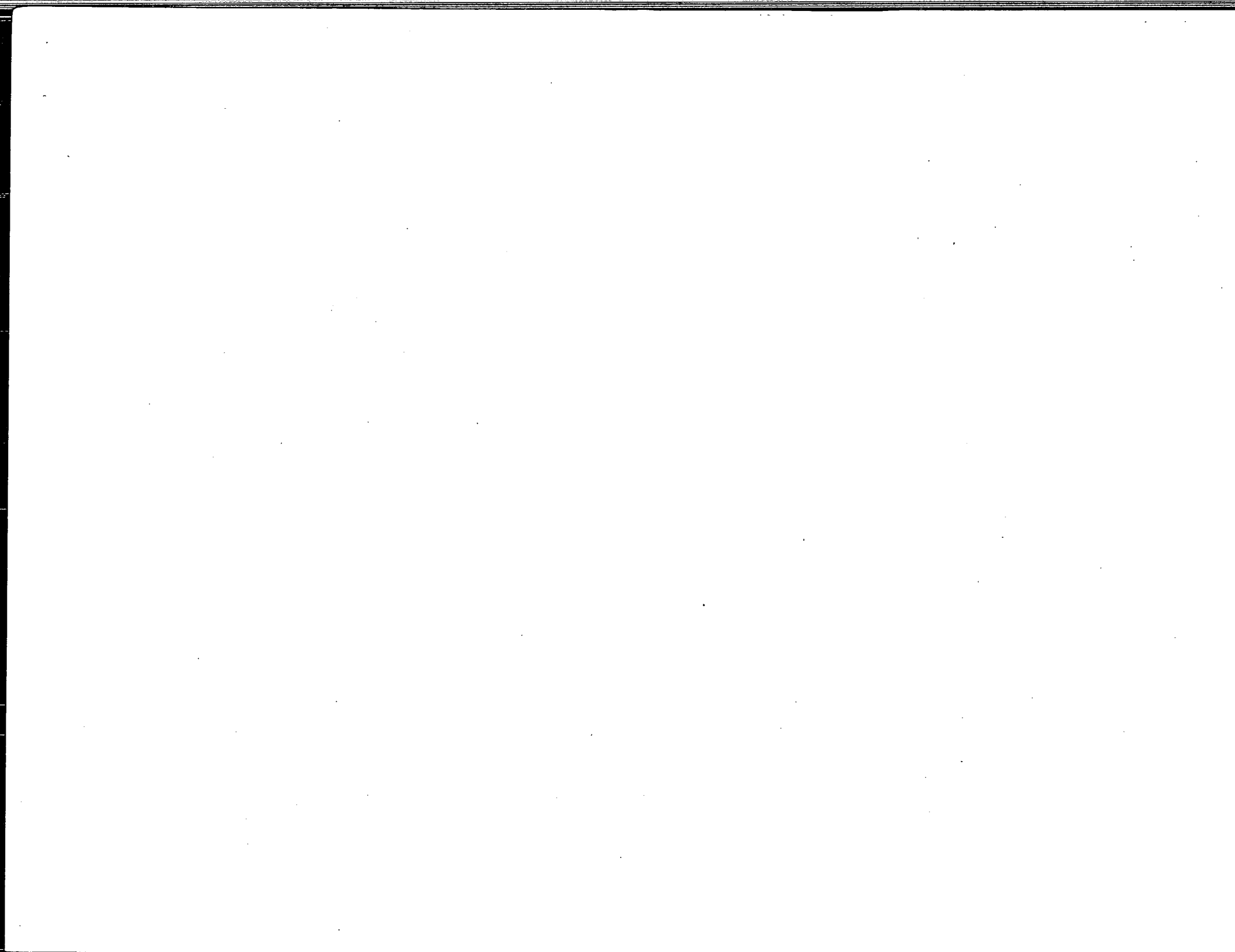
WHEREAS, by such deposit the Authority has defeased the Bonds and discharged the Resolution and the Agreement, the Project Lease and that certain Community Center Sublease, between the City and the County (the "Sublease"), recorded in the Official Records of Sacramento County on August 27, 1971 in Book 710827, page 742, are terminated in accordance with their terms;

WHEREAS, in accordance with the terms of the Project Lease the fee title to the Community Center Project and the site thereof vests in the City upon termination of the Project Lease; and

WHEREAS, the parties hereto now desire to evidence the termination of the Agreement, the Project Lease, the Sublease and the satisfaction and discharge of the Resolution, pursuant to which the Bonds were issued and for the security of which the Project Lease was assigned to the Bond Trustee and to evidence the vesting of title of the Community Center Project and the site thereof in the City;

NOW THEREFORE, the City, the County, the Authority and the Bond Trustee hereby agree as follows:

1. The foregoing recitals are true and correct and are incorporated by reference herein.
2. Each party understands, agrees and acknowledges that the Agreement, the Project Lease, the Assignment thereof



and the Sublease are terminated and the Resolution is discharged and are not a lien on the property described in Exhibit A hereto.


3. The property described in Exhibit A is vested in the City in fee simple ownership and any and all interest of the Authority and the County therein is hereby granted, conveyed and quit claimed to the City.

4. This Notice of Termination shall be binding on and inure to the benefit of the parties and their successors.

IN WITNESS WHEREOF, the City of Sacramento, the County of Sacramento, the Sacramento Community Center Authority and Security Pacific National Bank have caused this Notice of Termination to be executed each on its behalf as of the day and year first above written.


COUNTY OF SACRAMENTO

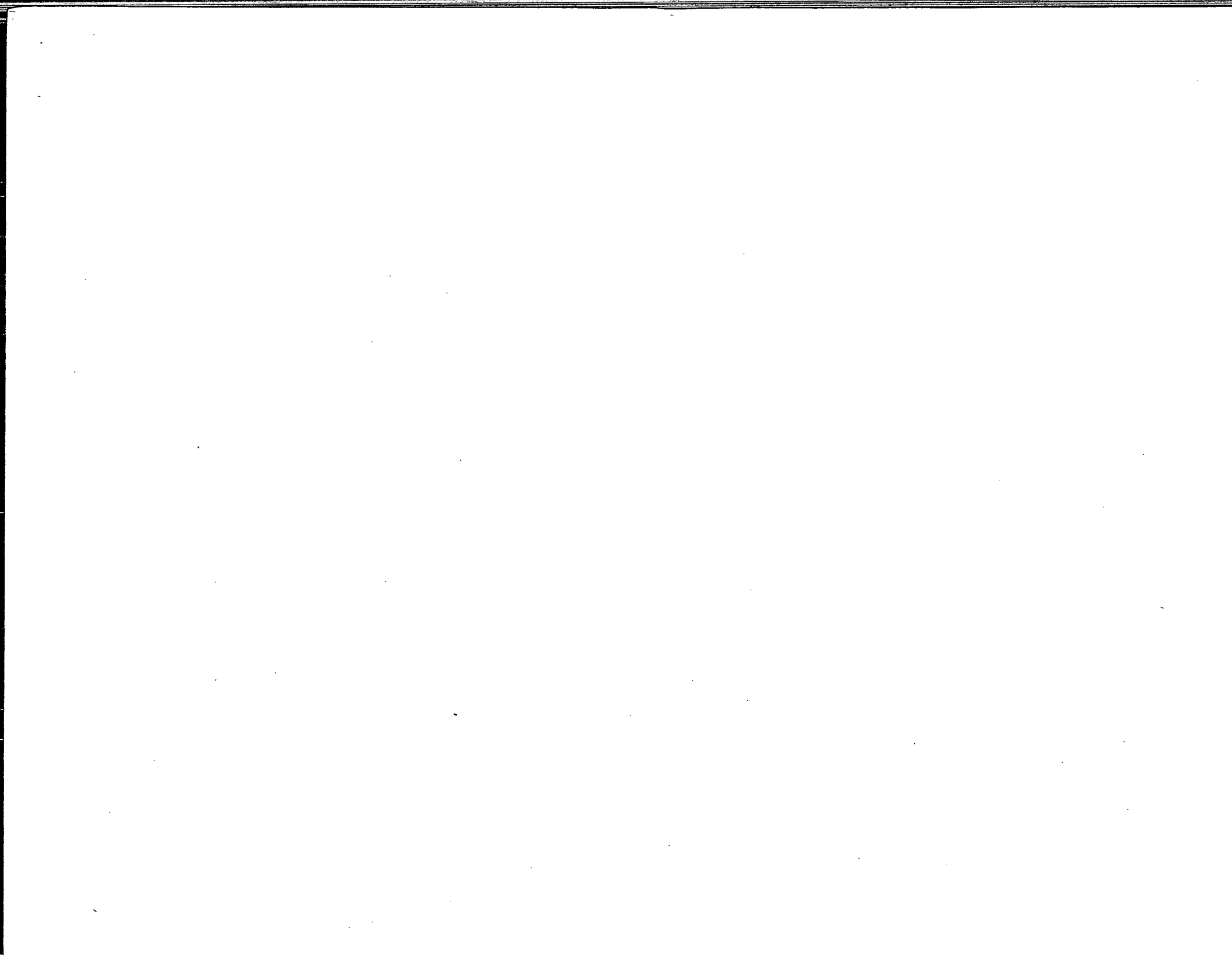
By

  
Jim Stren  
Chairperson of the Board  
of Supervisors

[seal]

Attest:

  
Beverly A. Williams  
Clerk of the Board of  
Supervisors



CITY OF SACRAMENTO

By *Anne Rudin*  
Anne Rudin  
Mayor

[seal]

Attest:

*Lorraine Magana*  
Lorraine Magana  
City Clerk

SACRAMENTO COMMUNITY CENTER  
AUTHORITY

By *Walter Christensen*  
Walter Christensen  
Chairman

[seal]

Attest:

*Lorraine Magana*  
Lorraine Magana  
Secretary

SECURITY PACIFIC NATIONAL BANK

By *M. B. Bandstadt*  
Vice President

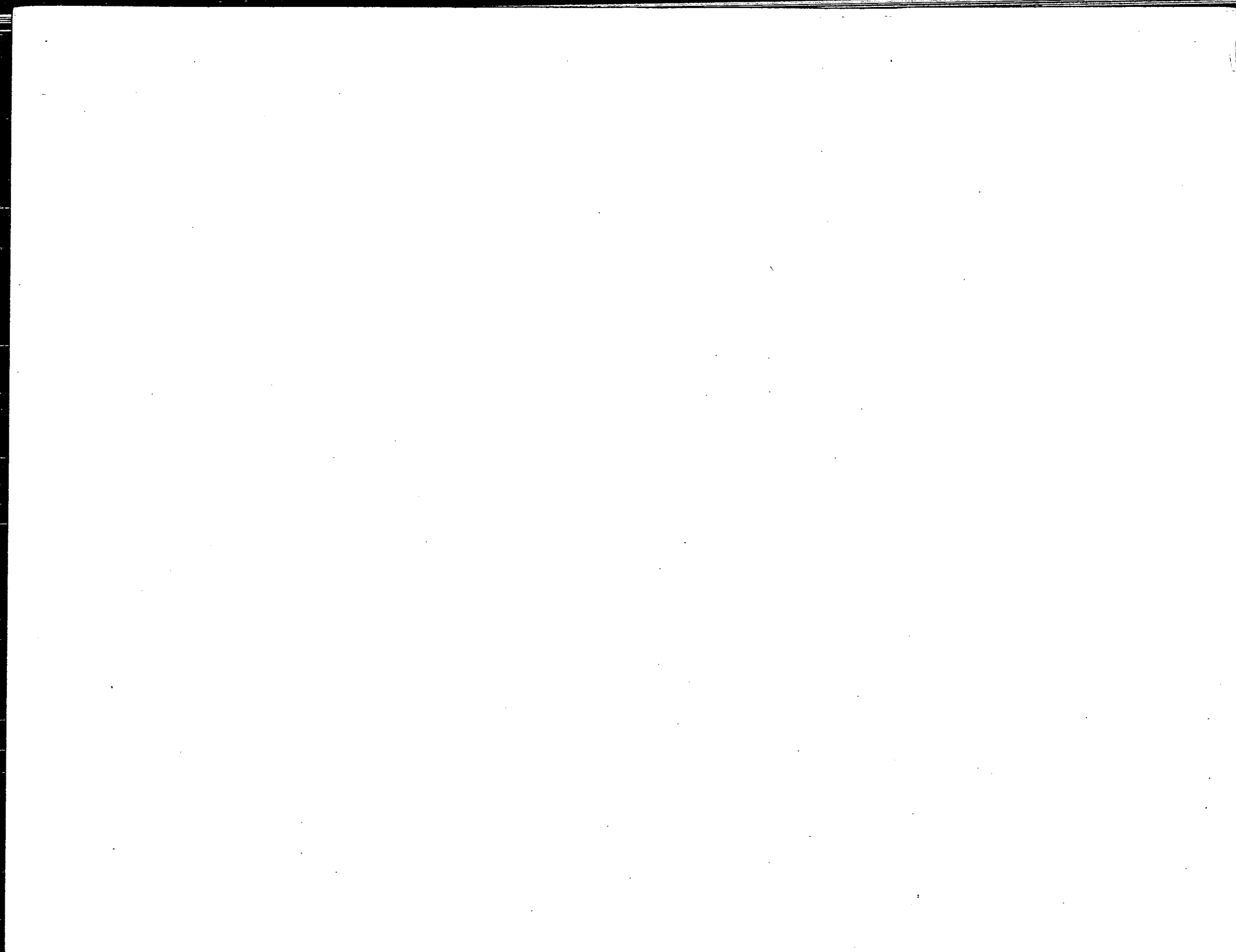


EXHIBIT A

All that real property situated in the State of California, County of Sacramento, City of Sacramento and described as follows: The blocks bounded by the westerly line of 13th Street, the westerly line of 14th Street, the southerly line of "J" Street and the northerly line of "L" Street according to the official plat thereof, excepting therefrom the westerly 16 feet of the above-described portions of 13th Street.





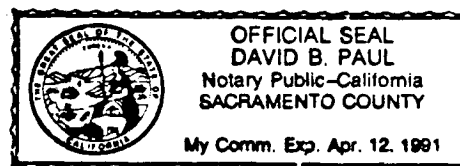
ACKNOWLEDGMENT

STATE OF CALIFORNIA                    )  
  )  
  )  
COUNTY OF SACRAMENTO                )

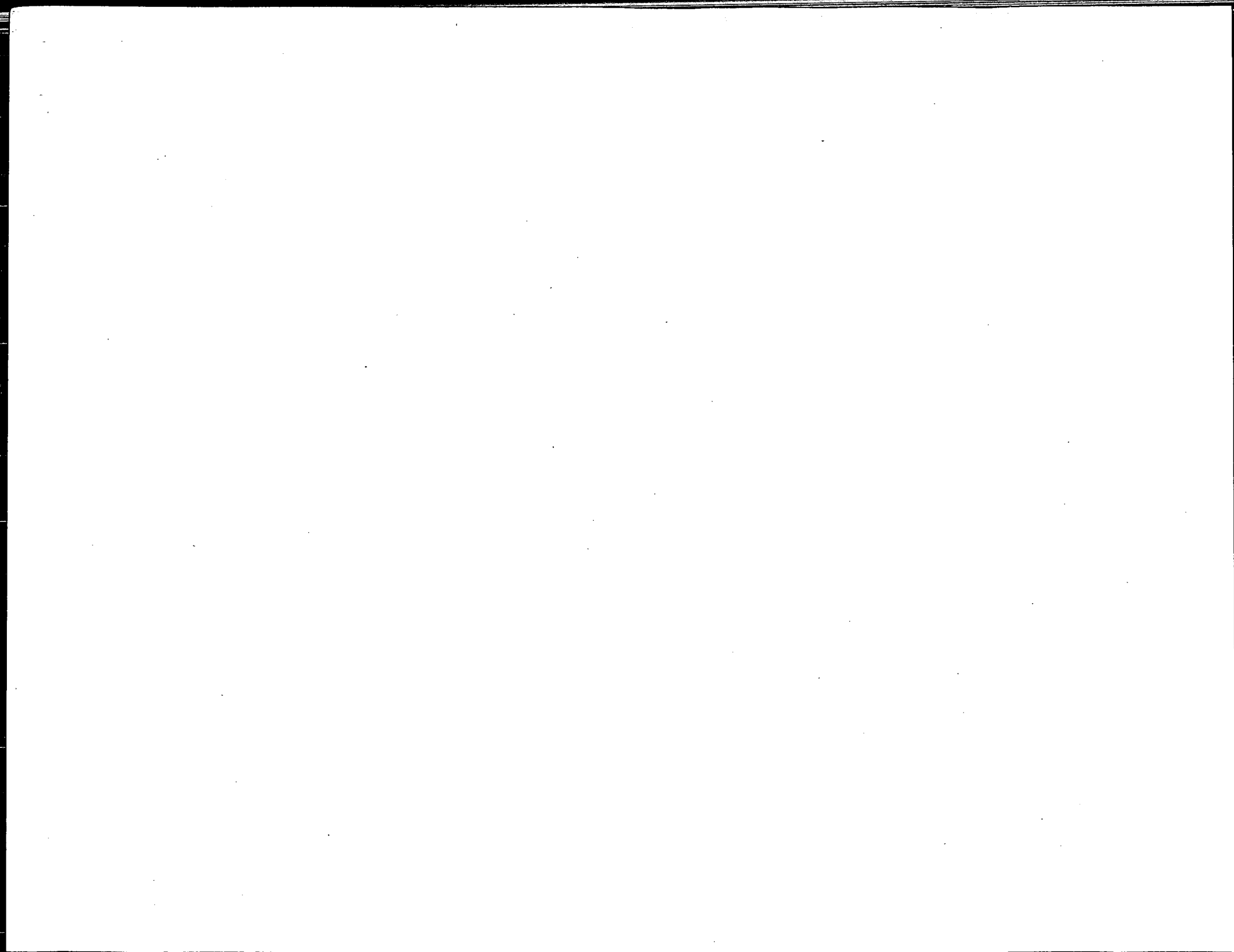
ss.

On this 6th day of January, 1988, before me,  
David B. Paul, a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Anne Rudin and Lorraine Magana, personally known to me (or  
proved to me on the basis of satisfactory evidence) to be the  
persons who executed the within instrument as the Mayor and  
City Clerk, respectively, of the City of Sacramento, and  
acknowledged to me that such City executed the same.

WITNESS my hand and official seal.



David B. Paul  
NOTARY PUBLIC FOR CALIFORNIA



ACKNOWLEDGMENT

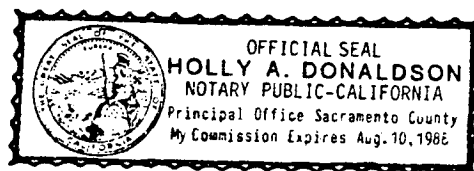
STATE OF CALIFORNIA )

) ss.

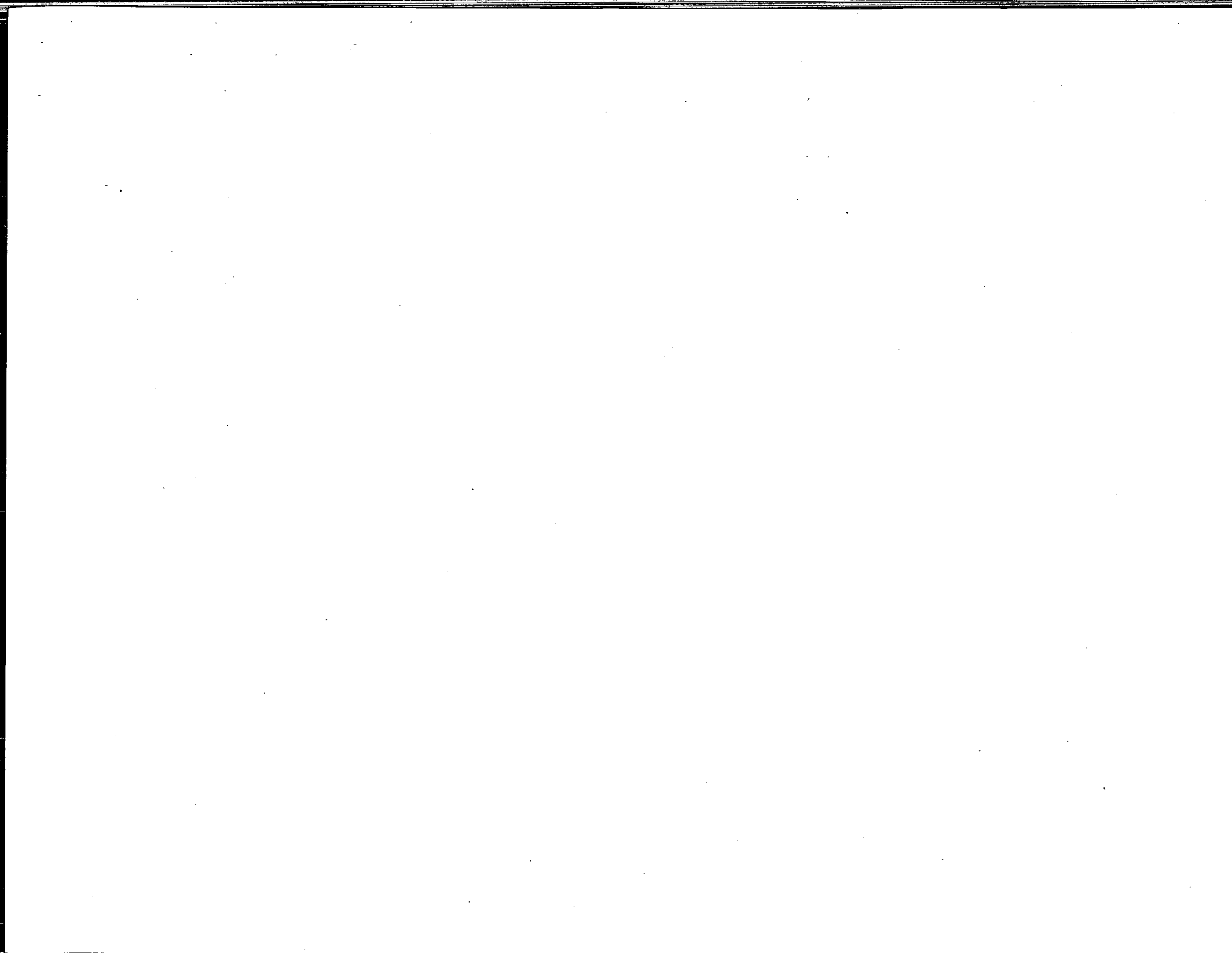
COUNTY OF SACRAMENTO )

On this 6<sup>th</sup> day of January, 1988, before me,  
Holly A. Donaldson, a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Jim Strong and Beverly A. Williams, personally known to me  
(or proved to me on the basis of satisfactory evidence) to be  
the persons who executed the within instrument as the  
Chairperson and Clerk of the Board of Supervisors of the  
County of Sacramento, and acknowledged to me that such County  
executed the same.

WITNESS my hand and official seal.



Holly A. Donaldson  
NOTARY PUBLIC FOR CALIFORNIA



### ACKNOWLEDGMENT

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SACRAMENTO )

On this 6th day of January, 1988, before me,  
David B. Paul, a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Walter Christensen and Lorraine Magana, personally known to me  
(or proved to me on the basis of satisfactory evidence) to be  
the persons who executed the within instrument as Chairman and  
Secretary, respectively, of the Sacramento Community Center  
Authority, the Authority therein named, and acknowledged to me  
that such Authority executed the same.

WITNESS my hand and official seal.



David B. Paul  
NOTARY PUBLIC FOR CALIFORNIA

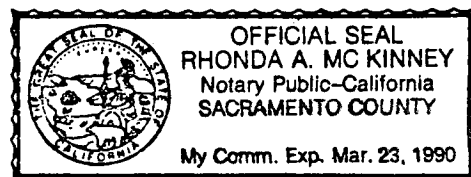


ACKNOWLEDGMENT

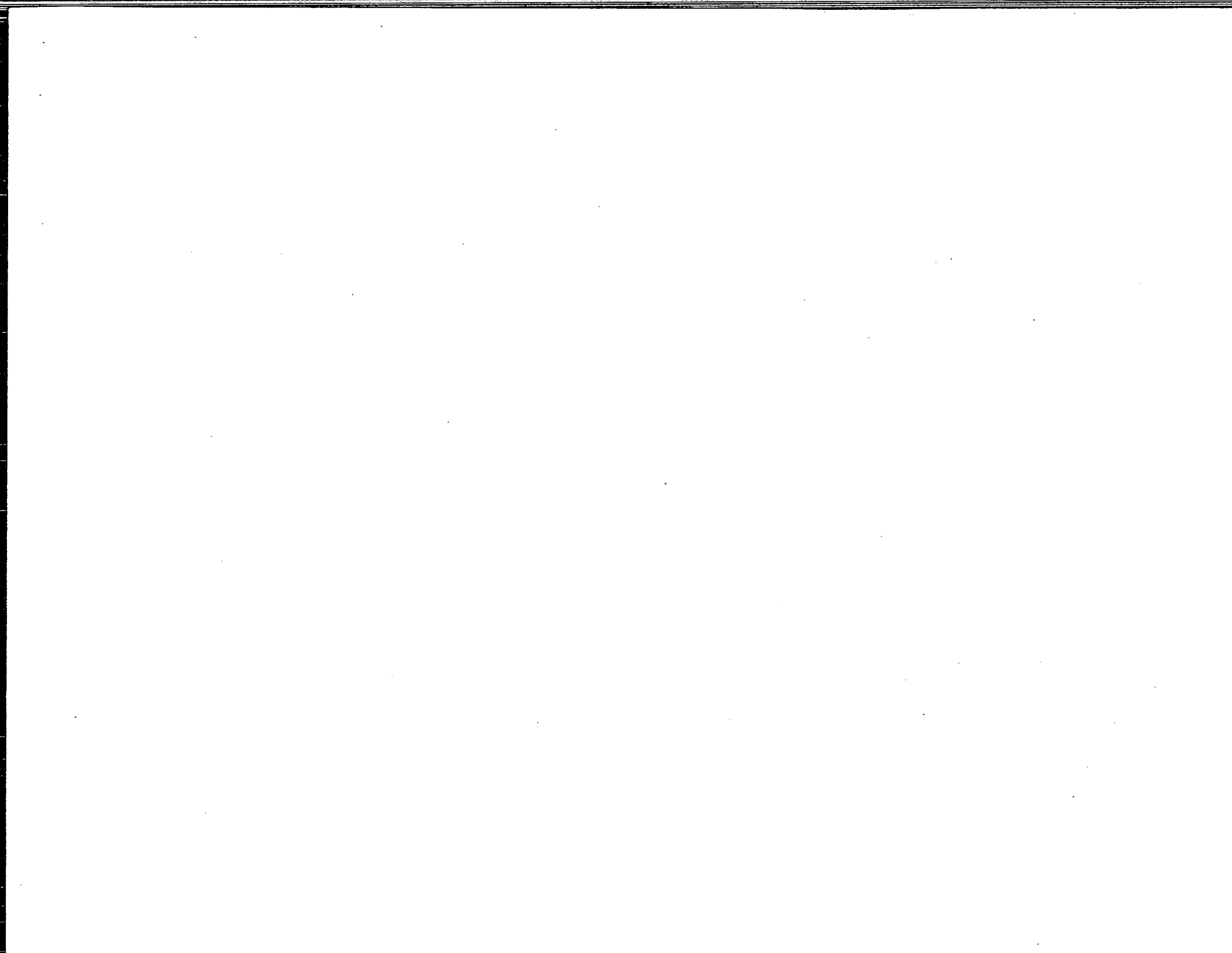
STATE OF CALIFORNIA                     )  
  ) ss.  
COUNTY OF SACRAMENTO                )

On this 6<sup>th</sup> day of January, 1988, before me,  
Rhonda A. McKinney a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Nora Brandstadter, personally known to me (or proved to me  
on the basis of satisfactory evidence) to be the person who  
executed the within instrument as Vice-President,  
on behalf of Security Pacific National Bank, the trustee  
therein named, and acknowledged to me that such trustee  
executed the same.

WITNESS my hand and official seal.



Rhonda A. McKinney  
NOTARY PUBLIC FOR CALIFORNIA





COUNTY OF SACRAMENTO

RESOLUTION NO. 88-0027

A RESOLUTION OF THE COUNTY OF SACRAMENTO AUTHORIZING  
EXECUTION OF A NOTICE OF TERMINATION RELATING TO THE  
JOINT EXERCISE OF POWERS AGREEMENT AND SUBLEASE OF  
THE SACRAMENTO COMMUNITY CENTER

WHEREAS, the City of Sacramento (the "City") has  
notified the County of Sacramento (the "County") that it is  
causing the refunding of the Sacramento Community Center  
Authority (the "Authority") 1971 Bonds (the "Bonds");

WHEREAS, the Authority was created pursuant to a  
Joint Exercise of Powers Agreement, dated for convenience as  
of November 25, 1969, as amended (the "Agreement") between the  
City and the County in order to issue the Bonds to finance the  
Sacramento Community Center;

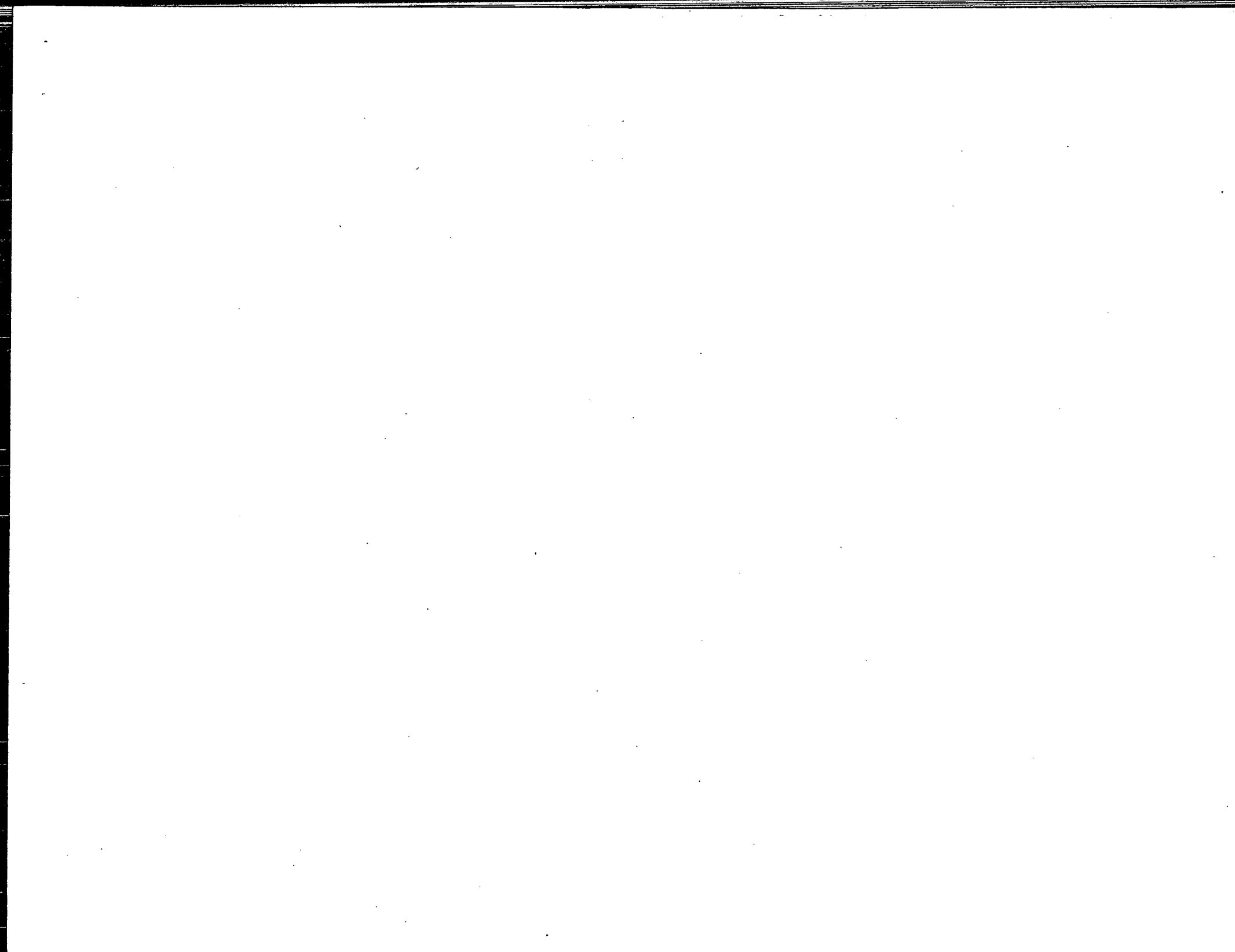
WHEREAS, the Authority leased the Sacramento  
Community Center to the City and the City subleased the  
Community Center to the County pursuant to that certain  
Community Center Sublease, dated for convenience as of  
August 1, 1971 (the "Sublease");

WHEREAS, effective January 7, 1988, the City will  
have caused the defeasance of the Bonds pursuant to an Escrow  
Agreement between the City, the Authority and the Trustee of  
the Bonds; and

WHEREAS, by such defeasance of the Bonds, the  
Agreement terminates in accordance with its terms and the  
Sublease terminates in accordance with its terms,

NOW THEREFORE, be it resolved by the Board of  
Supervisors of the County of Sacramento, as follows:

The appropriate officers of the County are hereby  
authorized to execute the Notice of Termination relating to  
the Agreement and the Sublease and to execute and deliver any  
and all documents which may be deemed necessary or advisable  
in order to evidence the termination of the Agreement and the  
Sublease and the vesting of title of the Community Center in  
the City, all as contemplated by the Agreement.



WHEREAS, the City has requested that the Authority authorize the defeasance of the Bonds and the discharge of the Resolution and the City will provide, for deposit with the Trustee, the amounts necessary to purchase the federal securities in order to provide sufficient funds, in the opinion of a certified public accountant, necessary to pay the principal of and interest on the Bonds as such principal and interest become due; and

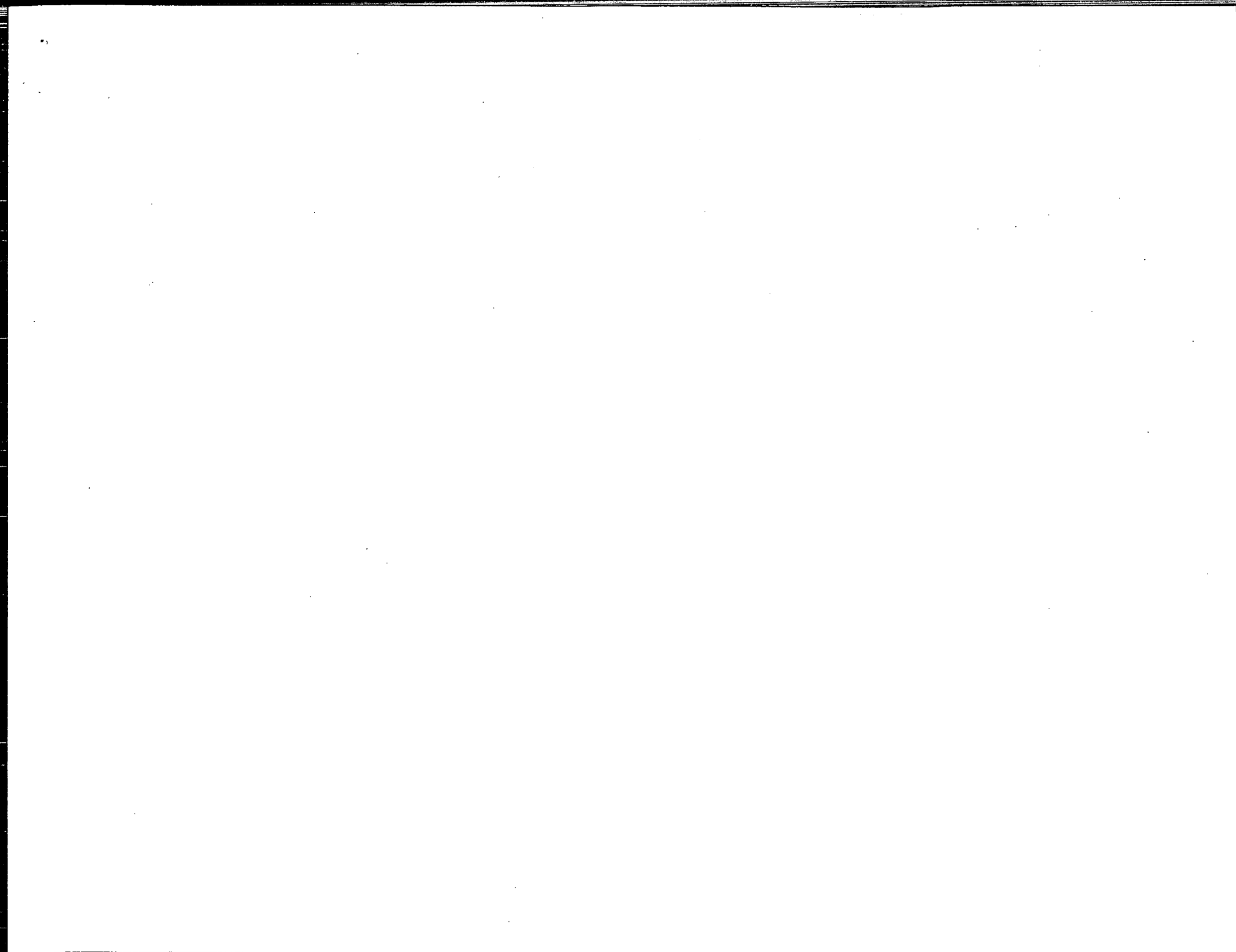
WHEREAS, the Agreement provides in Section 4 thereof that the Agreement shall terminate at such time as the Bonds and the interest thereon shall have been paid in full, or provision for such payment shall have been made;

NOW THEREFORE, be it resolved by Sacramento Community Center Authority as follows:

Section 1. The appropriate officers of the Authority are hereby authorized to accept and acknowledge receipt from the City of sufficient funds for deposit with the Trustee in amounts, as certified by a certified public accountant, sufficient to pay the principal of and interest on the Bonds as such principal and interest become due and the City Treasurer, as treasurer of the Authority, and the Trustee, or either of them, are hereby authorized to submit subscriptions for, or purchase on the open market, the federal securities required to defease the Bonds.

Section 2. The Chairman and Secretary of the Authority, or other appropriate officers of the Authority, are hereby authorized, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement in substantially the form presented to this meeting with such changes therein as such officers may approve, such approval to be conclusively evidenced by the execution thereof, to cause to be delivered a Statement of the Authority, as such term is defined in the Resolution, evidencing the Authority's intention to pay and discharge the Resolution, to execute and deliver all appropriate documents and instruments that are necessary to evidence the satisfaction and discharge of the Resolution and the termination of the Project Lease and the vesting of title to the Project and the site thereof in the City, and to assist the City in the sale-leaseback financing referred to as the City of Sacramento Certificates of Participation (1987 Public Facilities Project) to the extent appropriate.

Section 3. The Chairman and Secretary of the Authority, or other appropriate officers of the Authority, are hereby authorized, for and in the name and on behalf of the Authority, to execute and deliver a deed and other related



documents, conveying to the City title to the property located at 1401 "K" Street and commonly referred to as the Scofield Building, and the other property that the Authority possesses, and to execute such other certificates and documents as are necessary to vest title of the various properties of the Authority in the City and to evidence the assumption or payment by the City of all obligations of the Authority related thereto and to acknowledge the termination of the Agreement.

Section 4. The officers of the Authority be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents and certificates, to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to affectuate the actions which the Governing Board has heretofore approved.

Section 5. All actions heretofore taken by the officers and agents of this Authority with respect to the Bonds and the Project Lease and the defeasance of the foregoing be and they are hereby approved and ratified.

Passed and adopted this 10th day of December, 1987, by the following vote (a three-fifths majority of the Board is required):

AYES: Members Christensen, Combatalade, Hansen, Matsuda

NOES: None

ABSENT: Member Tochtermann

/s/ Walter Christensen

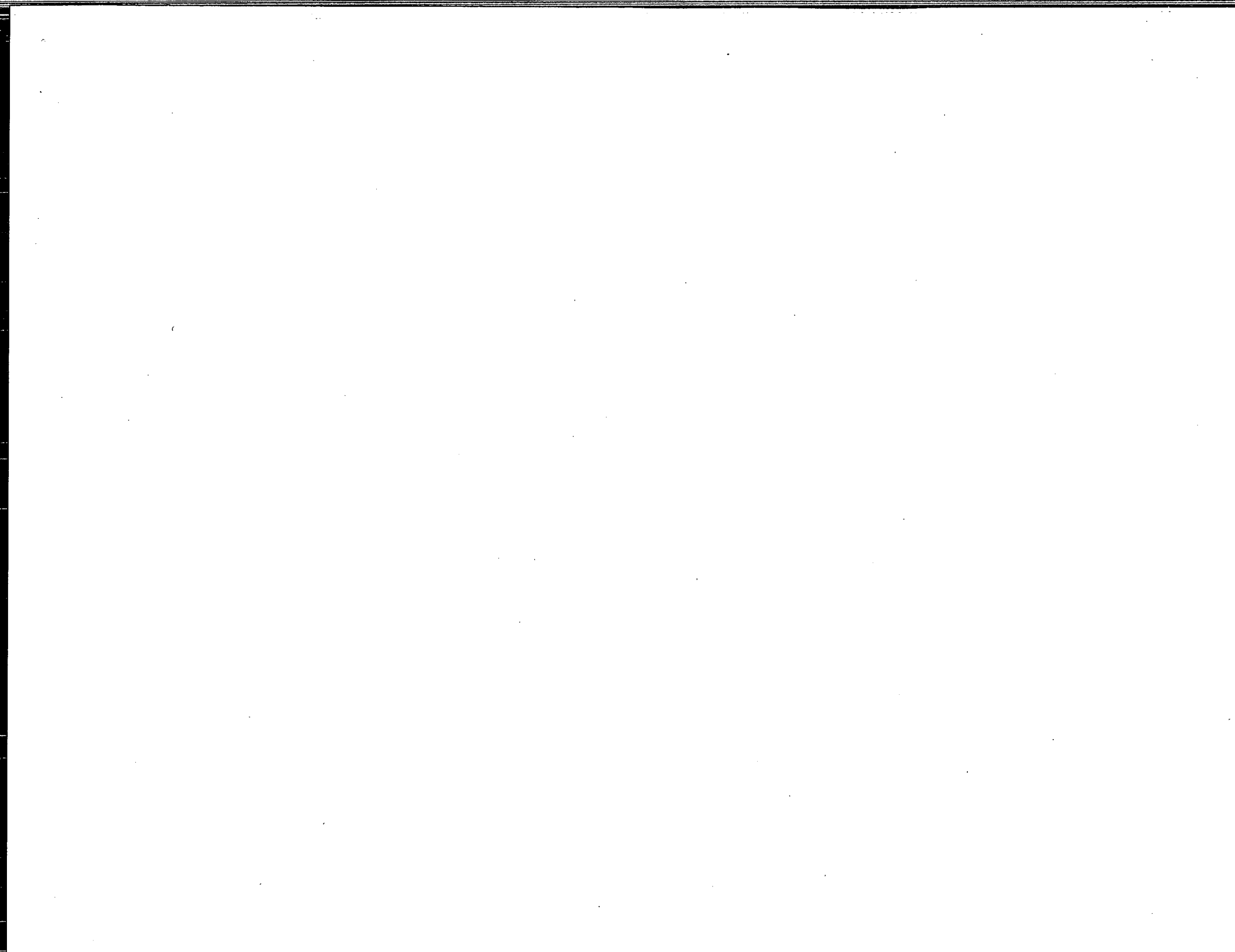
---

Chairman

/s/ Lorraine Magana

---

Secretary



SECRETARY'S CERTIFICATE

I, LORRAINE MAGANA, Secretary of the Sacramento County Community Center Authority, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of the Governing Board of the Sacramento Community Center Authority duly and regularly and legally held at the regular meeting place thereof on December 10, 1987, of wich meeting all the members of said Board had due notice and at which a quorem was present and acting throughout.

At said meeting said resolution was adopted by the following vote:

AYES: Members Christensen, Combatalade, Hansen, Matsuda

NOES: None

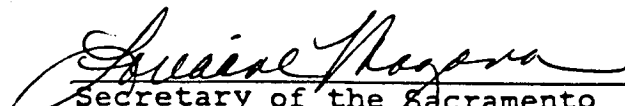
ABSENT: Member Tochtermann

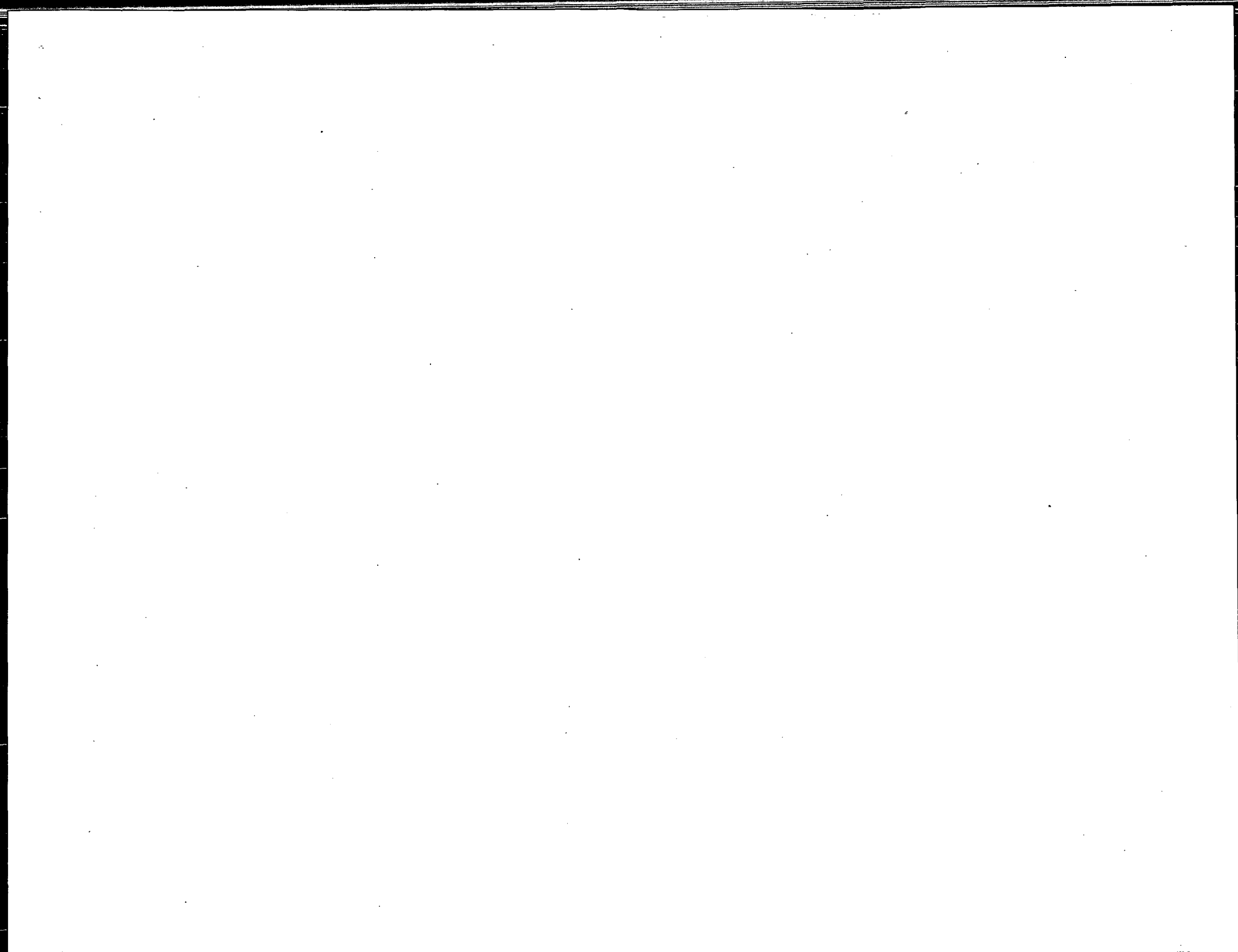
At least 24 hours prior to said meeting a copy of the Agenda of said meeting was posted at a place in the City of Sacramento freely accessible to members of the public.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes and said original resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: December 10, 1987

(Seal)

  
Secretary of the Sacramento  
Community Center Authority





SACRAMENTO COMMUNITY CENTER AUTHORITY

RESOLUTION NO. 87-001

Adopted December 10, 1987

RESOLUTION OF THE GOVERNING BOARD OF THE SACRAMENTO COMMUNITY CENTER AUTHORITY APPROVING AND AUTHORIZING THE DEFEASANCE OF THE AUTHORITY'S 1971 BONDS AND THE DISCHARGE OF RESOLUTION NO. 10-71, PURSUANT TO WHICH SAID BONDS WERE ISSUED, AND AUTHORIZING EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS RELATED THERETO

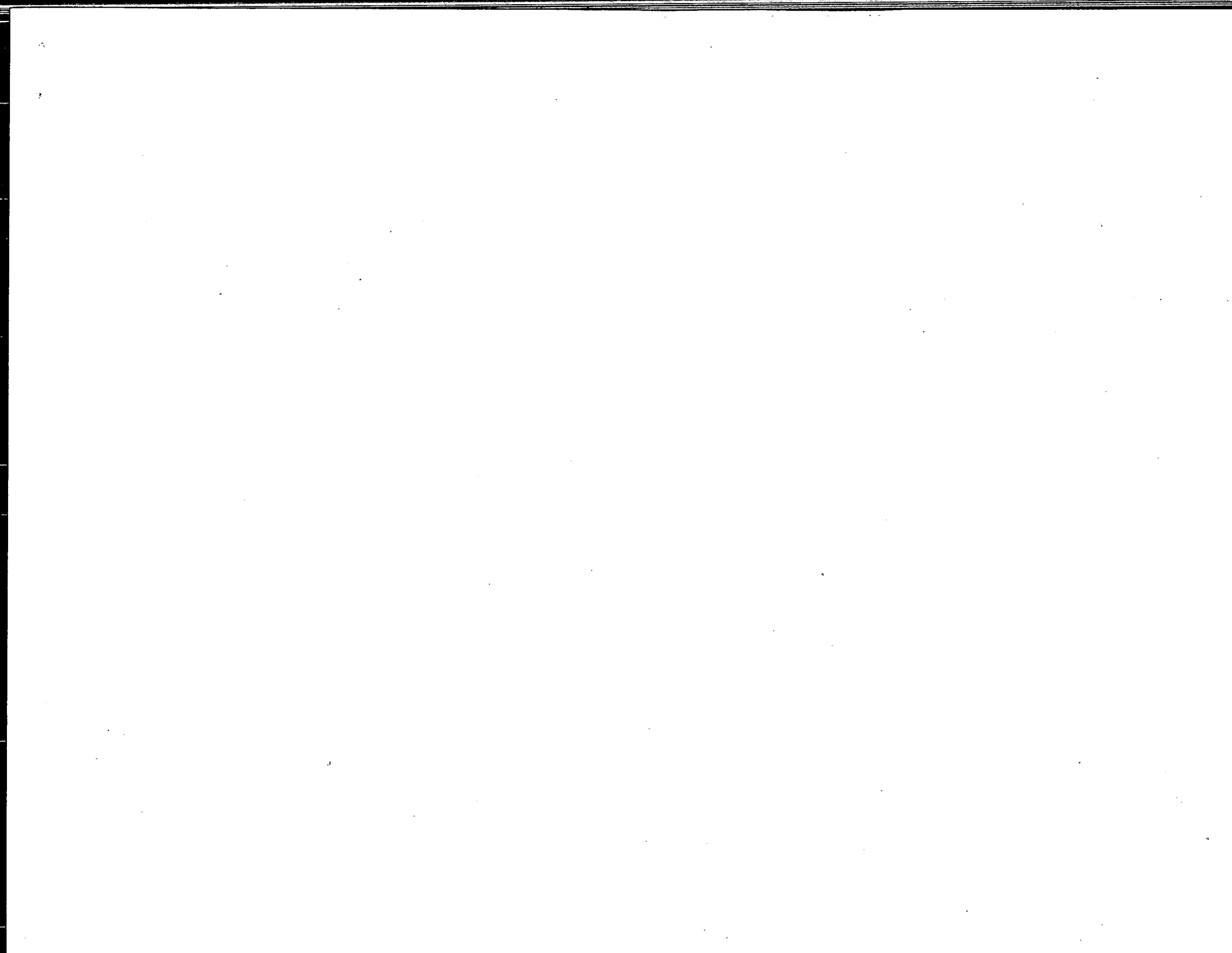
WHEREAS, the Sacramento Community Center Authority (the "Authority") was created by the County of Sacramento, a chartered city and political subdivision of the State of California (the "County") and the City of Sacramento, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California (the "City") pursuant to a Joint Exercise of Powers Agreement, dated for convenience as of November 25, 1969 (the "Agreement");

WHEREAS, the Authority was authorized pursuant to the Agreement to issue bonds to finance a city and county community center consisting of one or more public buildings necessary for the purpose of providing public assembly and convention halls for public assembly and convention purposes (the "Project");

WHEREAS, the Authority pursuant to Resolution No. 10-71, as supplemented and amended (the "Resolution"), authorized the issuance of \$19,100,000 principal amount of Sacramento Community Center Authority 1971 Bonds (the "Bonds") in order to finance the Project;

WHEREAS, the Project was leased by the Authority to the City pursuant to the Project Lease, dated for convenience as of August 1, 1971 (the "Project Lease") and pursuant to the Project Lease the City pays rental to the Authority sufficient to pay principal of and interest on the Bonds;

WHEREAS, the Authority pursuant to Section 10.01 of the Resolution may pay and discharge the entire indebtedness on the Bonds by depositing with Security Pacific National Bank, as trustee (the "Trustee"), in trust, federal securities in such amount as shall be fully sufficient to pay and discharge the indebtedness on the Bonds as the same becomes due;



This Resolution shall take affect immediately upon its passage.

On a motion by Supervisor T. JOHNSON, seconded by Supervisor J. STRENG the foregoing Resolution was passed and adopted this 5th day of January, 1988 by the following vote:

AYES: Supervisors COLLIN, G. JOHNSON, T. JOHNSON, SMOLEY, STRENG

NOES: Supervisors NONE

ABSENT: Supervisors NONE

COUNTY OF SACRAMENTO

By *Jim Streng*  
Chairperson of the Board of Supervisors

[Seal]

ATTEST:

By *Beverly A. Williams*  
Clerk of the Board of Supervisors

In accordance with Section 25103 of the Government Code of the State of California a copy of this document has been delivered to the Chairman of the Board of Supervisors, County of Sacramento on

JAN 05 1988

By *Fally A. Donaldson*  
Deputy Clerk, Board of Supervisors

FILED

JAN 05 1988

BOARD OF SUPERVISORS  
BY *Beverly A. Williams*  
CLERK OF THE BOARD

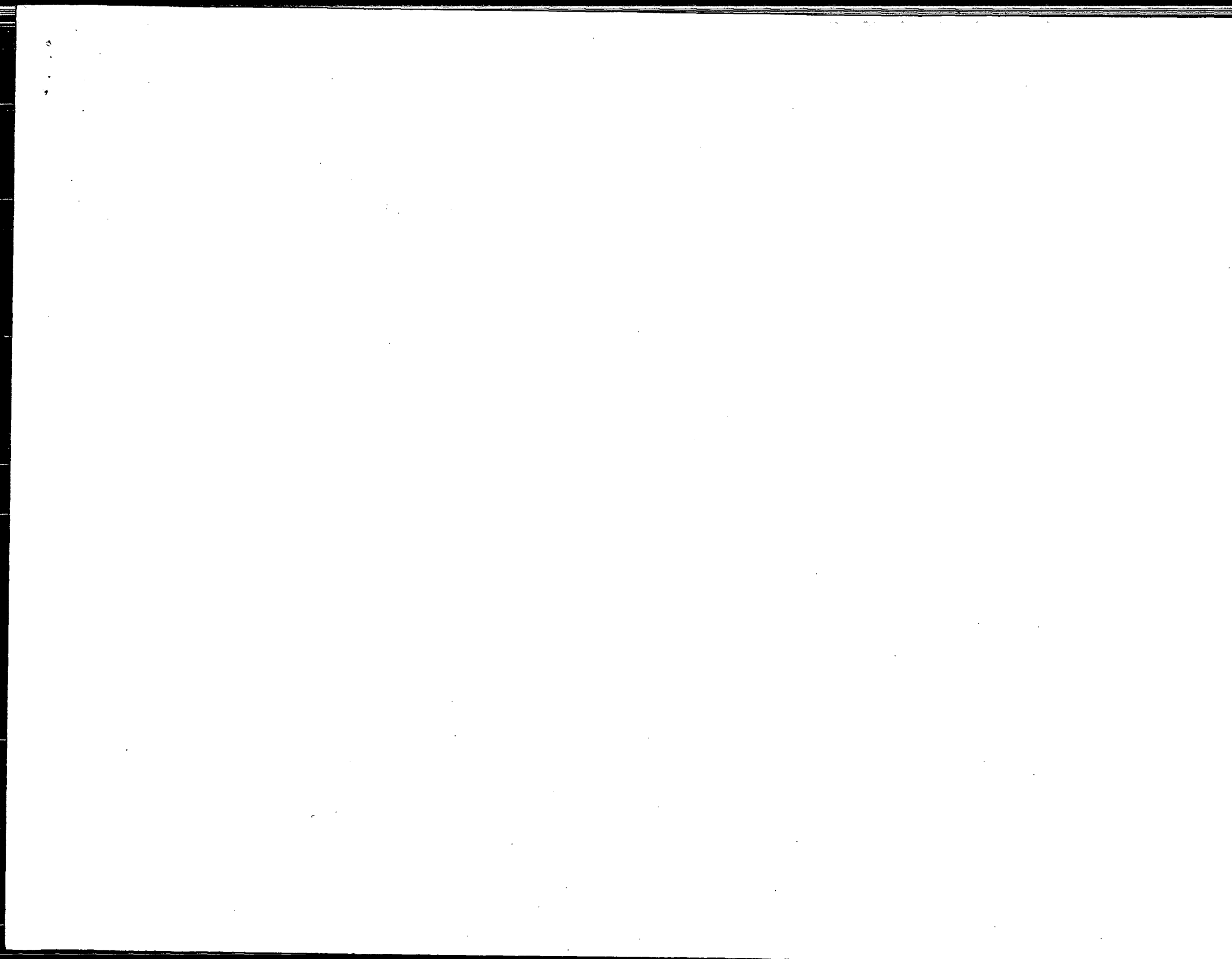
The foregoing is a correct copy of a resolution adopted by the Board of Supervisors, Sacramento County, California

on *January 5, 1988*

Dated *January 6, 1988*

Clerk of said Board of Supervisors

By *Fally A. Donaldson*  
Deputy



RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

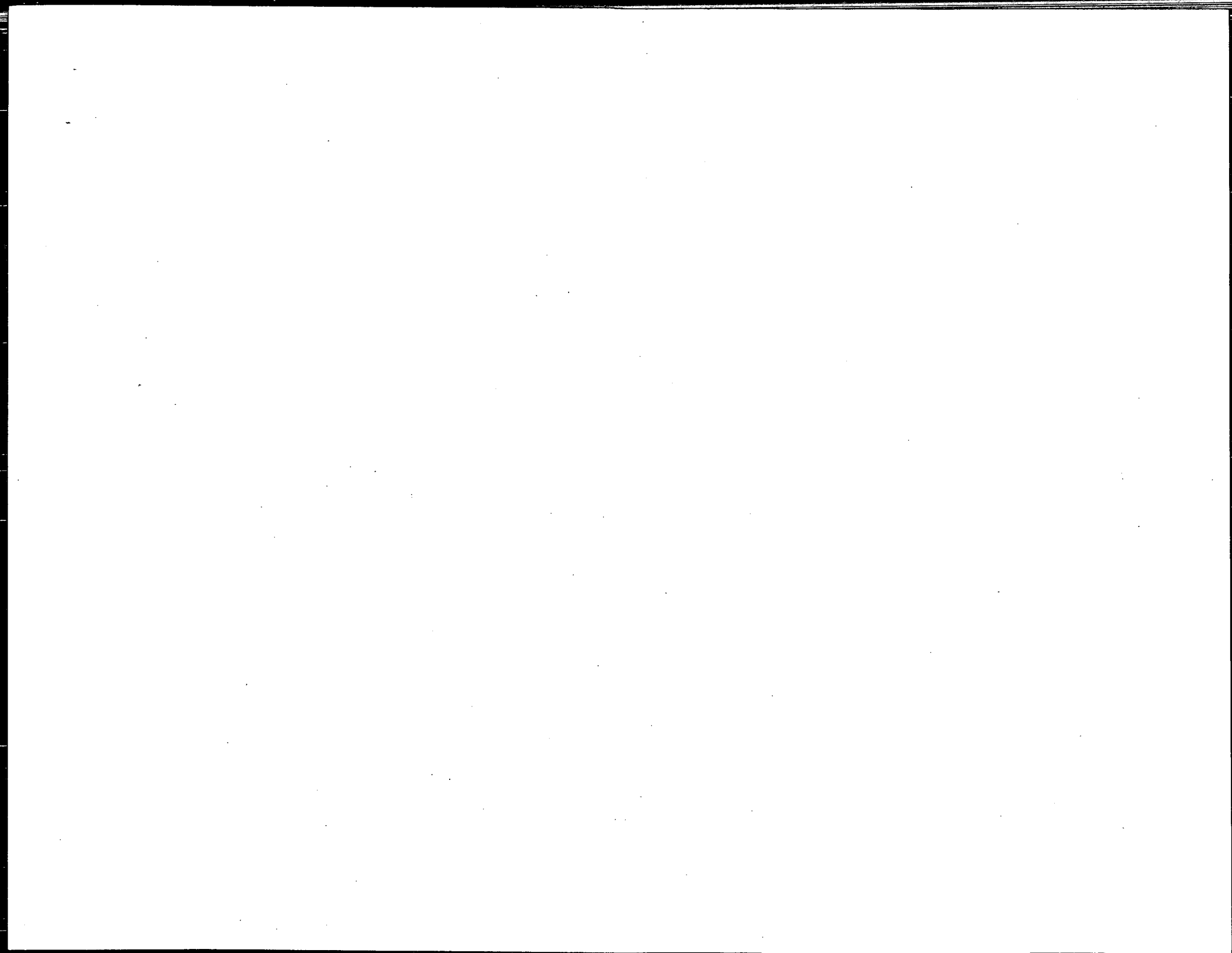
Orrick, Herrington & Sutcliffe  
555 Capitol Mall  
Sacramento, CA 95814  
Attention: Randolph Hooks

NOTICE OF TERMINATION

This NOTICE OF TERMINATION, made and entered into as of January 7, 1988 by and between the CITY OF SACRAMENTO, a municipal corporation and charter city of the State of California (the "City"), the COUNTY OF SACRAMENTO, a political subdivision of the State of California (the "County"), the SACRAMENTO COMMUNITY CENTER AUTHORITY, a joint powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority") and SECURITY PACIFIC NATIONAL BANK, a national banking association organized and existing under and by virtue of the laws of the United States of America (the "Bond Trustee");

W I T N E S S E T H:

WHEREAS, the Authority was created pursuant to the Joint Exercise of Powers Agreement dated for convenience as of November 25, 1969, as amended (the "Agreement"), by and between the City and the County and recorded in the official



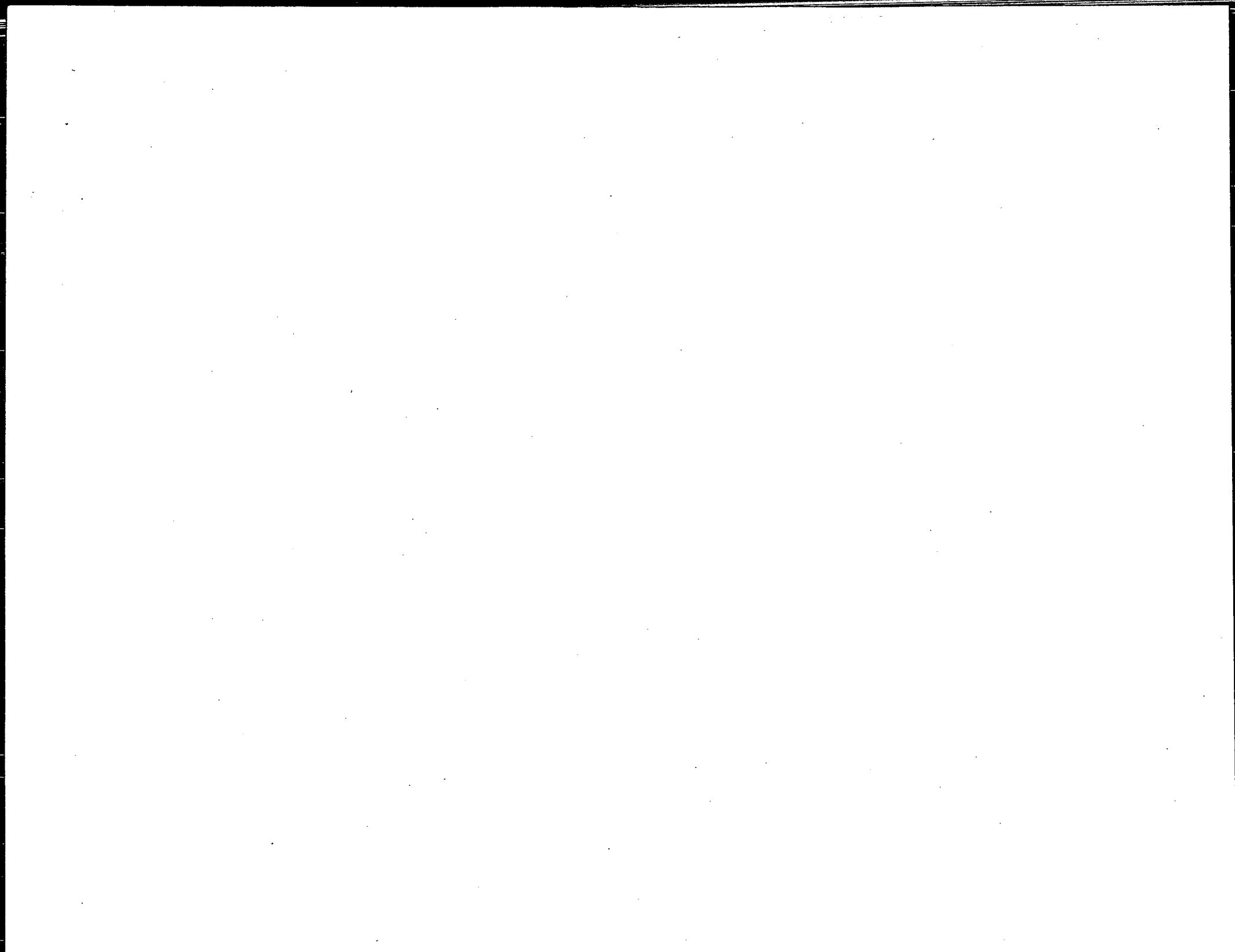
records of Sacramento County, California on August 27, 1971, in Book 710827, page 672;

WHEREAS, the Authority has previously issued its Sacramento Community Center Authority 1971 Bonds (the "Bonds") pursuant to Resolution No. 10-71 adopted by the Authority on July 28, 1971 (the "Resolution"), for the purpose of assisting the City by financing the construction of certain community center facilities (the "Community Center Project"); and

WHEREAS, the Authority leased to the City the Community Center Project including the site thereof pursuant to that certain Project Lease, dated for convenience as of August 1, 1971 (the "Project Lease") and recorded in the Official Records of Sacramento County, California on August 27, 1971 in Book 710827, page 712.

WHEREAS, the Authority assigned to the Bond Trustee as security for payment of the Bonds its interest in the Project Lease pursuant to that certain Assignment of Interest in Project Lease dated for convenience as of August 1, 1971 and recorded in the Official Records of Sacramento County, California on August 27, 1971 in Book 710827, page 735.

WHEREAS, to secure payment of the principal of and interest on the Bonds, the Authority and the City have irrevocably deposited with the Bond Trustee sufficient moneys and investments to provide for the payment of the Bonds pursuant to that certain Escrow Agreement dated as of





December 1, 1987 (the "Escrow Agreement") by and among the City, the Authority and the Bond Trustee;

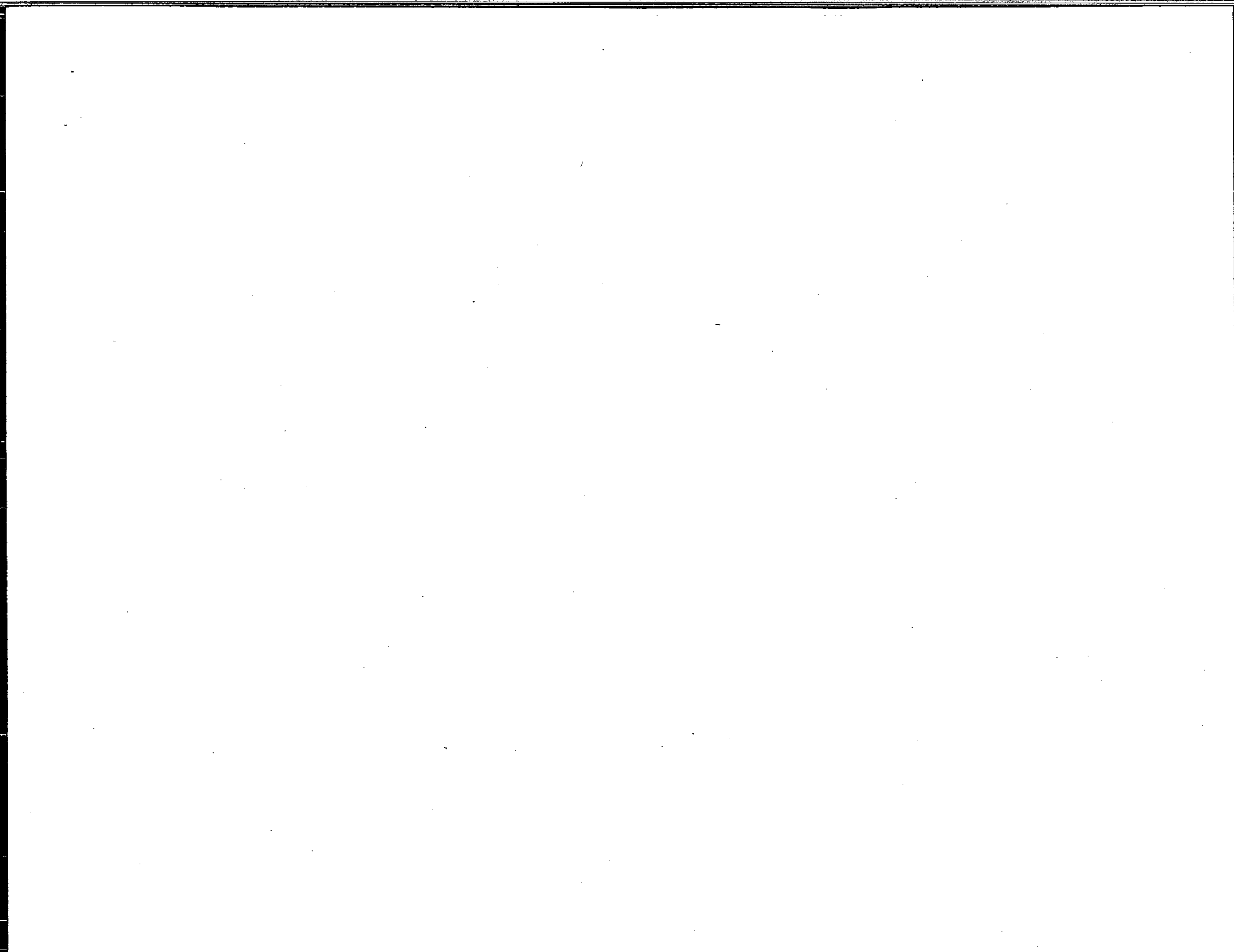
WHEREAS, by such deposit the Authority has defeased the Bonds and discharged the Resolution and the Agreement, the Project Lease and that certain Community Center Sublease, between the City and the County (the "Sublease"), recorded in the Official Records of Sacramento County on August 27, 1971 in Book 710827, page 742, are terminated in accordance with their terms;

WHEREAS, in accordance with the terms of the Project Lease the fee title to the Community Center Project and the site thereof vests in the City upon termination of the Project Lease; and

WHEREAS, the parties hereto now desire to evidence the termination of the Agreement, the Project Lease, the Sublease and the satisfaction and discharge of the Resolution, pursuant to which the Bonds were issued and for the security of which the Project Lease was assigned to the Bond Trustee and to evidence the vesting of title of the Community Center Project and the site thereof in the City;

NOW THEREFORE, the City, the County, the Authority and the Bond Trustee hereby agree as follows:

1. The foregoing recitals are true and correct and are incorporated by reference herein.
2. Each party understands, agrees and acknowledges that the Agreement, the Project Lease, the Assignment thereof



and the Sublease are terminated and the Resolution is discharged and are not a lien on the property described in Exhibit A hereto.

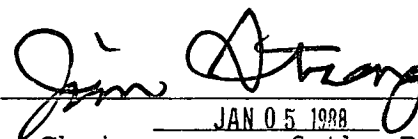
3. The property described in Exhibit A is vested in the City in fee simple ownership and any and all interest of the Authority and the County therein is hereby granted, conveyed and quit claimed to the City.

4. This Notice of Termination shall be binding on and inure to the benefit of the parties and their successors.

IN WITNESS WHEREOF, the City of Sacramento, the County of Sacramento, the Sacramento Community Center Authority and Security Pacific National Bank have caused this Notice of Termination to be executed each on its behalf as of the day and year first above written.

COUNTY OF SACRAMENTO


By

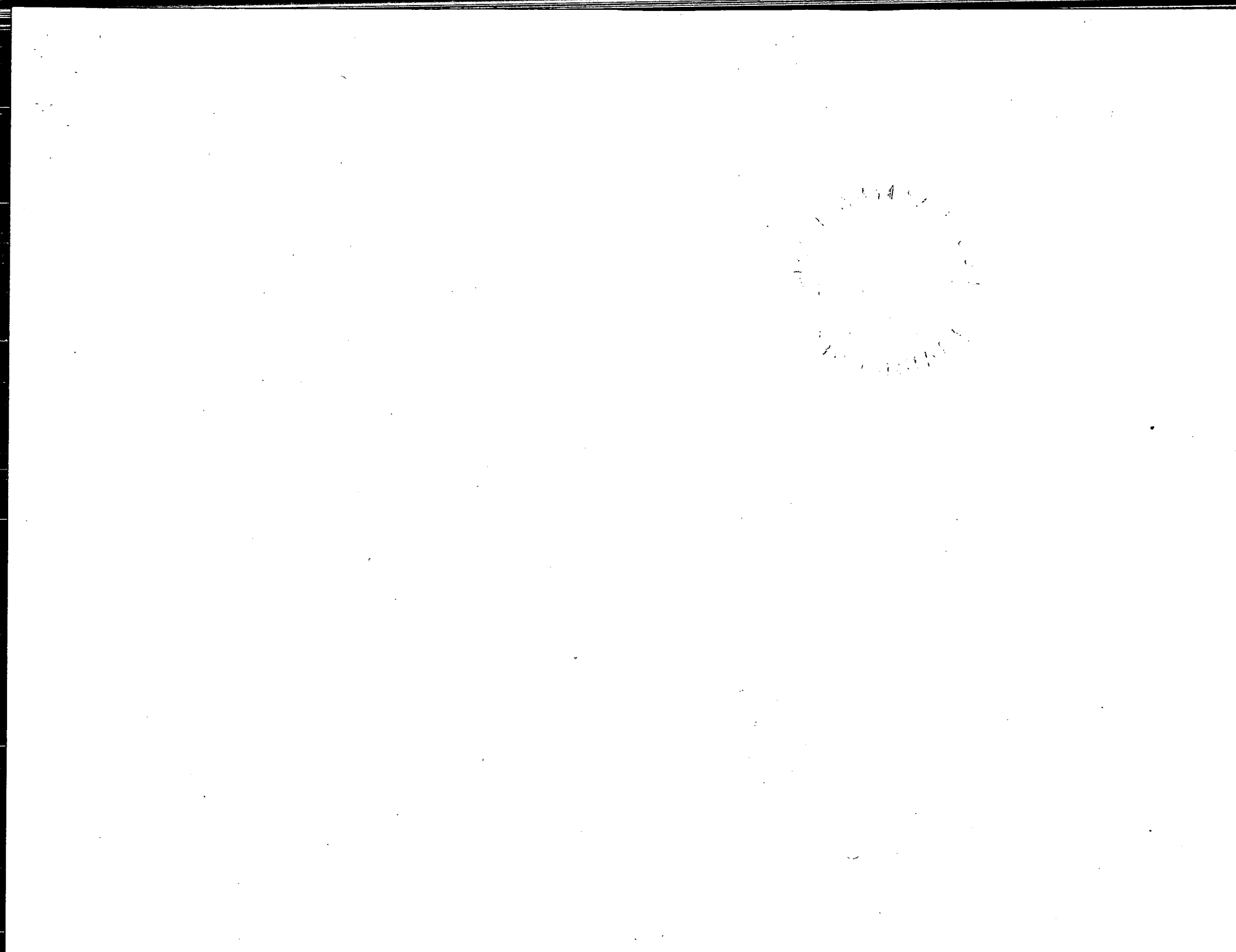
  
JAN 05 1988

Chairperson of the Board  
of Supervisors

[seal]

Attest:

  
Beverly A. Williams  
Clerk of the Board of  
Supervisors



CITY OF SACRAMENTO

By Anne Rudin  
Anne Rudin  
Mayor

[seal]

Attest:

Lorraine Magana  
Lorraine Magana  
City Clerk

SACRAMENTO COMMUNITY CENTER  
AUTHORITY

By Walter Christensen  
Walter Christensen  
Chairman

[seal]

Attest:

Lorraine Magana  
Lorraine Magana  
Secretary

SECURITY PACIFIC NATIONAL BANK

By M. A. Bandstad  
Vice President

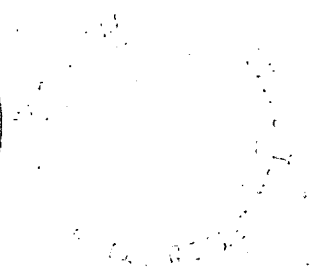
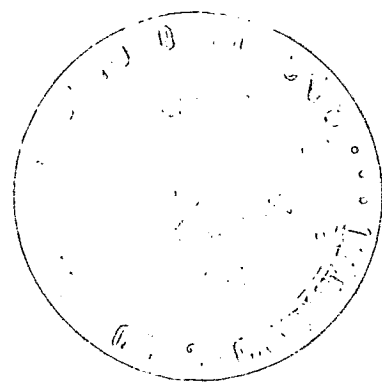
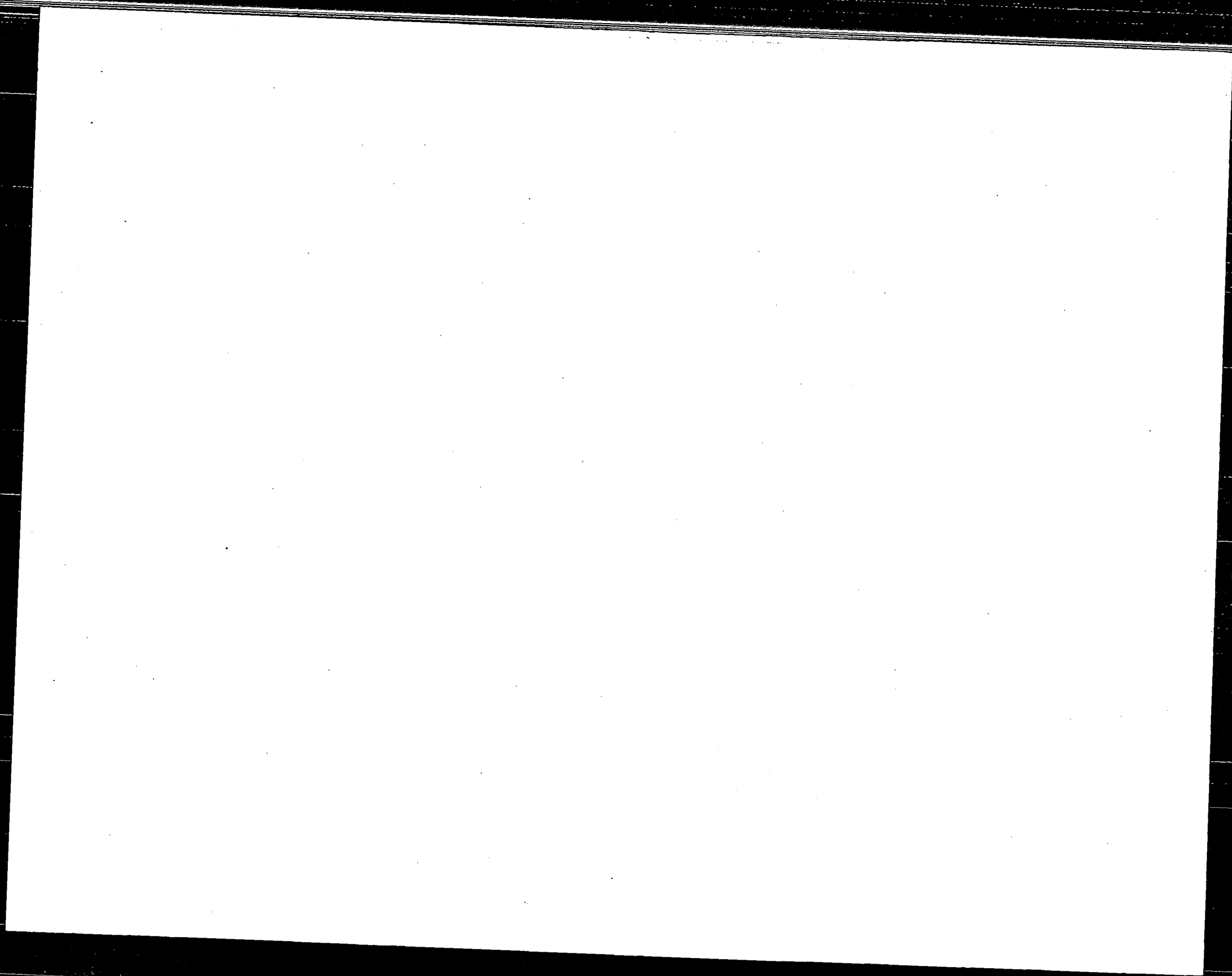


EXHIBIT A

All that real property situated in the State of California, County of Sacramento, City of Sacramento and described as follows: The blocks bounded by the westerly line of 13th Street, the westerly line of 14th Street, the southerly line of "J" Street and the northerly line of "L" Street according to the official plat thereof, excepting therefrom the westerly 16 feet of the above-described portions of 13th Street.





ACKNOWLEDGMENT

STATE OF CALIFORNIA

)

)

ss.

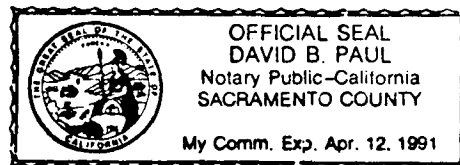
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COUNTY OF SACRAMENTO

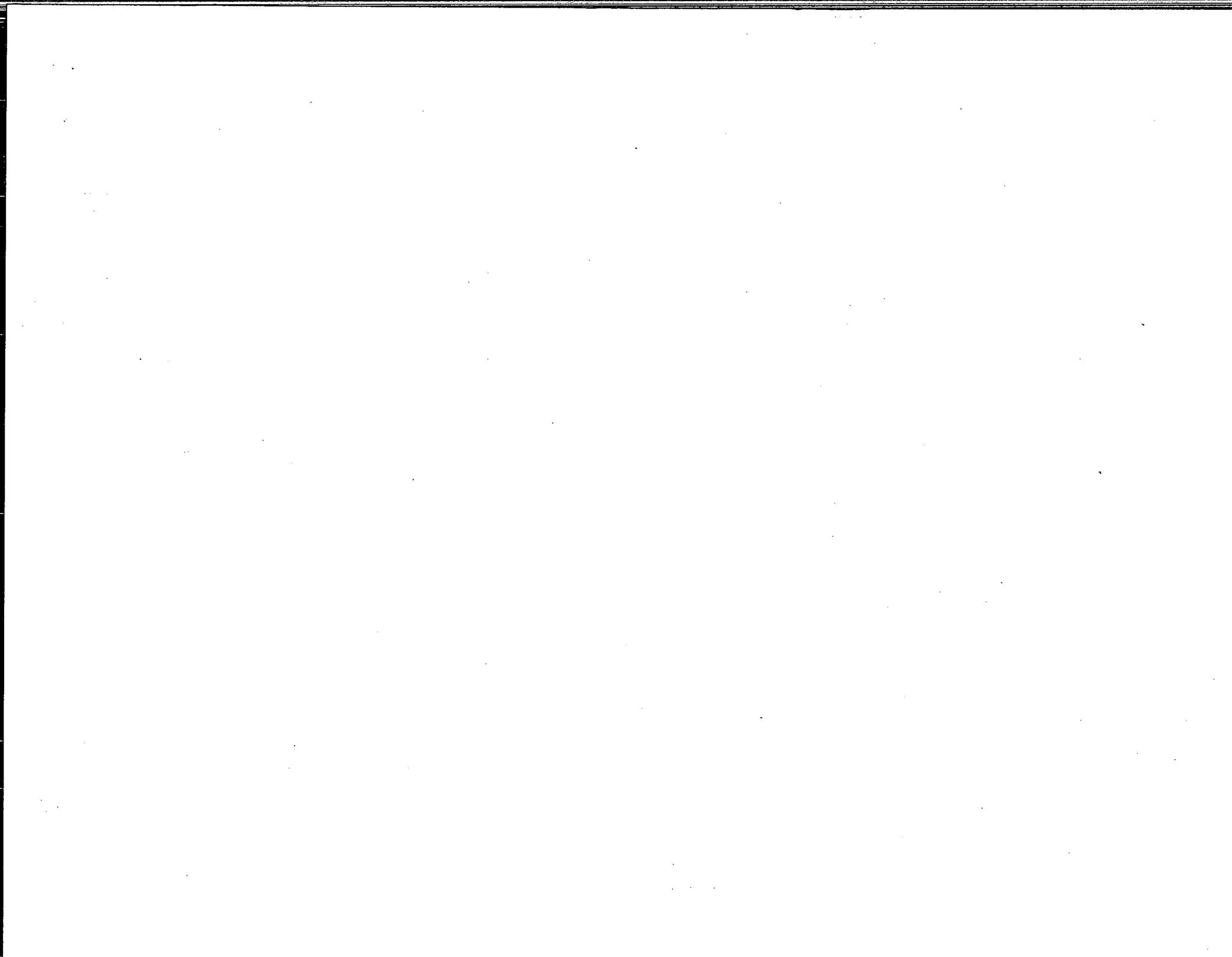
)

On this 6th day of January, 1988, before me,  
David B. Paul, a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Anne Rudin and Lorraine Magana, personally known to me (or  
proved to me on the basis of satisfactory evidence) to be the  
persons who executed the within instrument as the Mayor and  
City Clerk, respectively, of the City of Sacramento, and  
acknowledged to me that such City executed the same.

WITNESS my hand and official seal.



David B. Paul  
NOTARY PUBLIC FOR CALIFORNIA

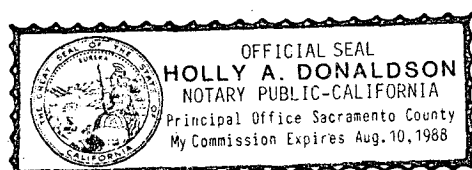


ACKNOWLEDGMENT

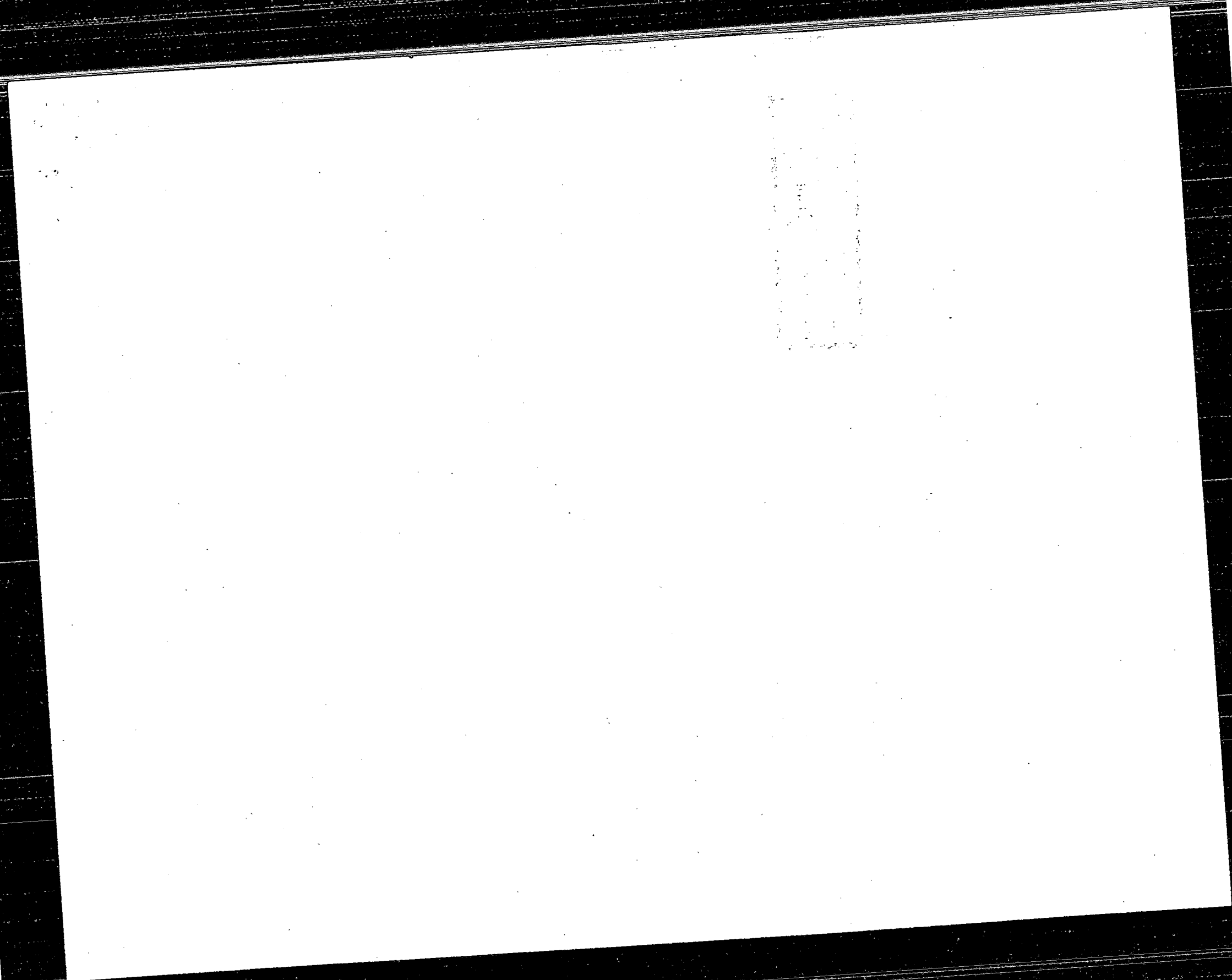
STATE OF CALIFORNIA       )  
                                  ) ss.  
                                  )  
COUNTY OF SACRAMENTO    )

On this 6<sup>th</sup> day of January, 1988, before me,  
Holly A. Donaldson a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Jim Strong and Beverly A. Williams, personally known to me  
(or proved to me on the basis of satisfactory evidence) to be  
the persons who executed the within instrument as the  
Chairperson and Clerk of the Board of Supervisors of the  
County of Sacramento, and acknowledged to me that such County  
executed the same.

WITNESS my hand and official seal.



Holly A. Donaldson  
NOTARY PUBLIC FOR CALIFORNIA



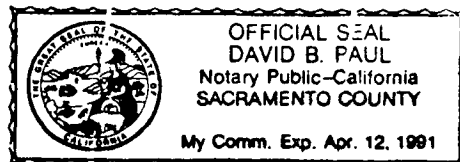
ACKNOWLEDGMENT

STATE OF CALIFORNIA  
COUNTY OF SACRAMENTO

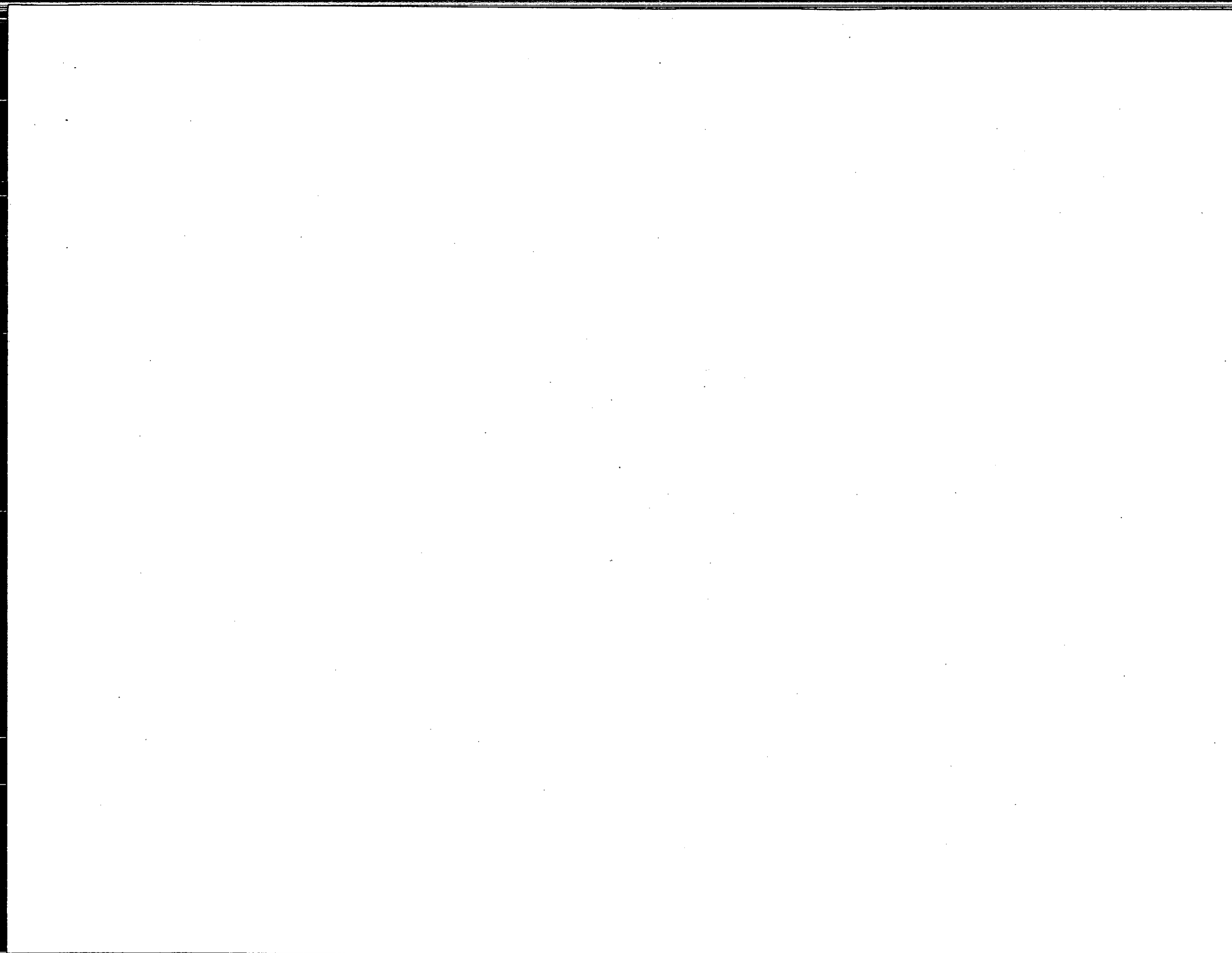
)  
) ss.  
)

On this 6th day of January, 1988, before me,  
David B. Paul, a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Walter Christensen and Lorraine Magana, personally known to me  
(or proved to me on the basis of satisfactory evidence) to be  
the persons who executed the within instrument as Chairman and  
Secretary, respectively, of the Sacramento Community Center  
Authority, the Authority therein named, and acknowledged to me  
that such Authority executed the same.

WITNESS my hand and official seal.



David B. Paul  
NOTARY PUBLIC FOR CALIFORNIA



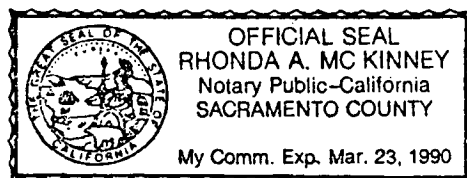
ACKNOWLEDGMENT

STATE OF CALIFORNIA  
COUNTY OF SACRAMENTO

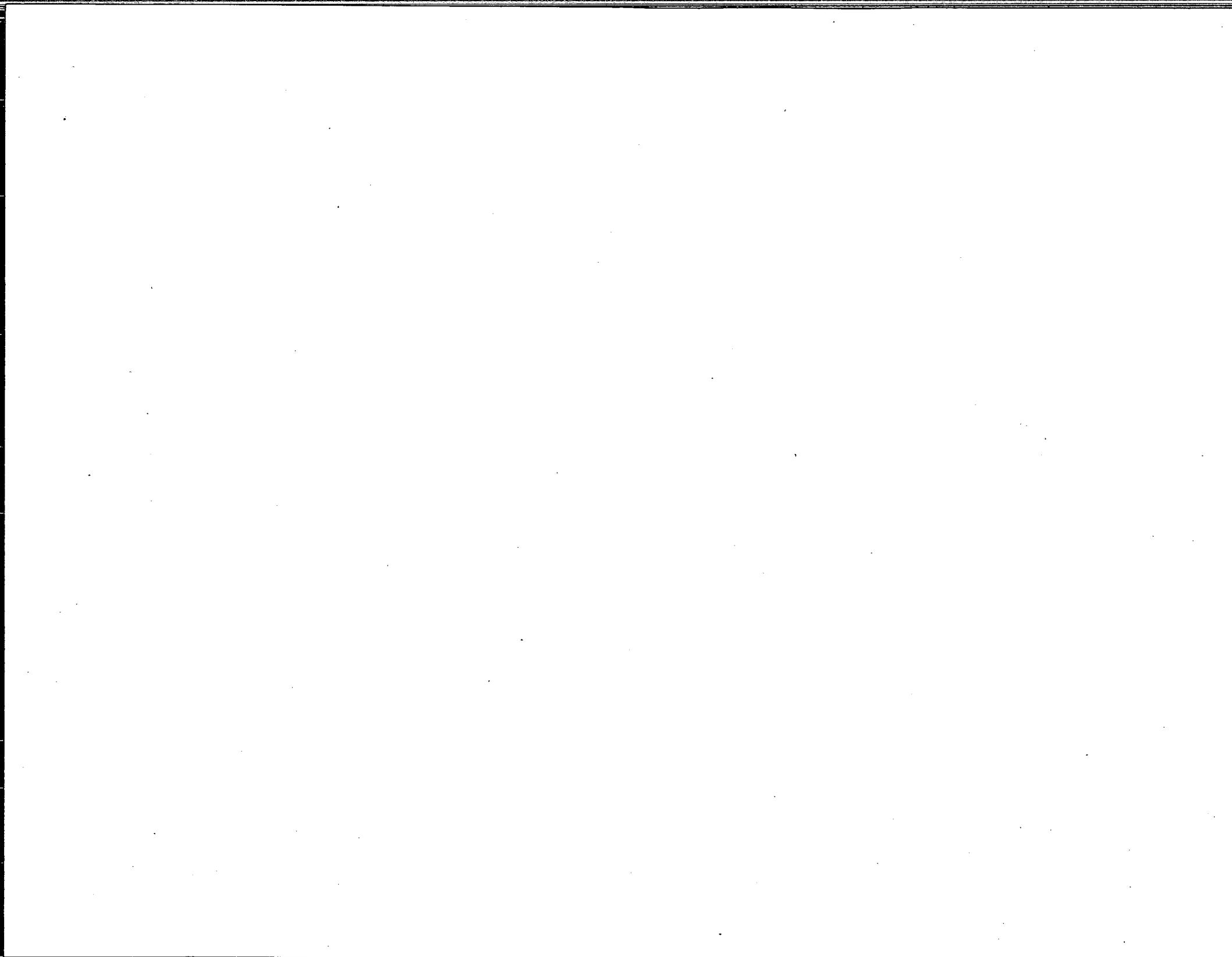
)  
) ss.  
)

On this 10th day of January, 1988, before me,  
Rhonda A. McKinney a Notary Public for the State of  
California, duly commissioned and sworn, personally appeared  
Aron Brandstatter, personally known to me (or proved to me  
on the basis of satisfactory evidence) to be the person who  
executed the within instrument as Vice-President,  
on behalf of Security Pacific National Bank, the trustee  
therein named, and acknowledged to me that such trustee  
executed the same.

WITNESS my hand and official seal.



Rhonda A. McKinney  
NOTARY PUBLIC FOR CALIFORNIA



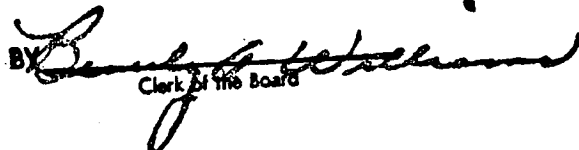


52  
**APPROVED**  
BY RESOLUTION # 88-0027  
BOARD OF SUPERVISORS

COUNTY OF SACRAMENTO

JAN 05 1988

Inter-Department Correspondence

BY   
Clerk of the Board

December 30, 1987

To: Chairman and Members  
Board of Supervisors

From: Robert L. Pleines  
Assistant County Counsel

Subject: Resolution of the County of Sacramento  
Authorizing Execution of a Notice of Termination  
Relating to a Joint Exercise of Powers Agreement  
and Sublease of the Sacramento Community Center  
Authority - Agenda of January 5, 1988 - Item 52

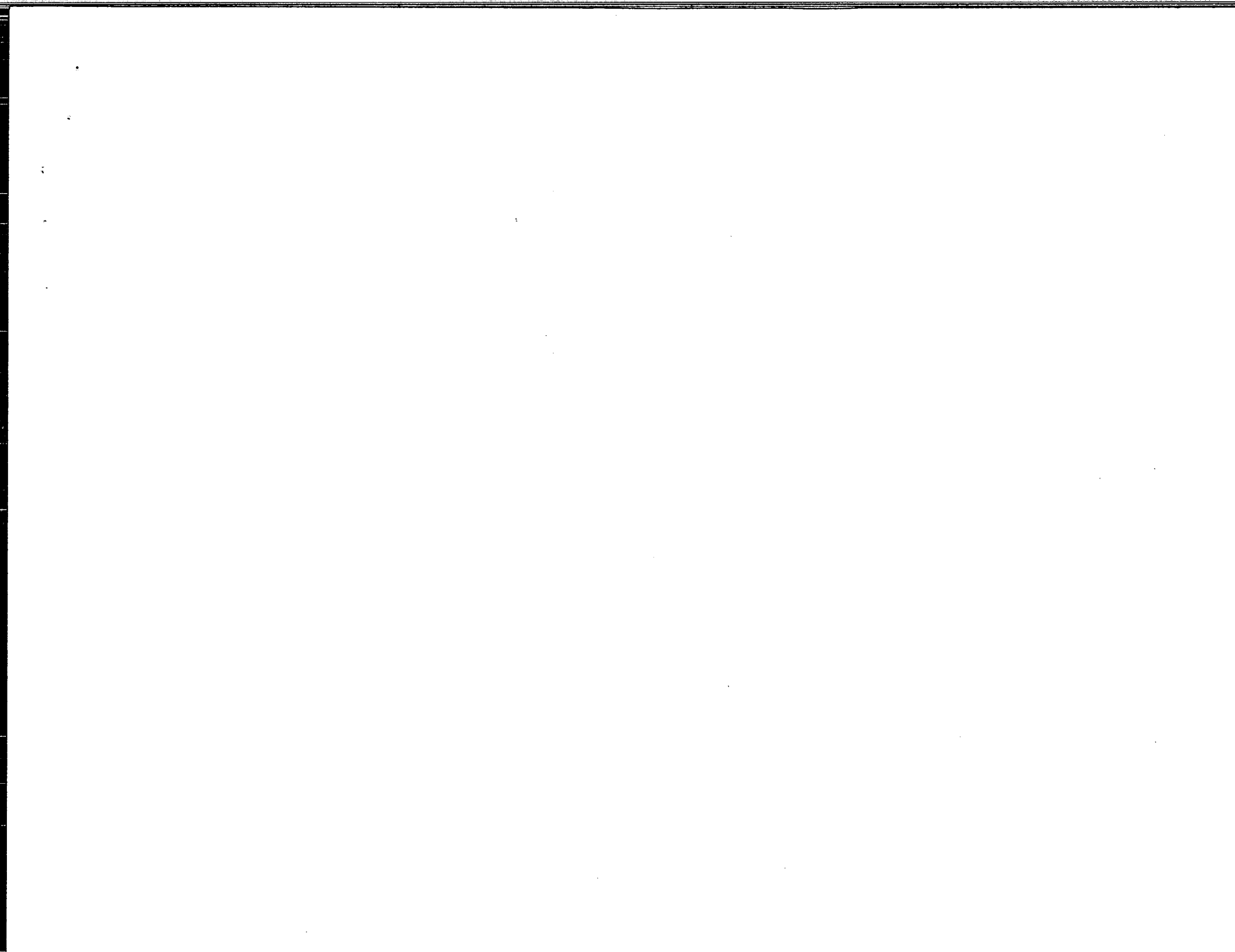
RECOMMENDATION

We recommend that the attached resolution be approved by your Board and the Notice executed as authorized.

DISCUSSION

In 1969, your Board entered into a Joint Exercise of Powers Agreement with the City of Sacramento for the purpose of financing, constructing and leasing to the City of a Sacramento Community Center. In 1971, the Joint Powers Authority created pursuant to that Agreement issued bonds for the purpose of constructing the facility. Thereafter, the facility was constructed and leased to the City of Sacramento.

As part of the Joint Exercise of Powers Agreement, the City is obligated to sublease a portion of the facility to the County, and the County is obligated to pay rental thereunder. However, if the City collects sufficient rental from other sources to make the annual debt payment, the County is not required to pay any monies nor does the County have possession of any portion of the Community Center. Additionally, as a part of the financing transaction, the County was required to pledge a portion of its annual transient occupancy tax receipts. Although it is our understanding that the County has not recently been required to actually pay any portion of these tax receipts on account of the annual debt payment, nonetheless, the pledge thereof remains



Chairman and Members  
Board of Supervisors

-2-

December 30, 1988

outstanding as long as the Community Center bonds are outstanding.

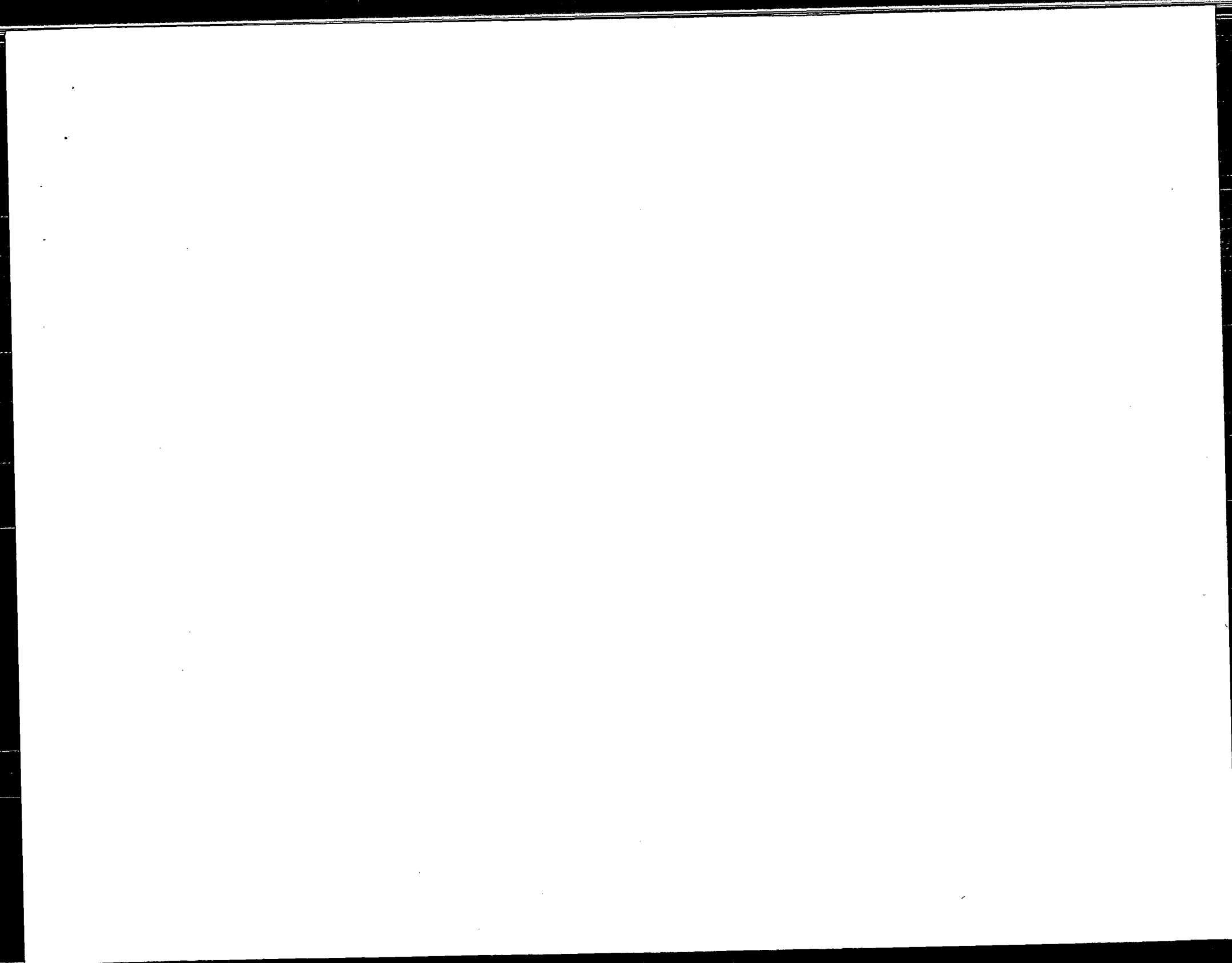
The City of Sacramento now proposes to refinance the outstanding 1971 bonds. As a part of the refinancing transaction, the original Joint Exercise of Powers Agreement would be terminated, as would be any subleases from the City to the County. Thus, any and all financial obligation of the County to make annual debt service payments if Community Center revenues are insufficient terminates with the termination of these documents. The new financing will be strictly a City of Sacramento obligation, and the County will have no responsibility whatsoever therefor.

As you may recall, the primary reason that the County was involved in the original transaction was to facilitate the financing for the City. This action, if approved would remove the County from that role.



ROBERT L. PLEINES  
Assistant County Counsel

RLP:df  
m-bdsupvl



COUNTY OF SACRAMENTO

RESOLUTION NO. 88-0027

A RESOLUTION OF THE COUNTY OF SACRAMENTO AUTHORIZING EXECUTION OF A NOTICE OF TERMINATION RELATING TO THE JOINT EXERCISE OF POWERS AGREEMENT AND SUBLEASE OF THE SACRAMENTO COMMUNITY CENTER

WHEREAS, the City of Sacramento (the "City") has notified the County of Sacramento (the "County") that it is causing the refunding of the Sacramento Community Center Authority (the "Authority") 1971 Bonds (the "Bonds");

WHEREAS, the Authority was created pursuant to a Joint Exercise of Powers Agreement, dated for convenience as of November 25, 1969, as amended (the "Agreement") between the City and the County in order to issue the Bonds to finance the Sacramento Community Center;

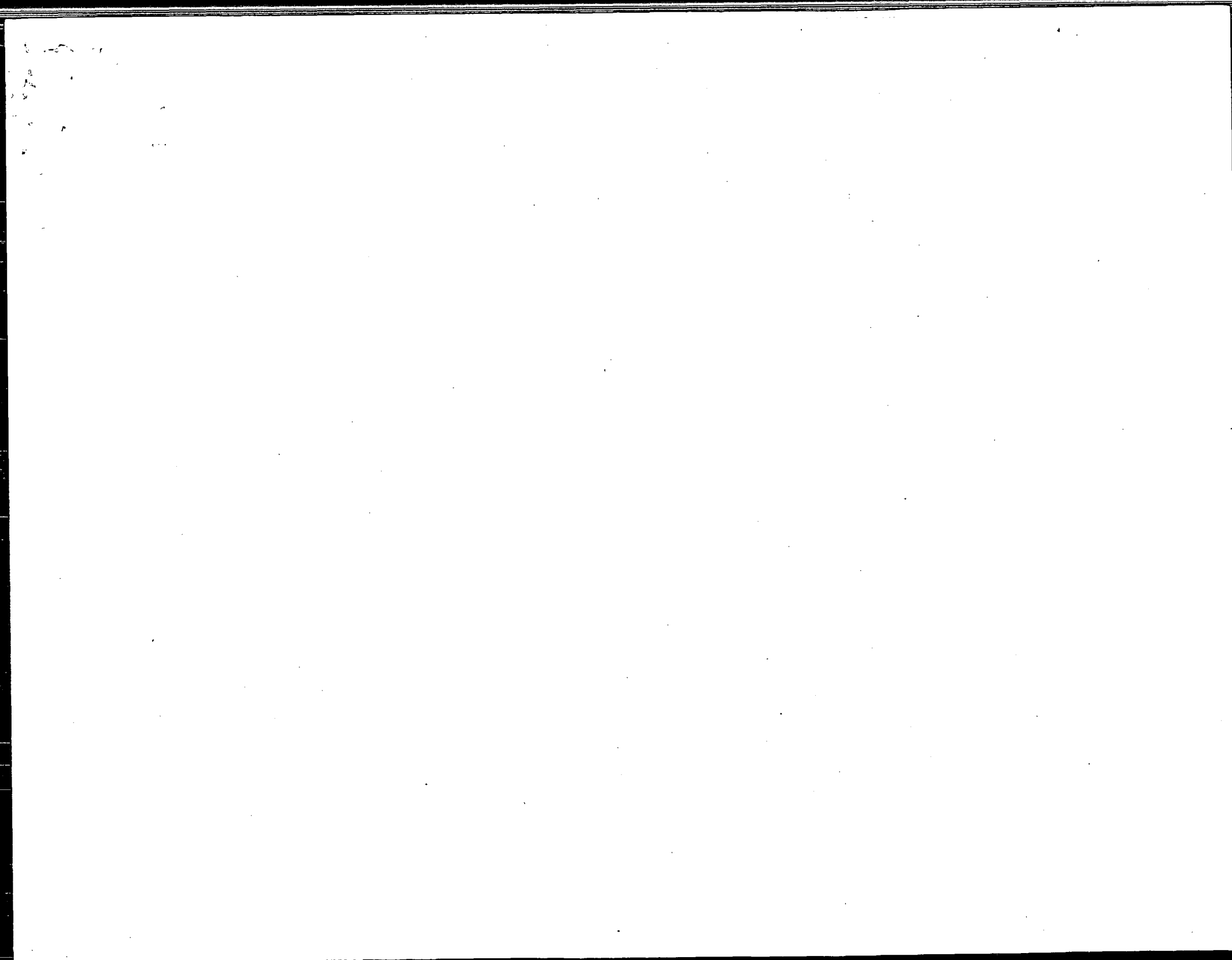
WHEREAS, the Authority leased the Sacramento Community Center to the City and the City subleased the Community Center to the County pursuant to that certain Community Center Sublease, dated for convenience as of August 1, 1971 (the "Sublease");

WHEREAS, effective January 7, 1988, the City will have caused the defeasance of the Bonds pursuant to an Escrow Agreement between the City, the Authority and the Trustee of the Bonds; and

WHEREAS, by such defeasance of the Bonds, the Agreement terminates in accordance with its terms and the Sublease terminates in accordance with its terms,

NOW THEREFORE, be it resolved by the Board of Supervisors of the County of Sacramento, as follows:

The appropriate officers of the County are hereby authorized to execute the Notice of Termination relating to the Agreement and the Sublease and to execute and deliver any and all documents which may be deemed necessary or advisable in order to evidence the termination of the Agreement and the Sublease and the vesting of title of the Community Center in the City, all as contemplated by the Agreement.



This Resolution shall take affect immediately upon its passage.

On a motion by Supervisor T. JOHNSON, seconded by Supervisor J. STRENG the foregoing Resolution was passed and adopted this 5th day of January, 1988 by the following vote:

AYES: Supervisors COLLIN, G. JOHNSON, T. JOHNSON, SMOLEY, STRENG  
 NOES: Supervisors NONE  
 ABSENT: Supervisors NONE

COUNTY OF SACRAMENTO

By Jim Streng  
 Chairperson of the Board of Supervisors

[Seal]

ATTEST:

By Beverly A. Williams  
 Clerk of the Board of Supervisors

In accordance with Section 25103 of the Government Code of the State of California a copy of this document has been delivered to the Chairman of the Board of Supervisors, County of Sacramento on

JAN 05 1988

By Hally A. Donaldson  
 Deputy Clerk, Board of Supervisors

FILED

JAN 05 1988

BOARD OF SUPERVISORS  
 BY Beverly A. Williams  
 CLERK OF THE BOARD

The foregoing is a correct copy of a resolution adopted by the Board of Supervisors, Sacramento County, California

on January 5, 1988  
 Dated January 6, 1988  
 Clerk of said Board of Supervisors

By Hally A. Donaldson  
 Deputy

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 10-10-01 BY 60322  
UCBAW/STP

JAN 10 1968

RECEIVED

FILED

JAN 10 1968

BOARD OF SUPERVISORS

BY CLERK OF THE BOARD

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 10-10-01 BY 60322  
UCBAW/STP

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 10-10-01 BY 60322  
UCBAW/STP

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 10-10-01 BY 60322  
UCBAW/STP



\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CERTIFICATE OF AUTHORITY SECRETARY

I, Lorraine Magana, Secretary of the Sacramento Community Center Authority (the "Authority") hereby certify that the foregoing is a true, correct and complete copy of Resolution No. 87-001 duly adopted by the Authority at a regular meeting thereof duly and regularly held on December 10, 1987 of which meeting the governing board of said Authority had due notice.

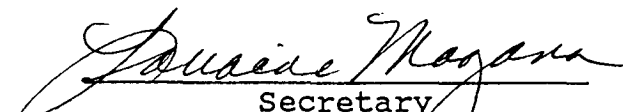
I further certify that I have carefully compared the foregoing copy with the original minutes of said meetings on file and of record in my office; that said copy is a true, correct and complete copy of the original resolution duly adopted by said governing board at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since its adoption and is in full force and effect as of the date hereof.

I further certify that in accordance with California Government Code Section 54954.2, the agenda for the regular meeting of December 10, 1987 of the governing board containing a brief description of each item to be discussed at such meeting was posted at least 72 hours before such meeting in a location freely accessible to members of the public.

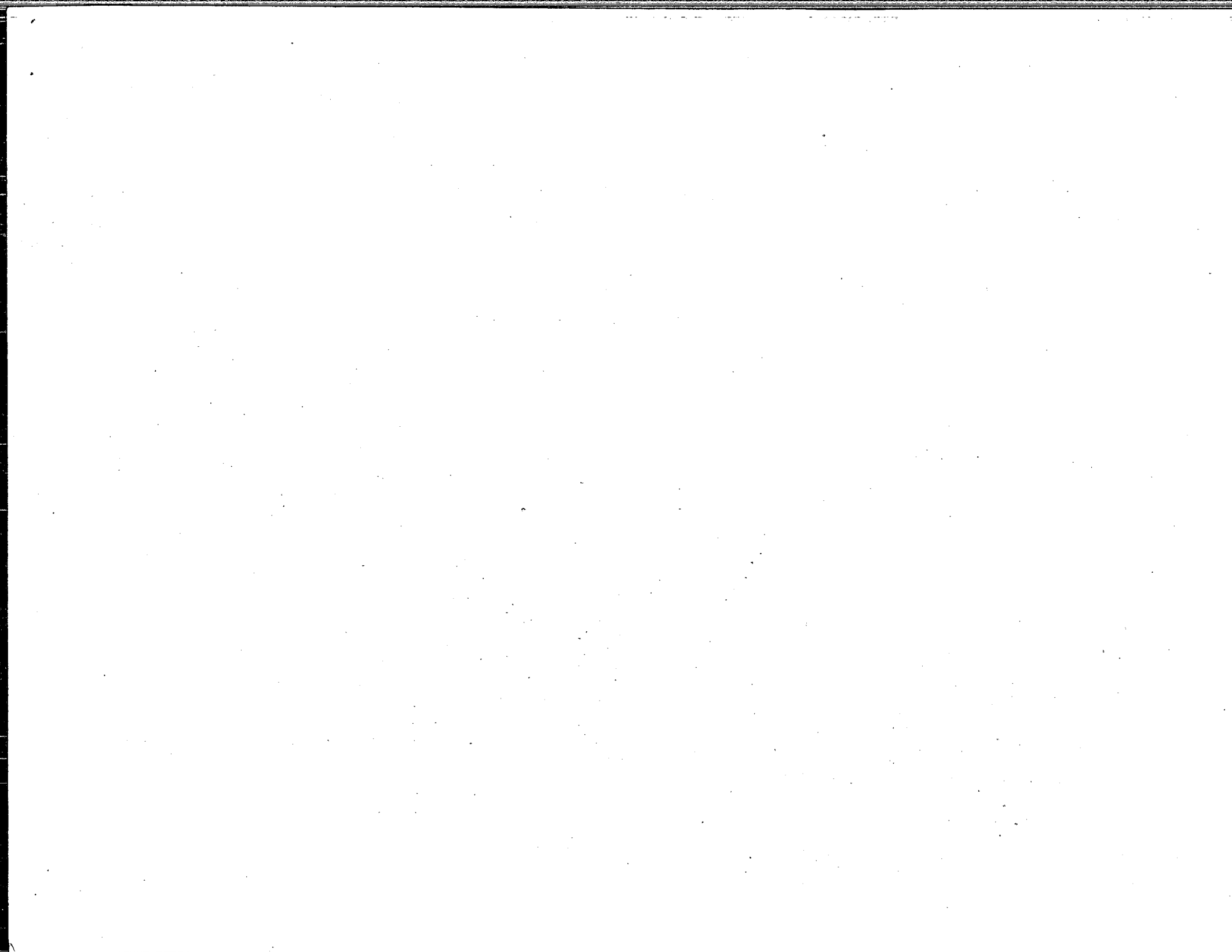
IN WITNESS WHEREOF, I have executed this Certificate and affixed the seal of the Sacramento Community Center Authority on the date hereinbelow set forth.

Dated: January 7, 1988

[SEAL]

  
Secretary

sac-31  
sac\closing.d21



SACRAMENTO COMMUNITY CENTER AUTHORITY

RESOLUTION NO. 87-001

Adopted December 10, 1987

RESOLUTION OF THE GOVERNING BOARD OF THE SACRAMENTO COMMUNITY CENTER AUTHORITY APPROVING AND AUTHORIZING THE DEFEASANCE OF THE AUTHORITY'S 1971 BONDS AND THE DISCHARGE OF RESOLUTION NO. 10-71, PURSUANT TO WHICH SAID BONDS WERE ISSUED, AND AUTHORIZING EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS RELATED THERETO

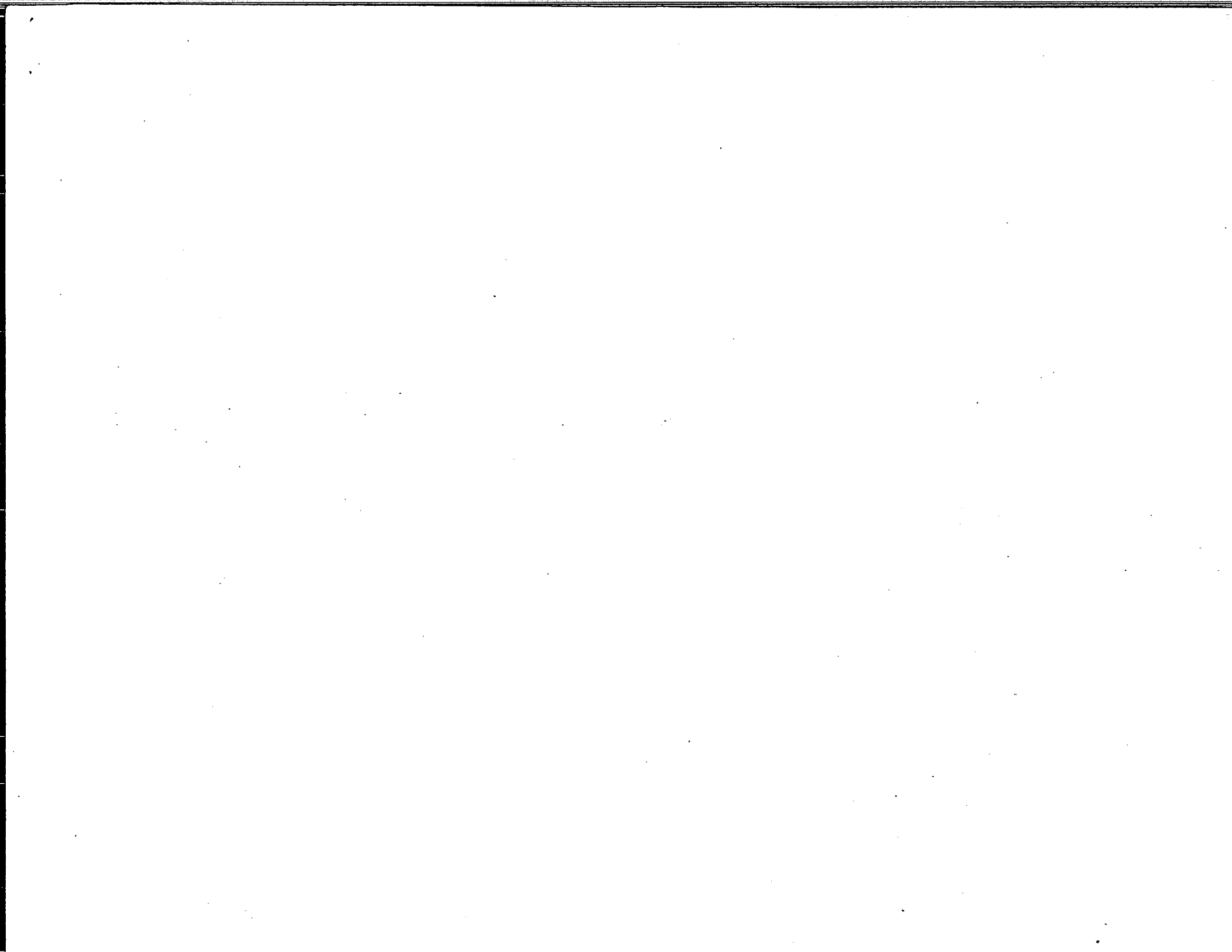
WHEREAS, the Sacramento Community Center Authority (the "Authority") was created by the County of Sacramento, a chartered city and political subdivision of the State of California (the "County") and the City of Sacramento, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California (the "City") pursuant to a Joint Exercise of Powers Agreement, dated for convenience as of November 25, 1969 (the "Agreement");

WHEREAS, the Authority was authorized pursuant to the Agreement to issue bonds to finance a city and county community center consisting of one or more public buildings necessary for the purpose of providing public assembly and convention halls for public assembly and convention purposes (the "Project");

WHEREAS, the Authority pursuant to Resolution No. 10-71, as supplemented and amended (the "Resolution"), authorized the issuance of \$19,100,000 principal amount of Sacramento Community Center Authority 1971 Bonds (the "Bonds") in order to finance the Project;

WHEREAS, the Project was leased by the Authority to the City pursuant to the Project Lease, dated for convenience as of August 1, 1971 (the "Project Lease") and pursuant to the Project Lease the City pays rental to the Authority sufficient to pay principal of and interest on the Bonds;

WHEREAS, the Authority pursuant to Section 10.01 of the Resolution may pay and discharge the entire indebtedness on the Bonds by depositing with Security Pacific National Bank, as trustee (the "Trustee"), in trust, federal securities in such amount as shall be fully sufficient to pay and discharge the indebtedness on the Bonds as the same becomes due;



WHEREAS, the City has requested that the Authority authorize the defeasance of the Bonds and the discharge of the Resolution and the City will provide, for deposit with the Trustee, the amounts necessary to purchase the federal securities in order to provide sufficient funds, in the opinion of a certified public accountant, necessary to pay the principal of and interest on the Bonds as such principal and interest become due; and

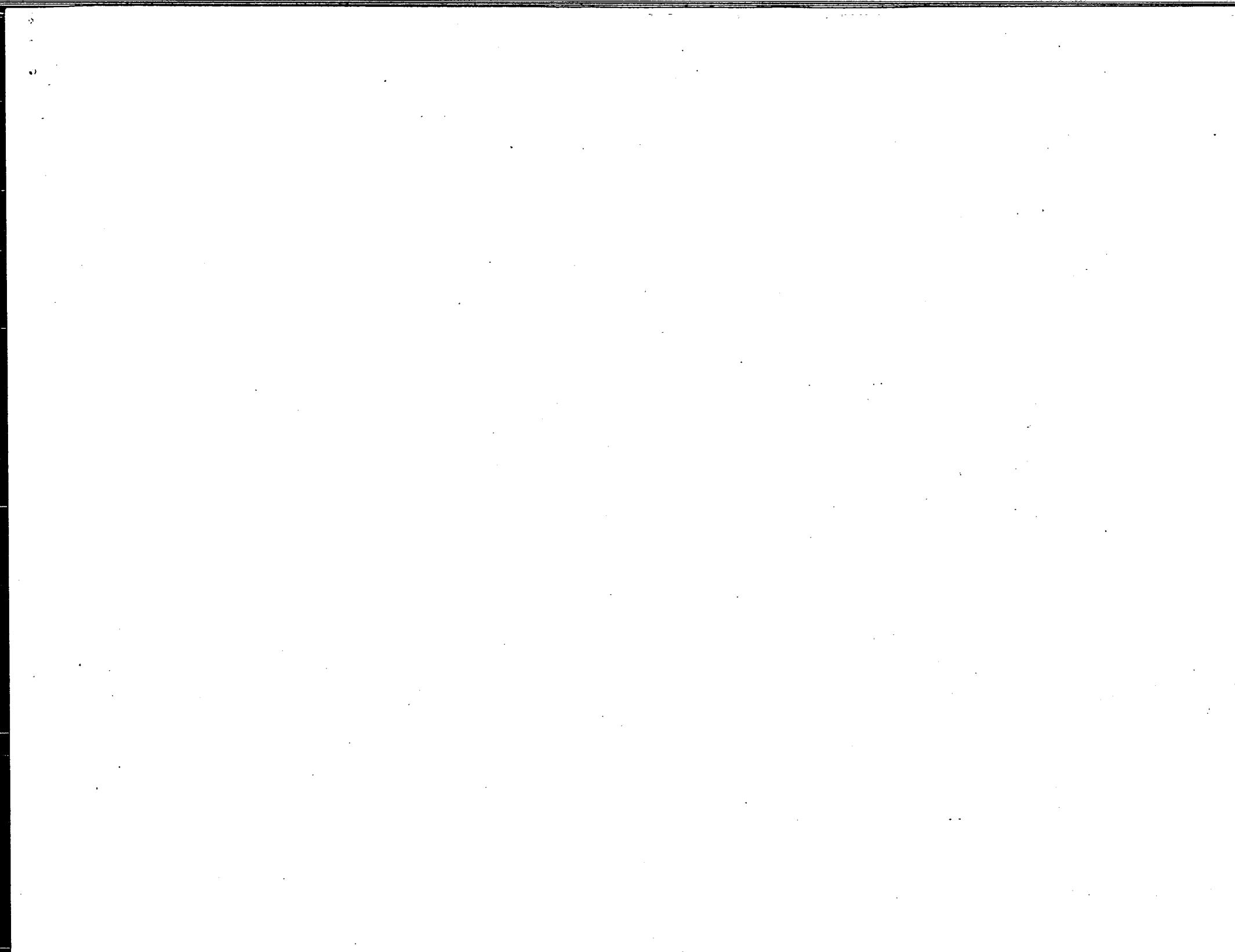
WHEREAS, the Agreement provides in Section 4 thereof that the Agreement shall terminate at such time as the Bonds and the interest thereon shall have been paid in full, or provision for such payment shall have been made;

NOW THEREFORE, be it resolved by Sacramento Community Center Authority as follows:

Section 1. The appropriate officers of the Authority are hereby authorized to accept and acknowledge receipt from the City of sufficient funds for deposit with the Trustee in amounts, as certified by a certified public accountant, sufficient to pay the principal of and interest on the Bonds as such principal and interest become due and the City Treasurer, as treasurer of the Authority, and the Trustee, or either of them, are hereby authorized to submit subscriptions for, or purchase on the open market, the federal securities required to defease the Bonds.

Section 2. The Chairman and Secretary of the Authority, or other appropriate officers of the Authority, are hereby authorized, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement in substantially the form presented to this meeting with such changes therein as such officers may approve, such approval to be conclusively evidenced by the execution thereof, to cause to be delivered a Statement of the Authority, as such term is defined in the Resolution, evidencing the Authority's intention to pay and discharge the Resolution, to execute and deliver all appropriate documents and instruments that are necessary to evidence the satisfaction and discharge of the Resolution and the termination of the Project Lease and the vesting of title to the Project and the site thereof in the City, and to assist the City in the sale-leaseback financing referred to as the City of Sacramento Certificates of Participation (1987 Public Facilities Project) to the extent appropriate.

Section 3. The Chairman and Secretary of the Authority, or other appropriate officers of the Authority, are hereby authorized, for and in the name and on behalf of the Authority, to execute and deliver a deed and other related



documents, conveying to the City title to the property located at 1401 "K" Street and commonly referred to as the Scofield Building, and the other property that the Authority possesses, and to execute such other certificates and documents as are necessary to vest title of the various properties of the Authority in the City and to evidence the assumption or payment by the City of all obligations of the Authority related thereto and to acknowledge the termination of the Agreement.

Section 4. The officers of the Authority be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents and certificates, to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to affectuate the actions which the Governing Board has heretofore approved.

Section 5. All actions heretofore taken by the officers and agents of this Authority with respect to the Bonds and the Project Lease and the defeasance of the foregoing be and they are hereby approved and ratified.

Passed and adopted this 10th day of December, 1987, by the following vote (a three-fifths majority of the Board is required):

AYES: Members Christensen, Combatalade, Hansen, Matsuda

NOES: None

ABSENT: Member Tochtermann

/s/ Walter Christensen

---

Chairman

/s/ Lorraine Magana

---

Secretary

2

3

4

5



SECRETARY'S CERTIFICATE

I, LORRAINE MAGANA, Secretary of the Sacramento County Community Center Authority, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of the Governing Board of the Sacramento Community Center Authority duly and regularly and legally held at the regular meeting place thereof on December 10, 1987, of which meeting all the members of said Board had due notice and at which a quorum was present and acting throughout.

At said meeting said resolution was adopted by the following vote:

AYES: Members Christensen, Combatalade, Hansen, Matsuda

NOES: None

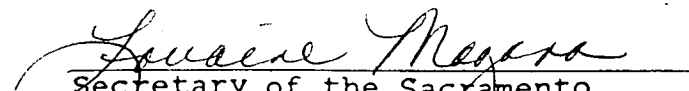
ABSENT: Member Tochtermann

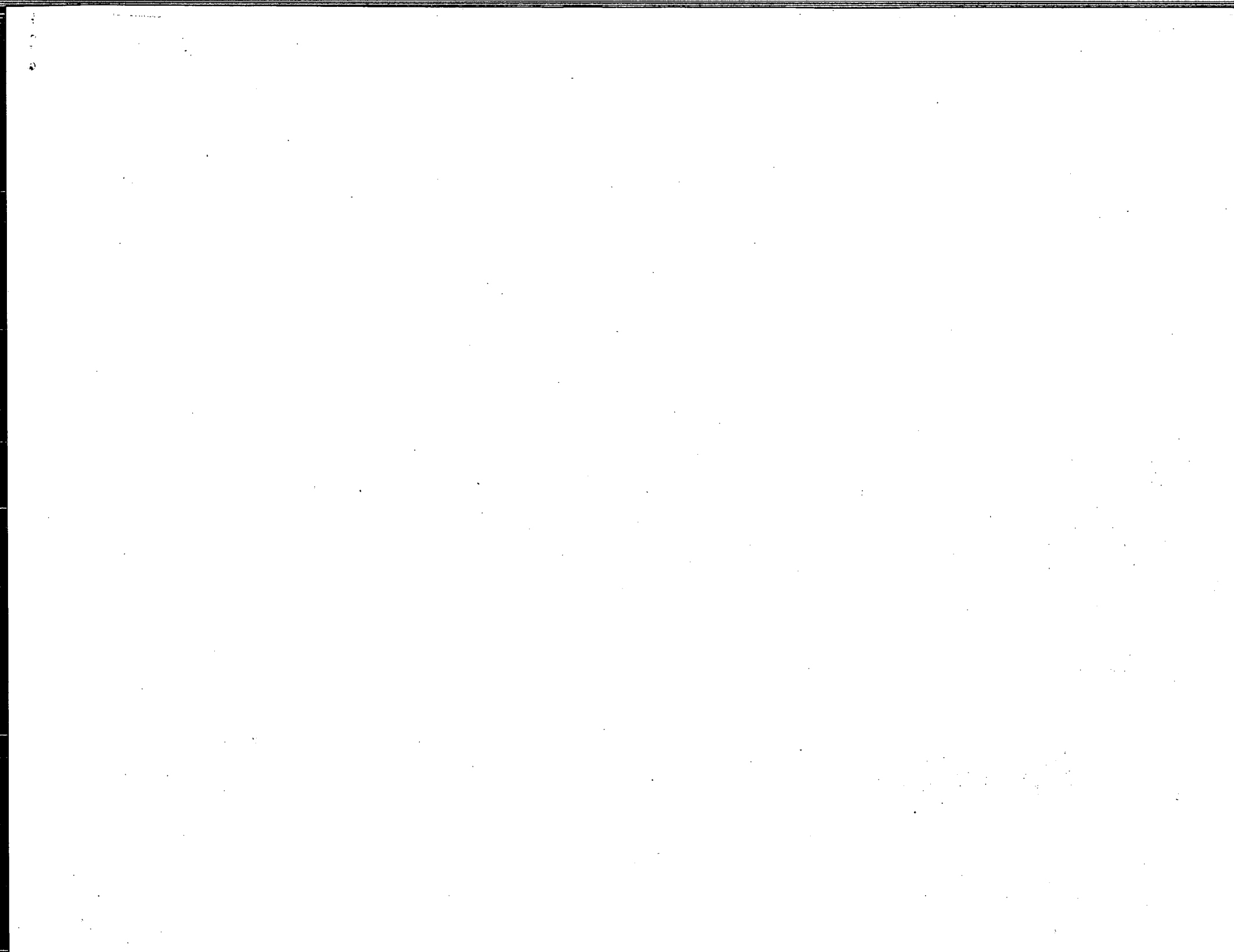
At least 24 hours prior to said meeting a copy of the Agenda of said meeting was posted at a place in the City of Sacramento freely accessible to members of the public.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes and said original resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: December 10, 1987

(Seal)

  
Secretary of the Sacramento  
Community Center Authority



# DIRECT ACKNOWLEDGMENT

STATE OF CALIFORNIA } ss.  
COUNTY OF

On January 6, 1988 before me, the undersigned, a Notary Public in and for said County and State,  
personally appeared Lorraine Magana and Walter Christensen

known to me to be the person(s) whose names are subscribed to the within deed and acknowledged that  
they executed the same.

WITNESS my hand and official seal.



David B. Paul  
Notary Public

My Commission Expires 4-12-91

## WITNESS ACKNOWLEDGMENT

STATE OF CALIFORNIA } ss.  
COUNTY OF

On..... before me, the undersigned, a Notary Public in and for said County and State,  
personally appeared..... known to me to be the person whose name  
is subscribed to the within deed as a witness thereto, who being duly sworn, says: that his place of residence was.....  
....., California, that he was present and saw.....

personally known to him to be the person..... whose name..... subscribed to the within deed, execute the same;  
and that affiant subscribed his name thereto as a witness to said execution.

WITNESS my hand and official seal.

Notary Public

My Commission Expires.....

## CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA } ss.  
COUNTY OF

On..... before me, the undersigned, a Notary Public in and for said County and State,  
personally appeared..... known to me to be the President, and  
..... known to me to be the..... Secretary  
of the corporation that executed the within deed, and known to me to be the persons who executed the within deed on  
behalf of the corporation therein named, and acknowledged to me that such corporation executed the same, and ack-  
nowledged to me that such corporation executed the within deed pursuant to its by-laws or a resolution of its board of  
directors.

WITNESS my hand and official seal.

Notary Public

My Commission Expires.....

## CERTIFICATE OF ACCEPTANCE (Government Code Section 27281)

THIS IS TO CERTIFY that the interest in real property conveyed by this Grant Deed dated.....  
from.....

to the CITY OF SACRAMENTO, a municipal corporation, hereby accepted by the undersigned officer or agent on be-  
half of the City of Sacramento, pursuant to authority conferred by Resolution No. 236 of said City adopted on June  
25, 1964, and the grantee consents to recordation thereof by its duly authorized officer.

Dated:.....

City Engineer

RECORDING REQUESTED BY  
City of Sacramento

WHEN RECORDED MAIL TO:

CITY OF SACRAMENTO  
Real Estate Division, 927 - 10th Street #200  
Sacramento, California 95814

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Parcel No.

Escrow No.

### GRANT DEED

SACRAMENTO COMMUNITY CENTER AUTHORITY, a joint power agency

grant(s) to THE CITY OF SACRAMENTO, a municipal corporation, the real property in the City of  
Sacramento, County of Sacramento, State of California, described as follows:

See attached Exhibit "A" hereby made a part of

Dated: 1/6/88

Signed in the presence of:

*Quaine Rayner*  
WITNESS

SACRAMENTO COMMUNITY CENTER AUTHORITY,  
a joint power agency

*Walter Christensen*  
Walter Christensen

NO FEE DOCUMENT. Recorded for the benefit of the City of Sacramento

Grant Deed from  
SACRAMENTO COMMUNITY CENTER AUTHORITY,  
a joint power agency to  
CITY OF SACRAMENTO

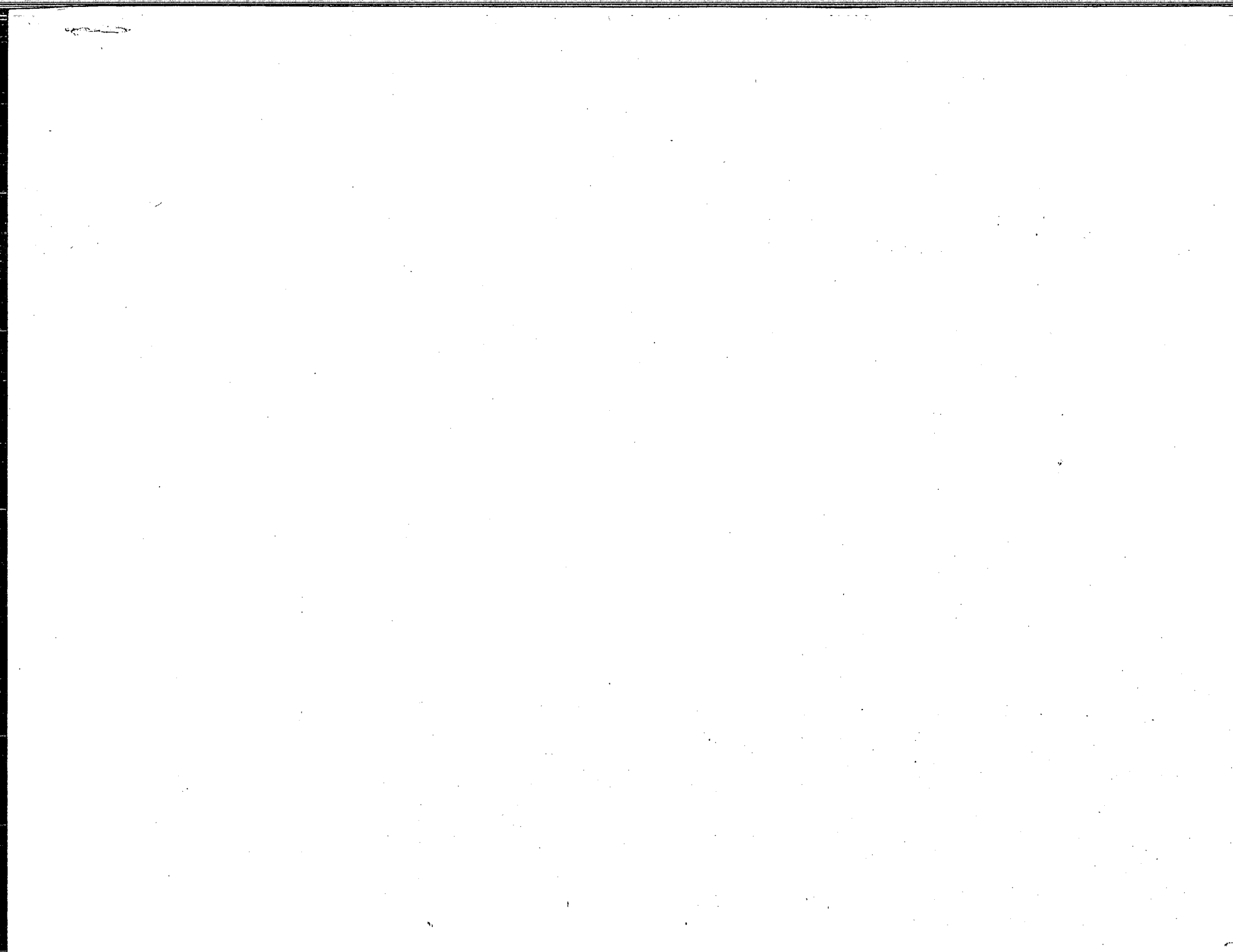
EXHIBIT "A"

The South 76 feet, measured along the Westerly line, of that portion of Lots 7 and 8 in the block bounded by 14th and 15th, "J" and "K" Streets of the City of Sacramento, according to the official plat thereof, described in the Judgment entitled: John S. Keiper, Plaintiff, vs. Winifred B. Dunn, as executrix of the Will of Chauncey H. Dunn, deceased, et al., Defendants, entered May 26, 1927, recorded May 28, 1927, in Book 105 of Official Records, page 499, which portion is described in said Judgment as follows:

Commencing at a point in the Northerly line of K Street of said City of Sacramento which point is described as follows:

Commencing at the intersection of the center line of said 14th Street with the center line of K Street and running thence along the center line of said 14th Street, North 19° 30' East 40 feet to the Northerly line of K Street; thence along the Northerly line of K Street South 70° 32' East 122.25 feet to the point of beginning hereinabove mentioned, thence from the said above described point of beginning in a Northerly direction 56.3 feet to a point from which the center line of 14th Street bears North 70° 32' West, 122.07 feet; thence in a Northerly direction 77.2 feet to a point from which the center line of 14th Street bears North 70° 32' West 121.56 feet; thence in a Northerly direction 27.425 feet to a point on the South line of an alley from which the center line of 14th Street bears North 70° 32' West 121.65 feet. Thence North 70° 32' West along the South line of said alley 81.65 feet, more or less, to the East line of said 14th Street; thence South 19° 30' West along the East line of 14th Street 160.945 feet to the North line of K Street; thence South 70° 32' East along the North line of K Street 82.25 feet, more or less, to the point of beginning.

RE2-22.A





32 North Stone Avenue, Suite 1800  
Tucson, Arizona 85701

602/622-5801

City of Sacramento, California

Sacramento City Public Facilities  
Financing Corporation  
Sacramento, California

Orrick, Herrington & Sutcliffe  
San Francisco, California

Arnelle & Hastie  
San Francisco, California

Mudge Rose Guthrie Alexander  
& Ferdon

Los Angeles, California

Harrison, Taylor & Bazile  
Oakland, California

PaineWebber Incorporated  
San Francisco, California

\$41,650,000  
CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners thereof in Rental Payments to be made by the  
CITY OF SACRAMENTO  
to the  
Sacramento City Public  
Facilities Financing Corporation

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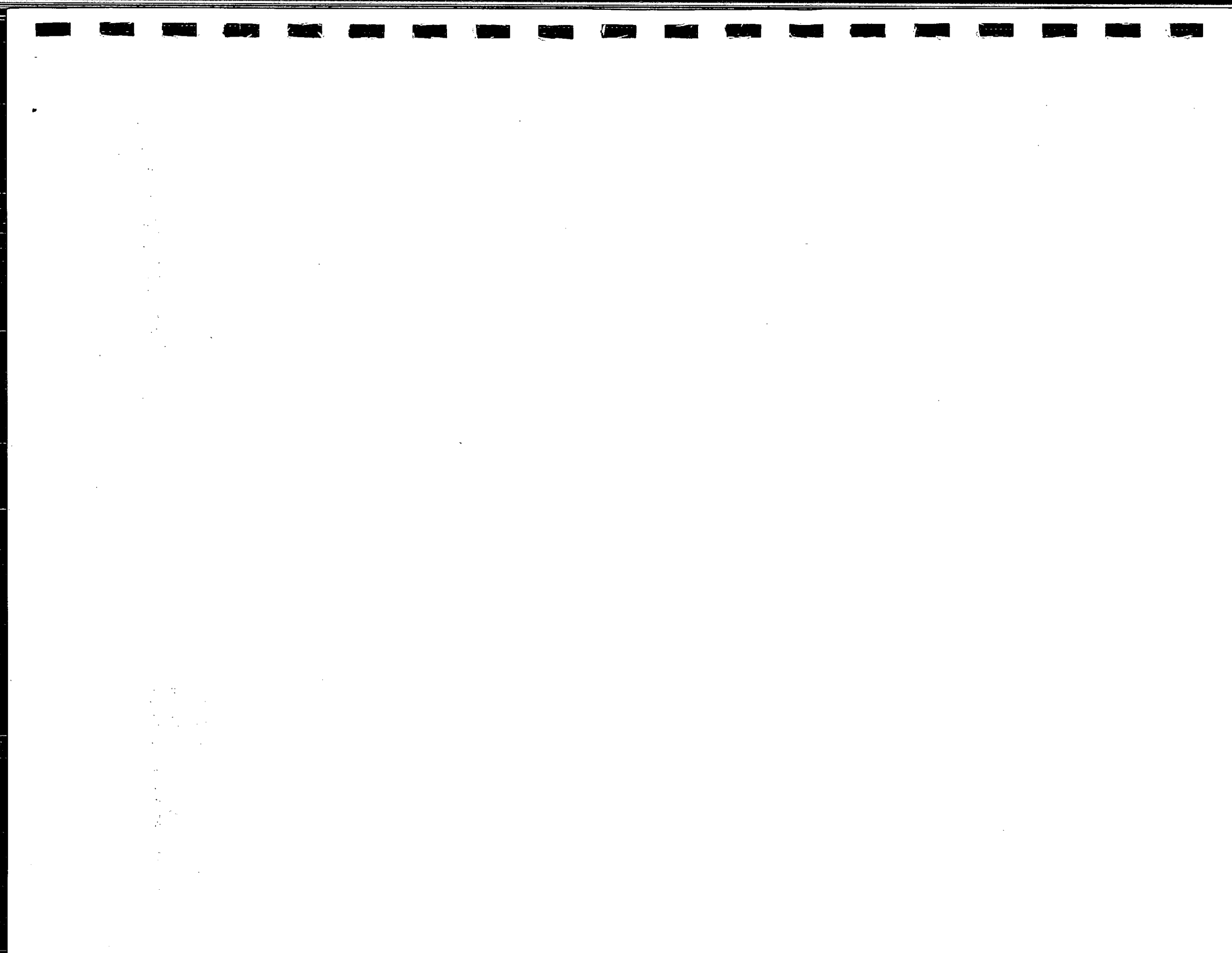
We understand that in connection with the refunding of the Refunded Bonds of the City of Sacramento, California as set forth in our special report dated January 7, 1988 for the above-captioned certificate issue, certain United States Treasury 0% Coupon Securities as described in the attached Exhibit A under the heading "Failed Securities" will not be available for delivery on January 7, 1988 as originally contemplated and as included in schedules accompanying our special report dated January 7, 1988 concerning the above-captioned certificate issue.

We have been informed that certain United States Treasury 0% Coupon Securities as indicated in Exhibit A under the heading "Substitute Securities" will be made available on January 7, 1988 and retained in the escrow until the Failed Securities are delivered.

We have been requested to determine whether:

- (1) The substitution of the Substitute Securities for the Failed Securities; and
- (2) At a future date, the exchange of the Failed Securities for the Substitute Securities

would cause us to change our special report dated January 7, 1988 concerning the above-captioned certificate issue only insofar as our



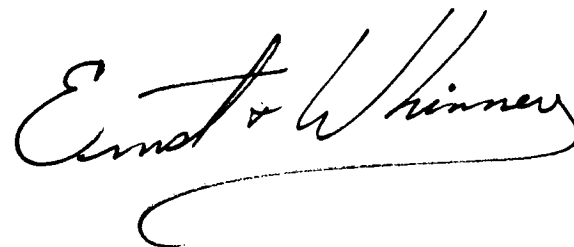


City of Sacramento, California  
Sacramento City Public Facilities Financing Corporation  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie  
Mudge Rose Guthrie Alexander & Ferdon  
Harrison, Taylor & Bazile  
PaineWebber Incorporated

opinion on the mathematical correctness of the sufficiency of the anticipated receipts from the Acquired Obligations and the Open-Market Securities to pay, when due, the principal and the related interest requirements of the Refunded Bonds.

Our opinion, as to the sufficiency of the anticipated receipts from the Acquired Obligations and the Open-Market Securities to pay, when due, the principal, and the related interest requirements of the Refunded Bonds as included in that special report would not change should the above events occur.

This letter is subject to the same limitations and assumptions as included in our special report concerning the above-captioned certificate issue and should be read in conjunction with that special report.

A stylized, handwritten signature in dark ink, likely representing the firm Ernst & Whinney. The signature is fluid and cursive, with the first part resembling 'Ernst' and the second part resembling 'Whinney'.

Tucson, Arizona  
January 7, 1988

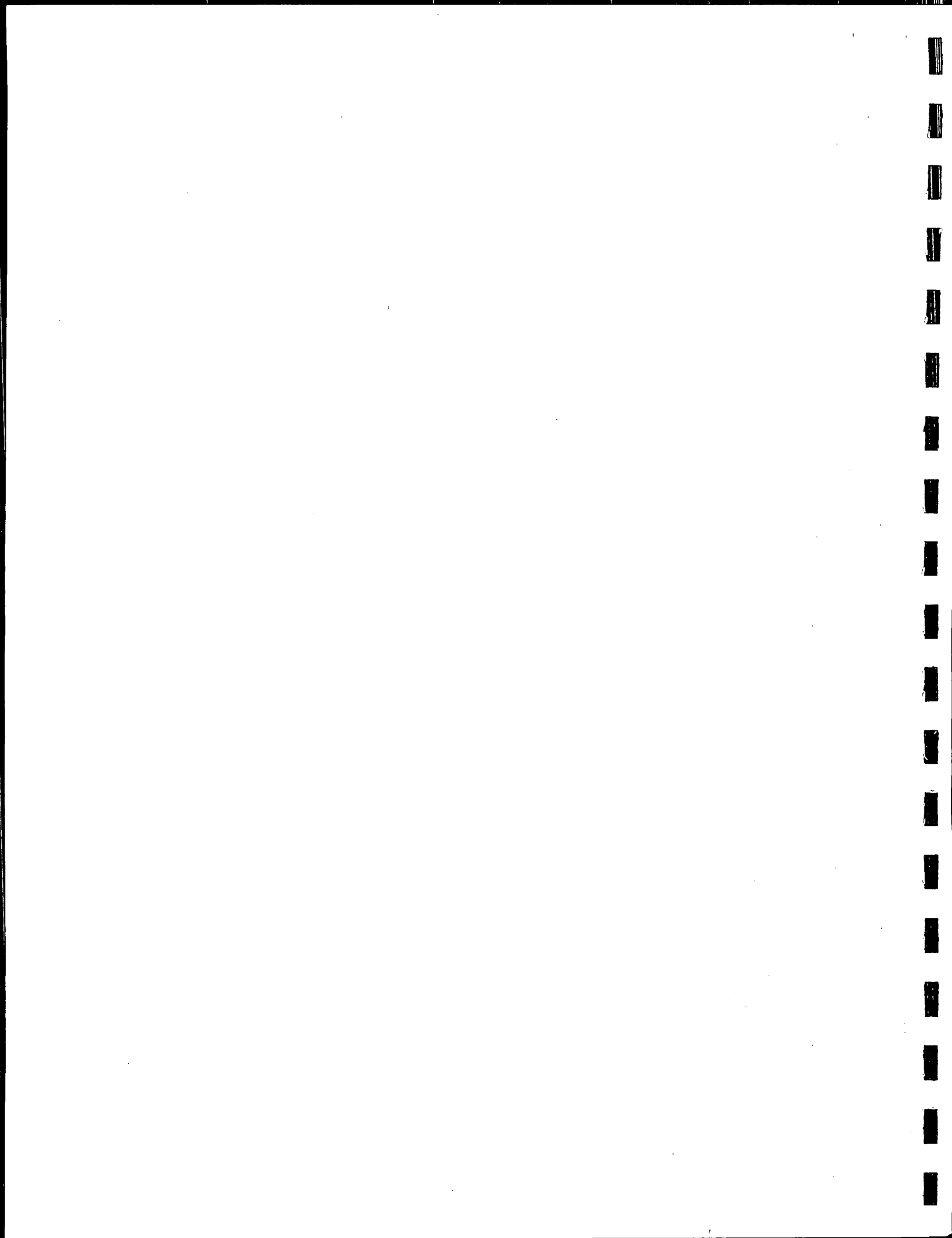


EXHIBIT A

\$41,650,000  
CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners thereof in Rental Payments to be made by the  
CITY OF SACRAMENTO  
to the  
Sacramento City Public  
Facilities Financing Corporation

---

Failed Securities				Substitute Securities			
Description	Maturity Date	Principal Amount	Interest Rate	Description	Maturity Date	Principal Amount	Interest Rate
U.S. Treasury 0% Coupon Securities	5/15/00	\$ 526,000	0.00%	U.S. Treasury 0% Coupon Securities	8/15/96	\$1,488,000	0.00%
U.S. Treasury 0% Coupon Securities	11/15/04	84,000	0.00%				
U.S. Treasury 0% Coupon Securities	5/15/05	518,000	0.00%				
U.S. Treasury 0% Coupon Securities	11/15/05	43,000	0.00%				
U.S. Treasury 0% Coupon Securities	5/15/06	317,000	0.00%				
		<u>\$1,488,000</u>					



## Special Report

### CITY OF SACRAMENTO, CALIFORNIA

#### \$41,650,000 Certificates of Participation (1987 Public Facilities Project)

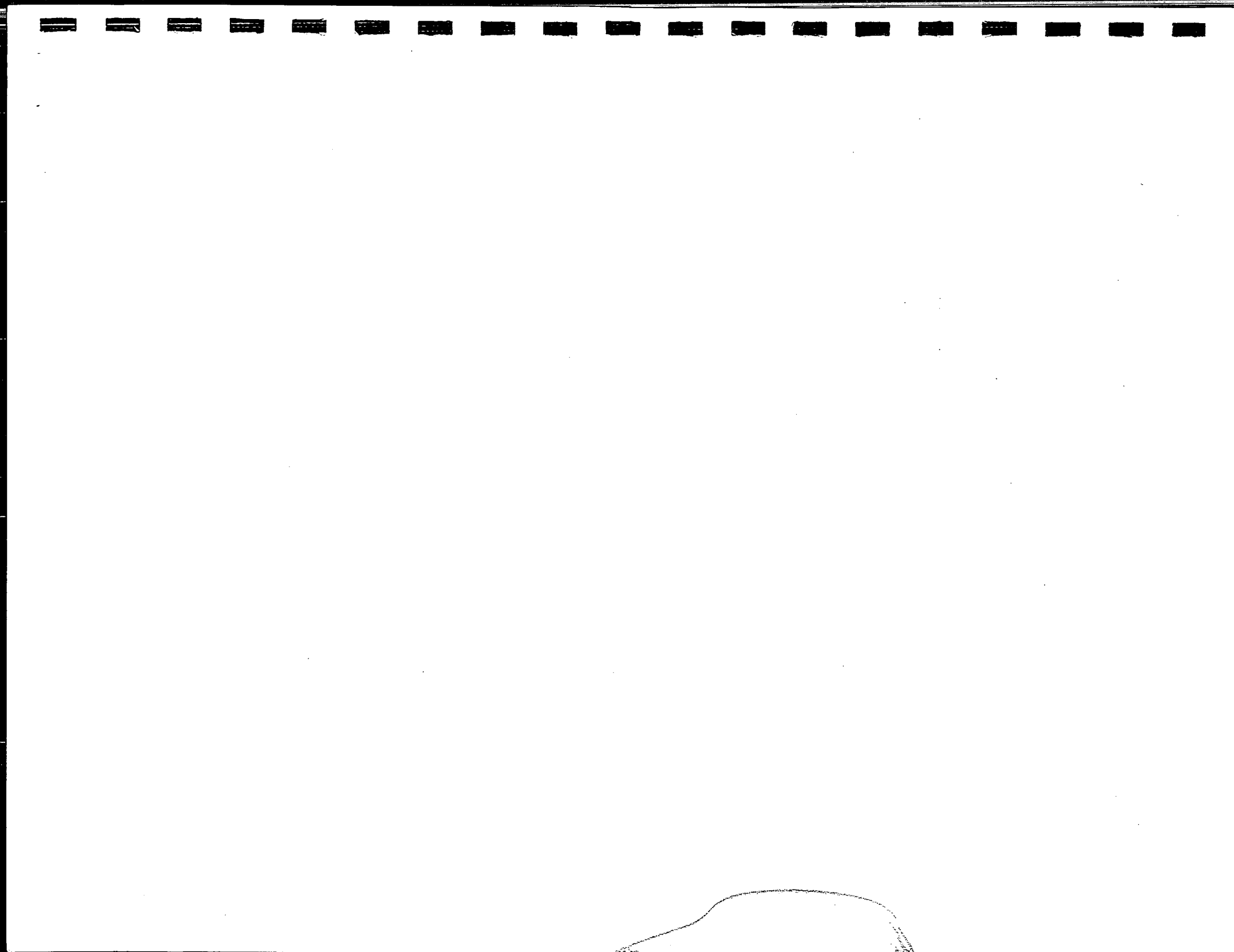
Special Report. . . . .	1
Summary of Assumptions. . . . .	4
Sources and Uses of Funds . . . . .	5

#### CASH FLOW SCHEDULES

Cash Flow . . . . .	6
Receipts from the Open-Market Securities Purchased with Other Funds and Used to Pay Debt Service Requirements of the Refunded Bonds . .	7
Receipts from the Acquired Obligations Purchased with Certificates of Participation Proceeds and Used to Pay Debt Service Requirements of the Refunded Bonds . . . . .	8
Debt Service Requirements of the Refunded Bonds . . . . .	9

#### COMPUTATION OF YIELD SCHEDULES

Computation of Yield on Acquired Obligations Purchased with Certificates of Participation Proceeds . . . . .	10
Computation of Debt Service Requirements and Yield on the Certificates of Participation. . . . .	11



City of Sacramento, California  
Sacramento City Public Facilities  
Financing Corporation  
Sacramento, California

Orrick, Herrington & Sutcliffe  
San Francisco, California

Arnelle & Hastie  
San Francisco, California

Mudge Rose Guthrie Alexander  
& Ferdon  
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Harrison, Taylor & Bazile  
Oakland, California

PaineWebber Incorporated  
San Francisco, California

\$41,650,000  
CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners thereof in Rental Payments to be made by the  
CITY OF SACRAMENTO  
to the  
Sacramento City Public  
Facilities Financing Corporation

We have completed our engagement to verify the mathematical accuracy of certain computations, relating to the above-captioned certificates of participation issue (the "Certificates of Participation"), contained in schedules prepared on behalf of the City of Sacramento, California by PaineWebber Incorporated and provided to us by that firm. The bond issue to be refunded (the "Refunded Bonds") is as follows:

\$19,100,000  
Sacramento Community Center Authority  
1971 Bonds

<u>Dated Date</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount of the Refunded Bonds</u>
August 1, 1971	\$19,100,000	\$15,500,000	\$15,500,000

The scope of our engagement consisted of verification of the mathematical accuracy of:

- (1) the computations contained in such schedules to determine that the anticipated receipts from the United States Treasury Obligations--





City of Sacramento, California  
Sacramento City Public Facilities Financing Corporation  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie  
Mudge Rose Guthrie Alexander & Ferdon  
Harrison, Taylor & Bazile  
PaineWebber Incorporated

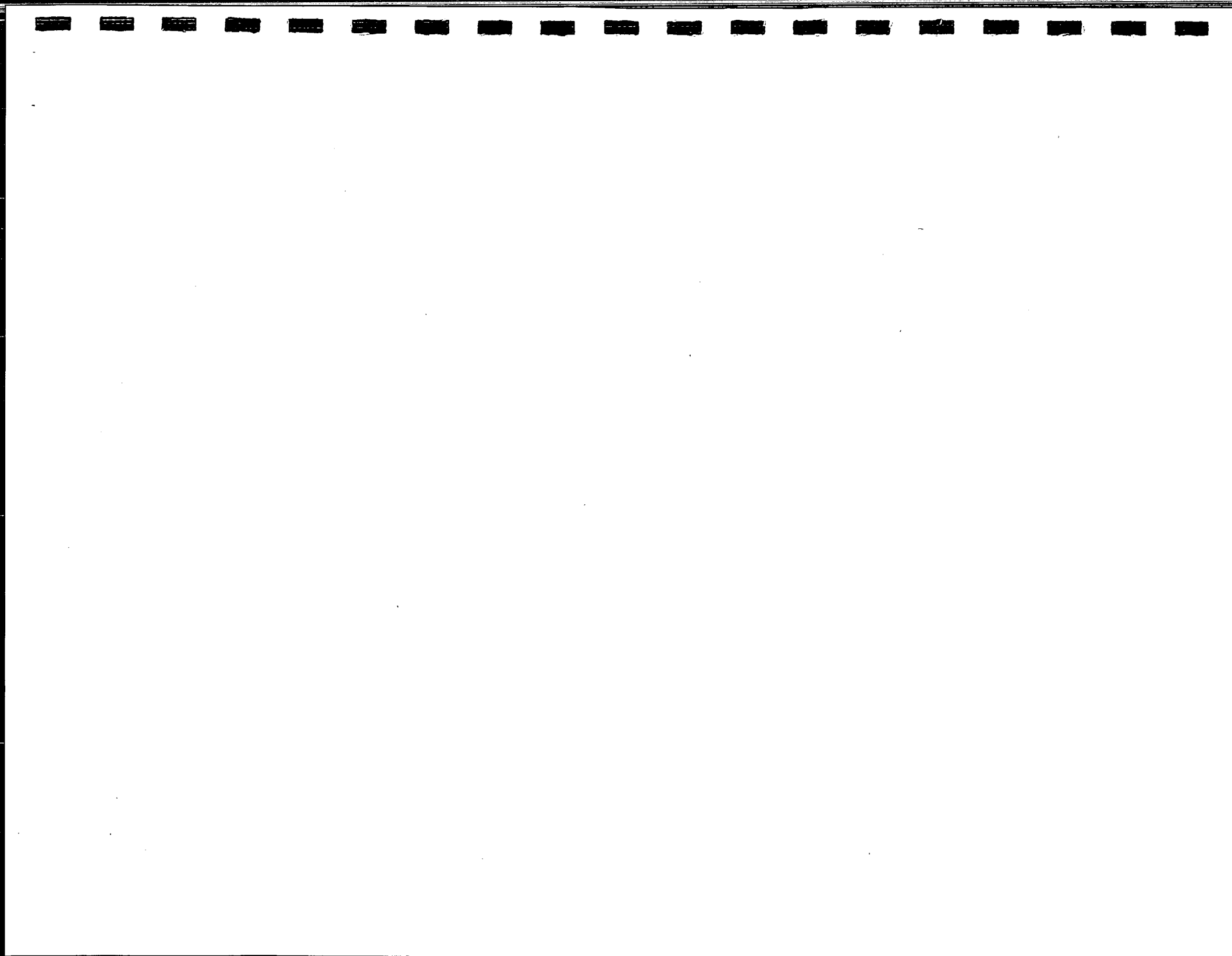
State and Local Government Series (the "Acquired Obligations") and the United States Treasury Notes and 0% Coupon Securities (collectively, the "Open-Market Securities") will be sufficient to pay, when due, the principal and the related interest requirements of the Refunded Bonds; and

- (2) the computations of "yield" contained in such schedules and considered by Co-Special Counsel in their determination that the Certificates of Participation are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

The term "yield", as used herein, means that yield which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Certificates of Participation, the issue price and, in the case of the Acquired Obligations, the purchase price.

We were also provided by PaineWebber Incorporated with the Official Statement for the Certificates of Participation, the Resolution and the Official Statement for the Refunded Bonds, the Trade Confirmations for the purchase of the Open-Market Securities and the Subscription Forms for the purchase of the Acquired Obligations. We compared the information contained in the schedules provided to us and used in the preparation of such schedules by PaineWebber Incorporated with certain information set forth in such documents with respect to principal maturity dates and amounts, interest rates, interest payment dates, dated dates, mandatory prepayment provisions, purchase prices and issue prices. We found that the information provided to us and used in the preparation of such schedules by PaineWebber Incorporated was in agreement with the above-mentioned information set forth in such documents. We also compared the interest rates for each maturity of the Acquired Obligations, as shown on the above-mentioned Subscription Forms, with the interest rates shown on Table No. 87-49 Interest Rates Payable on United States Treasury Securities--State and Local Government Series for the Period December 7, 1987 through December 11, 1987 ("Table No. 87-49") and found that the interest rates, as shown on the Subscription Forms, were less than or equal to the maximum allowable interest rates for each maturity as shown on Table No. 87-49.

In the course of our verification of the mathematical accuracy of the computations contained in the schedules provided to us by PaineWebber Incorporated, we prepared similar schedules based upon the above-mentioned information and certain assumptions provided to us by that firm. The schedules we prepared are included with this report.



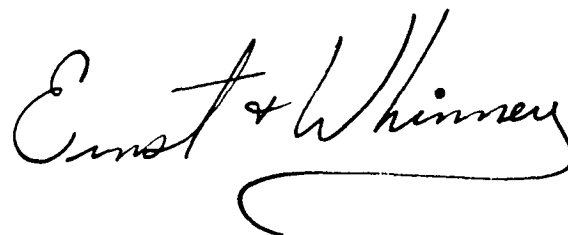
City of Sacramento, California  
Sacramento City Public Facilities Financing Corporation  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie  
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Harrison, Taylor & Bazile  
PaineWebber Incorporated

Certain assumptions and computational methods used in the preparation of the schedules are described in the Summary of Assumptions.

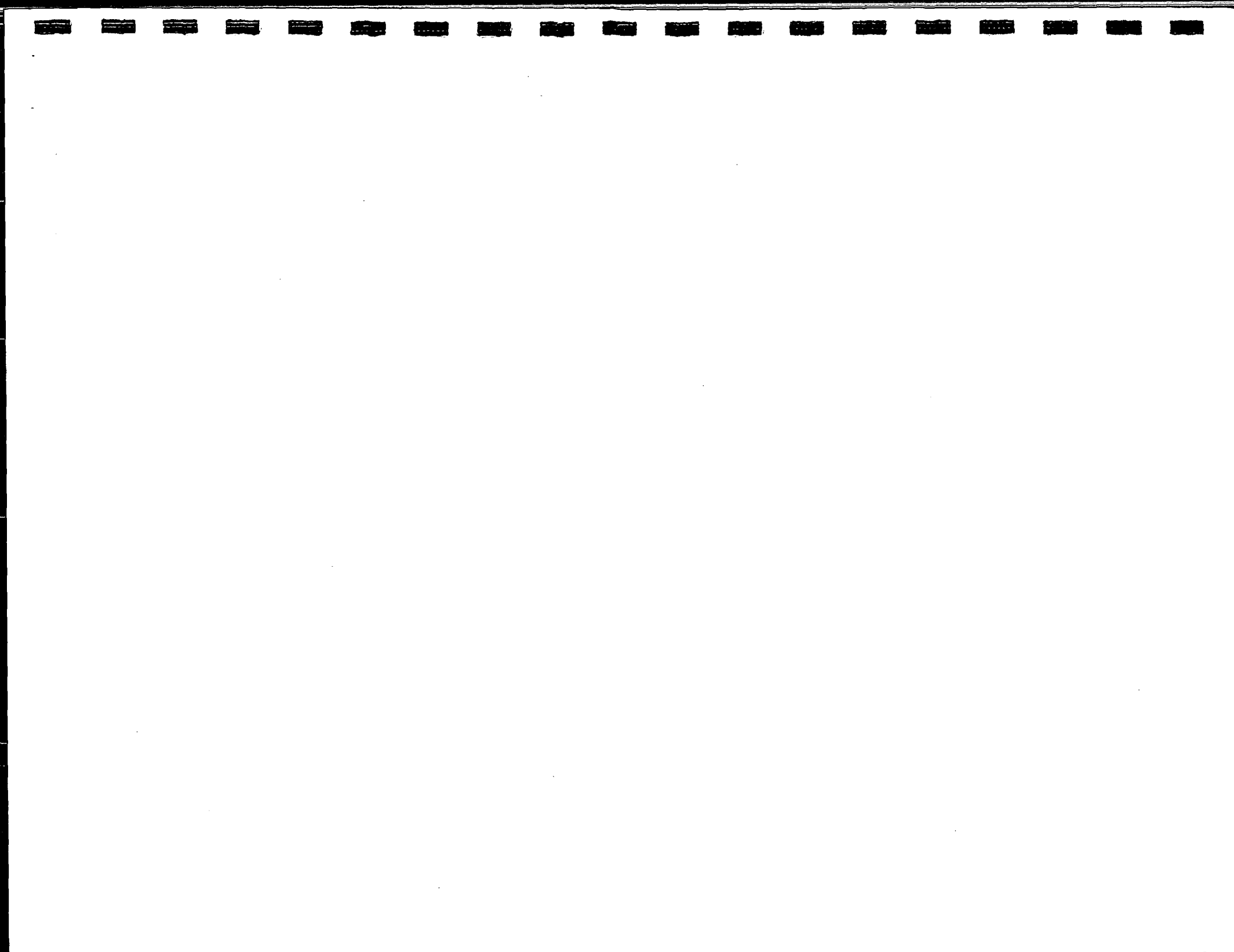
In our opinion, the computations contained in the schedules provided to us by PaineWebber Incorporated are mathematically correct. The schedules provided to us by PaineWebber Incorporated, and those prepared by us as part of our engagement to verify the mathematical accuracy of the computations contained in such schedules, reflect that:

- (1) the anticipated receipts from the Acquired Obligations and Open-Market Securities will be sufficient to pay, when due, the principal and the related interest requirements of the Refunded Bonds; and
- (2) the yield on the Acquired Obligations purchased with Certificates of Participation proceeds is 7.93271%. The yield on the Certificates of Participation is 7.93387%.

We express no opinion as to the assumptions and computational methods used in preparing such schedules including those used in the computations of "yield" considered by Co-Special Counsel in their determination that the Certificates of Participation are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. The terms of our engagement are such that we have no obligation to update this report because of events occurring, or data or information coming to our attention, subsequent to the date of this report.



Tucson, Arizona  
January 7, 1988



# SUMMARY OF ASSUMPTIONS

## CITY OF SACRAMENTO, CALIFORNIA

1. The dated date and delivery date of the Certificates of Participation are December 1, 1987 and January 7, 1988, respectively.
2. Computations of yield are based upon a 360-day year and semiannual compounding.
3. The issue price of the Certificates of Participation is the principal amount issued, plus accrued interest thereon, adjusted for the original issue discount computed as follows:

Description	Principal Amount	Price	Original Issue Discount
Term Certificates due August 1, 2005	\$5,830,000.00	99.25%	\$43,725.00

4. For computation of yield and cash flow purposes, all receipts and payments are assumed to be received or paid, respectively, on the scheduled due date, except for certain receipts from the Acquired Obligations purchased with Certificates of Participation proceeds which are assumed to be reinvested in Acquired Obligations with a 0% interest rate as follows:

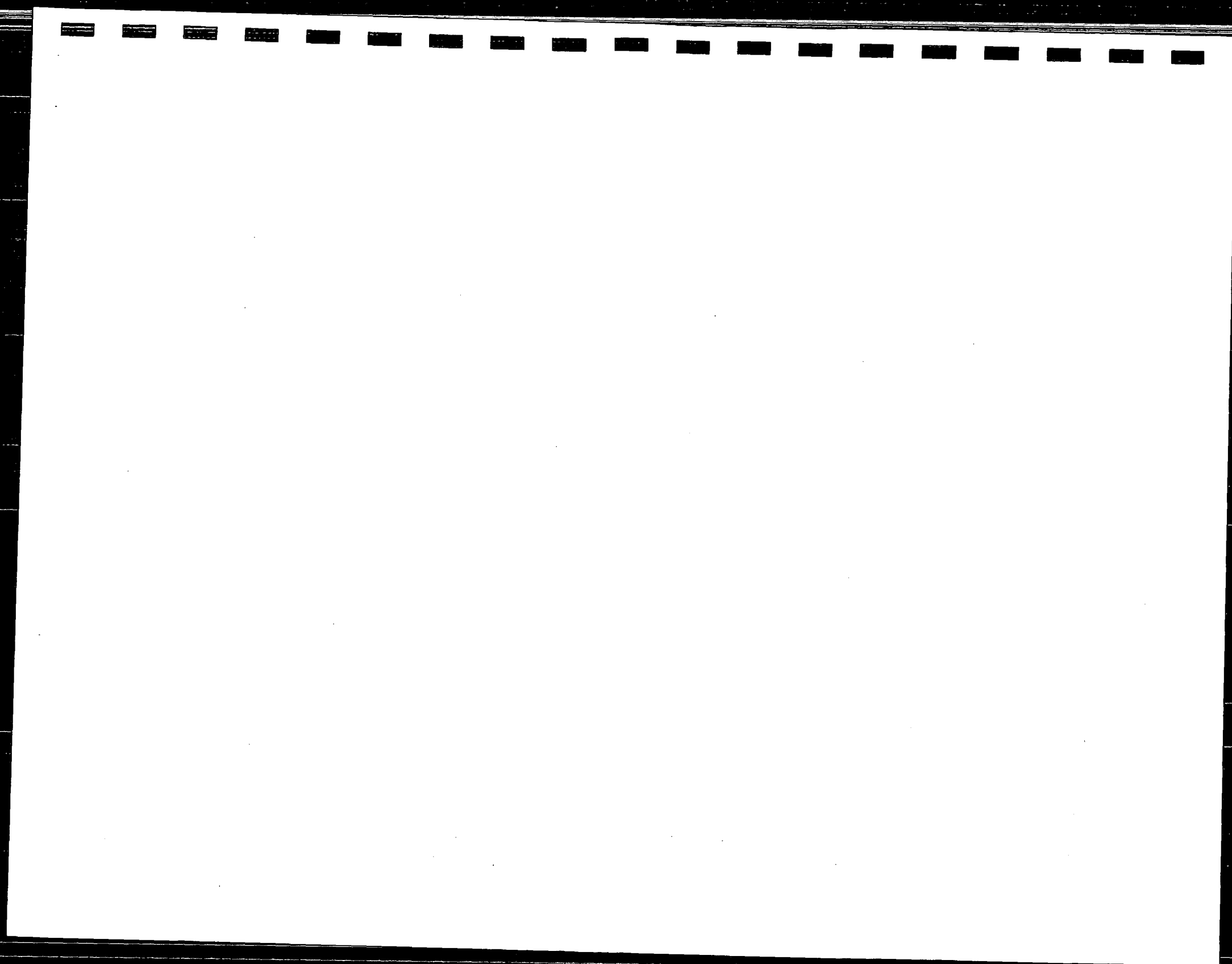
Principal Amount	Date Invested	Maturity Date
\$69,400.00	8/1/88	2/1/89
\$326,400.00	8/1/88	8/1/89

5. The following information was used to compute the purchase price of the Open-Market Securities purchased with Certificates of Participation proceeds and other funds on January 7, 1988:

Description	Maturity Date	Interest Rate	Principal Amount Purchased	Price	Cost of Principal	Accrued Interest	Purchase Price
U.S. Treasury Notes	1/31/88	8.125%	\$ 435,000.00	100.203125%	\$ 435,883.59	\$15,366.85	\$ 451,250.44
U.S. Treasury Notes	7/31/88	6.625%	880,000.00	99.953125%	879,587.50	25,347.83	904,935.33
U.S. Treasury Notes	1/31/89	6.125%	45,000.00	98.921875%	44,514.84	1,198.37	45,713.21
U.S. Treasury 0% Coupon Securities	5/15/00	0.000%	775,000.00	32.337000%	250,611.75	0.00	250,611.75
U.S. Treasury 0% Coupon Securities	11/15/00	0.000%	221,000.00	30.893000%	68,273.53	0.00	68,273.53
U.S. Treasury 0% Coupon Securities	5/15/01	0.000%	1,220,000.00	29.513000%	360,058.60	0.00	360,058.60
U.S. Treasury 0% Coupon Securities	11/15/01	0.000%	189,000.00	28.195000%	53,288.55	0.00	53,288.55
U.S. Treasury 0% Coupon Securities	5/15/02	0.000%	1,239,000.00	26.936000%	333,737.04	0.00	333,737.04
U.S. Treasury 0% Coupon Securities	11/15/02	0.000%	156,000.00	25.733000%	40,143.48	0.00	40,143.48
U.S. Treasury 0% Coupon Securities	5/15/03	0.000%	1,282,000.00	24.583000%	315,154.06	0.00	315,154.06
U.S. Treasury 0% Coupon Securities	11/15/03	0.000%	121,000.00	23.593000%	28,547.53	0.00	28,547.53
U.S. Treasury 0% Coupon Securities	5/15/04	0.000%	1,321,000.00	22.542000%	297,779.82	0.00	297,779.82
U.S. Treasury 0% Coupon Securities	11/15/04	0.000%	84,000.00	21.782000%	18,296.88	0.00	18,296.88
U.S. Treasury 0% Coupon Securities	5/15/05	0.000%	1,383,000.00	20.648000%	285,561.84	0.00	285,561.84
U.S. Treasury 0% Coupon Securities	11/15/05	0.000%	43,000.00	20.070000%	8,630.10	0.00	8,630.10
U.S. Treasury 0% Coupon Securities	5/15/06	0.000%	1,418,000.00	18.854000%	267,349.72	0.00	267,349.72
							<u>\$3,729,331.88</u>

\$4,388.18 Certificates of Participation proceeds, as shown in the Sources and Uses of Funds, are used to purchase U.S. Treasury Notes scheduled to mature January 31, 1988.

6. No reinvestment interest earnings are assumed on the cash held in the escrow from receipt date until used to pay debt service requirements of the Refunded Bonds.
7. Sources and uses of funds are assumed to be as shown on the schedule entitled "Sources and Uses of Funds."

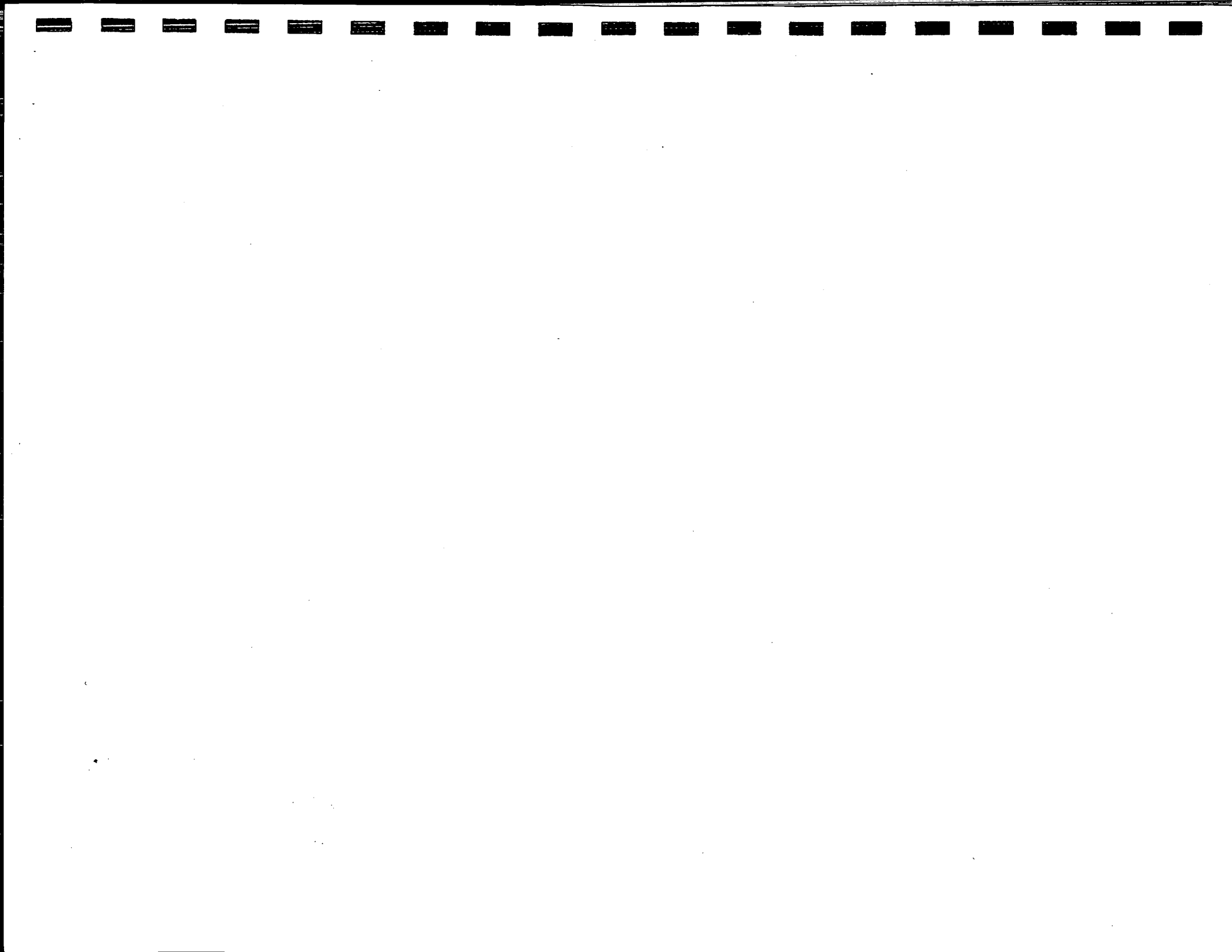


# SOURCES AND USES OF FUNDS

CITY OF SACRAMENTO, CALIFORNIA

JANUARY 7, 1988

	Certificates of Participation Proceeds	Other Funds	Total
<b>SOURCES</b>			
Principal amount of the Certificates of Participation	\$41,650,000.00		\$41,650,000.00
Insurance Reserve Account		\$1,788,032.70	1,788,032.70
Surplus Revenue Account		1,811,661.00	1,811,661.00
Interest and Redemption Account		125,250.00	125,250.00
Accrued interest on the Certificates of Participation	321,974.00		321,974.00
	<u>\$41,971,974.00</u>	<u>\$3,724,943.70</u>	<u>\$45,696,917.70</u>
<b>USES</b>			
Purchase price of the Acquired Obligations	\$ 9,888,200.00		\$9,888,200.00
Purchase price of the Open-Market Securities	4,388.18	\$3,724,943.70	3,729,331.88
Original issue discount	43,725.00		43,725.00
Underwriters' discount	703,432.10		703,432.10
Costs of issuance	195,000.00		195,000.00
Construction Account	25,530,592.05		25,530,592.05
Capitalized Interest Account	1,333,634.41		1,333,634.41
Debt Service Reserve Account	3,939,200.00		3,939,200.00
Amount available for debt service on the Certificates of Participation:			
. Accrued interest	321,974.00		321,974.00
. Other	11,828.26		11,828.26
	<u>\$41,971,974.00</u>	<u>\$3,724,943.70</u>	<u>\$45,696,917.70</u>



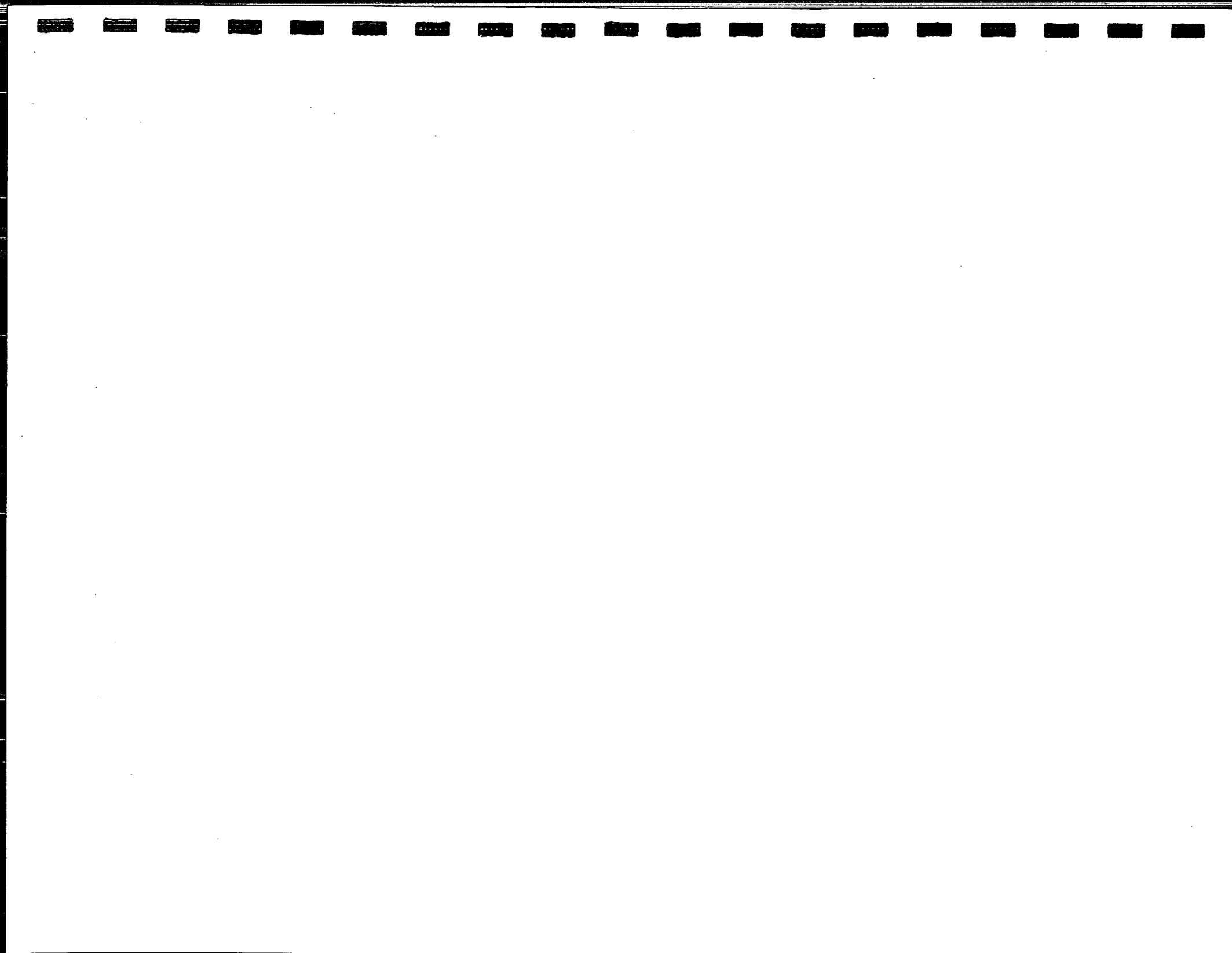


# CASH FLOW

## CITY OF SACRAMENTO, CALIFORNIA

Debt Service Payment Date	Beginning Cash Balance	Total Receipts from the Open-Market Securities	Total Adjusted Receipts from the Acquired Obligations	Total Debt Service Requirements of the Refunded Bonds	Ending Cash Balance
2/1/88	\$0.00	\$ 483,200.01	\$ 0.00	\$ 481,818.75	\$1,381.26
8/1/88	\$1,381.26	910,528.13	54.41	906,818.75	\$5,145.05
2/1/89	\$5,145.05	46,378.13	417,903.40	469,281.25	\$145.33
8/1/89	\$145.33	0.00	919,203.40	919,281.25	\$67.48
2/1/90	\$67.48	0.00	455,803.40	455,781.25	\$89.63
8/1/90	\$89.63	0.00	930,803.40	930,781.25	\$111.78
2/1/91	\$111.78	0.00	441,503.40	441,531.25	\$83.93
8/1/91	\$83.93	0.00	966,503.40	966,531.25	\$56.08
2/1/92	\$56.08	0.00	425,803.40	425,781.25	\$78.23
8/1/92	\$78.23	0.00	975,803.40	975,781.25	\$100.38
2/1/93	\$100.38	0.00	408,521.09	408,593.75	\$27.72
8/1/93	\$27.72	0.00	1,008,631.04	1,008,593.75	\$65.01
2/1/94	\$65.01	0.00	389,811.46	389,843.75	\$32.72
8/1/94	\$32.72	0.00	1,014,890.02	1,014,843.75	\$78.99
2/1/95	\$78.99	0.00	370,350.82	370,312.50	\$117.31
8/1/95	\$117.31	0.00	1,045,267.57	1,045,312.50	\$72.38
2/1/96	\$72.38	0.00	349,188.80	349,218.75	\$42.43
8/1/96	\$42.43	0.00	1,074,262.76	1,074,218.75	\$86.44
2/1/97	\$86.44	0.00	326,557.14	326,562.50	\$81.08
8/1/97	\$81.08	0.00	1,101,578.56	1,101,562.50	\$97.14
2/1/98	\$97.14	0.00	302,320.51	302,343.75	\$73.90
8/1/98	\$73.90	0.00	1,127,389.57	1,127,343.75	\$119.72
2/1/99	\$119.72	0.00	276,570.75	276,562.50	\$127.97
8/1/99	\$127.97	0.00	1,151,472.60	1,151,562.50	\$38.07
2/1/00	\$38.07	0.00	249,260.70	249,218.75	\$80.02
8/1/00	\$80.02	775,000.00	399,246.12	1,174,218.75	\$107.39
2/1/01	\$107.39	221,000.00	0.00	220,312.50	\$794.89
8/1/01	\$794.89	1,220,000.00	0.00	1,220,312.50	\$482.39
2/1/02	\$482.39	189,000.00	0.00	189,062.50	\$419.89
8/1/02	\$419.89	1,239,000.00	0.00	1,239,062.50	\$357.39
2/1/03	\$357.39	156,000.00	0.00	156,250.00	\$107.39
8/1/03	\$107.39	1,282,000.00	0.00	1,281,250.00	\$857.39
2/1/04	\$857.39	121,000.00	0.00	121,093.75	\$763.64
8/1/04	\$763.64	1,321,000.00	0.00	1,321,093.75	\$669.89
2/1/05	\$669.89	84,000.00	0.00	83,593.75	\$1,076.14
8/1/05	\$1,076.14	1,383,000.00	0.00	1,383,593.75	\$482.39
2/1/06	\$482.39	43,000.00	0.00	42,968.75	\$513.64
8/1/06	\$513.64	1,418,000.00	0.00	1,417,968.75	\$544.89
		<u>\$10,892,106.27</u>	<u>\$16,128,701.12</u>	<u>\$27,020,262.50</u>	

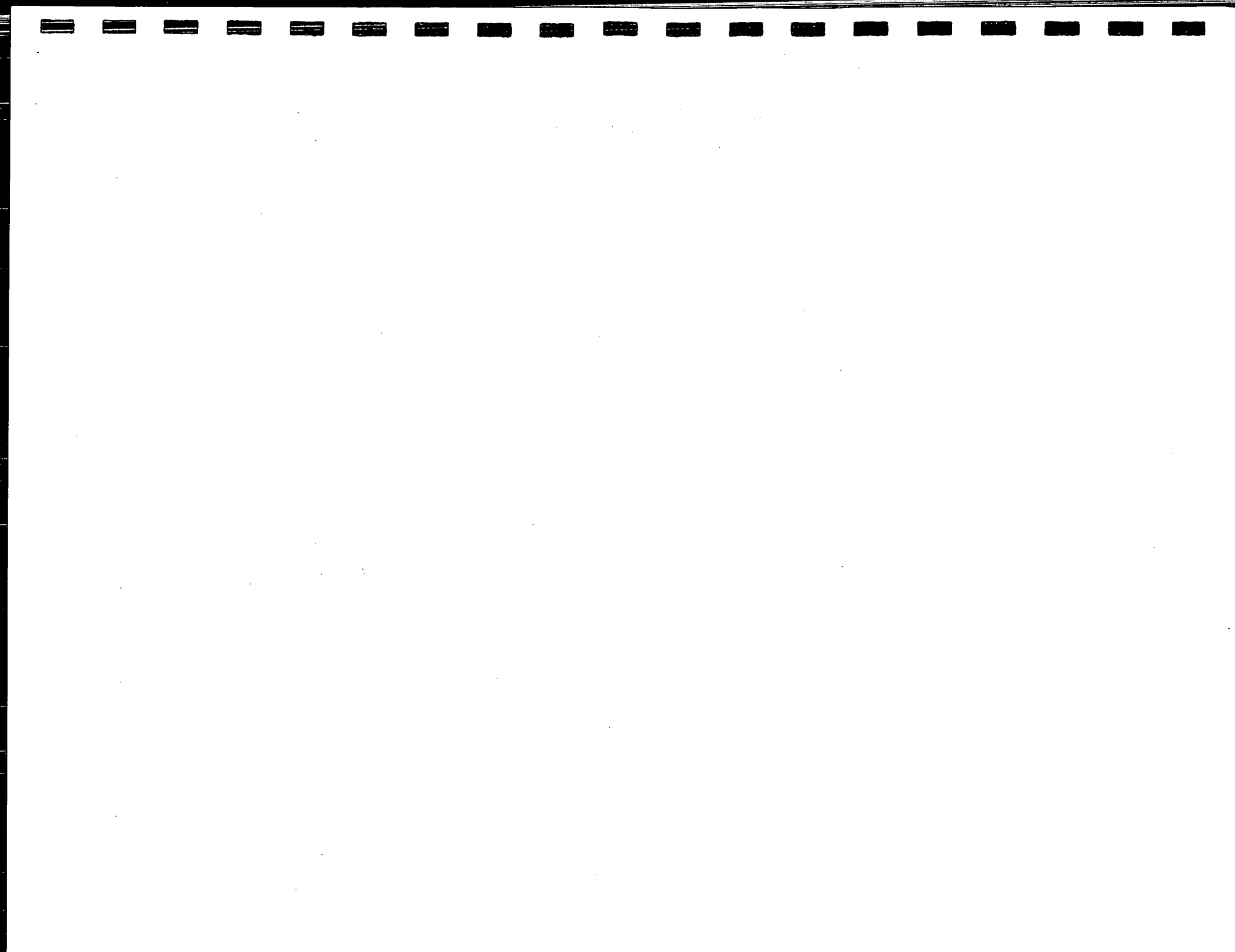
Note: Receipts from the Open-Market Securities are actually received on the dates as shown on the schedule entitled "Receipts from the Open-Market Securities Purchased with Other Funds and Used to Pay Debt Service Requirements of the Refunded Bonds" but are presented for cash flow purposes as shown above as if received on the debt service payment date of the Refunded Bonds immediately following the actual date of receipt.



RECEIPTS FROM THE OPEN-MARKET SECURITIES PURCHASED WITH OTHER FUNDS AND  
USED TO PAY DEBT SERVICE REQUIREMENTS OF THE REFUNDED BONDS

CITY OF SACRAMENTO, CALIFORNIA

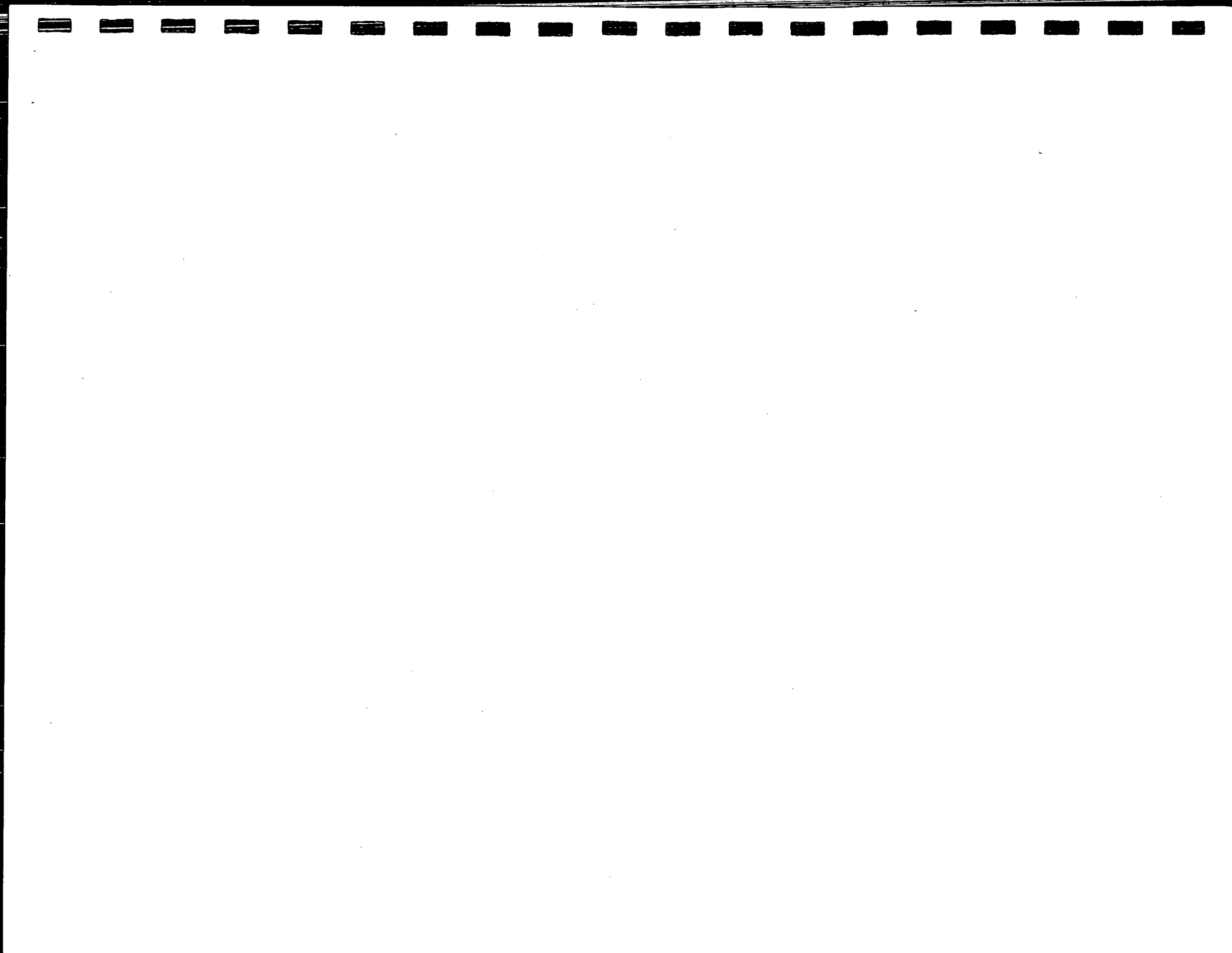
Receipt Date	Total Receipts from the Open-Market Securities	Receipts from United States Treasury 0% Coupon Securities	Receipts from United States Treasury Notes		
			\$435,000 8.125% 1/31/88	\$880,000 6.625% 7/31/88	\$45,000 6.125% 1/31/89
1/31/88	\$ 483,200.01		\$452,671.88	\$ 29,150.00	\$ 1,378.13
7/31/88	910,528.13			909,150.00	1,378.13
1/31/89	46,378.13				46,378.13
5/15/00	775,000.00	\$ 775,000.00			
11/15/00	221,000.00	221,000.00			
5/15/01	1,220,000.00	1,220,000.00			
11/15/01	189,000.00	189,000.00			
5/15/02	1,239,000.00	1,239,000.00			
11/15/02	156,000.00	156,000.00			
5/15/03	1,282,000.00	1,282,000.00			
11/15/03	121,000.00	121,000.00			
5/15/04	1,321,000.00	1,321,000.00			
11/15/04	84,000.00	84,000.00			
5/15/05	1,383,000.00	1,383,000.00			
11/15/05	43,000.00	43,000.00			
5/15/06	1,418,000.00	1,418,000.00			
	<u>\$10,892,106.27</u>	<u>\$9,452,000.00</u>	<u>\$452,671.88</u>	<u>\$938,300.00</u>	<u>\$49,134.39</u>



RECEIPTS FROM THE ACQUIRED OBLIGATIONS PURCHASED WITH CERTIFICATES OF PARTICIPATION  
PROCEEDS AND USED TO PAY DEBT SERVICE REQUIREMENTS OF THE REFUNDED BONDS

CITY OF SACRAMENTO, CALIFORNIA

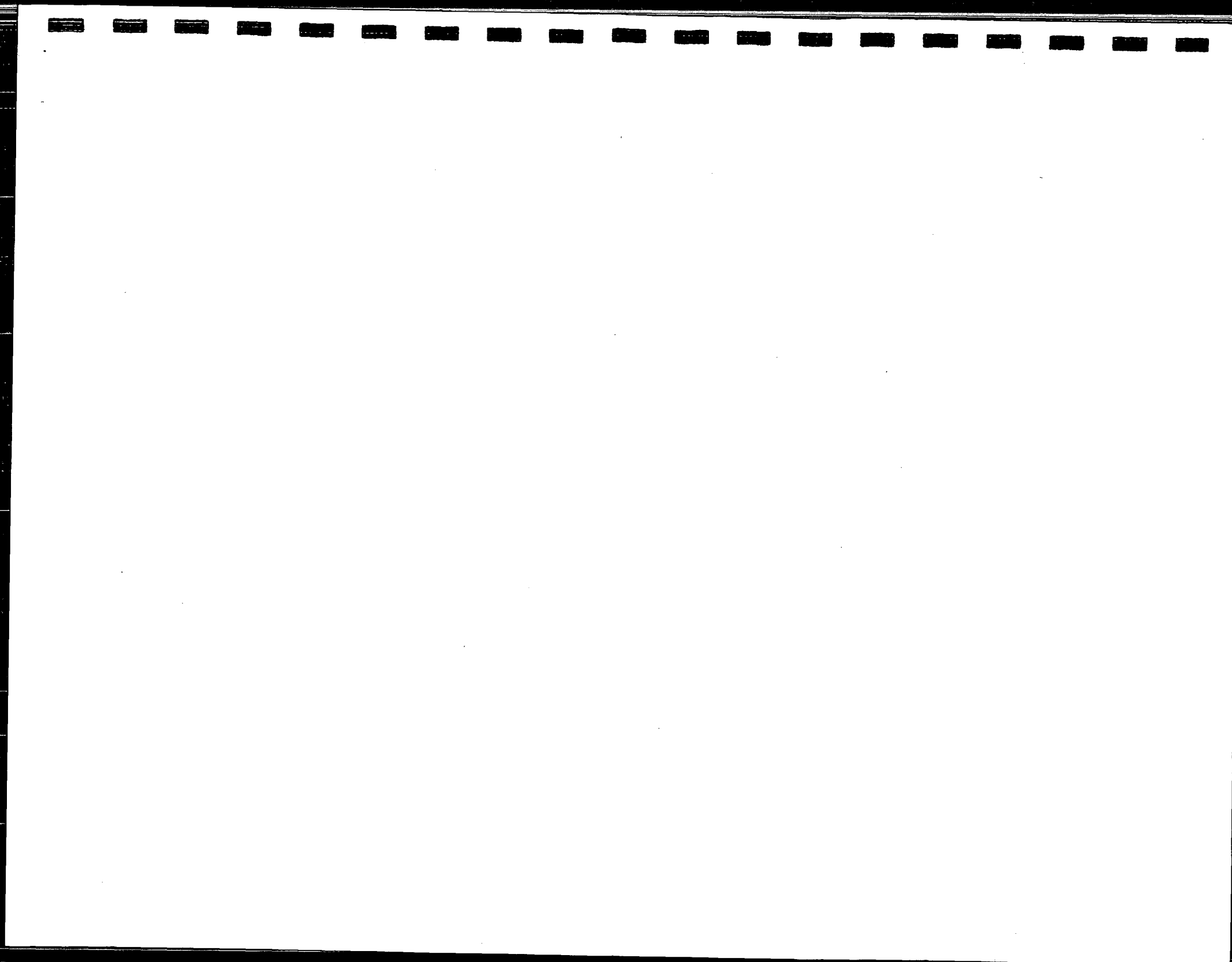
Receipt Date	Total Adjusted Receipts from the Acquired Obligations	Acquired Obligations Reinvested at 0% Interest		Receipts from U.S. Treasury Obligations—State and Local Government Series			
		Rate		Total	Interest	Principal	Interest Rate
		Matured	(Invested)				
8/1/88	\$ 54.41		\$(395,800.00)	\$ 395,854.41	\$ 395,854.41		
2/1/89	417,903.40	\$ 69,400.00		348,503.40	348,503.40		
8/1/89	919,203.40	326,400.00		592,803.40	348,503.40	\$ 244,300.00	0.000%
2/1/90	455,803.40			455,803.40	348,503.40	107,300.00	0.000%
8/1/90	930,803.40			930,803.40	348,503.40	582,300.00	0.000%
2/1/91	441,503.40			441,503.40	348,503.40	93,000.00	0.000%
8/1/91	966,503.40			966,503.40	348,503.40	618,000.00	0.000%
2/1/92	425,803.40			425,803.40	348,503.40	77,300.00	0.000%
8/1/92	975,803.40			975,803.40	348,503.40	627,300.00	5.255%
2/1/93	408,521.09			408,521.09	332,021.09	76,500.00	8.340%
8/1/93	1,008,631.04			1,008,631.04	328,831.04	679,800.00	8.420%
2/1/94	389,811.46			389,811.46	300,211.46	89,600.00	8.530%
8/1/94	1,014,890.02			1,014,890.02	296,390.02	718,500.00	8.640%
2/1/95	370,350.82			370,350.82	265,350.82	105,000.00	8.730%
8/1/95	1,045,267.57			1,045,267.57	260,767.57	784,500.00	8.790%
2/1/96	349,188.80			349,188.80	226,288.80	122,900.00	8.830%
8/1/96	1,074,262.76			1,074,262.76	220,862.76	853,400.00	8.860%
2/1/97	326,557.14			326,557.14	183,057.14	143,500.00	8.890%
8/1/97	1,101,578.56			1,101,578.56	176,678.56	924,900.00	8.900%
2/1/98	302,320.51			302,320.51	135,520.51	166,800.00	8.910%
8/1/98	1,127,389.57			1,127,389.57	128,089.57	999,300.00	8.910%
2/1/99	276,570.75			276,570.75	83,570.75	193,000.00	8.910%
8/1/99	1,151,472.60			1,151,472.60	74,972.60	1,076,500.00	8.920%
2/1/00	249,260.70			249,260.70	26,960.70	222,300.00	8.920%
8/1/00	399,246.12			399,246.12	17,046.12	382,200.00	8.920%
	<u>\$16,128,701.12</u>	<u>\$395,800.00</u>	<u>\$(395,800.00)</u>	<u>\$16,128,701.12</u>	<u>\$6,240,501.12</u>	<u>\$9,888,200.00</u>	



# DEBT SERVICE REQUIREMENTS OF THE REFUNDED BONDS

## CITY OF SACRAMENTO, CALIFORNIA

Debt Service Payment Date	Total Debt Service Requirements of the Refunded Bonds	Refunded Bonds \$19,100,000 Issue Dated August 1, 1971		
		Interest	Principal	Interest Rate
2/1/88	\$ 481,818.75	\$ 481,818.75		
8/1/88	906,818.75	481,818.75	\$ 425,000.00	5.90%
2/1/89	469,281.25	469,281.25		
8/1/89	919,281.25	469,281.25	450,000.00	6.00%
2/1/90	455,781.25	455,781.25		
8/1/90	930,781.25	455,781.25	475,000.00	6.00%
2/1/91	441,531.25	441,531.25		
8/1/91	966,531.25	441,531.25	525,000.00	6.00%
2/1/92	425,781.25	425,781.25		
8/1/92	975,781.25	425,781.25	550,000.00	6.25%
2/1/93	408,593.75	408,593.75		
8/1/93	1,008,593.75	408,593.75	600,000.00	6.25%
2/1/94	389,843.75	389,843.75		
8/1/94	1,014,843.75	389,843.75	625,000.00	6.25%
2/1/95	370,312.50	370,312.50		
8/1/95	1,045,312.50	370,312.50	675,000.00	6.25%
2/1/96	349,218.75	349,218.75		
8/1/96	1,074,218.75	349,218.75	725,000.00	6.25%
2/1/97	326,562.50	326,562.50		
8/1/97	1,101,562.50	326,562.50	775,000.00	6.25%
2/1/98	302,343.75	302,343.75		
8/1/98	1,127,343.75	302,343.75	825,000.00	6.25%
2/1/99	276,562.50	276,562.50		
8/1/99	1,151,562.50	276,562.50	875,000.00	6.25%
2/1/00	249,218.75	249,218.75		
8/1/00	1,174,218.75	249,218.75	925,000.00	6.25%
2/1/01	220,312.50	220,312.50		
8/1/01	1,220,312.50	220,312.50	1,000,000.00	6.25%
2/1/02	189,062.50	189,062.50		
8/1/02	1,239,062.50	189,062.50	1,050,000.00	6.25%
2/1/03	156,250.00	156,250.00		
8/1/03	1,281,250.00	156,250.00	1,125,000.00	6.25%
2/1/04	121,093.75	121,093.75		
8/1/04	1,321,093.75	121,093.75	1,200,000.00	6.25%
2/1/05	83,593.75	83,593.75		
8/1/05	1,383,593.75	83,593.75	1,300,000.00	6.25%
2/1/06	42,968.75	42,968.75		
8/1/06	1,417,968.75	42,968.75	1,375,000.00	6.25%
	<u>\$27,020,262.50</u>	<u>\$11,520,262.50</u>	<u>\$15,500,000.00</u>	



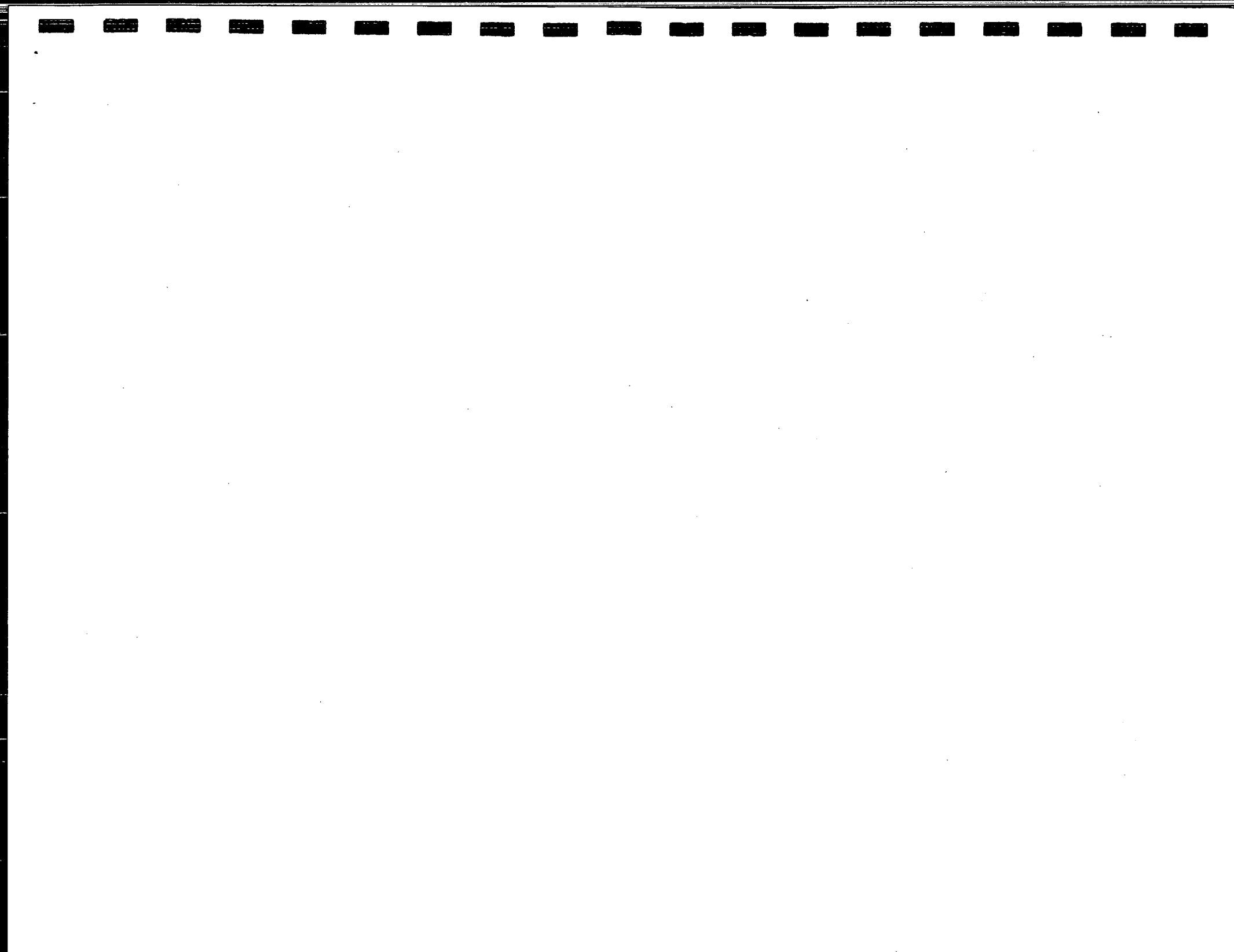


COMPUTATION OF YIELD ON ACQUIRED OBLIGATIONS PURCHASED WITH  
CERTIFICATES OF PARTICIPATION PROCEEDS

CITY OF SACRAMENTO, CALIFORNIA

Receipt Date	Total Adjusted Receipts from the Acquired Obligations	Present Value of Future Receipts at January 7, 1988, Using a Semi- annually Compounded Yield of 7.93271%
8/1/88	\$ 54.41	\$ 52.06
2/1/89	417,903.40	384,625.35
8/1/89	919,203.40	813,730.91
2/1/90	455,803.40	388,109.20
8/1/90	930,803.40	762,327.40
2/1/91	441,503.40	347,796.18
8/1/91	966,503.40	732,320.73
2/1/92	425,803.40	310,323.21
8/1/92	975,803.40	684,029.21
2/1/93	408,521.09	275,444.43
8/1/93	1,008,631.04	654,122.41
2/1/94	389,811.46	243,157.96
8/1/94	1,014,890.02	608,919.74
2/1/95	370,350.82	213,728.07
8/1/95	1,045,267.57	580,206.95
2/1/96	349,188.80	186,433.07
8/1/96	1,074,262.76	551,671.25
2/1/97	326,557.14	161,300.68
8/1/97	1,101,578.56	523,358.98
2/1/98	302,320.51	138,152.58
8/1/98	1,127,389.57	495,533.01
2/1/99	276,570.75	116,926.25
8/1/99	1,151,472.60	468,237.90
2/1/00	249,260.70	97,493.12
8/1/00	399,246.12	150,199.35
	<u>\$16,128,701.12</u>	<u>\$9,888,200.00</u>

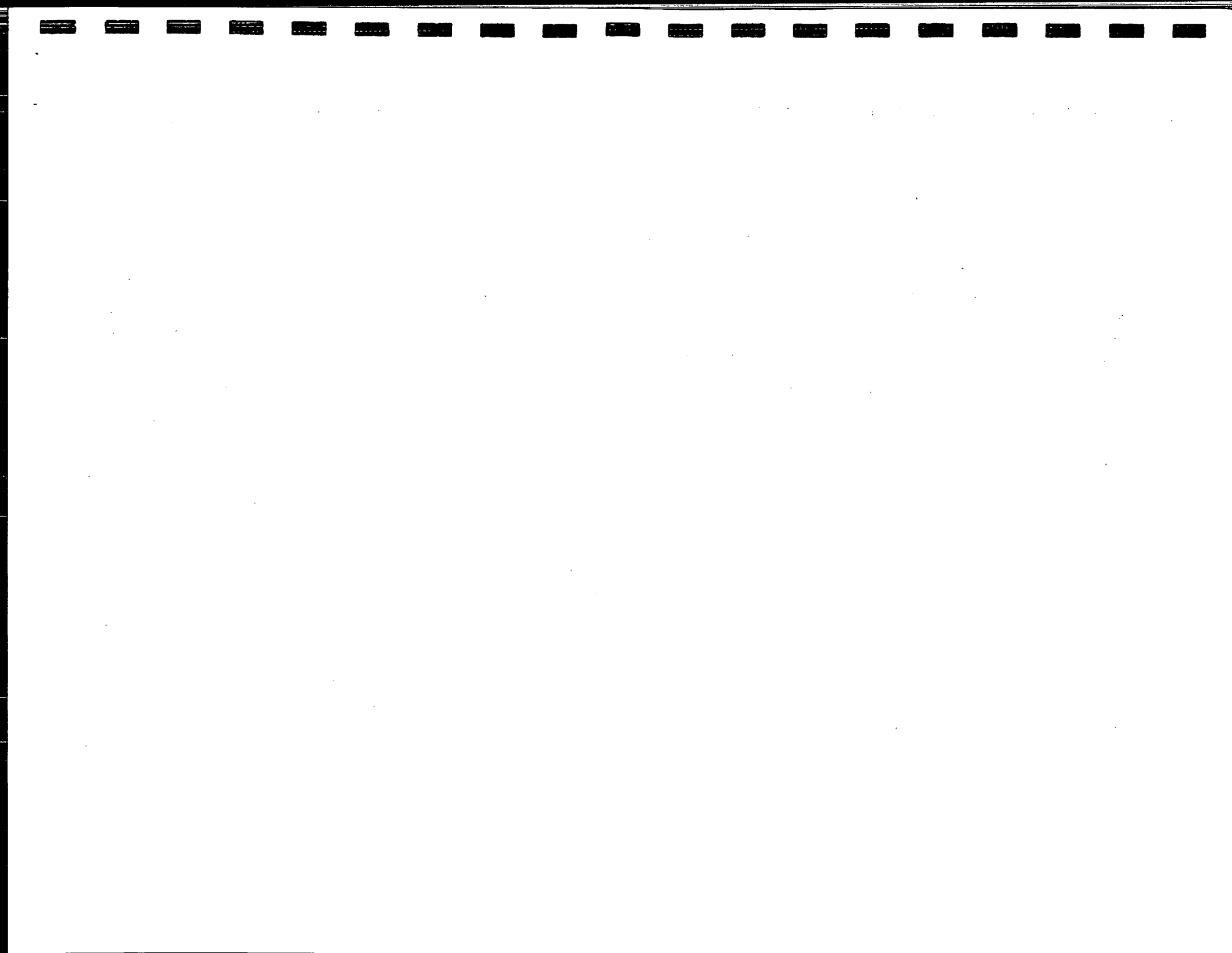
The present value of the future  
receipts is equal to the purchase  
price of the Acquired Obligations \$9,888,200.00



COMPUTATION OF DEBT SERVICE REQUIREMENTS AND YIELD ON THE CERTIFICATES OF PARTICIPATION

CITY OF SACRAMENTO, CALIFORNIA

Debt Service Payment Date	Certificates of Participation \$41,650,000 Issue Dated December 1, 1987							Total Debt Service Requirements of the Certificates of Participation	Present Value of Future Payments at January 7, 1988, Using a Semiannually Compounded Yield of 7.93387%
	\$15,500,000 Serial Certificates of Participation			\$5,830,000 8.00% Term Certificates of Participation due August 1, 2005		\$20,320,000 8.25% Term Certificates of Participation due August 1, 2012			
	Interest Rate	Principal	Interest	Principal	Interest	Principal	Interest		
8/1/88			\$ 717,960.00		\$ 310,933.33		\$ 1,117,600.00	\$ 2,146,493.33	\$ 2,053,910.96
2/1/89			538,470.00		233,200.00		838,200.00	1,609,870.00	1,481,656.88
8/1/89	5.50%	\$ 715,000.00	538,470.00		233,200.00		838,200.00	2,324,870.00	2,058,070.63
2/1/90			518,807.50		233,200.00		838,200.00	1,590,207.50	1,354,004.68
8/1/90	5.80%	755,000.00	518,807.50		233,200.00		838,200.00	2,345,207.50	1,920,668.49
2/1/91			496,912.50		233,200.00		838,200.00	1,568,312.50	1,235,402.59
8/1/91	6.00%	800,000.00	496,912.50		233,200.00		838,200.00	2,368,312.50	1,794,401.72
2/1/92			472,912.50		233,200.00		838,200.00	1,544,312.50	1,125,435.53
8/1/92	6.20%	850,000.00	472,912.50		233,200.00		838,200.00	2,394,312.50	1,678,305.57
2/1/93			446,562.50		233,200.00		838,200.00	1,517,962.50	1,023,424.98
8/1/93	6.40%	900,000.00	446,562.50		233,200.00		838,200.00	2,417,962.50	1,568,011.70
2/1/94			417,762.50		233,200.00		838,200.00	1,489,162.50	928,852.16
8/1/94	6.60%	960,000.00	417,762.50		233,200.00		838,200.00	2,449,162.50	1,469,355.46
2/1/95			386,082.50		233,200.00		838,200.00	1,457,482.50	841,041.42
8/1/95	6.80%	1,020,000.00	386,082.50		233,200.00		838,200.00	2,477,482.50	1,375,084.54
2/1/96			351,402.50		233,200.00		838,200.00	1,422,802.50	759,570.68
8/1/96	7.00%	1,090,000.00	351,402.50		233,200.00		838,200.00	2,512,802.50	1,290,288.10
2/1/97			313,252.50		233,200.00		838,200.00	1,384,652.50	683,870.54
8/1/97	7.10%	1,165,000.00	313,252.50		233,200.00		838,200.00	2,549,652.50	1,211,208.37
2/1/98			271,895.00		233,200.00		838,200.00	1,343,295.00	613,781.84
8/1/98	7.25%	1,250,000.00	271,895.00		233,200.00		838,200.00	2,593,295.00	1,139,723.04
2/1/99			226,582.50		233,200.00		838,200.00	1,297,982.50	548,682.37
8/1/99	7.40%	1,340,000.00	226,582.50		233,200.00		838,200.00	2,637,982.50	1,072,577.91



COMPUTATION OF DEBT SERVICE REQUIREMENTS AND YIELD ON THE CERTIFICATES OF PARTICIPATION (Cont'd)

CITY OF SACRAMENTO, CALIFORNIA

Debt Service Payment Date	Certificates of Participation \$41,650,000 Issue Dated December 1, 1987							Total Debt Service Requirements of the Certificates of Participation	Present Value of Future Payments at January 7, 1988, Using a Semiannually Compounded Yield of 7.93387%
	\$15,500,000 Serial Certificates of Participation			\$5,830,000 8.00% Term Certificates of Participation due August 1, 2005		\$20,320,000 8.25% Term Certificates of Participation due August 1, 2012			
	Interest								
	Rate	Principal	Interest	Principal	Interest	Principal	Interest		
2/1/00			\$ 177,002.50		\$ 233,200.00		\$ 838,200.00	\$ 1,248,402.50	\$ 488,220.86
8/1/00	7.50%	\$ 1,440,000.00	177,002.50		233,200.00		838,200.00	2,688,402.50	1,011,255.19
2/1/01			123,002.50		233,200.00		838,200.00	1,194,402.50	432,137.49
8/1/01	7.60%	1,550,000.00	123,002.50		233,200.00		838,200.00	2,744,402.50	955,044.95
2/1/02			64,102.50		233,200.00		838,200.00	1,135,502.50	380,074.62
8/1/02	7.70%	1,665,000.00	64,102.50		233,200.00		838,200.00	2,800,502.50	901,615.78
2/1/03					233,200.00		838,200.00	1,071,400.00	331,773.69
8/1/03				\$1,795,000.00	233,200.00		838,200.00	2,866,400.00	853,752.26
2/1/04					161,400.00		838,200.00	999,600.00	286,369.05
8/1/04				1,940,000.00	161,400.00		838,200.00	2,939,600.00	810,014.59
2/1/05					83,800.00		838,200.00	922,000.00	244,365.73
8/1/05				2,095,000.00	83,800.00		838,200.00	3,017,000.00	769,111.76
2/1/06							838,200.00	838,200.00	205,525.90
8/1/06						\$ 2,260,000.00	838,200.00	3,098,200.00	730,689.93
2/1/07							744,975.00	744,975.00	168,993.55
8/1/07						2,445,000.00	744,975.00	3,189,975.00	696,018.02
2/1/08							644,118.75	644,118.75	135,177.35
8/1/08						2,650,000.00	644,118.75	3,294,118.75	664,939.28
2/1/09							534,806.25	534,806.25	103,835.05
8/1/09						2,865,000.00	534,806.25	3,399,806.25	634,901.63
2/1/10							416,625.00	416,625.00	74,834.59
8/1/10						3,105,000.00	416,625.00	3,521,625.00	608,422.01

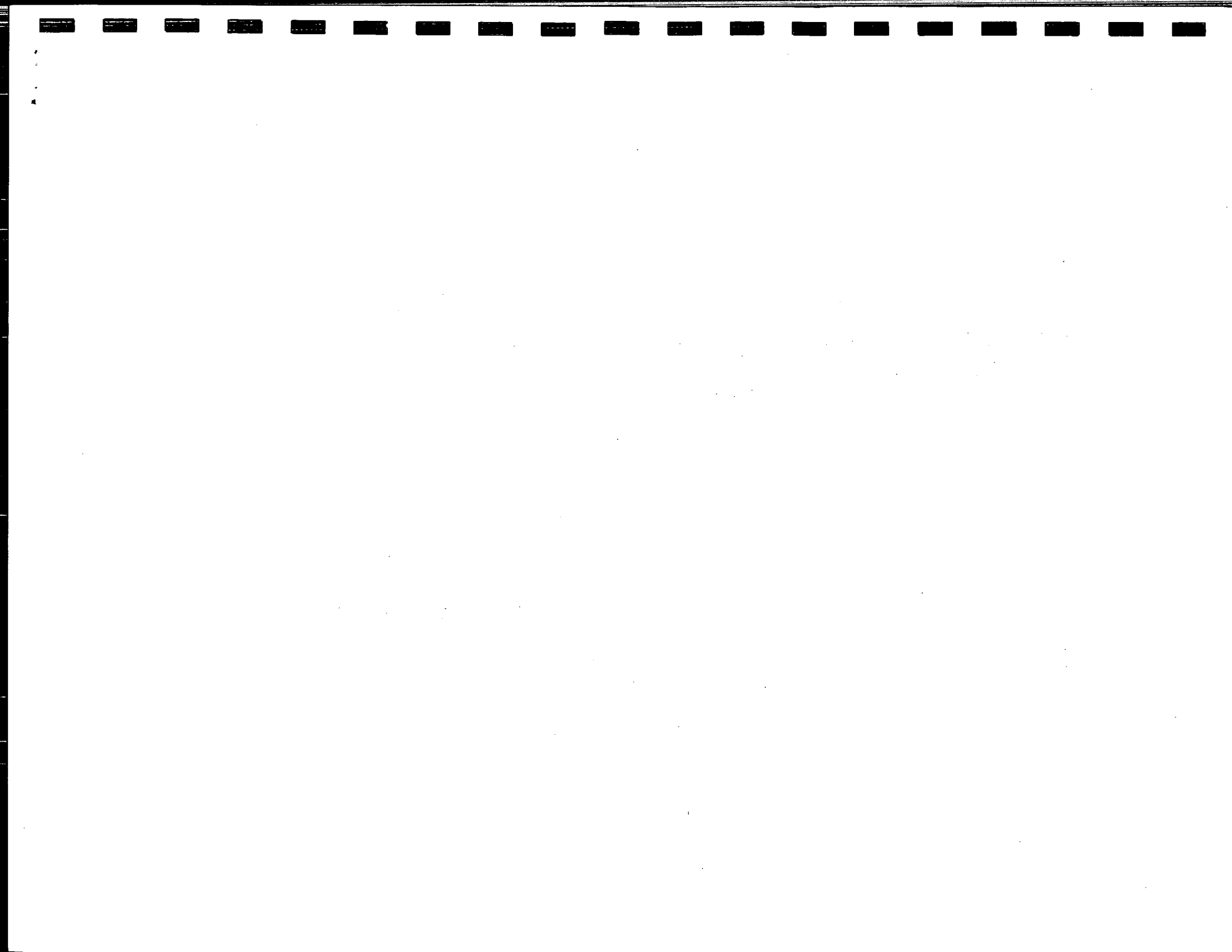


**CITY OF SACRAMENTO, CALIFORNIA**

-13-

Principal amount of the Certificates of Participation  
Accrued interest on the Certificates of Participation  
Original issue discount

\$41,650,000.00  
321,974.00  
(43,725.00)  
\$41,928,249.00





\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CERTIFICATE OF SECURITY PACIFIC NATIONAL BANK

The undersigned, Security Pacific National Bank (the "Bank"), as trustee under that certain trust agreement dated as of December 1, 1987 (the "Trust Agreement"), by and among the City of Sacramento (the "City"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the Bank, authorizing the execution and delivery of the above-captioned Certificates of Participation in the principal amount of \$41,650,000 (the "Certificates") and as escrow agent under that certain escrow Agreement dated as of December 1, 1987 (the "Escrow Agreement"), by and among the Sacramento Community Center Authority (the "Authority"), the City and the Bank, and as Trustee for the Authority's 1971 Bonds, hereby certifies as follows:

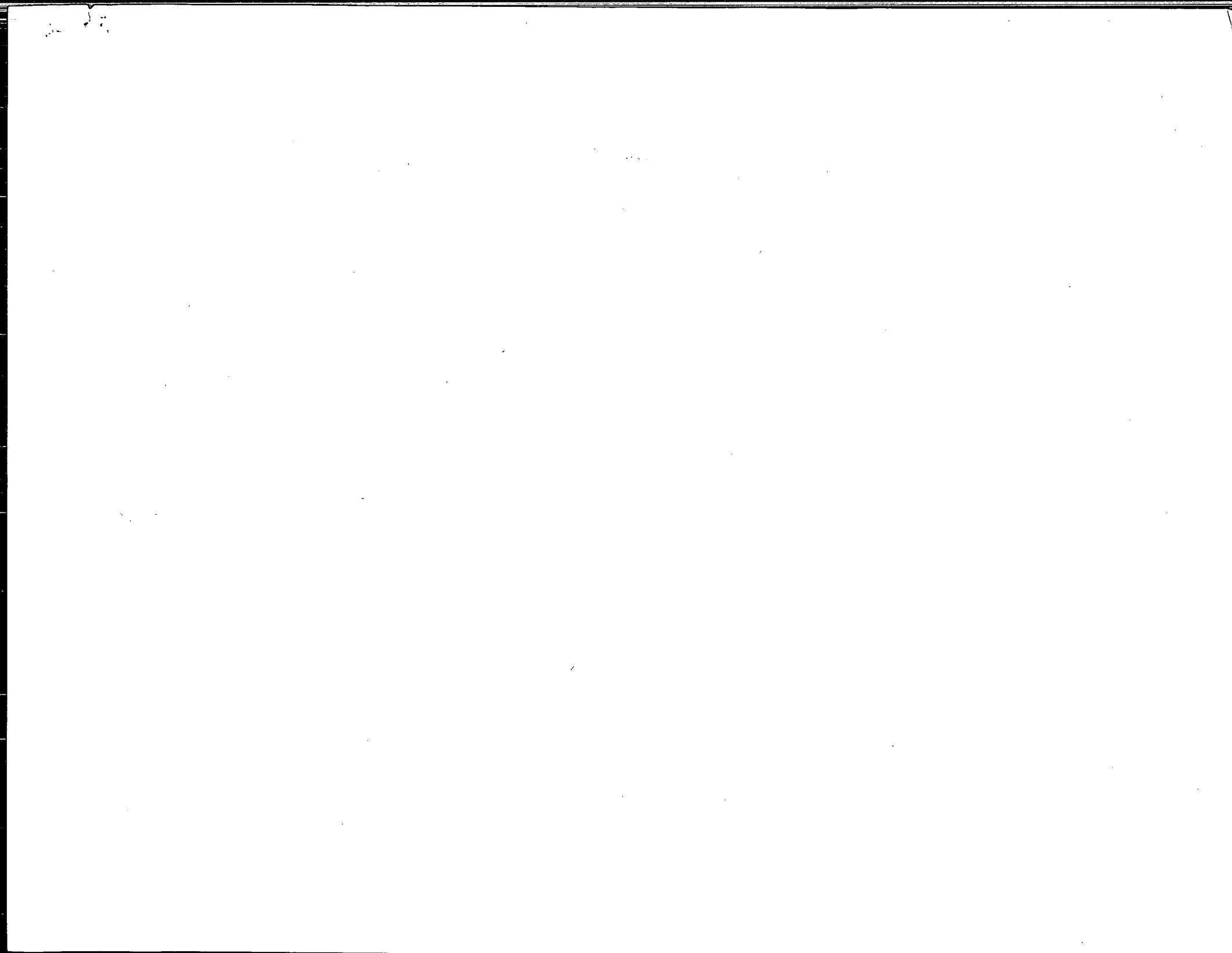
1. Pursuant to the Trust Agreement and Written Request of the City to the Bank, dated the date hereof, authorizing and directing the undersigned, among other things, to execute and deliver said Certificates maturing on the dates, in the principal amounts and bearing interest, payable on February 1 and August 1 of each year, commencing August 1, 1988, at the rates, all as set forth on Exhibit A hereto, the undersigned has executed and delivered such Certificates to or upon the order of PaineWebber Incorporated, Stone & Youngberg and Cranston/Prescott, a Division of Prescott, Ball & Turben, Inc. Said Certificates so executed and delivered were all dated December 1, 1987.

2. Said Certificates were duly executed by an authorized officer of the undersigned. The person who executed the Certificates was at the time of execution of the Trust Agreement and now is a duly appointed, qualified and acting officer of the Bank.

3. Attached hereto as Exhibit B is a true and correct copy of a resolution duly adopted by the Board of Directors of Security Pacific National Bank, which resolution is in full force and effect on the date hereof.

4. The Bank is a national bank duly organized and in good standing under the laws of the United States and has all

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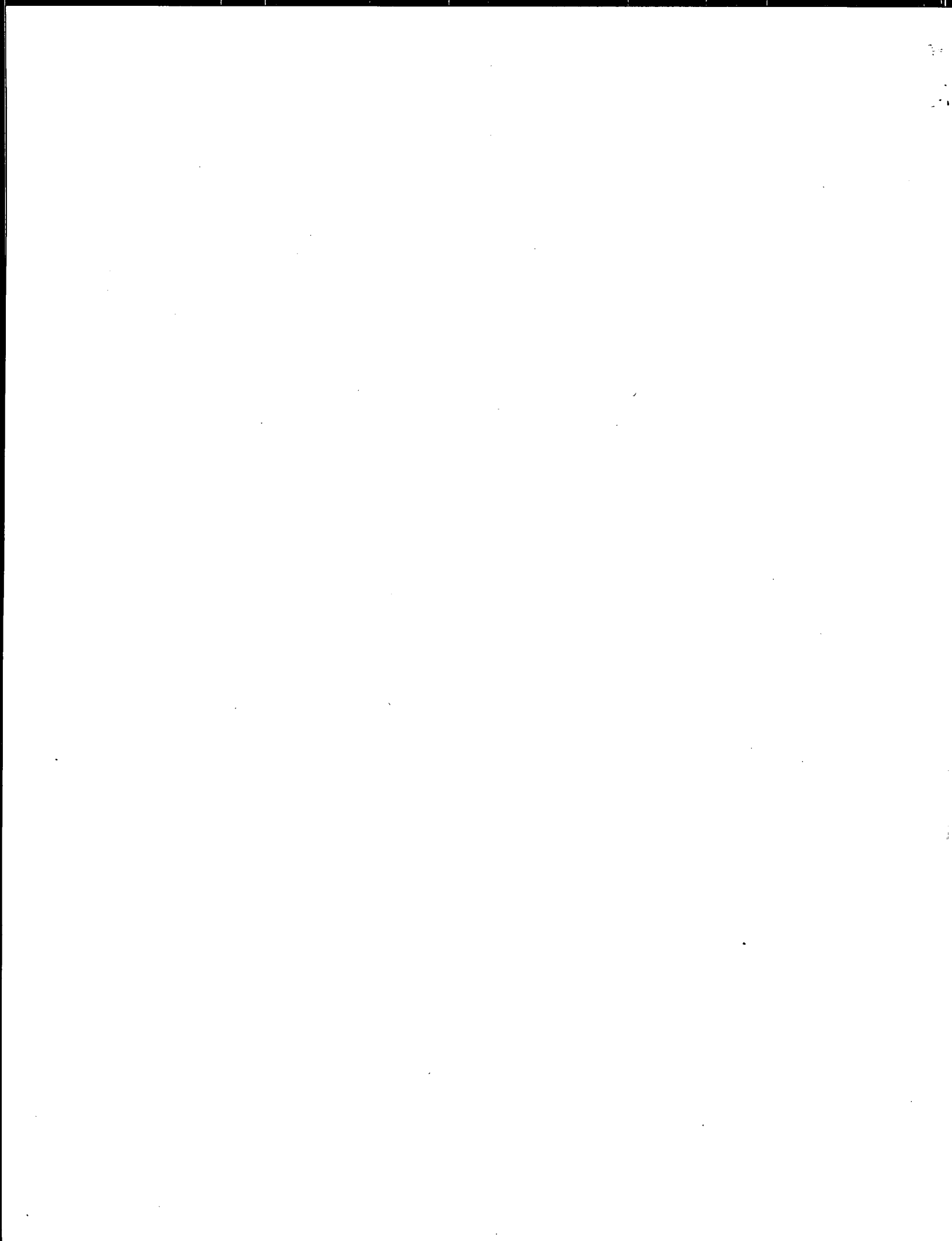
necessary legal power and authority to enter into and perform its duties under the Trust Agreement, the Assignment Agreement dated as of December 1, 1987 (the "Assignment Agreement"), by and between the Corporation and the Bank, the Escrow Agreement and the Notice of Termination dated as of January 7, 1988 (the "Notice of Termination"), by and among the City, the County of Sacramento, the Authority and the Bank. The Trust Agreement, the Assignment Agreement, and the Escrow Agreement have been duly authorized, executed and delivered, and constitute legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms, subject to insolvency and other laws affecting the enforcement of creditors' rights in general, and to the application of equitable principles if equitable remedies are judicially sought, and the Certificates have been validly executed and delivered by the Trustee.

5. The execution and delivery of the Trust Agreement, the Assignment Agreement, the Escrow Agreement and the Notice of Termination and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution, charter, by-laws or other Agreement to which the Trustee is subject or by which it is bound.

6. The Bank has received on the date hereof, the amount of \$13,617,531.88 for deposit into the Escrow Fund. Such moneys will be invested in the obligations described on Schedule 1 hereto, which obligations constitute Federal Securities as defined in Resolution No. 10-71 of the Authority (the "1971 Resolution") providing for the issuance of the 1971 Bonds.

7. The Bank has deposited in the Escrow Fund established under the Escrow Agreement the following amounts held in the following funds and accounts under the 1971 Resolution, which amounts are all the moneys held under the 1971 Resolution:

<u>Fund</u>	<u>Amount</u>
Insurance Reserve Account	\$1,788,032.70
Surplus Revenue Account	1,811,661.00
Interest and Redemption Account	<u>125,250.00</u>
TOTAL	<u>\$3,724,943.70</u>



IN WITNESS WHEREOF, Security Pacific National Bank, as Trustee has caused this Certificate to be executed in its corporate name by an officer thereunto duly authorized as of the 7th day of January, 1988.

SECURITY PACIFIC NATIONAL BANK

By: M. B. Bandstadter  
Vice President

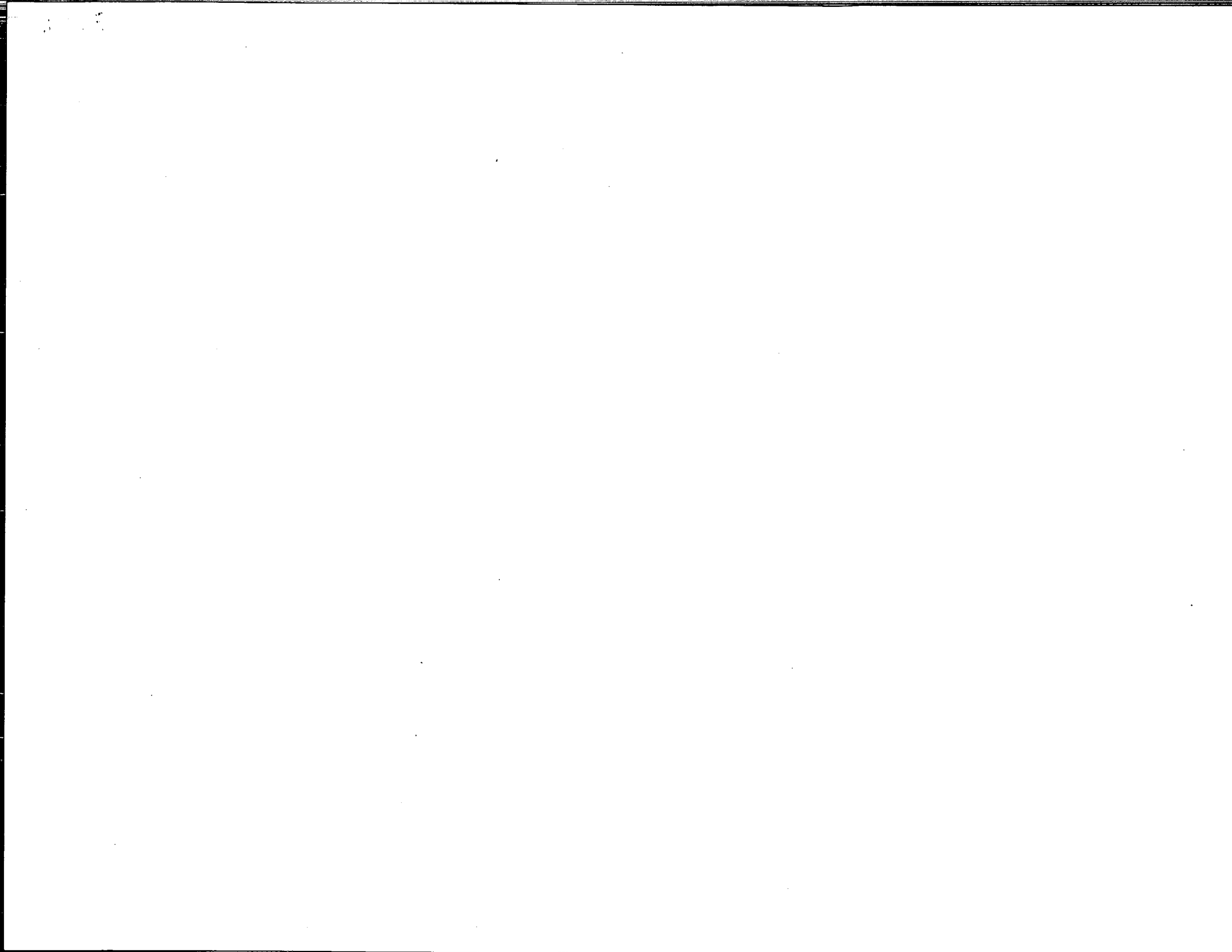
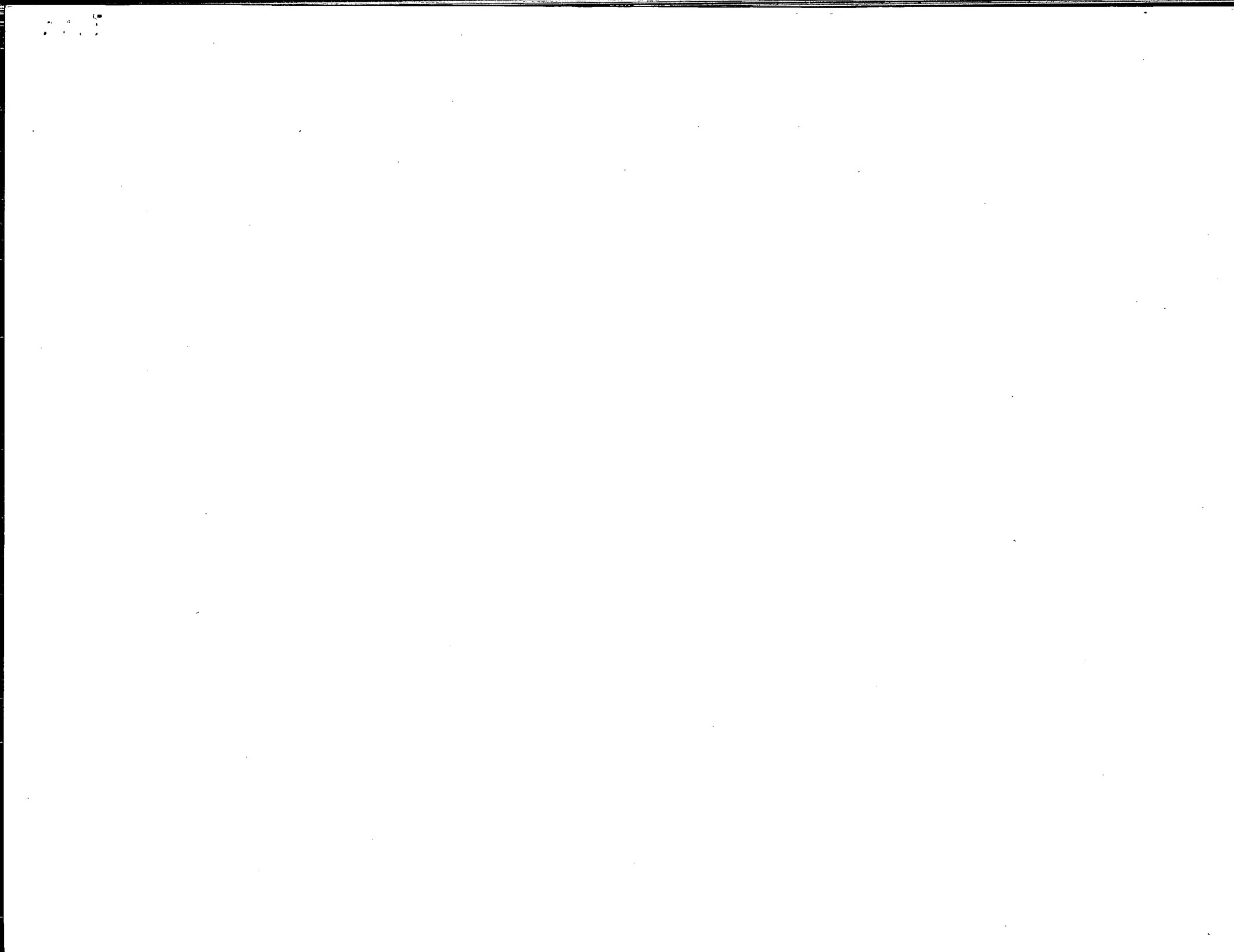


EXHIBIT A

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest</u> <u>Rate</u>
1989	\$ 715,000.00	5.50%
1990	755,000.00	5.80
1991	800,000.00	6.00
1992	850,000.00	6.20
1993	900,000.00	6.40
1994	960,000.00	6.60
1995	1,020,000.00	6.80
1996	1,090,000.00	7.00
1997	1,165,000.00	7.10
1998	1,250,000.00	7.25
1999	1,340,000.00	7.40
2000	1,440,000.00	7.50
2001	1,550,000.00	7.60
2002	1,665,000.00	7.70
2005	5,830,000.00	8.00
2012	<u>20,320,000.00</u>	8.25
TOTAL	<u>\$41,650,000.00</u>	





## EXHIBIT B

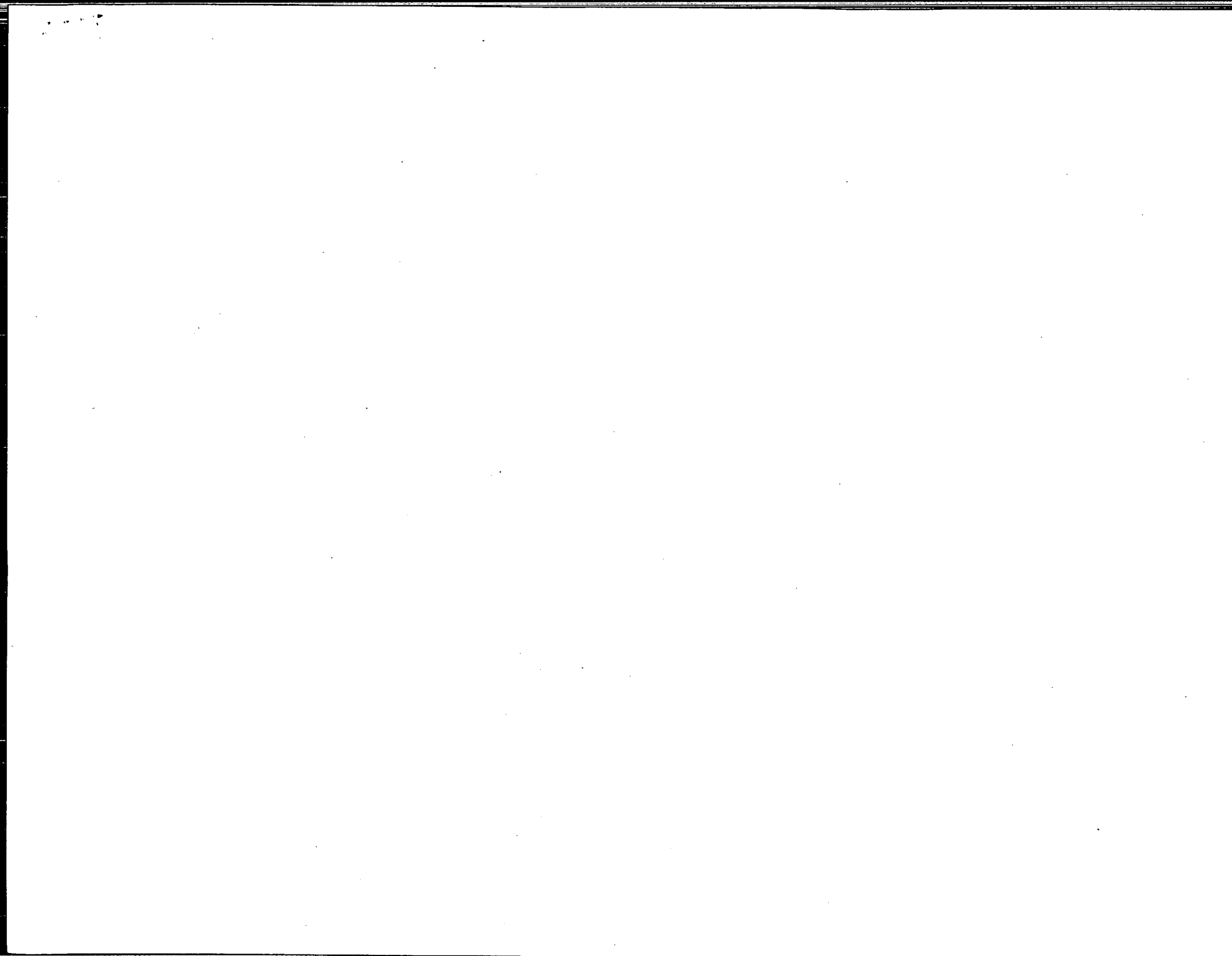
## SCHEDULE I

"SLGS"

(See Attached SLGS Subscriptions)

Open Market Securities

Description	Maturity Date	Interest Rate	Principal Amount Purchased	Price	Cost of Principal	Accrued Interest	Purchase Price
U.S. Treasury Notes	1/31/88	8.125%	\$ 435,000.00	100.20315%	\$ 435,883.59	\$15,366.85	\$ 451,250.44
U.S. Treasury Notes	7/31/88	6.625%	880,000.00	99.95315%	879,587.50	25,347.83	904,935.33
U.S. Treasury Notes	1/31/89	6.125%	45,000.00	98.92185%	44,514.84	1,198.37	45,713.21
U.S. Treasury STRIPS	5/15/00	0.000%	775,000.00	32.33700%	250,611.75	0.00	250,611.75
U.S. Treasury STRIPS	11/15/00	0.000%	221,000.00	30.89300%	68,273.53	0.00	68,273.53
U.S. Treasury STRIPS	5/15/01	0.000%	1,220,000.00	29.51300%	360,058.60	0.00	360,058.60
U.S. Treasury STRIPS	11/15/01	0.000%	189,000.00	28.19500%	53,288.55	0.00	53,288.55
U.S. Treasury STRIPS	5/15/02	0.000%	1,239,000.00	26.93600%	333,737.04	0.00	333,737.04
U.S. Treasury STRIPS	11/15/02	0.000%	156,000.00	25.73300%	40,143.48	0.00	40,143.48
U.S. Treasury STRIPS	5/15/03	0.000%	1,282,000.00	24.58300%	315,154.06	0.00	315,154.06
U.S. Treasury STRIPS	11/15/03	0.000%	121,000.00	23.59300%	28,547.53	0.00	28,547.53
U.S. Treasury STRIPS	5/15/04	0.000%	1,321,000.00	22.54200%	297,779.82	0.00	297,779.82
U.S. Treasury STRIPS	11/15/04	0.000%	84,000.00	21.78200%	18,296.88	0.00	18,296.88
U.S. Treasury STRIPS	5/15/05	0.000%	1,383,000.00	20.64800%	285,561.84	0.00	285,561.84
U.S. Treasury STRIPS	11/15/05	0.000%	43,000.00	20.07000%	8,630.10	0.00	8,630.10
U.S. Treasury STRIPS	5/15/06	0.000%	1,418,000.00	18.85400%	267,349.72	0.00	267,349.72
			<u>\$10,812,000.00</u>		<u>\$3,687,418.84</u>	<u>\$41,913.04</u>	<u>\$3,729,331.88</u>



## GENERAL SIGNATURE RESOLUTION

RESOLVED THAT, Instruments, documents or agreements relating to or affecting the property or business and affairs of this Bank, or of this Bank when acting in any representative or fiduciary capacity, may be executed in its name, with or without its corporate seal, by the persons hereinafter designated. For the purposes of this resolution, the term

"Senior Officer" shall mean: the Chairman of the Board, President, Vice Chairman of the Board, any Vice Chairman, any Managing Director, any Vice President (including any Executive Vice President, any Senior Vice President or any First Vice President), Personnel Director, General Counsel, Assistant General Counsel, Associate General Counsel or any individual designated as a "Senior Officer" by any member of the Office of the Chairman or by any Executive Vice President and the term

"Signing Officer" shall mean: Any Senior Officer, the Secretary, the Cashier, Counsel, Division Chairman of the Board, Division President, Division Vice Chairman, Division Executive Vice President, Division Senior Vice President, Division Vice President, any Assistant Vice President, Assistant Secretary, Assistant Cashier, Associate Counsel, Attorney, Senior Trust Officer, Trust Officer, Senior Investment Officer, Investment Officer, Senior Trust Advisor, Trust Advisor, District Trust Office Manager, Operations Officer, Senior Real Estate Officer, Real Estate Officer, Senior Tax Officer, Tax Officer, Trust Counsel, Associate Trust Counsel, Controller, Division Controller, Assistant Controller, Accounting Officer, Account Officer, Credit Officer, Consumer Credit Officer, Manager, Assistant Manager, Branch Manager, Assistant Branch Manager, International Officer, International Operations Officer, Senior Flight Officer, Flight Officer, Financial Analysis Officer, Financial Counselor or Associate.

1. Any two Senior Officers or any Senior Officer and any other Signing Officer, acting together, may execute:
  - (a) Deeds, leases, assignments and conveyances of any real or personal property or any interest therein.
  - (b) Bonds of indemnity or other undertakings, repurchase agreements and guaranties.
  - (c) Any other instruments, documents or agreements which may be found necessary, proper or expedient to be executed in conducting the business of the Bank.
2. Any Senior Officer, acting alone, may execute:
  - (a) Deeds to real property described in any deed of trust which names this Bank as trustee, after a trustee's sale thereunder in the manner provided by law.
  - (b) Reconveyances of any property held under any deed of trust which names this Bank as trustee.
  - (c) Loan agreements, commitments to lend, participation agreements and certificates of participation.
  - (d) Underwriting agreements, purchase agreements, placement agent agreements and remarketing agent agreements relating to securities for which the Bank serves as underwriter, placement agent or remarketing agent and any instruments incidental thereto.
3. Any Signing Officer, acting alone, may execute:
  - (a) Security agreements, building loan agreements and assignments of accounts, financing statements, termination statements, continuation statements and statements of assignment with respect to which this Bank is a secured party; releases of security interests in and liens upon personal property; reassignments of stocks, bonds, notes, leases and other property held by this Bank as security; and requests of reconveyances of property held for this Bank as security under deeds of trust.
  - (b) Receipts for any money or property paid or delivered to this Bank.



\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

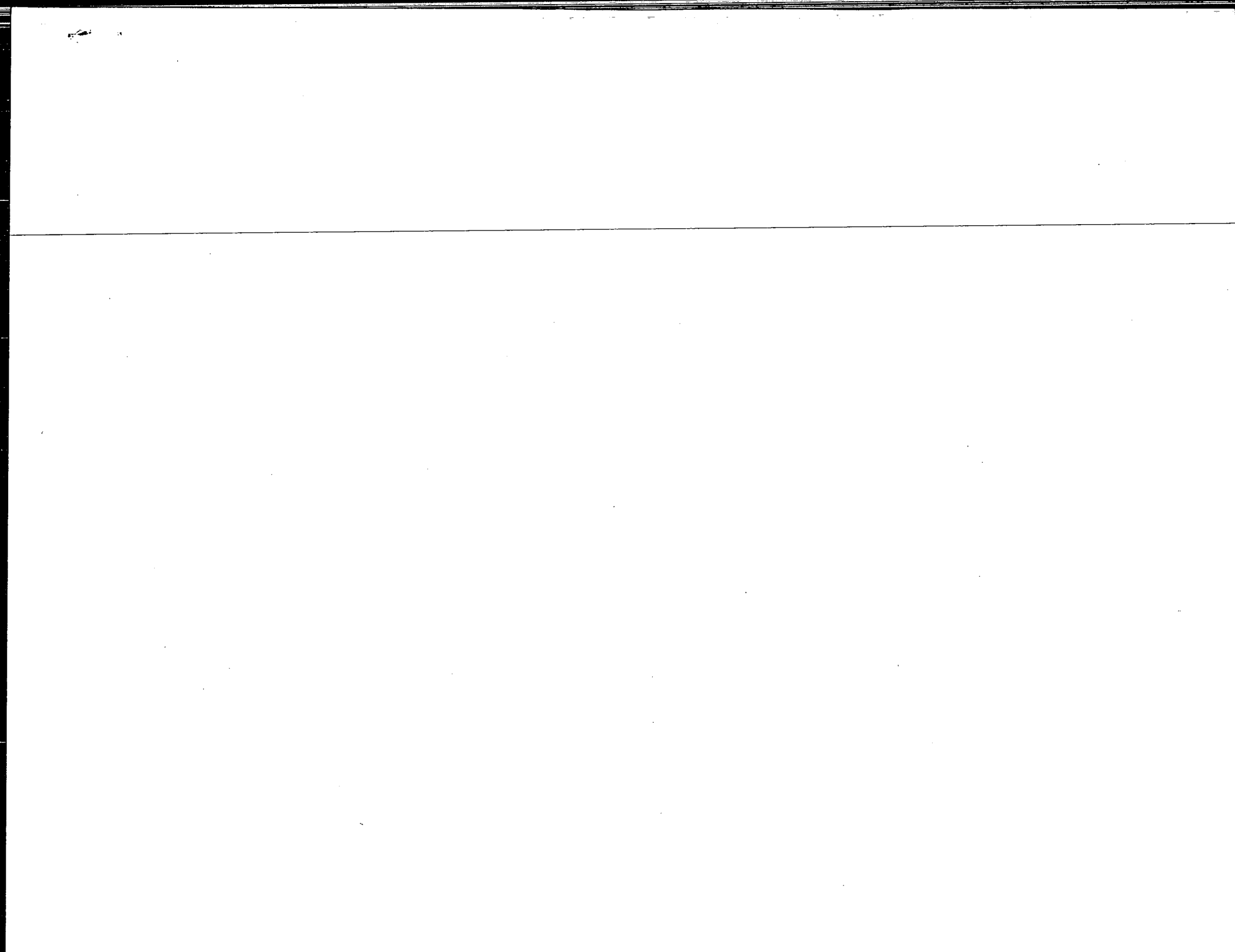
RECEIPT FOR PURCHASE PRICE AND OTHER MONEYS

The undersigned, Security Pacific National Bank (the "Bank"), as trustee under that certain trust agreement (the "Trust Agreement") dated as of December 1, 1987 by and among the City of Sacramento (the "City"), the Sacramento City Public Facilities Financing Corporation and the Bank and as escrow agent under that certain escrow agreement dated as of December 1, 1987 by and among the Sacramento Community Center Authority (the "Authority"), the City and the Bank hereby acknowledges receipt from PaineWebber Incorporated, Stone & Youngberg and Cranston/Prescott, a Division of Prescott, Ball & Turben, Inc., of the amount set forth below in full payment of the purchase price of the above-captioned Certificates of Participation (the "Certificates") in the aggregate principal amount of \$41,650,000, such purchase price being computed as follows:

Principal amount	\$41,650,000.00
Less Underwriters' discount	(703,432.10)
Less original issue discount	(43,725.00)
Plus accrued interest	<u>321,974.00</u>
Total purchase price	<u>\$41,224,816.90</u>

The Bank also acknowledges receipt from itself as Trustee (or possession) of funds held under the Resolution No. 10-71 authorizing the Authority's 1971 Bonds (the "1971 Bonds"). Such funds and the proceeds of the 1971 Bonds have been deposited as follows:

sac-31  
sac\closing.d21



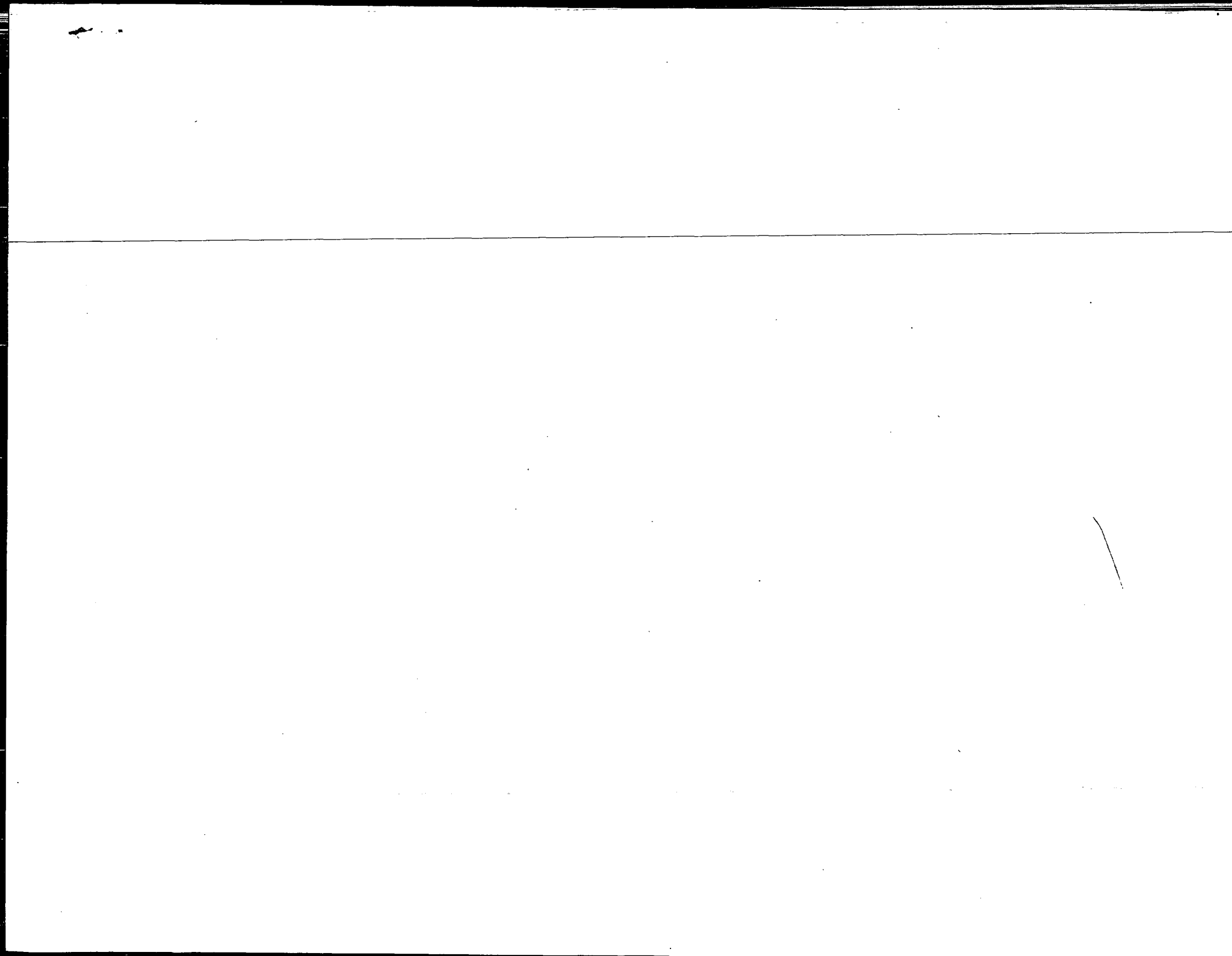
<u>Fund</u>	<u>Proceeds of 1971 Bonds</u>	<u>Proceeds of Certificates</u>	<u>Total</u>
Costs of Issuance Fund		\$ 195,000.00	\$ 195,000.00
Base Rental Payment Fund		1,655,608.41	1,655,608.41
Reserve Fund		3,939,200.00	3,939,200.00
Escrow Fund	\$3,724,943.70	9,892,588.18	13,617,531.88

The Bank has transferred the amount of \$25,542,420.31 from proceeds of the Certificates to the City for deposit in the Acquisition Fund to be maintained by the City.

Dated: January 7, 1988

SECURITY PACIFIC NATIONAL BANK

By: M. Brandstadter  
Vice President





Touche Ross & Co.  
2335 American River Drive  
Suite 200  
Sacramento, CA 95825-7065  
Telephone: 916 971-3032



January 6, 1988

City Council  
City of Sacramento  
915 I Street  
Sacramento, California 95814

and

PaineWebber, Incorporated  
100 California Street  
San Francisco, California 94111

We have examined the general purpose financial statements of the City of Sacramento (City) as of June 30, 1986, and for the year then ended, which are an appendix to the Preliminary Official Statement dated December 1, 1987, issued in connection with the offering of the City's Certificates of Participation (1987 Public Facilities Project) (the Certificates) in the aggregate principal amount of \$41,650,000. Our report with respect thereto is also an attachment to such Preliminary Official Statement, which is herein referred to as the "Official Statement."

In connection with the Official Statement:

1. We are independent accountants with respect to the City of Sacramento within the meaning of Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants.
2. We have not examined any financial statements of the City as of any date or for any period subsequent to June 30, 1986. Therefore, we are unable to and do not express any opinion on the financial statements of the City as of any date or for any period subsequent to June 30, 1986.

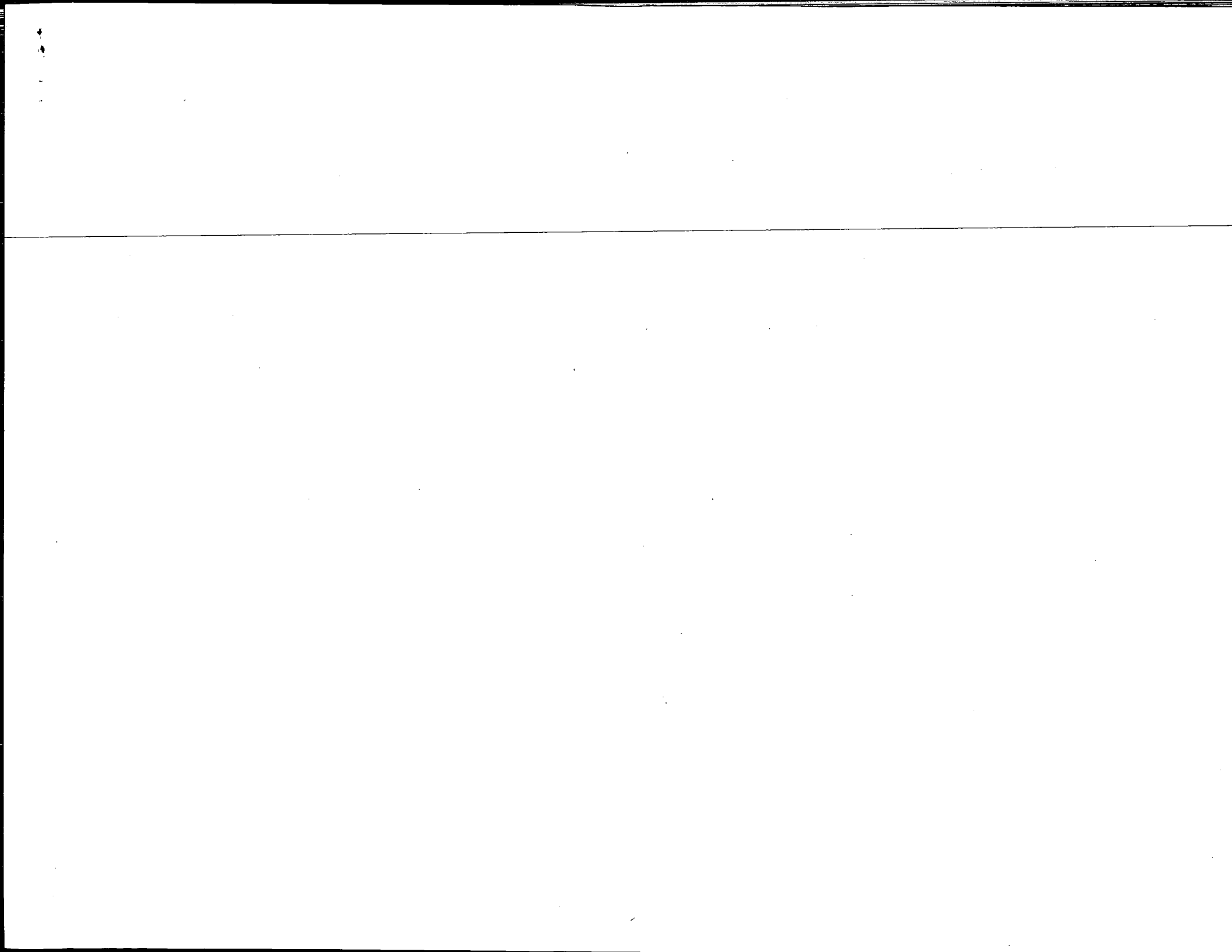
1992

1. *Pharmaceuticals*: The pharmaceutical industry is a major contributor to the U.S. economy, with sales exceeding \$400 billion in 2019. The industry is heavily regulated by the FDA, which oversees the safety and efficacy of drugs. The industry is also facing increasing pressure from payers (insurers and patients) to reduce costs, leading to a focus on value-based pricing and generic competition.

City Council  
City of Sacramento and  
PaineWebber, Incorporated  
January 6, 1988  
Page Two

3. For purposes of this letter, we have read the minutes of the City Council as set forth in the minute books at January 4, 1988, officials of the City having advised us that the minutes of all such meetings through that date were set forth therein, and have carried out other procedures to January 4, 1988, (our work did not extend to the period from January 5, 1988 to January 6, 1988), as follows:
  - a. With respect to the period from July 1, 1986 to June 30, 1987, we have:
    - (1) Read the unaudited Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for the year then ended, included in the Official Statement; and,
    - (2) Made inquiries of certain officials of the City who have responsibility for financial and accounting matters as to whether the unaudited financial statement referred to under 3.a(1), above, is stated on a basis substantially consistent with that of the audited financial statements included in the Official Statement.
  - b. With respect to the period from July 1, 1987 to January 4, 1988, officials of the City have advised us that no such financial statements as of any date or for any period subsequent to June 30, 1987, were available.

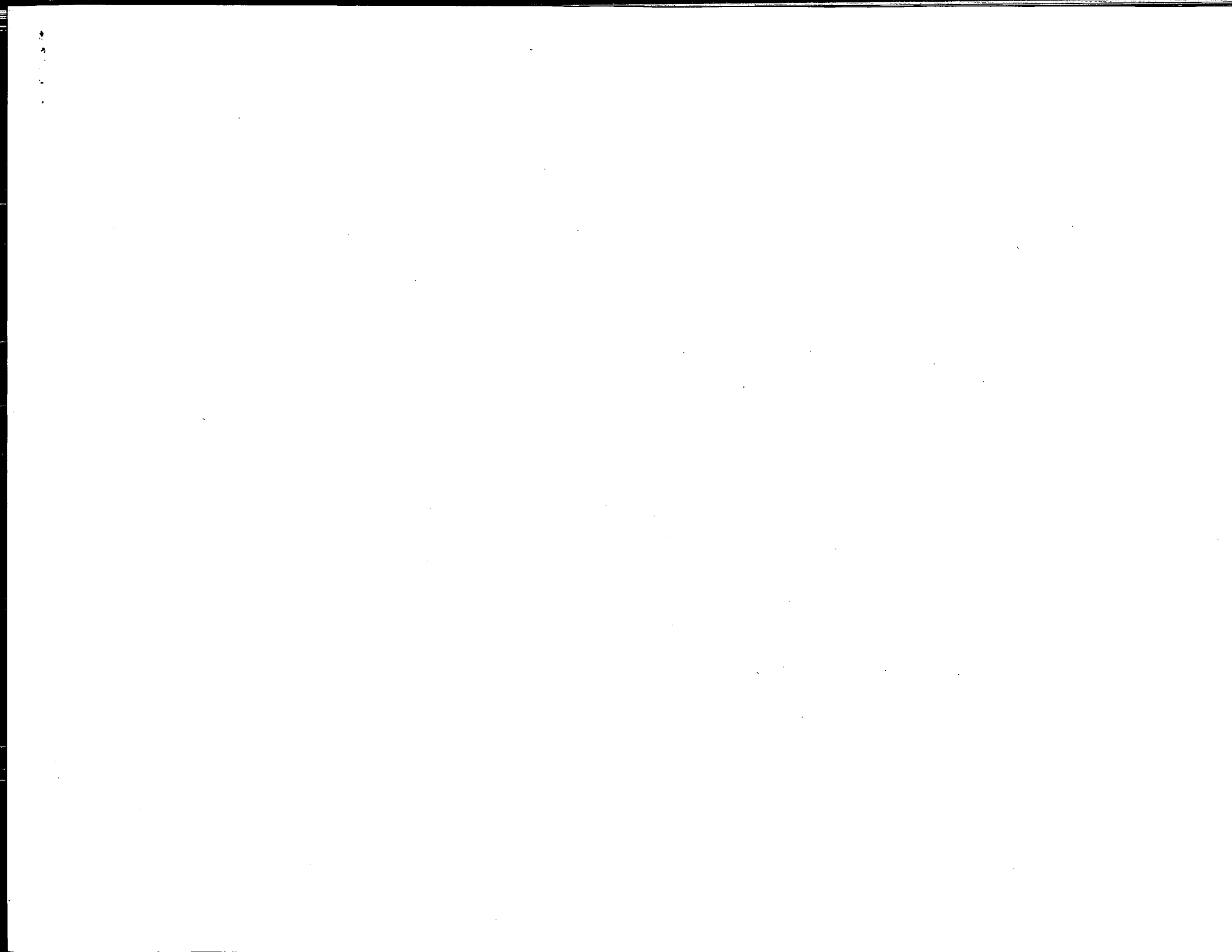
The foregoing procedures do not constitute an examination made in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations as to the sufficiency of the foregoing procedures for your purposes.



City Council  
City of Sacramento and  
PaineWebber, Incorporated  
January 6, 1988  
Page Three

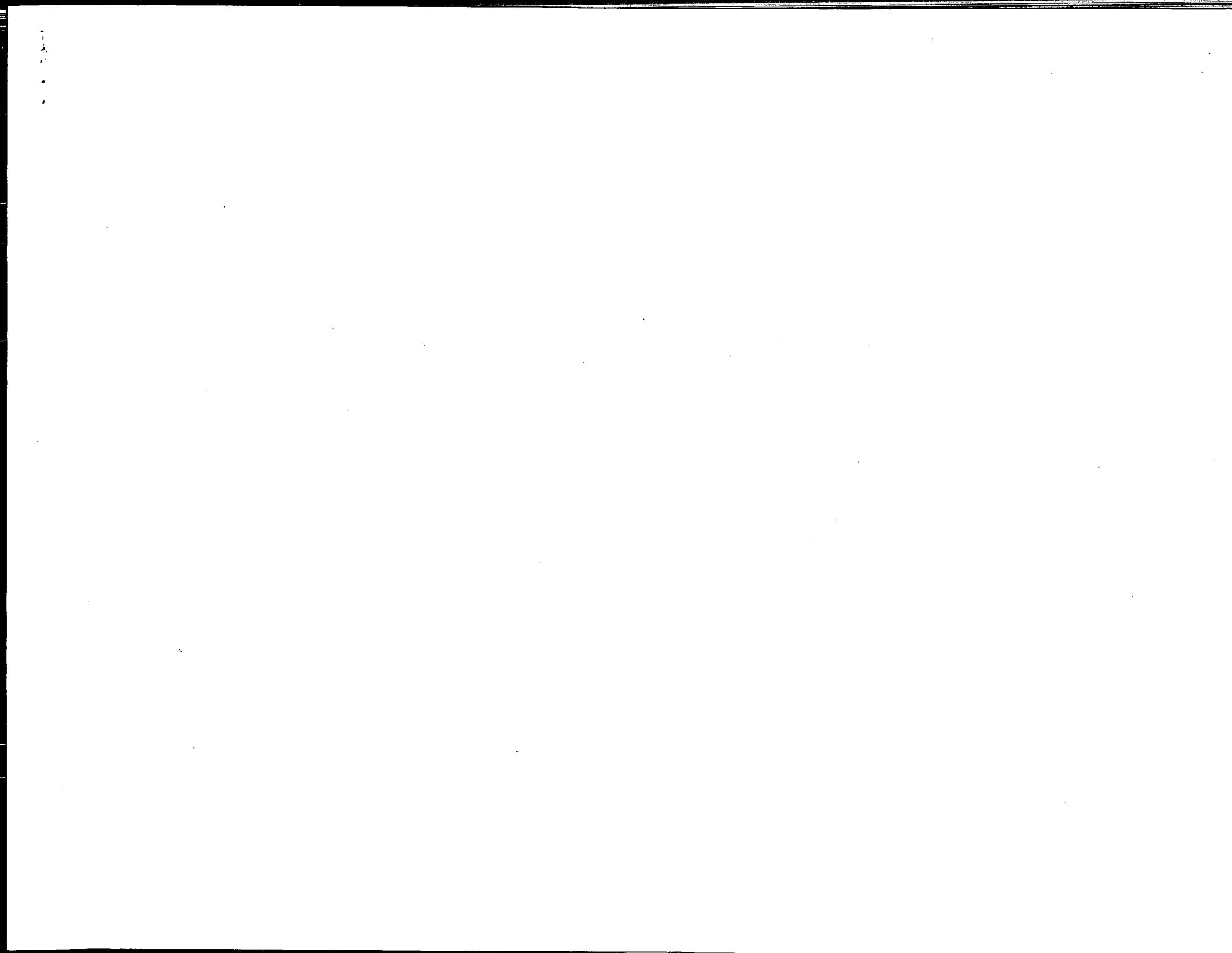
4. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that the unaudited financial statement described in 3.a(1), above, included in the Official Statement, is not stated on a basis substantially consistent with that of the audited Statement of General Fund Revenues, Expenditures and Changes in Fund Balance included in Appendix A to the Official Statement, or that there was any significant change or decrease, except in all instances for changes or decreases that the Official Statement discloses have occurred or may occur.
5. As mentioned under 3.b, City officials have advised us that no financial statements as of any date or for any period subsequent to June 30, 1987, are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after June 30, 1987, have, of necessity, been even more limited than those with respect to the period referred to in 3.a, above. We have made inquiries of certain officials of the City who have responsibility for financial and accounting matters as to whether:
  - a. At January 4, 1988, there was any significant change in the long-term debt of the City or any significant decrease in the fund balance of the General Fund as compared with amounts shown on the balance sheet as of June 30, 1987 (which is not included in the Official Statement); or,
  - b. For the period from July 1, 1987 to January 4, 1988, there were any significant decreases in total revenues, as compared with the corresponding period in the preceding year.

On the basis of these inquiries and our reading of the minutes, nothing came to our attention that caused us to believe that there was any such significant change or decrease, except in all instances for changes or decreases that the Official Statement discloses have occurred or may occur.



City Council  
City of Sacramento and  
PaineWebber, Incorporated  
January 6, 1988  
Page Four

6. For purposes of this letter, with respect to the information included in Table 12 of the Official Statement, we have performed the following additional procedures:
  - a. We compared amounts shown in the column labeled "Estimated 1986-1987" (unaudited) to a schedule compiled from the City's "LGFS" accounting system. We agreed revenues, reserves and designations of fund balance, and total expenditures line item amounts per this schedule to the City's General Fund summary trial balance, and for a sample of expenditure line item amounts, we tested the accumulation of balances from the summary trial balance without exception.
  - b. We compared amounts shown in the columns entitled "1982-83," "1983-84," "1984-85," and "1985-86," with the corresponding amounts shown in the audited combined financial statements of the City for the years then ended and found them to be in agreement.
7. It should be understood that we make no representations as to questions of legal interpretation or as to the sufficiency for your purposes of the procedures enumerated in the preceding paragraphs. Further, we have addressed ourselves solely to the foregoing data as set forth in the Official Statement and make no representations as to the adequacy of disclosure or as to whether any material facts have been omitted.

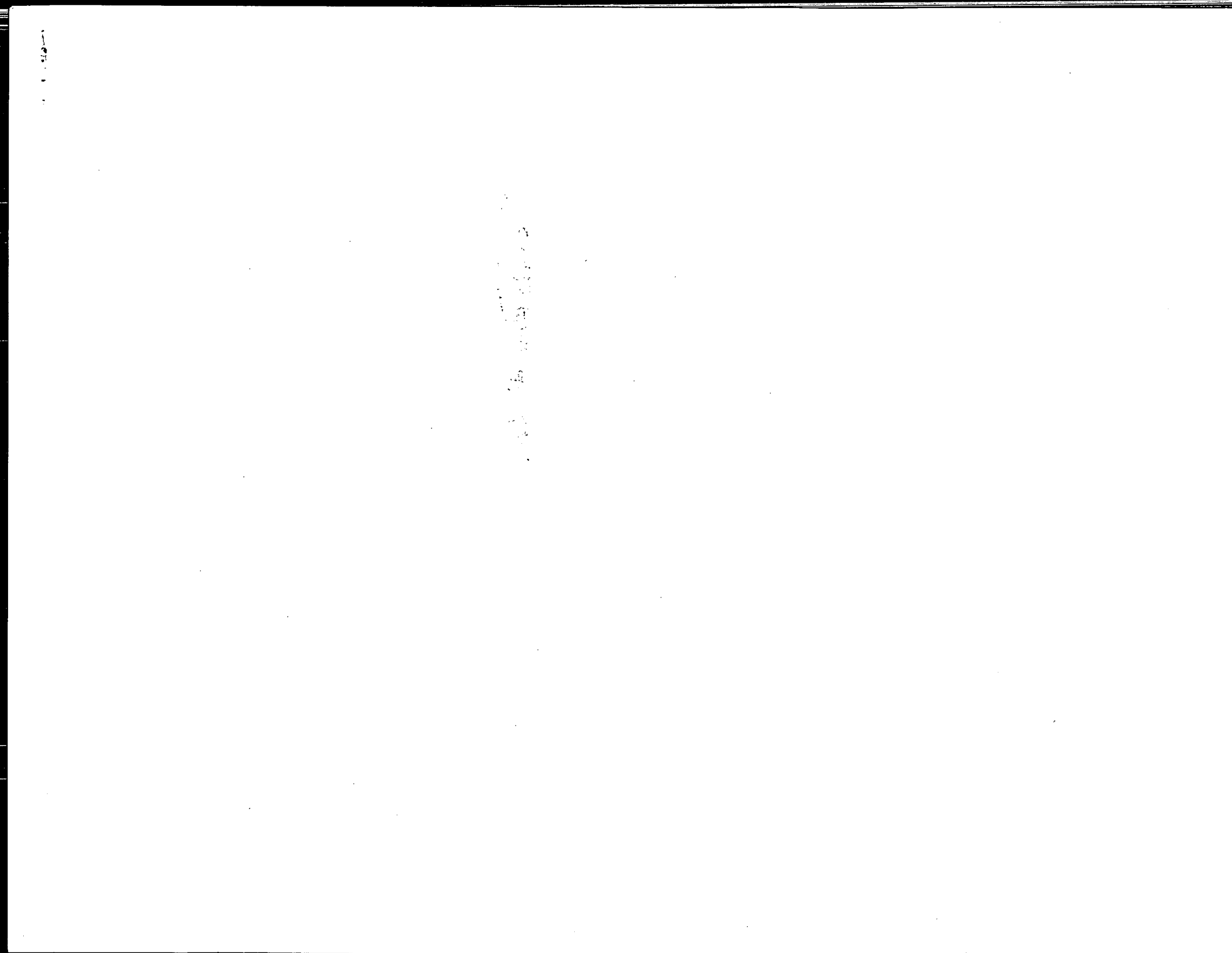




City Council  
City of Sacramento and  
PaineWebber, Incorporated  
January 6, 1988  
Page Five

This letter is solely for the information of the City Council and for the information of, and assistance to, the underwriter in conducting and documenting its investigation of the affairs of the City in connection with the offering of the securities covered by the Official Statement, and is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the purchase or sale of securities, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the Official Statement.

  
Touche Ross & Co.



Touche Ross & Co.  
2335 American River Drive  
Suite 200  
Sacramento, CA 95825-7065  
Telephone: 916 971-3032



ACCOUNTANTS' CONSENT

We consent to the use in the Official Statement of the City of Sacramento, California, relating to the City of Sacramento, California, \$41,650,000 Certificates of Participation (1987 Public Facilities Project), of our report dated March 26, 1987, accompanying the general purpose financial statements of the City of Sacramento, California as of and for the year ended June 30, 1986, contained in such Official Statement.

*Touche Ross & Co*

Certified Public Accountants

Sacramento, California  
January 4, 1988





## SECURITY PACIFIC NATIONAL BANK

HEAD OFFICE, SECURITY PACIFIC PLAZA, 333 SO. HOPE STREET, LOS ANGELES, CALIFORNIA

MAILING ADDRESS: P.O. Box 2097, TERMINAL ANNEX, LOS ANGELES, CALIFORNIA 90051

OFFICE OF THE GENERAL COUNSEL

January 7, 1988

City of Sacramento  
Sacramento, California

Sacramento City Public Facilities  
Financing Corporation  
Sacramento, California

Painewebber Incorporated  
100 California Street, 12th Floor  
San Francisco, California 94111

Stone & Youngberg  
1 California Street, 28th Floor  
San Francisco, California 94111

Cranston/Prescott  
444 South Flower Street, 48th Floor  
Los Angeles, California 90071

\$41,650,000  
City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)

Ladies and Gentlemen:

I am an Associate Counsel of Security Pacific National Bank (the "Trustee"), and in such capacity, I am familiar with that certain Trust Agreement (the "Trust Agreement") dated as of December 1, 1987, by and among the Trustee, the Sacramento City Public Facilities Financing Corporation and the City of Sacramento, relating to the above-referenced Certificates of

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City of Sacramento  
Sacramento City Public Facilities  
Financing Corporation  
Painewebber Incorporated  
Stone & Youngberg  
Cranston/Prescott  
January 7, 1988  
Page 2

Participation (the "Certificates"). All capitalized terms used in this opinion, unless otherwise defined, shall be as defined in the Trust Agreement.

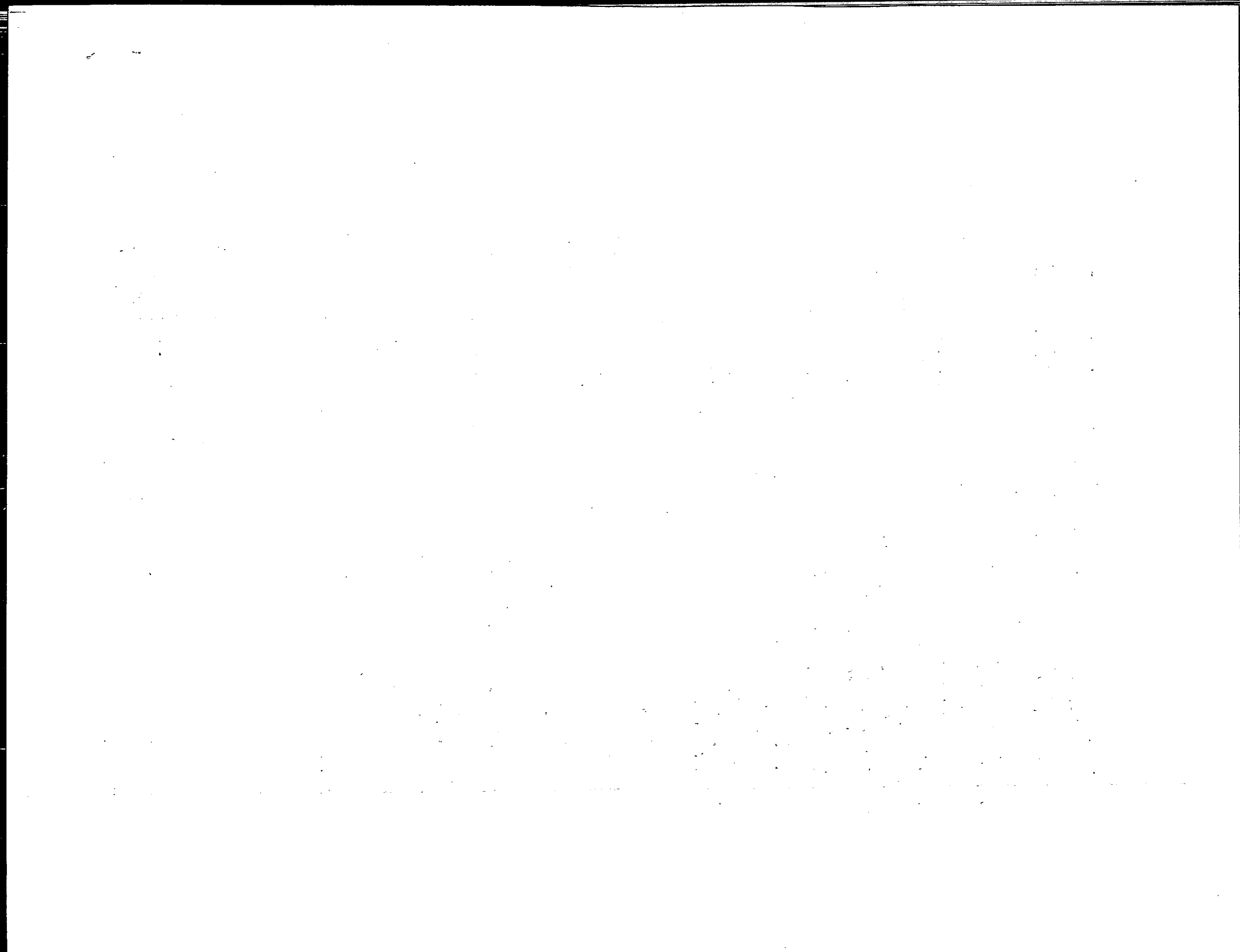
In that connection I have examined (i) the Trust Agreement, (ii) the Assignment Agreement, (iii) the Escrow Agreement, (iv) the Notice of Termination, (v) the Articles of Association and By-Laws of the Trustee, (vi) the General Signature Resolution of the Trustee and (vii) such other documents as were deemed necessary to render this opinion.

In rendering this opinion, I have relied upon facts and information obtained from the records of the Trustee, officers of the Trustee, and other sources believed by me to be reliable, and have not undertaken to independently verify the accuracy of the factual matters represented, warranted or certified in such documents. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Trustee is a national banking association, duly organized and validly existing under and by virtue of the laws of the United States of America, with legal power and authority to perform its obligations and accept its duties under the Trust Agreement.

2. The Trust Agreement, the Certificates, the Assignment Agreement, the Escrow Agreement and the Notice of Termination have each been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, are valid and binding obligations of the Trustee in its capacity as Trustee or Escrow Agent, as the case may be, enforceable in accordance with their terms except insofar as enforcement thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws or judicial decisions affecting the rights of creditors generally or by the application of usual equitable principles where equitable remedies are sought.





City of Sacramento  
Sacramento City Public Facilities  
Financing Corporation  
Painewebber Incorporated  
Stone & Youngberg  
Cranston/Prescott  
January 7, 1988  
Page 3

3. To the best of my knowledge, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery by the Trustee of the Trust Agreement, the Assignment Agreement, the Escrow Agreement and the Notice of Termination except any consent, approval, authorization or other action that may be required by any state or federal securities laws or regulations, with respect to which I express no opinion.

4. No litigation is pending or, to the best of my knowledge, threatened in any way contesting or affecting the existence of powers (including trust powers) of the Trustee or the Trustee's ability to fulfill its duties and obligations under the Trust Agreement, the Assignment Agreement, the Escrow Agreement and the Notice of Termination.

5. To the best of my knowledge, the execution and delivery of the Trust Agreement, the Assignment Agreement, the Escrow Agreement and the Notice of Termination and compliance by the Trustee with the provisions contained therein will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or "Blue Sky" laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Trust Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trust Agreement.

8-12

City of Sacramento  
Sacramento City Public Facilities  
Financing Corporation  
Painewebber Incorporated  
Stone & Youngberg  
Cranston/Prescott  
January 7, 1988  
Page 4

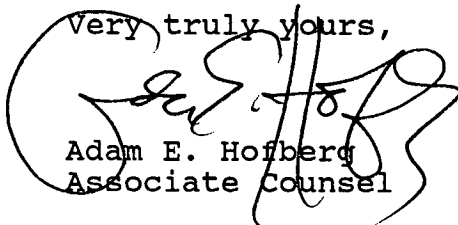
I express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, I specifically express no opinion as to the status of the Certificates or the interest payable thereon under (i) any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, or any state securities or "Blue Sky" law, or (ii) any federal, state or local tax law.

This opinion is as of the date hereof, and I have undertaken no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein. Further, this opinion neither implies, nor should it be viewed to imply, an approval or recommendation of any investment in any Certificates.

I am not admitted to practice law in any state other than the State of California and I do not express my opinion as to the effect of any law other than the law of the State of California and the federal laws of the United States of America on the matters referred to herein.

This opinion is furnished by me solely for your benefit and may not, without my express written consent, be relied upon by any other person.

Very truly yours,

  
Adam E. Hofberg  
Associate Counsel

AEH/mlr

0907R

9112

## Moody's Investors Service

99 Church Street, New York, NY 10007

December 8, 1987

Mr. Thomas Friery  
Treasurer  
City of Sacramento  
800 10th Street Suite 1  
Sacramento, California 95814

Dear Mr. Friery:

We wish to inform you that our Rating Committee has assigned the rating of Aa to the \$42,225,000 Sacramento-Sacramento City Public Facilities Finance Corporation, California Public Facilities Project Certificates of Participation dated December 1, 1987 to be sold through negotiation on December 8, 1987.

In order that we may maintain the currency of this rating over the period of the loan, we will require current financial and other updating information. We will appreciate your continued cooperation in the future.

We would appreciate receiving a copy of the final Official Statement when available.

Under separate cover you will be receiving a copy of our credit report on the above referenced bond sale.

Should you have any questions regarding the above, please do not hesitate to contact Ms. Barbara Flickinger at (212) 553-0300.

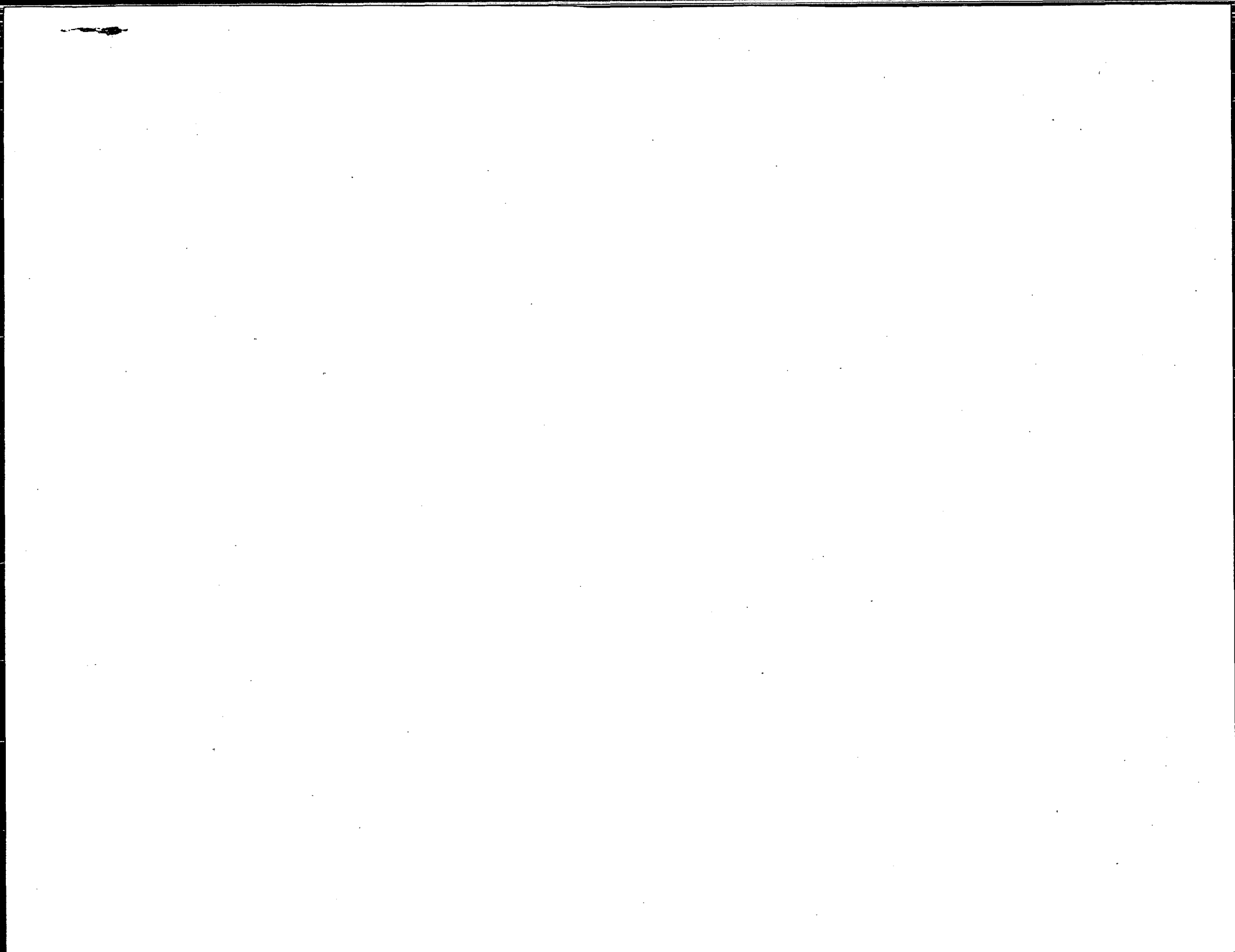
Sincerely yours,



Freda Stern Ackerman  
Executive Vice President

BJF :pl

cc: Mr. Ash D. Wood  
Paine Webber Inc.  
100 California Street  
Suite 1200  
San Francisco, California 94111



# Standard & Poor's Corporation

25 Broadway, New York, New York 10004 212/208-1002



Debt Rating Services  
Municipal Bond Department

December 11, 1987

Mr. Thomas Friery  
Treasurer  
City of Sacramento  
800 Tenth Street - Suite One  
Sacramento, California 95814-2688

Re: \$42,225,000 City of Sacramento, California, Certificates of  
Participation (1987 Public Facilities Project), dated:  
December 1, 1987

Dear Mr. Friery:

Pursuant to request for a Standard & Poor's rating on the above debt obligations, we have reviewed the information furnished to us and, subject to the terms and conditions of the MEMORANDUM OF AGREEMENT on the reverse side hereof, have assigned a rating of "A+" to the obligations.

Please note that the information referred to in the third paragraph of the MEMORANDUM OF AGREEMENT includes annual audits and budgets and, for revenue bond ratings in connection with construction financing, progress reports, not less often than quarterly, covering the project being financed.

In the event that you decide to include this rating in an Official Statement, prospectus or other offering literature, we request that you include S&P's definition of the rating together with a statement that the rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information.

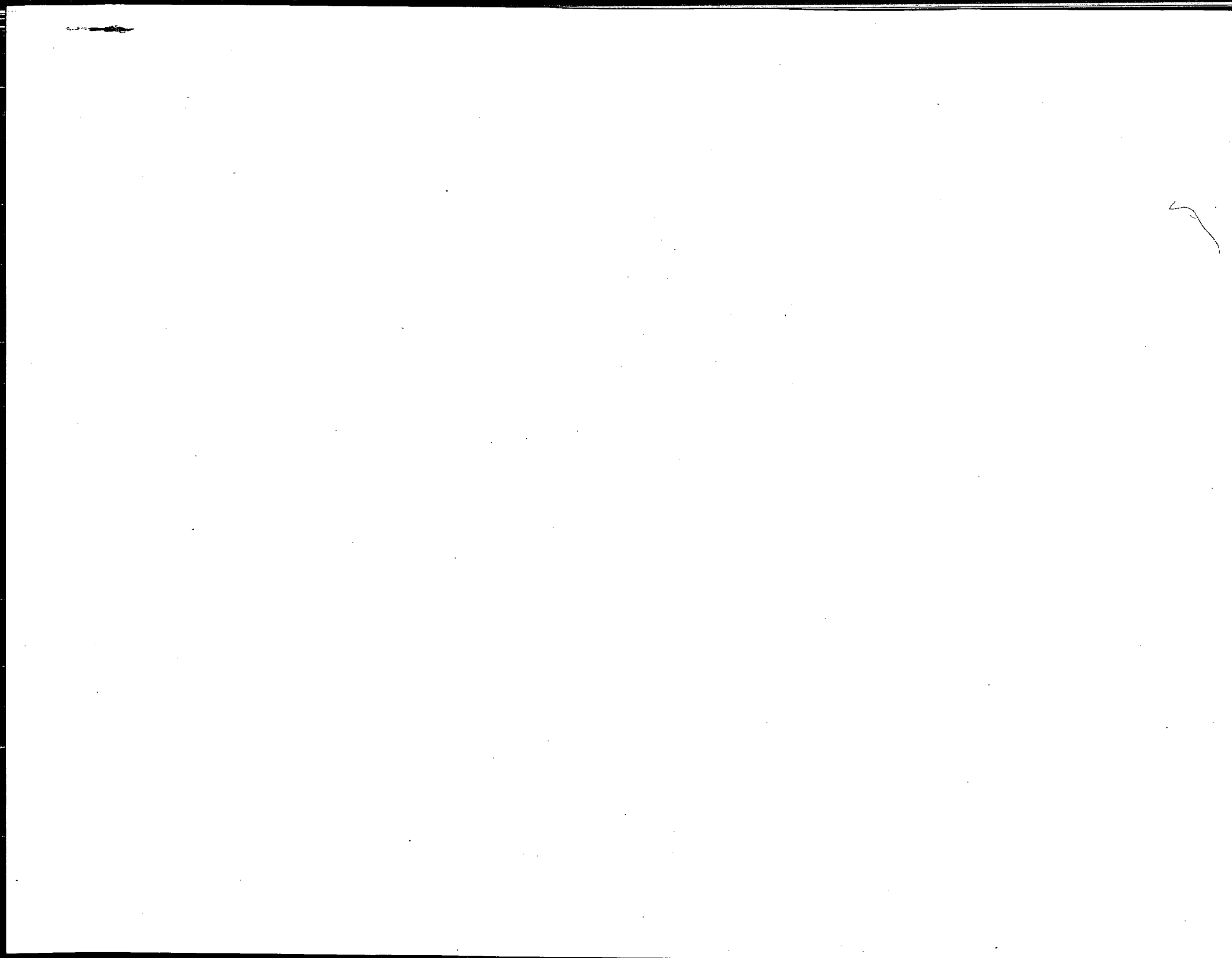
We are pleased to have been of service to you. Our bill will be sent in due course. If you have any questions, please contact us.

Very truly yours,

Hyman C. Grossman  
Managing Director

/ed

cc: Mr. Ashford D. Wood  
Vice President  
Paine Webber Incorporated  
100 California Street - Suite 1200  
San Francisco, California 94111





\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

RECEIPT FOR CERTIFICATES OF PARTICIPATION

The undersigned hereby acknowledge receipt from Security Pacific National Bank, as trustee (the "Trustee") under that certain trust agreement dated as of December 1, 1987, by and among the City of Sacramento (the "City"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the Trustee, of the above-captioned Certificates of Participation all in registered form, in the aggregate principal amount of \$41,650,000 maturing on the dates, in the principal amounts and bearing interest, payable on February 1 and August 1 of each year, commencing August 1, 1988, all as set forth on Exhibit A hereto, all of which Certificates of Participation have been checked, inspected and accepted by the undersigned and the undersigned hereby further acknowledge satisfaction with and receipt of all opinions, documents and certificates contemplated by Section 10 of the Purchase Agreement dated December 8, 1987, by and among the City, the Corporation and the undersigned.

The undersigned further acknowledge receipt from the City of the Good Faith Check in the amount of \$400,000 delivered to the City in accordance with Section 1 of the Purchase Agreement.

Dated: January 7, 1988

PAINWEBBER INCORPORATED  
STONE & YOUNGBERG  
CRANSTON/PRESCOTT, A DIVISION  
OF PRESCOTT, BALL & TURBEN,  
INC.

BY: PAINWEBBER INCORPORATED

By: Richard D. [Signature]  
Title: Vice President

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sac\closing.d21

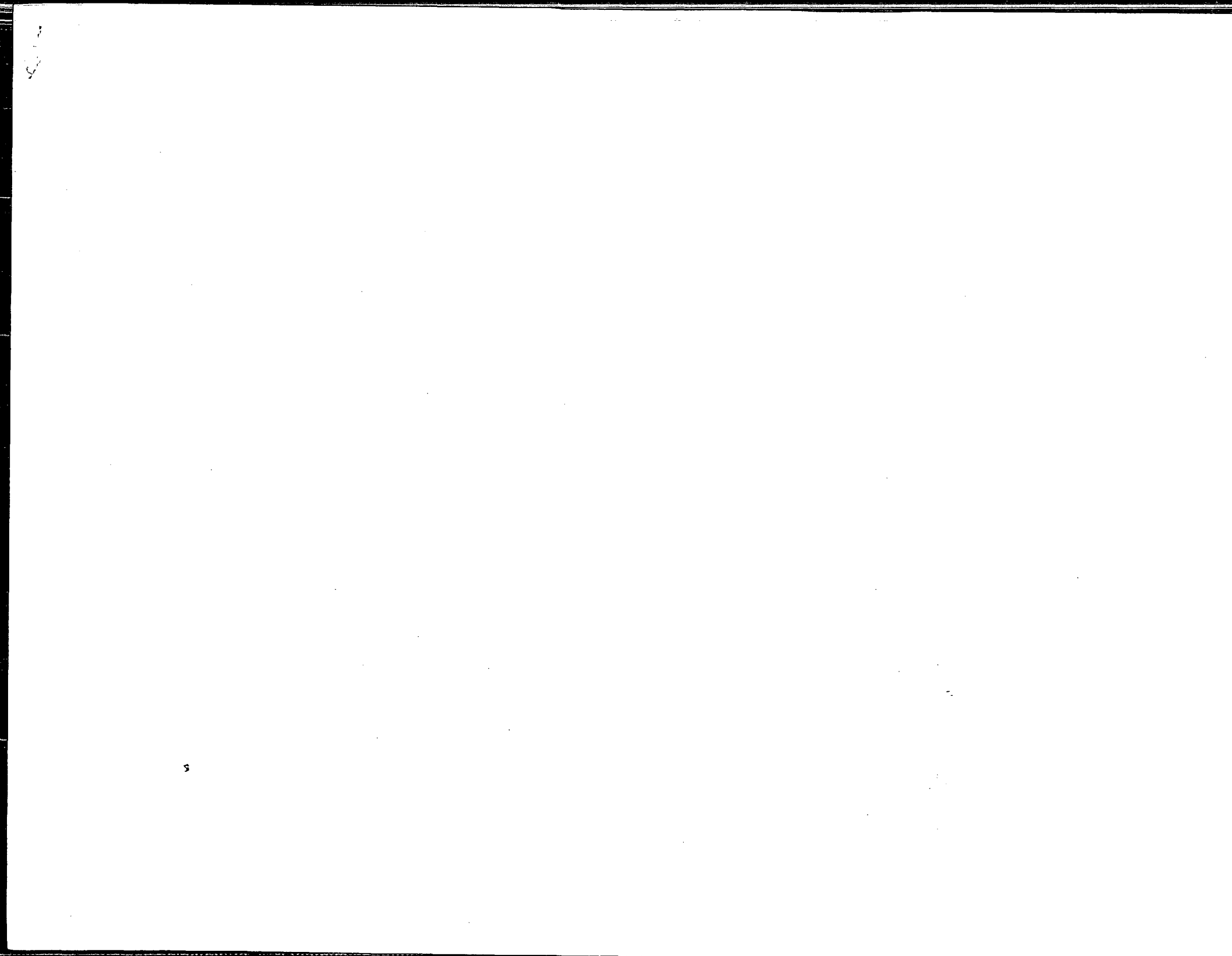
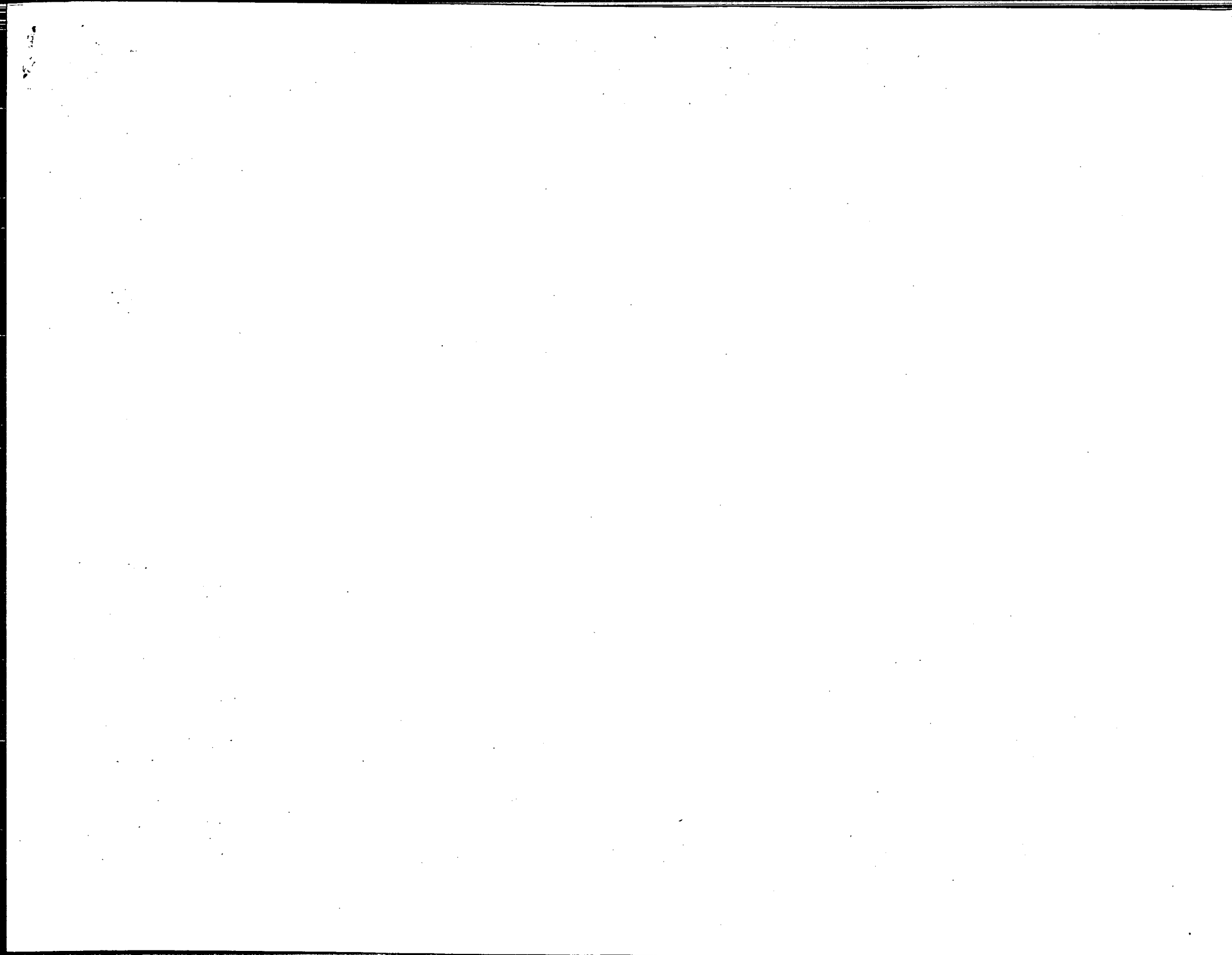


EXHIBIT A

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest</u> <u>Rate</u>
1989	\$ 715,000.00	5.50%
1990	755,000.00	5.80
1991	800,000.00	6.00
1992	850,000.00	6.20
1993	900,000.00	6.40
1994	960,000.00	6.60
1995	1,020,000.00	6.80
1996	1,090,000.00	7.00
1997	1,165,000.00	7.10
1998	1,250,000.00	7.25
1999	1,340,000.00	7.40
2000	1,440,000.00	7.50
2001	1,550,000.00	7.60
2002	1,665,000.00	7.70
2005	5,830,000.00	8.00
2012	<u>20,320,000.00</u>	8.25
TOTAL	<u>\$41,650,000.00</u>	



UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
CITY OF SACRAMENTO  
CERTIFICATE OF PARTICIPATION  
(1987 Public Facilities Project)  
Evidencing and Representing a Proportionate,  
Undivided Interest of the Owner Hereof  
in Rental Payments to Be Made  
by the

NUMBER

\$

CITY OF SACRAMENTO, CALIFORNIA

INTEREST RATE

CERTIFICATE PAYMENT DATE

DATED AS OF  
DECEMBER 1, 1987

CUSIP

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

THIS IS TO CERTIFY that the registered owner set forth above of this Certificate of Participation (the "Certificate") is the owner of a proportionate, undivided interest in the rights to receive the Base Rental Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to that certain Project Lease (the "Project Lease") for the City of Sacramento 1987 Public Facilities Project executed and entered into as of December 1, 1987, by and between the Sacramento City Public Facilities Financing Corporation (the "Corporation"), a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California, and the City of Sacramento (the "City"), a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California, all of which rights to receive such Base Rental Payments have been assigned without recourse by the Corporation to Security Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee"), or any other bank or trust company which may at any time be substituted in its place as provided in the Trust Agreement hereinafter mentioned.

The registered owner of this Certificate is entitled to receive, subject to the terms of the Project Lease and any right of prepayment hereinafter provided for, on the Certificate Payment Date (as that term is defined in the Trust Agreement hereinafter mentioned, and herein a "Certificate Payment Date") set forth above, upon surrender of this Certificate on such Certificate Payment Date or on the date of prepayment prior thereto at the principal corporate trust office of the Trustee in Los Angeles, California, the principal sum set forth above together with any prepayment premium thereon, evidencing and representing the registered owner's proportionate share of the Base Rental Payments constituting principal and prepayment premium components, if any, becoming due and payable on such Certificate Payment Date or on the date of prepayment prior thereto, and to receive on August 1, 1988 and each February 1 and August 1 thereafter (the "Interest Payment Dates"), such registered owner's proportionate share of the interest

components of the Base Rental Payments evidenced and represented hereby, such interest accruing from the Interest Payment Date next preceding the date of execution hereof by the Trustee (unless such date of execution is on or after the sixteenth (16th) day of the month next preceding an Interest Payment Date, in which case from such Interest Payment Date, or unless such date of execution is prior to July 16, 1988, in which case from December 1, 1987) to such Certificate Payment Date or the date of prepayment prior thereto, whichever is earlier, by check mailed on such dates to the registered owner of this Certificate as shown in the registration books maintained by the Trustee at the close of business on the fifteenth (15th) day of the month, whether or not such day is a business day, next preceding such Interest Payment Date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner's option, be made by wire transfer of immediately available funds in accordance with instructions provided by such registered owner). Such proportionate share of the interest components of the Base Rental Payments is the result of the multiplication of the aforesaid portion of the Base Rental Payments evidencing and representing principal components becoming due and payable on such Certificate Payment Date by the interest rate per annum set forth above. All such amounts are payable in lawful money of the United States of America.

THE TERMS AND PROVISIONS OF THIS CERTIFICATE ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, this Certificate has been dated as of December 1, 1987, and has been executed by the manual signature of an authorized officer of the Trustee on the following date:

SECURITY PACIFIC NATIONAL BANK,

as Trustee

SPECIMEN

AUTHORIZED OFFICER

**CITY OF SACRAMENTO  
CERTIFICATE OF PARTICIPATION  
(1987 Public Facilities Project)  
Evidencing and Representing a Proportionate,  
Undivided Interest of the Owner Hereof  
in Rental Payments to Be Made  
by the  
CITY OF SACRAMENTO, CALIFORNIA**

This Certificate is one of the duly authorized certificates of participation (the "Certificates") entitled "City of Sacramento Certificates of Participation (1987 Public Facilities Project)" aggregating forty-one million six hundred fifty thousand dollars (\$41,650,000) which have been executed by the Trustee under and pursuant to the terms of a Trust Agreement (the "Trust Agreement") executed and entered into as of December 1, 1987, by and among the Trustee, the Corporation and the City. Copies of the Trust Agreement are on file at the office of the Trustee, and reference is hereby made to the Trust Agreement and to any and all amendments thereto and supplements thereto for a description of the agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Certificates with respect thereto and for the agreements, conditions, covenants and terms upon which the Certificates are executed and delivered thereunder all to which the registered owner hereof assents and agrees by acceptance hereof.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended or supplemented by the parties thereto, but no such amendment or supplement shall (1) reduce the rate of interest evidenced and represented hereby or extend the time of payment thereof or reduce the amount of the principal and prepayment premium, if any, evidenced and represented hereby or extend the Certificate Payment Date hereof or otherwise alter or impair the obligation of the City to pay the interest and principal and prepayment premium, if any, evidenced and represented hereby at the time and place and at the rate and in the currency and from the funds provided in the Trust Agreement without the prior written consent of the registered owner hereof, or (2) reduce the percentage of registered owners of Certificates whose consent is required for the execution of certain amendments of or supplements to the Trust Agreement, or (3) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, except that no Certificate shall have more than one Certificate Payment Date.

This Certificate is transferable or exchangeable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement; and upon surrender of this Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Certificate or Certificates of authorized denominations of the same Certificate Payment Date equal to the principal amount hereof will be executed and delivered by the Trustee in exchange hereof. The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by this Certificate shall be made only to such registered owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by this Certificate to the extent of the sum or sums so paid.

The Certificates are subject to prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, as a whole on any date, or in part on any Interest Payment Date within each Certificate Payment Date in integral multiples of five thousand dollars (\$5,000) so that the aggregate annual amounts of principal evidenced and represented by the Certificates which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of principal evidenced and represented by the then unpaid Certificates, from prepaid Base Rental Payments made by the City from funds received by the City due to a taking of the Project (as defined in the Trust Agreement) or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the Project or portions thereof, under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and in the Project Lease, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment.

The Certificates with a Certificate Payment Date of August 1, 2005, and August 1, 2012, are subject to mandatory prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, in part on any August 1 on or after August 1, 2003, and August 1, 2008, and in integral multiples of five thousand dollars (\$5,000) solely from scheduled Base Rental Payments becoming due on such dates (as provided in the Project Lease and in the Trust Agreement), at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment.

**LEGAL OPINION**

I hereby certify that the following is a correct copy of the signed legal opinion of Orrick, Herrington & Sutcliffe, San Francisco, California, and Arnelle & Hastie, San Francisco, California, on file in my office, dated the date of delivery of and payment for the certificates of participation therein described.

LAW OFFICES

**ORRICK, HERRINGTON & SUTCLIFFE**  
600 MONTGOMERY STREET  
SAN FRANCISCO, CA 94111

City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)  
(Final Opinion)

We have acted as co-special counsel in connection with the execution and delivery of \$41,650,000 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project) (the "Certificates") each evidencing and representing a proportionate, undivided interest of the registered owner thereof in the rights to receive certain Base Rental Payments (as that term is defined in the Trust Agreement hereinafter mentioned). In such connection, we have examined the record of proceedings submitted to us relative to the execution and delivery of the Certificates and such other matters as we deemed necessary to render the following opinions, including a Project Lease, dated as of December 1, 1987 (the "Lease"), between the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"), a Trust Agreement, dated as of December 1, 1987 (the "Trust Agreement"), among the Corporation, the City and Security Pacific National Bank as Trustee (the "Trustee"), an Assignment Agreement, dated as of December 1, 1987 (the "Assignment Agreement"), between the Corporation and the Trustee, opinions of counsel to the Corporation and the Trustee with respect to the Corporation, the Trustee, the Certificates and the foregoing documents, and certifications of the City, the Trustee, the Corporation and others as to certain factual matters.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Lease and other relevant documents may be changed and certain actions may be taken under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Certificate or the interest represented thereby if any such change occurs or action is taken upon the advice or approval of bond counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur. Also, in examining the record of proceedings referred to in the first paragraph, we have not undertaken to verify independently the accuracy of the factual matters represented, warranted or certified in such record, and we have assumed compliance with the covenants and agreements contained in the Lease, the Trust Agreement and the Assignment Agreement. In particular, compliance with such covenants and agreements may be necessary to assure that future actions or events will not cause interest represented by the Certificates to be included in gross income for federal income tax purposes. We have not undertaken to investigate the state of title to any of the real or personal property described in the Lease or the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters. In addition, we call attention to the fact that the rights and obligations under the Certificates, the Lease, the Trust Agreement and the Assignment Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against municipal corporations in the State of California.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The City is a charter city and municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California.
2. The Lease and the Trust Agreement have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid, legal and binding obligations of the City, enforceable against the City in accordance with their respective terms.
3. The obligation of the City to make the Base Rental Payments during the term of the Lease constitutes a legal, valid and binding obligation of the City, payable from funds of the City lawfully available therefor, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.
4. The Certificates have been executed and delivered and are entitled to the benefits of the Trust Agreement.
5. The portion of each Base Rental Payment designated as and constituting interest paid by the City under the Lease and received by the registered owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1936, as amended, and is exempt from State of California personal income tax. Such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted net book income and adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other federal income tax consequences caused by the receipt of interest represented by the Certificates.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE

Per

*S. Funt*

**ASSIGNMENT**

For value received, the undersigned do(es) hereby sell, assign and transfer unto

the within Certificate and do(es) hereby irrevocably constitute and appoint

to transfer such Certificate on the register of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED BY: \_\_\_\_\_

Very truly yours,

ARNELLE & HASTIE

*Arnelle & Hastie*

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Mudge Rose Guthrie  
Alexander & Ferdon  
333 S. Grand Ave, Suite 2020  
Los Angeles, California 90071

Harrison Taylor & Bazile  
449 15th Street, Suite 303  
Oakland, California 94612

January 7, 1988

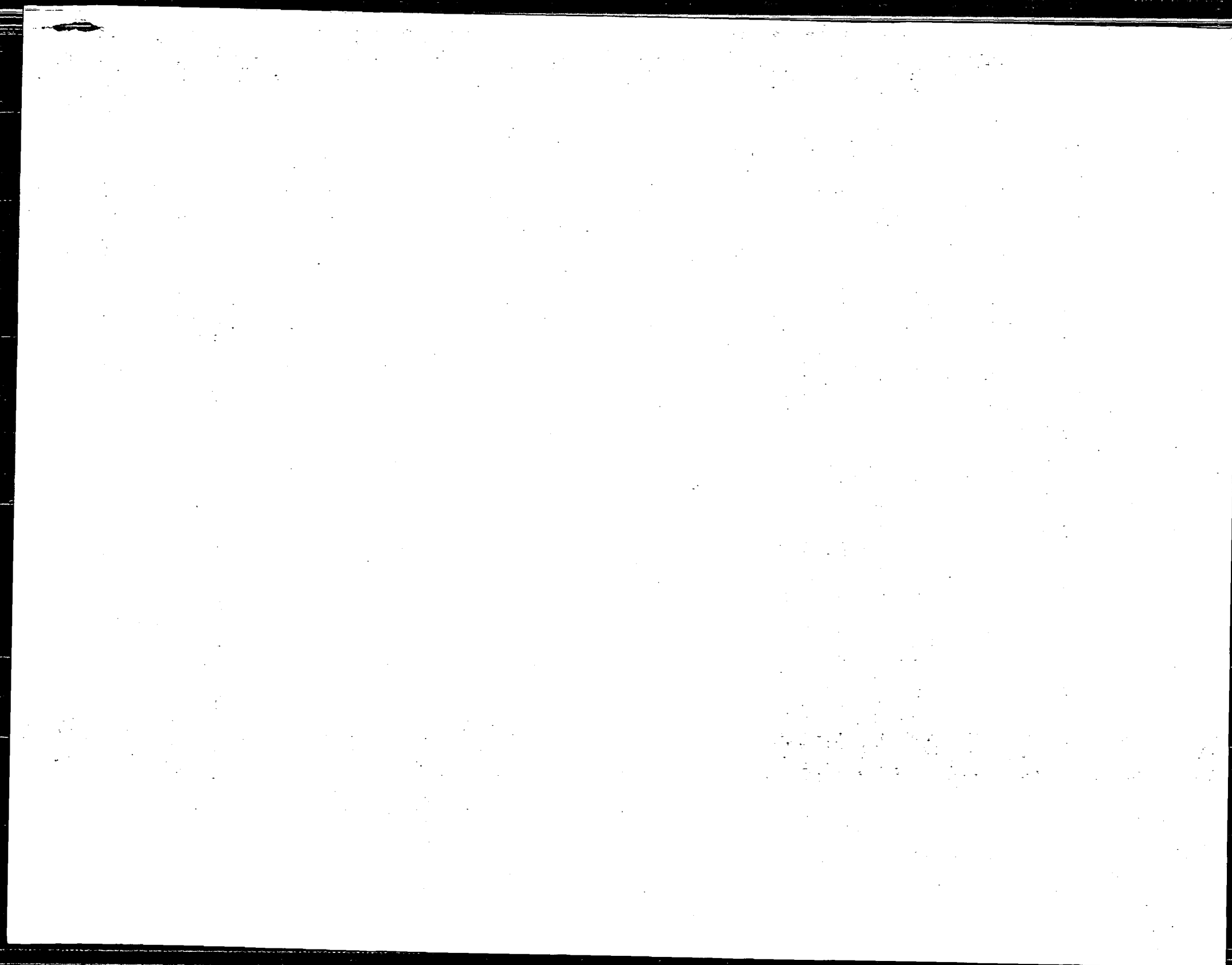
PaineWebber Incorporated  
Stone & Youngberg  
Cranston/Prescott  
(Division of Prescott Ball &  
Turben, Inc.)

\$41,650,000  
City of Sacramento  
Certificates of Participation  
(1987 Public Facilities  
Project)

Ladies and Gentlemen:

We have acted as co-counsel to you as the Underwriters named in the Purchase Agreement dated December 8, 1987 (the "Purchase Agreement"), by and among you and the City of Sacramento (the "City") and the Sacramento City Public Facilities Financing Corporation (the "Corporation"), pursuant to which you have agreed to purchase the above referenced certificates of participation (the "Certificates"). The Certificates are being executed and delivered under and pursuant to a Trust Agreement executed and entered into as of December 1, 1987 (the "Trust Agreement") by and among Security Pacific National Bank (the "Trustee"), the City and the Corporation, and are more fully described in the Official Statement of the City dated December 8, 1987 (the "Official Statement"). This opinion is being delivered pursuant to the Purchase Agreement.

In rendering this opinion we have reviewed the Official Statement and made such investigations of law and fact as we have deemed necessary or appropriate.





Based on the foregoing, it is our opinion that the Certificates are exempt from registration under the Securities Act of 1933, as amended, and that the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

In our capacity as co-counsel, we have rendered certain legal advice and assistance in connection with the preparation of the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in conferences with, among others, your representatives and representatives of the City, its Co-Special Counsel, Orrick Herrington & Sutcliffe and Arnelle & Hastie, and its City Attorney, at which the contents of the Official Statement and related matters were discussed, but we have not independently verified and are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement.

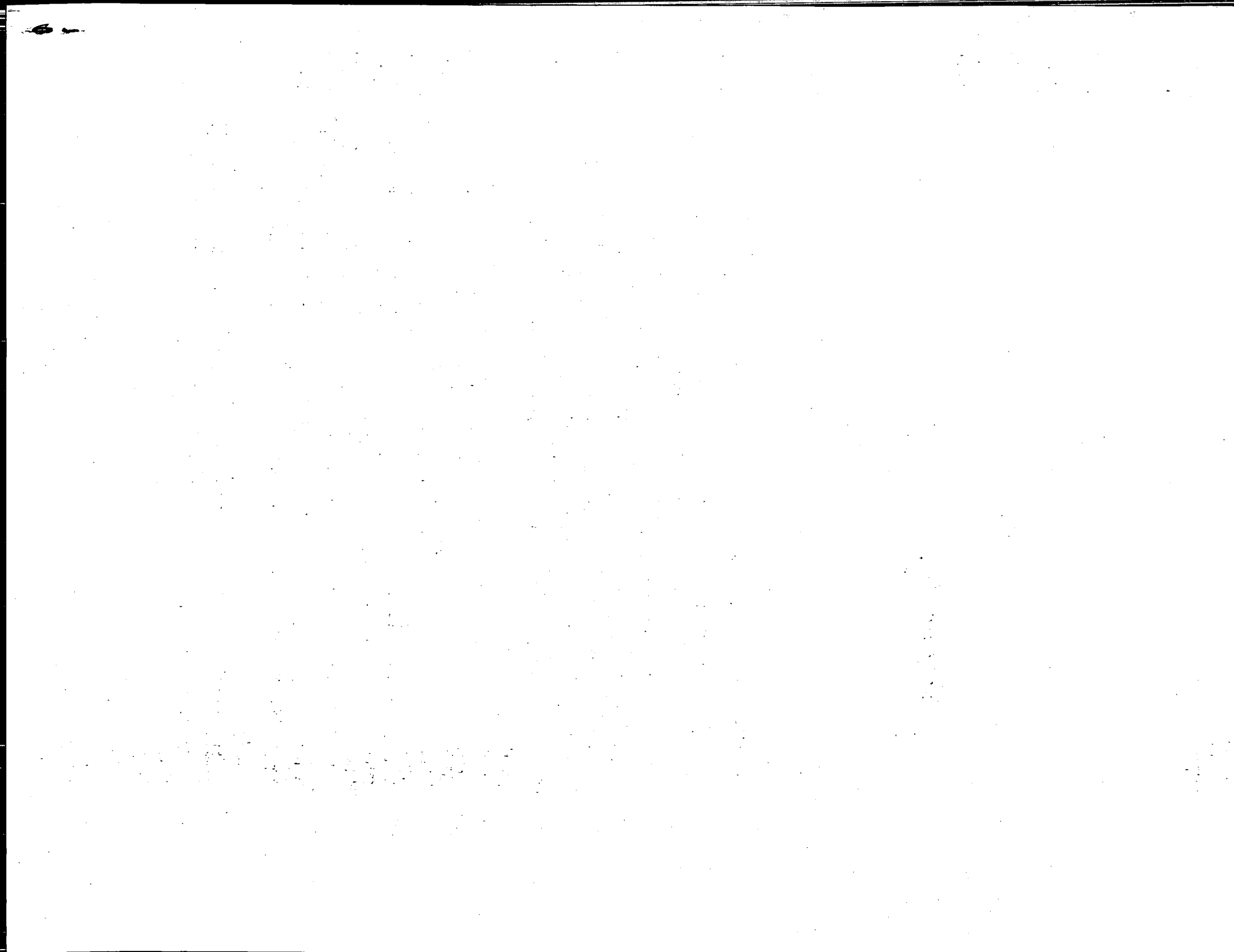
On the basis of the information made available to us in the course of the foregoing, but without independent verification, and in reliance thereon and on the records, documents and proceedings herein mentioned, we advise you that nothing has come to our attention that would lead us to believe that the Official Statement (except as to financial information and statistical data included therein and in Appendices A and D thereto, as to which we express no view) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for your benefit and no other person is entitled to rely hereon.

Very truly yours,

*Marjorie Lee Arthur Alexander + Friedman*

*Harrison, Taylor & Borgelle*



LAW OFFICES  
ORRICK, HERRINGTON & SUTCLIFFE  
600 MONTGOMERY STREET  
SAN FRANCISCO, CALIFORNIA 94111  
TELEPHONE (415) 392-1122  
TELECOPIER (415) 773-5759 TELEX 70-3520

ARNELLE & HASTIE  
ATTORNEYS AT LAW  
1160 BATTERY STREET, SUITE 380  
SAN FRANCISCO, CALIFORNIA 94111-1204  
TELEPHONE: (415) 544-8864 TELEX: 184150  
TELECOPIER: (415) 544-7991

January 7, 1988

City Council  
City of Sacramento  
Sacramento, California

Re: City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as co-special counsel in connection with the execution and delivery of \$41,650,000 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project) (the "Certificates") each evidencing and representing a proportionate, undivided interest of the registered owner thereof in the rights to receive certain Base Rental Payments (as that term is defined in the Trust Agreement hereinafter mentioned). In such connection, we have examined the record of proceedings submitted to us relative to the execution and delivery of the Certificates and such other matters as we deemed necessary to render the following opinions, including a Project Lease, dated as of December 1, 1987 (the "Lease"), between the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"), a Trust Agreement, dated as of December 1, 1987 (the "Trust Agreement"), among the Corporation, the City and Security Pacific National Bank, as trustee (the "Trustee"), an Assignment Agreement, dated as of December 1, 1987 (the "Assignment Agreement"), between the Corporation and the Trustee, opinions of counsel to the Corporation and the Trustee with respect to the Corporation, the Trustee, the Certificates and the foregoing documents, and certifications of the City, the Trustee, the Corporation and others as to certain factual matters.

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Sacramento City Council  
January 7, 1988  
Page 2

Certain requirements and procedures contained or referred to in the Trust Agreement, the Lease and other relevant documents may be changed and certain actions may be taken under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Certificate or the interest represented thereby if any such change occurs or action is taken upon the advice or approval of bond counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur. Also, in examining the record of proceedings referred to in the first paragraph, we have not undertaken to verify independently the accuracy of the factual matters represented, warranted or certified in such record, and we have assumed compliance with the covenants and agreements contained in the Lease, the Trust Agreement and the Assignment Agreement. In particular, compliance with such covenants and agreements may be necessary to assure that future actions or events will not cause interest represented by the Certificates to be included in gross income for federal income tax purposes. We have not undertaken to investigate the state of title to any of the real or personal property described in the Lease or the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters. In addition, we call attention to the fact that the rights and obligations under the Certificates, the Lease, the Trust Agreement and the Assignment Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against municipal corporations in the State of California.

9

2

Sacramento City Council  
January 7, 1988  
Page 3

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The City is a charter city and municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The Lease and the Trust Agreement have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid, legal and binding obligations of the City, enforceable against the City in accordance with their respective terms.

3. The obligation of the City to make the Base Rental Payments during the term of the Lease constitutes a legal, valid and binding obligation of the City, payable from funds of the City lawfully available therefor, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

4. The Certificates have been executed and delivered and are entitled to the benefits of the Trust Agreement.

5. The portion of each Base Rental Payment designated as and constituting interest paid by the City under the Lease and received by the registered owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income tax. Such interest is not a specific preference item for purposes of the federal individual or

9

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Sacramento City Council  
January 7, 1988  
Page 4

corporate alternative minimum taxes, although we observe that it is included in adjusted net book income and adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other federal income tax consequences caused by the receipt of interest represented by the Certificates.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE

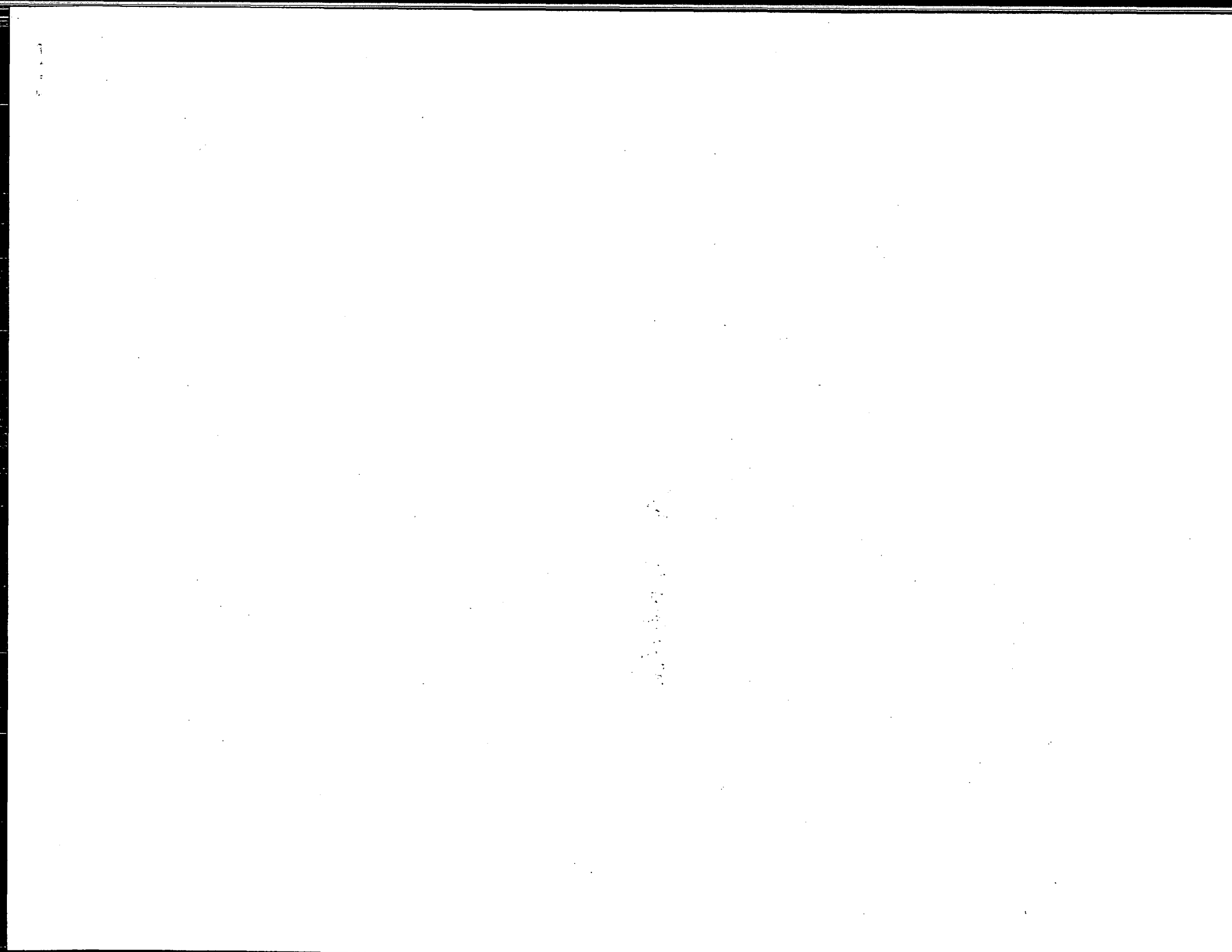
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Very truly yours,

ARNELLE & HASTIE





RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

EXECUTION COPY

ORRICK, HERRINGTON & SUTCLIFFE  
555 Capitol Mall, Suite 1200  
Sacramento, California 95814

Attention: Randolph Hooks

PROJECT LEASE

PROJECT LEASE

by and between the by and between the

SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION

and the

CITY OF SACRAMENTO

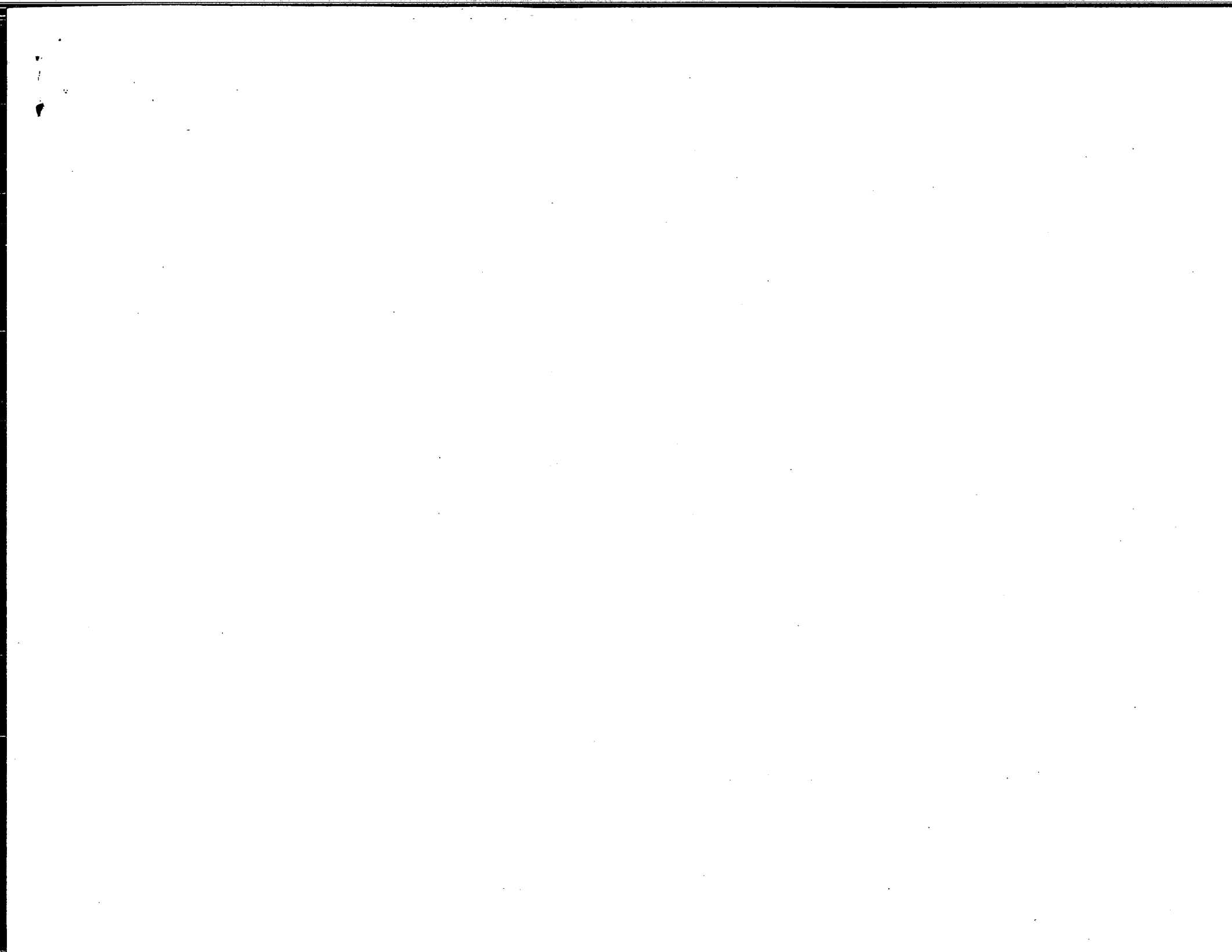
FOR THE  
CITY OF SACRAMENTO  
1987 PUBLIC FACILITIES PROJECT

Executed and Entered Into as of December 1, 1987

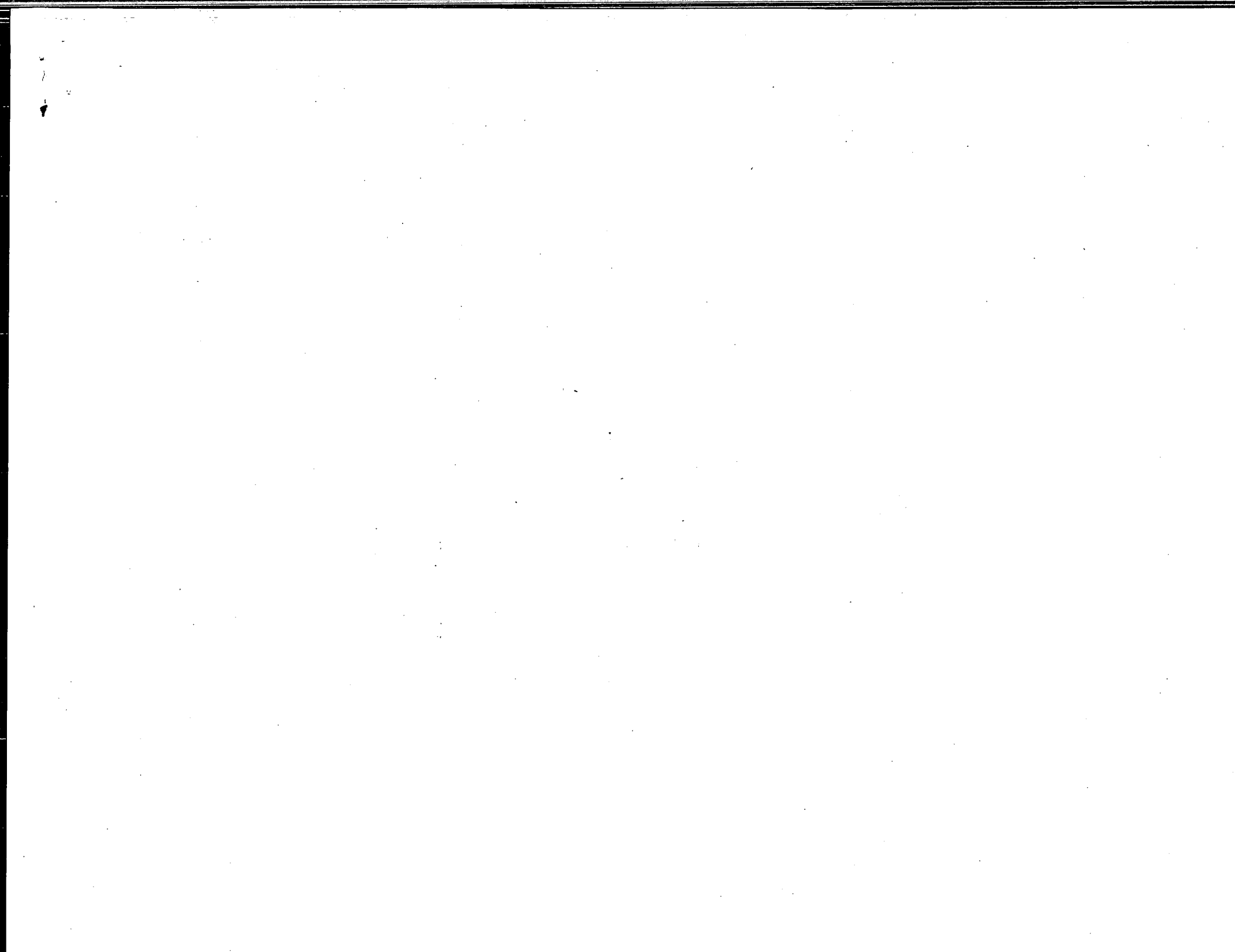
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City Agreement No. 87149

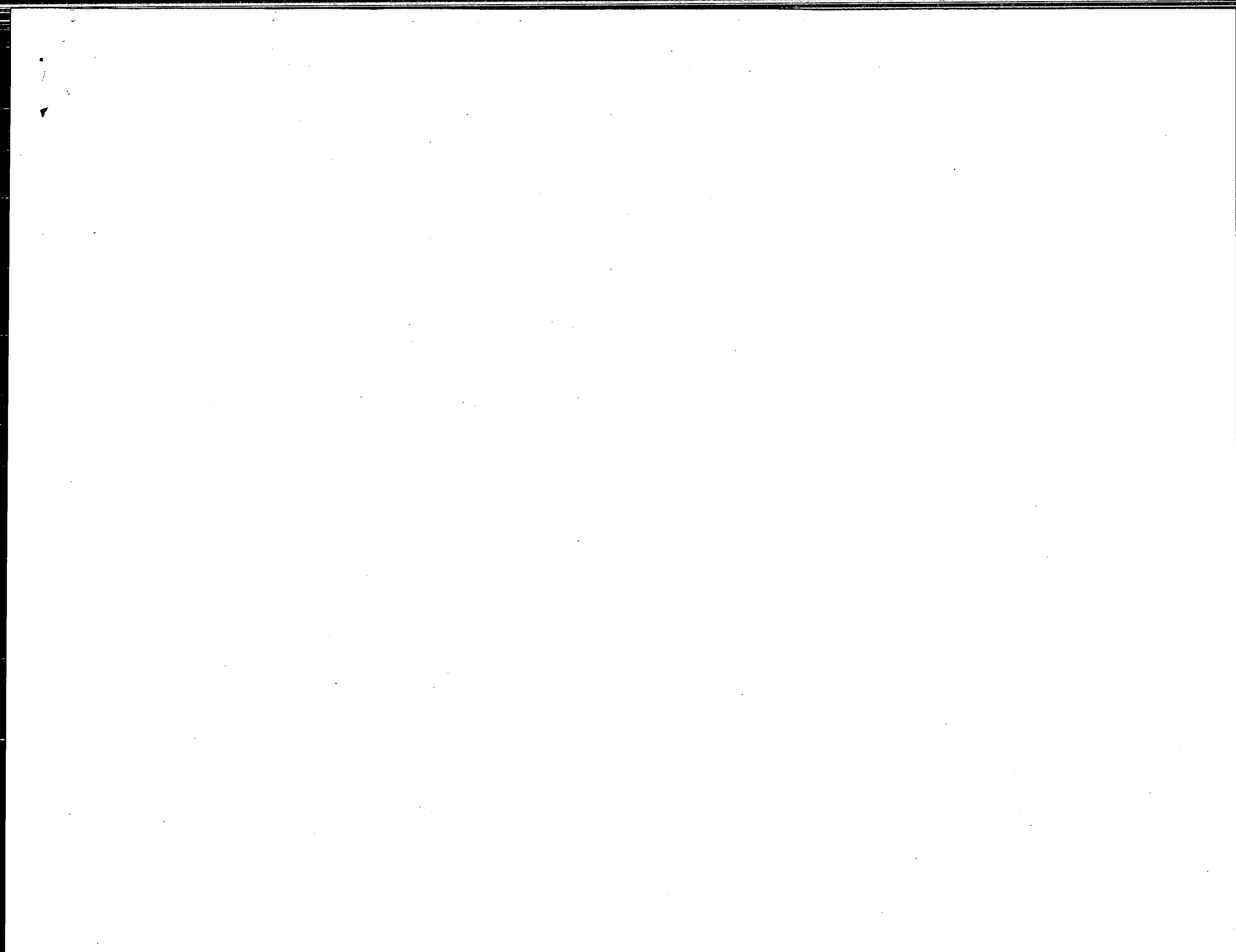
City Agreement No. 87149



	<u>Page</u>
SECTION 5.05. Prepayment of Rental Payments .....	12
SECTION 5.06. Obligation to Make Rental Payments .....	13
ARTICLE VI TITLE TO THE PROJECT; SECURITY INTEREST	
SECTION 6.01. Title to the Project .....	13
SECTION 6.02. Security Interest .....	13
ARTICLE VII MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES	
SECTION 7.01. Maintenance of the Project by the City .	14
SECTION 7.02. Taxes, Other Governmental Charges and Utility Charges .....	14
SECTION 7.03. Insurance .....	14
SECTION 7.04. Advances .....	16
ARTICLE VIII DAMAGE, DESTRUCTION AND CONDEMNATION	
SECTION 8.01. Damage, Destruction and Condemnation; Use of Net Proceeds .....	17
ARTICLE IX DISCLAIMER OF WARRANTIES; USE OF THE PROJECT	
SECTION 9.01. Disclaimer of Warranties .....	17
SECTION 9.02. Use of the Project .....	18
ARTICLE X VESTING OF TITLE	
SECTION 10.01. Vesting of Title .....	18
ARTICLE XI ASSIGNMENT AND INDEMNIFICATION	
SECTION 11.01. Assignment by Corporation .....	18
SECTION 11.02. Assignment by Lessee .....	19
SECTION 11.03. Indemnification .....	19



	Page	Page
ARTICLE XII DEFAULT		
SECTION 12.01. Default .....	19	
ARTICLE XIII MISCELLANEOUS		
SECTION 13.01. Notices .....	22	
SECTION 13.02. Binding Effect .....	22	
SECTION 13.03. Trustee a Third Party Beneficiary .....	22	
SECTION 13.04. Net Lease .....	22	
SECTION 13.05. Amendments .....	23	
SECTION 13.06. Partial Invalidity .....	24	
SECTION 13.07. California Law .....	24	
SECTION 13.08. Section Headings .....	24	
SECTION 13.09. Severability .....	24	
SECTION 13.10. Execution .....	24	
EXECUTION .....	25	
EXHIBIT A - Description of Site .....	A-1	
EXHIBIT B - Base Rental Payment Schedule .....	B-1	





## PROJECT LEASE

This Project Lease (the "Project Lease"), executed and entered into as of December 1, 1987, by and between the Sacramento City Public Facilities Financing Corporation, a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), and the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City");

### W I T N E S S E T H:

WHEREAS, the Corporation has agreed to acquire a fine arts theater for public assembly and convention purposes and related sites and to lease the same to the City; and

WHEREAS, the City is authorized pursuant to the laws of the State of California to lease real property which is necessary and proper for municipal purposes and to lease personal property which is necessary and proper for municipal purposes; and

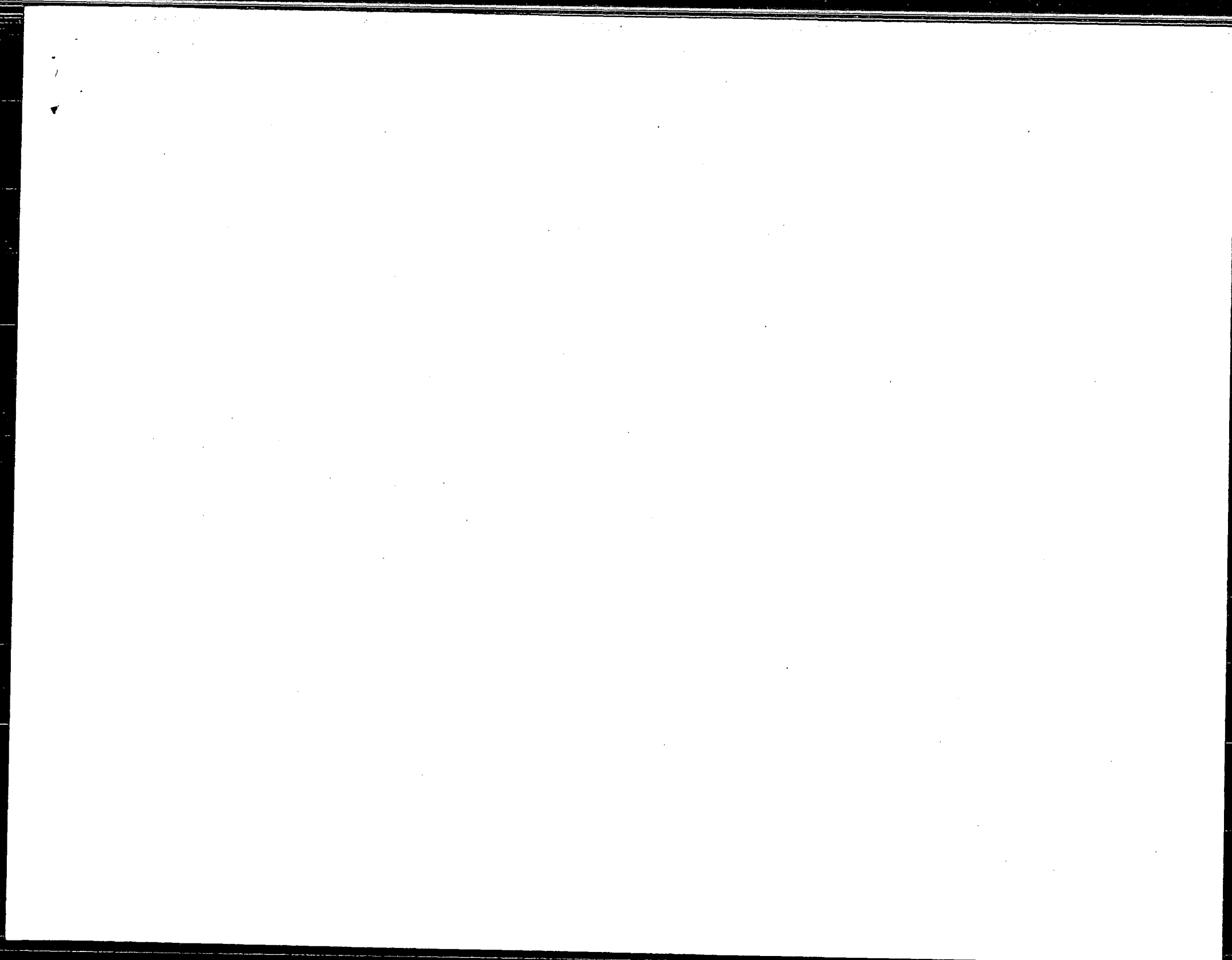
WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Project Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Project Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

### ARTICLE I

#### DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:



Acquisition Agreement

"Acquisition Agreement" means that certain Acquisition Agreement executed and entered into as of December 1, 1987, by and between the City and the Corporation, pursuant to which the City sells the Project to the Corporation.

Additional Rental or Additional Rental Payments

"Additional Rental" or "Additional Rental Payments" means all amounts payable to the Corporation or the Trustee from the City as Additional Rental pursuant to Section 5.01(b).

Assignment Agreement

"Assignment Agreement" means that certain Assignment Agreement executed and entered into as of December 1, 1987, by and between the Corporation and the Trustee, as originally executed and entered into and as it may from time to time be amended or supplemented.

Base Rental or Base Rental Payments

"Base Rental" or "Base Rental Payments" means all amounts payable to the Agency from the City as Base Rental pursuant to Section 5.01(a).

Buildings

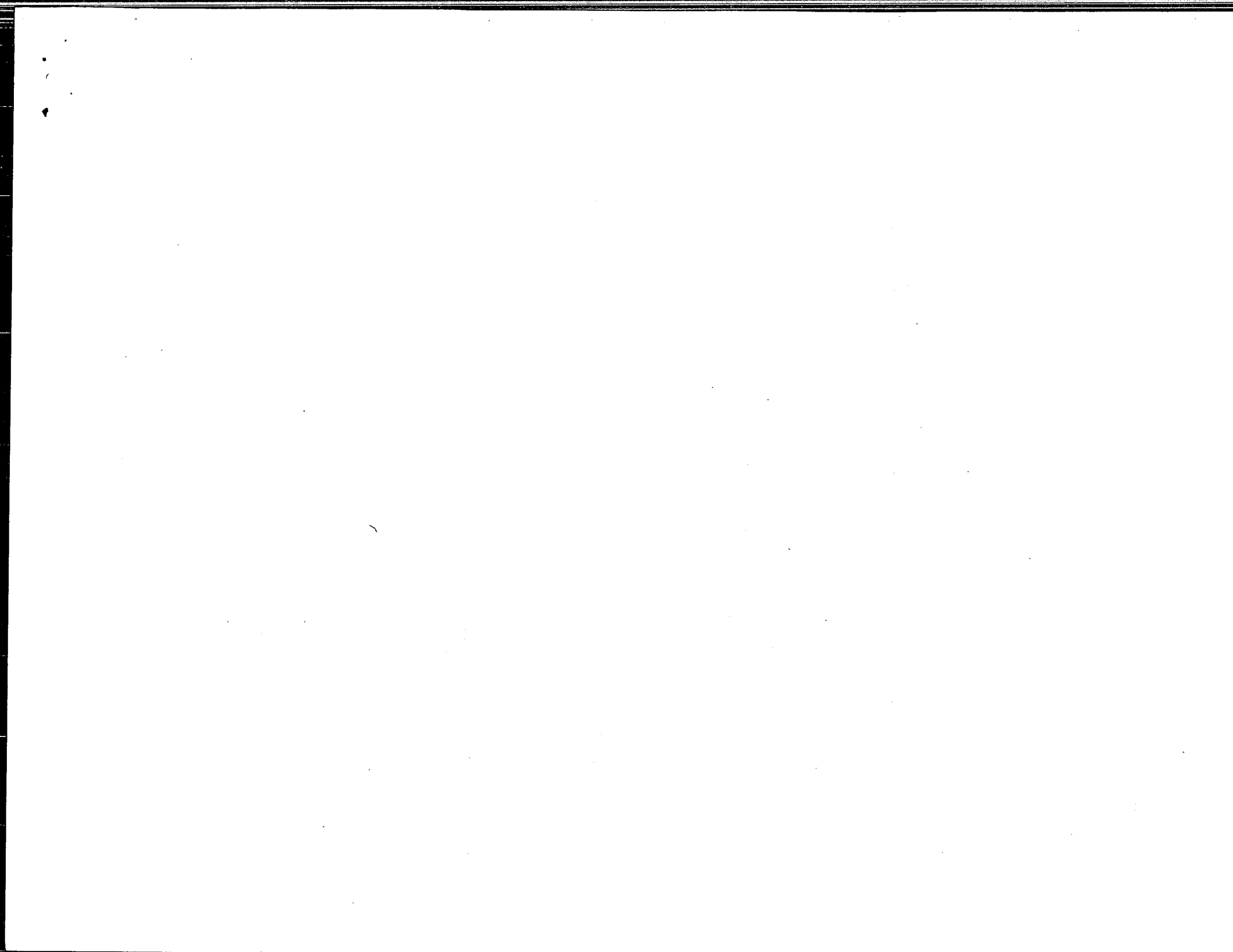
"Buildings" means that certain Police Substation No. 1, the expansion of the Community Center and that certain East End Parking Garage, including landscaping, utilities and appurtenant and related facilities, as more fully described in Exhibit A to the Trust Agreement, that are to be financed by the City from the proceeds of the sale of the Project or any facilities substituted therefore as provided therein.

Business Day

"Business Day" means any day on which the Trustee is open for business at its principal corporate trust office.

Certificates

"Certificates" means the certificates of participation to be executed and delivered by the Trustee under and pursuant to the Trust Agreement to be used as the source of funds for the payment of the costs of the Corporation for the acquisition of the Project and the expenses incidental thereto.



City

"City" means the City of Sacramento, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

Corporation

"Corporation" means the Sacramento City Public Facilities Financing Corporation, a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California.

Equipment

"Equipment" means those certain items of personal property described in Exhibit B to the Trust Agreement that are to be acquired by the City as provided therein, and any personal property substituted therefor as provided therein.

Event of Default

"Event of Default" means any of the events described in Section 12.01 as an "Event of Default."

Insurance Consultant

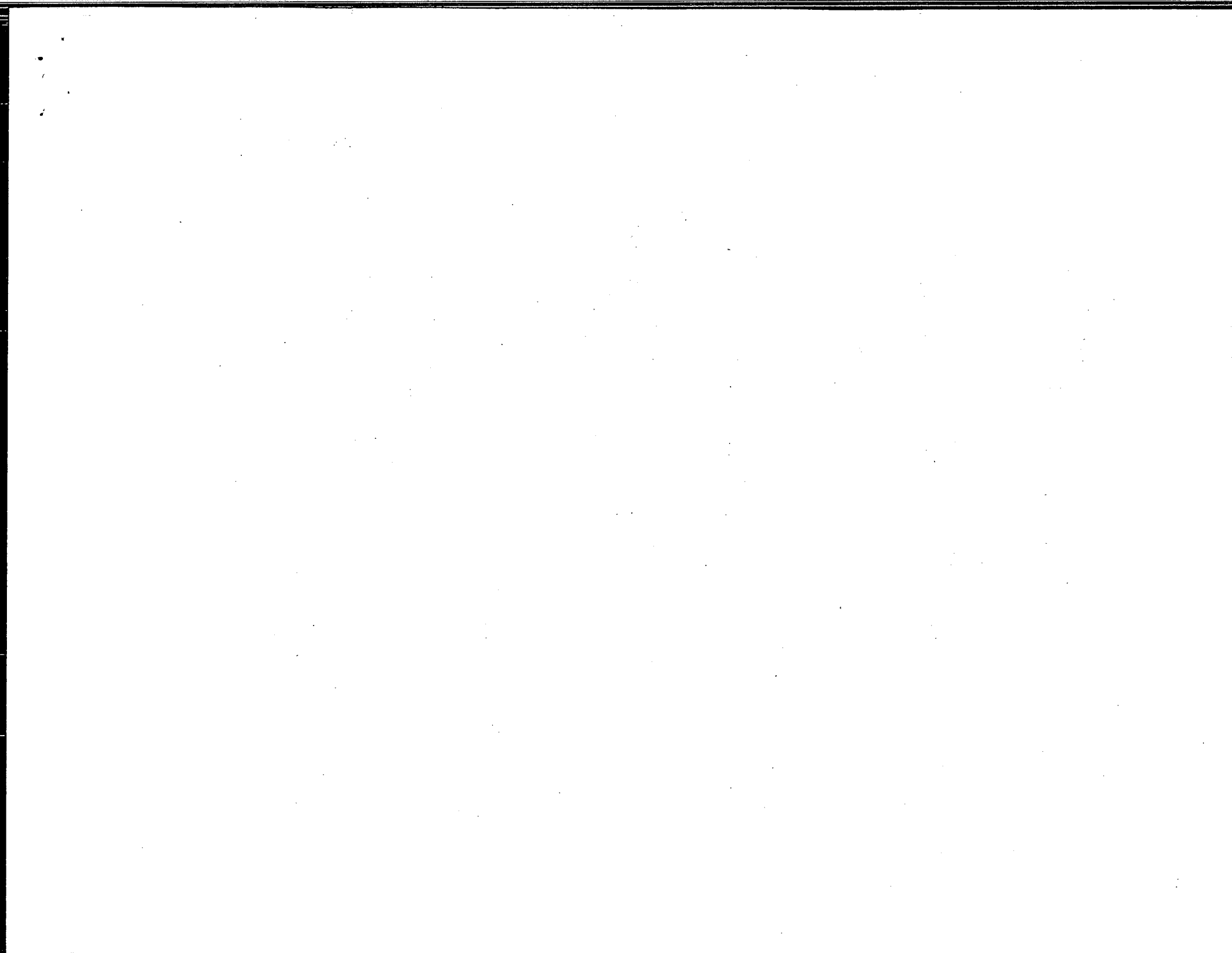
"Insurance Consultant" means an individual or firm employed by the City as an independent insurance consultant, experienced in the field of risk management.

Interest Payment Date

"Interest Payment Date" means February 1 and August 1 of each year, commencing on August 1, 1988.

Opinion of Counsel

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, retained by the City and satisfactory to and approved by the Trustee.



Owner

"Owner" means the registered owner of any of the Certificates.

Project

"Project" means the Site and the facilities located thereon consisting of a fine arts theater for public assembly and convention purposes.

Project Lease

"Project Lease" means this Project Lease executed and entered into as of December 1, 1987, by and between the Corporation and the City, as originally executed and entered into and as it may from time to time be amended in accordance herewith.

Rebate Certificate

"Rebate Certificate" means the certificate delivered by the City pursuant to Section 4.03.

Rebate Fund

"Rebate Fund" means the fund designated the "City of Sacramento Certificates of Participation (1987 Public Facilities Project) Rebate Fund" established pursuant to Section 4.03 hereof and Section 6.09 of the Trust Agreement.

Reserve Fund

"Reserve Fund" means the fund referred to by that name established pursuant to Section 4.02.

Reserve Requirement

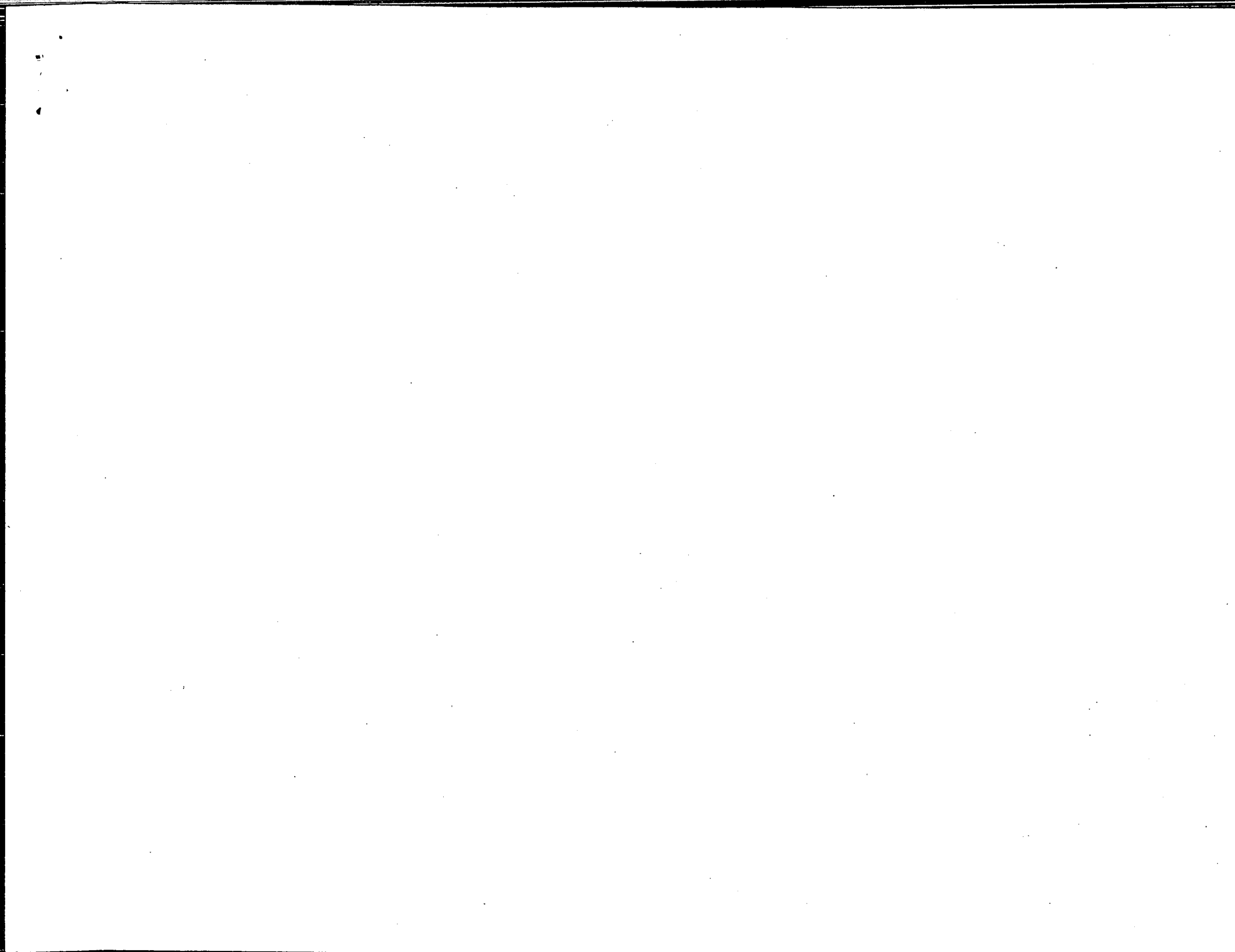
"Reserve Requirement" means \$3,939,200.

Site

"Site" means that certain parcel of real property described in Exhibit A attached hereto and made a part hereof.

Trust Agreement

"Trust Agreement" means that certain Trust Agreement executed and entered into as of December 1, 1987, by and among the Trustee, the Corporation and the City, as originally executed and entered into and as it may from time to time be





amended or supplemented in accordance therewith, under and pursuant to which the Trustee will execute and deliver the Certificates.

Trustee

"Trustee" means Security Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or any other bank or trust company which may at any time be substituted in its place as provided in the Trust Agreement.

ARTICLE II

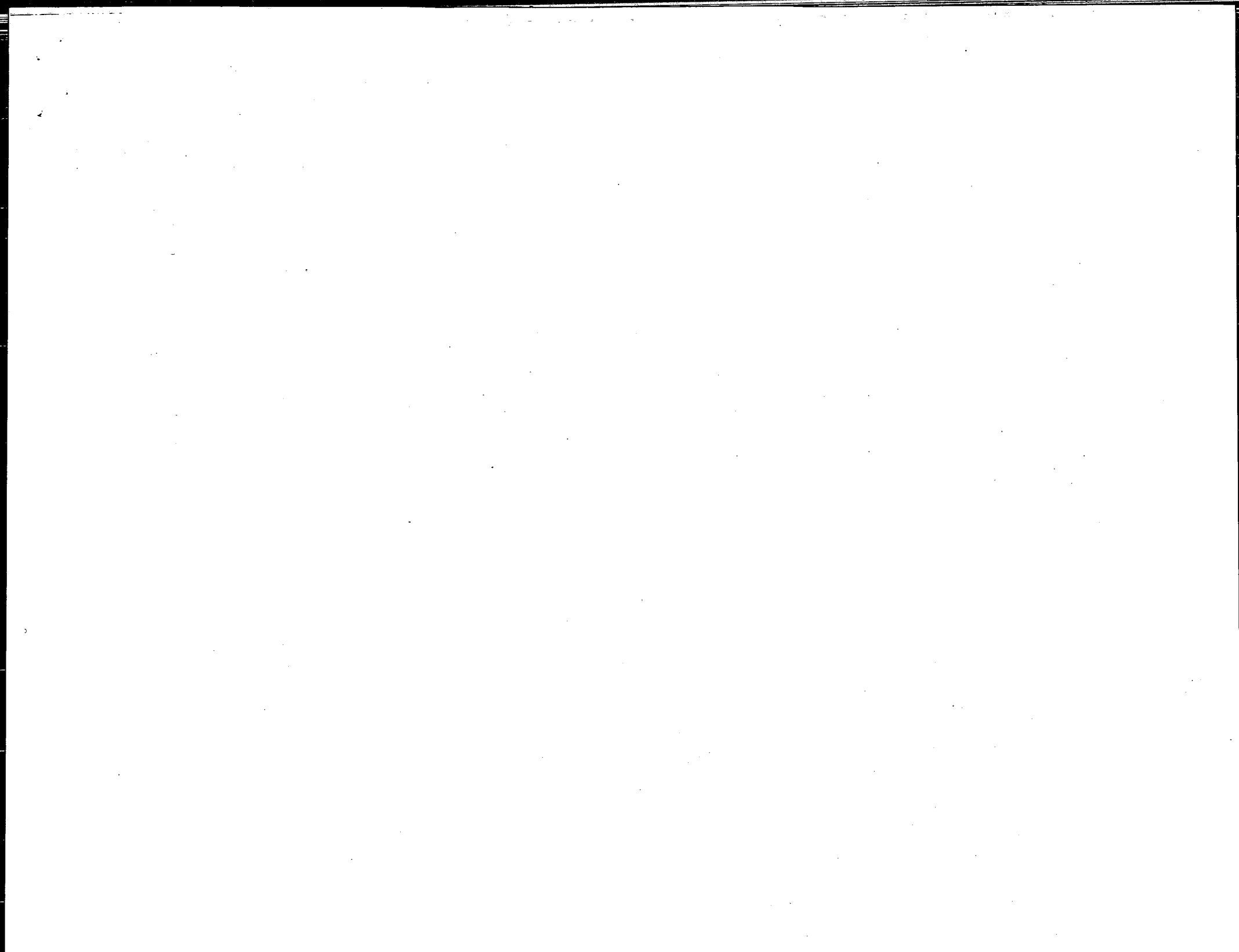
THE PROJECT

SECTION 2.01. Lease of the Project. The Corporation hereby leases to the City, and the City hereby rents and hires from the Corporation, the Project on the conditions and terms hereinafter set forth. The City hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Project for municipal purposes as a fine arts theater so as to afford the public the benefits contemplated hereby and so as to permit the Corporation to carry out its agreements and covenants contained herein and in the Trust Agreement, and the City hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Project.

SECTION 2.02. Quiet Enjoyment. The parties hereto mutually covenant that the City, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Project without suit, trouble or hindrance from the Corporation.

SECTION 2.03. Right of Entry and Inspection. The Corporation shall have the right to enter and inspect the Project during reasonable business hours (and in emergencies at all times) for any purpose connected with the Corporation's rights or obligations hereunder and for all other lawful purposes.

SECTION 2.04. Prohibition Against Encumbrance or Sale. The City will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Project, or upon any real or personal property essential to the operation of the Project. The City will not sell or otherwise dispose of the Project or any property essential to



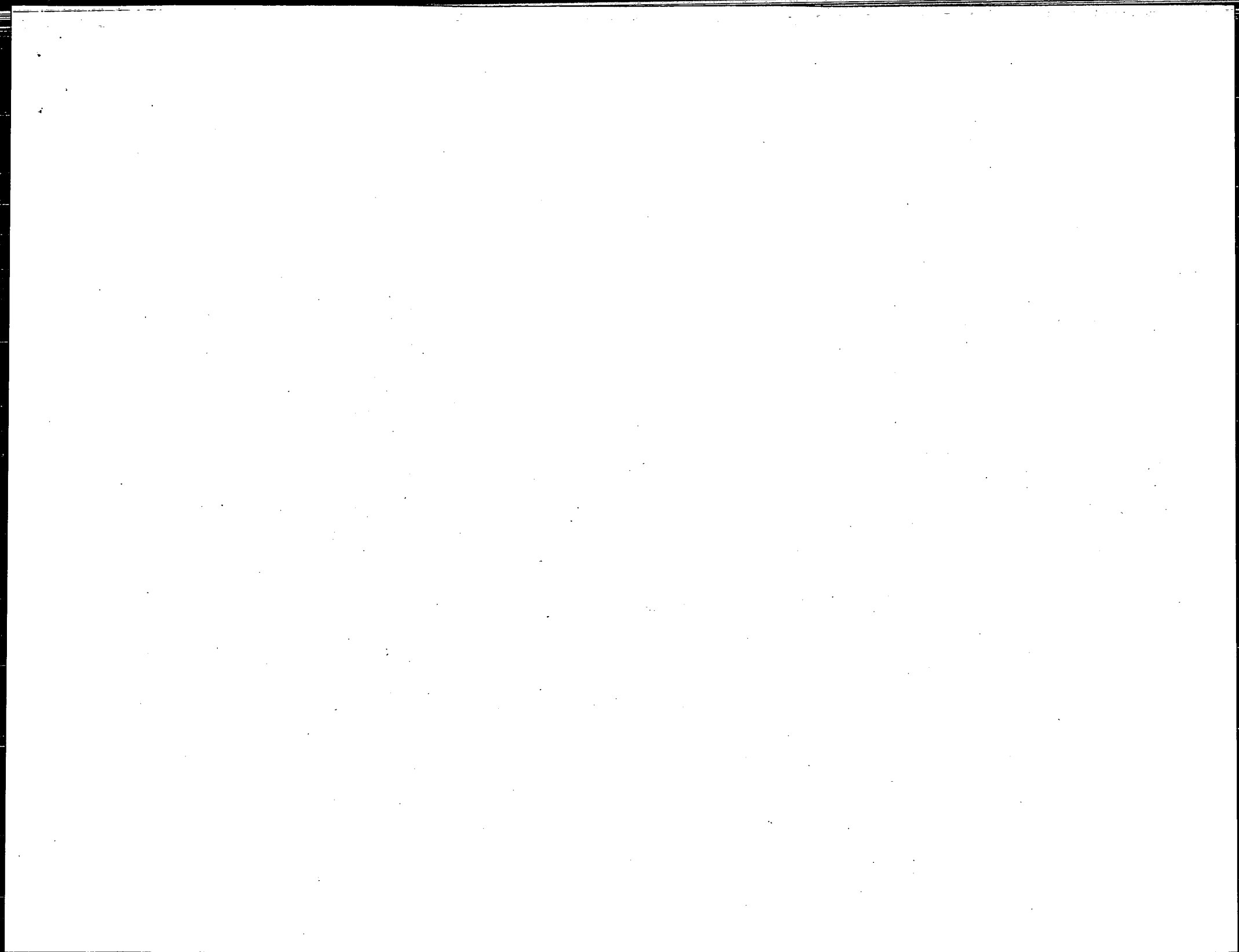
the proper operation of the Project, except as otherwise provided herein.

SECTION 2.05. Liens. In the event the City shall at any time during the term hereof cause any improvements to the Project to be constructed or materials to be supplied in or upon or attached to the Project, the City shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon, about or relating to the Project and shall keep the Project free of any and all liens against the Project or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Project or the Corporation's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City shall forthwith pay and discharge or cause to be paid and discharged such judgment. The City shall, to the maximum extent permitted by law, indemnify and hold the Corporation and its assignee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Project or the Corporation's interest therein.

### ARTICLE III

#### TERM OF THE PROJECT LEASE

SECTION 3.01. Commencement and Term of the Project Lease. The term hereof shall commence on June 1, 1988, or the date the Project Lease is recorded, whichever is earlier, and shall end on August 1, 2012, unless such term is sooner terminated as hereinafter provided. It is contemplated that the City will have taken possession of the Project on the date of the commencement hereof. If on August 1, 2012, the principal components of the Base Rental Payments shall not have been paid, or provision therefor made, for any reason, including, without limitation, because the rental payable hereunder shall have been abated at any time and for any reason, then the term hereof shall be extended until ten (10) days after all the principal components of the Base Rental Payments shall have been paid, or provision therefor made, except that the term hereof shall in no event be extended beyond August 1, 2017. If prior to August 1, 2012, the



principal components of the Base Rental Payments shall have been paid, or provision therefor made in accordance with the Trust Agreement, the term hereof shall end; provided that the obligation of the City to make such Base Rental Payments, but solely from such provision, in accordance with the Trust Agreement, shall continue until such Base Rental Payments are paid.

SECTION 3.02. Termination of the Project Lease.

The Project Lease will terminate upon the earlier of either of the following events:

(a) a default by the City and the Corporation's election to terminate the Project Lease under Article XII; or

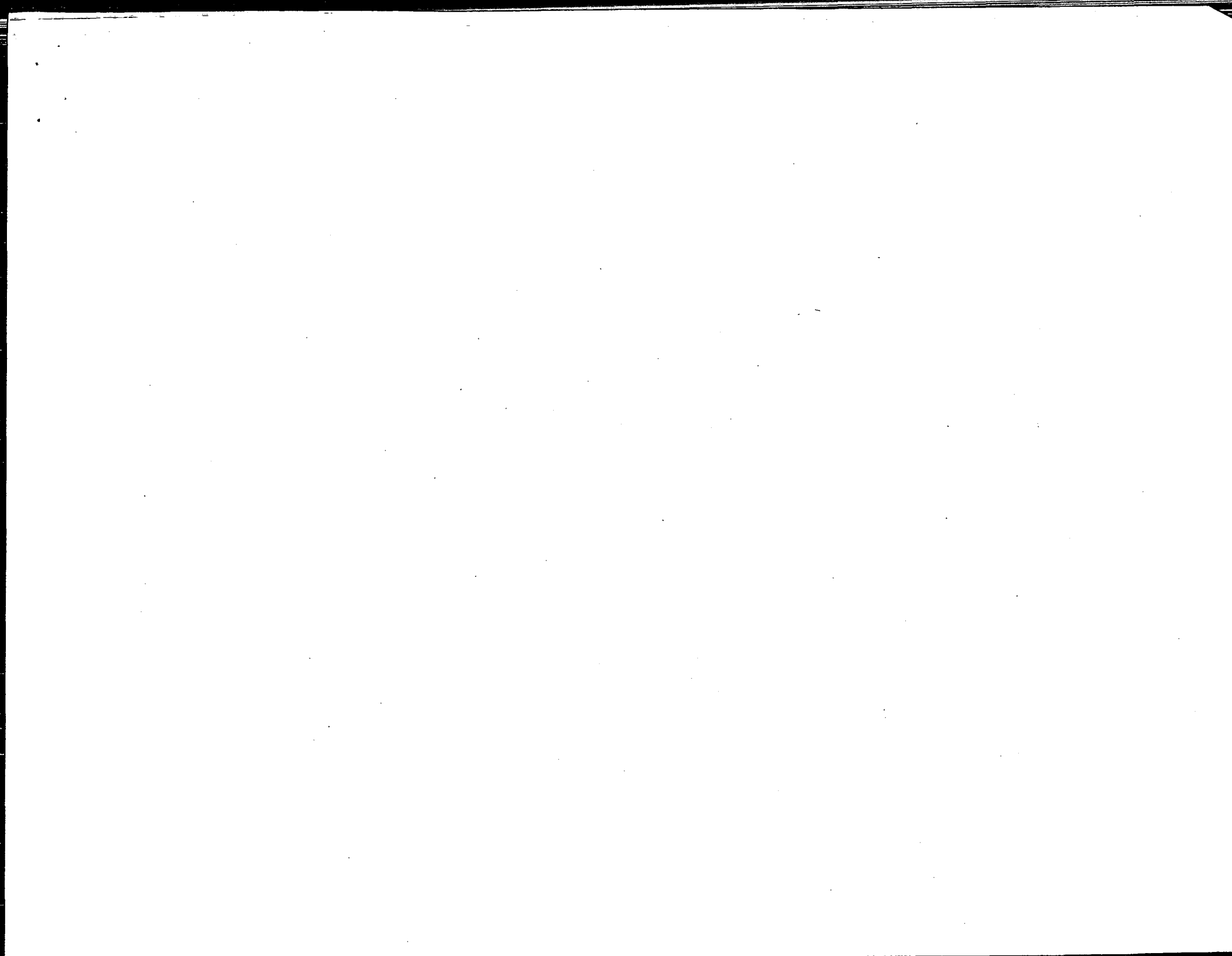
(b) the payment by the City of all Base Rental Payments and all other amounts authorized or required to be paid by it hereunder, in accordance with Section 10.01.

ARTICLE IV

USE OF PROCEEDS; RESERVE FUND;  
TAX COVENANTS

SECTION 4.01 Use of Proceeds. The parties hereto agree that the proceeds of the Certificates will be used by the Corporation to acquire the Project from the City pursuant to the Acquisition Agreement and to pay accrued interest with respect to the Certificates, and that the proceeds so paid to the City pursuant to the Acquisition Agreement and other available funds of the City will be used by the City to establish the Reserve Fund hereinafter referred to, to pay a portion of the interest evidenced and represented by the Certificates on the first Interest Payment Date, to pay the costs of executing and delivering the Certificates and incidental and related expenses, to acquire the Buildings and Equipment and to establish the Escrow Fund, as more fully set forth in the Trust Agreement.

SECTION 4.02. Reserve Fund. From the proceeds of the Certificates, the City agrees to set aside a sum equal to the Reserve Requirement for deposit by the City with the Trustee in a separate fund, to be held by the Trustee for and on behalf of the City, to be known as the "City of Sacramento 1987 Public Facilities Project Lease Payment Reserve Fund". The City agrees that, if ever the Reserve Fund is drawn upon, it may restore the Reserve Fund from lawfully available funds to an amount equal to the Reserve Requirement. All money on deposit in the Reserve Fund in excess of the Reserve Requirement shall, prior to the completion of the acquisition



Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof.

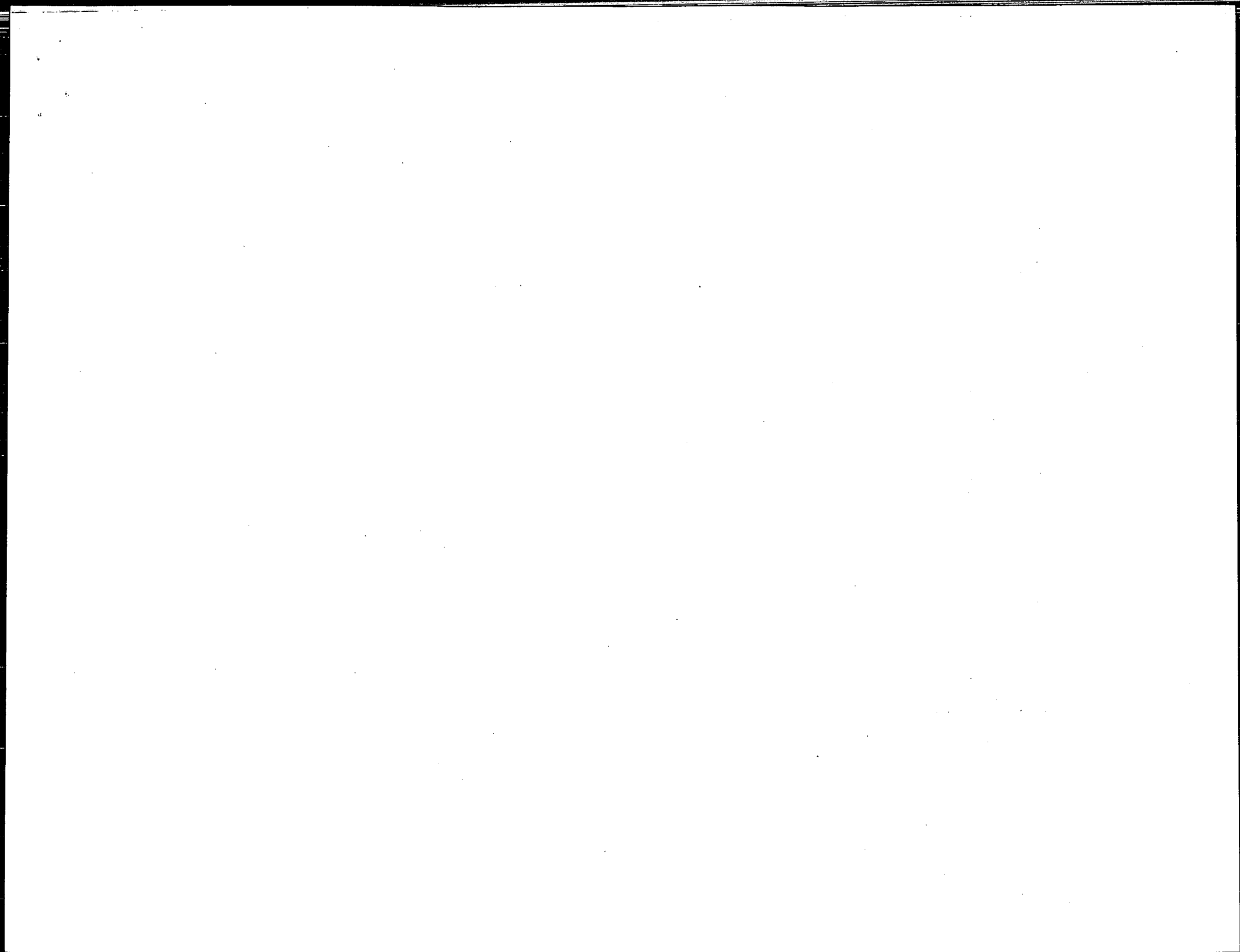
Without limiting the generality of the foregoing, the City will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code as may be applicable to the obligations represented by the Certificates from time to time, which obligation to make such rebate payments shall survive payment in full or defeasance of the obligations represented by the Certificates, and to that end, the City shall cause to be established pursuant to the Trust Agreement a fund to be known as the "City of Sacramento Certificates of Participation (1987 Public Facilities Project) Rebate Fund" to be held by the Trustee and administered at the direction of the City. The City will comply with the provisions of the Rebate Certificate with respect to making deposits in the Rebate Fund, and moneys held in the Rebate Fund will be pledged to provide payments to the United States of America as provided in the Trust Agreement and in the Rebate Certificate and no other person shall have claim to such moneys except as provided in the Rebate Certificate.

#### ARTICLE V

##### RENTAL PAYMENTS

SECTION 5.01. Rental Payments. The City agrees to pay to the Corporation, its successors or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Project, the following amounts at the following times:

(a) Base Rental. The City shall pay to the Corporation as Base Rental hereunder annual rental payments with interest and principal components in accordance with the Base Rental Payment Schedule set forth in Exhibit B attached hereto and made a part hereof, the interest components being due semiannually on the Interest Payment Dates and the principal components being due annually on August 1, beginning on August 1, 1989, and continuing until the end of the term hereof. Each Base Rental Payment, including interest components and principal components, shall be payable on the Business Day immediately preceding its due date, and any interest or other income with respect thereto accruing prior to such due date shall belong to the City and shall be returned by the Corporation to the City. The interest components of the Base Rental Payments payable by the City hereunder shall be paid by the City as and shall constitute interest paid on the principal components of the Base Rental Payments payable by the City hereunder calculated on the basis

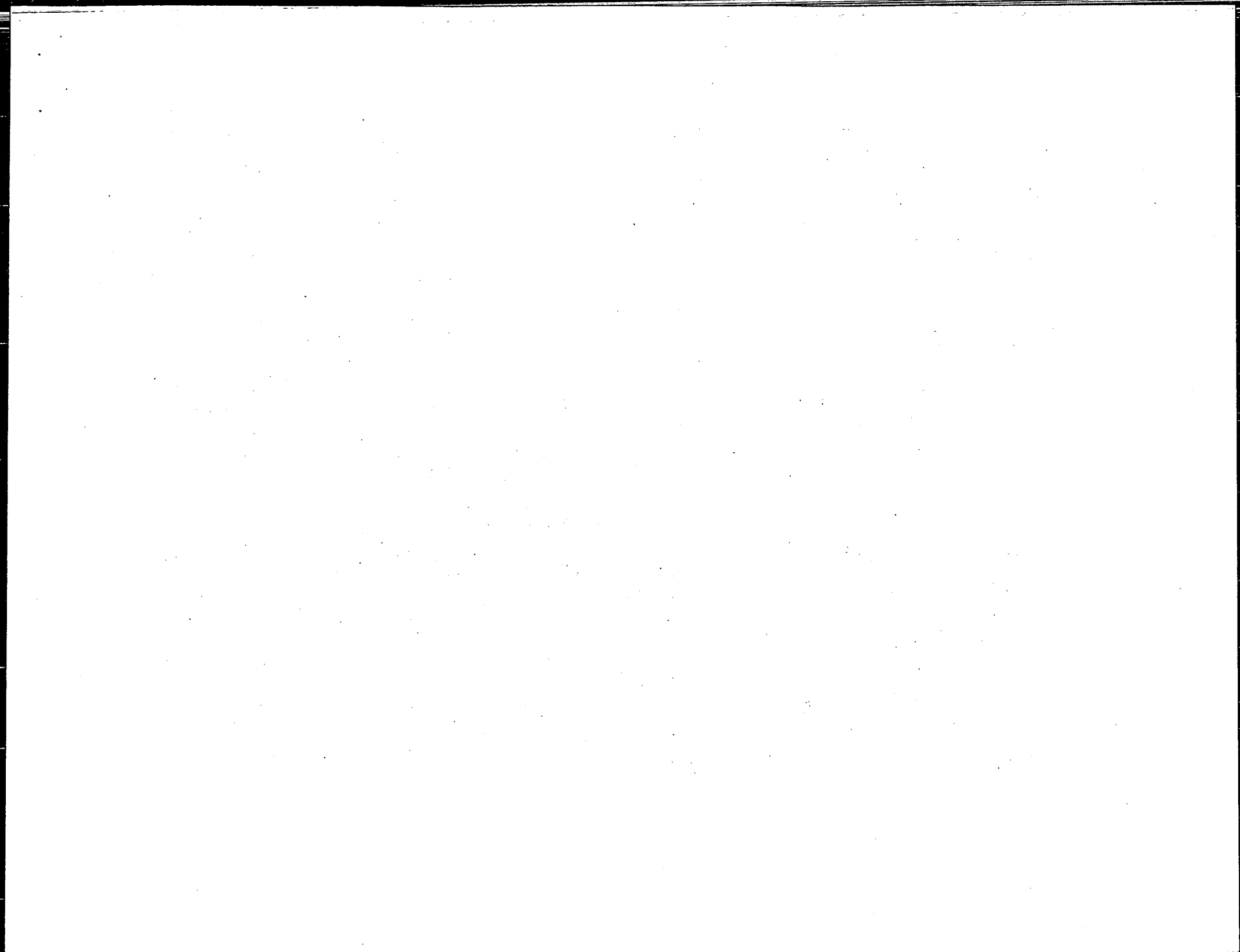




of a 360-day year composed of twelve 30-day months. Each aggregate annual payment of Base Rental shall be for the use and occupancy of the Project for the twelve-month period ending on the last day of the month immediately preceding the August 1 on which the principal component of such aggregate annual Base Rental Payment is due, except that the first such annual payment shall be for the use and occupancy of the Project for the period commencing on the date of the commencement of the term hereof and ending on July 31, 1988.

(b) Additional Rental. The City shall pay to the Corporation as Additional Rental hereunder such amounts in each year as shall be required by the Corporation for the payment in full of all costs and expenses incurred by the Corporation in connection with the execution, performance or enforcement hereof or any assignment hereof, of the Trust Agreement, and of the ownership of the Project and the lease of the Project to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Corporation in connection with the Site, the Project, the Project Lease, the Assignment Agreement and the Trust Agreement and all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the Corporation, the Site, the Project or the rentals and the other payments required to be made by the City hereunder. Such additional rental shall be billed to the City by the Corporation from time to time, together with a statement certifying that the amount so billed has been paid by the Corporation for one or more of the items above described, or that such amount is then payable by the Corporation for one or more of such items, and all amounts so billed shall be due and payable by the City within thirty (30) days after receipt of the bill by the City.

Each payment of Base Rental and Additional Rental for each rental period during the term hereof shall constitute the total rental for such rental period, and shall be paid by the City in each rental period for and in consideration of the right to the use and occupancy, and the continued quiet enjoyment, of the Project during the rental period for which such rental is paid. The parties hereto have agreed and determined that such rental represents the fair rental value of the Project. In making such determination, consideration has been given to the appraised value of the Project, the costs of the design, construction and financing of the Project, other obligations of the parties hereunder, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the City, its residents and the general public..

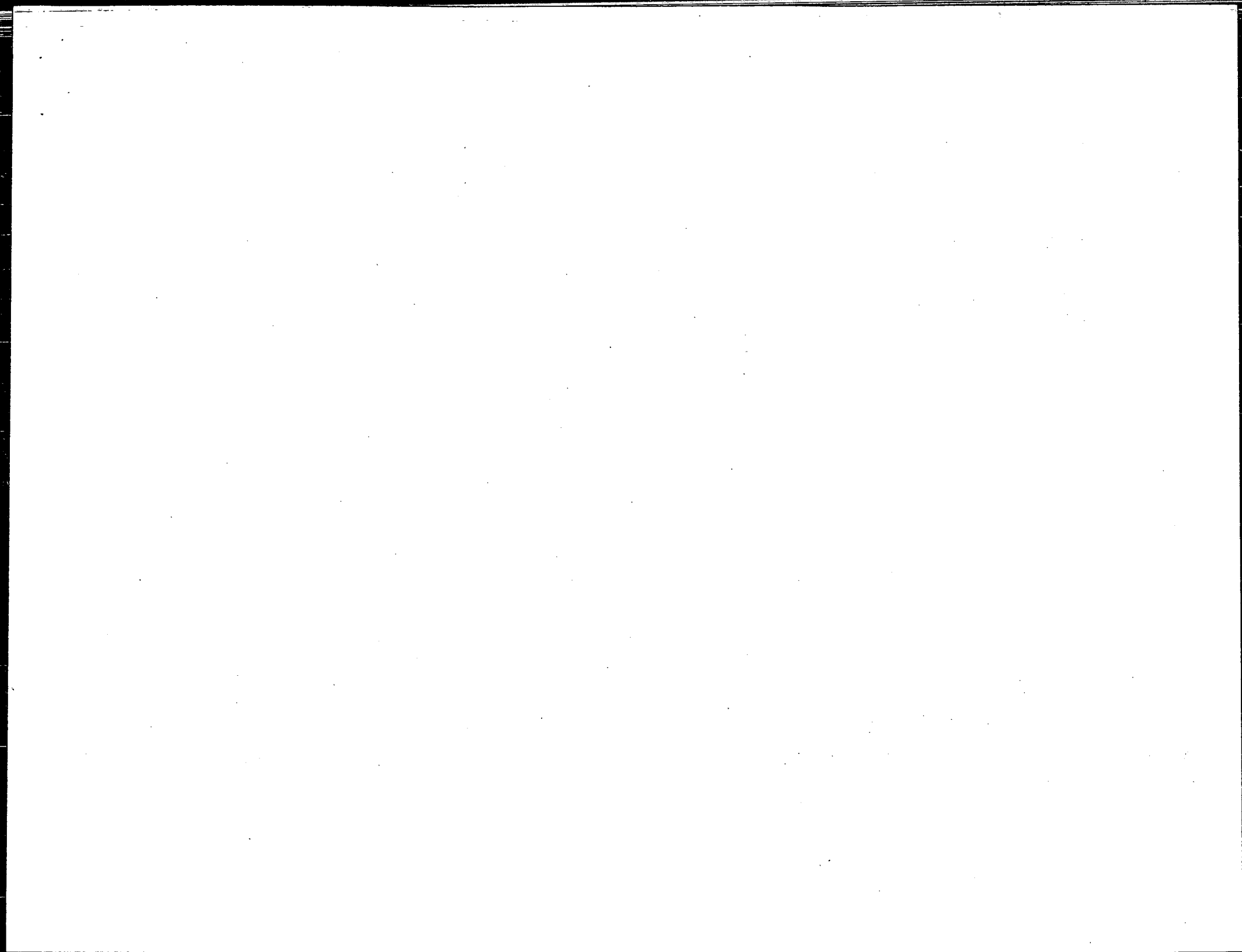


Each installment of Base Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation or its assignee at the office of the Trustee, and each installment of Additional Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation at its principal office. Any such installment of Base Rental or Additional Rental accruing hereunder which shall not be paid when due shall bear interest at the rate of twelve per cent (12%) per annum from the date when the same is due hereunder until the same shall be paid, and all such delinquent installments of Base Rental and the interest thereon shall be deposited in the Reserve Fund and all such delinquent installments of Additional Rental and interest thereon shall be paid to the order of the Corporation. Notwithstanding any dispute between the Corporation and the City, the City shall make all rental payments when due hereunder without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of such dispute.

SECTION 5.02. Annual Budgets. The City covenants to take such action as may be necessary to include all such rental payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such rental payments. The City will furnish to the Corporation and the Trustee copies of each annual budget of the City within thirty (30) days after the adoption thereof.

SECTION 5.03. Application of Rental Payments. All rental payments received shall be applied first to the interest components of the Base Rental due hereunder, then to the principal components (including any prepayment premium components) of the Base Rental due hereunder and thereafter to all Additional Rental due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

SECTION 5.04. Rental Abatement. During any period in which, by reason of material damage or destruction (other than by condemnation, which is provided for in Section 8.01) there is substantial interference with the use and possession by the City of any portion of the Project, rental payments due hereunder shall be abated proportionately by the fractional amount that the cost of the acquisition of the portion of the Project so damaged or destroyed bears to the total cost of the acquisition of the Project, provided that with the consent of the City such abatement shall not reduce the amount of rental payable hereunder to an amount less than the fair rental value of the Project or the portion thereof available to the City for occupancy. The City waives the benefits of Civil Code

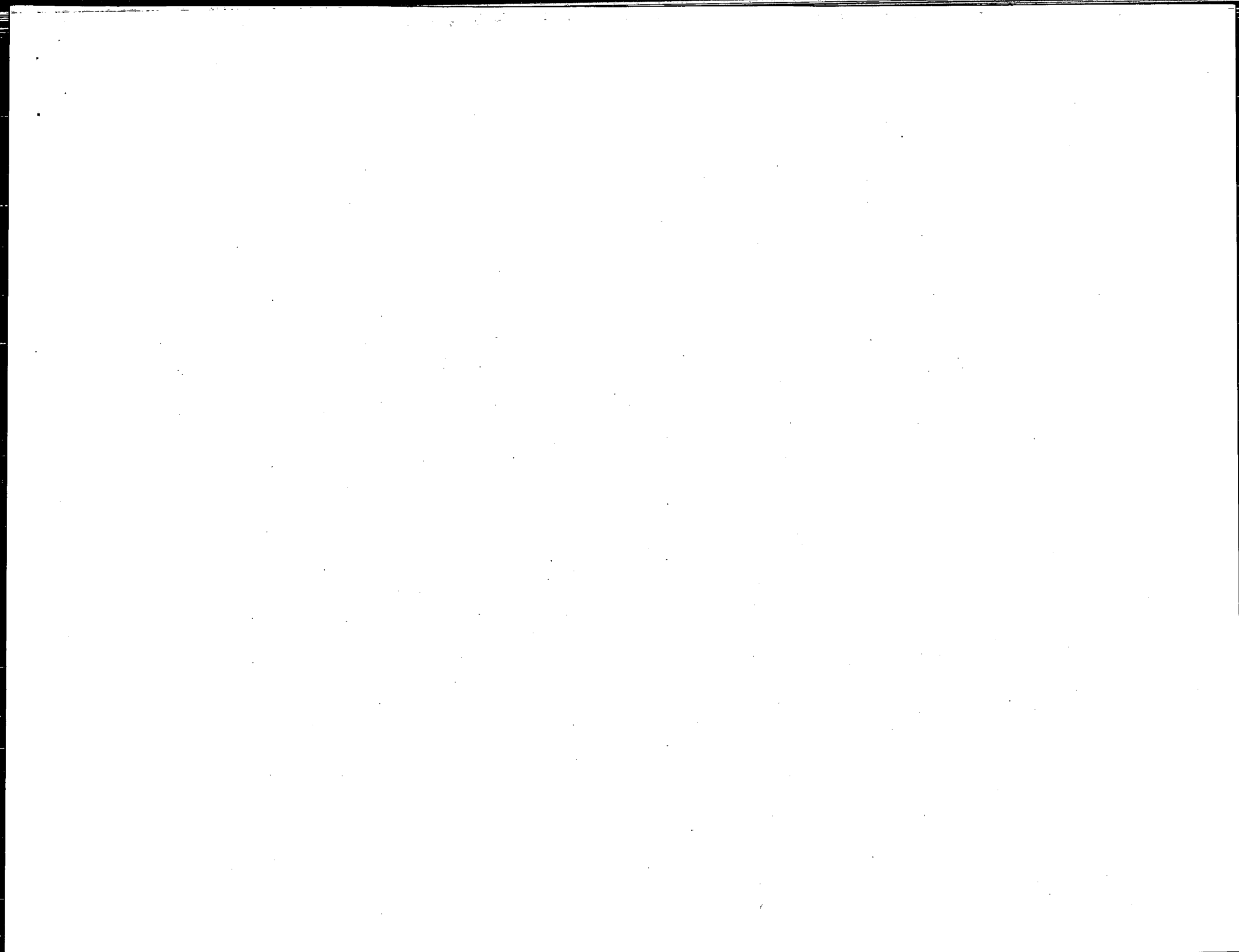


Sections 1932(2) and 1933(4) and any and all other rights to terminate the Project Lease by virtue of any such interference and the Project Lease shall continue in full force and effect. Such abatement shall continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Buildings or the Equipment so damaged or destroyed.

SECTION 5.05. Prepayment of Rental Payments. The City may prepay, from eminent domain proceeds or net insurance proceeds received by it pursuant to Section 8.01, all or any portion of the principal components of Base Rental Payments then unpaid, in whole on any date, or in part on any Interest Payment Date in integral multiples of five thousand dollars (\$5,000) so that the aggregate annual amounts of principal components of Base Rental Payments which shall be payable after such prepayment date shall each be in an integral multiple of five thousand dollars (\$5,000) and shall be as nearly proportional as practicable to the aggregate annual amounts of principal components of Base Rental Payments then unpaid, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment.

The City may prepay, from any source of available funds, all or any portion of the principal components of Base Rental Payments then unpaid, in whole on any date on or after August 1, 1997, or in part in integral multiples of five thousand dollars (\$5,000) on any Interest Payment Date on or after August 1, 1997, in inverse order of principal payment dates, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment plus a prepayment premium equal to a percentage of the principal amount thereof in accordance with the following schedule:

<u>Prepayment Dates</u>	<u>Prepayment Premium</u>
On or after August 1, 1997, and prior to August 1, 1998	2-1/2%
On or after August 1, 1998, and prior to August 1, 1999	2
On or after August 1, 1999, and prior to August 1, 2000	1-1/2
On or after August 1, 2000, and prior to August 1, 2001	1
On or after August 1, 2001, and prior to August 1, 2002	1/2
On or after August 1, 2002	0



Before making any prepayment pursuant to this section, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Corporation describing such event and specifying the date on which the prepayment will be made, which date shall be not less than sixty (60) days from the date such notice is given.

SECTION 5.06. Obligation to Make Rental Payments.

The agreements and covenants on the part of the City contained herein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the agreements and covenants contained herein agreed to be carried out and performed by the City.

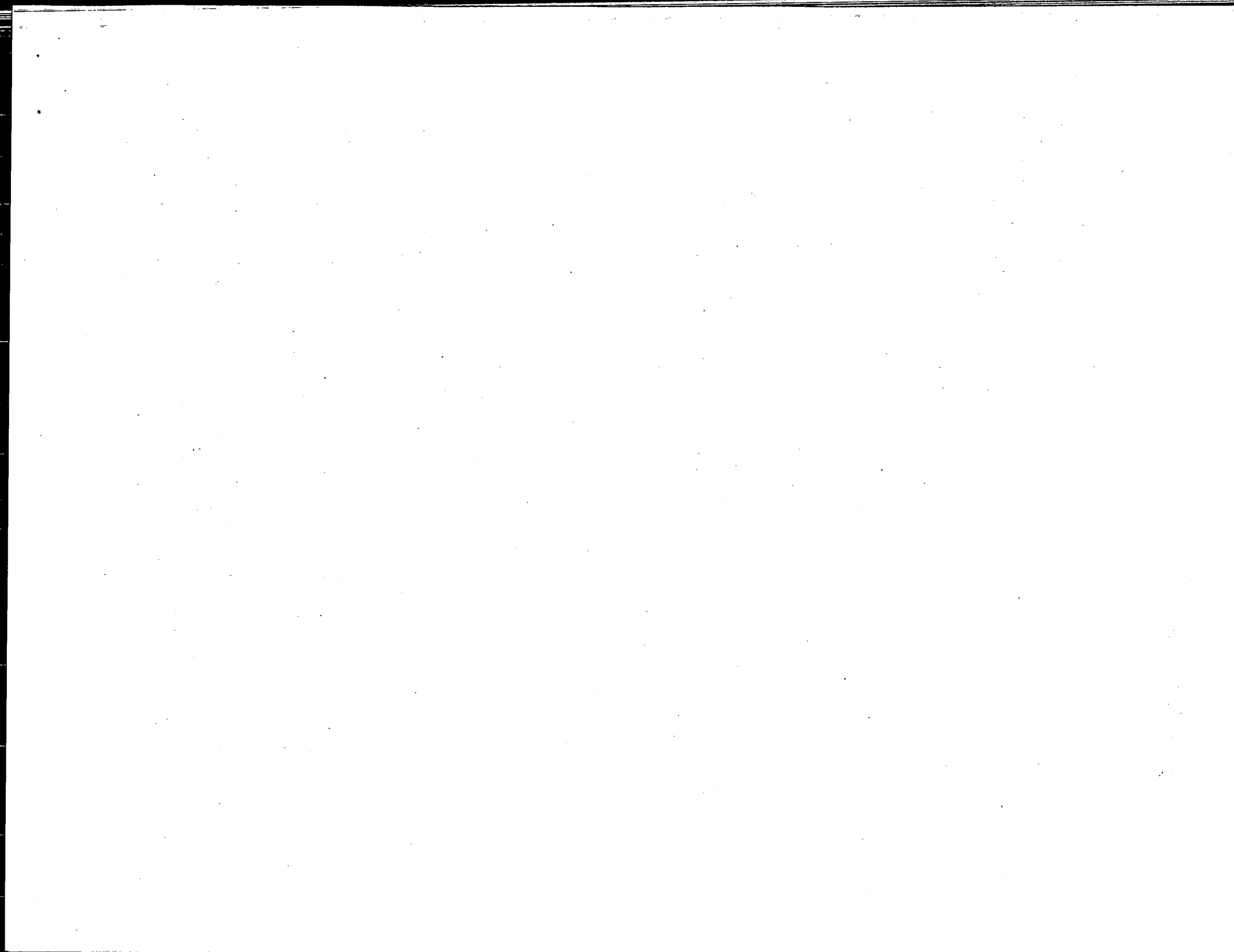
ARTICLE VI

ARTICLE VI

TITLE TO THE PROJECT;  
SECURITY INTEREST

SECTION 6.01. Title to the Project. During the term hereof, title to the Project, including the Site, and any and all repairs, replacements or modifications will be retained by the Corporation, except for those additions to the Project made by the City and which may be removed without damaging the Project. The City shall not have any right, title or interest in the Project or in any additions, repairs, replacements or modifications thereto except as expressly set forth herein. In the event of default as set forth in Article XII, the City will surrender possession of the Project thereof to the Corporation.

SECTION 6.02. Security Interest. To secure the payment of all of the City's obligations hereunder, in the event that it is determined that the Project Lease is intended as security, which determination shall not be affected by this section, the City hereby grants to the Corporation a security interest constituting a first lien on the Project and on all repairs, replacements or modifications thereto, and on any proceeds therefrom, except for those additions to the Project made by the City and which may be removed without damaging the Project. The City agrees to execute such additional documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to the Corporation that are necessary or appropriate to establish and maintain such security interest and the security interest of any Owner or any other assignees of the Corporation in the Project.





## ARTICLE VII

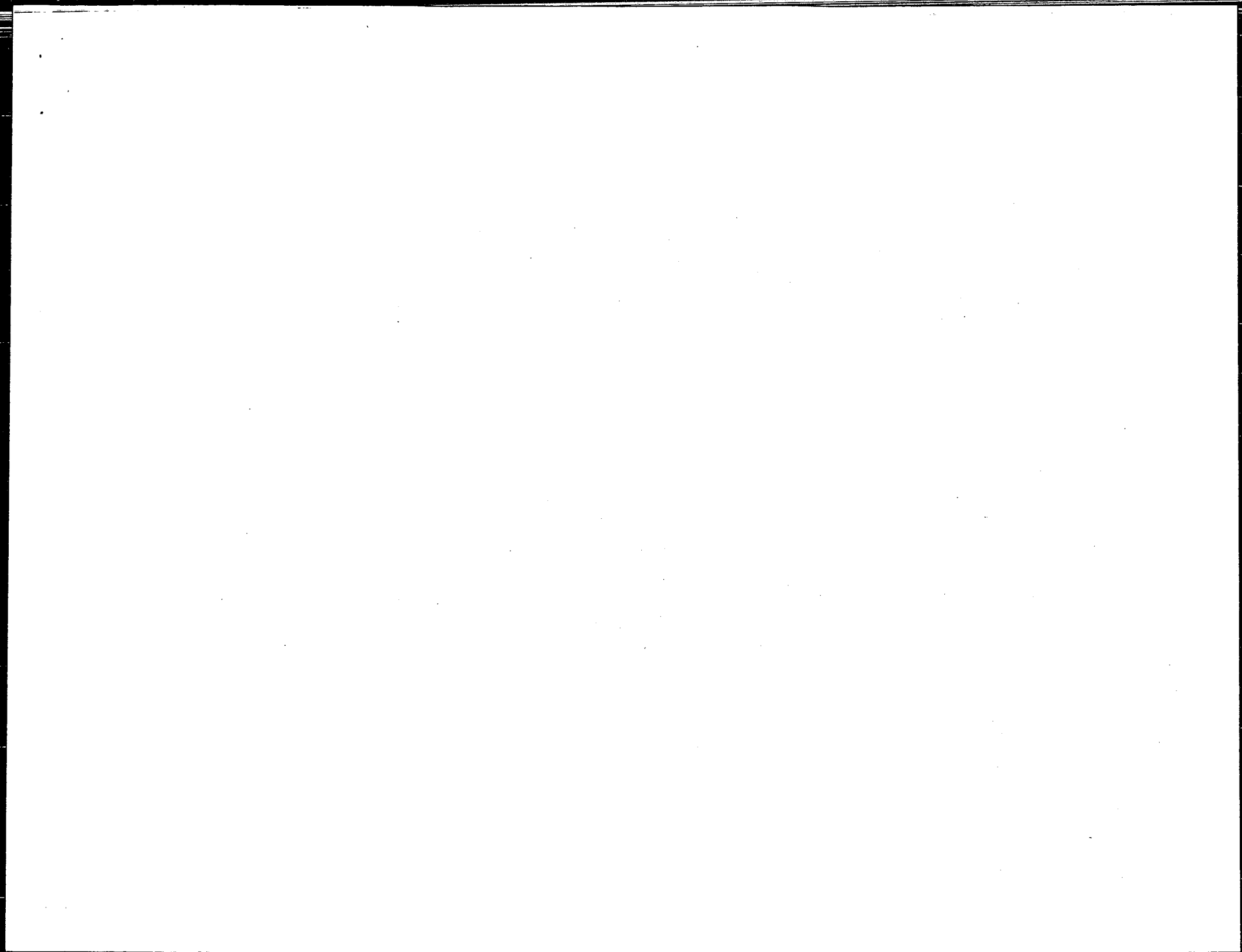
### MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

SECTION 7.01. Maintenance of the Project by the City. The City agrees that, at all times during the term hereof, it will, at its own cost and expense, maintain, preserve and keep the Project and every part and parcel thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The Corporation shall have no responsibility in any of these matters or for the making of additions or improvements to the Project.

SECTION 7.02. Taxes, Other Governmental Charges and Utility Charges. The parties hereto contemplate that the Project will be used for governmental purposes by the City and, therefore, that the Project will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. In the event that the use, possession or acquisition by the City or the Corporation of the Project is found to be subject to taxation in any form, the City will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project and any equipment or other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Project, as well as all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project; provided, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as the Project Lease is in effect.

SECTION 7.03. Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained throughout the term hereof for the Project insurance against the following risks in the following respective amounts:

- (1) insurance against loss or damage to the Project by fire and lightning, with an extended coverage endorsement and vandalism and malicious mischief insurance and sprinkler system leakage insurance and boiler insurance and earthquake insurance (except that such earthquake insurance need be maintained only if such

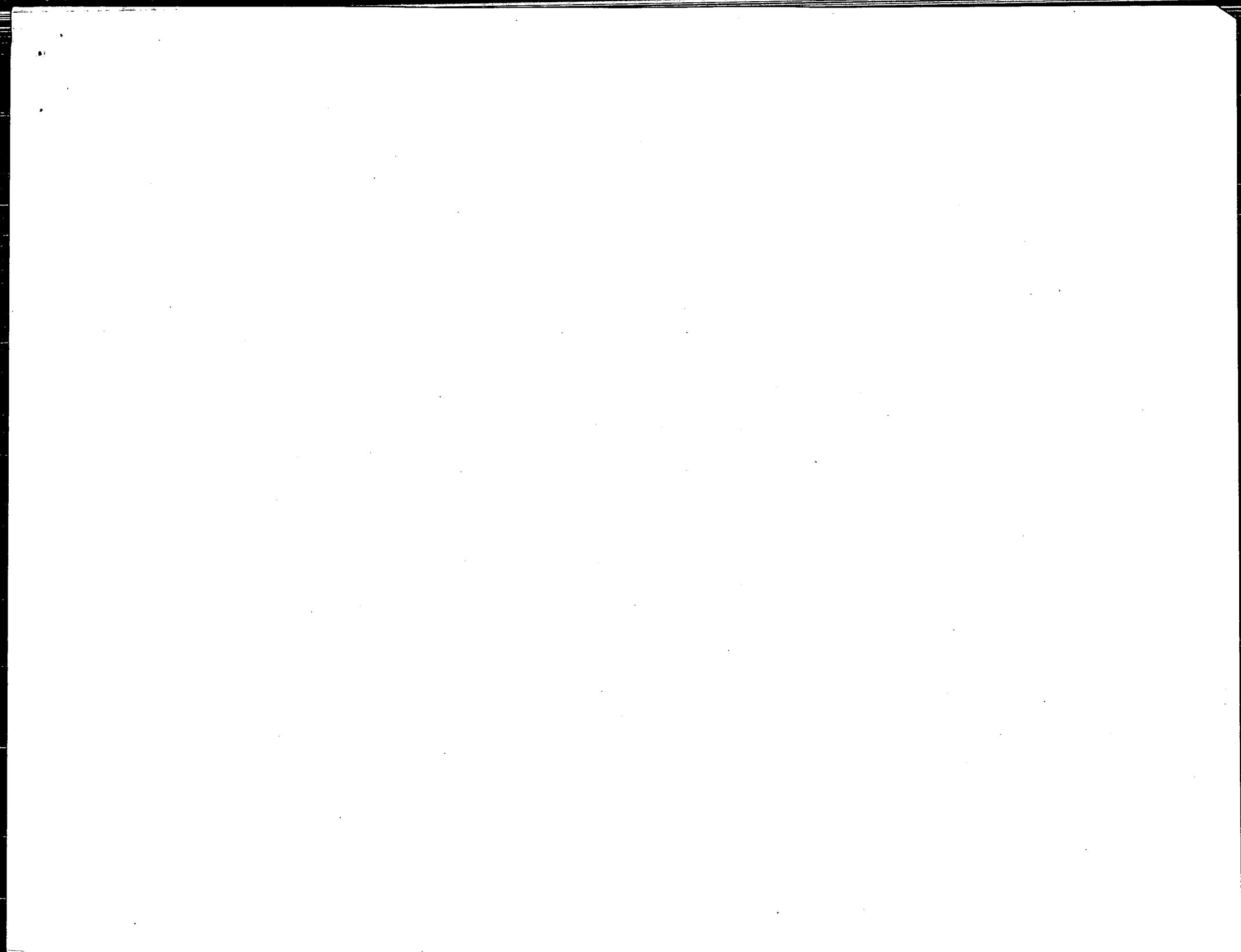


insurance is available on the open market from reputable insurance companies at reasonable cost), which such extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of the Project, excluding the cost of excavations, of grading and filling and of the land (except that such earthquake insurance may be subject to a deductible clause of not to exceed ten per cent (10%) of the replacement cost for any one loss, and except that such other insurance may be subject to deductible clauses of not to exceed two hundred fifty thousand dollars (\$250,000) for any one loss); provided, that such insurance shall in any event be in an amount sufficient, in the event of total or partial loss, to enable the Corporation either to retire the Certificates then outstanding or to restore the Project to the condition existing before such loss;

(2) use and occupancy insurance against loss, total or partial, of the occupancy of the Project as a result of any of the hazards covered by the insurance required by paragraph (1) hereof, in an amount sufficient to pay the total Base Rental attributable to the Project for a period of time at least equal to twelve (12) months;

(3) workers' compensation insurance covering all City employees working on the Project, in the same amount and type as other workers' compensation insurance maintained by the City for similar employees doing similar work; and the City shall also require any other person or entity working on the Project to carry the foregoing amount of workers' compensation insurance; and

(4) a standard comprehensive public entity liability insurance policy or policies in protection of the City, the Corporation and its directors, officers and employees and the Trustee, indemnifying and defending such parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the possession, operation or use of the Project, with minimum liability limits of one million dollars (\$1,000,000) for personal injury or death of each person and three million dollars (\$3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of two hundred thousand dollars (\$200,000) (subject to a deductible clause of not to exceed fifty

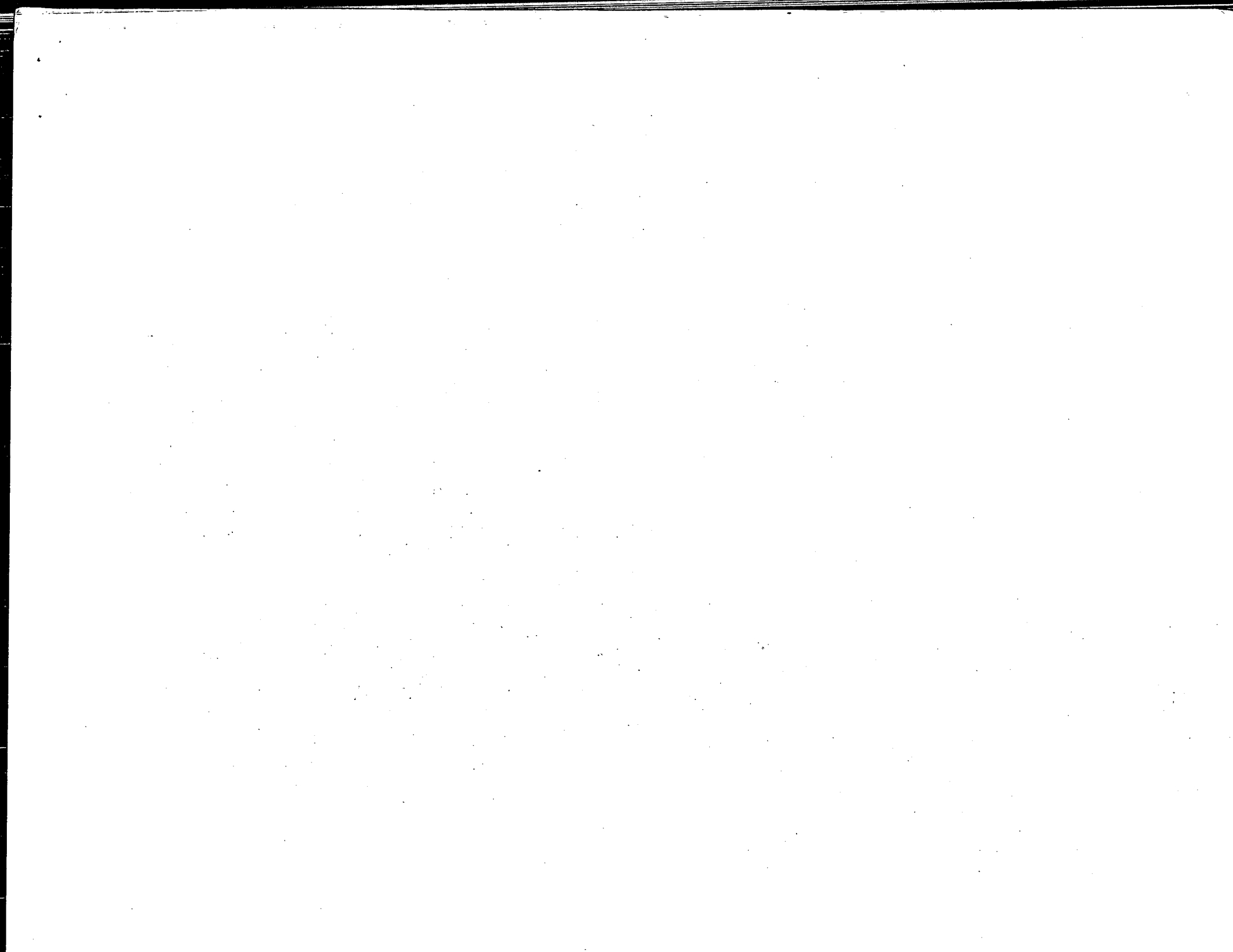


thousand dollars (\$50,000)) for damage to property resulting from each accident or event; provided, that such public liability and property damage insurance may be in the form of a single limit policy in the amount of three million dollars (\$3,000,000) covering all such risks and may be maintained as part of or in conjunction with any other liability insurance carried by the City.

Notwithstanding the above provisions, as an alternative to providing the insurance required by paragraphs (3) and (4) above, the City, with the written consent of the Corporation and the Trustee, may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the City, the Corporation, its directors, officers and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by municipal corporations in the State of California other than the City; provided, that before a self-insurance method or plan may be provided by the City, there shall be filed with the Trustee a certificate of an Insurance Consultant stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this section and, when effective, would afford adequate protection to the City, the Corporation, its directors, officers and employees and the Trustee against loss and damage from the hazards and risks covered thereby.

Any insurance policy issued pursuant to Sections 7.03(1) and (2) shall be so written or endorsed as to make losses, if any, payable to the City, the Corporation and the Trustee as their respective interests may appear and the net proceeds of the insurance required in Sections 7.03(1) shall be applied as provided in Section 8.01. Each insurance policy provided for in Sections 7.03(1) and (2) shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Corporation or the Trustee without first giving written notice thereof to the Corporation and the Trustee at least sixty (60) days in advance of such intended cancellation or modification; provided, that the Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustments, compromise or settlement of any loss agreed to by it.

SECTION 7.04. Advances. In the event the City shall fail to maintain the full insurance coverage required hereby or shall fail to keep the Buildings or the Equipment in good repair and operating condition, the Corporation may (but



shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Corporation shall become additional rental, which amounts the City agrees to pay within thirty (30) days of a written request therefor, together with interest thereon at the rate of twelve per cent (12%) per annum.

#### ARTICLE XIII

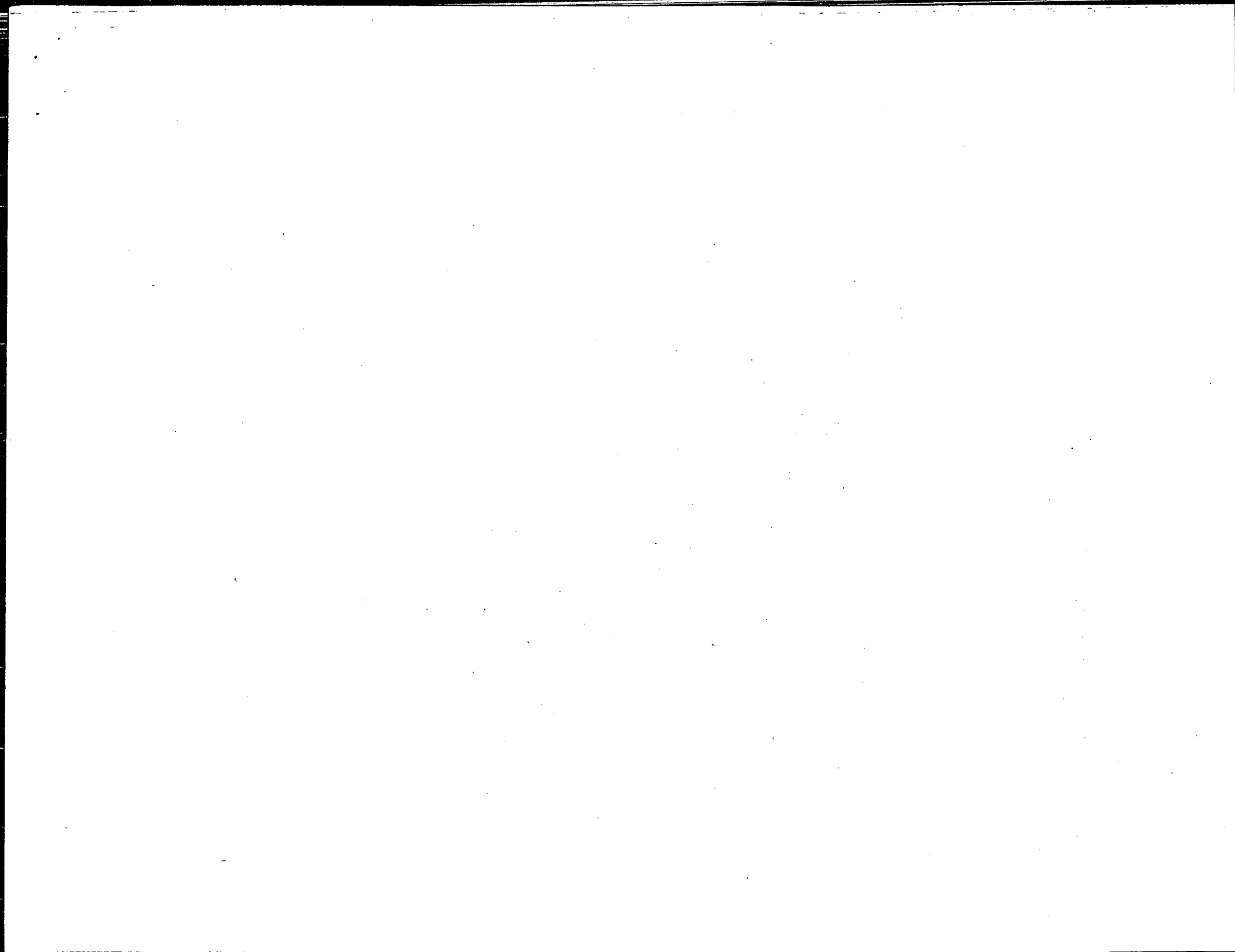
#### DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 8.01. Damage, Destruction and Condemnation; Use of Net Proceeds. If prior to the termination of the term hereof (a) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Project or any part thereof or the estate of the City or the Corporation in the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or corporation acting under governmental authority, then the City and the Corporation will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, stolen or condemned portion of the Project and any balance of the net proceeds remaining after such work has been completed shall be paid to City; provided, that the City, at its option and provided the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay an aggregate principal amount represented by outstanding Certificates equal to the amount of outstanding Certificates attributable to the portion of the Project so destroyed, damaged, stolen or condemned (determined by reference to the proportion which the acquisition cost of the destroyed, damaged, stolen or condemned portion of the Project bears to the acquisition cost of the Project), may elect not to repair, reconstruct or replace the damaged, destroyed, stolen or condemned portion of the Project and thereupon shall cause said proceeds to be used for the prepayment of outstanding Certificates pursuant to the provisions of Section 4.01(a) of the Trust Agreement.

#### ARTICLE IX

#### DISCLAIMER OF WARRANTIES; USE OF THE PROJECT

SECTION 9.01. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION,





EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT, OR WARRANTY WITH RESPECT THERETO. In no event shall the Corporation be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Project Lease or the existence, furnishing, functioning or the City's use of the Project as provided hereby.

SECTION 9.02. Use of the Project. The City will not use, operate or maintain the Project improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The City shall provide all permits and licenses, if any, necessary for the use of the Project.

#### ARTICLE X

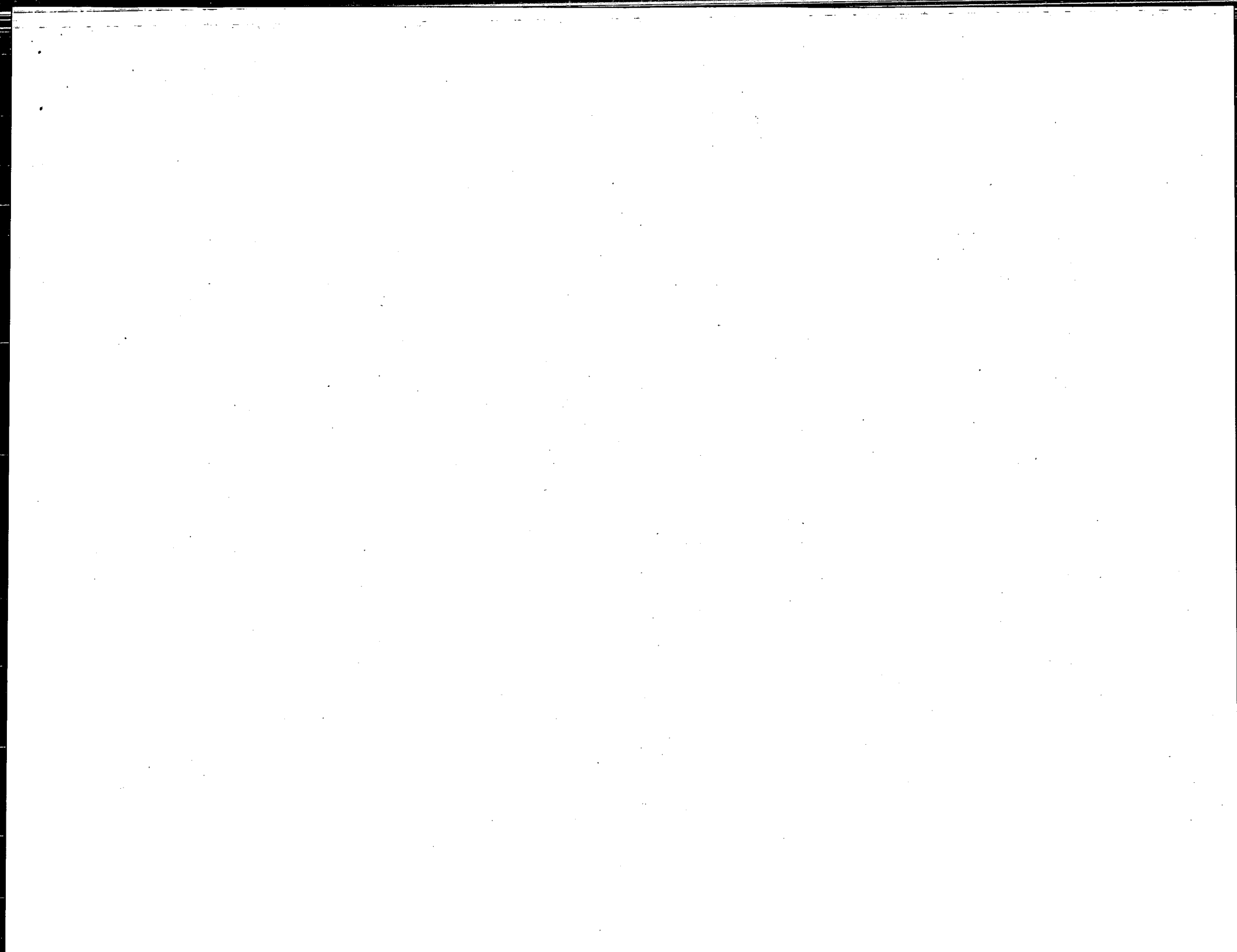
##### VESTING OF TITLE

SECTION 10.01. Vesting of Title. The Corporation's interest in and title to the Project, including the Site, will be transferred, conveyed and assigned to and vested in the City and the Project Lease shall terminate with respect thereto and the Project, including the Site, will be transferred, conveyed and assigned to the City at the end of the term hereof, upon payment in full (or provision for such payment in accordance with the Trust Agreement) of all rental payments due hereunder pertaining to City, and the Corporation shall execute and deliver such conveyances, deeds, bills of sale, registration documents and other instruments as may be necessary to effect such vesting of record.

#### ARTICLE XI

##### ASSIGNMENT AND INDEMNIFICATION

SECTION 11.01. Assignment by Corporation. The parties understand that the Project Lease and the rights of the Corporation hereunder will be assigned to the Trustee pursuant to the Assignment Agreement, and accordingly the City agrees to make all payments to the Corporation or its assignee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach hereof or otherwise) that the City may from time to time have against the Corporation, any assignee, or any Owner. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by the Corporation, its assignee, or any Owner to protect their interests in the Project during the term hereof.



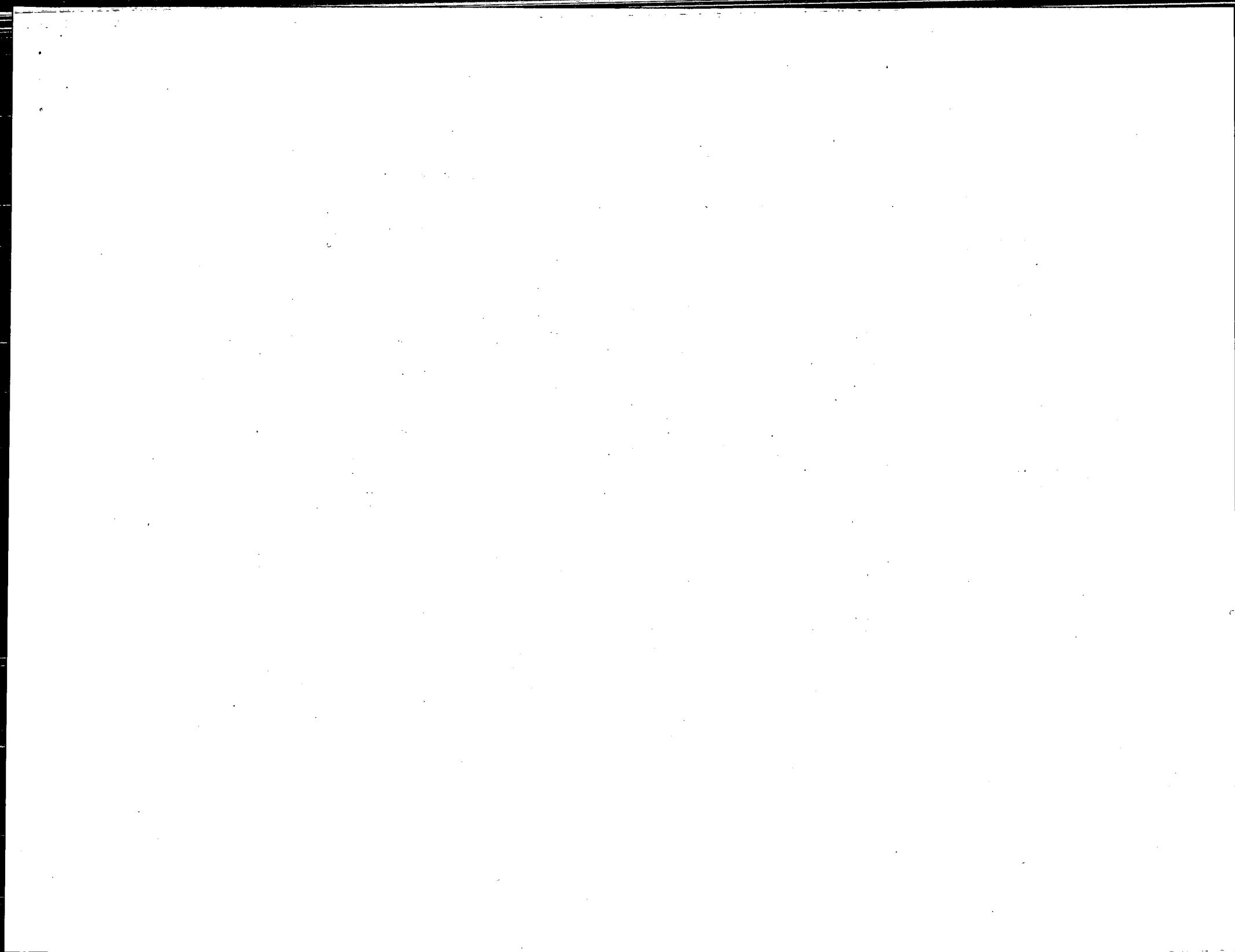
SECTION 11.02. Assignment by Lessee. The Project Lease and the interest of the City in the Project may not be assigned or encumbered by the City except in the ordinary operation of the Project.

SECTION 11.03. Indemnification. The City shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Corporation and its directors, officers and employees and the Trustee from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of the Project Lease, the acquisition and use of the Project or any accident in connection with the operation, use, condition or possession of the Project resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Corporation; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. The City agrees not to withhold or abate any portion of the payments required pursuant hereto by reason of any defects, malfunctions, breakdowns or infirmities of the Project. The City and the Corporation mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

## ARTICLE XII

### DEFAULT

SECTION 12.01. Default. (a) If default shall be made by the City in the observance or performance of any agreement, condition, covenant or term contained herein required to be observed or performed by it (including without limitation the payment of any Base Rental Payments due hereunder), or upon the happening of any of the events specified in subsection (b) of this section (in either case an "Event of Default"), then it shall be lawful for the Corporation or its assignee, to exercise any and all remedies available or granted to it pursuant to law or hereunder. Upon the breach of any agreement, condition, covenant or term contained herein required to be observed or performed by the City, the Corporation or its assignee may exercise any and all rights of entry upon or repossession of the Project, and also, at its option, with or without such entry, may terminate the



Project Lease; provided, that no termination shall be effected either by operation of law or acts of the parties hereto except upon express written notice from the Corporation or its assignee to the City terminating the Project Lease, as provided below. In the event of such default and notwithstanding any entry by the Corporation or its assignee, the Corporation or its assignee may at any time thereafter (with or without notice and demand and without limiting any other rights or remedies the Corporation may have):

(1) Maintain the Project Lease in full force and effect and recover rent and other monetary charges as they become due without terminating the City's right to possession, regardless of whether or not the City has abandoned the Project. In the event the Corporation or its assignee elects not to terminate the Project Lease, it shall have the right and the City hereby irrevocably appoints the Corporation or its assignee as its agent and attorney-in-fact for such purpose to attempt to relet the Project at such rent, upon such conditions and for such term, so long as the tax-exempt status of the interest components of Base Rental Payments is preserved, and to do all other acts to maintain or preserve the Project, including the removal of persons or property therefrom or taking possession thereof, as the Corporation or its assignee deems desirable or necessary, and the City hereby waives any and all claims for any damages that may result to the Project thereby; provided, that no such actions shall be deemed to terminate the Project Lease and the City shall continue to remain liable for any deficiency that may arise out of such reletting, payable at the same time and manner as provided for Base Rental in Section 5.01.

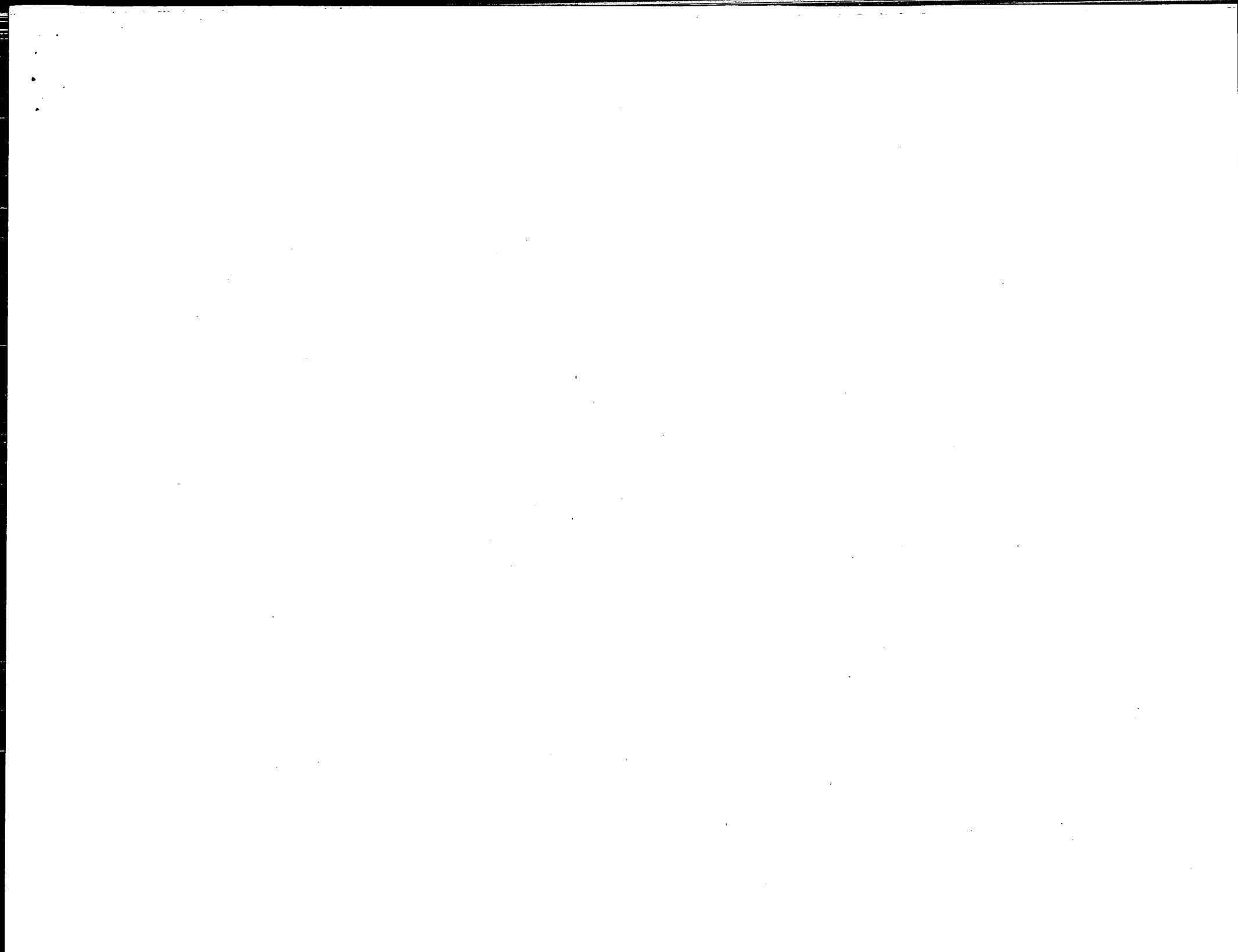
(2) Terminate the City's right to possession of the Project by giving a written notice of termination to the City. On the date specified in such notice (which shall be not less than three (3) days after the giving of such notice) the City's right to possession under the Project Lease shall terminate and the City shall surrender possession of the Project to the Corporation, unless on or before such date all arrears of rental and all other sums payable by the City hereunder, and all costs and expenses incurred by or on behalf of the Corporation hereunder, including attorneys' fees incurred in connection with such defaults, shall have been paid by the City and all other defaults or breaches hereunder by the City at the time existing shall have been fully remedied to the satisfaction of the Corporation. Upon such termination, the Corporation may recover, in addition to all other damages available by contract or at

law, from the City: (i) the worth at the time of award of the unpaid rental which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of such rental loss that the City proves could have been reasonably avoided; and (iii) any other amount necessary to compensate the Corporation for all the detriment proximately caused by the City's failure to perform its obligations hereunder or which in the ordinary course of things would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in clauses (i) and (ii) above is computed by allowing interest at the rate of twelve per cent (12%) per annum.

Each and all of the remedies given to the Corporation or its assignee hereunder or by any law now existing or hereafter enacted are cumulative and the exercise of any one remedy shall not impair the right of the Corporation to any or all other remedies.

(b) In addition to any default resulting from breach by the City of any agreement, condition, covenant of term hereof, if (1) the City's interest herein or any part thereof be assigned, sublet or transferred (other than in the ordinary operation of the Project) without the written consent of the Corporation, either voluntarily or by operation of law; or (2) the City or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the City shall make a general or any assignment for the benefit of its creditors; or (3) the City shall abandon or vacate the Project; then in each and every such case the City shall be deemed to be in default hereunder.

(c) Neither the City nor the Corporation shall be in default in the performance of any of its obligations hereunder (other than the obligation of the City to make Base Rental Payments) unless and until it shall have failed to perform such obligation within thirty (30) days after notice by the City or the Corporation, as the case may be, to the



## EXHIBIT B

Base Rental Payment Schedule

<u>Base Rental Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Annual Base Rental Payment</u>
August 1, 1988	\$2,146,493.33*	\$	\$2,146,493.33
February 1, 1989	1,609,870.00		
August 1, 1989	1,609,870.00	715,000.00	3,934,740.00
February 1, 1990	1,590,207.50		
August 1, 1990	1,590,207.50	755,000.00	3,935,415.00
February 1, 1991	1,568,312.50		
August 1, 1991	1,568,312.50	800,000.00	3,936,625.00
February 1, 1992	1,544,312.50		
August 1, 1992	1,544,312.50	850,000.00	3,938,625.00
February 1, 1993	1,517,962.50		
August 1, 1993	1,517,962.50	900,000.00	3,935,925.00
February 1, 1994	1,489,162.50		
August 1, 1994	1,489,162.50	960,000.00	3,938,325.00
February 1, 1995	1,457,482.50		
August 1, 1995	1,457,482.50	1,020,000.00	3,934,965.00
February 1, 1996	1,422,802.50		
August 1, 1996	1,422,802.50	1,090,000.00	3,935,605.00
February 1, 1997	1,384,652.50		
August 1, 1997	1,384,652.50	1,165,000.00	3,934,305.00
February 1, 1998	1,343,295.00		
August 1, 1998	1,343,295.00	1,250,000.00	3,936,590.00
February 1, 1999	1,297,982.50		
August 1, 1999	1,297,982.50	1,340,000.00	3,935,965.00
February 1, 2000	1,248,402.50		
August 1, 2000	1,248,402.50	1,440,000.00	3,936,805.00
February 1, 2001	1,194,402.50		
August 1, 2001	1,194,402.50	1,550,000.00	3,938,805.00
February 1, 2002	1,135,502.50		
August 1, 2002	1,135,502.50	1,665,000.00	3,936,005.00
February 1, 2003	1,071,400.00		
August 1, 2003	1,071,400.00	1,795,000.00	3,937,800.00
February 1, 2004	999,600.00		
August 1, 2004	999,600.00	1,940,000.00	3,939,200.00
February 1, 2005	922,000.00		
August 1, 2005	922,000.00	2,095,000.00	3,939,000.00
February 1, 2006	838,200.00		
August 1, 2006	838,200.00	2,260,000.00	3,936,400.00
February 1, 2007	744,975.00		
August 1, 2007	744,975.00	2,445,000.00	3,934,950.00
February 1, 2008	644,118.75		
August 1, 2008	644,118.75	2,650,000.00	3,938,237.50
February 1, 2009	534,806.25		
August 1, 2009	534,806.25	2,865,000.00	3,934,612.50



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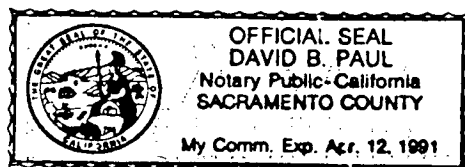
<u>Base Rental Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Annual Base Rental Payment</u>
February 1, 2010	416,625.00		
August 1, 2010	416,625.00	3,105,000.00	3,938,250.00
February 1, 2011	288,543.75		
August 1, 2011	288,543.75	3,360,000.00	3,937,087.50
February 1, 2012	149,943.75		
August 1, 2012	149,943.75	3,635,000.00	3,934,887.50

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\* This payment to be net of capitalized interest in the amount of \$1,333,399.61 and accrued interest of \$321,974.00.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SACRAMENTO )

On this 6th day of January in the year 1988, before me David B. Paul, a Notary Public, State of California, personally appeared R. Burnett Miller and Lorraine Magana, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.

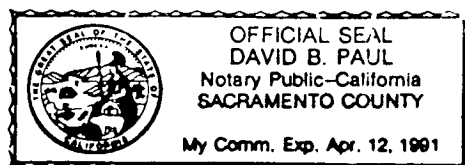


David B. Paul  
Notary Public,  
State of California

[Notarial Seal]

STATE OF CALIFORNIA     )  
                                  ) ss.  
COUNTY OF SACRAMENTO    )

On this 6th day of January in the year 1988, before me David B. Paul, a Notary Public, State of California, personally appeared Anne Rudin, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as Mayor of the City of Sacramento, and Lorraine Magana, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as City Clerk of the City of Sacramento, and acknowledged to me that the City of Sacramento executed it.



David B. Paul  
Notary Public,  
State of California

[Notarial Seal]

CERTIFIED AS TRUE COPY  
of Resolution No. 88-001

CITY OF SACRAMENTO

MAR 29 1988

RESOLUTION NO. 88-001

DATE CERTIFIED

Deputy City Clerk, City of Sacramento

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF JAN 5 1986

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SACRAMENTO APPROVING THE FINAL FORMS OF AND  
AUTHORIZING THE EXECUTION OF AN ACQUISITION  
AGREEMENT, A PROJECT LEASE, A TRUST  
AGREEMENT, AN ESCROW AGREEMENT AND RELATED  
DOCUMENTS FOR THE 1987 PUBLIC FACILITIES  
PROJECT AND AUTHORIZING THE CITY TREASURER TO  
HOLD IN TRUST THE ACQUISITION FUND PURSUANT  
TO THE TRUST AGREEMENT AND AUTHORIZING  
CERTAIN ACTIONS IN CONNECTION WITH SUCH  
FINANCING

WHEREAS, the City of Sacramento is a charter city  
and municipal corporation duly organized and existing under  
and by virtue of the Constitution and laws of the State of  
California (herein called the "City");

WHEREAS, the Sacramento City Public Facilities  
Financing Corporation (herein called the "Corporation") is a  
non-profit corporation duly organized and existing under and  
by virtue of the laws of the State of California for the  
purpose of facilitating the financing of public improvements  
and facilities of the City;

WHEREAS, under Ordinance No. 87-114 passed and  
adopted on December 1, 1987 and effective 30 days thereafter  
(the "Ordinance"), the City is authorized to execute and enter  
into into a sale-leaseback financing with the Corporation of  
the theater comprising a part of the Sacramento  
Community/Convention Center (the "Facility") in the City of  
Sacramento, California, in order to acquire and construct  
certain municipal improvements and to refinance the Sacramento  
Community Center Authority 1971 Bonds, pursuant to an Escrow  
Agreement (the "Escrow Agreement"), dated as of December 1,  
1987, by and between the Sacramento Community Center  
Authority, the City and Security Pacific National Bank;

WHEREAS, the City will sell the Facility to the  
Corporation, pursuant to the Acquisition Agreement (the  
"Acquisition Agreement"), and will lease the Facility from the  
Corporation, pursuant to the Project Lease (the "Project  
Lease"), and the Corporation will, pursuant to a Trust

Corporation the Acquisition Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of Project Lease between the City and the Corporation, executed and entered into as of December 1, 1987, on file with the City Clerk is hereby approved and the Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver the Project Lease in substantially said form with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The execution and delivery, pursuant to the Trust Agreement, of \$41,650,000 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project), evidencing proportionate undivided interests in the rights to receive base rental payments payable by the City pursuant to the Project Lease, is hereby authorized and approved.

Section 5. The City Treasurer is hereby authorized to establish and to hold in trust the Acquisition Fund as a separate account within the treasury of the City and to perform such other trust duties related to the Acquisition Fund in accordance with the provisions of the Trust Agreement.

Section 6. The form of Trust Agreement, Escrow Agreement, Project Lease and related documents, on file with the City Clerk, are hereby approved. The appropriate officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver such documents in substantially said forms, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including arbitrage certificates, or make any necessary or advisable modifications to those documents which are acceptable to the City Attorney's Office and Orrick, Herrington & Sutcliffe and Arnette & Hastie, Co-Bond Counsel, and which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates.

LAW OFFICES  
ORRICK, HERRINGTON & SUTCLIFFE  
600 MONTGOMERY STREET  
SAN FRANCISCO, CALIFORNIA 94111  
TELEPHONE (415) 392-1122  
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ARNELLE & HASTIE  
ATTORNEYS AT LAW  
1160 BATTERY STREET, SUITE 380  
SAN FRANCISCO, CALIFORNIA 94111-1204  
TELEPHONE: (415) 544-6864 TELEX: 184150  
TELECOPIER: (415) 544-7991

January 7, 1988

PaineWebber Incorporated  
100 California Street, Suite 1200  
San Francisco, California 94111

Stone & Youngberg  
One California Street, Suite 2800  
San Francisco, California 94111

Cranston/Prescott of Prescott, Ball &  
Turben, Inc.  
444 South Flower Street, 48th Floor  
Los Angeles, California 90071

City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)  
(Supplemental Opinion)

Ladies and Gentlemen:

We have acted as co-special counsel in connection with the purchase by PaineWebber Incorporated, Stone & Youngberg, Cranston Prescott of Prescott, Ball & Turben, Inc. (the "Underwriters") of \$41,650,000 principal amount of City of Sacramento Certificates of Participation (1987 Public Facilities Project) (the "Certificates"), each evidencing and representing a proportionate undivided interest of the registered owner thereof in the rights to receive certain Base Rental Payments (as that term is defined in the Trust Agreement hereinafter mentioned) paid under and pursuant to that certain Project Lease (the "Lease") by and between the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"), executed and entered into as of December 1, 1987, all of which rights to receive such Base Rental Payments have been assigned without recourse by the Corporation to Security Pacific National Bank, as trustee (the "Trustee"), pursuant to an

January 7, 1988  
Page 2

Assignment Agreement (the "Assignment Agreement") by and between the Corporation and the Trustee, executed and entered into as of December 1, 1987, which Certificates have been executed by the Trustee pursuant to the terms of a Trust Agreement (the "Trust Agreement") by and among the Trustee, the Corporation and the City, executed and entered into as of December 1, 1987; and with respect thereto we have delivered to the City our final approving opinion on the validity of the Lease and other matters and you are hereby entitled to rely upon such final opinion to the same extent as if such opinion were addressed to you.

In connection with so acting, we have examined the Lease, the Assignment Agreement, the Trust Agreement, that certain Acquisition Agreement (the "Acquisition Agreement"), by and between the City and the Corporation, executed and entered into as of December 1, 1987, that certain Escrow Agreement (the "Escrow Agreement") executed and entered into as of December 1, 1987, by and among the Trustee, the City and the Sacramento Community Center Authority (the "Authority"), that certain Purchase Agreement between the City, the Corporation and the Underwriters, dated December 8, 1987 (the "Purchase Agreement"), the Official Statement, dated December 8, 1987, relating to the Certificates (the "Official Statement"), opinions of counsel to the Corporation and the Trustee and certifications of the City, the Trustee, the Corporation and others as to certain factual matters, and such other documents and matters as are in our opinion necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Also, in examining the documents and matters referred to above, we have assumed the genuineness of all documents and signatures and have relied upon but have not undertaken to verify independently the accuracy of the factual matters represented, warranted or certified in such documents. Furthermore, we

January 7, 1988  
Page 3

have assumed compliance with the covenants and agreements contained in the Lease, the Trust Agreement and the Assignment Agreement. In particular, compliance with such covenants and agreements may be necessary to assure that future actions or events will not cause interest represented by the Certificates to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, the Escrow Agreement and the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipalities in the State of California.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Certificates are exempt from registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

2. The statements in the Official Statement on the cover page relating to tax exemption, description of the Certificates and security for the Certificates, and statements under the captions "Introduction," "The Certificates," "Security and Sources of Payment for the Certificates" (excluding the subsection under the caption "Estimated Sources and Uses of Funds"), and "Tax Exemption," and the information contained in Appendix B and Appendix C to the Official Statement taken together are, to the extent they purport to summarize the Certificates, the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, the Escrow Agreement and our final legal opinion, an accurate summary of such documents for purposes of use in the Official Statement.



January 7, 1988

Page 4

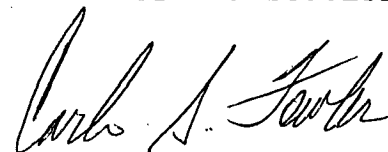
3. The difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Certificates with a Certificate Payment Date of August 1, 2005 (the "Discount Certificates") are sold and the principal amount represented thereby constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. Such discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term of each such Discount Certificate on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such Discount Certificate to determine taxable gain upon disposition (including sale, prepayment or payment on the Certificate Payment Date) of such Discount Certificate.

This opinion is furnished by us to the Underwriters and is solely for their benefit and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE

per



ARNELLE & HASTIE



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January 7, 1988

Sacramento Community Center Authority  
Sacramento, California 95814

Security Pacific National Bank  
San Francisco, California 94105

PaineWebber Incorporated  
San Francisco, California 94111

Stone & Youngberg  
San Francisco, California 94111

Cranston/Prescott of Prescott, Ball &  
Turben, Inc.  
Los Angeles, California 90071

Sacramento Community Center Authority  
1971 Bonds  

---

(Defeasance Opinion)

Ladies and Gentlemen:

We have acted as co-special counsel in connection with the defeasance of the Sacramento Community Center Authority 1971 Bonds (the "Bonds") issued pursuant to that certain Resolution No. 10-71, adopted July 28, 1971 (the "Resolution"), by the Sacramento Community Center Authority (the "Authority"), a public entity created pursuant to a joint exercise of powers agreement, dated as of November 25, 1969, by and between the City of Sacramento (the "City") and the County of Sacramento (the "County"), which Resolution designated Security Pacific National Bank as trustee (the "Trustee") for the Bonds. In such capacity we have examined the law deemed applicable by us and such documents and proceedings as we consider necessary to render this opinion, including the Resolution, data and computations prepared by PaineWebber Incorporated and verified by Ernst & Whinney (the

January 7, 1988  
Page 2

"Verification Report") relating to the Bonds and certain obligations placed in escrow with the Trustee, as escrow agent, pursuant to that certain Escrow Agreement dated as of December 1, 1987 (the "Escrow Agreement") by and among the Trustee, the Authority and the City. In rendering the following opinions, we have made no independent investigation of the actual deposit of the amounts and obligations pursuant to the Escrow Agreement, the principal and interest requirements of the Bonds, or of the adequacy of the amounts deposited pursuant to the Escrow Agreement and the investment income thereon to pay such principal and interest requirements when due, but with respect to such matters have relied solely upon the Verification Report and the representations in the Escrow Agreement and related certificates. We note that Ernst & Whinney has made certain assumptions in the Verification Report which, with your permission, we have not independently verified. We have also assumed with your permission that all other sums payable by the Authority under the Resolution, including fees of the Trustee, have been paid.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the defeasance of the Bonds is authorized by and complies with the conditions and terms of the Resolution, including Article X thereof, and applicable law and, provision having been made for the payment of the Bonds, together with the payment of accrued interest thereon to their respective maturity dates, in accordance with the conditions and terms of the Resolution and applicable law, the obligations of the Authority under the Resolution are fully discharged.

This opinion is furnished by us to the addressees hereof and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE

per



ARNELLE & HASTIE





OFFICE OF THE  
CITY ATTORNEY

JAMES P. JACKSON  
CITY ATTORNEY

THEODORE H. KOBAY, JR.  
ASSISTANT CITY ATTORNEY

CITY OF SACRAMENTO  
CALIFORNIA

January 7, 1988

812 TENTH STREET  
SACRAMENTO, CA  
95814-2694

916-449-5346

DEPUTY CITY  
ATTORNEYS:  
SAMUEL L. JACKSON  
WILLIAM P. CARNAZZO  
LAWRENCE M. LUNARDINI  
GARLAND E. BURRELL, JR.  
DIANE B. BALTER  
RICHARD F. ANTOINE  
TAMARA MILLIGAN-HARMON  
LINDA M. GONZALES

Sacramento County Public Facilities  
Financing Corporation  
County of Sacramento, California

Re: City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)

Ladies and Gentlemen:

I have reviewed the policy of title insurance issued by Fidelity National Title Insurance Company, dated the date of this certificate, insuring title to the land upon which is located a fine arts theater for public assembly and convention purposes, to be leased to the City of Sacramento pursuant to a lease, entitled "Project Lease" executed and entered into as of December 1, 1987.

It is my opinion that none of the exceptions set forth in said title insurance policy will interfere with the use of the land for the purposes of the above-referenced building, when leased.

Very truly yours,

JAMES P. JACKSON  
City Attorney

\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CLOSING MEMORANDUM

The following memorandum will summarize the procedures to be followed in completing the delivery of the City of Sacramento, Certificates of Participation (1987 Public Facilities Project).

Place

The closing will be held at the offices of Orrick, Herrington & Sutcliffe, 555 Capitol Mall, Sacramento, California, at 8:00 a.m. on Thursday, January 7, 1988.

Parties

- City of Sacramento (the "City")
- Sacramento City Public Facilities Financing Corporation (the "Corporation")
- Sacramento Community Center Authority (the "Authority")
- James P. Jackson, Esq. ("City Attorney" and "Corporation Counsel")
- Orrick, Herrington & Sutcliffe and Arnelle & Hastie ("Co-Special Counsel")
- PaineWebber Incorporated, Stone & Youngberg and Cranston/Prescott, a Division of Prescott, Ball & Turben, Inc. ("Underwriters")
- Mudge Rose Guthrie Alexander & Ferdon and Harrison, Taylor & Bazile ("Co-Underwriters' Counsel")
- Security Pacific National Bank (the "Bank")

sac\closing.d21

- Fidelity National Title Insurance Co. (the "Title Company")

### Part I

#### Pre-Closing

The Pre-Closing will be held at the offices of Orrick, Herrington & Sutcliffe, 555 Capitol Mall, Sacramento, California at 2:00 p.m. on Wednesday, January 6, 1988. The documents listed below, ten (10) counterparts each, will be executed in advance of the Closing by the respective parties and deposited in escrow with Co-Special Counsel at the Pre-Closing.

Unless otherwise specified, all documents will be dated the date of the Closing.

#### I. Major Documents

1. Acquisition Agreement dated as of December 1, 1987, by and between the City and the Corporation.
2. Grant Deed from the City to the Corporation (to be recorded with the County Recorder of Sacramento County).
3. Trust Agreement dated as of December 1, 1987, by and among the City, the Corporation and the Trustee.
4. Project Lease dated as of December 1, 1987, by and between the City and the Corporation (to be recorded with the County Recorder of Sacramento County).
5. Assignment Agreement dated as of December 1, 1987, by and between the Corporation and the Trustee (to be recorded with the County Recorder of Sacramento County).
6. Escrow Agreement dated as of December 1, 1987, by and among the Authority, the City and the Bank.
7. Title Insurance Policy.

#### II. Sale Documents

8. Purchase Agreement, dated December 8, 1987, by and among the Underwriters, the City and the Corporation, and acknowledged by the Trustee.
9. Preliminary Official Statement dated December 1, 1987.
10. Final Official Statement dated December 8, 1987.
11. Preliminary Blue Sky Survey dated December 2, 1987.

12. Blue Sky Memorandum.
13. Legal Investment Survey.

#### III. City Documents

14. City of Sacramento, Ordinance No. 87-114 approving the lease of the Community Center together with an affidavit of publication of the Ordinance, and Resolutions No. 87-104, and 88-001, approving and authorizing the execution of legal documents, adopted by the City Council on December 1, 1987, December 8, 1987, and January 5, 1988, certified as of the Closing Date.
15. Certificate of the City.
16. Certificate as to Arbitrage, together with underwriters' representations regarding purchase of securities, reserve fund, and initial offering price to the public.
17. Rebate Certificate.
18. Written Request of the City to the Trustee.
19. Certificates of Insurance.
20. Form of Requisition for Costs of Issuance Fund, together with Requisition No. 1.
21. Form of Requisition for Acquisition Fund.
22. Notice of Proposed Debt Issuance to California Debt Advisory Commission and Notice of Final Sale, together with letter regarding negotiated sale.
23. IRS Form 8038-G.
24. Opinion of City Attorney.

#### IV. Corporation Documents

25. Sacramento City Public Facilities Financing Corporation Resolution No. 87-001, authorizing the financing and the execution of the legal documents, certified as of the Closing Date.
26. Certificate of Status - Domestic Corporation issued by California Secretary of State, together with Good Standing Certificate by the Secretary of State.

27. Certificate regarding Effectiveness of Articles of Incorporation, together with Articles of Incorporation and all amendments.
28. Certificate regarding Effectiveness of Bylaws, together with Bylaws and all amendments.
29. Incumbency and Signature Certificate.
30. Opinion of Counsel to the Corporation.

V. Authority Documents

31. Joint Powers Authority Agreement.
32. Signature and Incumbency Certificate of the Authority.
33. Notice of Termination dated January 7, 1987.
34. Certified Copy of Resolution No. 87-001 authorizing Defeasance of the 1971 Bonds and execution of the Escrow Agreement.
35. Grant Deed from the Authority to the City (to be recorded with the County Recorder of Sacramento County).

VI. Documents Relating to Refunding  
of 1971 Bonds

36. Ernst & Whinney Report

VII. Bank Documents

37. Certificate of the Bank.
38. Receipt for Purchase Price and other Monies.
39. Opinion of Counsel to the Bank.

VIII. Underwriters Documents

40. Rating Letters from Standard and Poor's Corporation and Moody's Investors Service.
41. Receipt for Certificates of Participation.
42. Initial Comfort Letter from Touche, Ross & Co. dated December 8, 1987 and Final Comfort Letter dated January 7, 1987.
43. Specimen Certificate of Participation.



44. Opinion of Co-Underwriters' Counsel.

IX. Co-Special Counsel Documents

45. Final Approving Legal Opinion of Co-Special Counsel.

46. Supplemental Opinion of Co-Special Counsel to the Underwriters.

47. Defeasance Opinion of Co-Special Counsel relating to the Sacramento Community Center Authority 1971 Bonds (the "1971 Bonds").

X. Closing Memorandum

48. Closing Memorandum

PART II

CLOSING

DISTRIBUTION OF DOCUMENTS AND FUNDS

All of the documents deposited pursuant to Part I hereof and all funds deposited as hereinafter set forth will be deemed to have been deposited in escrow until delivery of such documents and funds at the Closing has been made.

DOCUMENTS TO BE RECORDED

A representative of Fidelity National Title Insurance Company shall, upon direction to do so from Co-Special Counsel, record the Notice of Termination, the Grant Deed, the Project Lease, and the Assignment Agreement, in that order, with the County Recorder of Sacramento County. Upon completion of recording, the representative shall report to the parties the time and recordation number of each such documents and release its title insurance policy.

At the Closing, the Underwriter is to deliver to the Trustee the amount of \$41,224,816.90, being the purchase price of the Certificates in immediately available funds. The City will return the Good Faith Check in the amount of \$400,000 to the Underwriters. The Trustee for the 1971 Bonds is to transfer the funds held pursuant to the 1971 Bond Resolution to the Trustee. Upon such deposit and upon confirmation by Co-Special Counsel that all of the instruments listed in Part I have been deposited in proper form, the representative of the Title Co. shall record the documents as previously described. Thereafter, the escrowed documents or copies thereof are to be delivered to the respective

MUDGE ROSE GUTHRIE ALEXANDER & FERDON

180 MAIDEN LANE  
NEW YORK, NEW YORK 10038  
212-510-7000

2121 K STREET, N.W.  
WASHINGTON, D.C. 20037  
202-429-9355

SUITE 2020  
333 SOUTH GRAND AVENUE  
LOS ANGELES, CALIFORNIA 90071  
213-613-1112

TELECOPIER  
213-680-1358

SUITE 900, NORTHBRIDGE CENTRE  
515 NORTH FLAGLER DRIVE  
WEST PALM BEACH, FL. 33401  
305-650-8100

12, RUE DE LA PAIX  
75002, PARIS, FRANCE  
(1) 42. 61. 57. 71

\$42,225,000\*

CERTIFICATES OF PARTICIPATION

(1987 Public Facilities Project)

Representing Proportionate Undivided Interests of the  
Owners thereof in Rental Payments to be made by the

CITY OF SACRAMENTO

to

SACRAMENTO CITY PUBLIC  
FACILITIES FINANCING CORPORATION

PRELIMINARY BLUE SKY SURVEY

December 2, 1987

PaineWebber Incorporated  
Stone & Youngberg  
Cranston/Prescott of  
Prescott, Ball & Turben, Inc.  
as Underwriters  
c/o PaineWebber Incorporated  
100 California Street  
Suite 1200  
San Francisco, California 94111

This Preliminary Survey sets forth in summary form our comments as to the requirements of the securities or "blue sky" laws of the jurisdictions enumerated herein with respect to the proposed offering and sale to the public of the captioned certificates of participation (the "Certificates"). It is based upon an examination of the various statutes and the related rules and regulations, if any, issued thereunder, as reported in standard compilations customarily relied

\*Preliminary, subject to change.

upon in this connection, and upon statements contained in the offering materials in the form initially distributed to the public.

We are not, however, members of the Bar of any jurisdiction other than New York and California, and we have obtained neither opinions from members of the Bar of any other jurisdiction nor formal rulings from regulatory commissions or other administrative bodies or officials. The statements made or conclusions expressed herein are subject to change upon the exercise of broad discretionary powers vested in administrative authorities, authorizing them, among other things, to withdraw exemptions, to impose additional requirements, to refuse registrations or to issue stop orders.

This Preliminary Survey does not purport to cover the requirements under any of the laws of the jurisdictions enumerated herein with respect to the registration or licensing of dealers, brokers or salesmen, the form or substance of advertising or the legality of investments in the Certificates by any institutional investor which is subject to statutory or other restrictions as to its investments.

MUDGE ROSE GUTHRIE ALEXANDER & FERDON

I

SALES TO THE PUBLIC BY REGISTERED OR LICENSED  
DEALERS OR BROKERS

A. Jurisdictions Where Filings Not Required

Offers and sales of the Certificates may be made in any amount to anyone in the following jurisdictions without registration of the Certificates or any filing being made, but only by dealers or brokers registered or licensed in the respective jurisdictions:

Alabama	Idaho	Missouri	Rhode Island
Alaska	Illinois	Montana	South Carolina
Arizona	Indiana	Nebraska	South Dakota
Arkansas	Iowa	Nevada	Tennessee
California	Kansas	New Jersey	Texas
Colorado	Kentucky	New Mexico	Utah
Connecticut	Louisiana	North Carolina	Virginia
Delaware	Maine	North Dakota	Washington
District of Columbia	Maryland	Oklahoma	West Virginia
Florida(1)	Massachusetts	Oregon	Wisconsin
Georgia	Michigan	Pennsylvania(3)	Wyoming
Hawaii(2)	Mississippi	Puerto Rico	

(1) All offering materials must disclose any default, after December 31, 1975, in the payment of principal or interest by the issuer or any guarantor of the issuer.

(2) All offering materials must clearly indicate the name of the person circulating it and the fact that such person is circulating it.

(3) All advertising materials, including the Preliminary Official Statement, must indicate in bold print on the front cover, that the Certificates constitute less than a general obligation of the issuer.

B. Jurisdiction Where Filing Required

Offers and sales of the Certificates may be made to anyone in the following jurisdiction only if certain filing requirements have been met, and only by dealers or brokers registered or licensed in such jurisdiction. We are taking such action as is considered necessary to qualify the Certificates in the following jurisdiction:

New York

No dealer should offer or sell the Certificates in the above jurisdiction until information that such offers and sales may be made is received from the Underwriter or from the New York administrative authorities.

## II

### JURISDICTIONS IN WHICH SALES TO THE PUBLIC MAY NOT BE MADE

No action is being taken to qualify any of the Certificates for sale in the following jurisdictions and offers and sales of the Certificates to the public in these jurisdictions without such qualification are prohibited:

Minnesota      New Hampshire      Ohio      Vermont

## III

### SALES TO DEALERS

In addition to the offers and sales of the Certificates which may be made as indicated in Part I herein, offers and sales of the Certificates may be made in any amount to dealers or brokers registered or licensed in the following jurisdictions, subject to the qualifications indicated in the notes, without registration of the Certificates or any filings being made and without completion of the action for qualification of the Certificates referred to in Part IB herein. Subject to the qualifications indicated in the notes, such offers and sales may be made either by dealers or brokers registered or licensed in the respective jurisdictions or by persons not so registered or licensed.

Alabama	Kentucky	Ohio(8)
Alaska(1)	Louisiana	Oklahoma(1)
Arizona	Maine(5)	Oregon
Arkansas(1)	Maryland(1)	Pennsylvania(1)
California(2)	Massachusetts(1)	Puerto Rico(1)
Colorado(3)	Michigan(1)	Rhode Island
Connecticut(1)	Minnesota(1)	South Carolina(1)
Delaware(1)	Mississippi(1)	South Dakota
District of Columbia(1)	Missouri(1)	Tennessee(9)
Florida	Montana	Texas(10)
Georgia	Nebraska	Utah(1)
Hawaii(1)(4)	Nevada(1)	Vermont
Idaho	New Hampshire(1)	Virginia
Illinois	New Jersey(6)	Washington
Indiana(1)	New Mexico	West Virginia(1)
Iowa(1)	North Carolina(7)	Wisconsin(11)
Kansas	North Dakota	Wyoming(1)

(1) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV.

(2) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in this jurisdiction and does not direct offers to sell or buy into this jurisdiction in any manner to persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in Part IV, or (iii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with registered broker-dealers.

(3) Provided the offeror or seller (i) is registered as a broker or dealer in this jurisdiction, or (ii) is a broker or dealer registered pursuant to the Securities Exchange Act of 1934 and has previously filed certain required information with the Colorado Securities Commissioner.

(4) All offering material must clearly indicate the name of the person circulating it and the fact that such person is circulating it.

(5) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) is a broker-dealer registered under the United States Securities Exchange Act of 1934 and effects transactions in this jurisdiction exclusively with (1) the issuer of the securities; (2) other broker-dealers licensed or exempt in this jurisdiction; or (3) institutions enumerated with respect to this jurisdiction in Part IV.

(6) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with institutions enumerated with respect to this jurisdiction in Part IV.

(7) Provided the offeror or seller (i) is registered as a dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered dealers or with banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts or other financial institutions or institutional buyers.

(8) Provided the offeror or seller (i) is licensed as a dealer in this jurisdiction, or (ii) is acting as a principal and for his own account.

(9) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in this jurisdiction, or (ii) has no place of

business in this state and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. and effects transactions in this jurisdiction exclusively with or through registered or licensed broker-dealers or with institutions enumerated with respect to this jurisdiction in Part IV.

(10) Provided the offeree or purchaser is a registered dealer actually engaged in buying and selling securities.

(11) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively for the account of registered broker-dealers or with institutions enumerated with respect to this jurisdiction in Part IV.

#### IV

##### SALES TO CERTAIN INSTITUTIONS

In addition to the offers and sales of the Certificates which may be made as indicated in Part I herein, offers and sales of the Certificates may be made in any amount to the specified institutions in the following jurisdictions, subject to the qualifications indicated in the notes, without registration of the Certificates or any filings being made and without completion of the action for qualification of the Certificates referred to in Part IB herein. Subject to the qualifications indicated in the notes, such offers and sales may be made either by dealers or brokers registered or licensed in the respective jurisdictions or by persons not so registered or licensed. The status of the Certificates with respect to eligibility for investment by the institutions mentioned herein is not covered in this Survey.

Alabama..... Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer.

Alaska(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Arizona..... Any bank, savings institution, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities.

- Arkansas(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- California(2)(3)..... Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or individual retirement account); or such other institutional investor or governmental agency or instrumentality designated by rule of the Commissioner of Corporations, or any corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934 or any wholly owned subsidiary of such a corporation which after the offer and sale will own directly or indirectly 100 percent of the outstanding capital stock of the issuer; provided the purchaser represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security.
- Colorado(4)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the "Investment Company Act of 1940", pension or profit-sharing trust, or other financial institution or institutional buyer.
- Connecticut(1)..... Any state bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as amended, pension or profit-sharing trust, or other financial institution or institutional buyer.



Delaware(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

District of Columbia(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Florida..... Any bank or trust company, savings institution, insurance company, regulated investment company, or pension or profit-sharing plan having assets of not less than \$500,000.

Georgia..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution.

Hawaii(1)(5)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Idaho..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

- 2 Illinois(6)..... Any corporation, bank, savings institution, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, or other financial institution or institutional investor, or any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities, or any trust in respect of which a bank or trust company is trustee or co-trustee.
- Indiana(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Iowa(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Kansas..... Any bank, savings institution, trust company, insurance company, investment company as defined in the investment company act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer.
- Kentucky..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Louisiana..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pensions or profit-sharing plan or trust, or other financial institution.
- Maine(7)(8)..... Any financial and institutional investor.

**Maryland(1).....** Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

**Massachusetts(1)(9)....** Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profitsharing trust, or other financial institution or institutional buyer.

**Michigan(1).....** Any bank, savings institution, trust company, insurance company, investment company as defined in the investment company act of 1940, pension or profit-sharing trust the assets of which are managed by a bank or trust company or other institutional manager, or other financial institution or institutional buyer.

**Minnesota(1)(10).....** Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer.

**Mississippi(1).....** Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

**Missouri(1).....** Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profitsharing trust, or other financial institution or institutional buyer.

**Montana.....** Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Nebraska(11)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Nevada..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

New Hampshire(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer.

New Jersey(12)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

New Mexico..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

New York..... No exemption for sales to institutions.

North Carolina(13)..... Any corporation which has a net worth in excess of \$1,000,000 as determined by generally accepted accounting principles, bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

North Dakota..... Any bank, savings bank, savings institution, trust company, insurance company, or any corporation, organization or association, a principal part of whose business consists of the buying of securities.

Ohio(14)..... Any corporation, bank, insurance company, pension fund or pension fund trust, employees' profit sharing fund or employees' profit sharing trust, or any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or cotrustee.

Oklahoma(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Oregon..... Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer.

Pennsylvania(1)..... Any bank, insurance company, pension or profit-sharing plan or trust, investment company as defined in the Investment Company Act of 1940, other financial institution or any person, other than an individual, which controls any of the foregoing, the Federal Government, State or any agency or political subdivision thereof or any other person designated as an institutional investor by regulation of the Pennsylvania Securities Commission.

Puerto Rico(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer.

Rhode Island..... Any national bank, or any bank, trust company, insurance company or association under the supervision of the Director of Business Regulation of Rhode Island, investment company as defined in the investment company act of 1940, pension or profit sharing trust, or institutional buyer, provided the purchaser is purchasing for its own account and investment.

South Carolina(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

South Dakota(15)..... Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, or pension or profit-sharing trust, or the state or any state agency or political subdivision thereof, or other financial institution or other institutional buyer.

Tennessee(16)..... Any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, or any other person engaged as a substantial part of its business in investing in securities, provided such purchaser has a net worth in excess of \$1,000,000.

Texas(17)..... Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940 or small business investment company as defined in the Small Business Investment Act of 1958, as amended.

Utah(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Vermont..... Any bank, savings institution, trust company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Virginia..... Any corporation, investment company or pension or profit-sharing trust.

Washington..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

West Virginia(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Wisconsin(18)..... Any bank, savings institution, credit union, trust company, insurer, investment advisor or savings and loan association, if the purchaser or prospective purchaser is acting for itself or as trustee with investment control; an investment company as defined under 15 USC 80a-3 or a pension or profit sharing trust; this state or any of its agencies or political subdivisions; the federal government or any of its agencies or instrumentalities; any financial institution or institutional investor.

Wyoming(1)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

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(1) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part.

(2) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in this jurisdiction and does not direct offers to sell or buy into this jurisdiction in any manner to persons other than registered broker-dealers or to institutions enumerated with respect to this jurisdiction in this Part.

(3) The institutional investors, governmental agencies and instrumentalities designated by rule of the Commissioner of Corporations are: (a) any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended December 29, 1981, which has total assets (including endowment, annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement; (b) any corporation which has a net worth on a consolidated basis according to its most recent audited financial statement of not less than \$14,000,000; (c) any wholly owned subsidiary of any institutional investor designated above; and (d) the Federal Government, any agency or instrumentality of the Federal Government, any corporation wholly owned by the Federal Government, any state, any city, city and county, or county, or any agency or instrumentality of such governments, any state university or state college, and any retirement system for the benefit of employees of any of the foregoing.

(4) Provided the offeror or seller (i) is registered as a broker or dealer in this jurisdiction, or (ii) is a broker or dealer registered pursuant to the Securities Exchange Act of 1934 and has previously filed certain required information with the Colorado Securities Commissioner.

(5) The term "institutional buyer" includes any organization coming within the scope of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended. In addition, all offering material must clearly indicate the name of the person circulating it and the fact that such person is circulating it.

(6) The Illinois Securities Department has, by regulation, defined "institutional investor" to include, but not be limited to: (a) any investment company, university, or other organization whose primary purpose is to invest its own assets or those held in trust by it or others; and (b) any trust account or individual or group retirement account in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and (c) any foundation or endowment fund exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund. The Illinois Securities Department has also defined "financial institution" to include, but not be limited to, a manager of investment accounts on behalf of other than natural persons, who, with affiliates, exercises sole investment discretion with respect to such accounts and provided such accounts exceed 10 in number and have a fair market value of \$10,000,000 at the end of the preceding calendar month.

(7) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) is a broker-dealer who is registered as a broker-dealer under the United States Securities Exchange Act of 1934, if the transactions effected by the broker-dealer in Maine are exclusively with the following: (1) The issuer of the securities involved in the transactions; (2) Other broker-dealers licensed or exempt under the Revised Maine Securities Act, except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers; and (3) Financial and institutional investors acting for themselves or is a fiduciary capacity; or (iii) is a broker-dealer who is registered as a broker-dealer under the United States Securities Exchange Act of 1934 and licensed under the securities act of the state in which the



broker-dealer maintains its principal place of business and has no place of business in Maine, if the broker-dealer offers and sells in Maine to persons who are existing customers of the broker-dealer and who represent that they have no principal place of residence in Maine.

(8) The term "financial and institutional investor" means, but is not limited to: (i) A depository institution or a depository institution holding company; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined by the United States Investment Company Act of 1940; (v) a business development company as defined by the United States Investment Company Act of 1940; (vi) an entity, other than a natural person, a substantial part of whose business activities consist of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has gross assets in excess of \$1,000,000 at the end of its latest fiscal year; (vii) an employee pension and profit sharing or benefit plans, other than an employee and profit sharing or benefit plan of the issuer, a self-employed individual retirement plan or individual retirement account, if (1) the investment decision is made by a plan fiduciary, as defined in the United States Employee Retirement Income Security Act of 1974, Section 3, subsection 21, which is either a depository institution, an insurance company or an investment adviser registered under the Revised Maine Securities Act, or (2) the plan has total assets in excess of \$5,000,000; (viii) a small business investment company licensed by the United States Small Business Investment Act of 1958, Section 301(c) or (d); or (ix) an entity organized and operated not for private profit, as described in the United States Internal Revenue Code, Section 501(c)(3) with total assets in excess of \$5,000,000. A person may be a financial and institutional investor whether acting for itself or others in a fiduciary capacity.

(9) The terms "financial institution or institutional buyer" include, but are not limited to, an entity, other than an individual, (1) a substantial part of whose business activities consists of investing, purchasing, selling, or trading in securities of others; and (2) has gross assets of one million dollars or more at the end of its last fiscal year, including, but not limited to, any charitable organization.

(10) The terms "financial institution or institutional buyer" include but are not limited to (i) any corporation with a class of equity securities registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, and, (ii) any person who is an "accredited investor" within the meaning of rule 501(a) adopted by the Securities and Exchange Commission.

(11) The Nebraska Director of Banking and Finance has, in an interpretative opinion, added certain institutions to those listed: any bank as defined in section 3(a)(2) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; insurance company as defined in section 2(13) of the Securities Act of Nebraska; any business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; any Small Business Investment Company licensed by the United States Small Business Administration under Sections 301(c) or (d) of the Small Business Investment Act of 1958. "Pension or profit-sharing trust" means an employee benefit plan within the meaning of Title I of the

Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank or insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000.

(12) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part.

(13) Provided the offeror or seller (i) is registered as a dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered dealers or with banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers.

(14) Provided the offeror or seller is licensed as a dealer in this jurisdiction.

(15) The terms "financial institution" or "institutional buyer" include (i) an endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code, (ii) an issuer which has any class of securities registered under Section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary of such an issuer, and (iii) any other corporation, partnership, or association which has been in existence for 10 years or whose net assets exceed \$250,000 and whose principal purpose as stated in its articles, by-laws, or other organizational instrument is investing in securities.

(16) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this state and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. and effects transactions in this jurisdiction exclusively with or through registered or licensed broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part.

(17) The term "savings institution" includes any federally chartered credit union or savings and loan association, and any credit union or savings and loan association chartered under the laws of any state of the United States.

(18) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively for the account of registered broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part. The Commissioner of Securities has, by rule, defined financial institutions and institutional investors to include: (a) an endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code; (b) an issuer which has any class of securities registered under Section 12 of the Securities Exchange Act of 1934, and any wholly owned subsidiary thereof; and (c) any other corporation, partnership

or association which has been in existence for ten years or whose net assets exceed \$500,000, and whose principal purpose as stated in its articles, by-laws or other organizational instrument is investing in securities.

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LOS ANGELES, CALIFORNIA 90071

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TELECOPIER  
213-680-1358

SUITE 900, NORTHBRIDGE CENTRE  
515 NORTH FLAGLER DRIVE  
WEST PALM BEACH, FL. 33401  
305-650-8100

12, RUE DE LA PAIX  
75002, PARIS, FRANCE  
(1) 42. 61. 57. 71

\$41,650,000  
CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION  
(1987 Public Facilities Project)

FINAL BLUE SKY MEMORANDUM

January 7, 1988

PaineWebber Incorporated  
Stone & Youngberg  
Cranston/Prescott of  
Prescott, Ball & Turben, Inc.  
as Underwriters  
c/o PaineWebber Incorporated  
100 California Street  
Suite 1200  
San Francisco, California 94111

This will advise you that the action required to be taken in the jurisdiction enumerated in Part I B of our Preliminary Blue Sky Survey, dated December 2, 1987, has been taken. The Certificates may be sold in any amount in such jurisdiction.

The Certificates have not been qualified for sale to the public in the states of Minnesota, New Hampshire, Ohio and Vermont and offers and sales of the Certificates may not be made to the public in such jurisdictions.

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75002, PARIS, FRANCE  
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\$42,225,000\*

CERTIFICATES OF PARTICIPATION

(1987 Public Facilities Project)

Representing Proportionate Undivided Interests of the  
Owners thereof in Rental Payments to be made by the

CITY OF SACRAMENTO

to

SACRAMENTO CITY PUBLIC  
FACILITIES FINANCING CORPORATION

LEGAL INVESTMENT SURVEY

December 2, 1987

PaineWebber Incorporated  
Stone & Youngberg  
Cranston/Prescott of  
Prescott, Ball & Turben, Inc.  
as Underwriters  
c/o PaineWebber Incorporated  
100 California Street  
Suite 1200  
San Francisco, California 94111

As counsel to the Underwriters, we have prepared the following Survey pertaining to the legality for investment by savings banks, trustees, and insurance companies of the captioned certificates (the "Certificates"). In preparing this Survey, we have examined the legal investment laws of the jurisdictions listed below and the published rules and regulations of the authorities administering such laws, as reported in standard compilations customarily relied upon in this connection. We have also relied upon communications with administrative authorities in certain instances and information set forth in the offering materials in the form initially distributed to the public.

\*Preliminary, subject to change.

We are not, however, members of the Bar of any jurisdiction other than New York and California and have obtained neither opinions from members of the Bar of any other jurisdiction nor formal rulings from regulatory commissions or other administrative bodies or officials. We have not filed applications for admission of the Certificates to the "legal list" in any jurisdiction nor have we examined such lists. This Survey is furnished only for the general information of the Underwriters and no investor is entitled to rely upon it as opinion of counsel.

Except as expressly noted and as set forth in the next paragraph, the four categories of investors shown in the following tabular summary are general and do not indicate the particular types of savings banks, trustees, life insurance companies or other insurance companies concerned in each instance; likewise, unless noted, specific statutory limitations as to purchase price, character, amount and percentage of funds which may be invested, or the relationships between the investor and the issuer are not shown; nor does this Survey consider the effect of provisions in instruments creating trusts which might authorize investment of trust funds in securities in addition to those specified in the statute or which might limit investment of such funds; nor does it consider those statutes which require approval of particular investments by state authorities, court action or specific corporate action or which relate to certain types of beneficiaries, such as minors. The institutions of the types referred to herein may also be subject to various governmental regulations and requirements not covered by this Survey.

In connection with the foregoing, we note that as to investments by trustees of certain employee benefit plans, under the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001-1461 (1982) ("ERISA"), all applicable state laws (including the laws, decisions, rules, regulations or other state action having the effect of law, of any of the 50 states, the District of Columbia and Puerto Rico), insofar as they relate to employee benefit plans which are subject to ERISA, have been superseded by that Act, except that ERISA does not exempt or relieve any person from any law of any state, the District of Columbia or Puerto Rico which regulates insurance, banking, or securities. Subject to the foregoing, under ERISA, fiduciaries subject to that Act may invest in the Certificates provided they follow the "Prudent Man Rule" set forth in ERISA at Section 1104(a)(1)(B) and the investment diversification rule set forth in ERISA at Section 1104(a)(1)(C) and provided they invest in accordance with the documents and instruments governing the respective plans which they administer insofar as such documents and instruments are consistent with the provisions of Title I of ERISA.

MUDGE ROSE GUTHRIE ALEXANDER & FERDON

Jurisdiction	Savings Banks	Trustees	Life Insurance Companies	Other Insurance Companies
Alabama.....	No savings banks	Not Legal	Legal (1)	No statutory provision
Alaska.....	Prudent investor test	No statutory provision	Legal	Legal
Arizona.....	Prudent investor test	Prudent investor test	Legal	Legal
Arkansas.....	No savings banks (2)	Prudent investor test	(3)	(3)
California...	No savings banks (4)	Prudent investor test	Legal (5)	Legal (5)
Colorado.....	No savings banks (6)	Prudent investor test	Legal	Legal
Connecticut..	Legal (7)	Prudent investor test	Legal	No statutory provision
Delaware.....	Legal	Prudent investor test	Legal (1)	Legal (1)
District of Columbia....	No savings banks (8)	(9)	Legal	Legal
Florida.....	No savings banks (10)	Prudent investor test	Legal	Legal
Georgia.....	No savings banks (11)	(12)	Legal	Legal
Hawaii.....	No savings banks (2)	Prudent investor test	Legal (1)	Legal (1)
Idaho.....	No savings banks	Prudent investor test	Legal (1)	Legal (1)



Jurisdiction	Savings Banks	Trustees	Life Insurance Companies	Other Insurance Companies
Illinois.....	Not Legal	Prudent investor test	Legal	Legal
Indiana.....	Prudent investor test	Prudent investor test	Legal	Legal
Iowa.....	No savings banks(13)	Prudent investor test	Legal	Legal
Kansas.....	No savings banks(13)	Prudent investor test	Legal	Legal
Kentucky.....	No savings banks	Prudent investor test	Legal(1)	Legal(1)
Louisiana....	No savings banks(2)	Prudent investor test	Legal	Legal
Maine.....	Legal	Prudent investor test	Legal(1)	Legal(1)
Maryland.....	Prudent investor test	No statutory provision	Legal	Legal(1)
Massachusetts	Legal	No statutory provision	Legal(1)	Legal(1)
Michigan.....	No savings banks(14)	Prudent investor test	Legal(1)	Legal(1)
Minnesota....	No savings banks(15)	Prudent investor test	Legal	Legal
Mississippi..	No savings banks	Prudent investor test	Legal	Legal
Missouri.....	No savings banks(2)	No statutory provision	Legal	Not Legal



Jurisdiction	Savings Banks	Trustees	Life Insurance Companies	Other Insurance Companies
Montana.....	No savings banks	Prudent investor test	Legal	Legal
Nebraska.....	No savings banks	Prudent investor test	Legal	Legal
Nevada.....	No savings banks (2)	Prudent investor test	Legal (1)	Legal (1)
New Hampshire	Legal (16)	Prudent investor test	Legal (1)	Legal (1)
New Jersey...	Legal	Prudent investor test	Legal	Legal
New Mexico...	No savings banks (2)	Prudent investor test	Legal (17)	Legal (17)
New York.....	Legal (18)	Prudent investor test	Legal (1)	Legal (1)
North Carolina....	No savings banks	Prudent investor test	Legal	Legal (1)
North Dakota.	No savings banks	Prudent investor test	Legal	Legal
Ohio.....	No savings banks (19)	Prudent investor test	Legal (1)	Legal (1)
Oklahoma.....	No savings banks	Prudent investor test	Legal	Legal
Oregon.....	Not Legal	Prudent investor test	Legal (20)	Legal (20)
Pennsylvania.	Prudent investor test	Prudent investor test	Legal (1)	Legal

Jurisdiction	Savings Banks	Trustees	Life Insurance Companies	Other Insurance Companies
Puerto Rico..	Legal (2)	No statutory provision	(21)	(21)
Rhode Island.	Legal (22)	Legal	No statutory provision	No statutory provision
South Carolina....	No savings banks	Prudent investor test	(23)	(23)
South Dakota.	No savings banks (24)	Prudent investor test	Legal	Legal
Tennessee....	No savings banks (2)	Prudent investor test	Legal (1)	Legal (1)
Texas.....	No savings banks (2)	Prudent investor test	Legal (25)	Legal (1)
Utah.....	No savings banks	Prudent investor test	Legal	Legal
Vermont.....	Legal (26)	No statutory provision	Legal (1)	Legal (1)
Virginia.....	No savings banks	Prudent investor test	Legal (1)	Legal (1)
Washington...	Prudent investor test	Prudent investor test	Legal (1)	Legal (1)
West Virginia	No savings banks	Not Legal	Legal	Legal
Wisconsin....	Not Legal	Prudent investor test	Legal	Legal
Wyoming.....	No savings banks (2)	Prudent investor test	Legal (1)	Legal (1)

- (1) Provided the Certificates are payable, as to both principal and interest, from "adequate special revenues." In addition, there is a separate provision permitting investment of limited funds in obligations not otherwise eligible for investment.
- (2) State banks may invest in the Certificates.
- (3) The Certificates do not meet the qualifications set forth by Statute. However, there is a separate provision permitting investment of limited funds in securities not otherwise eligible for investment but which qualify as a "sound investment."
- (4) Commercial banks may invest funds in securities other than corporation shares, subject to a prudent investor test.
- (5) Provided the Certificates qualify as a "sound investment."
- (6) State banks may make investments which they could make if they were operating as national banks. National banks are governed as to their investments by 12 U.S.C. 24 and by the regulations and requirements of the Comptroller of the Currency.
- (7) Provided the Certificates are: (1) rated within the three highest grades by any rating service recognized by the Connecticut Banking Commissioner; or (2) a prudent investment in the opinion of the bank making the investment.
- (8) State banks which are members of the Federal Reserve System and located in the District of Columbia are governed as to their investments by 12 U.S.C. 24 and by the regulations and requirements of the Comptroller of the Currency.
- (9) Fiduciaries subject to the supervision of the United States District Court for the District of Columbia may invest in the Certificates, subject to a prudent investor test.
- (10) The Certificates are a legal investment for Florida banks and trust companies if the Certificates are rated within the four highest grades by a recognized investment rating service.
- (11) Commercial banks may invest in the Certificates, provided the Certificates are rated within the three highest rating categories by an authorized investment rating service.
- (12) Investments in the Certificates may be made under an order of the Superior Court or else at the risk of the trustee. With regard to trusts created after July 1, 1972, trustees may invest in the Certificates, subject to a prudent investor test.
- (13) State banks may invest in the Certificates, provided the Certificates are considered "marketable investment securities."
- (14) The Certificates are a legal investment for state banks if rated within the four highest grades by a recognized investment rating service or are considered "marketable investment securities."

- (15) State banks may invest in the Certificates if the Certificates are rated within the four highest grades by any nationally recognized investment rating agency which has rated the Certificates, subject to a prudent investor test.
- (16) Provided the Certificates are rated among the first three ratings of one or more authorized rating services. In addition, there is a separate provision permitting investment of limited funds in securities not otherwise eligible for investment, subject to a prudent investor test.
- (17) Provided the Certificates are payable, as to both principal and interest from "adequate special revenues." Provided further, that the Certificates are rated not lower than BAA by Moody's Investment Service, Inc. or BBB by Standard & Poor's, Inc. In addition, there is a separate provision permitting investment of limited funds in obligations not otherwise eligible for investment.
- (18) Provided that, at the time of investment, the Certificates are rated within the three highest grades by each rating service, designated by the New York Banking Board, which has rated the Certificates. In addition, there is a separate provision permitting investment of limited funds in specified securities, including the Certificates, not otherwise eligible for investment.
- (19) The Certificates are a legal investment for state banks if the Certificates satisfy such conditions and restrictions as may be prescribed by regulation by the Ohio Superintendent of Banks.
- (20) Provided the Certificates are payable, as to both principal and interest, from "adequate special revenues."
- (21) The Certificates do not meet the qualifications set forth by statute. However, there is a separate provision permitting investment of limited funds in securities not specifically prohibited. There are no statutory provisions specifically prohibiting investment in the Certificates. In addition, investment of limited funds in the Certificates may be made upon advance approval of the Insurance Commissioner of Puerto Rico.
- (22) Provided the Certificates are rated within the four highest grades by a recognized investment rating agency satisfactory to the Rhode Island Director of Business Regulation. In addition, there is a separate provision permitting investment of limited funds in obligations not otherwise eligible for investment, subject to a prudent investor test.
- (23) Legal if the Certificates are eligible for amortization in accordance with rules or regulations promulgated by the South Carolina Chief Insurance Commissioner.
- (24) State banks may purchase for their own accounts investment securities subject to such limits and restrictions as the South Dakota Division of Banking may prescribe by regulation.

- (25) The Certificates do not meet the qualifications set forth by Statute. However, there is a separate provision permitting investment of limited funds in securities not otherwise eligible for investment.
- (26) Provided the Certificates are payable, as to both principal and interest, from "adequate special revenues," and are rated within the four highest grades by a nationally recognized investment rating agency. In addition, there is a separate provision permitting investment of limited funds in obligations not otherwise eligible for investment.

\$41,650,000  
City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CERTIFICATE OF THE CITY CLERK

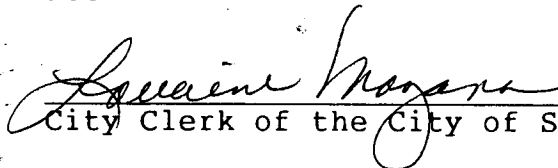
I, Lorraine Magana, City Clerk of the City of Sacramento, State of California, hereby certify that the foregoing are true, correct and complete copies of Ordinance No. 87-114 duly adopted by the City Council of the City of Sacramento at a regular meeting thereof duly and regularly held on December 1, 1987 of which meeting all of the members of said Council had due notice, and of Resolution Nos. 87-1014, and 88-001 duly adopted by the City Council of the City of Sacramento at regular meetings thereof duly and regularly held on December 8, 1987 and January 5, 1988 of which meetings all of the members of said Council had due notice.

I further certify that I have carefully compared the foregoing copies with the original minutes of said meeting on file and of record in my office; that said copies are true, correct and complete copies of the original ordinance and resolutions duly adopted by said Council at said meetings and entered in said minutes; and that said ordinance and resolutions have not been amended, modified or rescinded since their adoption and are in full force and effect as of the date hereof.

I further certify that in accordance with California Government Code Section 54954.2, the agendas for each of the regular meetings of December 1, 1987, December 8, 1987 and January 5, 1988 of the City Council of the City of Sacramento containing a brief description of each item to be discussed at each such meeting were posted at least 72 hours before each such meeting in a location freely accessible to members of the public.

IN WITNESS WHEREOF, I have executed this Certificate and affixed the seal of the City of Sacramento on the date hereinbelow set forth.

Dated: January 7, 1988  
[SEAL]

  
City Clerk of the City of Sacramento

ORDINANCE NO. 87-114

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF  
DEC 1 1987

AN ORDINANCE OF THE CITY OF SACRAMENTO APPROVING AND  
AUTHORIZING THE EXECUTION OF A PROJECT LEASE WITH  
THE SACRAMENTO CITY PUBLIC FACILITIES FINANCING  
CORPORATION FOR THE CITY OF SACRAMENTO 1987 PUBLIC  
FACILITIES PROJECT AND DECLARING SAID ORDINANCE TO  
BE AN EMERGENCY MEASURE TO TAKE EFFECT IMMEDIATELY

WHEREAS, the City of Sacramento (the "City")  
proposes to finance and refinance certain capital projects,  
including a police substation, refuse containers and a portion  
of the public safety system project (the "Projects") by  
selling to the Sacramento City Public Facilities Financing  
Corporation (the "Corporation") the Theatre at the Sacramento  
Community Center, including site development, landscaping,  
utilities and appurtenant and related facilities (the  
"Facility"); and

WHEREAS, the City desires to enter into a lease-back  
of the Facility with the Corporation;

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE  
CITY OF SACRAMENTO, AS FOLLOWS:

SECTION 1. It is hereby found and determined that  
it is in the public interest, convenience and welfare and for  
the common benefit of the inhabitants of the City that the  
City enter into a lease with the Corporation for the Facility.

SECTION 2. The act of entering into a lease with  
the Corporation for the Facility be and it is hereby approved,

and the form of the Project Lease (the "Project Lease") for the leasing of the Facility between the Corporation and the City, submitted to the City Council of the City and on file in the office of the City Clerk of the City and available for public inspection, and to which reference is hereby made, and the terms and conditions thereof, are hereby approved, and the Mayor of the City and the City Clerk of the City are authorized and directed to execute and deliver the Project Lease in substantially said form.

SECTION 3. The Mayor of the City and the City Clerk of the City are hereby authorized to make such changes to the Project Lease prior to the execution thereof as may be required in the interests of the City where such changes do not materially increase the obligation of the City; provided, that the annual base rental payments set forth in the Project Lease shall not exceed five million dollars (\$5,000,000) per year.

SECTION 4. This ordinance is subject to the provisions for referendum prescribed by Section 54242 of the Government Code of the State of California and Sections 4050 through 4061 of the Elections Code of the State of California, and subject to the foregoing this ordinance shall take effect and be in force thirty (30) days from the date of its adoption and approval.

SECTION 5. In order to conclude the planned financing in a timely manner and provide the benefits to the



inhabitants of the City to be provided by the Projects financed thereby, the adoption of this Ordinance is an emergency measure and shall take effect immediately.

SECTION 6. The City Clerk of the City is hereby directed to cause this ordinance to be published within ten (10) days after its adoption in the Daily Recorder, a newspaper of general circulation within the City.

DATE ENACTED: December 1, 1987  
DATE EFFECTIVE: December 1, 1987

ANNE RUDIN  
Mayor of the City of Sacramento

[Seal]

Attest:

LORRAINE MAGANA

City Clerk of the  
City of Sacramento

CERTIFIED AS TRUE COPY OF  
Ordinance No 87-114 4th Series  
DATE  
CERTIFIED JAN 5 1988  
*Lorraine Magana*  
DEPUTY City Clerk, City of Sacramento

R391251

# THE DAILY RECORDER

1115 H Street, P.O. Box 100  
Sacramento, California 95805

(916) 444-2355

RECEIVED  
CITY CLERKS OFFICE  
CITY OF SACRAMENTO

DEC 11 2 18 PM '87

SACRAMENTO CITY CLERK  
915 I STREET RM #300  
SACRAMENTO CA 95814

## Proof of Publication

(2015.5 C.C.P.)

State of California }  
County of Sacramento } ss.

ORDINANCE NO. 87-114

I am a citizen of the United States; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of THE DAILY RECORDER, a daily newspaper published in the English language in the City of Sacramento, County of Sacramento, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of Sacramento, State of California, under date of May 2, 1913, Case No. 16,180. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

12/04/87

CERTIFIED AS TRUE

of Ordinance 87-114

1-6-88

DATE CERTIFIED

*Daniel Berman*  
CITY CLERK, CITY OF SACRAMENTO

I certify (or declare) under penalty of perjury that the foregoing is true and correct

EXECUTED ON : 12/04/87  
AT LOS ANGELES, CALIFORNIA

Signature

ORDINANCE NO. 87-114  
ADOPTED BY THE SACRAMENTO  
CITY COUNCIL ON DATE OF  
DECEMBER 1, 1987  
AN ORDINANCE OF THE CITY OF  
SACRAMENTO APPROVING AND  
AUTHORIZING THE EXECUTION  
OF A PROJECT LEASE WITH THE  
SACRAMENTO CITY PUBLIC FACILITIES  
FINANCING CORPORATION  
FOR THE CITY OF  
SACRAMENTO 1987 PUBLIC FACILITIES  
PROJECT AND DECLARING SAID ORDINANCE TO BE  
AN EMERGENCY MEASURE TO  
TAKE EFFECT IMMEDIATELY

WHEREAS, the City of  
Sacramento (the "City") proposes to  
finance and refinance certain capital  
projects, including a police  
substation, refuse containers and a  
portion of the public safety system  
project (the "Projects") by selling to  
the Sacramento City Public Facilities  
Financing Corporation (the  
"Corporation") the Theatre at the  
Sacramento Community Center,  
including site development,  
landscaping, utilities and  
appurtenant and related facilities  
(the "Facility"); and  
WHEREAS, the City desires to  
enter into a lease-back of the  
Facility with the Corporation;  
NOW, THEREFORE, BE IT  
ENACTED BY THE COUNCIL OF  
THE CITY OF SACRAMENTO, AS  
FOLLOWS:

SECTION 1. It is hereby found and  
determined that it is in the public  
interest, convenience and welfare  
and for the common benefit of the  
inhabitants of the City that the City  
enter into a lease with the  
Corporation for the Facility.

SECTION 2. The act of entering  
into a lease with the Corporation for  
the Facility be and it is hereby  
approved, and the form of the  
Project Lease (the "Project Lease")  
for the leasing of the Facility  
between the Corporation and the  
City, submitted to the City Council of  
the City and on file in the office of  
the City Clerk of the City and  
available for public inspection, and  
to which reference is hereby made,  
and the terms and conditions  
thereof, are hereby approved, and  
the Mayor of the City and the City  
Clerk of the City are authorized and  
directed to execute and deliver the  
Project Lease in substantially said  
form.

SECTION 3. The Mayor of the City  
and the City Clerk of the City are  
hereby authorized to make such  
changes to the Project Lease prior  
to the execution thereof as may be  
required in the interests of the City  
where such changes do not  
materially increase the obligation of  
the City; provided, that the annual  
base rental payments set forth in the  
Project Lease shall not exceed five  
million dollars (\$5,000,000) per year.

SECTION 4. This ordinance is  
subject to the provisions for  
referendum prescribed by Section  
54242 of the Government Code of  
the State of California and Sections  
4050 through 4061 of the Elections  
Code of the State of California, and  
subject to the foregoing this  
ordinance shall take effect and be in  
force thirty (30) days from the date  
of its adoption and approval.

SECTION 5. In order to conclude  
the planned financing in a timely  
manner and provide the benefits to  
the inhabitants of the City to be  
provided by the Projects financed  
thereby, the adoption of this  
Ordinance is an emergency measure  
and shall take effect immediately.

SECTION 6. The City Clerk of the  
City is hereby directed to cause this  
ordinance to be published within ten  
(10) days after its adoption in the  
Daily Recorder, a newspaper of  
general circulation within the City.

Date Enacted: December 1, 1987  
Date Effective: December 1, 1987  
Anne Rudin, Mayor of the City of  
Sacramento

(Seal)  
Attest: Lorraine Magana, City  
Clerk of the City of Sacramento  
(Ad No. 6346)  
(R391251)  
December 4

CITY OF SACRAMENTO

RESOLUTION NO. 88-001

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF JAN 5 1988

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO APPROVING THE FINAL FORMS OF AND AUTHORIZING THE EXECUTION OF AN ACQUISITION AGREEMENT, A PROJECT LEASE, A TRUST AGREEMENT, AN ESCROW AGREEMENT AND RELATED DOCUMENTS FOR THE 1987 PUBLIC FACILITIES PROJECT AND AUTHORIZING THE CITY TREASURER TO HOLD IN TRUST THE ACQUISITION FUND PURSUANT TO THE TRUST AGREEMENT AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH SUCH FINANCING

WHEREAS, the City of Sacramento is a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (herein called the "City");

WHEREAS, the Sacramento City Public Facilities Financing Corporation (herein called the "Corporation") is a non-profit corporation duly organized and existing under and by virtue of the laws of the State of California for the purpose of facilitating the financing of public improvements and facilities of the City;

WHEREAS, under Ordinance No. 87-114 passed and adopted on December 1, 1987 and effective 30 days thereafter (the "Ordinance"), the City is authorized to execute and enter into into a sale-leaseback financing with the Corporation of the theater comprising a part of the Sacramento Community/Convention Center (the "Facility") in the City of Sacramento, California, in order to acquire and construct certain municipal improvements and to refinance the Sacramento Community Center Authority 1971 Bonds, pursuant to an Escrow Agreement (the "Escrow Agreement"), dated as of December 1, 1987, by and between the Sacramento Community Center Authority, the City and Security Pacific National Bank;

WHEREAS, the City will sell the Facility to the Corporation, pursuant to the Acquisition Agreement (the "Acquisition Agreement"), and will lease the Facility from the Corporation, pursuant to the Project Lease (the "Project Lease"), and the Corporation will, pursuant to a Trust

Agreement among the City, the Corporation and Security Pacific National Bank, as trustee (the "Trust Agreement"), arrange for the execution and delivery of certificates of participation (the "Certificates") evidencing proportionate undivided interests in the base rental payments to be made by the City pursuant to the Project Lease;

WHEREAS, this Council pursuant to such Ordinance adopted on December 1, 1987 and Resolution No.87-1014 adopted December 8, 1987 approved certain documents relating to such financing, including the then current forms of the Acquisition Agreement, the Project Lease, the Trust Agreement, the Escrow Agreement, an Official Statement relating to the Certificates (the "Official Statement") and a Purchase Agreement (the "Purchase Agreement") and authorized and directed the execution of such documents and the consummation of such financing;

WHEREAS, the Purchase Agreement and Official Statement have heretofore been executed by the appropriate City officials and it is now necessary to approve the final forms of the documents and authorize the execution thereof; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby 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 and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

Section 1. The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City and that the statements, findings and determinations of the City set forth above are true and correct.

Section 2. The form of the Acquisition Agreement, executed and entered into as of December 1, 1987, between the City, as seller, and the Corporation, as purchaser, on file with the City Clerk and the acquisition price of \$40,902,842.90 for the Project as set forth therein are hereby approved. The Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the

Corporation the Acquisition Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of Project Lease between the City and the Corporation, executed and entered into as of December 1, 1987, on file with the City Clerk is hereby approved and the Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver the Project Lease in substantially said form with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The execution and delivery, pursuant to the Trust Agreement, of \$41,650,000 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project), evidencing proportionate undivided interests in the rights to receive base rental payments payable by the City pursuant to the Project Lease, is hereby authorized and approved.

Section 5. The City Treasurer is hereby authorized to establish and to hold in trust the Acquisition Fund as a separate account within the treasury of the City and to perform such other trust duties related to the Acquisition Fund in accordance with the provisions of the Trust Agreement.

Section 6. The form of Trust Agreement, Escrow Agreement, Project Lease and related documents, on file with the City Clerk, are hereby approved. The appropriate officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver such documents in substantially said forms, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including arbitrage certificates, or make any necessary or advisable modifications to those documents which are acceptable to the City Attorney's Office and Orrick, Herrington & Sutcliffe and Arnelle & Hastie, Co-Bond Counsel, and which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates.

Section 8. All actions heretofore taken by the officers and agents of the City with respect to the sale, execution and delivery of the Certificates are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately from and after its adoption and approval.

PASSED AND ADOPTED this 5th day of January, 1988.

ANNE RUDIN

\_\_\_\_\_  
Mayor of the  
City of Sacramento

[SEAL]

Attest:

LORRAINE MAGANA

\_\_\_\_\_  
City Clerk of the  
City of Sacramento

CERTIFIED AS TRUE COPY  
of Resolution No. 88-001

JAN 5 1988

DATE CERTIFIED  
DEPUTY CITY CLERK CITY OF SACRAMENTO  
*Lorraine Magana*

RESOLUTION NO. 87-1014

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

DEC 8 1987

A RESOLUTION OF THE COUNCIL OF THE CITY OF SACRAMENTO AUTHORIZING THE EXECUTION AND DELIVERY OF AN ACQUISITION AGREEMENT, A PROJECT LEASE, A TRUST AGREEMENT, AN ESCROW AGREEMENT, A PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT IN CONNECTION WITH THE CITY OF SACRAMENTO 1987 PUBLIC FACILITIES PROJECT AND CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Sacramento is a charter city and municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City");

WHEREAS, the City proposes to sell to the Sacramento City Public Facilities Financing Corporation (the "Corporation") the real property described in Exhibit A to the form of Acquisition Agreement, dated as of December 1, 1987, by and between the City and the Corporation (the "Acquisition Agreement"), consisting generally of the theater comprising a part of the Sacramento Community/Convention Center (the "Facility");

WHEREAS, under Ordinance No 87-114, passed and adopted on December 1, 1987 and effective 30 days thereafter (the "Ordinance") the City is authorized to execute and enter into a Project Lease (the "Project Lease"), dated as of December 1, 1987, with the Corporation, pursuant to which the Corporation will lease the Facility to the City;

WHEREAS, under and pursuant to the Project Lease, the City will be obligated to make certain base rental payments to the Corporation for the lease of the Facility to the City;

WHEREAS, the Corporation proposes to assign without recourse all its rights to receive the base rental payments scheduled to be paid by the City under the Project Lease to Security Pacific National Bank (the "Trustee"), pursuant to an Assignment Agreement, dated as of December 1, 1987, by and between the Corporation and the Trustee;

WHEREAS, in consideration of such assignment and the execution and entering into of that certain Trust Agreement (the "Trust Agreement"), dated as of December 1, 1987, by and

among the City, the Corporation and the Trustee, the Trustee will agree to execute and deliver certificates of participation (the "Certificates") in an amount equal to the aggregate principal components of such base rental payments, each representing a proportionate undivided interest in the base rental payments;

WHEREAS, the proceeds of the sale of the Certificates will be used by the Corporation to acquire the Facility from the City and by the City to acquire certain municipal improvements and to refinance the Sacramento Community Center Authority 1971 Bonds, pursuant to an Escrow Agreement (the "Escrow Agreement"), dated as of December 1, 1987, by and between the Sacramento Community Center Authority, the City and Security Pacific National Bank; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and matter as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided subject to the effectiveness of the aforementioned ordinance;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Sacramento, as follows:

Section 1. All of the above recitals are true and correct, and this Council so finds and determines.

Section 2. The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City.

Section 3. The form of Acquisition Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation said Acquisition Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof and to execute, acknowledge and deliver the grant deed contemplated thereby. Pursuant to § 12.109 of the Sacramento City Code, the City hereby specifically finds and declares that the sale of the property which is the subject of the Acquisition Agreement to the Corporation for the



2  
acquisition price of \$40,902,842.90 without first calling for bids is in the best interest of the City and serves a public purpose by permitting the sale lease-back financing authorized herein.

Section 4. The form of Project Lease presented to this meeting and on file with the City Clerk is hereby approved. Following the effective date of the Ordinance and provided no referendum has been filed with respect to the Ordinance, the Mayor of the City is hereby authorized and directed for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation said Project Lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The schedule of the principal and interest components of the base rental payments contained in the Project Lease and attached hereto as Exhibit A are hereby approved and determined as the base rental payments to be paid pursuant to the Project Lease.

Section 5. The form of Trust Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation and the Trustee said Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The form of Escrow Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation and the Trustee said Escrow Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of Purchase Agreement among the City, the Corporation, the Trustee and PaineWebber Incorporated, Stone & Youngberg and Cranston/Prescott of Prescott, Ball & Turben, Inc. (the "Underwriters") presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City and the City Manager are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation, the Trustee and the Underwriters said Purchase Agreement in substantially said form, with such changes therein as such

officers may require or approve; such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The form of Official Statement relating to the Certificates presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Underwriters said Official Statement in substantially said form, with such changes as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute copies of said Official Statement to persons who may be interested in the purchase of the Certificates and are hereby directed to deliver such copies to all actual purchasers of the Certificates. The distribution of the Official Statement in preliminary form to potential purchasers of the Certificates is hereby approved, ratified and confirmed.

Section 9. The execution and delivery, pursuant to the Trust Agreement, of \$41,650,000.00 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project), evidencing and representing proportionate undivided interests in the rights to receive base rental payments payable by the City pursuant to the Project Lease, is hereby authorized and approved.

Section 10. The City Clerk is hereby authorized and directed to attest the signature of the Mayor and the City Manager, and to affix and attest the seal of the City, as may be required or appropriate in connection with the execution and delivery of said Acquisition Agreement, said Project Lease, said Trust Agreement, said Escrow Agreement, said Purchase Agreement and said Official Statement.

Section 11. The officers of the City are hereby 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 consummate the sale, execution and delivery of the Certificates by the Trustee, to refund the Sacramento Community Center Authority 1971 Bonds, and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, the Certificates, said Acquisition Agreement, said Project Lease, said Trust Agreement, said Escrow Agreement, said Purchase Agreement and said Official Statement. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 12. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED on December 8, 1987, by the following vote:

AYES: Councilpersons Rudin, Shore, Ferris, Pope, Chinn, Serna, Mueller,  
Kastanis, Robie

NOES: None

ABSENT: none

ANNE RUDIN

Mayor of the City of Sacramento

[SEAL]

Attest:

LORRAINE MAGANA

City Clerk of the City of Sacramento

CERTIFIED AS TRUE COPY  
of Resolution No. 87-1014

JAN 5 1988

DATE CERTIFIED

DEPUTY

Ann Beam  
CITY CLERK, CITY OF SACRAMENTO

## EXHIBIT A

Base Rental Payment Schedule


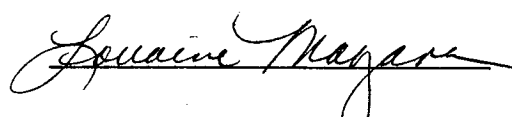
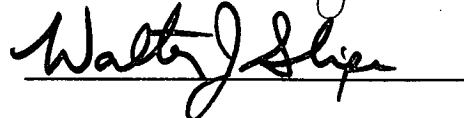
<u>Base Rental Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Annual Base Rental Payment</u>
DATE	PRINCIPAL	INTEREST	TOTAL
08/01/88		2,146,493.33	2,146,493.33
08/01/89	715,000.00	3,219,740.00	3,934,740.00
08/01/90	755,000.00	3,180,415.00	3,935,415.00
08/01/91	800,000.00	3,136,625.00	3,936,625.00
08/01/92	850,000.00	3,088,625.00	3,938,625.00
08/01/93	900,000.00	3,035,925.00	3,935,925.00
08/01/94	960,000.00	2,978,325.00	3,938,325.00
08/01/95	1,020,000.00	2,914,965.00	3,934,965.00
08/01/96	1,090,000.00	2,845,605.00	3,935,605.00
08/01/97	1,165,000.00	2,769,305.00	3,934,305.00
08/01/98	1,250,000.00	2,686,590.00	3,936,590.00
08/01/99	1,340,000.00	2,595,965.00	3,935,965.00
08/01/00	1,440,000.00	2,496,805.00	3,936,805.00
08/01/01	1,550,000.00	2,388,805.00	3,938,805.00
08/01/02	1,665,000.00	2,271,005.00	3,936,005.00
08/01/03	1,795,000.00	2,142,800.00	3,937,800.00
08/01/04	1,940,000.00	1,999,200.00	3,939,200.00
08/01/05	2,095,000.00	1,844,000.00	3,939,000.00
08/01/06	2,260,000.00	1,676,400.00	3,936,400.00
08/01/07	2,445,000.00	1,489,950.00	3,934,950.00
08/01/08	2,650,000.00	1,288,237.50	3,938,237.50
08/01/09	2,865,000.00	1,069,612.50	3,934,612.50
08/01/10	3,105,000.00	833,250.00	3,938,250.00
08/01/11	3,360,000.00	577,087.50	3,937,087.50
08/01/12	3,635,000.00	299,887.50	3,934,887.50
	41,650,000.00	54,975,618.33	96,625,618.33

\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CERTIFICATE OF THE CITY

The undersigned, the City of Sacramento (the "City"), hereby certifies with respect to the execution and delivery of the above-captioned Certificates of Participation, as follows:

1. The following named persons are now, and at all times since June 1, 1987 have been, duly qualified officers of the City holding the offices of the City set opposite their respective names, and the signatures affixed following their respective names and offices are the genuine signature of such persons:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Anne Rudin	Mayor	
Lorraine Magana	City Clerk	
Walter J. Slipe	City Manager	

2. The Mayor and the City Clerk have been duly authorized to execute, attest and deliver, all on behalf of the City, and pursuant to such authority, such officers have executed, attested and delivered, each of the following documents:

- (i) the Trust Agreement dated as of December 1, 1987 (the "Trust Agreement"), by and among the City, the Sacramento City Public Facilities Financing Corporation (the "Corporation") and Security Pacific National Bank (the "Bank");
- (ii) the Project Lease dated as of December 1, 1987 (the "Lease"), by and between the City and the Corporation;

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- (iii) the Acquisition Agreement dated as of December 1, 1987 (the "Acquisition Agreement"), by and between the City and the Corporation;
- (iv) the Escrow Agreement dated as of December 1, 1987 (the "Escrow Agreement"), by and among the City, the Sacramento Community Center Authority (the "Authority") and the Bank;
- (v) the Purchase Agreement dated December 8, 1987 (the "Purchase Agreement"), by and among the City, the Corporation and the underwriters named therein;
- (vi) the Official Statement dated December 8, 1987 (the "Official Statement") of the City relating to the Certificates;
- (vii) the Written Request of the City to the Bank to execute and deliver the Certificates of Participation in the aggregate principal amount of \$41,650,000;
- (viii) the Grant Deed dated January 7, 1988, (the "Grant Deed") from the City to the Corporation; and
- (ix) the Notice of Termination, dated January 7, 1988, (the "Notice of Termination"), by and among the City, the County of Sacramento, the Authority and the Bank.

3. The representations, agreements and warranties of the City in the Purchase Agreement were true and correct in all material respects as of the date thereof and are true and correct in all material respects at and as of the date hereof.

4. The City has complied with all the terms of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Notice of Termination, and the Purchase Agreement to be complied with by the City prior to or concurrently with the Closing and such documents are in full force and effect.

5. No referendum petition was filed on or prior to December 31, 1987, with respect to the Ordinance No. 87-114 of the City, relating to the Lease.

6. At and as of the date hereof, no decision, ruling or finding has been entered against the City by any competent court or governmental authority since the date of the Purchase Agreement (and not reversed on appeal or otherwise set aside) and to the best knowledge of the City, no action, suit, proceeding, hearing or investigation is pending or threatened against the City:

- (i) in any way affecting the powers of the several offices or the titles of the officials of the City to such offices;
- (ii) seeking to restrain or enjoin the sale, execution or delivery of any of the Certificates, the application of the proceeds of the sale of the Certificates, or the collection of revenues or assets of the City which would have a material adverse effect on the ability of the City to make the Base Rental and Additional Rental Payments provided for in the Lease as the same become due or in any way contesting or affecting the validity or enforceability of the Lease, the Certificates, the Purchase Agreement, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Grant Deed or the Notice of Termination or contesting the powers of the City or its authority with respect to the Lease, the Certificates, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Purchase Agreement, the Grant Deed or the Notice of Termination; and
- (iii) in which a final adverse decision could (a) materially adversely affect the ability of the City to perform its obligations under the Lease or the consummation of the transactions contemplated by Official Statement, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Grant Deed, the Notice of Termination or the Purchase Agreement, or (b) declare the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Grant Deed, the Notice of Termination or the Purchase Agreement to be invalid or unenforceable in whole or in any material part; or
- (iv) contesting in any way the completeness or accuracy of the Official Statement.

7. The undersigned officials of the City have reviewed the Official Statement and on the basis of such review certify that the Official Statement does not contain any untrue statement of a material fact or omit any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

8. The seal affixed hereto and to the Trust Agreement, the Lease, the Acquisition Agreement, the Escrow Agreement, the Grant Deed and the Notice of Termination is the legally adopted official seal of the City.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on the date hereinbelow set forth.

Dated: January 7, 1988

CITY OF SACRAMENTO

By: Gene Reiden  
Mayor

[SEAL]

By: Louise Nagara  
City Clerk

By: Walter J. Slye  
City Manager



## ARBITRAGE CERTIFICATE

Pursuant to Treasury Regulations § 1.103-13(a)(2), the CITY OF SACRAMENTO (the "Issuer") hereby certifies that the following are its expectations concerning the amount and uses of the proceeds of its \$41,650,000 aggregate principal amount of City of Sacramento Certificates of Participation (1987 Public Facilities Project) (the "Certificates") evidencing and representing the proportionate undivided interests of the owners thereof in certain rental payments of the Issuer under a Project Lease, dated as of December 1, 1987 (the "Lease" and collectively with the Certificates, the "Obligation") and certain related moneys as of the date of issue of the Obligation.

1. General. The Certificates are being executed and delivered pursuant to a Trust Agreement dated as of December 1, 1987 (the "Trust Agreement") between the Issuer and Security Pacific National Bank (the "Trustee"), (i) for the purpose of advance refunding the outstanding Sacramento Community Center Authority 1971 Bonds (the "Prior Bonds") that were issued to finance the acquisition and construction of the Sacramento Community Center (the "Center") and (ii) for the purpose of acquiring and constructing certain municipal improvements (the "Project"). The Prior Bonds will be retired at maturity. Unless otherwise specified, all capitalized terms used herein shall have the meanings ascribed to such terms in the Trust Agreement.

No other governmental obligations are being issued at substantially the same time as the Obligation and pursuant to a common plan of financing which will be paid out of (or have substantially the same claim to be paid out of) substantially the same source of funds as the Obligation.

2. Source and Uses. Based upon representations of PaineWebber Incorporated as representative of the underwriters (the "Underwriter"), the Certificates are being sold to the general public for the issue price of \$41,928,249.00 (being the principal amount of the Certificates plus accrued interest of \$321,974 and less original issue discount of \$43,725). The Underwriter will retain a fee of \$703,432.10. The accrued interest will be deposited in the Base Rental Payment Fund and used to pay a portion of the interest represented by the Certificates on the first interest payment date and the amount of \$1,333,634.41 of the proceeds will be deposited in the Base Rental Payment Fund and used to pay the portion of the interest represented by the Certificates related to the Project during the construction period of the Project. \$195,000 of the Certificate proceeds will be used to pay other

costs of issuing the Certificates. \$25,542,420.31 of the Proceeds will be deposited in the Acquisition Fund and used to construct and acquire the Project and \$3,939,200.00 of the proceeds will be deposited in the Reserve Fund for the Obligation. \$9,892,588.18 of the proceeds will be deposited in the Escrow Fund and used, together with the moneys described below, to pay the principal and interest on the Prior Bonds. An additional \$3,724,943.70 of moneys held in the surplus fund, the reserve fund and the debt service funds relating to the Prior Bonds will also be deposited in the Escrow Fund and used to pay a portion of the Prior Bonds. The remaining proceeds of the Certificates in an amount equal to \$11,828.26 will be deposited in the Acquisition Fund as a contingency for the Project.

Amounts in the Escrow Fund for the Prior Bonds and earnings thereon will be used to pay principal and interest on the Prior Bonds. The amounts deposited in the Base Rental Payment Fund will be used to pay a portion of the interest represented by the Certificates on August 1, 1988, being the accrued interest and the proportionate amount of interest relating to the Project. Amounts in the Acquisition Fund and earnings thereon will be expended on the Project and amounts in the Costs of Issuance Fund will be expended on costs of issuance. Accordingly, all of the proceeds of the Certificates and the earnings on the proceeds and all proceeds of the Prior Bonds and their earnings will be spent to repay the Prior Bonds, to pay financing costs, to pay for the Project, to find a reserve fund for the Obligation, to pay not more than 6 months accrued interest on the Obligation, and to pay capitalized interest on the portion of the Obligation relating to the Project for a period of time not more than the time necessary to complete construction of the Project, and the amount of such proceeds and earnings will not exceed the amount necessary for the purposes of the Obligation.

No portion of the proceeds of the Certificates will be used in place of funds of the Issuer which were raised or earmarked for the purpose of refunding the Prior Bonds or acquiring the Project nor are such proceeds being used directly or indirectly to replace funds used directly or indirectly to acquire securities or obligations with a yield greater than the yield on the Obligation.

3. Funds pledged to the Obligation. The Lease and the Trust Agreement establish the Acquisition Fund, the Base Rental Payment Fund, the Reserve Fund, the Costs of Issuance Fund and the Rebate Fund. No other fund has been established by the Issuer to be used to pay debt service directly or indirectly; nor is any other fund, however established, so

pledged as security for the Obligation that there is a reasonable assurance that amounts held in such fund will be available to pay debt service on the Obligation in the event of financial difficulties of the Issuer.

4. Payment of the Obligation. Except in the circumstances described in the following paragraph, debt service on the Obligation will be paid from general fund revenues of the Issuer and from the accrued and capitalized interest derived from the proceeds of the Certificates. All moneys received by the Trustee for payment of the Certificates will be deposited in the Base Rental Payment Fund. The Base Rental Payment Fund and the Principal Fund, the Prepayment Fund and the Interest Fund established therein are established primarily to achieve a proper matching of rental payments by the Issuer under the Lease and debt service on the Obligation. Payments received under the Trust Agreement are expected to equal debt service on the Obligation in each year, and debt service payments on the Obligation will be made by the Issuer out of current revenues from the general fund. The Base Rental Payment Fund (including earnings on such Fund but excluding capitalized interest on deposit therein) and the portion of the general fund used each year to pay that year's debt service on the Obligation will be depleted at least once each year, except possibly for a carryover amount which will not exceed the greater of one year's earnings on the amounts in such Fund or 1/12 of annual debt service. Amounts deposited in the Base Rental Payment Fund will be invested without regard to yield.

5. Reserve Fund. The Issuer has established a Reserve Fund to provide additional assurance for the payment of principal of or interest on the Obligation, in the event that no other moneys are available therefor. The amount required to be maintained in the Reserve Fund does not exceed the lesser of maximum annual debt service of the Obligation or 125% of average annual debt service and does not exceed 10% of the issue price of the Certificates. The amount of proceeds of the Certificates on deposit in the Reserve Fund relating to the Prior Bonds will not be invested at a yield in excess of the yield on the Prior Bonds until such amounts become "transferred proceeds" of the Obligation. All other amounts in the Reserve Fund will be invested without regard to yield. The Reserve Requirement is reasonably required, is customary for issues of this type and is a vital factor in the marketing of the Certificates as represented by the Underwriter.

6. Costs of Issuance Fund. The amounts deposited in the Costs of Issuance Fund will be used within six months to pay the costs of issuing the Certificates. Such amounts will be invested without regard to yield.

7. Escrow Fund. The amounts deposited in the Escrow Fund from the proceeds of the Certificates together with amounts described in the following sentence after they become "transferred proceeds" will not be invested at a composite yield in excess of the yield on the Obligation, as demonstrated in the verification report of the independent certified public accountant dated the date hereof. The amounts deposited in the Escrow Fund from the funds relating to the payment of debt service on the Prior Bonds will be spent at least as quickly as they would have been spent had the refunding not taken place. The moneys derived from the Prior Bonds are not proceeds of the Prior Bonds and accordingly will be invested without regard to yield until they become transferred proceeds.

8. Acquisition Fund. The Acquisition Fund contains proceeds of the Certificates and interest earnings thereon and such amounts are estimated to equal the costs of planning, acquiring and constructing the Project. All such amounts are expected to be expended on the Project by January 1, 1990. From and after the date hereof such amounts shall be invested without regard to yield.

9. Rebate Fund. The Issuer has undertaken to make certain rebate payments to the United States government in the time and manner required by Section 148(f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder. To that end, a Rebate Fund has been established under the Trust Agreement. Any moneys deposited in such fund are not available to pay debt service on the Obligation and will be invested without regard to yield.

10. General Fund. The Issuer maintains a general fund and deposits all of the general taxes and revenues of the Issuer into the general fund upon receipt. Moneys in the general fund may be withdrawn by the Treasurer at any time for lawful purposes, including general expenses and debt service payments of the Issuer. There is therefore no reasonable assurance that amounts held in the general fund would be available if needed to pay debt service with respect to the Obligation in the event the Issuer encounters financial difficulties. The amounts on deposit in the general fund will be invested without regard to yield.

11. Excess Proceeds. All proceeds of the portion of the Obligation allocable to refunding the Prior Bonds (together with "transferred proceeds") will be used to pay principal and interest on the Prior Bonds, to pay accrued interest on the Obligation, to pay the costs of issuing the Certificates, or to provide a reasonably required reserve fund for the Obligation, except for an amount not expected to

exceed \$16,500. Such excess amount does not exceed 1% of the principal amount of the Obligation.

12. Miscellaneous. In connection with the execution and delivery of the Certificates the Issuer neither has nor will engage in any transaction or series of transactions (i) enabling it to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increasing the burden on the market for tax-exempt obligations in any manner, including, without limitation, selling obligations that would not otherwise be sold or selling more obligations, issuing obligations sooner, or allowing obligations to remain outstanding longer than would otherwise be necessary.

The Issuer does not expect to sell or otherwise dispose of the Project while the Obligation is outstanding.

For purposes of this certificate, yield means that discount rate which when used in computing the present worth of all payments under an obligation produces an amount equal to the purchase price of the obligation, using a semiannual compounding frequency. The purchase price of the Obligation has been set at the initial offering price of the Certificates to the public at which a substantial amount of each of the maturities of the Certificates has been sold. The yield on the Obligation calculated in this manner is 7.93386632%. The purchase prices of the investments in the Escrow Fund, the Base Rental Payment Fund, the Reserve Fund and the Acquisition Fund have been established based upon the amount actually paid for such investments in arm's length transactions, based upon the representations of the Underwriter, or in direct purchases from the United States Treasury Department.

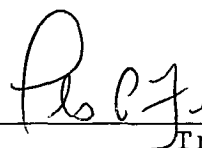
The Commissioner of Internal Revenue has not published notice in the Internal Revenue Bulletin nor has the Issuer been notified of any such contemplated publication to the effect that the Issuer may not certify as to its expectations concerning the Obligation.

The undersigned is the Treasurer of the Issuer, is familiar in all respects with the matters in this certificate relating to the Issuer, and is acting for and on behalf of the Issuer in executing this certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates, or circumstances that would materially

change the expectations of the Issuer as set forth herein, and such expectations are reasonable.

Dated: January 7, 1988.

CITY OF SACRAMENTO



Treasurer

UNDERWRITER'S REPRESENTATIONS

PaineWebber Incorporated has read the above certificate and hereby confirms all statements made therein which are stated to be based upon the representation and advice of the Underwriter. In particular,

1. We participated in the purchase of the securities to be deposited in the Escrow Fund, the Base Rental Payment Fund, the Reserve Fund and the Acquisition Fund and such securities were purchased in arm's length transactions without regard to any amounts paid to reduce the yield on such securities or were purchased directly from the United States Treasury Department; and
2. We have advised the Issuer that the amount of the Reserve Requirement required to be deposited in the Reserve Fund is reasonably required, is customary for issues of similar size and character as the Certificates and was an essential factor in the marketing of the Certificates and is not in excess of the amount considered necessary for such purpose.

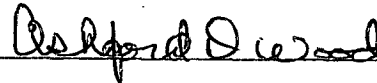
We have acted as lead underwriter for the syndicate that purchased all the Certificates. Based upon our own information and advice obtained from the other members of the syndicate, at least ten percent (10%) of each maturity of the Certificates has been sold to the public at the initial offering prices or yields to maturity set forth on the cover page of the Official Statement relating to the Certificates, dated December 8, 1987, and we hereby confirm the statements as to issue price set forth in the Arbitrage Certificate.

The undersigned is aware of no other facts, estimates, or circumstances that would materially change the expectations set forth in this certificate.

Dated: January 7, 1988

PAINWEBBER INCORPORATED

By





## REBATE CERTIFICATE

The undersigned, CITY OF SACRAMENTO (the "Issuer"), hereby certifies as follows with respect to the City of Sacramento Certificates of Participation (1987 Public Facilities Project) (the "Certificates") evidencing and representing proportionate undivided interest in rental payments to be made by the Issuer pursuant to a Project Lease dated as of December 1, 1987 (the "Lease"):

### Section 1. Undertakings.

(a) The Issuer, pursuant to Section 6.09 of a Trust Agreement by and between Security Pacific National Bank, as trustee (the "Trustee"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the Issuer dated as of December 1, 1987 (the "Trust Agreement"), has covenanted to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer acknowledges that the Internal Revenue Service has yet to issue regulations with respect to certain of these undertakings, including the proper method to compute whether any rebate amount is due the federal government under Section 148(f) of the Code. The Issuer covenants that it will undertake to determine what is required of it with respect to the rebate requirement from time to time and will comply with any requirements that may be applicable to the Certificates. Initially, the Issuer will undertake the methodology described in this Certificate, except to the extent inconsistent with any requirements of future regulations.

(b) A special fund designated the "City of Sacramento Certificates of Participation (1987 Public Facilities Project) Rebate Fund" has been established pursuant to Section 6.09 of the Trust Agreement. The Trustee shall keep the Rebate Fund separate and apart from all other funds and moneys held by it and shall administer the Rebate Fund as directed by the Issuer.

(c) Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds of the Certificates must be maintained including: (i) purchase date, (ii) purchase price, (iii) information establishing fair market value on the date such investment became a Nonpurpose Investment, (iv) any accrued interest paid, (v) face amount, (vi) coupon rate, (vii) periodicity of interest payments, (viii) disposition price, (ix) any accrued interest received, and (x) disposition date. Such detailed record keeping is required to facilitate the calculation of the Rebate Requirement which, in part, will require a determination of



the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the Yield on the Certificates.

Section 2. Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings (Capitalized terms used herein that are not otherwise defined herein have the meanings ascribed to such terms in the Trust Agreement):

"Certificate Year" shall mean the one year period beginning on the day after expiration of the preceding Certificate Year. The first Certificate Year shall begin on the Closing Date.

"Closing Date" shall mean January 7, 1988, the date of issuance and delivery of the Bonds.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor to such, as amended, and the applicable Treasury Regulations promulgated thereunder.

"Gross Proceeds" shall mean all proceeds derived from or relating to the Certificates and the Lease, including amounts received as a result of investing the original proceeds of sale of the Certificates and amounts to be used to pay rental payments under the Lease.

"Investment Property" shall mean any security or obligation (other than a tax-exempt obligation), any annuity contract or any other investment-type property.

"Nonpurpose Investment" shall mean any Investment Property in which Gross Proceeds are invested, including investments in the Costs of Issuance Fund, the Acquisition Fund, the Base Rental Payment Fund and, to the extent such amounts are transferred proceeds of the Lease, the Escrow Fund and the Reserve Fund.

"Opinion of Counsel" shall mean an opinion of nationally recognized bond counsel.

"Rebate Fund" shall mean the fund established by the Trustee and held pursuant to the terms hereof and the Trust Agreement to segregate the Rebate Requirement from all other moneys.

"Rebate Requirement" shall mean, at all times during the then current Certificate Year, an amount equal to (a) the excess as of the last day of the immediately

preceding Certificate Year (but not less than zero) of (i) the aggregate amounts earned from the Closing Date on all Nonpurpose Investments over (ii) the amount that would have been earned if the Yield on such Nonpurpose Investments had been equal to the Yield on the Lease to the date of calculation, plus (b) the cumulative earnings on such excess (whether or not above the Yield on the Lease), less (c) any amounts previously rebated to the United States Department of the Treasury pursuant to subsection (d) of Section 3 hereof. The Issuer hereby elects to take into account all amounts earned on Nonpurpose Investments acquired with funds attributable to a bona fide debt service fund (i.e., the Principal Fund and the Interest Fund in the Base Rental Payment Fund) in calculating the Rebate Requirement.

"Yield" shall mean that discount rate which when computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the purchase price of the obligation. With respect to the Lease, the Yield shall be the discount rate at which the present value of payments on the Certificates is equal to the purchase price at par, less original issue discount and plus accrued interest. The Yield on the Lease so computed is not less than 7.93386632%.

### Section 3. Rebate Requirement Calculation and Payment.

(a) The Issuer will prepare or have prepared an annual calculation of the Rebate Requirement consistent with the rules described in this Section 3. The Issuer will deliver or have delivered to the Trustee a completed copy of the annual calculation of the Rebate Requirement within 25 days after the close of each Certificate Year and within 55 days after the first date on which there are no outstanding Certificates. If the Issuer fails to deliver to the Trustee such calculations by such dates, the Trustee shall immediately request the Issuer to provide such calculations. Concurrent with the delivery of such calculations to the Trustee, the Issuer shall remit to the Trustee for deposit in the Rebate Fund the amount indicated by those calculations as necessary to increase the sum held in the Rebate Fund to the Rebate Requirement. If an amount in excess of the Rebate Requirement is held in the Rebate Fund, the Issuer may direct that the excess be removed from the Rebate Fund.

(b) For purposes of calculating the Rebate Requirement (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the

Nonpurpose Investment was acquired for an amount equal to its fair market value (determined as provided in Section 4 hereof) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when there are no outstanding Certificates or when the investment ceases to be a Nonpurpose Investment. Additionally, the amount that would have been earned if the Nonpurpose Investment were invested at the Yield on the Certificates shall be based upon the assumed fair market value of the Nonpurpose Investment.

(c) The Issuer shall direct the Trustee to pay to the United States Department of the Treasury from the Rebate Fund (i) not later than 30 days after the end of the fifth Certificate Year and not less frequently than once each five years after the preceding payment was due a payment equal to at least 90% of the Rebate Requirement calculated as of the date of such payment; and (ii) not later than sixty (60) days after the first date when there are no outstanding Certificates, an amount equal to 100% of the Rebate Requirement (determined as of the first date when there are no outstanding Certificates).

(d) Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255, on or before the date such payment is due, and shall be accompanied by (i) a statement summarizing the calculation of the amount required to be paid pursuant to such Section, and (ii) a copy of the Internal Revenue Service Form 8038 filed with respect to the Certificates, if any, or such other form as may be required. The Issuer must retain records of the calculations required by this Section 3 until 6 years after the retirement of the last obligation of the Certificates.

#### Section 4. Prohibited Investments and Dispositions.

(a) No Investment Property may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment Property. No Investment Property may be sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment Property.

(b) The fair market value of any Investment Property is the price which a willing buyer would pay to a

willing seller to acquire the Investment Property, with no amounts paid to artificially reduce or increase the Yield. The following provisions provide guidelines as to when the Investment Property will be deemed to be acquired for its fair market value. Other methods may be used, however, to establish fair market value.

(c) In general, Investment Property shall be considered acquired and disposed of for an amount equal to the fair market value of such obligations if:

(i) at least 3 bids on the Investment Property are received from persons other than those with an interest in the Certificates (e.g., the underwriters);

(ii) a certification is provided by the person whose bid is accepted that, based on that person's reasonable expectations on the date the Investment Property is bought, the Investment Property will not be bought at a price in excess of its fair market value. A similar certification would be required with respect to the sale of Investment Property to the effect that it is not being sold at a price less than fair market value;

(iii) the Yield on the Investment Property is at least equal to the Yield offered under the highest bid received from a noninterested party; and

(iv) the Yield on the Investment Property is at least equal to the Yield offered on similar obligations under similar investment contracts or repurchase agreements (e.g., the Yield on investment contracts or repurchase agreements entered into by issuers of qualified mortgage bonds).

(d) Additionally, the fair market value of any Investment Property for which there is an established market shall be determined as provided in this subsection (d). Any market especially established to provide Investment Property to an issuer of governmental obligations shall not be treated as an established market.

(i) If Investment Property is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the Yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (including transaction costs).

(ii) If Investment Property is sold or otherwise disposed of in an arm's length transaction

without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (including transaction costs).

(iii) If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Treasury (as in the case of the State and Local Government Series ("SLGs") securities), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(iv) Alternatively, the fair market value of any Investment Property for which there is an established market may be set at the mean of the bid and offered prices on an established market where such Investment Property is traded on the date a binding contract to acquire such Investment Property is entered into, or, if there are no bid and offered prices on such date, on the first day preceding such date for which there are bid and offered prices. Such mean price may be determined by reference to any appropriate publication, such as, for example, "Composite Closing Quotations for United States Government Securities" published by the Federal Reserve Bank of New York. Where the price of any Investment Property is quoted on an established market in terms of Yield, the fair market value shall be the amount necessary to produce such Yield (including transaction costs) using the method used for computing the Yield described above in Section 2.

(v) The fair market value of Investment Property may also be established by the borrowing practices of the issuer of such Investment Property, as, for example, by determining the fair market value based on the interest ordinarily paid by such issuer to persons other than governmental units with respect to Investment Property of comparable maturities. The market price of a time or demand deposit shall be determined under the preceding sentence by taking into account the Yield that would be paid by the obligor if the deposit were held as an interest bearing deposit for the expected period of the deposit.

(vi) The market price of a certificate of deposit issued by a commercial bank may be determined as provided in (i) or (ii) above, or may be set at the bona fide bid price quoted by a dealer who maintains an active secondary market in such certificate of deposit.

(e) Except to the extent the requirements of subsection (c) are met, any Investment Property for which there is no established market shall be considered acquired for an amount in excess of the fair market value of the Investment Property.

Section 5. Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Issuer shall instruct the Treasurer of the Issuer and the Trustee to establish separate sub-accounts or take other accounting measures in order to account fully for all Gross Proceeds.

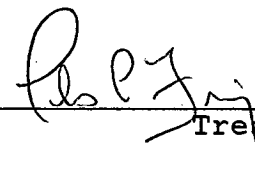
Section 6. Filing Requirements. The Issuer shall file or cause to be filed such reports or other documents with the Internal Revenue Service as is required by the Code in accordance with an Opinion of Counsel.

Section 7. Survival of Defeasance. Notwithstanding anything in this certificate or any other provisions of the Trust Agreement to the contrary, the obligation to remit the Rebate Requirement to the United States Department of the Treasury and to comply with all other requirements contained in this certificate shall survive the defeasance of the Certificates.

Dated: January 7, 1988

CITY OF SACRAMENTO

By



Treasurer

\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

WRITTEN REQUEST OF THE CITY

To: SECURITY PACIFIC NATIONAL BANK, as Trustee under that certain Trust Agreement dated as of December 1, 1987 (the "Trust Agreement"), by and among Security Pacific National Bank (the "Trustee"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City").

Pursuant to the Trust Agreement, you are hereby authorized and directed to execute all Certificates for the above-captioned Certificates of Participation authorized to be executed and delivered under the Trust Agreement by the manual signature of an authorized officer of the Trustee and, on the date set forth below, to deliver the Certificates to or upon the order of PaineWebber Incorporated, Stone & Youngberg, and Cranston/Prescott, A Division of Prescott, Ball & Turben, Inc. the purchasers thereof, upon payment to you by such purchasers of the purchase price of the Certificates, as follows:

Principal amount . . . . .	\$41,650,000.00
Less original issue discount . . . . .	43,725.00
Less underwriters discount . . . . .	703,432.10
Plus accrued interest. . . . .	321,974.00
Total purchase price. . . . .	<u>41,224,816.90</u>

You are further authorized and directed to set aside moneys from the proceeds received today from the sale of the Certificates and from moneys available under Resolution 10-71 of the Authority authorizing the issuance of the Sacramento Community Center Authority 1971 Bonds, in accordance with Section 3.02 of the Trust Agreement as follows:

- a) in the Base Rental Payment Fund the amount of \$321,974.00 accrued interest received with respect to the Certificates from the Purchaser and an additional amount of proceeds of the Certificates so that the total equals \$1,655,608.41 which is a portion of the interest component of the Base Rental due on the First Interest

sac-18  
sac\closing.d21



Payment Date,

- b) in the Reserve Fund in the amount of \$3,939,200.00 which is the amount of the Reserve Requirement required to be paid to the Trustee by the City pursuant to Section 4.02 of the Project Lease,
- c) in the Escrow Fund the amount of \$13,617,531.88 which amount, together with investment earnings thereon, will be sufficient to provide for the payment of all outstanding Sacramento Community Center Authority 1971 Bonds of or prior to their respective marketing dates together with accrued interest thereon,
- d) in the Costs of Issuance Fund the amount of \$195,000.00 to be used and withdrawn by the Trustee to pay the Costs of Issuance of the Certificates. On July 1, 1988 or upon the earlier Written Request of the City, any remaining balance in the Costs of Issuance Fund shall be transferred to the City for deposit in the Acquisition Fund.
- e) Further, you are authorized and directed to transfer to the City the amount of \$25,547.044.12 for deposit by the City in the Acquisition Fund, which Fund the City pursuant to Section 3.02 (c) of the Trust Agreement has agreed to establish and maintain as a separate trust account within its treasury.



Pursuant to the Trust Agreement, you are requested to invest or to restrict the yield on the investment of monies in certain funds and accounts held pursuant to the Trust Agreement and to the extent contemplated by the Arbitrage Certificate.

Dated: January 7, 1988.

CITY OF SACRAMENTO

[SEAL]

By *Quane Rudin*  
Mayor

ATTEST:

*Quaine Magana*  
City Clerk

CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION

SCHEDULE I

CALCULATION OF RESTRICTED DSRF PORTION

Relating to Refunding  
Portion of Reserve Fund

Date	Series 1971 Principal Redeemed	Cumulative Percentage of Principal Redeemed	Unrestricted Portion of Debt Service Reserve	Restricted Portion of Debt Service Reserve
01/07/88	0	0.00%	0.00	1,059,837.45
08/01/88	425,000	2.74%	29,060.06	1,030,777.39
08/01/89	450,000	5.65%	59,829.53	1,000,007.92
08/01/90	475,000	8.71%	92,308.42	967,529.03
08/01/91	525,000	12.10%	128,206.14	931,631.31
08/01/92	550,000	15.65%	165,813.28	894,024.17
08/01/93	600,000	19.52%	206,839.24	852,998.21
08/01/94	625,000	23.55%	249,574.63	810,262.82
08/01/95	675,000	27.90%	295,728.84	764,108.61
08/01/96	725,000	32.58%	345,301.88	714,535.57
08/01/97	775,000	37.58%	398,293.75	661,543.70
08/01/98	825,000	42.90%	454,704.45	605,133.00
08/01/99	875,000	48.55%	514,533.99	545,303.46
08/01/00	925,000	54.52%	577,782.35	482,055.10
08/01/01	1,000,000	60.97%	646,158.96	413,678.49
08/01/02	1,050,000	67.74%	717,954.40	341,883.05
08/01/03	1,125,000	75.00%	794,878.09	264,959.36
08/01/04	1,200,000	82.74%	876,930.02	182,907.43
08/01/05	1,300,000	91.13%	965,819.61	94,017.84
08/01/06	1,375,000	100.00%	1,059,837.45	0.00
	15,500,000			

\$41,650,000  
City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

CERTIFICATE OF INSURANCE

The undersigned does hereby certify that in connection with the execution and delivery of the above-captioned Certificates of Participation:


1. I have reviewed the project lease dated as of December 1, 1987 (the "Project Lease") by and between the City of Sacramento (the "City") and the Sacramento City Public Facilities Financing Corporation.

2. I have read and am familiar with the insurance requirements of Section 7.03 (1) and (2) of the Project Lease.

3. The City possesses insurance sufficient to meet the requirements of Section 7.03 (1) and (2) of the Project Lease.

Dated: January 7, 1988

By

  
City of Sacramento  
Risk Manager

**STATEMENT OF OPINION  
ON PUBLIC LIABILITY  
SELF-INSURANCE PROGRAM OF  
THE CITY OF SACRAMENTO**

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I, Lawrence Williams, Consulting Actuary, am a Consultant of the firm Tillinghast, a Towers Perrin company. I am an Associate of the Casualty Actuarial Society and a Member of the American Academy of Actuaries, and am familiar with programs of insurance and self-insurance used by municipalities and other organizations. Tillinghast has been retained by the City of Sacramento with regard to its public liability self-insurance program. I have reviewed the provisions of Article VII of the Project Lease, dated as of 1/7/88 by and between the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"). I have also reviewed the City's self-insurance program with regard to claims related to comprehensive public liability (including both bodily injury and property damage).

On the basis of my analysis of the City's exposure and loss data, the June 30, 1987 accrued liability reserve and funded contingency reserve of approximately \$5.6 million, which is allocated for the payment of public liability claims (including allocated claims expense), is an actuarially appropriate amount to cover the City's expected liability for self-insured public liability claims (up to the minimum limits of liability specified in Article VII of the Project Lease) incurred through that date. It should be noted that excess liability insurance (\$50 million excess of \$1 million) above the minimum limits specified was in place until November 20, 1985 and the City is presently attempting to obtain excess insurance protection. The assumptions on which this determination is based are found in Tillinghast's report to the City dated October 28, 1987.

In my opinion, giving consideration to cost, availability, and plans or methods of protection used by other municipalities and organizations, the City's self-insurance program provides a substitute method or plan of protection in accordance with the requirements of Article VII of the Project Lease and will afford adequate protection to the City, the Corporation, its directors, officers and employees and Security Pacific Bank, as Trustee under an Indenture of Trust stated as of December 1, 1987, by and among the City, the Corporation, and the Trustee against loss and damage from the hazards and risks covered by such substitute method or plan of protection.

*Lawrence Williams*

Lawrence Williams, ACAS, MAAA  
Consulting Actuary  
January 7, 1988

# TRUST AGREEMENT

This Trust Agreement (the "Trust Agreement"), executed and entered into as of December 1, 1987, by and among Security Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee"), the Sacramento City Public Facilities Financing Corporation, a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), and the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City");

## W I T N E S S E T H:

WHEREAS, the Corporation and the City have executed and entered into a lease (the "Project Lease"), dated as of December 1, 1987, whereby the Corporation has agreed to lease a fine arts theater for public assembly and convention purposes and the related site (the "Project") to the City; and

WHEREAS, the City agreed to sell the Project to the Corporation for such purpose to finance the acquisition of certain buildings (the "Buildings") and to finance the acquisition of certain equipment (the "Equipment") for the City, and to prepay certain outstanding obligation's relating to the Sacramento Community Convention Center of which the Project is a part; and

WHEREAS, under and pursuant to the Project Lease, the City is obligated to make rental payments to the Corporation for the lease of the Project to it; and

WHEREAS, the Corporation has assigned without recourse all its rights to receive the base rental payments (the "Base Rental Payments") scheduled to be paid by the City under and pursuant to the Project Lease and certain other rights to the Trustee pursuant to an Assignment Agreement (the "Assignment Agreement") executed and entered into as of December 1, 1987; and

WHEREAS, in consideration of such assignment and the execution and entering into of the Trust Agreement, the Trustee has agreed to execute and deliver certificates of participation (the "Certificates") in an aggregate principal amount equal to the aggregate principal components of the Base Rental Payments, each evidencing and representing a proportionate, undivided interest in the principal components of the Base Rental Payments; and

WHEREAS, 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 execution and entering into of the Trust Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Certificates and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

#### Acquisition Agreement

"Acquisition Agreement" means that certain Acquisition Agreement executed and entered into as of December 1, 1987, by and between the City and the Corporation, pursuant to which the City sells the Project to the Corporation.

#### Acquisition Fund

"Acquisition Fund" means the fund referred to by that name established pursuant to Section 3.02.

#### Additional Rental or Additional Rental Payments

"Additional Rental" or "Additional Rental Payments" means all amounts payable by the City as Additional Rental pursuant to Section 5.01(b) of the Project Lease.

#### Assignment Agreement

"Assignment Agreement" means that certain Assignment Agreement executed and entered into as of December 1, 1987, by and between the Corporation and the Trustee as originally

executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

Base Rental Payment Fund

"Base Rental Payment Fund" means the fund referred to by that name established pursuant to Section 5.01.

Base Rental Payments

"Base Rental Payments" means all amounts payable by the City as Base Rental pursuant to Section 5.01 of the Project Lease.

Buildings

"Buildings" means those certain buildings or portions thereof to be acquired and constructed by the City pursuant hereto and more particularly described in Exhibit A hereto.

Business Day

"Business Day" means any day on which the Trustee is open for business at its principal corporate trust office.

Certificate of the City

"Certificate of the City" means an instrument in writing signed by the Mayor of the City, or by any other officer of the City duly authorized by the City Council of the City for that purpose, and by the City Clerk, with the seal of the City affixed.

Certificate Payment Date

"Certificate Payment Date" means, with respect to any Certificate, the Certificate Payment Date designated therein, which is the August 1 on which or, in the case of Certificates subject to mandatory sinking fund prepayment, by which the principal component of the Base Rental Payments evidenced and represented thereby shall become due and payable.

Certificates

"Certificates" means the \$41,650,000 certificates of participation in the Base Rental Payments authorized hereby and at any time Outstanding hereunder that are executed and delivered by the Trustee under and pursuant to Article II.



### Certificates of Participation Purchase Contract

"Certificates of Participation Purchase Contract" means that certain Purchase Agreement by and between the Purchaser and the City relating to the Certificates.

### City

"City" means the City of Sacramento, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

### Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard, reference to any particular section of the Code shall include reference to all successors to such section of the Code.

### Corporation

"Corporation" means the Sacramento City Public Facilities Financing Corporation, a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California.

### Costs of Issuance

"Costs of Issuance" means all costs and expenses directly or indirectly payable by or reimbursable to the City or the Corporation related to the authorization, execution and delivery of the Certificates, including, but not limited to, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges and fees and charges of other consultants and professionals, together with all fees and charges for preparation, execution and safekeeping of the Certificates, and any other cost, charge, fee or expense in connection with the original execution and delivery of the Certificates.

### Costs of Issuance Fund

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.02.



Equipment

"Equipment" means those certain items of equipment to be acquired by the City pursuant hereto more particularly described in Exhibit B hereto.

Escrow Agreement

"Escrow Agreement" means that certain Escrow Agreement, dated as of December 1, 1987, by and among the Sacramento Community Center Authority, the City and Security Pacific National Bank, as escrow agent.

Escrow Fund

"Escrow Fund" means the fund by that name established pursuant to the Escrow Agreement.

Interest Fund

"Interest Fund" means the fund referred to by that name established pursuant to Section 5.02.

Interest Payment Date

"Interest Payment Date" means a date on which interest evidenced and represented by the Certificates becomes due and payable, being February 1 and August 1 of each year to which reference is made (commencing on August 1, 1988).

Opinion of Counsel

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, retained by the City and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

Outstanding

"Outstanding," when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 9.02) all Certificates except --

- (1) Certificates cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Certificates paid or deemed to have been paid within the meaning of Section 10.01; and

(3) Certificates in lieu of and in substitution for which other Certificates shall have been executed and delivered by the Trustee hereunder.

Owner

"Owner" means the registered owner of any Outstanding Certificate.

Permitted Investments

"Permitted Investments" means any of the following to the extent then permitted by law:

(1) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal;

(2) Obligations issued by banks for cooperatives, federal intermediate credit banks, the Federal Home Loan Bank Board, the Federal Land Bank, the Farmers Home Administration, the Federal National Mortgage Association and the Government National Mortgage Association;

(3) Bills of exchange or time drafts drawn on and accepted by a commercial bank (including the Trustee), otherwise known as bankers acceptances, having maturities of not more than 365 days, of any bank the short term obligations of which are rated "A-1+" or higher by Standard & Poor's Corporation and "P-1" or higher by Moody's Investor's Service;

(4) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service and Standard & Poor's Corporation; provided that such paper is further limited to issuing corporations that are organized and operating within the United States of America and having total assets in excess of five hundred million dollars (\$500,000,000), having an "A" or higher rating for the issuer's debentures, other than commercial paper, as provided for by Moody's Investors Service and Standard & Poor's Corporation; and provided further, that such commercial paper may not exceed 180 days' maturity;

(5) Certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Trustee) or a state or federal savings and loan association, provided that such non-negotiable

certificates of deposit shall be either (A) continuously and fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, or (B) continuously and fully secured by such obligations as are described above in clauses (1) and (2) which have a market value (exclusive of accrued interest) at all times at least equal to 110% of the principal amount of such certificates of deposit;

(6) Any repurchase agreement which is secured by securities described in (1) and (2) above that

(i) have a fair market value (determined at least daily) at least equal to 102% of the amount invested in the repurchase in the repurchase agreement,

(ii) are in the possession of the Trustee or a third party acting solely as agent for the Trustee who holds a perfected first lien therein, and

(iii) are free from all third party claims;

(7) Medium term corporate notes of a maximum of two years maturity issued by a corporation operating within the United States of America that are rated in the top two rating categories by Standard & Poor's Corporation and by either Moody's Investors Service or Fitch Investors Service, Inc.; and

(8) Units of a taxable money-market fund portfolio composed of obligations guaranteed by the full faith and credit of the United States of America and rated AAA-M or AAA-M/G by Standard & Poor's Corporation.

#### Prepayment Fund

"Prepayment Fund" means the fund referred to by that name established pursuant to Section 5.02.

#### Principal Fund

"Principal Fund" means the fund referred to by that name established pursuant to Section 5.02.

#### Principal Payment Date

"Principal Payment Date" means a date on which principal evidenced and represented by the Certificates becomes due and payable, being August 1 of each year to which reference is made (commencing on August 1, 1989).

Project

"Project" means the Site and the facilities located thereon consisting of a fine arts theater for public assembly and convention purposes.

Project Lease

"Project Lease" means that certain Project Lease executed and entered into as of December 1, 1987, by and between the Corporation and the City, as originally executed and entered into and as it may from time to time be amended in accordance herewith and therewith.

Purchaser

"Purchaser" means PaineWebber Incorporated, Stone & Youngberg, and Cranston/Prescott of Prescott, Ball & Turben, Inc., as the underwriters and purchasers of the Certificates under and pursuant to the Certificates of Participation Purchase Contract.

Rebate Certificate

"Rebate Certificate" means the certificate delivered by the City pursuant to Section 4.03 of the Project Lease.

Rebate Fund

"Rebate Fund" means the fund designated the "City of Sacramento Certificates of Participation (1987 Public Facilities Project) Rebate Fund" established pursuant to Section 6.09 hereof and Section 4.03 of the Project Lease.

Reserve Fund

"Reserve Fund" means the fund referred to by that name established pursuant to Section 4.02 of the Project Lease.

Reserve Requirement

"Reserve Requirement" means \$3,939,200.

Site

"Site" means that certain parcel of real property described in Exhibit A to the Project Lease.

### Trust Agreement

"Trust Agreement" means this Trust Agreement executed and entered into as of December 1, 1987, by and among the Trustee, the Corporation and the City, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

### Trustee

"Trustee" means Security Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America or any other bank or trust company which may at any time be substituted in its place as provided in Section 8.02.

### Written Request of the City

"Written Request of the City" means an instrument in writing signed by the Mayor of the City, or the City Manager or the City Treasurer or by any other officer of the City duly authorized by the City Council of the City for that purpose, and by the City Clerk, with the seal of the City affixed.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Certificates by the Owners, the Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### CONDITIONS AND TERMS OF CERTIFICATES

SECTION 2.01. Preparation of Certificates. The Trustee is hereby authorized and directed to prepare the Certificates in the aggregate principal amount of forty-one million six hundred fifty thousand dollars (\$41,650,000),

evidencing and representing the aggregate principal components of the Base Rental Payments and each evidencing and representing a proportionate, undivided interest in the Base Rental Payments and entitled "City of Sacramento Certificates of Participation (1987 Public Facilities Project)."

SECTION 2.02. Denominations, Medium, Method and Place of Payment and Dating of Certificates. The Certificates shall be prepared in the form of fully registered Certificates in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, except that no Certificate shall have more than one Certificate Payment Date. The interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates shall be payable in lawful money of the United States of America. The interest evidenced and represented by the Certificates shall be payable on their respective Interest Payment Dates by check mailed by the Trustee to the respective Owners thereof as shown in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 at the close of business on the fifteenth (15th) day of the month, whether or not such day is a business day, next preceding each Interest Payment Date (except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Outstanding Certificates, such payment may, at such Owner's option, be made by wire transfer of immediately available funds in accordance with instructions provided by such Owner), and the principal and prepayment premiums, if any, evidenced and represented by the Certificates shall be payable on their respective Certificate Payment Dates or on prepayment prior thereto upon surrender thereof by the respective Owners thereof at the principal corporate trust office of the Trustee in Los Angeles, California. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificate shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by such Certificate to the extent of the sum or sums so paid. All Certificates paid pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

The Certificates shall be dated as of December 1, 1987, and shall evidence and represent interest accruing from the Interest Payment Date next preceding the date of execution thereof by the Trustee, unless such date of execution is on or after the sixteenth (16th) day of the month next preceding an



Interest Payment Date, in which case they shall evidence and represent interest accruing from such Interest Payment Date, or unless such date of execution is prior to July 16, 1988, in which case they shall evidence and represent interest accruing from December 1, 1987.

SECTION 2.03. Payment Dates of Certificates. The Certificates shall have Certificate Payment Dates of August 1 in the years and shall evidence and represent principal components of Base Rental Payments in the principal amounts, with interest thereon (computed on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

	Certificate Payment Date (August 1)	Principal Amount	Interest Rate
1989	1989	\$715,000	5.50%
1990	1990	755,000	5.80
1991	1991	800,000	6.00
1992	1992	850,000	6.20
1993	1993	900,000	6.40
1994	1994	960,000	6.60
1995	1995	1,020,000	6.80
	1996	1,090,000	7.00
	1997	1,165,000	7.10
	1998	1,250,000	7.25
	1999	1,340,000	7.40
	2000	1,440,000	7.50
	2001	1,550,000	7.60
	2002	1,665,000	7.70
	2005	5,830,000	8.00
	2012	20,320,000	8.25

The interest evidenced and represented by the Certificates shall become due and payable on their respective Interest Payment Dates, beginning on the Interest Payment Date following their date and continuing to and including their Certificate Payment Dates or on prepayment prior thereto, and shall evidence and represent in sum the portions of the Base Rental Payments constituting interest components becoming due and payable on the Interest Payment Dates in each year.

The principal and prepayment premiums, if any, evidenced and represented by the Certificates shall become due and payable on their respective Certificate Payment Dates or on prepayment prior thereto, and shall evidence and represent in sum the portions of the Base Rental Payments constituting principal and prepayment premium, if any, components becoming due and payable on the Certificate Payment Dates or on prepayment prior thereto in each year.

The Certificates with a Certificate Payment Date of August 1, 2005, evidence and represent, in the aggregate, the principal components of the Base Rental Payments due on the Principal Payment Dates occurring on August 1, 2003, through August 1, 2005, both inclusive, and the Certificates with a Certificate Payment Date of August 1, 2012, evidence and represent, in the aggregate, the principal components of the Base Rental Payments due on the Principal Payment Dates occurring on August 1, 2006, through August 1, 2012, both inclusive, and a portion of such Certificates are subject to mandatory sinking fund prepayment on each of such dates, respectively, pursuant to Section 4.01(b).

SECTION 2.04. Form of Certificates. The Certificates and the assignment to appear thereon shall be in substantially the following forms, respectively, with appropriate or necessary insertions, omissions and variations as permitted or required hereby including placement of a portion of the forms of the Certificate on the reverse side thereof (provided that on the face of each Certificate, at the place where the portion on the reverse side appears in the form set forth below, there shall be inserted the following sentence: "THE TERMS AND PROVISIONS OF THIS CERTIFICATE ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE."):



[FORM OF CERTIFICATE OF PARTICIPATION]

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA STATE OF CALIFORNIA

No. \_\_\_\_\_ \$ \_\_\_\_\_

CITY OF SACRAMENTO  
CERTIFICATE OF PARTICIPATION  
(1987 Public Facilities Project)  
Evidencing and Representing a Proportionate,  
Undivided Interest of the Owner Hereof  
in Rental Payments to Be Made  
by the  
CITY OF SACRAMENTO, CALIFORNIA

Certificate Interest	Certificate				
Payment Rate	Payment Date	1987	Dated as of	CUSIP	
August 1, 1987	December 1, 1987				

REGISTERED OWNER:

PRINCIPAL SUM: \_\_\_\_\_ DOLLARS

THIS IS TO CERTIFY that the registered owner set forth above of this Certificate of Participation (the "Certificate") is the owner of a proportionate, undivided interest in the rights to receive the Base Rental Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to that certain Project Lease (the "Project Lease") for the City of Sacramento 1987 Public Facilities Project executed and entered into as of December 1, 1987, by and between the Sacramento City Public Facilities Financing Corporation (the "Corporation"), a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California, and the City of Sacramento (the "City"), a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California, all of which rights to receive such Base Rental Payments have been assigned without recourse by the Corporation to Security

Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee"), or any other bank or trust company which may at any time be substituted in its place as provided in the Trust Agreement hereinafter mentioned.

The registered owner of this Certificate is entitled to receive, subject to the terms of the Project Lease and any right of prepayment hereinafter provided for, on the Certificate Payment Date (as that term is defined in the Trust Agreement hereinafter mentioned, and herein a "Certificate Payment Date") set forth above, upon surrender of this Certificate on such Certificate Payment Date or on the date of prepayment prior thereto at the principal corporate trust office of the Trustee in Los Angeles, California, the principal sum set forth above together with any prepayment premium thereon, evidencing and representing the registered owner's proportionate share of the Base Rental Payments constituting principal and prepayment premium components, if any, becoming due and payable on such Certificate Payment Date or on the date of prepayment prior thereto, and to receive on August 1, 1988 and each February 1 and August 1 thereafter (the "Interest Payment Dates"), such registered owner's proportionate share of the interest components of the Base Rental Payments evidenced and represented hereby, such interest accruing from the Interest Payment Date next preceding the date of execution hereof by the Trustee (unless such date of execution is on or after the sixteenth (16th) day of the month next preceding an Interest Payment Date, in which case from such Interest Payment Date, or unless such date of execution is prior to July 16, 1988, in which case from December 1, 1987) to such Certificate Payment Date or the date of prepayment prior thereto, whichever is earlier, by check mailed on such dates to the registered owner of this Certificate as shown in the registration books maintained by the Trustee at the close of business on the fifteenth (15th) day of the month, whether or not such day is a business day, next preceding such Interest Payment Date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner's option, be made by wire transfer of immediately available funds in accordance with instructions provided by such registered owner). Such proportionate share of the interest components of the Base Rental Payments is the result of the multiplication of the aforesaid portion of the Base Rental Payments evidencing and representing principal components becoming due and payable on such Certificate Payment Date by the interest rate per annum set forth above. All such amounts are payable in lawful money of the United States of America.

This Certificate is one of the duly authorized certificates of participation (the "Certificates") entitled "City of Sacramento Certificates of Participation (1987 Public Facilities Project)" aggregating forty-one million six hundred fifty thousand dollars (\$41,650,000) which have been executed by the Trustee under and pursuant to the terms of a Trust Agreement (the "Trust Agreement") executed and entered into as of December 1, 1987, by and among the Trustee, the Corporation and the City. Copies of the Trust Agreement are on file at the office of the Trustee, and reference is hereby made to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Certificates, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Certificates with respect thereto and for the other agreements, conditions, covenants and terms upon which the Certificates are executed and delivered thereunder all to which the registered owner hereof assents and agrees by acceptance hereof.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended or supplemented by the parties thereto, but no such amendment or supplement shall (1) reduce the rate of interest evidenced and represented hereby or extend the time of payment thereof or reduce the amount of the principal and prepayment premium, if any, evidenced and represented hereby or extend the Certificate Payment Date hereof or otherwise alter or impair the obligation of the City to pay the interest and principal and prepayment premium, if any, evidenced and represented hereby at the time and place and at the rate and in the currency and from the funds provided in the Trust Agreement without the prior written consent of the registered owner hereof, or (2) reduce the percentage of registered owners of Certificates whose consent is required for the execution of certain amendments of or supplements to the Trust Agreement, or (3) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, except that no Certificate shall have more than one Certificate Payment Date.

This Certificate is transferable or exchangeable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the office of the Trustee, but only in the manner, subject to the limitations and upon payment of

the charges provided in the Trust Agreement; and upon surrender of this Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Certificate or Certificates of authorized denominations of the same Certificate Payment Date equal to the principal amount hereof will be executed and delivered by the Trustee in exchange herefor. The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by this Certificate shall be made only to such registered owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by this Certificate to the extent of the sum or sums so paid.

The Certificates are subject to prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, as a whole on any date, or in part on any Interest Payment Date within each Certificate Payment Date in integral multiples of five thousand dollars (\$5,000) so that the aggregate annual amounts of principal evidenced and represented by the Certificates which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of principal evidenced and represented by the then unpaid Certificates, from prepaid Base Rental Payments made by the City from funds received by the City due to a taking of the Project (as defined in the Trust Agreement) or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the Project or portions thereof, under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and in the Project Lease, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment.

The Certificates with a Certificate Payment Date of August 1, 2005, and August 1, 2012, are subject to mandatory prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, in part on any August 1 on or after August 1, 2003, and August 1, 2006, respectively, in integral multiples of five thousand dollars (\$5,000), solely from scheduled Base Rental Payments becoming due on such dates (as provided in the Project Lease and in the Trust Agreement), at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and

represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment.

The Certificates with a Certificate Payment Date on or after August 1, 1998, are subject to prepayment prior to their respective Certificate Payment Dates at the option of the City, upon notice as hereinafter provided, as a whole on any date on or after August 1, 1997, or in part on any Interest Payment Date on or after August 1, 1997, in inverse order of Certificate Payment Dates, in integral multiples of five thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment plus a prepayment premium evidenced and represented thereby equal to the following percentage of the principal amount or such part thereof to be prepaid:

<u>Prepayment Date</u>	<u>Prepayment Premium</u>
On or after August 1, 1997, and prior to August 1, 1998	2-1/2%
On or after August 1, 1998, and prior to August 1, 1999	2
On or after August 1, 1999, and prior to August 1, 2000	1-1/2
On or after August 1, 2000, and prior to August 1, 2001	1
On or after August 1, 2001, and prior to August 1, 2002	1/2
On or after August 1, 2002	0

As provided in the Trust Agreement, notice of prepayment hereof or of any part hereof shall be mailed, first class postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the registered owner of this Certificate at his address as it appears in the registration books maintained by the Trustee and to those securities depositories and securities information services selected by the City in accordance with the Trust Agreement, but failure to receive any such notice shall not affect the sufficiency or validity of the proceedings for the prepayment of this Certificate or such part hereof. If this Certificate or such part hereof is called for prepayment and notice of such prepayment is duly given as aforesaid and payment is duly provided therefor as specified in the Trust Agreement, the interest evidenced and represented hereby or by such part shall cease to accrue from and after the date fixed for such prepayment.

The Certificates each evidence and represent a proportionate, undivided interest in the Base Rental Payments and enjoy the benefits of a security interest in the money

held by the Trustee in the funds (other than the Rebate Fund) established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein. The obligation of the City to make the Base Rental Payments is subject to abatement during any period in which, by reason of material damage or destruction, there is substantial interference with the use and occupancy of the Project or portions thereof or if the Project or portions thereof are taken under the power of eminent domain, all as more particularly provided in the Project Lease to which reference is hereby made; and such obligation does not constitute a debt of the City or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

The Trustee has no obligation or liability to the registered owners of the Certificates for the payment of the interest or principal or prepayment premiums, if any, evidenced and represented by the Certificates; but rather the Trustee's sole obligation is to administer, for the benefit of the City and the Corporation and the registered owners of the Certificates, the various funds established under the Trust Agreement. The Corporation has no obligation or liability whatsoever to the registered owners of the Certificates.

The City has certified to the Trustee that all acts, conditions and things required by the statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate. This is to further certify that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.



IN WITNESS WHEREOF, this Certificate has been dated  
as of December 1, 1987, and has been executed by the manual  
signature of an authorized officer of the Trustee on the  
following date:

SECURITY PACIFIC NATIONAL BANK,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within Certificate and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer such Certificate on the register of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

SECTION 2.05. Execution of Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized officer of the Trustee.

SECTION 2.06. Transfer and Exchange of Certificates. All Certificates are transferable or exchangeable by the Owner thereof, in person or by his attorney duly authorized in writing, at the office of the Trustee in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07, upon surrender of such Certificates accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Certificate or Certificates shall be surrendered for transfer or exchange, the Trustee shall execute and deliver a new Certificate or Certificates of authorized denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount, except that the Trustee shall require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Certificates surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.



The Trustee shall not be required (i) to transfer or exchange any Certificates during the fifteen-day period prior to the selection of any Certificates for prepayment in whole or in part under Article IV, or (ii) to transfer or exchange any Certificate selected for prepayment in whole or in part from and after the date that such Certificate has been selected for prepayment in whole or in part under Article IV.

SECTION 2.07. Certificate Registration Books. The Trustee will keep at its office sufficient books for the registration of the ownership, transfer or exchange of the Certificates, which books shall be available for inspection by the Corporation, the City or any Owner or his agent duly authorized in writing at reasonable hours and under reasonable conditions during regular business hours; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Certificates in such books as hereinabove provided. The ownership of any Certificates may be proved by the books required to be kept by the Trustee pursuant to the provisions of this section.

SECTION 2.08. Temporary Certificates. The Certificates may be initially delivered in temporary form exchangeable for definitive Certificates when ready for delivery, which temporary Certificate shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Certificates. If the Trustee executes and delivers temporary Certificates, it will prepare and execute definitive Certificates without delay, and in that case, upon demand of the Owner of any temporary Certificates, such definitive Certificates shall be exchanged without cost to such Owner for temporary Certificates at the office of the Trustee upon surrender of such temporary Certificates, and until so exchanged such temporary Certificates shall be entitled to the same benefit, protection and security hereunder as the definitive Certificates executed and delivered hereunder. All temporary Certificates surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.09. Certificates Mutilated, Destroyed, Lost or Stolen. If any Certificate shall become mutilated, in respect of the body of such Certificate or shall be believed to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the City and the Trustee and upon

the surrender of such mutilated Certificate at the office of the Trustee, or upon the receipt of evidence satisfactory to the City and the Trustee of such destruction, theft or loss and upon indemnity to the City and the Trustee, and also upon payment of all expenses incurred by the City and the Trustee in the premises, the Trustee shall execute and deliver a new Certificate of like tenor and Certificate Payment Date in lieu of and in substitution for the destroyed, lost or stolen Certificate. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered by it under this section and of the expenses which may be incurred by it under this section. Any replacement Certificate executed and delivered under the provisions of this section in lieu of and in substitution for any mutilated, destroyed, lost or stolen Certificate shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Certificates executed and delivered hereunder; and the Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and the replacement Certificate shall be treated as one and the same. Notwithstanding any other provisions of this section, rather than executing and delivering a new Certificate for a mutilated, destroyed, lost or stolen Certificate which has been called for prepayment or the Certificate Payment Date of which has occurred, the Trustee may make payment of the principal and prepayment premium, if any, evidenced and represented by such mutilated, destroyed, lost or stolen Certificate directly to the Owner thereof under such regulations as the Trustee may prescribe.

### ARTICLE III

#### PROCEEDS OF CERTIFICATES

SECTION 3.01. Delivery of Certificates. The Trustee is hereby authorized to execute and deliver the Certificates to the Purchaser pursuant to the Certificates of Participation Purchase Contract upon receipt of a Written Request of the City and upon receipt of the proceeds of sale thereof.

SECTION 3.02. Deposit of Proceeds of Certificates. Upon the receipt of payment for the Certificates when the same shall have been duly executed and delivered, the Trustee shall, on behalf and at the Written Request of the

Corporation, pay from the proceeds of the Certificates the acquisition price of the Project to the City pursuant to the Acquisition Agreement and shall deposit to the Base Rental Payment Fund any accrued interest received from the sale of the Certificates and shall, on behalf and at the Written Request of the City, set aside and deposit the proceeds of such acquisition price and amounts held by the Trustee as trustee for the Sacramento Community Center Authority 1971 Bonds in the Base Rental Payment Fund, the Reserve Fund, the Costs of Issuance Fund, the Escrow Fund and the Acquisition Fund as follows:

(a) Base Rental Payment Fund. The Trustee shall deposit in the Base Rental Payment Fund the amount of accrued interest received with respect to the Certificates from the Purchaser and an additional amount of proceeds of the Certificates so that the total equals \$1,655,608.41, which is a portion of the interest component of the Base Rental due on the first Interest Payment Date.

(b) Reserve Fund. The Trustee shall deposit in the Reserve Fund the amount of the Reserve Requirement required to be paid to the Trustee by the City pursuant to Section 4.02 of the Project Lease and apply the same in accordance with the Project Lease.

(c) Escrow Fund. The Trustee shall deposit the amount of \$13,617,531.88 in the Escrow Fund, which fund the Trustee, as escrow agent, has agreed to establish and maintain pursuant to the Escrow Agreement which amount, together with investment earnings thereon, will be sufficient (in the determination of an independent certified public accountant, who shall certify such determination in writing to the Trustee, as escrow agent, and the City) to provide for the payment of all outstanding Sacramento Community Center Authority 1971 Bonds on or prior to their respective maturity dates together with accrued interest thereon. All money in the Escrow Fund shall be held by the Trustee, as escrow agent, and applied as set forth in the Escrow Agreement.

(d) Acquisition Fund. The Trustee shall transfer to the City the amount of \$25,542,420.31 for deposit by the City in the Acquisition Fund, which fund the City hereby agrees to establish and maintain as a separate trust account within its treasury until all items constituting the Buildings and Equipment have been acquired and constructed by the City, or until the amounts therein are expended towards such acquisition or construction.

(e) Costs of Issuance Fund. The Trustee shall deposit in the Costs of Issuance Fund, which fund the Trustee hereby agrees to establish and maintain until July 1, 1988, the remainder of the proceeds of the sale of the Certificates. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Certificates upon receipt of a Written Request of the City filed with it, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund, and each of which shall be accompanied by an original invoice or invoices or evidence of the City's payment of an invoice when such requisition is in reimbursement thereof. On July 1, 1988, or upon the earlier Written Request of the City, any remaining balance in the Costs of Issuance Fund shall be transferred to the City for deposit in the Acquisition Fund.

SECTION 3.03. Use of Money in the Acquisition Fund. All money in the Acquisition Fund shall be held by the City in trust as stated herein and shall be applied by the City as stated in a Written Request of the City described below for the payment of the cost of the acquisition and construction of the Buildings or the acquisition of the Equipment (including reimbursement to the City for any such costs paid by it).

Before any payment of money is made from the Acquisition Fund by the City, the City shall file with the Trustee a Written Request of the City showing with respect to each payment of money to be made --

- (a) the name and address of the person to whom payment is due;
- (b) the amount of money to be paid;
- (c) the purpose for which the obligation to be paid was incurred; and
- (d) that such amount has not been paid previously for such purpose from the Acquisition Fund.

Each such Written Request of the City shall state and shall be sufficient evidence to the Trustee --

- (a) that an obligation in the stated amount has been properly incurred under and pursuant to the Trust Agreement and that such obligation is a proper charge against the Acquisition Fund; and

(b) that there has not been filed with or served upon the City a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named in such Written Request of the City which has not been released or will not be released simultaneously with the payment of such obligation, other than liens accruing by mere operation of law.

Upon receipt of each such Written Request of the City, the Trustee shall retain the same in its records. The City shall provide to the Trustee quarterly statements on the funds on deposit in the Acquisition Fund.

When the acquisition and construction of the Buildings and the acquisition of the Equipment or the portions thereof determined by the City to be financed hereunder have been completed, the City shall deliver to the Trustee a Certificate of the City stating the fact and date of the completion of such acquisition and stating that all the costs of such acquisition and the Costs of Issuance have been determined and paid (or that all such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claim until such dispute is resolved). Upon the delivery of such certificate, the City shall transfer any remaining balance of money in the Acquisition Fund (but less the amount of any such retention) to the Reserve Fund to the extent necessary to increase the amount on deposit therein to the Reserve Requirement and then to the general fund of the City for immediate expenditure on public purposes.

#### ARTICLE IV

##### PREPAYMENT OF CERTIFICATES

###### SECTION 4.01. Terms of Prepayment.

(a) Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, as a whole on any date, or in part on any Interest Payment Date within each Certificate Payment Date in integral multiples of five thousand dollars (\$5,000) so that the aggregate annual amounts of principal evidenced and represented by the Certificates which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of principal evidenced and represented by the then



Unpaid Certificates, from prepaid Base Rental Payments made by the City from funds received by the City due to a taking of the Project or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the Project or portions thereof, under the circumstances and upon the conditions and terms prescribed herein and in the Project Lease, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment.

(b) Mandatory Prepayment. The Certificates with a Certificate Payment Date of August 1, 2005, and August 1, 2012, are subject to mandatory prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, in part on any August 1 on or after August 1, 2003, and August 1, 2006, respectively, in integral multiples of five-thousand dollars (\$5,000), solely from scheduled Base Rental Payments becoming due on such dates, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment.

(c) Optional Prepayment. The Certificates with a Certificate Payment Date on or after August 1, 1998, are subject to prepayment prior to their respective Certificate Payment Dates at the option of the City, upon notice as hereinafter provided, as a whole on any date on or after August 1, 1997, or in part on any Interest Payment Date on or after August 1, 1997, in inverse order of Certificate Payment Dates, in integral multiples of five-thousand dollars (\$5,000), from any source of available funds, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment plus a prepayment premium evidenced and represented thereby equal to the following percentage of the principal amount or such part thereof to be prepaid:

<u>Prepayment Date</u>	<u>Prepayment Premium</u>
On or after August 1, 1997, and prior to August 1, 1998	2-1/2%
On or after August 1, 1998, and prior to August 1, 1999	2
On or after August 1, 1999, and prior to August 1, 2000	1-1/2
On or after August 1, 2000, and prior to August 1, 2001	1
On or after August 1, 2001, and prior to August 1, 2002	1/2
On or after August 1, 2002	0

SECTION 4.02. Selection of Certificates for Prepayment. Whenever less than all the Outstanding Certificates of any one Certificate Payment Date are to be prepaid on any one date, the Trustee shall select the Certificates of such Certificate Payment Date to be prepaid in whole or in part from the Outstanding Certificates of such Certificate Payment Date by lot in any manner that the Trustee deems fair, and the Trustee shall promptly notify the Corporation and the City in writing of the numbers of the Certificates so selected for prepayment in whole or in part on such date.

SECTION 4.03. Notice of Prepayment. Notice of prepayment shall be given by mail in accordance with Section 11.07 to the respective Owners of any Certificates designated for prepayment in whole or in part prior to their prepayment date and, by certified mail, overnight delivery or telecopy or other secured means, to all securities depositories and securities information services selected by the City to comply with custom or the rules of any securities and exchange commission or brokerage board or otherwise as may be determined by it in its sole discretion. Each notice shall state the date of such notice, the Certificates to be prepaid, the date of the Certificates, the prepayment date, the prepayment price, the place of prepayment (including the name and address, contact person and phone numbers of the Trustee), the CUSIP numbers (if any) of the Certificates to be prepaid, the Certificate Payment Dates and, if less than all of any such Certificate Payment Date, the numbers of the Certificates of such Certificate Payment Date to be prepaid and, in the case of Certificates to be prepaid in part only, the respective parts of the principal amount evidenced and represented thereby to be prepaid, the interest rates evidenced and represented thereby, and shall give notice that further interest evidenced and represented by the Certificates or the parts thereof designated for prepayment shall cease to accrue from and after such prepayment date and that on such prepayment date there will become due and payable on each of the Certificates or the parts thereof designated for prepayment the prepayment price evidenced and represented thereby, and shall require that such Certificates be then surrendered at the address of the Trustee so designated. If any Certificate so chosen for prepayment shall not be prepayable in whole, such notice shall also state that such Certificate is to be prepaid in part only and that upon presentation of such Certificate for prepayment there will be executed and delivered in lieu of the unprepaid principal amount evidenced and represented thereby a new Certificate or Certificates of the same Certificate Payment Date of authorized denominations equal in aggregate principal amount to such unprepaid principal amount.

The Trustee shall give notice of prepayment of any Certificates or any parts thereof to be prepaid upon receipt of a Written Request of the City (which request shall be given to the Trustee at least sixty (60) days prior to the date fixed for prepayment), but only after the City shall have made a Base Rental Payment to the Trustee and the Trustee shall have determined that such Base Rental Payment is sufficient to provide for the payment of the prepayment price evidenced and represented by all Certificates or the parts thereof to be prepaid (or the Trustee shall have determined that a Base Rental Payment will be timely made available to it which will be sufficient to provide for such purpose), together with the estimated expense of giving such notice.

SECTION 4.04. Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new Certificate or Certificates evidencing and representing the unprepaid principal amount of the Certificate so surrendered.

SECTION 4.05. Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and money for the payment of the prepayment price of the Certificates or the parts thereof to be prepaid is held by the Trustee, then on the prepayment date designated in such notice the Certificates or the parts thereof so called for prepayment shall become payable at the prepayment price evidenced and represented thereby as specified in such notice; and from and after the date so designated interest evidenced and represented by the Certificates or such parts thereof so called for prepayment shall cease to accrue, such Certificates or such parts thereof shall cease to be entitled to such benefit, protection or security hereunder and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price evidenced and represented by the Certificates or such parts to be prepaid. The Trustee shall, upon surrender for prepayment of any of the Certificates to be prepaid in whole or in part on their prepayment dates, pay such Certificates or such parts thereof at the prepayment price evidenced and represented thereby. All Certificates paid pursuant to the provisions of this article shall be cancelled by the Trustee and shall not be redelivered.



## ARTICLE V

### BASE RENTAL PAYMENTS

#### SECTION 5.01. Use of Base Rental Payments.

All Base Rental Payments shall be paid directly by the City to the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one (1) Business Day after the receipt thereof. All Base Rental Payments received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it as and when received in the Base Rental Payment Fund, which fund the Trustee hereby agrees to establish and maintain so long as any Certificates are Outstanding, and all money in such fund shall be held in trust by the Trustee for the benefit of the City until deposited in the funds provided in Section 5.02, whereupon such money shall be held in trust in such funds by the Trustee for the benefit of the Owners. The City and the Corporation hereby pledge and grant a lien on and a security interest in the Base Rental Payments for the benefit of the Owners. Notwithstanding the foregoing, any delinquent installments of Base Rental Payments and the interest thereon will be deposited in the Reserve Fund, created pursuant to Section 4.02 of the Project Lease and maintained by the Trustee on behalf of the City. The Trustee shall apply the moneys on deposit in the Reserve Fund for the payment of Base Rental in accordance with the terms of the Project Lease.

SECTION 5.02. Deposit of Money in the Base Rental Payment Fund. The Trustee shall deposit the money contained in the Base Rental Payment Fund at the following respective times in the following respective funds in the manner hereinafter provided, each of which funds the Trustee hereby agrees to establish and maintain so long as any Certificates are Outstanding, and the money in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Interest Fund. The Trustee, on each Interest Payment Date (commencing on August 1, 1988), shall deposit in the Interest Fund that amount of money evidencing and representing the portion of the Base Rental Payments constituting the interest component becoming due and payable on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Certificates on their respective Interest Payment Dates.

(b) Principal Fund. The Trustee, on each Certificate Payment Date (commencing on August 1, 1989), shall deposit in the Principal Fund that amount of money evidencing and representing the portion of the Base Rental Payments constituting the principal component becoming due and payable on such Certificate Payment Date. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Certificates on their respective Certificate Payment Dates or on mandatory prepayment prior thereto pursuant to Section 4.01(b).

(c) Prepayment Fund. The Trustee, on the prepayment date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Project Lease, shall deposit in the Prepayment Fund that amount of money representing the portion of the Base Rental Payments constituting prepaid Base Rental Payments. All money in the Prepayment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates to be prepaid on their respective prepayment dates.

## ARTICLE VI

### COVENANTS

SECTION 6.01. Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof; and neither the Corporation nor the City will suffer or permit any default by them to occur hereunder, but each will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it.

SECTION 6.02. Compliance with Project Lease. The Corporation will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Project Lease required to be observed and performed by them and will enforce the Project Lease against the other party thereto in accordance with its terms.

The Corporation and the City will not amend the Project Lease without the prior written consent of the Trustee, which consent shall be given only if, in the opinion

of the Trustee (which opinion may, in the discretion of the Trustee, be based upon an Opinion of Counsel or a Certificate of the City), such amendment will not result in any material impairment of the security given or intended to be given by the Project Lease for the payment of the Base Rental Payments.

**SECTION 6.03. Observance of Laws and Regulations.**

The Corporation and the Trustee will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by contract, or prescribed by any state or federal law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not be abandoned, forfeited or in any manner impaired.

**SECTION 6.04. Other Liens.** The City will keep the Project and all portions thereof free from judgments and liens and free from all claims, demands or encumbrances of whatever nature or character, and free from any claim or liability which, in the judgment of the Trustee (and its determination thereof shall be final), might interfere with the City in utilizing the Project or any portion thereof; provided, that any such determination made by the Trustee shall not cause any liability to the Trustee. The City will notify the Trustee within five (5) days of receipt by the City of notice of any lien, claim or liability encompassed by this section. The Trustee at its option (after first giving the City ten (10) days' written notice to comply therewith and failure of the City to so comply within such period) may defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, that in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of its failure to observe or perform any of the agreements, conditions, covenants or terms contained herein required to be observed or performed by it, or from its liability hereunder to defend the validity hereof and to observe and perform all such agreements, conditions, covenants and terms.

So long as any Certificates are Outstanding, the City will not create or suffer to be created any pledge of or lien on the Base Rental Payments other than the pledge and lien provided in Article V.

SECTION 6.05. Prosecution and Defense of Suits.

The City will promptly, upon request of the Trustee, the Corporation, or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Project or any portion thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

The City will defend against every action, suit or other proceeding at any time brought against the Trustee, the Corporation or any Owner upon any claim arising out of the receipt, deposit or disbursement of any of the Base Rental Payments or involving any rights or obligations of the Trustee or any Owner hereunder; provided, that the Trustee, the Corporation or any Owner at its or his election may appear in and defend any such action, suit or other proceeding. The City will indemnify and hold harmless the Trustee, the Corporation and the Owners against any and all liability claimed or asserted by any person arising out of any such receipt, deposit or disbursement, and will indemnify and hold harmless the Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation or otherwise in connection with the foregoing to which any of them may become a party in order to enforce their rights hereunder or under the Certificates; provided, that such litigation shall be concluded favorably to such Owners' contentions therein.

SECTION 6.06. Accounting Records and Statements.

The Trustee shall keep proper books of record and account in accordance with trust accounting standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Base Rental Payments and the proceeds of the Certificates or the obligation which they evidence and represent. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, (d) the amounts and dates of any payments made with respect thereto, and (e) such documentation as is required to be obtained by the Trustee as evidence to establish that all investments have been purchased in arms-length transactions with no amounts paid to reduce the

yield on the investments. With respect to any determinations required to be made pursuant to this section, the Trustee may request and the City shall provide such determination, upon which determination the Trustee may conclusively rely. Such records shall be open to inspection by any Owner at any reasonable time during regular business hours on reasonable notice. Not later than the fifteenth (15th) day of each January, commencing on January 15, 1989, and continuing so long as any Certificates are Outstanding, the Trustee will furnish to the City, to the Corporation and to any Owner who may so request (at the expense of such Owner) a complete statement covering the receipts, deposits and disbursements of the Base Rental Payments for the preceding year.

SECTION 6.07. Recordation and Filing. The City will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Base Rental Payments hereunder, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the rights of the Trustee hereunder, and the City will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the Base Rental Payments as provided herein.

SECTION 6.08. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Corporation and the City will promptly execute and deliver, or cause to be executed and delivered, all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners the benefit, protection and security conferred, or intended to be conferred, upon them hereby.

SECTION 6.09. Tax Covenants; Rebate Fund. (a) The City will not directly or indirectly use or permit the use of any proceeds of the Certificates or the obligation which they represent or any other funds of the City or take or omit to take any action that would cause the Certificates or the obligation which they represent to be "private activity bonds" within the meaning of Section 141(a) of the Code or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. The City will not allow ten per cent (10%) or more of the proceeds of the Certificates or the obligation which they represent to be used in the trade or business of any nongovernmental units and will

not loan five per cent (5%) or more of the proceeds of the Certificates or the obligation which they represent to any nongovernmental units.

(b) The City will not directly or indirectly use or permit the use of any proceeds of the Certificates or the obligation which they represent or any other funds of the City or take or omit to take any action that would cause the Certificates or the obligation which they represent to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Certificates or the obligation which they represent. In the event that at any time the City is of the opinion that for purposes of this section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee hereunder, the City shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

The City specifically covenants that the City will pay or cause to be paid to the United States Government at the times and in the amounts determined pursuant to the Rebate Certificate the Rebate Requirements as defined therein. Notwithstanding any other provision hereof or of the Project Lease, the obligation to remit the Rebate Requirements to the United States Government and to comply with the other requirements of this section and the Rebate Certificate shall survive the defeasance or payment in full of the Rental Payments.

(c) (i) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated the "City of Sacramento Certificates of Participation (1987 Public Facilities Project) Rebate Fund." Within the Rebate Fund, the Trustee shall maintain such accounts as instructed by Written Request of the City. Subject to the transfer provisions provided in this section, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States Government of the Rebate Requirements, and the City or the Owners shall have no rights in or claim to such moneys.

(ii) The Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments, subject to the restrictions set forth in the Rebate Certificate.

(iii) Upon receipt of the Rebate Instructions required to be delivered to the Trustee pursuant to the Rebate Certificate, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States Government,



as so directed by the Rebate Instructions. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of such accounts or funds as the Rebate Instructions direct.

(d) The City hereby agrees to deliver the required Rebate Instructions to the Trustee in the manner and at the times required by the Rebate Certificate. The Trustee, if it does not receive Rebate Instructions from the City by the twenty-fifth (25th) day following each anniversary of the initial delivery date of the Certificates, shall promptly request such Rebate Instructions from the City in writing.

(e) The City shall retain all records with respect to the calculations and instructions required by this section and the Rebate Certificate for at least six (6) years after the date on which the principal of and interest on the Certificates or the obligation which they represent has been paid.

(f) Notwithstanding any provision of this section, if the City shall provide to the Trustee an Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates or the obligation which they represent, the Trustee and the City may conclusively rely on such opinion in complying with the requirements of this section, and the covenants hereunder shall be deemed to be modified to that extent.

## ARTICLE VII

### DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Action on Default. If any Event of Default (as that term is defined in Section 12.01 of the Project Lease) shall happen, then such Event of Default shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding shall be entitled, upon notice in writing to the Corporation and to the City, to exercise the remedies provided to the Corporation in the Project Lease; provided, that nothing contained herein shall affect or impair the right of action of any Owner to institute suit directly against the City to enforce payment of the obligation evidenced and represented by such Owner's Certificate.

SECTION 7.02. Other Remedies of the Trustee. The Trustee shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Corporation or the City or any councilmember, officer or employee thereof, and to compel the Corporation or the City or any such councilmember, officer or employee thereof to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained herein required to be observed or performed by it or him;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the Corporation and the City and its councilmembers, officers and employees to account as the trustee of any express trust.

SECTION 7.03. Non-Waiver. A waiver of any default hereunder or breach of any obligation by the Trustee hereunder or by the Corporation under the Project Lease shall not affect any subsequent default hereunder or any subsequent breach of an obligation by the Trustee hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation by the Trustee hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Corporation, the Trustee, the Corporation and the City shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.04. Remedies Not Exclusive. No remedy conferred herein upon or reserved herein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given hereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised



without exhausting and without regard to any other remedy conferred by any other applicable law.

SECTION 7.05. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this article shall be deposited in a segregated account maintained by it and shall be applied by the Trustee (after payment of all amounts due and payable under Section 8.03) in the following order and upon presentation of the several Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Certificates then due in the order of the due date of such payments, and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal and prepayment premiums, if any, evidenced and represented by any Certificates which shall have become due, whether on the Certificate Payment Date or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest and prepayment premiums, if any, evidenced and represented by the Certificates at a rate equal to the rate paid with respect to the Certificates and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal and prepayment premiums due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 7.06. No Liability by the Corporation to the Owners. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the observance or performance by the City of the other agreements, conditions, covenants and terms contained in the Project Lease or herein required to be observed or performed by it, or with respect to

the performance by the Trustee of any obligation contained herein required to be performed by it.

SECTION 7.07. No Liability by the City to the Owners. Except for the payment when due of the Base Rental Payments and the observance and performance of the other agreements, conditions, covenants and terms contained in the Project Lease or herein required to be observed or performed by it, the City shall not have any obligation or liability to the Owners with respect hereto or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the Base Rental Payments by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

SECTION 7.08. No Liability by the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the observance or performance by the City of the other agreements, conditions, covenants and terms contained in the Project Lease or herein required to be observed and performed by it.

## ARTICLE VIII

### THE TRUSTEE

SECTION 8.01. Employment and Duties of the Trustee. The Corporation and the City hereby appoint and employ the Trustee to receive, deposit and disburse the Base Rental Payments as provided herein, to prepare, execute, deliver, transfer, exchange and cancel the Certificates as provided herein, to pay the interest and principal and prepayment premiums, if any, evidenced and represented by the Certificates to the Owners thereof as provided herein and to perform the other obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering the Trust Agreement, the Trustee undertakes to perform such obligations (and only such obligations) as are specifically set forth herein, and no implied obligations shall be read herein against the Trustee.

SECTION 8.02. Removal and Resignation of the Trustee. The Corporation and the City may at any time, so long as the City is not in default under the Project Lease, remove the Trustee initially a party hereto and any successor thereto by giving written notice of such removal to the Trustee and by giving notice by mail in accordance with

Section 11.07 of such removal to all Owners of Certificates, and the Trustee initially a party hereto and any successor thereto may at any time resign by giving written notice of such resignation to the Corporation and the City and by giving notice by mail in accordance with Section 11.07 of such resignation to all Owners of Certificates. Upon giving any such notice of removal or upon receiving any such notice of resignation, the Corporation and the City shall promptly appoint a successor Trustee by an instrument in writing; provided, that in the event the Corporation and the City do not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a bank or trust company doing business and having a principal corporate trust office in San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by state or federal authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of the appointment by the successor Trustee.

SECTION 8.03. Compensation and Indemnification of the Trustee. The City shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures hereunder, including, but not limited to, advances to and fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided, that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder or under the Project Lease, although the Trustee may take whatever legal actions are available to it directly against the City to recover such compensation or reimbursement.

To the extent permitted by law, the City does hereby assume liability for, and agree to defend, indemnify, protect, save and keep harmless, the Trustee and its directors, officers and employees and its successors and assigns from and against any and all liabilities, obligations, losses, damages (including consequential damages incurred by others), taxes and impositions, penalties, fines, claims, actions, suits, costs and expenses and disbursements (including legal fees and expenses) of whatsoever kind and nature imposed in, asserted against or incurred or suffered by the Trustee or its directors, officers or employees or its successors and assigns in any way relating to or arising out of (i) the condition, management, maintenance or use of or from any work done in connection with the Project, the Buildings or the Equipment by the City, (ii) any act of negligence of the City or of any of its agents, contractors, councilmembers, employees, invitees, licensees or officers in connection the Project, with the Buildings or the Equipment, (iii) the authorization of the payment of any costs or expenses for the acquisition of the Buildings or the Equipment, or (iv) the exercise of any rights or obligations of the Trustee hereunder; provided, that no indemnification will be made for willful misconduct or negligence hereunder by the Trustee.

SECTION 8.04. Protection of the Trustee. The Trustee shall be protected and indemnified as stated herein by the City and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the City, with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Project Lease and certain other rights, or of the assignment made to it by the Assignment Agreement of all rights to receive the Base Rental Payments thereunder, and certain other rights, or of the title or value of the Property, of the Buildings or the Equipment, and shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof or have received

written notice thereof at its principal corporate trust office in San Francisco, California. All recitals, warranties or representations contained therein are statements of the City and the Trustee assumes no responsibility for their correctness, and the Trustee shall not be accountable for the use or application by the City, or any other party, of any funds which the Trustee properly releases to the City or which the City may otherwise receive from time to time. The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of the Trust Agreement, of any Certificate or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee herein), or with respect to any obligation of the City or the Corporation.

Whenever in the observance or performance of its rights and obligations hereunder or under the Certificates the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Certificates and may join in any action which any Owner may be entitled to take with like effect as it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Corporation or the City, and may act as agent, depositary or trustee for any committee or body of Owners or of owners of obligations of the Corporation or the City as freely as if it were not the Trustee hereunder.

The Trustee shall not be answerable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct or negligence.

No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder, or in the exercise of any of its rights hereunder, if it shall have reasonable grounds for believing

that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and before taking any action hereunder the Trustee may require that indemnity satisfactory to it be furnished for all expenses to which it may be put and to protect it from all liability thereunder.

ARTICLE IX

ARTICLE IX

AMENDMENT OF OR SUPPLEMENT TO THE TRUST AGREEMENT

SECTION 9.01. Amendment or Supplement by Consent of Owners. The Trust Agreement and the rights and obligations of the Corporation and the City and the Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 9.02, are filed with the Trustee. No such amendment or supplement shall (1) reduce the rate of interest evidenced and represented by any Certificate or extend the time of payment thereof or reduce the amount of the principal and prepayment premium, if any, evidenced and represented by any Certificate or extend the Certificate Payment Date thereof or otherwise alter or impair the obligation of the City to pay the interest and principal and prepayment premium, if any, evidenced and represented thereby at the time and place and at the rate and in the currency and from the funds provided herein without the prior written consent of the Owner of the Certificate so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

The Trust Agreement and the rights and obligations of the Corporation and the City and the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes --

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Corporation or the City other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation or the City,



or to surrender any right reserved herein to or conferred herein on the Corporation or the City, and which in either case shall not adversely affect the interests of the Owners; or

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Corporation or the City may deem desirable or necessary and not inconsistent herewith, and which shall not adversely affect the interests of the Owners; or

(c) to amend, alter, supplement or delete the description of the Buildings and Equipment financed hereby.

SECTION 9.02. Disqualified Certificates.

Certificates held for the account of the City (but excluding Certificates held in any pension or retirement fund of the City) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided herein, and shall not be entitled to consent to or take any other action provided herein, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for herein shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in this section.

SECTION 9.03. Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Certificate and presentation of the Certificate for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Certificates such new Certificates shall be exchanged without cost to each Owner for Certificates then Outstanding at the office of the Trustee upon surrender of such Outstanding Certificates. All Certificates surrendered to the Trustee pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 9.04. Amendment or Supplement by Mutual Consent. The provisions of this article shall not prevent any

Owner from accepting any amendment or supplement as to the particular Certificates owned by him; provided, that due notation thereof is made on such Certificates.

ARTICLE X

ARTICLE X

DEFEASANCE

DEFEASANCE

SECTION 10.01. Discharge of Certificates and Trust Agreement.

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest and principal and prepayment premiums, if any, evidenced and represented thereby at the times and in the manner provided herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the Base Rental Payments as provided herein, and all agreements and covenants of the Corporation and the City to such Owners hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Certificates shall on their Certificate Payment Dates or their dates of prepayment prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee money which is sufficient to pay the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates payable on and prior to their Certificate Payment Dates or their dates of prepayment prior thereto.

(c) Any Outstanding Certificates shall prior to their Certificate Payment Dates or their dates of prepayment prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Certificates are to be prepaid on any date prior to their Certificate Payment Dates, the City shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice by mail in accordance with Section 11.07 to the Owners of such Certificates of the prepayment of such Certificates on such prepayment dates, (2) there shall have been deposited with the Trustee or other fiduciary either money in an amount which shall be sufficient or United States Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, and which are not subject to redemption except by the holder thereof prior to maturity (including any such securities



issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee or other fiduciary at the same time, shall be sufficient to pay when due the interest evidenced and represented by such Certificates on and prior to their Certificate Payment Dates or their dates of prepayment prior thereto, as the case may be, and the principal and prepayment premiums, if any, evidenced and represented by such Certificates, and (3) in the event such Certificates are not by their terms subject to prepayment within the next succeeding sixty (60) days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice by mail in accordance with Section 11.07 to the Owners of such Certificates and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this section and stating their Certificate Payment Dates or their dates of prepayment prior thereto upon which money is to be available for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates.

(d) After the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by all Outstanding Certificates as provided in this section, the Trustee shall execute and deliver to the Corporation and the City all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Trust Agreement, and the Trustee shall pay over or deliver to the City all money or deposits or investments held by it pursuant hereto which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee or other fiduciary in trust for the payment and discharge of the interest or principal or prepayment premiums, if any, evidenced and represented by any Certificates which remains unclaimed for six (6) years after the date when the payments evidenced and represented by such Certificates have become payable, if such money was held by the Trustee on such date, or for six (6) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates have become payable, shall at the Written Request of the City be repaid by

the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates; provided, that before being required to make any such payment to the City, the Trustee shall, at the expense of the City, give notice by mail in accordance with Section 11.07 to all Owners of Certificates and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the City.

ARTICLE XI

ARTICLE XI

MISCELLANEOUS

MISCELLANEOUS

SECTION 11.01. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Corporation, the City, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Corporation or the City shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 11.02. Successor Deemed Included in All References to Predecessor. Whenever either the Corporation or the City or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Corporation, the City or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Corporation, the City or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be

proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the Corporation or the City or the Trustee in good faith and in accordance therewith.

SECTION 11.04. Waiver of Personal Liability. No councilmember, officer or employee of the City shall be individually or personally liable for the payment of the interest or principal or prepayment premiums, if any, evidenced and represented by the Certificates, but nothing contained herein shall relieve any councilmember, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or by the Project Lease or hereby.

SECTION 11.05. Acquisition of Certificates by City. All Certificates acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 11.06. Content of Certificates. Every Certificate of the City with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of the City may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the

Opinion of Counsel with respect to the matters upon which his or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the City, upon a representation by an officer or officers of the City, unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 11.07. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Certificates shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Certificates at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and failure to receive any such notice shall not affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 11.08. Funds. Any fund required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners.

SECTION 11.09. Investments. Any money held by the Trustee in the Base Rental Payment Fund, the Reserve Fund or the Costs of Issuance Fund may be invested (and, upon the Written Request of the City, shall be invested) by the Trustee in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. Any money held by the City in the Acquisition Fund may be invested by the City in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement. The Trustee may

act as principal or agent in the acquisition or disposition of any such deposit or investment and may, for the purpose of any such deposit or investment, commingle any of the money held by it hereunder. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with this section. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee, prior to completion of the acquisition and construction of the Buildings and Equipment, shall be transferred to the City and deposited in the Acquisition Fund and thereafter shall be paid to the City, in each case, semiannually on February 2 and August 2 of each year.

SECTION 11.10. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause thereof.

SECTION 11.11. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Corporation, the City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Corporation, the City and the Trustee hereby declare that they would have executed and entered into the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto irrespective of the fact that any one or more of the articles,

sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.12. California Law. The Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 11.13. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Trustee:

Security Pacific National Bank  
Corporate Services Division N5-145  
33 New Montgomery Street, Eleventh Floor  
San Francisco, California 94105

If to the Corporation:

Sacramento City Public Facilities Financing  
Corporation  
c/o City Clerk  
City of Sacramento  
City Hall  
916 "I" Street  
Sacramento, California 95814

If to the City:

City Treasurer  
City of Sacramento  
800-10th Street  
Sacramento, California 95814

SECTION 11.14. Effective Date. The Trust Agreement shall become effective upon its execution and delivery.

SECTION 11.15. Execution in Counterparts. The Trust Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.



IN WITNESS WHEREOF, the parties hereto have executed and entered into the Trust Agreement by their officers thereunto duly authorized as of the day and year first above written.

SECURITY PACIFIC NATIONAL BANK,  
as Trustee

By M. B. Bandstadter  
Vice President

SACRAMENTO CITY PUBLIC  
FACILITIES FINANCING CORPORATION

By R. Burnett Miller  
President

(SEAL)

ATTEST:

Louise Morgan  
Secretary

CITY OF SACRAMENTO

By Gene Rudin  
Mayor

(SEAL)

ATTEST:

Louise Morgan  
City Clerk

Approved as to form:

By James P. Jackson  
City Attorney

EXHIBIT A

DESCRIPTION OF BUILDINGS

1. Police Substations located in the southern area and known as Police Substation No. 1, and local acquisitions for central police substation.
2. Community Convention Center Expansion, including acquisition of Scofield Building.
3. East End Parking Garage.



EXHIBIT B

DESCRIPTION OF EQUIPMENT

1. Public Safety System Phase II
2. Solid Waste 90-gallon containers
3. Utility Customers Information System
4. Building Permit Management System
5. Geographic Information System

CERTIFIED AS TRUE COPY  
Resolution No. 88-001

CITY OF SACRAMENTO

CITY OF SACRAMENTO

MAR 29 1988

RESOLUTION NO.

RESOLUTION NO.

88-001

DATE CERTIFIED

Deputy

CITY OF SACRAMENTO

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF JAN 5 1988

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SACRAMENTO APPROVING THE FINAL FORMS OF AND  
AUTHORIZING THE EXECUTION OF AN ACQUISITION  
AGREEMENT, A PROJECT LEASE, A TRUST  
AGREEMENT, AN ESCROW AGREEMENT AND RELATED  
DOCUMENTS FOR THE 1987 PUBLIC FACILITIES  
PROJECT AND AUTHORIZING THE CITY TREASURER TO  
HOLD IN TRUST THE ACQUISITION FUND PURSUANT  
TO THE TRUST AGREEMENT AND AUTHORIZING  
CERTAIN ACTIONS IN CONNECTION WITH SUCH  
FINANCING

WHEREAS, the City of Sacramento is a charter city  
and municipal corporation duly organized and existing under  
the Constitution and laws of the State of  
California (herein called the "City");

WHEREAS, the Sacramento City Public Facilities  
Financing Corporation (herein called the "Corporation") is a  
non-profit corporation duly organized and existing under and  
by virtue of the laws of the State of California for the  
purpose of facilitating the financing of public improvements  
and facilities of the City;

WHEREAS, under Ordinance No. 87-114 passed and  
adopted on December 1, 1987 and effective 30 days thereafter  
(the "Ordinance"), the City is authorized to execute and enter  
into a sale-leaseback financing with the Corporation of  
the theater comprising a part of the Sacramento  
Community/Convention Center (the "Facility") in the City of  
Sacramento, California, in order to acquire and construct  
certain municipal improvements and to refinance the Sacramento  
Community Center Authority 1971 Bonds, pursuant to an Escrow  
Agreement (the "Escrow Agreement"), dated as of December 1,  
1987, by and between the Sacramento Community Center  
Authority, the City and Security Pacific National Bank;

WHEREAS, the City will sell the Facility to the  
Corporation, pursuant to the Acquisition Agreement (the  
"Acquisition Agreement"), and will lease the Facility from the  
Corporation, pursuant to the Project Lease (the "Project  
Lease"), and the Corporation will, pursuant to a Trust

6543c-3555h2

City Agreement No. 87150

Agreement among the City, the Corporation and Security Pacific National Bank, as trustee (the "Trust Agreement"), arrange for the execution and delivery of certificates of participation (the "Certificates") evidencing proportionate undivided interests in the base rental payments to be made by the City pursuant to the Project Lease;

WHEREAS, this Council pursuant to such Ordinance adopted on December 1, 1987 and Resolution No.87-1014 adopted December 8, 1987 approved certain documents relating to such financing, including the then current forms of the Acquisition Agreement, the Project Lease, the Trust Agreement, the Escrow Agreement, an Official Statement relating to the Certificates (the "Official Statement") and a Purchase Agreement (the "Purchase Agreement") and authorized and directed the execution of such documents and the consummation of such financing;

WHEREAS, the Purchase Agreement and Official Statement have heretofore been executed by the appropriate City officials and it is now necessary to approve the final forms of the documents and authorize the execution thereof; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby 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 and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

Section 1. The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City and that the statements, findings and determinations of the City set forth above are true and correct.

Section 2. The form of the Acquisition Agreement, executed and entered into as of December 1, 1987, between the City, as seller, and the Corporation, as purchaser, on file with the City Clerk and the acquisition price of \$40,902,842.90 for the Project as set forth therein are hereby approved. The Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the

the Acquisition Agreement in substantially said such change form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form Section 3. The form of Project Lease between the City and the Corporation, executed and entered into as of 1987, on December 1, 1987, on file with the City Clerk is hereby approved and the Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver the Project Lease in substantially said form with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The Section 4. The execution and delivery, pursuant to the Trust Agreement, of \$41,650,000 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project), evidencing proportionate undivided interests in the rights to receive base rental payments payable by the City pursuant to the Project Lease, is hereby authorized and approved.

Section 5. The City Treasurer is hereby authorized to establish and to hold in trust the Acquisition Fund as a separate account within the treasury of the City and to perform such other trust duties related to the Acquisition Fund in accordance with the provisions of the Trust Agreement.

Section 6. The form of Trust Agreement, Escrow Agreement, Project Lease and related documents, on file with the City Clerk, are hereby approved. The appropriate officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver such documents in substantially said forms, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including arbitrage certificates, or make any necessary or advisable modifications to those documents which are acceptable to the City Attorney's Office and Orrick, Herrington & Sutcliffe and Arnette & Hastie, Co-Bond Counsel, and which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates.

Section 8. All actions heretofore taken by the officers and agents of the City with respect to the sale, execution and delivery of the Certificates are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately from and after its adoption and approval.

PASSED AND ADOPTED this 5th day of January, 1983.

*Attest:*

ANNE RUDIN

*Mayor of the*  
City of Sacramento

Mayor of the  
City of Sacramento

[SEAL]

Attest:

LORRAINE MAGANA

City Clerk of the  
City of Sacramento

88 01-7 0958

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

ORRICK, HERRINGTON & SUTCLIFFE  
555 Capitol Mall, Suite 1200  
Sacramento, California 95814

Attention: Randolph Hooks

ORDER No. 328101

OFFICIAL RECORDS  
SACRAMENTO COUNTY, CALIF.  
EXECUTION COPY

1988 JAN -7 AM 9:26

*Jane R. Smith*  
COUNTY CLERK-RECORDER

003382



ASSIGNMENT AGREEMENT

by and between the

SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION

and

SECURITY PACIFIC NATIONAL BANK

RELATING TO THE  
CITY OF SACRAMENTO  
1987 PUBLIC FACILITIES PROJECT

Executed and Entered Into as of December 1, 1987

8823f-3466h2

City Agreement No. 87152

CITY AGREEMENT NO. 87152

TABLE OF CONTENTS

	<u>Page</u>
PARTIES .....	1
RECITALS .....	1
SECTION 1. Assignment .....	2
SECTION 2. Acceptance .....	2
SECTION 3. Conditions .....	2
SECTION 4. Payment of Rentals .....	2
SECTION 5. California Law .....	3
SECTION 6. Severability .....	3
SECTION 7. Execution in Counterparts .....	3
EXECUTION .....	4
EXHIBIT A - Description of Site .....	A-1



ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement"), executed and entered into as of December 1, 1987, by and between the Sacramento City Public Facilities Financing Corporation, a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), and Security Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee");

## WITNESSETH:

WHEREAS, the Corporation and the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), have executed and entered into a lease (the "Project Lease") as of December 1, 1987, whereby the Corporation has agreed to lease the Project (as defined therein), which is located on and includes the real property described in Exhibit A attached hereto, to the City as provided therein; and

WHEREAS, under and pursuant to the Project Lease, the City is obligated to make rental payments to the Corporation for the lease of the Project to it; and

WHEREAS, the Corporation desires to assign to the Trustee without recourse all its rights to receive the base rental payments scheduled to be paid by the City under and pursuant to the Project Lease and certain other rights; and

WHEREAS, in consideration of such assignment and the execution and entering into of a Trust Agreement (the "Trust Agreement") as of December 1, 1987, by and among the Trustee, the Corporation and the City, the Trustee has agreed to execute and deliver certificates of participation (the "Certificates") in an aggregate principal amount equal to the aggregate principal components of such base rental payments, each evidencing and representing a proportionate, undivided interest in such base rental payments; and

WHEREAS, 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 execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Assignment Agreement;



NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Assignment. The Corporation, for one dollar (\$1.00) and other good and valuable consideration in hand received, does hereby unconditionally grant, sell, assign and transfer to the Trustee without recourse all its rights to receive the base rental payments scheduled to be paid by the City under and pursuant to the Project Lease and any and all of the other right, title and interest of the Corporation as lessor under the terms of the Project Lease and any extensions, renewals or modifications of the Project Lease for the purpose of securing: (a) the payment of all sums due and owing to the owners of the Certificates under the terms of the Trust Agreement; and (b) the observance, performance and discharge of each agreement, condition, covenant and term required to be observed or performed by the Corporation contained therein and in the Trust Agreement; provided, that so long as no Event of Default (as defined in the Project Lease) shall have occurred or be continuing, the Corporation shall have and may exercise all rights of the lessor under the Project Lease (other than the right to receive the base rental payments due and owing under the Project Lease).

SECTION 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the benefit of the owners of the Certificates, subject to the conditions and terms of the Trust Agreement, and all such base rental payments shall be applied and all such rights so assigned shall be exercised by the Trustee under and pursuant to the Trust Agreement.

SECTION 3. Conditions. This Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement.

SECTION 4. Payment of Rentals. Upon payment or provision for payment to the Trustee in full of all base rental payments as described in the Project Lease and of all other amounts, including any additional rental owed by the City under the Project Lease, this Assignment Agreement shall become and be void and of no effect with respect to the property subject to the Project Lease, and the Trustee shall execute any and all documents or certificates reasonably requested by the Corporation to evidence the termination of this Assignment Agreement with respect to such property.

SECTION 5. California Law. This Assignment Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 6. Severability. If any agreement, condition, covenant or term hereof or any application hereof should be held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all agreements, conditions, covenants and terms hereof and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 7. Execution in Counterparts. This Assignment Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

SACRAMENTO CITY PUBLIC FACILITIES  
FINANCING CORPORATION

By R. Burnett Miller  
President

(SEAL)

ATTEST:

Louise Rogers  
Secretary

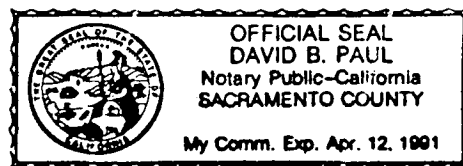
SECURITY PACIFIC NATIONAL BANK,  
as Trustee

By M. B. Branstetter  
Vice President

88 01-7 0963

STATE OF CALIFORNIA     )  
                                  ) ss.  
COUNTY OF SACRAMENTO    )

On this 6th day of January in the year 1988, before me, David B. Paul, a Notary Public, State of California, personally appeared R. Burnett Miller and Lorraine Magana, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.



David B. Paul  
Notary Public,  
State of California

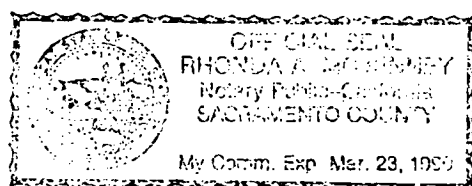
[Notarial Seal]

8823f-3466h2

City Agreement No. 87152

STATE OF CALIFORNIA )  
 ) ss.  
 COUNTY OF SACRAMENTO )

On this 6<sup>th</sup> day of January in the year 1988, before me, Rhonda A. McKinney, a Notary Public, State of California, personally appeared Nora Brandstadter, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.



[Notarial Seal]

Rhonda A. McKinney  
 Notary Public,  
 State of California

EXHIBIT ADescription of Site

All that real property situate in the State of California, County of Sacramento, City of Sacramento, described as follows:

A portion of that certain parcel bounded on the North by the South line of J Street, on the East by the West line of 14th Street, on the South by the North line of L Street and on the West by the centerline of 13th Street, described as follows:

BEGINNING at the intersection of the West line of 14th Street and the North line of L Street; thence, along said North line of L Street, North  $71^{\circ}23'24''$  West 361.11 feet to the centerline of 13th Street; thence, along said centerline, North  $18^{\circ}36'30''$  East 262.70 feet; thence, South  $71^{\circ}23'24''$  East 360.73 feet to the West line of 14th Street; thence, along said West line, South  $18^{\circ}31'31''$  West 262.70 feet to the point of beginning.

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

EXECUTION COPY

MORRICK, HERRINGTON & SUTCLIFFE  
555 Capitol Mall, Suite 1200  
Sacramento, California 95814

Attention: Randolph Hooks

ASSIGNMENT AGREEMENT

by and between the  
SACRAMENTO CITY PUBLIC FACILITIES FINANCING CORPORATION

and

SECURITY PACIFIC NATIONAL BANK

RELATING TO THE  
CITY OF SACRAMENTO  
1987 PUBLIC FACILITIES PROJECT

Executed and Entered Into as of December 1, 1987

8823f-3466h2

City Agreement No. 87152

City Agreement No. 87152

TABLE OF CONTENTS

	<u>Page</u>
PARTIES .....	1
RECITALS .....	1
SECTION 1. Assignment .....	2
SECTION 2. Acceptance .....	2
SECTION 3. Conditions .....	2
SECTION 4. Payment of Rentals .....	2
SECTION 5. California Law .....	3
SECTION 6. Severability .....	3
SECTION 7. Execution in Counterparts .....	3
EXECUTION .....	4
EXHIBIT A - Description of Site .....	A-1

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement"), executed and entered into as of December 1, 1987, by and between the Sacramento City Public Facilities Financing Corporation, a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), and Security Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee");

WITNESSETH:

WHEREAS, the Corporation and the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), have executed and entered into a lease (the "Project Lease") as of December 1, 1987, whereby the Corporation has agreed to lease the Project (as defined therein), which is located on and includes the real property described in Exhibit A attached hereto, to the City as provided therein; and

WHEREAS, under and pursuant to the Project Lease, the City is obligated to make rental payments to the Corporation for the lease of the Project to it; and

WHEREAS, the Corporation desires to assign to the Trustee without recourse all its rights to receive the base rental payments scheduled to be paid by the City under and pursuant to the Project Lease and certain other rights; and

WHEREAS, in consideration of such assignment and the execution and entering into of a Trust Agreement (the "Trust Agreement") as of December 1, 1987, by and among the Trustee, the Corporation and the City, the Trustee has agreed to execute and deliver certificates of participation (the "Certificates") in an aggregate principal amount equal to the aggregate principal components of such base rental payments, each evidencing and representing a proportionate, undivided interest in such base rental payments; and

WHEREAS, 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 execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Assignment Agreement;



NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Assignment. The Corporation, for one dollar (\$1.00) and other good and valuable consideration in hand received, does hereby unconditionally grant, sell, assign and transfer to the Trustee without recourse all its rights to receive the base rental payments scheduled to be paid by the City under and pursuant to the Project Lease and any and all of the other right, title and interest of the Corporation as lessor under the terms of the Project Lease and any extensions, renewals or modifications of the Project Lease for the purpose of securing: (a) the payment of all sums due and owing to the owners of the Certificates under the terms of the Trust Agreement; and (b) the observance, performance and discharge of each agreement, condition, covenant and term required to be observed or performed by the Corporation contained therein and in the Trust Agreement; provided, that so long as no Event of Default (as defined in the Project Lease) shall have occurred or be continuing, the Corporation shall have and may exercise all rights of the lessor under the Project Lease (other than the right to receive the base rental payments due and owing under the Project Lease).

SECTION 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the benefit of the owners of the Certificates, subject to the conditions and terms of the Trust Agreement, and all such base rental payments shall be applied and all such rights so assigned shall be exercised by the Trustee under and pursuant to the Trust Agreement.

SECTION 3. Conditions. This Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement.

SECTION 4. Payment of Rentals. Upon payment or provision for payment to the Trustee in full of all base rental payments as described in the Project Lease and of all other amounts, including any additional rental owed by the City under the Project Lease, this Assignment Agreement shall become and be void and of no effect with respect to the property subject to the Project Lease, and the Trustee shall execute any and all documents or certificates reasonably requested by the Corporation to evidence the termination of this Assignment Agreement with respect to such property.

SECTION 5. California Law. This Assignment Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 6. Severability. If any agreement, condition, covenant or term hereof or any application hereof should be held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all agreements, conditions, covenants and terms hereof and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 7. Execution in Counterparts. This Assignment Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

SACRAMENTO CITY PUBLIC FACILITIES  
FINANCING CORPORATION

By R. Burnett Miller  
President

(SEAL)

ATTEST:

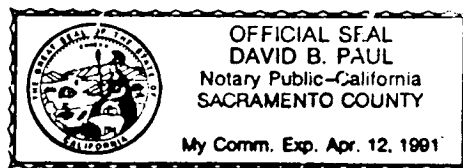
Lorraine Magan  
Secretary

SECURITY PACIFIC NATIONAL BANK,  
as Trustee

By Mrs. Brandstadter  
Vice President

STATE OF CALIFORNIA     )  
                                  )     ss.  
COUNTY OF SACRAMENTO    )

On this 6th day of January in the year 1988, before me, David B. Paul, a Notary Public, State of California, personally appeared R. Burnett Miller and Lorraine Magana, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.

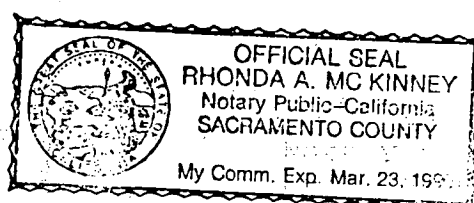


David B. Paul  
Notary Public,  
State of California

[Notarial Seal]

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF SACRAMENTO )

On this 6<sup>th</sup> day of January in the year 1988, before me, Rhonda A. McKinney, a Notary Public, State of California, personally appeared Nora Brandstadter, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.



[Notarial Seal]

Rhonda A. McKinney  
Notary Public,  
State of California

EXHIBIT A

Description of Site

All that real property situate in the State of California, County of Sacramento, City of Sacramento, described as follows:

A portion of that certain parcel bounded on the North by the South line of J Street, on the East by the West line of 14th Street, on the South by the North line of L Street and on the West by the centerline of 13th Street, described as follows:

BEGINNING at the intersection of the West line of 14th Street and the North line of L Street; thence, along said North line of L Street, North  $71^{\circ}23'24''$  West 361.11 feet to the centerline of 13th Street; thence, along said centerline, North  $18^{\circ}36'30''$  East 262.70 feet; thence, South  $71^{\circ}23'24''$  East 360.73 feet to the West line of 14th Street; thence, along said West line, South  $18^{\circ}31'31''$  West 262.70 feet to the point of beginning.

CITY OF SACRAMENTO CITY OF SACRAMENTO  
RESOLUTION NO. 88-001

MAR 29 1988

DATE CERTIFIED  
Deputy *[Signature]*  
CITY OF SACRAMENTO

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF JAN 5 1988

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SACRAMENTO APPROVING THE FINAL FORMS OF AND  
AUTHORIZING THE EXECUTION OF AN ACQUISITION  
AGREEMENT, A PROJECT LEASE, A TRUST  
AGREEMENT, AN ESCROW AGREEMENT AND RELATED  
DOCUMENTS FOR THE 1987 PUBLIC FACILITIES  
PROJECT AND AUTHORIZING THE CITY TREASURER TO  
HOLD IN TRUST THE ACQUISITION FUND PURSUANT  
TO THE TRUST AGREEMENT AND AUTHORIZING  
CERTAIN ACTIONS IN CONNECTION WITH SUCH  
FINANCING

WHEREAS, the City of Sacramento is a charter city  
and municipal corporation duly organized and existing under  
and by virtue of the Constitution and laws of the State of  
California (herein called the "City");

WHEREAS, the Sacramento City Public Facilities  
Financing Corporation (herein called the "Corporation") is a  
non-profit corporation duly organized and existing under and  
by virtue of the laws of the State of California for the  
purpose of facilitating the financing of public improvements  
and facilities of the City;

WHEREAS, under Ordinance No. 87-114 passed and  
adopted on December 1, 1987 and effective 30 days thereafter  
(the "Ordinance"), the City is authorized to execute and enter  
into a sale-leaseback financing with the Corporation of  
the theater comprising a part of the Sacramento  
Community/Convention Center (the "Facility") in the City of  
Sacramento, California, in order to acquire and construct  
certain municipal improvements and to refinance the Sacramento  
Community Center Authority 1971 Bonds, pursuant to an Escrow  
Agreement (the "Escrow Agreement"), dated as of December 1,  
1987, by and between the Sacramento Community Center  
Authority, the City and Security Pacific National Bank;

WHEREAS, the City will sell the Facility to the  
Corporation, pursuant to the Acquisition Agreement (the  
"Acquisition Agreement"), and will lease the Facility from the  
Corporation, pursuant to the Project Lease (the "Project  
Lease"), and the Corporation will, pursuant to a Trust

Agreement among the City, the Corporation and Security Pacific National Bank, as trustee (the "Trust Agreement"), arrange for the execution and delivery of certificates of participation (the "Certificates") evidencing proportionate undivided interests in the base rental payments to be made by the City pursuant to the Project Lease;

WHEREAS, this Council pursuant to such Ordinance adopted on December 1, 1987 and Resolution No.87-1014 adopted December 8, 1987 approved certain documents relating to such financing, including the then current forms of the Acquisition Agreement, the Project Lease, the Trust Agreement, the Escrow Agreement, an Official Statement relating to the Certificates (the "Official Statement") and a Purchase Agreement (the "Purchase Agreement") and authorized and directed the execution of such documents and the consummation of such financing;

WHEREAS, the Purchase Agreement and Official Statement have heretofore been executed by the appropriate City officials and it is now necessary to approve the final forms of the documents and authorize the execution thereof; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby 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 and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

Section 1. The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City and that the statements, findings and determinations of the City set forth above are true and correct.

Section 2. The form of the Acquisition Agreement, executed and entered into as of December 1, 1987, between the City, as seller, and the Corporation, as purchaser, on file with the City Clerk and the acquisition price of \$40,902,842.90 for the Project as set forth therein are hereby approved. The Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the

CERTIFICATE OF RISK MANAGER

I, WILLILAM R. REDMOND, City Risk Manager of the City of Sacramento, State of California, do hereby certify:

1. That I have read and am familiar with the insurance provisions contained on Page 6 of the \$41.650 million City of Sacramento Certificates of Participation Official Statement (COP), dated December 1, 1987.

2. That I have read and am familiar with the insurance provisions of Appendix B-10 and 11 of the COP Official Statement.

3. That I am familiar with the general financial condition of the City's Self-Insurance Fund and have satisfied myself that the City is taking reasonable steps to fund its actuarially determined liabilities, both General Liability as well as Workers' Compensation, on an actuarial discount basis.

4. That the City is obtaining an actuarial evaluation on an annual basis of its Self-Insurance Fund liabilities.

5. That the City Risk Manager shall endeavor to obtain a Comprehensive Public Liability and Property Damage insurance policy, Structure Loss Coverage and Use and Occupancy insurance on the Project with limits as defined in the Official Statement, dated December 1, 1987, and the Project Master Lease or shall self insure such coverage (or portions thereof) in accordance with the provisions of the Master Lease after filing an actuarial report from an enrolled actuary certifying as to the actuarial soundness of the self-insurance plan.



Risk Manager  
City of Sacramento

December 11, 1987  
Date

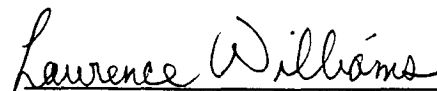


STATEMENT OF OPINION  
ON PUBLIC LIABILITY  
SELF-INSURANCE PROGRAM OF  
THE CITY OF SACRAMENTO

I, Lawrence Williams, Consulting Actuary, am a Consultant of the firm Tillinghast, a Towers Perrin company. I am an Associate of the Casualty Actuarial Society and a member of the American Academy of Actuaries, and am familiar with programs of insurance and self-insurance used by municipalities and other organizations. Tillinghast has been retained by the City of Sacramento (City) with regard to its public liability self-insurance program. Tillinghast has reviewed and is familiar with the provisions of Section 7 of the Certificate of Participation (COP) project lease, dated as of 1/7/88. Tillinghast has also reviewed and is familiar with the City's self-insurance program with regard to claims related to comprehensive public liability (including both bodily injury and property damage).

In Tillinghast's opinion, giving consideration to cost, availability, and plans or methods of protection used by other municipalities and organizations, the City's self-insurance program provides a reasonable alternative to the insurance described in Section 7 of the project lease and provides the lessor and the Trustee (as that term is used in the project lease) with protection as described in that section.

Furthermore, on the basis of Tillinghast's analysis of the City's exposure and loss data, the June 30, 1987 accrued liability reserve and funded contingency reserve of approximately \$5.6 million, which is allocated for the payment of public liability claims (including allocated claims expense), is an actuarially appropriate amount to cover the City's expected liability for self-insured public liability claims (up to the minimum limits of liability specified in Section 7 of the project lease) incurred through that date. It should be noted that excess liability insurance (\$50 million excess of \$1 million) above the minimum limits specified was in place until November 20, 1985 and the City is presently attempting to obtain excess insurance protection. The assumptions on which this determination is based are found in Tillinghast's report to the City dated October 28, 1987.



Lawrence Williams, ACAS, MAAA  
Consulting Actuary  
December 4, 1987

\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

COSTS OF ISSUANCE FUND REQUISITION

Security Pacific National Bank, as Trustee  
San Francisco, CA

Date: January 7, 1988  
Requisition No. 1

Ladies and Gentlemen:

This letter is our authorization to you to disburse from the Costs of Issuance Fund established under the Trust Agreement dated as of December 1, 1987 (the "Trust Agreement") by and among Security Pacific National Bank (the "Trustee"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"), the sums specified in Schedule I attached hereto to the individuals, firms or corporations named therein for the payment of the specified costs. Attached hereto is an invoice or evidence of the City's payment of an invoice relating to each payment requested.

Each payment requested hereby is a proper charge against the Costs of Issuance Fund.

Very truly yours,  
CITY OF SACRAMENTO

By *Quinn Redden*  
Mayor

[SEAL]

Attest:

By *Lorraine Magana*  
City Clerk

sac-20  
sac\closing.d21

Schedule I

<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
Moody's Investors Service	\$ 10,000.00	Rating Agency service
David E. Lane, Inc.	9,057.50	Real Estate Appraisal
Security Pacific National Bank	9,787.75	Acceptance Fee
Security Pacific National Bank	9,996.00	Annual Administration
Standard & Poor's Corp.	10,500.00	Rating Agency service
Fidelity National Title	35,120.00	Title Policy
	<hr/>	
Total	\$84,461.25	

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\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

COSTS OF ISSUANCE FUND REQUISITION

Security Pacific National Bank, as Trustee  
San Francisco, CA

Date:  
Requisition No.

Ladies and Gentlemen:

This letter is our authorization to you to disburse from the Costs of Issuance Fund established under the Trust Agreement dated as of December 1, 1987 (the "Trust Agreement") by and among Security Pacific National Bank (the "Trustee"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"), the sums specified in Schedule I attached hereto to the individuals, firms or corporations named therein for the payment of the specified costs. Attached hereto is an invoice or evidence of the City's payment of an invoice relating to each payment requested.

Each payment requested hereby is a proper charge against the Costs of Issuance Fund.

Very truly yours,  
CITY OF SACRAMENTO

By \_\_\_\_\_  
Title:  
(Either Mayor, City Manager  
or Treasurer)

Attest:

By \_\_\_\_\_  
City Clerk

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Schedule I

Payee

Amount

Purpose

sac-19  
sac\closing.d21

\$41,650,000  
City Of Sacramento  
Certificates Of Participation  
(1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento  
to the  
Sacramento City Public  
Facilities Financing Corporation

ACQUISITION FUND REQUISITION

Security Pacific National Bank, as Trustee  
San Francisco, CA

Date: \_\_\_\_\_  
Requisition No. \_\_\_\_\_

Ladies and Gentlemen:

This letter is our notification to you that there is being disbursed from the Acquisition Fund established under the Trust Agreement dated as of December 1, 1987 (the "Trust Agreement") by and among Security Pacific National Bank (the "Trustee"), the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City of Sacramento (the "City"), the sums specified in Schedule I attached hereto to the individuals, firms or corporations named therein for the payment of the specified costs. In respect to each payment, the City certifies that:

- a) such amount has not been paid previously for such purpose from the Acquisition Fund;
- b) an obligation in the stated amount has been properly incurred under and pursuant to the Trust Agreement and that such obligation is a proper charge against the Acquisition Fund; and

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c) there has not been filed with or served upon the City a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of any of the money payable to any individual, firm or corporation named on Schedule I which has not been released or will not be released simultaneously with the payment of such obligation, other than liens accruing by mere operation of law.

Very truly yours,

CITY OF SACRAMENTO

By \_\_\_\_\_  
Title:  
(Either Mayor, City Manager  
or Treasurer)

Schedule I

Payee

Amount

Purpose

sac-21  
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OFFICE OF THE  
CITY TREASURER

THOMAS P. FRIERY  
TREASURER

DONALD E. SPERLING  
ASSISTANT TREASURER

CITY OF SACRAMENTO  
CALIFORNIA

January 7, 1988

800 TENTH STREET  
SUITE ONE  
SACRAMENTO, CA  
95814-2688

916-449-5318  
OPERATIONS

916-449-5168  
INVESTMENTS &  
ADMINISTRATION

916-448-3139  
DEX TRANSCIVER

VIA CERTIFIED MAIL

California Debt Advisory Commission  
915 Capitol Mall, Room 400  
Sacramento, California 95809

Re: City of Sacramento Certificates of Participation  
(1987 Public Facilities Project)

Ladies and Gentlemen:

Pursuant to Section 53583 of the State of California Government Code, the following sets forth the reasons for a negotiated sale of the above-captioned Certificates of Participation (the "Certificates"):

1. The proceeds of the Certificates will be used to finance the acquisition of certain police and fire communications equipment, the upgrading of certain such equipment and the construction of a police substation and other projects. Initially, the City of Sacramento (the "City") examined the financing of these facilities through the issuance of obligations, secured by the lease by the City of the facilities. However, due to certain considerations of federal tax laws governing the issuance of such obligations, the City determined to obtain funds to undertake such projects through a sale-leaseback of the Sacramento Community Center. However, the Community Center was previously owned by the Sacramento Community Center Authority (the "Authority") and leased to the City, the City's obligations under such lease serving as security for the Authority's 1971 Bonds. Therefore, in order to accomplish the proposed sale-

leaseback, the City was required to defease the 1971 Bonds and its obligations under that lease. The City had determined to issue obligations to undertake the projects by a negotiated sale. As set forth in items 3 and 4 below, the refunding amounted to less than one-fourth of the total financing undertaken, so it was determined that a single negotiated sale was the preferable alternative.

The second reason that negotiated sale was preferable to competitive sale was due to the requirement of federal arbitrage regulations that the proceeds of the Certificates used to accomplish the refunding be invested in securities the yield on which does not exceed the yield on such certificates. Because the principal amount of those securities together with the interest income thereon must be sufficient and timely to pay all debt service on the bonds being refunded, it is necessary to know the yield on the bonds being refunded in order to know the amount of Certificates necessary and these amounts will change between a notice of sale and a sale date. As a consequence, it is not practicable to permit competitive bidding for obligations, such as the Certificates, a portion of which will be used for refunding on the usual basis of interest rates along. Also, considerable mathematical computations by computer are necessary to structure a refunding issue for sale and, if not performed by the underwriters, would have to be performed by a separate consultant or advisor at additional cost.

Finally, the complexities involved in the structure of this issue, including the purchase of "open market" escrowed securities, would have made a competitive sale more difficult, if not impossible, to accomplish. For these reasons, the City elected a negotiated sale of the Certificates as the most cost-effective means of effecting the sale.

2. Local Agency: City of Sacramento
3. Amount Sold: \$41,650,000
4. Amount Used for Refunding: \$9,892,588.18  
of Certificate proceeds are to be  
deposited in escrow for the payment of  
the 1971 Bonds.
5. Sale Date: December 8, 1987, Closing  
Date: January 7, 1988
6. Issue Being Refunded: Sacramento  
Community Center Authority 1971 Bonds.

Please contact the undersigned or Mary A. Collins of  
Orrick, Herrington & Sutcliffe, if you have any questions or need  
any further information.

Sincerely,



Thomas Friery  
Treasurer  
City of Sacramento

## REPORT OF FINAL SALE

California Debt Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94209-0001  
(916) 324-2585

Completion of this form is requested to provide information which was not available when the "Report of Proposed Debt Issuance" was filed with the CDAC or to verify information which was reported as "proposed." Additionally, please send a copy of the official statement (or offering circular) with this form to the CDAC.

NAME OF ISSUER: City of Sacramento

City of Sacramento Certificates of Participation  
ISSUE NAME: (1987 Public Facilities Project)

OFFICIAL STATEMENT: ☒ Enclosed ☐ To be sent ☐ None available

SALE DATE: December 8, 1987 PRINCIPAL AMOUNT SOLD: \$ 41,650,000

## IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State law: ☐ NO (taxable) ☒ YES (tax-exempt)  
Under Federal law: ☐ NO (taxable) ☒ YES (tax-exempt) If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?  
☐ Yes, preference item ☒ No, not a preference item

IS ANY PORTION OF THE DEBT FOR REFUNDING? <sup>1</sup>

☐ No ☒ Yes, amount of this issue (including costs) which is for refunding of existing debt \$ \_\_\_\_\_

UNDERWRITER OR PURCHASER: PaineWebber Incorporated; Stone & Youngberg; Cranston  
Prescott Securities

FINANCIAL ADVISOR: \_\_\_\_\_

## INDICATE CREDIT RATING: (For example, "AAA" or "Aaa")

☒ RATED

Standard & Poor's: A+

Fitch: \_\_\_\_\_

Moody's: Aa

Other: \_\_\_\_\_

☐ NOT RATED

WAS THE ISSUE INSURED OR GUARANTEED? ☒ No ☐ Bond insurance ☐ Letter(s) of credit ☐ Other

GUARANTOR'S NAME: \_\_\_\_\_

INTEREST COST: 8.001 % ☐ TIC ☒ NIC ☐ Variable (Please specify.) \_\_\_\_\_

IF NEGOTIATED SALE, INDICATE GROSS SPREAD: \$703,432.10

FINANCIAL ADVISOR FEE: \_\_\_\_\_ BOND COUNSEL FEE: \$140,000.00

OTHER COSTS OF ISSUANCE PAID BY THE ISSUER: (For example, advertising, printing, bond registration, bond rating, etc. Please specify amount and purpose.) \$20,500-Rating agencies; \$9,060-Real Estate Appraisal;  
\$1,123.50-Bond Registration; \$20,000-Initial Trustee Fees

<sup>1</sup> Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

**MATURITY SCHEDULE:** (Please complete if an official statement is not submitted with this form.)

	Maturity Date	Amount	Interest Rate
1.	See Attached.		
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Name of individual (representing ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Susan G. Cochran

Firm/Agency: Orrick, Herrington & Sutcliffe

Address: 555 Capitol Mall, Suite 1200, Sacramento, CA 95814

Phone: 916-329-7913 Date of Completion: January 7, 1988

Contact person at issuing jurisdiction, if different from above:

Name: Thomas P. Friery

Title: City Treasurer

Address: 800 - 10th Street, Suite 1, Sacramento, CA 95814

Phone: 916-449-5168

Name of individual to whom an invoice for the CDAC notification fee should be sent: <sup>2</sup>

Name: Ashford D. Wood

Firm: PaineWebber Incorporated

Address: 100 California Street, Suite 1200, San Francisco, CA 94111

Phone: 415-362-8000

<sup>2</sup> This fee is authorized by Section 8856 of the California Government Code.

## REPORT OF PROPOSED DEBT ISSUANCE

California Debt Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94289-0001  
(916) 324-2585

DEC 1 - 1987

STATE TREASURER'S OFFICE  
CIVIL

Completion and timely submittal of this form to the California Debt Advisory Commission (CDAC) at the above address will assure your compliance with existing California State law and will assist in the maintenance of a complete data base. Thank you for your cooperation. !

NAME OF ISSUER: City of Sacramento

ADDRESS OF ISSUER: 800 10th Street, Suite 1, Sacramento, California 95814

COUNTY: Sacramento

PROPOSED SALE DATE: December 8, 1987

TYPE OF SALE: ☐ Competitive ☒ Negotiated

PROPOSED PRINCIPAL TO BE SOLD: \$ 42,225,000

### IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State law: ☐ NO (taxable) ☒ YES (tax-exempt)

Under Federal law: ☐ NO (taxable) ☒ YES (tax-exempt) If the issue is Federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

☐ Yes, preference item ☒ No, not a preference item

### IS ANY PORTION OF THE DEBT FOR REFUNDING? <sup>2</sup>

☐ No ☒ Yes, proposed amount for refunding \$ 15,500,000

### TYPE OF DEBT INSTRUMENT

#### NOTE

- ☐ Tax anticipation (T101)
- ☐ Tax and revenue anticipation (T102)
- ☐ Revenue anticipation (T103)
- ☐ Bond anticipation (T104)
- ☐ Grant anticipation (T105)
- ☐ Tax allocation (T106)
- ☐ Other note (Please specify below.) (T107)

☐ FINANCING LEASE (T301)

☒ CERTIFICATES OF PARTICIPATION (T501)

#### BOND

- ☐ General obligation (T201)
- ☐ Limited tax obligation (T202)
- ☐ Revenue (Public enterprise) (T203)
- ☐ Conduit revenue (Private obligor) (T204)
- ☐ Special assessment (T205)
- ☐ Tax allocation (T206)
- ☐ Public lease revenue (T207)

☐ COMMERCIAL PAPER (T401)

☐ OTHER (Please specify below.) (T601)

Please specify if "Other note/OTHER" was checked: \_\_\_\_\_

### SOURCE(S) OF REPAYMENT

- ☐ Public enterprise revenues (S101)
- ☐ Private obligor payments (S102)
- ☐ Bond proceeds (S103)
- ☐ Grants (S104)
- ☐ Intergovernmental transfers other than grants (S105)

- ☐ Tax-increment (S106)
- ☐ Special assessments (S107)
- ☐ Special tax revenues (S108)
- ☐ Property tax revenues (S109)
- ☒ General fund of issuing jurisdiction (S110)

☐ Other (Please specify.) (S111): \_\_\_\_\_

<sup>1</sup> Section 8855(g) of the California Government Code requires the issuer of any proposed new public debt issue to give written notice of the proposed sale to the CDAC no later than 30 days prior to the sale.

<sup>2</sup> Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

## PURPOSE(S) OF FINANCING

- |   |   |
|---|---|
| <input type="checkbox"/> Cash-flow, interim financing (P101)                          | <input type="checkbox"/> Airport (P401)   |
| <input type="checkbox"/> Single-family housing (P201) <sup>3</sup>                    | <input type="checkbox"/> Ports and marinas (P402)   |
| <input type="checkbox"/> Multifamily housing (P203) <sup>3</sup>                      | <input type="checkbox"/> Recreation and sports facilities (P403)                          |
| <input type="checkbox"/> College/university housing (P204)                            | <input type="checkbox"/> Parks/open space (P419)  |
| <input type="checkbox"/> Hospital (P301)  | <input type="checkbox"/> Power generation/transmission (P404)                             |
| <input type="checkbox"/> Health care facilities (P302)                                | <input type="checkbox"/> Parking (P405)   |
| <input type="checkbox"/> Other/multiple health care purposes (equipment, etc.) (P303) | <input type="checkbox"/> Convention center (P406)   |
| <input type="checkbox"/> K-12 school facility (P501)                                  | <input type="checkbox"/> Solid waste recovery facilities (P407)                           |
| <input type="checkbox"/> College/university facility (P502)                           | <input type="checkbox"/> Equipment (P408)   |
| <input type="checkbox"/> Student loans (P504)   | <input type="checkbox"/> Flood control/storm drainage (P409)                              |
| <input type="checkbox"/> Other/multiple educational uses (equipment, etc.) (P503)     | <input type="checkbox"/> Water supply/storage/distribution (P410)                         |
| <input type="checkbox"/> Redevelopment, multiple uses (P601)                          | <input type="checkbox"/> Wastewater collection and treatment (P411)                       |
| <input type="checkbox"/> Pollution control (P701)                                     | <input type="checkbox"/> Public transit (P412)  |
| <input type="checkbox"/> Commercial development (P703)                                | <input type="checkbox"/> Bridges and highways (P413)                                      |
| <input type="checkbox"/> Industrial development (P704)                                | <input checked="" type="checkbox"/> Public building (P414)                                |
|   | <input type="checkbox"/> Street construction and improvements (P415)                      |
|   | <input type="checkbox"/> Prisons/jails/correctional facilities (P418)                     |
|   | <input checked="" type="checkbox"/> Multiple capital improvements and public works (P416) |
|   | <input type="checkbox"/> Other capital improvements and public works (P417)               |
|   | <input type="checkbox"/> Other than listed above (P901)                                   |

Please specify type/name of project: 1987 Public Facilities ProjectBOND COUNSEL: Orrick, Herrington & Sutcliffe

FINANCIAL ADVISOR: \_\_\_\_\_

LEAD UNDERWRITER: PaineWebber Incorporated

(or PURCHASER: \_\_\_\_\_ or PLACEMENT AGENT: \_\_\_\_\_)

Name of individual (representing ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:Name: Susan G. CochranFirm/Agency: Orrick, Herrington & SutcliffeAddress: 555 Capitol Mall, Suite 1200, Sacramento, CA 95814Phone: 916-329-7913 Date of Completion: December 1, 1987

Contact person at issuing jurisdiction, if different from above:

Name: Thomas P. FrieryTitle: Treasurer, City of SacramentoAddress: 800 10th Street, Suite 1, Sacramento, CA 95814Phone: 916-449-5168<sup>3</sup> Certain local government issuers of housing bonds are required to obtain a certification from the State Treasurer attesting to their compliance with the State housing reporting requirements prior to issuance of the bonds to finance single- or multifamily housing.



STATE OF CALIFORNIA



**CALIFORNIA DEBT ADVISORY COMMISSION**

915 CAPITOL MALL, ROOM 400  
P.O. BOX 942809  
SACRAMENTO, CALIFORNIA 94209-0001  
TELEPHONE: (916) 324-2585

**MEMBERS**

Jesse M. Unruh, Chairman  
State Treasurer

George Deukmejian  
Governor

Gray Davis  
State Controller

Robert G. Beverly  
State Senator

Newton R. Russell  
State Senator

Jim Costa  
State Assemblyman

Patrick J. Nolan  
State Assemblyman

Thomas C. Rupert  
Treasurer, City of Torrance

Richard B. Dixon  
Chief Administrative Officer  
County of Los Angeles

December 2, 1987

**TO:** Susan G. Cochran  
Orrick, Herrington & Sutcliffe  
555 Capitol Mall, Suite 1200  
Sacramento, CA 95814

**FROM:** CALIFORNIA DEBT ADVISORY COMMISSION

**SUBJECT:** Acknowledgment of Report of Proposed Debt Issuance

Section 8855(g) of the California Government Code requires written notice to be given to the California Debt Advisory Commission not later than 30 days prior to the proposed sale of any public agency debt issue.

The California Debt Advisory Commission (CDAC) acknowledges your written notice of the following proposed debt issuance:

<b>CDAC Number:</b>	87-0973
<b>Issuer:</b>	CITY OF SACRAMENTO
<b>Proposed Amount:</b>	\$42,225,000
<b>Project:</b>	1987 Public Facilities Project
<b>Proposed Sale Date:</b>	December 8, 1987
<b>Date Notice Received:</b>	December 1, 1987

Please submit the "Report of Final Sale" and the Official Statement (or offering circular) on this issue after the sale is completed.

Any questions regarding reporting requirements may be directed to the CDAC staff at (916) 324-2585.

cc: Thomas P. Friery



Form **8038-G**  
(December 1986)

Department of the Treasury  
Internal Revenue Service

# Information Return for Tax-Exempt Governmental Bond Issues

Under Section 149(e)  
(Use Form 8038-GC if issue price is under \$100,000.)

OMB No. 1545-0720  
Expires 12-31-89

## Part I Reporting Authority

Check box if Amended Return ☐

1 Issuer's name City of Sacramento	2 Issuer's employer identification number 94-6000410
3 Number and street 800 10th Street	4 Report number G198 8 - 1
5 City or town, state, and ZIP code Sacramento, CA 95814	6 Date of issue January 7, 1988

## Part II Type of Issue (check box(es) that applies)

7 Check box if bonds are tax or other revenue anticipation bonds <input type="checkbox"/>	Issue Price
8 Check box if bonds are in the form of a lease or installment sale <input checked="" type="checkbox"/>	
9 <input type="checkbox"/> Education	
10 <input type="checkbox"/> Health and hospital	
11 <input type="checkbox"/> Transportation	
12 <input checked="" type="checkbox"/> Public safety	
13 <input type="checkbox"/> Environment (including sewage bonds)	
14 <input type="checkbox"/> Housing	41,606,275
15 <input type="checkbox"/> Utilities	
16 <input type="checkbox"/> Other. Describe (see instructions) <input type="checkbox"/>	

## Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	8/1/2012	8.25%	20,320,000	20,320,000			
18 Entire issue			41,606,275	41,650,000	16.39 years	7.93387	8.001

## Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19 Proceeds used for accrued interest	19	321,974.00
20 Proceeds used for bond issuance costs (including underwriters' discount)	20	898,432.00
21 Proceeds used for credit enhancement	21	-0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22	3,939,200.00
23 Proceeds used to refund prior issues	23	9,888,200.00
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	26,880,443.00

## Part V Description of Refunded Bonds (complete this part only for refunding bonds)

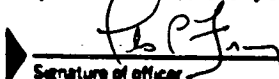
25 Enter the remaining weighted average maturity of the bonds to be refunded	11.47 years
26 Enter the last date on which the refunded bonds will be called	August 1, 2006
27 Enter the date(s) the refunded bonds were issued	August 27, 1971

## Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue	-0-
29 Arbitrage rebate:	
a Check box if the small governmental unit exception to the arbitrage rebate requirement applies	
b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply	
c Check box if you expect to earn and rebate arbitrage profits to the U.S.	
30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii)	-0-
31 Pooled financings:	
a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units <input type="checkbox"/> and enter the amount	
b Check box if this issue is a loan made from the proceeds of another tax-exempt issue <input type="checkbox"/> and enter the name of the issuer and the date of the issue	

Please  
Sign  
Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

  
Signature of officer

1/7/88

Date

City Treasurer

Title



OFFICE OF THE  
CITY ATTORNEY

JAMES P. JACKSON  
CITY ATTORNEY

THEODORE H. KOBAY, JR.  
ASSISTANT CITY ATTORNEY

CITY OF SACRAMENTO  
CALIFORNIA

January 7, 1988

812 TENTH STREET  
SACRAMENTO, CA  
95814-2694

916-449-5346

DEPUTY CITY  
ATTORNEYS:  
SAMUEL L. JACKSON  
WILLIAM P. CARNAZZO  
LAWRENCE M. LUNARDINI  
GARLAND E. BURRELL, JR.  
DIANE B. BALTER  
RICHARD F. ANTOINE  
TAMARA MILLIGAN-HARMON  
RICHARD E. ARCHIBALD  
LINDA M. GONZALEZ

City of Sacramento  
Sacramento, California

PaineWebber Incorporated  
San Francisco, California

Stone & Youngberg  
San Francisco, California

Cranston/Prescott, a Division of  
Prescott, Ball & Turben, Inc.  
Los Angeles, California

Orrick, Herrington & Sutcliffe  
Sacramento, California

Arnette & Hastie  
San Francisco, California

Re: \$41,650,000 City of Sacramento, Certificates Of  
Participation (1987 Public Facilities Project)  
Representing Proportionate Undivided Interests of the  
Owners Thereof in Rental Payments to be made by the  
City of Sacramento to the Sacramento City Public  
Facilities Financing Corporation

Ladies and Gentlemen:

I am the City Attorney of the City of Sacramento, California (the "City") and, in connection with the execution and delivery of \$41,650,000 principal amount of the above-captioned Certificates of Participation (the "Certificates"), pursuant to a Trust Agreement dated as of December 1, 1987 (the "Trust Agreement"), by and among the City, the Sacramento City Public Facilities Financing Corporation (the "Corporation") and Security Pacific National Bank, as trustee (the "Bank"), I have reviewed certified copies of Ordinance No. 87-114 adopted by the City Council of the City on December 1, 1987 and Resolution Nos. 87-1014 and 88-001 adopted by the Council of the City on December 8, 1987 and January 5, 1988, respectively, and an executed

City of Sacramento  
PaineWebber Incorporated  
Stone & Youngberg  
Cranston/Prescott  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie

January 7, 1988  
Page -2-

copy of each of the following documents:

- (i) the Trust Agreement;
- (ii) the Project Lease dated as of December 1, 1987 (the "Lease") by and between the City and the Corporation;
- (iii) the Acquisition Agreement dated as of December 1, 1987 (the "Acquisition Agreement"), by and between the City and the Corporation;
- (iv) the Escrow Agreement dated as of December 1, 1987 (the "Escrow Agreement"), by and between the City, the Corporation and the Bank;
- (v) the Purchase Agreement dated December 8, 1987 (the "Purchase Agreement"), by and among the City, the Corporation and the underwriters named therein;
- (vi) the Official Statement dated December 8, 1987 (the "Official Statement") of the City relating to the Certificates;
- (vii) the Grant Deed dated January 7, 1988, (the "Grant Deed") from the City to the Corporation; and
- (viii) the Notice of Termination dated as of January 7, 1988 (the "Notice of Termination"), by and among the City, the County of Sacramento, the Sacramento Community Center Authority and the Bank.

I have also examined such other documents and matters of law as I have deemed necessary in connection with rendering the opinions set forth herein.

Terms not otherwise defined herein shall have the meanings defined in the Purchase Agreement.

Based on the foregoing, in my opinion:

- (i) The City is a charter city duly organized and existing under the Constitution and laws of the State of California.

City of Sacramento  
PaineWebber Incorporated  
Stone & Youngberg  
Cranston/Prescott  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie

January 7, 1988  
Page -3-

- (ii) The proceedings authorizing the sale and lease of the Property, and the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Purchase Agreement, the Grant Deed, the Notice of Termination and the Official Statement have been duly adopted by the City in accordance with all requirements of California law and the City Charter and all procedural rules of the City and are in full force and effect on the date hereof.
- (iii) The Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Purchase Agreement, the Grant Deed and the Notice of Termination have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City enforceable against it in accordance with their terms, and the Official Statement has been duly authorized, executed and delivered by the City.
- (iv) The City has duly authorized the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Purchase Agreement, the Grant Deed, and the Notice of Termination and all actions necessary or appropriate, by the date hereof, to carry out and consummate the transactions contemplated thereby, and the making and performance of each such Agreement, the taking of all actions in carrying out and consummating the transactions contemplated thereby and by the Official Statement, the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement and the Purchase Agreement and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Purchase Agreement, the Grant Deed and the Notice of Termination and the performance of the City of its obligations thereunder will not conflict with, violate or result in a breach of or constitute a default under any indenture, agreement or other instrument by which the City or any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over the City or any of its property and by which the City or any of its properties may be bound.

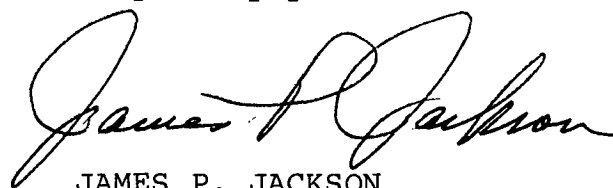
City of Sacramento  
PaineWebber Incorporated  
Stone & Youngberg  
Cranston/Prescott  
Orrick, Herrington & Sutcliffe  
Arnelle & Hastie

January 7, 1988  
Page -4-

- (v) To the best of my knowledge, after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any courts, public board or body pending, or to my knowledge threatened, against or affecting the City challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Purchase Agreement, the Grant Deed and the Notice of Termination any of the transactions contemplated by such instruments and the Official Statement or the performance by the City of any of its obligations under any of such agreements.
- (vi) Nothing has come to my attention which causes me to believe that the information contained under the following headings of the Official Statement other than financial information as to which no opinion is expressed, is not true and correct or contains any untrue statement of a material fact or omits to state a material fact, necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading: "The Sacramento Community Center," "The Projects," "The City of Sacramento," "The City's Economy," "Constitutional and Statutory Limits on Taxes and Appropriations," "The Authority," "Litigation" and information relating to the same under "Introduction."

Enforceability of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Purchase Agreement, the Grant Deed and the Notice of Termination may be limited to bankruptcy, insolvency, moratorium or other similar laws relating to the enforcement of creditors' rights and by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require, or may require, enforcement by a court or equity.

Very truly yours,



JAMES P. JACKSON  
City Attorney

ESCROW AGREEMENT

ESCROW AGREEMENT

by and among the

by and among the

SACRAMENTO COMMUNITY CENTER AUTHORITY

and the

and the

CITY OF SACRAMENTO

and

SECURITY PACIFIC NATIONAL BANK

Dated as of December 1, 1987

RELATING TO THE  
SACRAMENTO COMMUNITY CENTER AUTHORITY  
1971 BONDS

City Agreement No. 87151

ESCROW AGREEMENT

This ESCROW AGREEMENT (the "Agreement"), dated as of December 1, 1987, by and among the SACRAMENTO COMMUNITY CENTER AUTHORITY, a public entity and agency (the "Authority") duly organized and existing under and by virtue of the laws of the State of California and pursuant to the agreement entitled "Joint Exercise of Powers Agreement" dated for convenience as of November 25, 1969 (the "Agreement"), the CITY OF SACRAMENTO, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), and SECURITY PACIFIC NATIONAL BANK, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and having a principal corporate trust office in San Francisco, California, and being qualified to accept and administer the trust hereby created (the "Escrow Agent");

WITNESSETH:

WHEREAS, the Authority duly issued \$19,100,000 principal amount of Sacramento Community Center Authority 1971 Bonds (the "Bonds") under and pursuant to Resolution No. 10-71 adopted by the Authority on July 28, 1971 (the "Resolution"); and

WHEREAS, the Authority and the City have determined that it would be in the best interests of the City and the residents of the City to retire the outstanding Bonds as herein provided; and

WHEREAS, the Escrow Agent, as trustee, duly executed and delivered \$41,650,000 principal amount of City of Sacramento Certificates of Participation (1987 Public Facilities Project) (the "Certificates") under and pursuant to a Trust Agreement (the "1987 Trust Agreement") executed and entered into as of December 1, 1987, by and among the Escrow Agent, as trustee, the Sacramento City Public Facilities Financing Corporation (the "Corporation") and the City for the purpose, among others, of providing funds for the retirement of the outstanding Bonds; and

WHEREAS, the Authority and the City have taken action to cause to be delivered to the Escrow Agent, as trustee for the Bonds, for deposit in the Escrow Fund hereinafter referred to certain noncallable United States Treasury obligations and other direct noncallable obligations the payment of the principal and interest of which is guaranteed by a pledge of the full faith and credit of the United States of America (the "Escrow Securities") listed on Schedule I attached hereto and made a part hereof in an



aggregate principal amount which, together with the money deposited in the Escrow Fund hereinafter referred to at the same time as such deposit and the income to accrue on such securities, will be sufficient, as certified by Ernst & Whinney, certified public accountants, in their verification report dated January 7, 1988, to provide for the payment of all outstanding Bonds on their respective maturity or sinking fund redemption dates, together with accrued interest thereon; and

WHEREAS, the provisions of the Resolution are incorporated herein by reference as if set forth herein in full;

NOW, THEREFORE, the Authority and the City and the Escrow Agent hereby agree as follows:

Section 1. Establishment and Maintenance of Escrow Fund. The Escrow Agent agrees to establish and maintain the Escrow Fund (the "Escrow Fund") until the Bonds have been retired, and, except as provided in Sections 2 and 3 hereof, to hold the Escrow Securities and the money (whether constituting the initial deposit in the Escrow Fund or constituting receipts on the Escrow Securities) in the Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All securities and money in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Sections 2 and 3 hereof, to secure the retirement of the Bonds as provided in Section 4 hereof; provided, that following the retirement of the Bonds, any money held in the Escrow Fund that is not used for the retirement of the Bonds shall be paid to the City free from the trust created by the Agreement. The agreement of the Authority and the City contained herein with respect to the establishment and maintenance of the Escrow Fund is irrevocable.

Pursuant to Section 10.01(d) of the Resolution, the Escrow Agent, as trustee under the Resolution, hereby determines that the Escrow Securities and amounts deposited in the Escrow Fund, together with the income or increment to accrue thereon, are fully sufficient to pay and discharge the indebtedness on the Bonds at or before their respective maturity dates. In making this determination the Escrow Agent has relied exclusively on the verification report referred to in the preambles hereto.

Pursuant to Section 10.01 of the Resolution, the Authority hereby signifies its intention to pay and discharge



all such indebtedness and the Resolution and all other obligations of the Authority under the Resolution shall cease and terminate.

Section 2. Investment of Money in the Escrow Fund.

The Escrow Securities initially deposited in the Escrow Fund are United States Treasury Obligations -- State and Local Government Series ("SLGS") and other direct noncallable obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, with interest rates specified in the attached Schedule I. The Escrow Agent is hereby instructed to reinvest \$395,800 of receipts from the SLGS on August 1, 1988 in SLGS with a yield of 0% maturing on the following dates and in the following amounts:

<u>Maturity Date</u>	<u>Amount</u>
02/01/89	\$ 69,400.00
08/01/89	326,400.00

If other amounts of interest on or repayments of principal of the Escrow Securities are received by the Escrow Agent in excess amounts or more than five business days prior to the date on which such receipts are to be applied (pursuant to Section 4) to the retirement of the Bonds, the Escrow Agent shall, upon the written request of the City, invest such receipts until the next interest or principal payment of the Bonds in direct obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States with a quoted yield to maturity no greater than 7.93387% or, if such reinvestment is not feasible, shall retain such funds uninvested. The Escrow Agent may reinvest such amounts in such securities at a yield in excess of 7.93387% provided that the City has delivered to the Escrow Agent an opinion of nationally recognized bond counsel to the effect that such reinvestment at such higher yield will not affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds or the interest evidenced and represented by the Certificates. Any receipts on investments made pursuant to this section in excess of the cost of such investments which are not needed for the retirement of the Bonds, as determined by the Escrow Agent which determination may be made in reliance upon the currently applicable verification report from an independent certified public accountant, shall be remitted to the City, at the Request of the City, free from the trust created by the Agreement upon the retirement of the Bonds. The Escrow Agent shall not be liable or responsible for any loss resulting from

any investment made pursuant to this section and in full compliance with the provisions hereof.

Section 3. Substitution of Securities in the Escrow Fund. Upon telephonic (confirmed in writing) or written request of the City, and after receiving from the City an unqualified opinion of a nationally recognized bond counsel that such substitution will not cause the Certificates to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and will not result in the breach of any covenant of the Authority contained in the Resolution, and after receiving from the City a written report of a nationally recognized firm of independent certified public accountants to the effect that the substitute securities will mature in such principal amounts and earn interest in such amounts and at such times so that sufficient money will be available to provide for the payment of all outstanding Bonds on their respective maturity or sinking fund redemption dates, together with accrued interest thereon, the Escrow Agent shall sell, redeem or otherwise dispose of any securities in the Escrow Fund if, but only if, there are substituted therefor, from the proceeds of such securities, other direct noncallable obligations of the United States of America or noncallable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America. Any proceeds of the sale, redemption or other disposition of such securities in the Escrow Fund not needed for the foregoing substitution purpose, as evidenced by such report of a nationally recognized firm of independent certified public accountants, shall be remitted to the City free from the trust created by the Agreement upon the retirement of the Bonds. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this section and in full compliance with the provisions hereof.

Section 4. Payment from the Escrow Fund. The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, collect and deposit in the Escrow Fund the principal of and interest on all Escrow Securities held in the Escrow Fund promptly as such principal and interest become due, and to use such principal and interest, together with any other money and the principal of and interest on any other securities deposited in the Escrow Fund, to provide for the payment of all outstanding Bonds on their respective maturity or sinking fund redemption dates, together with accrued interest thereon, at the times and places and in the manner stipulated in the Bonds and in the Resolution.

Section 5. Deficiencies in the Escrow Fund. If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund, including the anticipated proceeds of the Escrow Securities, will not be sufficient to make all payments required by Section 4 hereof, the Escrow Agent shall notify the City in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor, and the City shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund, from any legally available moneys, such additional money as may be required to provide for the payment of all outstanding Bonds on their respective maturity and sinking fund redemption dates, together with accrued interest thereon. The Escrow Agent shall in no event or manner be responsible for the failure of the City to make any such deposit.

Section 6. Compensation and Indemnification of the Escrow Agent.

(a) The City shall pay the Escrow Agent fees for services hereunder and shall reimburse the Escrow Agent for its out-of-pocket expenses (including but not limited to the fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services; provided, that these fees and expenses shall in no event be deducted from the Escrow Fund.

(b) The City agrees, to the extent permitted by law, to indemnify the Escrow Agent, its agents and its officers or employees for, and hold the Escrow Agent, its agents and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of the Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party.

Section 7. Functions of the Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in the Agreement and no implied duties or obligations shall be read into the Agreement against the Escrow Agent.

(b) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in the Agreement, in acting, or refraining from acting; upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(c) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct.

(d) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the City) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(e) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein, in the 1987 Trust Agreement or in the Certificates.

(f) The Escrow Agent may become the owner of, or acquire any interest in, any of the Certificates with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the City.

(g) The Escrow Agent shall not be liable for any action or omission of the Authority or the City under the Agreement, the Resolution, the 1987 Trust Agreement or otherwise.

(h) Whenever in the administration of the trust of the Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of the City Manager or the City Treasurer, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of the Agreement upon the faith thereof.

(i) The Escrow Agent may at any time resign by giving written notice to the Authority and to the City of such resignation, whereupon the City shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective upon appointment of a successor Escrow Agent and acceptance of such appointment by such successor Escrow Agent. If the City does not appoint a successor Escrow Agent within 60 days of the resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent (or may deposit with the court the Escrow Securities and money or other property held by it in trust under the Agreement), which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the City may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the City appoints a successor Escrow Agent.

(j) The Escrow Agent will provide the City with annual statements of the account maintained hereunder.

(k) Funds or securities remaining in the Escrow Fund after the final payment of the Bonds shall be disbursed to the City.

Section 8. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the principal of and interest on all Bonds have been paid; provided, that money held by the Escrow Agent in the Escrow Fund for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the final maturity of the Bonds, shall, at the written request of the City, be repaid by the Escrow Agent to the City free from the trust created by the Resolution and this Escrow Agreement and the Escrow Agent shall thereupon be released and discharged with respect thereto and hereto and all liability of the Escrow Agent with respect to such money shall thereupon cease.

Section 9. Amendment. The parties hereto may, without the consent of, or notice to the holders of the unpaid Bonds, enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such holders hereunder and shall not be inconsistent with the terms and provisions of this Escrow Agreement, for any one or both of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Escrow Agreement; and

(b) to grant or confer upon the Escrow Agent for the benefit of the holders of the Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent.

The Escrow Agent shall enter into such agreements only upon receipt of, and shall be entitled to rely conclusively upon, an unqualified opinion of nationally recognized bond counsel to the effect that any such agreement complies with this Section 9, and does not adversely affect the rights of the holders of the Bonds.

If the agreements set forth herein are severed, amended or revoked, notice shall be given to Moody's Investors Service as follows: Moody's Investors Service, 99 Church Street, New York, New York 10007, Attn: Public Finance Rating Desk/Refunded Bonds.

Section 10. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the Authority:

Sacramento Community Center Authority  
Secretary  
City Hall  
Sacramento, California 95814

If to the City:

City Treasurer  
City of Sacramento  
800-10th Street  
Sacramento, California 94814

If to the Escrow Agent:

Security Pacific National Bank  
Corporate Services Division N5-145  
33 New Montgomery Street, Eleventh Floor  
San Francisco, California 94105

Section 11. Severability. If any section, paragraph, sentence, clause or provision of the Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of the Agreement.

Section 12. Execution. The Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

Section 13. Publication of Notice of Refunding. The Authority hereby irrevocably directs the Escrow Agent, and the Escrow Agent agrees, to publish, for and on behalf of the Authority, as soon as practicable, once in THE DAILY BOND BUYER, a notice to the owners of the Bonds in substantially the following form:

NOTICE OF DEFEASANCE TO OWNERS OF  
SACRAMENTO COMMUNITY CENTER AUTHORITY  
1971 BONDS

Notice is hereby given to the owners of the Sacramento Community Center Authority 1971 Bonds, dated as of August 1, 1971 (the "Bonds"), that there have been credited to the account of Security Pacific National Bank, as Trustee, federal securities the principal of and interest on which if paid when due will provide moneys which will be sufficient and available to pay when due the principal of and interest on the Bonds to and including their respective maturity dates.

By such deposit all liability of the Authority in respect of such Bonds has been completely discharged.

Dated: \_\_\_\_\_, 1988

SACRAMENTO COMMUNITY  
CENTER AUTHORITY

By: Security Pacific  
National Bank,  
as Trustee



IN WITNESS WHEREOF, the Authority and the City and the Escrow Agent have caused the Agreement to be executed each on its behalf as of the day and year first above written.

SACRAMENTO COMMUNITY CENTER  
AUTHORITY

By [Signature]  
Chairman

SACRAMENTO COMMUNITY CENTER  
AUTHORITY

By [Signature]  
Chairman

(SEAL)

ATTEST:

[Signature]  
Secretary

CITY OF SACRAMENTO

CITY OF SACRAMENTO

By [Signature]  
Mayor

(SEAL)

ATTEST:

[Signature]  
City Clerk

Approved as to form:

[Signature]  
City Attorney

SECURITY PACIFIC NATIONAL BANK,  
as Escrow Agent

By [Signature]  
Vice President

Vice President



SCHEDULE I

"SLGS"

(See Attached SLGS Subscriptions)

Open Market Securities

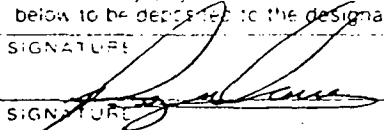
Description	Maturity Date	Interest Rate	Principal Amount Purchased	Price	Cost of Principal	Accrued Interest	Purchase Price
U.S. Treasury Notes	1/31/88	8.125%	\$ 435,000.00	100.20315%	\$ 435,883.59	\$15,366.85	\$ 451,250.44
U.S. Treasury Notes	7/31/88	6.625%	880,000.00	99.95315%	879,587.50	25,347.83	904,935.33
U.S. Treasury Notes	1/31/89	6.125%	45,000.00	98.92185%	44,514.84	1,198.37	45,713.21
U.S. Treasury STRIPS	5/15/00	0.000%	775,000.00	32.33700%	250,611.75	0.00	250,611.75
U.S. Treasury STRIPS	11/15/00	0.000%	221,000.00	30.89300%	68,273.53	0.00	68,273.53
U.S. Treasury STRIPS	5/15/01	0.000%	1,220,000.00	29.51300%	360,058.60	0.00	360,058.60
U.S. Treasury STRIPS	11/15/01	0.000%	189,000.00	28.19500%	53,288.55	0.00	53,288.55
U.S. Treasury STRIPS	5/15/02	0.000%	1,239,000.00	26.93600%	333,737.04	0.00	333,737.04
U.S. Treasury STRIPS	11/15/02	0.000%	156,000.00	25.73300%	40,143.48	0.00	40,143.48
U.S. Treasury STRIPS	5/15/03	0.000%	1,282,000.00	24.58300%	315,154.06	0.00	315,154.06
U.S. Treasury STRIPS	11/15/03	0.000%	121,000.00	23.59300%	28,547.53	0.00	28,547.53
U.S. Treasury STRIPS	5/15/04	0.000%	1,321,000.00	22.54200%	297,779.82	0.00	297,779.82
U.S. Treasury STRIPS	11/15/04	0.000%	84,000.00	21.78200%	18,296.88	0.00	18,296.88
U.S. Treasury STRIPS	5/15/05	0.000%	1,383,000.00	20.64800%	285,561.84	0.00	285,561.84
U.S. Treasury STRIPS	11/15/05	0.000%	43,000.00	20.07000%	8,630.10	0.00	8,630.10
U.S. Treasury STRIPS	5/15/06	0.000%	1,418,000.00	18.85400%	267,349.72	0.00	267,349.72
			<u>\$10,812,000.00</u>		<u>\$3,687,418.84</u>	<u>\$41,913.04</u>	<u>\$3,729,331.88</u>

# DIRECT DEPOSIT SIGN-UP FORM

## DIRECTIONS

- To sign up for Direct Deposit, the payee is to read the back of this form and fill in the information requested in Sections 1 and 2. Then take or mail this form to the financial institution. The financial institution will verify the information in Sections 1 and 2, and will complete Section 3. The completed form will be returned to the Government agency identified below.
- A separate form must be completed for each type of payment to be sent by Direct Deposit.
- The claim number and type of payment are printed on Government checks. (See the sample check on the back of this form.) This information is also stated on beneficiary/annuitant award letters and other documents from the Government agency.
- Payees must keep the Government agency informed of any address changes in order to receive important information about benefits and to remain qualified for payments.

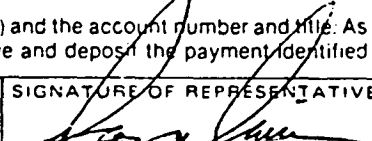
## SECTION 1 (TO BE COMPLETED BY PAYEE)

<b>A NAME OF PAYEE</b> <i>(last, first, middle initial)</i> Escrow Security Pacific National Bank, as Agent		<b>D TYPE OF DEPOSITOR ACCOUNT</b> <input checked="" type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	
<b>ADDRESS</b> <i>(Include P.O. Box, APO/FPO)</i> 33 New Montgomery, 11th Floor CITY STATE ZIP CODE San Francisco, CA 94105 TELEPHONE NUMBER AREA CODE 415-995-2105		<b>E DEPOSITOR ACCOUNT NUMBER</b> 11 - 7 - 13 6 0 0 - 0	
<b>B NAME OF PERSONS ENTITLED TO PAYMENT</b> Sacramento Community Center Escrow		<b>F TYPE OF PAYMENT</b> <i>(Check only one)</i> <input type="checkbox"/> Social Security <input type="checkbox"/> Fed Salary/Mil. Civilian Pay <input type="checkbox"/> Supplemental Security Income <input type="checkbox"/> Mil. Active <input type="checkbox"/> Railroad Retirement <input type="checkbox"/> Mil. Retire. <input type="checkbox"/> Civil Service Retirement (OPM) <input type="checkbox"/> Mil. Survivor <input type="checkbox"/> VA Compensation or Pension <input checked="" type="checkbox"/> Other <u>Misc/SLGS</u> <i>(specify)</i>	
<b>C CLAIM OF PAYEE</b> <i>(Last Name)</i> Prefix 94-6000410 Suffix		<b>G THIS BOX FOR ALLOTMENT OF PAYMENT ONLY</b> <i>(if applicable)</i> TYPE AMOUNT	
<b>PAYEE JOINT PAYEE CERTIFICATION</b> I certify that I am entitled to the payment identified above, and that I have read and understood the back of this form. In signing this form, I authorize my payment to be sent to the financial institution named below to be deposited to the designated account.		<b>JOINT ACCOUNT HOLDERS' CERTIFICATION</b> <i>(optional)</i> I certify that I have read and understood the back of this form including the SPECIAL NOTICE TO JOINT ACCOUNT HOLDERS.	
SIGNATURE  DATE 12/23/87		SIGNATURE DATE	
SIGNATURE DATE		SIGNATURE DATE	

## SECTION 2 (TO BE COMPLETED BY PAYEE OR FINANCIAL INSTITUTION)

<b>GOVERNMENT AGENCY NAME</b> Bureau of Public Debt	<b>GOVERNMENT AGENCY ADDRESS</b> Dept. L Attn: SLGS Washington, D.C. 20239-0001
--	--

## SECTION 3 (TO BE COMPLETED BY FINANCIAL INSTITUTION)

<b>NAME AND ADDRESS OF FINANCIAL INSTITUTION</b> Security Pacific National Bank 33 New Montgomery St., 11th Floor San Francisco, CA 94105		<b>ROUTING NUMBER</b> 1 2 2 0 0 0 0 4		<b>CHECK DIGIT</b> 3
<b>DEPOSITOR ACCOUNT TITLE</b> Sacramento Community Center Escrow				
<b>FINANCIAL INSTITUTION CERTIFICATION</b> I confirm the identity of the above-named payee(s) and the account number and title. As representative of the above-named financial institution, I certify that the financial institution agrees to receive and deposit the payment identified above in accordance with 31 CFR Parts 240, 209, and 210.				
<b>PRINT OR TYPE REPRESENTATIVE'S NAME</b> Roy Davis	<b>SIGNATURE OF REPRESENTATIVE</b> 	<b>TELEPHONE NUMBER</b> 415-995-2105	<b>DATE</b> 12/23/87	

Financial institutions should refer to the GREEN BOOK for further instructions.

THE FINANCIAL INSTITUTION SHOULD MAIL THE COMPLETED FORM TO THE GOVERNMENT AGENCY IDENTIFIED ABOVE.

4  
Treasury  
Public Debt  
7)

SUBSCRIPTION FOR PURCHASE AND ISSUE OF  
U.S. TREASURY SECURITIES -  
STATE AND LOCAL GOVERNMENT SERIES

Reserve Bank or Branch at San Francisco, California

to the provisions of Department of the Treasury Circular, Public Debt Series No. 3-72, current revision, the undersigned subscribes for the purchase of the following securities:

- a. ☐ United States Treasury Certificates of Indebtedness - State and Local Government Series (SCHEDULE 1)

TOTAL AMOUNT \$ -0-

- b. ☒ United States Treasury Notes - State and Local Government Series (SCHEDULE 2)

TOTAL AMOUNT \$ 6,848,100.00

- c. ☒ United States Treasury Bonds - State and Local Government Series (SCHEDULE 3)

TOTAL AMOUNT \$ 3,040,100.00

GRAND TOTAL \$ 9,888,200.00

scribed on the attached schedules, which are incorporated by reference to this subscription, to be used as entries on the books of the Bureau of the Public Debt, Department of the Treasury.

undersigned certifies that the total investment (1) consists only of the proceeds of obligations described in Section 103(a) of the Internal Revenue Code, and (2) is not more nor less, within authorized multiples (\$1,000 minimum and increments of \$1,000 over such amount), directly subject to yield restrictions under Section 103(c) of the Code, and the regulations issued thereunder, except for any portion thereof required for a payment due less than 45 days from the date settlement is made for securities subscribed for. The undersigned further certifies that funds for this subscription are not derived from the early redemption of State and Local Government Series securities. The undersigned requests that book-entry accounts be established for:

Name of owner Security Pacific National Bank as Escrow Agent for the  
Sacramento Community Center Authority

I, undersigned,

☐ submit payment in full herewith for the above securities, as shown below.

☒ requests that issuance be deferred until January 7, 1988 (not to exceed by more than 60 days the date on which this subscription is received at a Federal Reserve Bank or Branch or, where mailed, by the stamp date appearing on the postmarked or certified mail envelope in which it is received), and agrees to make payment on that date.

I, undersigned further certifies that the following official(s), by title(s), are authorized, subject to the provisions of the above circular, to request redemption prior to maturity of the securities (if no one has been so authorized, enter the word "none").

Any Vice President or Trust Officer

this 18th day of December, 19 87

(916) 449-5168

Sacramento Community Center Authority

(Name of State or Local Government Body)

By [Signature]

(Signature and Title)

City Treasurer

(Telephone - include Area Code)

FOR USE BY BANK IN TRANSMITTING PAYMENT FOR ABOVE SECURITY

Issue date of the account will be the date specified in this subscription, provided payment therefor in readily available funds is received herewith or within the time limitation specified above. Where payment is submitted separately, it should be accompanied by a copy of this subscription.)

Check enclosed

Charge our reserve a/c on 1/7/88

(Date)

Other

Name of Institution Security Pacific National Bank

City San Francisco

State CA

Authorized signature and title [Signature] AVP

FOR USE OF FEDERAL RESERVE BANK

ACCOUNT NUMBERS

IF IS: From: \_\_\_\_\_ Through: \_\_\_\_\_

YES: From: \_\_\_\_\_ Through: \_\_\_\_\_

ANDS: From: \_\_\_\_\_ Through: \_\_\_\_\_

Applicable Interest  
Rate Table No.

Issue Date

Date credited to Treas.  
Acct. (cannot be subsequent to Issue Date)

FOR USE OF THE DIVISION OF SECURITIES OPERATIONS

City Agreement No. 87151

# SCHEDULE OF UNITED STATES TREASURY NOTES--STATE AND LOCAL GOVERNMENT SERIES

The United States Treasury Notes--State and Local Government Series subscribed for on the FORM PD 4144 to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

## NAME AND ADDRESS OF OWNER

Sacramento Community Center Authority  
c/o City Treasurer  
800 10th Street, Suite 1  
Sacramento, CA 95814

## NAME AND ADDRESS OF SUBSCRIBER'S BANK

Security Pacific National Bank  
33 New Montgomery, 11th Floor  
San Francisco, CA 94105

EMPLOYER IDENTIFICATION NO. 9 4 - 6 0 0 0 4 1 0

THE UNDERSIGNED REQUESTS THAT PAYMENT OF INTEREST, AND PRINCIPAL WHEN DUE, BE MADE FOR THE ACCOUNT OF THE OWNER AS BELOW:

☒ CREDIT RESERVE ACCOUNT OF: Security Pacific  
National Bank - 11-7-13600-0

☐ MAIL CHECK TO: \_\_\_\_\_

OR

NOTE: The interest rate on each note may not exceed the maximum interest rate for Treasury notes of comparable terms to maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be not less than one year and one day nor more than ten years from date of issue. Interest will be paid on the designated first interest payment date and semi-annually thereafter, the final six months interest to be paid at maturity with the principal. If the date for the first interest payment is less than 45 days from the date of issue, such payment may be delayed.

ACCOUNT NUMBERS (ASSIGNED BY FRB)	PRINCIPAL AMOUNT	INTEREST RATE	ISSUE DATE	MATURITY DATE	FIRST INT PYMT DATE	FOR TREASURY DEPARTMENT USE ONLY
	244,300.00	0.000	1/7/87	8/1/89	8/1/88	
	107,300.00	0.000	1/7/87	2/1/90	8/1/88	
	582,300.00	0.000	1/7/87	8/1/90	8/1/88	
	93,000.00	0.000	1/7/87	2/1/91	8/1/88	
	618,000.00	0.000	1/7/87	8/1/91	8/1/88	
	77,300.00	0.000	1/7/87	2/1/92	8/1/88	
	627,300.00	5.255	1/7/87	8/1/92	8/1/88	
	76,500.00	8.340	1/7/87	2/1/93	8/1/88	
	679,800.00	8.420	1/7/87	8/1/93	8/1/88	
	89,600.00	8.530	1/7/87	2/1/94	8/1/88	
<b>TOTAL</b>	3,195,400.00					

NAME OF STATE OR LOCAL GOVERNMENT BODY:  
Sacramento Community Center Authority

SIGNATURE: \_\_\_\_\_

TITLE: Treasurer

## FOR FRB OR BRANCH USE ONLY:

ACCOUNT NOS. ASSIGNED BY \_\_\_\_\_ FRB \_\_\_\_\_

## FOR TREASURY DEPARTMENT USE ONLY:

ACCOUNTS ESTABLISHED BY \_\_\_\_\_ ON \_\_\_\_\_

City Agreement No. 87151

# SCHEDULE OF UNITED STATES TREASURY NOTES--STATE AND LOCAL GOVERNMENT SERIES

The United States Treasury Notes--State and Local Government Series subscribed for on the FORM PD 4144 to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

## NAME AND ADDRESS OF OWNER

Sacramento Community Center Authority  
c/o City Treasurer  
800 10th Street, Suite 1  
Sacramento, CA 95814

## NAME AND ADDRESS OF SUBSCRIBER'S BANK

Security Pacific National Bank  
33 New Montgomery, 11th Floor  
San Francisco, CA 94105

EMPLOYER IDENTIFICATION NO. 9 4 - 6 0 0 0 4 1 0

THE UNDERSIGNED REQUESTS THAT PAYMENT OF INTEREST, AND PRINCIPAL WHEN DUE, BE MADE FOR THE ACCOUNT OF THE OWNER AS BELOW:

☒ CREDIT RESERVE ACCOUNT OF: Security Pacific  
National Bank - 11-7-13600-0

☐ MAIL CHECK TO: \_\_\_\_\_

OR

NOTE: The interest rate on each note may not exceed the maximum interest rate for Treasury notes of comparable terms to maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be not less than one year and one day nor more than ten years from date of issue. Interest will be paid on the designated first interest payment date and semi-annually thereafter, the final six months interest to be paid at maturity with the principal. If the date for the first interest payment is less than 45 days from the date of issue, such payment may be delayed.

ACCOUNT NUMBERS (ASSIGNED BY FRB)	PRINCIPAL AMOUNT	INTEREST RATE	ISSUE DATE	MATURITY DATE	FIRST INT PYMT DATE	FOR TREASURY DEPARTMENT USE ONLY
	718,500.00	8.640	1/7/88	8/1/94	8/1/88	
	105,000.00	8.730	1/7/88	2/1/95	8/1/88	
	784,500.00	8.790	1/7/88	8/1/95	8/1/88	
	122,900.00	8.830	1/7/88	2/1/96	8/1/88	
	853,400.00	8.860	1/7/88	8/1/96	8/1/88	
	143,500.00	8.890	1/7/88	2/1/97	8/1/88	
	924,900.00	8.900	1/7/88	8/1/97	8/1/88	

TOTAL 3,652,700.00

NAME OF STATE OR LOCAL GOVERNMENT BODY:

Sacramento Community Center Authority

SIGNATURE: [Signature]

TITLE: Treasurer

FOR FRB OR BRANCH USE ONLY:

ACCOUNT NOS. ASSIGNED BY \_\_\_\_\_ FRB \_\_\_\_\_

FOR TREASURY DEPARTMENT USE ONLY:

ACCOUNTS ESTABLISHED BY \_\_\_\_\_ ON \_\_\_\_\_

City Agreement No. 87151

**SCHEDULE OF UNITED STATES TREASURY BONDS—STATE AND LOCAL GOVERNMENT SERIES**

The United States Treasury Bonds—State and Local Government Series subscribed for on the FORM PD 4144 to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

**NAME AND ADDRESS OF OWNER**

Sacramento Community Center Authority  
c/o City Treasurer  
800 10th Street, Suite 1  
Sacramento, CA 95814

**NAME AND ADDRESS OF SUBSCRIBER'S BANK**

Security Pacific National Bank  
33 New Montgomery, 11th Floor  
San Francisco, CA 94105

EMPLOYER IDENTIFICATION NO. 9 4 - 6 0 0 0 4 1 0

THE UNDERSIGNED REQUESTS THAT PAYMENT OF INTEREST, AND PRINCIPAL WHEN DUE, BE MADE FOR THE ACCOUNT OF THE OWNER AS BELOW:

☒ CREDIT RESERVE ACCOUNT OF: Security Pacific  
National Bank - 11-7-13600-0

☐ MAIL CHECK TO: \_\_\_\_\_

OR

NOTE: The interest rate on each bond may not exceed the maximum interest rate for Treasury bonds of comparable terms to maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be not less than ten years and one day nor more than forty years from the date of issue. Interest will be paid on the designated first interest payment date and semi-annually thereafter, the final six months interest to be paid at maturity with the principal. If the date designated for the first interest payment is less than 45 days from the date of issue, such payment may be delayed.

ACCOUNT NUMBERS (ASSIGNED BY FRB)	PRINCIPAL AMOUNT	INTEREST RATE	ISSUE DATE	MATURITY DATE	FIRST INT PYMT DATE	FOR TREASURY DEPARTMENT USE ONLY
	166,800.00	8.910	1/7/88	2/1/98	8/1/88	
	999,300.00	8.910	1/7/88	8/1/98	8/1/88	
	193,000.00	8.910	1/7/88	2/1/99	8/1/88	
	1,076,500.00	8.920	1/7/88	8/1/99	8/1/88	
	222,300.00	8.920	1/7/88	2/1/2000	8/1/88	
	382,200.00	8.920	1/7/88	8/1/2000	8/1/88	
TOTAL		3,040,100.00				

NAME OF STATE OR LOCAL GOVERNMENT BODY:  
Sacramento Community Center

SIGNATURE: \_\_\_\_\_  
TITLE: Treasurer

**FOR FRB OR BRANCH USE ONLY:**

ACCOUNT NOS. ASSIGNED BY \_\_\_\_\_ FRB \_\_\_\_\_

**FOR TREASURY DEPARTMENT USE ONLY:**

ACCOUNTS ESTABLISHED BY \_\_\_\_\_ ON \_\_\_\_\_

City Agreement No. 87151

CITY OF SACRAMENTO CITY OF SACRAMENTO

MAR 29 1988

RESOLUTION NO.

RESOLUTION NO. 88-001

DATE CERTIFIED  
Deputy *Paul Blum*

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF

ON THE DATE OF JAN 5 1988

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SACRAMENTO APPROVING THE FINAL FORMS OF AND  
AUTHORIZING THE EXECUTION OF AN ACQUISITION  
AGREEMENT, A PROJECT LEASE, A TRUST  
AGREEMENT, AN ESCROW AGREEMENT AND RELATED  
DOCUMENTS FOR THE 1987 PUBLIC FACILITIES  
PROJECT AND AUTHORIZING THE CITY TREASURER TO  
HOLD IN TRUST THE ACQUISITION FUND PURSUANT  
TO THE TRUST AGREEMENT AND AUTHORIZING  
CERTAIN ACTIONS IN CONNECTION WITH SUCH  
FINANCING

WHEREAS, the City of Sacramento is a charter city  
and municipal corporation duly organized and existing under  
and by virtue of the Constitution and laws of the State of  
California (herein called the "City");

WHEREAS, the Sacramento City Public Facilities  
Financing Corporation (herein called the "Corporation") is a  
non-profit corporation duly organized and existing under and  
by virtue of the laws of the State of California for the  
purpose of facilitating the financing of public improvements  
and facilities of the City;

WHEREAS, under Ordinance No. 87-114 passed and  
adopted on December 1, 1987 and effective 30 days thereafter  
(the "Ordinance"), the City is authorized to execute and enter  
into a sale-leaseback financing with the Corporation of  
the theater comprising a part of the Sacramento  
Community/Convention Center (the "Facility") in the City of  
Sacramento, California, in order to acquire and construct  
certain municipal improvements and to refinance the Sacramento  
Community Center Authority 1971 Bonds, pursuant to an Escrow  
Agreement (the "Escrow Agreement"), dated as of December 1,  
1987, by and between the Sacramento Community Center  
Authority, the City and Security Pacific National Bank;

WHEREAS, the City will sell the Facility to the  
Corporation, pursuant to the Acquisition Agreement (the  
"Acquisition Agreement"), and will lease the Facility from the  
Corporation, pursuant to the Project Lease (the "Project  
Lease"), and the Corporation will, pursuant to a Trust



Agreement among the City, the Corporation and Security Pacific National Bank, as trustee (the "Trust Agreement"), arrange for the execution and delivery of certificates of participation (the "Certificates") evidencing proportionate undivided interests in the base rental payments to be made by the City pursuant to the Project Lease;

WHEREAS, this Council pursuant to such Ordinance adopted on December 1, 1987 and Resolution No. 87-1014 adopted December 8, 1987 approved certain documents relating to such financing, including the then current forms of the Acquisition Agreement, the Project Lease, the Trust Agreement, the Escrow Agreement, an Official Statement relating to the Certificates (the "Official Statement") and a Purchase Agreement (the "Purchase Agreement") and authorized and directed the execution of such documents and the consummation of such financing;

WHEREAS, the Purchase Agreement and Official Statement have heretofore been executed by the appropriate City officials and it is now necessary to approve the final forms of the documents and authorize the execution thereof; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby 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 and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

Section 1. The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City and that the statements, findings and determinations of the City set forth above are true and correct.

Section 2. The form of the Acquisition Agreement, executed and entered into as of December 1, 1987, between the City, as seller, and the Corporation, as purchaser, on file with the City Clerk and the acquisition price of \$40,902,842.90 for the Project as set forth therein are hereby approved. The Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the



the Corporation the Acquisition Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of Project Lease between the City and the Corporation, executed and entered into as of December 1, 1987, on file with the City Clerk is hereby approved and the Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver the Project Lease in substantially said form with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The execution and delivery, pursuant to the Trust Agreement, of \$41,650,000 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project), evidencing proportionate undivided interests in the rights to receive base rental payments payable by the City pursuant to the Project Lease, is hereby authorized and approved.

Section 5. The City Treasurer is hereby authorized to establish and to hold in trust the Acquisition Fund as a separate account within the treasury of the City and to perform such other trust duties related to the Acquisition Fund in accordance with the provisions of the Trust Agreement.

Section 6. The form of Trust Agreement, Escrow Agreement, Project Lease and related documents, on file with the City Clerk, are hereby approved. The appropriate officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver such documents in substantially said forms, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including arbitrage certificates, or make any necessary or advisable modifications to those documents which are acceptable to the City Attorney's Office and Orrick, Herrington & Sutcliffe and Arnelle & Hastie, Co-Bond Counsel, and which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates.

Section 8. All actions heretofore taken by the officers and agents of the City with respect to the sale, execution and delivery of the Certificates are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately from and after its adoption and approval.

PASSED AND ADOPTED this 5th day of January, 1983.

ANNE RUDIN

Mayor of the  
City of Sacramento

[SEAL]

Attest:

LORRAINE MAGANA

City Clerk of the  
City of Sacramento

Corporation the Acquisition Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

~~Section 3.~~ Section 3. The form of Project Lease between the City and the Corporation, executed and entered into as of December 1, 1987, on file with the City Clerk is hereby approved and the Mayor of the City and the City Clerk are hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver the Project Lease in substantially said form with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

~~Section 4.~~ Section 4. The execution and delivery, pursuant to the Trust Agreement, of \$41,650,000 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project), evidencing proportionate undivided interests in the rights to receive base rental payments payable by the City pursuant to the Project Lease, is hereby authorized and approved.

~~Section 5.~~ Section 5. The City Treasurer is hereby authorized to establish and to hold in trust the Acquisition Fund as a separate account within the treasury of the City and to perform such other trust duties related to the Acquisition Fund in accordance with the provisions of the Trust Agreement.

Section 6. The form of Trust Agreement, Escrow Agreement, Project Lease and related documents, on file with the City Clerk, are hereby approved. The appropriate officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver such documents in substantially said forms, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including arbitrage certificates, or make any necessary or advisable modifications to those documents which are acceptable to the City Attorney's Office and Orrick, Herrington & Sutcliffe and Arnette & Hastie, Co-Bond Counsel, and which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates.

Section 8. All actions heretofore taken by the officers and agents of the City with respect to the sale, execution and delivery of the Certificates are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately from and after its adoption and approval.

PASSED AND ADOPTED this 5th day of January, 1983.

ANNE RUDIN

ANNE RUDIN

Mayor of the  
City of Sacramento

[SEAL]

Attest:

LORRAINE MAGANA

City Clerk of the  
City of Sacramento

# FACULTATIVE REINSURANCE AGREEMENT

These facultative reinsurance provisions, including Schedule I, constitute the Facultative Reinsurance Agreement entered into by and between Ceder and each Reinsurer shown in Schedule I.

## PROVISIONS

**WHEREAS**, Ceder has assumed or is about to assume a title insurance risk pursuant to its policy or policies shown in Schedule I, herein called the Policy; and

**WHEREAS**, Ceder desires to retain, unceded, a Primary Loss Risk under the Policy and to cede and reinsure all or part of the excess Loss Risk in the amounts and proportionate shares shown in Schedule I; and

**WHEREAS**, Ceder and Reinsurer desire to arrange for the allocation of protection to the party entitled to the protection of the Policy, herein called the Insured; and

**WHEREAS**, Reinsurer desires to assume its share of Secondary Loss Risk shown in Schedule I.

**NOW, THEREFORE**, it is mutually agreed between Ceder and each Reinsurer as follows:

### 1. CEDER'S CESSION AND WARRANTY

Ceder, to induce Reinsurer to accept the offer of reinsurance, represents and warrants that Ceder has made disclosure of (a) the Policy being reinsured, and (b) any extrahazardous risk of which Ceder has actual knowledge. Ceder shall immediately upon issuance of the Policy forward a conformed copy to Reinsurer and pay its premium for reinsurance.

Ceder cedes to Reinsurer the Reinsurer's coordinate and proportionate share of the Secondary Loss Risk shown in Schedule I and Ceder shall retain without reinsurance hereunder the entire amount of the Primary Loss Risk shown in Schedule I, and the unceded portion, if any, of the Secondary Loss Risk.

### 2. REINSURER'S ASSUMPTION

Reinsurer assumes its coordinate and proportionate share of Secondary Loss Risk shown in Schedule I and not the coordinate and proportionate share, if any, of Ceder or of any other Reinsurer.

The liability of Reinsurer shall begin simultaneously with that of Ceder under the Policy, without notice of the issuance of its Policy or payment of the reinsurance premium.

The liability of Reinsurer and any loss payable by Reinsurer under this Agreement shall be limited to expressed contractual liability of Ceder under the Policy, not including punitive or exemplary damages, and does not include any other contractual or any noncontractual liability of Ceder.

### 3. DIRECT ACCESS

Provided Insured shall give to Reinsurer notice of any claim under the Policy with a reasonable time after notice of the claim is given to or received by Ceder and is pursuing its remedies

under the Policy against Ceder, unless prevented by law or regulation, then in the event that under the terms of the Policy Insured has sustained a loss or losses which, in the aggregate, exceeds Ceder's Primary Loss Risk, the liability of Reinsurer under this Agreement shall be extended to and in favor of Insured. Thereafter, if Insured requests payment of Reinsurer's liability under this Agreement directly to Insured, then this Agreement may be enforced by Insured directly against Reinsurer to the extent of Reinsurer's liability to Ceder hereunder, without diminution, defense, setoff or counterclaim which Reinsurer may have against Ceder. Any defense to liability which Ceder has against Insured shall inure to Reinsurer.

Reinsurer agrees that Insured shall have the right to commence a legal action to enforce this Agreement against it in the state in which the land is located or in any state where Reinsurer is qualified to do business, provided that when any service of process is made in any action, a copy is sent by Registered or Certified Mail to Reinsurer at its address set forth in Schedule I.

### 4. NOTICES, INVESTIGATION AND SETTLEMENT OF CLAIMS

Ceder shall have full charge of the investigation, negotiation, litigation and settlement of all claims under the Policy. Upon receipt of notice from Insured of a claim under the Policy or upon learning of a potential claim thereunder, Ceder shall notify Reinsurer of the claim or potential claim. Ceder shall notify Reinsurer of any proposed substantial payments or settlement of such claim and shall give Reinsurer reasonable opportunity to investigate the claim at its own expense. Failure to so notify as provided in this paragraph shall not defeat the rights of Ceder hereunder unless Reinsurer shall be actually prejudiced by the failure, and then only to the extent of the prejudice.

Reinsurer shall have the right, but shall not be obligated, to join in any action brought by or against Ceder under the Policy. Reinsurer shall have the right, through such representatives as it may designate, to inspect and copy, at any reasonable time at the office of Ceder, any and all searches, abstracts, certificates, correspondence, attorneys' opinions, intra-company communications and other documents and records relating to the Policy. This right is and shall continue to be a right in rem and shall follow and attach to said documents and records regardless of changes in ownership or possession.

Unless Insured has given Reinsurer notice that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, Reinsurer shall pay the amount of its liability determined hereunder to Ceder within fifteen days after notice and demand by Ceder. Each payment by Reinsurer to Ceder shall satisfy pro tanto the amount of Reinsurer's liability hereunder to Insured and Ceder. The payment shall be received by Ceder, if not by way of reimbursement, in trust to be paid to or for the account of Insured, together with all other amounts similarly applicable, in satisfaction of Ceder's liability under the Policy.

If Insured shall give notice to Reinsurer that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, no payment to Ceder of any part of Reinsurer's liability to Insured shall be made without the written consent of Insured. Any payment by Reinsurer of its liability to Insured shall discharge Ceder's and Reinsurer's liability to Insured pro tanto. If Reinsurer makes payments directly to Insured as required by this Agreement, Reinsurer's liability to Ceder shall be reduced pro tanto.

#### **5. PAYMENT OF LOSSES**

Losses under the Policy for which Ceder becomes liable, including costs, attorneys' fees and expenses, which do not exceed the amount of Primary Loss Risk retained, and its proportionate fractional share of the Secondary Loss Risk, if any, shall be sustained and paid by Ceder, without recourse to Reinsurer, and shall reduce pro tanto Ceder's retained Loss Risk.

In the event that the loss or aggregate of all losses under the Policy exceeds the amount thereof, the Ceder shall pay that portion of the excess as its retained Loss Risk, both Primary and Secondary, bears to the amount of the Policy, and the balance of the excess shall be divided between the Reinsurers in the proportions that the amount assumed by each of the Reinsurers bears to the amount of the Policy.

Notwithstanding anything stated in this Section, Ceder's retained Loss Risk, both primary and secondary, shall not be reduced and Reinsurer's liability shall not be increased by the payment of any loss not assumed by Reinsurer under Section 2.

#### **6. INSOLVENCY OF CEDER**

The reinsurance under this Agreement shall be payable by Reinsurer on the basis of the liability of Reinsurer under this Agreement without diminution because of the insolvency of Ceder.

In the event of insolvency of Ceder, the liquidator, receiver or statutory successor of Ceder shall give written notice to Reinsurer of the pendency of a claim against

Ceder on the Policy within a reasonable time after the claim is filed in the insolvency proceeding. During the pendency of the claim, Reinsurer may investigate the claim and interpose, at its own expense, in the proceeding where the claim is to be adjudicated, any defense or defenses which it may deem available to Ceder or its liquidator, receiver or statutory successor. The expense so incurred by Reinsurer shall be charged against the insolvent company as part of the expense of liquidation.

In the event that two or more Reinsurers are involved in the same claim and a majority in interest elects to interpose a defense to the claim, the expense shall be apportioned in accordance with the terms of this Agreement as though the expense had been incurred by Ceder.

In the event of the insolvency of Ceder, the reinsurance under this Agreement shall be payable by Reinsurer directly to Ceder, pursuant to Section 4 or to its liquidator, receiver or statutory successor, except when the direct access provisions of Section 3 and the notice provisions of Section 4 have been implemented, in which case, it shall be paid directly to Insured.

#### **7. RECOUPMENT AND SUBROGATION**

After payment of any loss or losses hereunder by Reinsurer, it shall be the duty of Ceder, by its right of subrogation or otherwise, to proceed diligently to recoup the losses paid. The net amount after expenses of collection of any recoupment or salvage, shall be distributed and paid to Reinsurer in the fractional proportions set forth on Schedule I. Any surplus, after full recoupment of losses sustained on the Secondary Loss Risk, shall be retained by Ceder in reduction of loss or losses paid on its Primary Loss Risk.

In addition to the right of subrogation, which is secured to Ceder by the conditions of the Policy, Ceder will retain all the rights secured to it thereby unaffected by this agreement. In the event, however, of the temporary or permanent discontinuance of business by Ceder, or if Ceder becomes insolvent, or if Ceder fails to proceed to recoup any loss or losses paid as aforesaid, Reinsurer shall be and is hereby subrogated to all rights of Ceder to recoup any losses paid by it hereunder.

#### **8. RIGHTS OF INSURED NOT PREJUDICED**

Ceder is authorized to furnish insured with a duplicate original or conformed copy of this Agreement.

Neither this Agreement nor any modification thereof shall prejudice the rights of Insured under the Policy or conferred upon Insured under this Agreement.

#### **9. LAWS APPLICABLE**

The provisions of this Agreement shall be governed by the laws of the situs of the real property described in the Policy.

#### **10. NOTICES — WHERE SENT**

Any notice given hereunder shall be addressed to the party to receive the notice at its mailing address set forth in Schedule I.

#### **11. EFFECTIVE DATE**

This Agreement shall be in effect between Ceder and Reinsurer from the time a counterpart of Schedule I is executed by Reinsurer notwithstanding that other counterparts are not executed by other reinsurers.

# SCHEDULE I

1. The parties hereto are (a) FIDELITY NATIONAL TITLE INSURANCE COMPANY, a coporation of the State of Arizona having its principal office in Irvine, California as Ceder, and (b) Each Reinsurer named in 3(b) herein.

2. Ceder's Policy, identified herein and reinsured hereby, assumes a title insurance risk in the aggregate amount of \$41,650,000 (Forty-one Million Six Hundred Fifty Thousand Dollars.)  
The land described in the Policy is located in: Sacramento County, CA

POLICY NO.	INSURED	TYPE OF POLICY	POLICY AMOUNT
35-223174	CITY OF SACRAMENTO, A MUNICIPAL CORP.; SACRA- MENTO CITY PUBLIC FACILITIES FINANCING CORP., A NON-PROFIT CALIF. CORP.; SECURITY PACIFIC NATIONAL BANK, AS TRUSTEE.	CLTA STANDARD COVERAGE POLICY- 1973	\$41,650,000

3. The distribution of the title insurance risk is:

PRIMARY LOSS RISK	SECONDARY LOSS RISK
Amount	Share
(a) RETAINED BY CEDER \$9,000,000	and \$NONE

(b) CEDED TO, REINSURED WITH, AND ASSUMED BY			
Reinsurer	State of Incorporation	Amount	Share
FIDELITY NATIONAL TITLE INSURANCE COMPANY OF CALIFORNIA	CALIFORNIA	5,000,000	15.32%
CHICAGO TITLE INSURANCE COMPANY	MISSOURI	13,825,000	42.34%
FIRST AMERICAN TITLE INSURANCE COMPANY	CALIFORNIA	13,825,000	42.34%

4. This Schedule I is part of and incorporates by reference the provisions of the American Land Title Association Facultative Reinsurance Agreement (10-21-87).

IN WITNESS WHEREOF, the undersigned each has caused this Agreement to be executed as of the date set forth below:

CEDER  
Fidelity National Title Insurance  
Company  
2100 S.E. Main Street, Suite 400  
Irvine, California 92714

By Larry M. Kaminsky  
Vice-President

Date of Execution: 1-13-88

REINSURANCE FILE NO. F-CWT-1-88

REINSURER  
CHICAGO TITLE INSURANCE COMPANY

111 W WASHINGTON STREET  
CHICAGO, ILLINOIS 60602

By William S. Newman  
Reinsurance Counsel

Date of Execution: 1/14/88

REINSURANCE FILE NO. 14-10-10-15033



# FACULTATIVE REINSURANCE AGREEMENT

These facultative reinsurance provisions, including Schedule I, constitute the Facultative Reinsurance Agreement entered into by and between Ceder and each Reinsurer shown in Schedule I.

## PROVISIONS

**WHEREAS**, Ceder has assumed or is about to assume a title insurance risk pursuant to its policy or policies shown in Schedule I, herein called the Policy; and

**WHEREAS**, Ceder desires to retain, unceded, a Primary Loss Risk under the Policy and to cede and reinsure all or part of the excess Loss Risk in the amounts and proportionate shares shown in Schedule I; and

**WHEREAS**, Ceder and Reinsurer desire to arrange for the allocation of protection to the party entitled to the protection of the Policy, herein called the Insured; and

**WHEREAS**, Reinsurer desires to assume its share of Secondary Loss Risk shown in Schedule I.

**NOW, THEREFORE**, it is mutually agreed between Ceder and each Reinsurer as follows:

### 1. CEDER'S CESSION AND WARRANTY

Ceder, to induce Reinsurer to accept the offer of reinsurance, represents and warrants that Ceder has made disclosure of (a) the Policy being reinsured, and (b) any extrahazardous risk of which Ceder has actual knowledge. Ceder shall immediately upon issuance of the Policy forward a conformed copy to Reinsurer and pay its premium for reinsurance.

Ceder cedes to Reinsurer the Reinsurer's coordinate and proportionate share of the Secondary Loss Risk shown in Schedule I and Ceder shall retain without reinsurance hereunder the entire amount of the Primary Loss Risk shown in Schedule I, and the unceded portion, if any, of the Secondary Loss Risk.

### 2. REINSURER'S ASSUMPTION

Reinsurer assumes its coordinate and proportionate share of Secondary Loss Risk shown in Schedule I and not the coordinate and proportionate share, if any, of Ceder or of any other Reinsurer.

The liability of Reinsurer shall begin simultaneously with that of Ceder under the Policy, without notice of the issuance of its Policy or payment of the reinsurance premium.

The liability of Reinsurer and any loss payable by Reinsurer under this Agreement shall be limited to expressed contractual liability of Ceder under the Policy, not including punitive or exemplary damages, and does not include any other contractual or any noncontractual liability of Ceder.

### 3. DIRECT ACCESS

Provided Insured shall give to Reinsurer notice of any claim under the Policy with a reasonable time after notice of the claim is given to our received by Ceder and is pursuing its remedies

under the Policy against Ceder, unless prevented by law or regulation, then in the event that under the terms of the Policy Insured has sustained a loss or losses which, in the aggregate, exceeds Ceder's Primary Loss Risk, the liability of Reinsurer under this Agreement shall be extended to and in favor of Insured. Thereafter, if Insured requests payment of Reinsurer's liability under this Agreement directly to Insured, then this Agreement may be enforced by Insured directly against Reinsurer to the extent of Reinsurer's liability to Ceder hereunder, without diminution, defense, setoff or counterclaim which Reinsurer may have against Ceder. Any defense to liability which Ceder has against Insured shall inure to Reinsurer.

Reinsurer agrees that Insured shall have the right to commence a legal action to enforce this Agreement against it in the state in which the land is located or in any state where Reinsurer is qualified to do business, provided that when any service of process is made in any action, a copy is sent by Registered or Certified Mail to Reinsurer at its address set forth in Schedule I.

### 4. NOTICES, INVESTIGATION AND SETTLEMENT OF CLAIMS

Ceder shall have full charge of the investigation, negotiation, litigation and settlement of all claims under the Policy. Upon receipt of notice from Insured of a claim under the Policy or upon learning of a potential claim thereunder, Ceder shall notify Reinsurer of the claim or potential claim. Ceder shall notify Reinsurer of any proposed substantial payments or settlement of such claim and shall give Reinsurer reasonable opportunity to investigate the claim at its own expense. Failure to so notify as provided in this paragraph shall not defeat the rights of Ceder hereunder unless Reinsurer shall be actually prejudiced by the failure, and then only to the extent of the prejudice.



Reinsurer shall have the right, but shall not be obligated, to join in any action brought by or against Ceder under the Policy. Reinsurer shall have the right, through such representatives as it may designate, to inspect and copy, at any reasonable time at the office of Ceder, any and all searches, abstracts, certificates, correspondence, attorneys' opinions, intra-company communications and other documents and records relating to the Policy. This right is and shall continue to be a right in rem and shall follow and attach to said documents and records regardless of changes in ownership or possession.

Unless Insured has given Reinsurer notice that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, Reinsurer shall pay the amount of its liability determined hereunder to Ceder within fifteen days after notice and demand by Ceder. Each payment by Reinsurer to Ceder shall satisfy pro tanto the amount of Reinsurer's liability hereunder to Insured and Ceder. The payment shall be received by Ceder, if not by way of reimbursement, in trust to be paid to or for the account of Insured, together with all other amounts similarly applicable, in satisfaction of Ceder's liability under the Policy.

If Insured shall give notice to Reinsurer that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, no payment to Ceder of any part of Reinsurer's liability to Insured shall be made without the written consent of Insured. Any payment by Reinsurer of its liability to Insured shall discharge Ceder's and Reinsurer's liability to Insured pro tanto. If Reinsurer makes payments directly to Insured as required by this Agreement, Reinsurer's liability to Ceder shall be reduced pro tanto.

#### **5. PAYMENT OF LOSSES**

Losses under the Policy for which Ceder becomes liable, including costs, attorneys' fees and expenses, which do not exceed the amount of Primary Loss Risk retained, and its proportionate fractional share of the Secondary Loss Risk, if any, shall be sustained and paid by Ceder, without recourse to Reinsurer, and shall reduce pro tanto Ceder's retained Loss Risk.

In the event that the loss or aggregate of all losses under the Policy exceeds the amount thereof, the Ceder shall pay that portion of the excess as its retained Loss Risk, both Primary and Secondary, bears to the amount of the Policy, and the balance of the excess shall be divided between the Reinsurers in the proportions that the amount assumed by each of the Reinsurers bears to the amount of the Policy.

Notwithstanding anything stated in this Section, Ceder's retained Loss Risk, both primary and secondary, shall not be reduced and Reinsurer's liability shall not be increased by the payment of any loss not assumed by Reinsurer under Section 2.

#### **6. INSOLVENCY OF CEDER**

The reinsurance under this Agreement shall be payable by Reinsurer on the basis of the liability of Reinsurer under this Agreement without diminution because of the insolvency of Ceder.

In the event of insolvency of Ceder, the liquidator, receiver or statutory successor of Ceder shall give written notice to Reinsurer of the pendency of a claim against

Ceder on the Policy within a reasonable time after the claim is filed in the insolvency proceeding. During the pendency of the claim, Reinsurer may investigate the claim and interpose, at its own expense, in the proceeding where the claim is to be adjudicated, any defense or defenses which it may deem available to Ceder or its liquidator, receiver or statutory successor. The expense so incurred by Reinsurer shall be charged against the insolvent company as part of the expense of liquidation.

In the event that two or more Reinsurers are involved in the same claim and a majority in interest elects to interpose a defense to the claim, the expense shall be apportioned in accordance with the terms of this Agreement as though the expense had been incurred by Ceder.

In the event of the insolvency of Ceder, the reinsurance under this Agreement shall be payable by Reinsurer directly to Ceder, pursuant to Section 4 or to its liquidator, receiver or statutory successor, except when the direct access provisions of Section 3 and the notice provisions of Section 4 have been implemented, in which case, it shall be paid directly to Insured.

#### **7. RECOUPMENT AND SUBROGATION**

After payment of any loss or losses hereunder by Reinsurer, it shall be the duty of Ceder, by its right of subrogation or otherwise, to proceed diligently to recoup the losses paid. The net amount after expenses of collection of any recoupment or salvage, shall be distributed and paid to Reinsurer in the fractional proportions set forth on Schedule I. Any surplus, after full recoupment of losses sustained on the Secondary Loss Risk, shall be retained by Ceder in reduction of loss or losses paid on its Primary Loss Risk.

In addition to the right of subrogation, which is secured to Ceder by the conditions of the Policy, Ceder will retain all the rights secured to it thereby unaffected by this agreement. In the event, however, of the temporary or permanent discontinuance of business by Ceder, or if Ceder becomes insolvent, or if Ceder fails to proceed to recoup any loss or losses paid as aforesaid, Reinsurer shall be and is hereby subrogated to all rights of Ceder to recoup any losses paid by it hereunder.

#### **8. RIGHTS OF INSURED NOT PREJUDICED**

Ceder is authorized to furnish insured with a duplicate original or conformed copy of this Agreement.

Neither this Agreement nor any modification thereof shall prejudice the rights of Insured under the Policy or conferred upon Insured under this Agreement.

#### **9. LAWS APPLICABLE**

The provisions of this Agreement shall be governed by the laws of the situs of the real property described in the Policy.

#### **10. NOTICES — WHERE SENT**

Any notice given hereunder shall be addressed to the party to receive the notice at its mailing address set forth in Schedule I.

#### **11. EFFECTIVE DATE**

This Agreement shall be in effect between Ceder and Reinsurer from the time a counterpart of Schedule I is executed by Reinsurer notwithstanding that other counterparts are not executed by other reinsurers.

# SCHEDULE I

1. The parties hereto are (a) FIDELITY NATIONAL TITLE INSURANCE COMPANY, a coporation of the State of Arizona having its principal office in Irvine, California as Ceder, and (b) Each Reinsurer named in 3(b) herein.

2. Ceder's Policy, identified herein and reinsured hereby, assumes a title insurance risk in the aggregate amount of \$41,650,000 (Forty-one Million Six Hundred Fifty Thousand Dollars.)  
The land described in the Policy is located in: Sacramento County, CA

<u>POLICY NO.</u>	<u>INSURED</u>	<u>TYPE OF POLICY</u>	<u>POLICY AMOUNT</u>
35-223174	CITY OF SACRAMENTO, A MUNICIPAL CORP.; SACRA- MENTO CITY PUBLIC FACILITIES FINANCING CORP., A NON-PROFIT CALIF. CORP.; SECURITY PACIFIC NATIONAL BANK, AS TRUSTEE.	CLTA STANDARD COVERAGE POLICY- 1973	\$41,650,000

3. The distribution of the title insurance risk is:

<u>PRIMARY LOSS RISK</u>		<u>SECONDARY LOSS RISK</u>	
	Amount		Share
(a) RETAINED BY CEDER \$9,000,000	and \$NONE		
(b) CEDED TO, REINSURED WITH, AND ASSUMED BY			
<u>Reinsurer</u>	<u>State of Incorporation</u>	<u>Amount</u>	<u>Share</u>
FIDELITY NATIONAL TITLE INSURANCE COMPANY OF CALIFORNIA	CALIFORNIA	5,000,000	15.32%
CHICAGO TITLE INSURANCE COMPANY	MISSOURI	13,825,000	42.34%
FIRST AMERICAN TITLE INSURANCE COMPANY	CALIFORNIA	13,825,000	42.34%

4. This Schedule I is part of and incorporates by reference the provisions of the American Land Title Association Facultative Reinsurance Agreement (10-21-87).

IN WITNESS WHEREOF, the undersigned each has caused this Agreement to be executed as of the date set forth below:

CEDER  
Fidelity National Title Insurance  
Company  
2100 S.E. Main Street, Suite 400  
Irvine, California 92714

By Larry M. Kaminsky  
Vice-President

Date of Execution: 1-13-88

REINSURANCE FILE NO. F-CWT-1-88

REINSURER  
FIRST AMERICAN TITLE INSURANCE  
COMPANY  
114 E. FIFTH STREET  
SANTA ANA, CALIFORNIA 92701

By Charles H. Bessly  
Senior Vice President

Date of Execution: January 14, 1988

REINSURANCE FILE NO. 7933

# FACULTATIVE REINSURANCE AGREEMENT

These facultative reinsurance provisions, including Schedule I, constitute the Facultative Reinsurance Agreement entered into by and between Ceder and each Reinsurer shown in Schedule I.

## PROVISIONS

**WHEREAS**, Ceder has assumed or is about to assume a title insurance risk pursuant to its policy or policies shown in Schedule I, herein called the Policy; and

**WHEREAS**, Ceder desires to retain, unceded, a Primary Loss Risk under the Policy and to cede and reinsure all or part of the excess Loss Risk in the amounts and proportionate shares shown in Schedule I; and

**WHEREAS**, Ceder and Reinsurer desire to arrange for the allocation of protection to the party entitled to the protection of the Policy, herein called the Insured; and

**WHEREAS**, Reinsurer desires to assume its share of Secondary Loss Risk shown in Schedule I.

**NOW, THEREFORE**, it is mutually agreed between Ceder and each Reinsurer as follows:

### 1. CEDER'S CESSION AND WARRANTY

Ceder, to induce Reinsurer to accept the offer of reinsurance, represents and warrants that Ceder has made disclosure of (a) the Policy being reinsured, and (b) any extrahazardous risk of which Ceder has actual knowledge. Ceder shall immediately upon issuance of the Policy forward a conformed copy to Reinsurer and pay its premium for reinsurance.

Ceder cedes to Reinsurer the Reinsurer's coordinate and proportionate share of the Secondary Loss Risk shown in Schedule I and Ceder shall retain without reinsurance hereunder the entire amount of the Primary Loss Risk shown in Schedule I, and the unceded portion, if any, of the Secondary Loss Risk.

### 2. REINSURER'S ASSUMPTION

Reinsurer assumes its coordinate and proportionate share of Secondary Loss Risk shown in Schedule I and not the coordinate and proportionate share, if any, of Ceder or of any other Reinsurer.

The liability of Reinsurer shall begin simultaneously with that of Ceder under the Policy, without notice of the issuance of its Policy or payment of the reinsurance premium.

The liability of Reinsurer and any loss payable by Reinsurer under this Agreement shall be limited to expressed contractual liability of Ceder under the Policy, not including punitive or exemplary damages, and does not include any other contractual or any noncontractual liability of Ceder.

### 3. DIRECT ACCESS

Provided Insured shall give to Reinsurer notice of any claim under the Policy with a reasonable time after notice of the claim is given to our received by Ceder and is pursuing its remedies

under the Policy against Ceder, unless prevented by law or regulation, then in the event that under the terms of the Policy Insured has sustained a loss or losses which, in the aggregate, exceeds Ceder's Primary Loss Risk, the liability of Reinsurer under this Agreement shall be extended to and in favor of Insured. Thereafter, if Insured requests payment of Reinsurer's liability under this Agreement directly to Insured, then this Agreement may be enforced by Insured directly against Reinsurer to the extent of Reinsurer's liability to Ceder hereunder, without diminution, defense, setoff or counterclaim which Reinsurer may have against Ceder. Any defense to liability which Ceder has against Insured shall inure to Reinsurer.

Reinsurer agrees that Insured shall have the right to commence a legal action to enforce this Agreement against it in the state in which the land is located or in any state where Reinsurer is qualified to do business, provided that when any service of process is made in any action, a copy is sent by Registered or Certified Mail to Reinsurer at its address set forth in Schedule I.

### 4. NOTICES, INVESTIGATION AND SETTLEMENT OF CLAIMS

Ceder shall have full charge of the investigation, negotiation, litigation and settlement of all claims under the Policy. Upon receipt of notice from Insured of a claim under the Policy or upon learning of a potential claim thereunder, Ceder shall notify Reinsurer of the claim or potential claim. Ceder shall notify Reinsurer of any proposed substantial payments or settlement of such claim and shall give Reinsurer reasonable opportunity to investigate the claim at its own expense. Failure to so notify as provided in this paragraph shall not defeat the rights of Ceder hereunder unless Reinsurer shall be actually prejudiced by the failure, and then only to the extent of the prejudice.

Reinsurer shall have the right, but shall not be obligated, to join in any action brought by or against Ceder under the Policy. Reinsurer shall have the right, through such representatives as it may designate, to inspect and copy, at any reasonable time at the office of Ceder, any and all searches, abstracts, certificates, correspondence, attorneys' opinions, intra-company communications and other documents and records relating to the Policy. This right is and shall continue to be a right in rem and shall follow and attach to said documents and records regardless of changes in ownership or possession.

Unless Insured has given Reinsurer notice that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, Reinsurer shall pay the amount of its liability determined hereunder to Ceder within fifteen days after notice and demand by Ceder. Each payment by Reinsurer to Ceder shall satisfy pro tanto the amount of Reinsurer's liability hereunder to Insured and Ceder. The payment shall be received by Ceder, if not by way of reimbursement, in trust to be paid to or for the account of Insured, together with all other amounts similarly applicable, in satisfaction of Ceder's liability under the Policy.

If Insured shall give notice to Reinsurer that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, no payment to Ceder of any part of Reinsurer's liability to Insured shall be made without the written consent of Insured. Any payment by Reinsurer of its liability to Insured shall discharge Ceder's and Reinsurer's liability to Insured pro tanto. If Reinsurer makes payments directly to Insured as required by this Agreement, Reinsurer's liability to Ceder shall be reduced pro tanto.

#### **5. PAYMENT OF LOSSES**

Losses under the Policy for which Ceder becomes liable, including costs, attorneys' fees and expenses, which do not exceed the amount of Primary Loss Risk retained, and its proportionate fractional share of the Secondary Loss Risk, if any, shall be sustained and paid by Ceder, without recourse to Reinsurer, and shall reduce pro tanto Ceder's retained Loss Risk.

In the event that the loss or aggregate of all losses under the Policy exceeds the amount thereof, the Ceder shall pay that portion of the excess as its retained Loss Risk, both Primary and Secondary, bears to the amount of the Policy, and the balance of the excess shall be divided between the Reinsurers in the proportions that the amount assumed by each of the Reinsurers bears to the amount of the Policy.

Notwithstanding anything stated in this Section, Ceder's retained Loss Risk, both primary and secondary, shall not be reduced and Reinsurer's liability shall not be increased by the payment of any loss not assumed by Reinsurer under Section 2.

#### **6. INSOLVENCY OF CEDER**

The reinsurance under this Agreement shall be payable by Reinsurer on the basis of the liability of Reinsurer under this Agreement without diminution because of the insolvency of Ceder.

In the event of insolvency of Ceder, the liquidator, receiver or statutory successor of Ceder shall give written notice to Reinsurer of the pendency of a claim against

Ceder on the Policy within a reasonable time after the claim is filed in the insolvency proceeding. During the pendency of the claim, Reinsurer may investigate the claim and interpose, at its own expense, in the proceeding where the claim is to be adjudicated, any defense or defenses which it may deem available to Ceder or its liquidator, receiver or statutory successor. The expense so incurred by Reinsurer shall be charged against the insolvent company as part of the expense of liquidation.

In the event that two or more Reinsurers are involved in the same claim and a majority in interest elects to interpose a defense to the claim, the expense shall be apportioned in accordance with the terms of this Agreement as though the expense had been incurred by Ceder.

In the event of the insolvency of Ceder, the reinsurance under this Agreement shall be payable by Reinsurer directly to Ceder, pursuant to Section 4 or to its liquidator, receiver or statutory successor, except when the direct access provisions of Section 3 and the notice provisions of Section 4 have been implemented, in which case, it shall be paid directly to Insured.

#### **7. RECOUPMENT AND SUBROGATION**

After payment of any loss or losses hereunder by Reinsurer, it shall be the duty of Ceder, by its right of subrogation or otherwise, to proceed diligently to recoup the losses paid. The net amount after expenses of collection of any recoupment or salvage, shall be distributed and paid to Reinsurer in the fractional proportions set forth on Schedule I. Any surplus, after full recoupment of losses sustained on the Secondary Loss Risk, shall be retained by Ceder in reduction of loss or losses paid on its Primary Loss Risk.

In addition to the right of subrogation, which is secured to Ceder by the conditions of the Policy, Ceder will retain all the rights secured to it thereby unaffected by this agreement. In the event, however, of the temporary or permanent discontinuance of business by Ceder, or if Ceder becomes insolvent, or if Ceder fails to proceed to recoup any loss or losses paid as aforesaid, Reinsurer shall be and is hereby subrogated to all rights of Ceder to recoup any losses paid by it hereunder.

#### **8. RIGHTS OF INSURED NOT PREJUDICED**

Ceder is authorized to furnish insured with a duplicate original or conformed copy of this Agreement.

Neither this Agreement nor any modification thereof shall prejudice the rights of Insured under the Policy or conferred upon Insured under this Agreement.

#### **9. LAWS APPLICABLE**

The provisions of this Agreement shall be governed by the laws of the situs of the real property described in the Policy.

#### **10. NOTICES — WHERE SENT**

Any notice given hereunder shall be addressed to the party to receive the notice at its mailing address set forth in Schedule I.

#### **11. EFFECTIVE DATE**

This Agreement shall be in effect between Ceder and Reinsurer from the time a counterpart of Schedule I is executed by Reinsurer notwithstanding that other counterparts are not executed by other reinsurers.

# SCHEDULE I

1. The parties hereto are (a) FIDELITY NATIONAL TITLE INSURANCE COMPANY, a coporation of the State of Arizona having its principal office in Irvine, California as Ceder, and (b) Each Reinsurer named in 3(b) herein.

2. Ceder's Policy, identified herein and reinsured hereby, assumes a title insurance risk in the aggregate amount of \$41,650,000 (Forty-one Million Six Hundred Fifty Thousand Dollars.)  
The land described in the Policy is located in: Sacramento County, CA

POLICY NO.	INSURED	TYPE OF POLICY	POLICY AMOUNT
35-223174	CITY OF SACRAMENTO, A MUNICIPAL CORP.; SACRA- MENTO CITY PUBLIC FACILITIES FINANCING CORP., A NON-PROFIT CALIF. CORP.; SECURITY PACIFIC NATIONAL BANK, AS TRUSTEE.	CLTA STANDARD COVERAGE POLICY- 1973	\$41,650,000

3. The distribution of the title insurance risk is:

	PRIMARY LOSS RISK	SECONDARY LOSS RISK
	Amount	Share
(a) RETAINED BY CEDER \$9,000,000	and \$NONE	

(b) CEDED TO, REINSURED WITH, AND ASSUMED BY

Reinsurer	State of Incorporation	Amount	Share
FIDELITY NATIONAL TITLE INSURANCE COMPANY OF CALIFORNIA	CALIFORNIA	5,000,000	15.32%
CHICAGO TITLE INSURANCE COMPANY	MISSOURI	13,825,000	42.34%
FIRST AMERICAN TITLE INSURANCE COMPANY	CALIFORNIA	13,825,000	42.34%

4. This Schedule I is part of and incorporates by reference the provisions of the American Land Title Association Facultative Reinsurance Agreement (10-21-87).

IN WITNESS WHEREOF, the undersigned each has caused this Agreement to be executed as of the date set forth below:

CEDER  
Fidelity National Title Insurance  
Company  
2100 S.E. Main Street, Suite 400  
Irvine, California 92714

By Larry M. Kaminsky  
Vice-President  
Date of Execution: 1-13-88

REINSURANCE FILE NO. F-CWT-1-88

REINSURER  
FIDELITY NATIONAL TITLE INSURANCE  
COMPANY OF CALIFORNIA  
2100 S.E. MAIN STREET, SUITE 400  
IRVINE, CALIFORNIA 92714

By Larry M. Kaminsky  
REINSURANCE COUNSEL  
Date of Execution: 1-13-88

REINSURANCE FILE NO. W-RFN-1-88



87144  
copy  
only

\$41,650,000  
City of Sacramento  
Certificates of Participation  
(1987 Public Facilities Project)  
Representing a Proportionate Undivided Interest of the  
Owners thereof in  
Rental Payments to be Made by the  
City of Sacramento

Purchase Agreement

City Council  
City of Sacramento  
Sacramento, California

December 8, 1987

Board of Directors  
Sacramento City Public Facilities Financing Corp.  
Sacramento, California

Ladies and Gentlemen:

The undersigned (hereinafter called the "Underwriters") offer to enter into the following agreement with the City of Sacramento, California (the "City") and the Sacramento City Public Facilities Financing Corporation (the "Corporation") which, upon the City's and the Corporation's acceptance, will be binding upon the City, the Corporation and the Underwriters. This offer is made subject to the City's written acceptance hereof on or before 5:00 p.m., Sacramento time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the City at any time prior to the acceptance hereof by the City.

Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings as are set forth in the Official Statement hereinafter mentioned.

Pursuant to the Lease, the City is obligated to make certain Base Rental Payments to the Corporation for the use and occupancy of the Property. Pursuant to the Assignment Agreement, the Corporation will assign without recourse all its rights to receive the Base Rental Payments scheduled to be paid by the City under and pursuant to the Lease to the Trustee. Pursuant to the Trust Agreement, the Trustee will execute and deliver \$41,650,000 aggregate principal amount of the City of Sacramento, Certificates of Participation (1987 Public Facilities Project) (the "Certificates"), in exchange for the purchase price therefore and apply such proceeds for the purposes set forth in the Trust Agreement. Said proceeds are to be used to refinance the obligation of the City relating to the Community Center and to finance the acquisition and installation of projects related

to the health, safety and welfare of the citizens of the City of Sacramento and the municipal operations and purposes of the City.

1. Purchase of the Certificates.

(a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase for reoffering to the public, and the City hereby agrees to cause the Trustee to execute and deliver to the Underwriters for such purpose, all (but not less than all) of \$41,650,000 aggregate principal amount of the Certificates, representing proportionate undivided interests in the Base Rental Payments payable by the City under the Lease.

The purchase price to be paid by the Underwriters for the Certificates shall be \$40,902,842.90 (such amount representing the aggregate principal amount of the Certificates less an original issue discount of \$43,725 and an underwriters' discount of \$703,432.10) plus accrued interest to the date of delivery.

(b) Good Faith Check. Delivered to you herewith is a check payable to the order of the City in San Francisco Clearing House funds in the amount of Four Hundred Thousand Dollars (\$400,000) (such amount being hereinafter referred to as the "Good Faith Check"). In the event that the City does not accept this Offer, the Good Faith Check shall be immediately returned to PaineWebber Incorporated. In the event that the City does accept this offer, the City shall retain the Good Faith Check uncashed as security for the performance by the Underwriters of their obligations hereunder to purchase, accept delivery of and pay for the Certificates at the Closing and, in the event of the Underwriters' performance of such obligations, shall return the Good Faith Check to PaineWebber Incorporated at the Closing. In the event the City fails to deliver the Certificates at the Closing, or in the event the City is unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Certificates as set forth in this Purchase Agreement (unless waived by the Underwriters), or in the event such obligations of the Underwriters are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Good Faith Check shall immediately be returned to PaineWebber Incorporated, and the Underwriters shall have no further rights against the City. The Underwriters and the City recognize that the City will suffer financial loss in the event that the Underwriters default in their obligation to purchase the Certificates hereunder, the exact amount of which loss would be impracticable to ascertain, and that the Good Faith Check represents a reasonable estimate, made in good faith, of such loss in accordance with California Civil Code Section 1671; therefore, the Underwriters and the City agree that in the event the Underwriters fail (other than for a

reason permitted hereunder) to purchase, accept delivery of and pay for the Certificates at the Closing as herein provided, the Good Faith Check shall be cashed and the proceeds retained by the City as and for full, liquidated damages (and not as a penalty) for such failure and for any defaults hereunder on the part of the Underwriters and, except as set forth in Section 11 hereof, neither party hereto shall have any further rights against the other hereunder.

## 2. The Certificates.

The Certificates will be executed and delivered in the aggregate principal amount of \$41,650,000, and will be prepared in registered form, in denominations as authorized by the Trust Agreement and designated by the Underwriters. The Certificates will be dated December 1, 1987, and will be payable in the years and in the principal amounts and interest with respect thereto shall be payable at the rates shown in Schedule I to this Purchase Agreement.

Interest due with respect to the Certificates will be computed on a 30-day month, 12-month, 360-day year basis. The Certificates will be subject to optional and mandatory redemption prior to maturity as provided in the Trust Agreement and shall be otherwise as described in, and shall be issued and secured pursuant to, the provisions of the Trust Agreement.

## 3. Use of Documents.

The City hereby authorizes the Underwriters to use, in connection with the offer and sale of the Certificates, this Purchase Agreement, the Preliminary Official Statement of the City dated December 1, 1987, relating to the Certificates and the Official Statement relating to the Certificates authorized by the City to be prepared (which, together with all appendices thereto and with such changes herein and supplements thereto as are consented to by the Underwriters, is herein called the "Official Statement"), the Acquisition Agreement, the Lease, the Trust Agreement, the Escrow Agreement and all information contained herein and therein and all of the documents, certificates or statements furnished by the City or to the Underwriters in connection with the transactions contemplated by this Purchase Agreement.

## 4. Public Offering of the Certificates.

The Underwriters agree to make a bona fide public offering of all the Certificates at the initial public offering prices or yields to be set forth on the cover page of the Official Statement, subject to discounts and concessions as described in the Official Statement. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Certificates.



5. Delivery of Official Statement.

At the Closing the City shall deliver to the Underwriters five executed copies of the Official Statement in the form satisfactory to the Underwriters and as promptly as practical hereafter, such reasonable number of conformed copies as the Underwriters shall Request.

6. Closing.

At 8:00 a.m., San Francisco time, on January 7, 1988 or at such other time or on such later date as shall have been mutually agreed upon by the City, the Corporation, the Trustee and the Underwriters (the "Closing"), the City will, subject to the terms and conditions hereof, cause the Trustee to deliver to the Underwriters, at the offices of The Depository Trust Company, Inc., ("DTC"), in New York, New York, or at such other place as the City, the Trustee and the Underwriters may mutually agree upon, the Certificates in definitive, fully registered form, duly executed and registered in such names as the Underwriters shall request and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Certificates in San Francisco, California as set forth in Section 1 hereof by check or checks payable in immediately available Federal funds. The Certificates will be made available for inspection by DTC at least one business day prior to the Closing.

7. Representation, Warranties & Agreements of the City.

The City hereby represents, warrants and agrees with the Underwriters that:

(A) The City is validly organized and existing as a municipal corporation and charter city under the Constitution and laws of the State of California, with full power to execute, deliver and perform its obligations under the Lease, the Acquisition Agreement, the Escrow Agreement, the Trust Agreement and this Purchase Agreement.

(B) (i) At or prior to the Closing, the City will have taken all action required to be taken by it to authorize the execution and delivery of the Official Statement, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement, and the performance of its obligations hereunder; (ii) the City has full legal right, power and authority to enter into the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement and full legal right, power and authority to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Lease, the Trust Agreement and this Purchase Agreement; (iii) the execution and delivery or adoption of, and the performance by the

City of the obligations contained in, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement have been duly authorized, and such authorization shall be in full force and effect at the time of the Closing; (iv) the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement will at the time of closing, be executed and delivered by, and assuming due authorization execution and delivery by the other parties thereto, constitute valid and legally binding Obligations of the City enforceable in accordance with their respective terms subject, to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights in general, to the application of equitable principles if equitable remedies are judicially sought and to the limitations that may exist on legal remedies against municipalities in the State of California; and (v) the City has duly authorized the consummation by it of all transactions except certain proceedings related to the acquisition and construction of certain Projects contemplated by the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement.

(C) There is not, to any material extent, any consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body required for the issuance, delivery or assignment of the Lease or the consummation of the other transactions affected or contemplated by the Certificates, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Official Statement or hereby, except for the effectiveness of the ordinance adopted December 1, 1987 approvals and consents relating to the buildings and equipment to be acquired with the proceeds and such actions as may be necessary to be taken to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate.

(D) The information relating to the City contained in the Preliminary Official Statement as of its date was, and in the Official Statement is, true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(E) The execution, delivery and performance of this Purchase Agreement, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Lease, and compliance with the provisions hereof and thereof do not to any material extent, conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not to any material extent,

conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

(F) To the best knowledge of the City, as of the time of acceptance hereof, except as described in the Official Statement, no action, suit, proceeding, hearing or investigation is pending or threatened against the City: (i) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or the titles of the officials of the City to such offices; or (ii) seeking to restrain or enjoin the sale, execution or delivery of any of the Certificates, the application of the proceeds of the sale of the Certificates, or the collection of revenues or assets of the City which would have a material adverse effect on the ability of the City to make the Base Rental and Additional Rental Payments provided for in the Lease as the same become due or in any way contesting or affecting the validity or enforceability of the Lease, the Certificates, this Purchase Agreement, the Trust Agreement, the Acquisition Agreement, or the Escrow Agreement, or contesting the powers of the City or its authority with respect to the Lease, the Certificates, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the ability of the City to perform its obligations under the Lease or the consummation of the transactions contemplated by Official Statement, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement, or (b) declare the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement to be invalid or unenforceable in whole or in material part.

(G) Between the date hereof and the Closing, without the prior written consent of the Underwriters, the City will not have issued any bonds or notes or incurred other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(H) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certificates may not be relied upon.

(I) Any certificate signed by any officer of the City and delivered to the Underwriters shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein but not of the person signing the same.

(J) The City is not, to any material extent, in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note,

resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, a default or an event of default under any such instrument, which would materially adversely affect the ability of the City to perform its obligations under the Lease or to consummate the transactions, contemplated by the Official Statement, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement,

(K) If between the date of this Purchase Agreement and the date of the Closing an event occurs of which the City has knowledge, which might or would cause the information relating to the City or the Corporation or any of their functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it is presented, not misleading, the City will notify the Underwriters, and if, in the opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriters in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriters, provided all expenses thereby incurred will be paid for by the City.

#### 8. Covenants of the City.

The City covenants and agrees with the Underwriters that:

(A) The City will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters if and as they may reasonably request in order (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for distribution of the Certificates; provided, however that the City shall not be required to consent to service of process in any jurisdiction;

(B) The proceeds from the sale of the Certificates will be applied by the Trustee at the direction of the City for the purpose of refunding the 1971 Bonds, acquiring and constructing certain facilities and equipment as more fully described in the Official Statement and the Trust Agreement; and

(C) For a period of 90 days after the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Certificates for sale, the City will (i) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriters shall object in writing or which shall be disapproved by the Underwriters and (ii) if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of the Underwriters, to amend or supplement the Official Statement in order to make the statements or material contained in the Official Statement not misleading in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, forthwith prepare and furnish (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

9. Representations, Warranties and Agreements of the Corporation.

(A) The Corporation is a non-profit corporation duly organized and validity existing under the laws of the State of California.

(B) The Corporation has full power and authority under its Articles of Incorporation and its by-laws to undertake the acquisition and construction of the Property, as more fully described in the Official Statement, to enter into the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, and this Purchase Agreement and to perform its obligations thereunder, and has taken any and all proceedings and obtained all consents and approvals required in connection therewith by any applicable California law.

(C) The Corporation has duly authorized the execution and delivery of the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement and this Purchase Agreement. The execution and delivery of each such agreement and the performance by the Corporation of its obligations thereunder will not to any material extent conflict with, violate or result in a breach of or constitute a default under any indenture, agreement or other instrument known to the Corporation or by which the Corporation or any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any Federal or State court, at the closing will or governmental body having jurisdiction over the Corporation or any of its property and by which the Corporation or any of its properties may be bound.



(D) The Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, and this Purchase Agreement have been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery by the other parties thereto, will be legal, valid and binding obligations of the Corporation enforceable against it in accordance with their terms subject to bankruptcy, insolvency and other laws affecting creditor's rights generally to the application of equitable projects if acquisition remedies are rough.

(E) To the best knowledge of the Corporation, after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any courts, public board or body pending, or to the knowledge of the Corporation threatened, against or affecting the Corporation challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect, the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, and this Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by the Corporation of any of its obligations thereunder.

(F) The information relating to the Corporation contained in the Preliminary Official Statement as of its date was, and in the Official Statement is, true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

#### 10. Further Conditions of Closing.

The Underwriters have entered into this Purchase Agreement in reliance upon the representations and warranties of the City and the Corporation contained herein and the performance by the City and the Corporation of their obligations hereunder both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Purchase Agreement are and shall be subject, at the option of the Underwriters, to the following further conditions as of the Closing:

(A) The representations and warranties of the City and the Corporation contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true and correct in all material respects at and as of the Closing; and the City and the Corporation shall be in compliance with each of the agreements made by it in this Purchase Agreement;

(B) At the time of the Closing, (i) the Official Statement, the Lease, The Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement, shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriters; and (ii) all actions under applicable law which, in the opinion of Co-Special Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect;

(C) No decision, ruling or finding shall have been entered against the City or the Corporation by any competent court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside) and, to the best knowledge of the City and the Corporation, no action, suit, proceeding, hearing or investigation shall be pending or threatened against the City or the Corporation which has any of the effects described in clauses (i), (ii) or (iii) of Section 7(F) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(D) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling or regulation of the Securities and Exchange Commission, shall have been issued or made with the purpose or effect of prohibiting the execution, offering or sale of the Certificates, as contemplated hereby, and no legislation shall have been enacted, or a bill favorably reported for adoption, or a decision by a court established under Article III of the Constitution of the United States rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or issued, to the effect that the Certificates, or any securities of the City or of any similar body of the type contemplated herein, are not exempt from the registration requirements of the Securities Act of 1933, as amended and as then in effect, or are not exempt from the qualification requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or are otherwise in violation of the Federal securities laws, as amended and as then in effect;

(E) At or prior to the Closing, the Underwriters shall receive five copies of the executed Acquisition Agreement, Lease, Assignment Agreement, Escrow Agreement and Trust Agreement and five copies of the following documents in each case dated on and as of the date of Closing and satisfactory in form and substance to the Underwriters:

(1) An approving opinion of Co-Special Counsel, as to the Certificates, addressed to the City and with a reliance letter addressed to the Underwriters, substantially in the form attached to the Official Statement as Appendix C;

(2) A supplementary opinion of Co-Special Counsel, addressed to the City and the Underwriters, to the effect that: (i) the statements in the Official Statement on the cover page relating to tax exemption, description of the Certificates and security for the Certificates, and statements under the captions "Introduction," "The Certificates," "Security and Sources of Payment for the Certificates," and "Tax Exemption," and the information contained in Appendix B and Appendix C to the Official Statement taken together are, to the extent they purport to summarize the Certificates, the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, the Escrow Agreement and the opinion of such counsel present an accurate summary of such documents for purposes of use in the Official Statement; (ii) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) the Resolution authorizing the 1971 Bonds, has been fully discharged;

(3) A certificate signed by an appropriate City official to the effect that (i) the representations, agreements and warranties of the City herein are true and correct in all material respects as of the date of this Purchase Agreement and at and as of the date of Closing; (ii) the City has complied with all the terms of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement to be complied with by the City prior to or concurrently with the Closing and such documents are in full force and effect; (iii) no referendum petition was filed on or prior to December 31, 1987, with respect to the City ordinance approving the Lease; (iv) at and as of the Closing, no decision, ruling or finding has been entered against the City by any competent court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside) and to the best knowledge of the City, no action, suit, proceeding, hearing or investigation is pending or threatened against the City which has any of the affects described in clauses (i), (ii) or (iii) of Section 7(I) hereof or contesting in any way the completeness or accuracy of the Official Statement; and (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact or omit any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(4) A non-arbitrage certificate of the City, in form satisfactory to Co-Special Counsel signed by an appropriate officer of the City;

(5) Evidence satisfactory to the Underwriters that the Certificates have been rated not less than "Aa" by Moody's Investors Service, and "At" by Standard & Poor's Corporation, and that neither of such ratings has been revoked, suspended or downgraded;



(6) An opinion of the City Attorney, covering the matters substantially as set forth in Appendix B hereto;

(7) An opinion of counsel to the Trustee, covering the matters substantially as set forth in Appendix C hereto;

(8) A certificate signed by an authorized official of the Trustee to the effect that:

(i) The Trustee is a national bank duly organized and in good standing under the laws of the United States and has all necessary legal power and authority to enter into and perform its duties under the Trust Agreement, the Assignment Agreement and the Escrow Agreement.

(ii) The Trustee is duly authorized to enter into the Trust Agreement, the Assignment Agreement and the Escrow Agreement and to execute and deliver the Certificates to the Underwriters pursuant to the terms of the Trust Agreement and this Purchase Agreement, and the Trust Agreement, the Assignment Agreement, and the Escrow Agreement have been duly authorized, executed and delivered, and constitute legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms, subject to insolvency and other laws affecting the enforcement of creditors' rights in general, and to the application of equitable principles if equitable remedies are judicially sought, and the Certificates have been validly executed and delivered by the Trustee.

(iii) The execution and delivery of the Trust Agreement, the Assignment Agreement, and the Escrow Agreement and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement which the Trustee is subject or by which it is bound. No representation or warranty need be made as to any state or Federal securities laws, or the tax consequences of any payment on any Certificates of any Federal, state or local tax law;

(9) An opinion, of co-counsel to the Underwriters, addressed to the Underwriters, to the effect that without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to their attention which has led them to believe that the Official Statement (other than the financial and statistical information contained therein as to which such co-counsel need express no view) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(10) An opinion of Counsel to the Corporation, covering the matters substantially as set forth in Appendix D hereto;

(11) The manually signed consent of Touche Ross & Co. to inclusion of their opinion dated March 27, 1987, on the City's financial statements in the Preliminary Official Statement and the Official Statement;

(12) A report of Ernest & Winney, to the effect that it has verified the accuracy of (i) the mathematical computations of the adequacy of the maturing principal amounts of the United States Treasury obligations to be held in escrow by the Trustee together with the interest earned and to be earned thereon to make full and timely payment of all principal and interest due with respect to the 1971 Bonds to and including their respective maturity dates; and (ii) the mathematical computations of actuarial yield of the Certificates and the United States Treasury obligations supporting the conclusion of Co-Special Counsel that the interest portion of the Base Rental Payments to be made by the City under the Lease and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes; such mathematical computations to be based upon information provided to Ernest & Winney by the City and the Underwriters; and

(13) Such additional legal opinions, certificates, accountant's comfort letters, proceedings, instruments and other documents as the Underwriters or Co-Special Counsel may reasonably request to evidence compliance by the City and the Corporation with all applicable legal requirements and the truth and accuracy, as of the Closing, of the representations of the City and the Corporation contained herein and in the Official Statement and the due performance or satisfaction by the City and the Corporation at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City and the Corporation.

(F) At or prior to the Closing, the Underwriters shall be provided with a certificate of an independent insurance consultant employed by the City or with other evidence satisfactory to the Underwriters that all insurance policies required under the Lease and the Trust Agreement have been issued in form, substance and scope of coverage acceptable to the Underwriters, and that any self-insurance provided by the City meets the requirements of the Lease and the Trust Agreement.

#### 11. Termination.

(a) If the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriters at, or at any time prior to, the Closing. Notice of such cancellation shall be given to the City and the Corporation in writing, or by telephone or telegraph confirmed in writing. Upon any such termination neither the City, the Corporation nor the

Underwriters shall be under any further obligation hereunder, except that: (i) the Good Faith Check shall immediately be returned to PaineWebber Incorporated by the City; and (ii) the respective obligations of the City and the Underwriters set forth in Section 13 hereof shall continue in full force and effect. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the City and the Corporation hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Underwriters in writing at their sole discretion.

(b) The Underwriters shall have the right to cancel their obligation under this Purchase Agreement to purchase the Certificates, by written notice to the City, if between the date hereof and the Closing: (i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriters, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (ii) the market for the Certificates or the market price of the Certificates or the ability of the Underwriters to enforce contracts for the sale of the Certificates shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriters, by (a) legislation enacted by the Congress of the United States, or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration or proposed by any member of any Committee of such House, or by the legislature of the State of California (the "State"), or a decision rendered by a court of the United States or the State or by the United States Tax Court, or a ruling, order, or regulation (final or temporary) made by the Treasury Department of the United States or the Internal Revenue Service or other Federal or State authority, which would have the effect of changing, directly or indirectly, the Federal income tax consequences or State tax consequences of interest on obligations of the general character of the Lease or the Certificates in the hands of the Owners thereof, or (b) any new outbreak of hostilities or escalation of existing hostilities or other national or international calamity or crisis, or (c) a general suspension of trading on the New York Stock Exchange, or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (d) a general banking moratorium declared by either Federal or State of California or State of New York authorities having jurisdiction; (iii) there shall have occurred any change in or affecting the City, the Corporation, the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, the Escrow Agreement, the

Certificates or the taxes, income, revenue, cash receipts and other moneys available for payment of interest on and principal due with respect to the Lease or the Certificates, which change, in the reasonable opinion of the Underwriters, materially and adversely affects the ability of the Underwriters to market the Certificates or the market price for the Certificates; or (iv) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable opinion of the Underwriters, materially and adversely affect the ability of the Underwriters to market the Certificates or the market price for the Certificates.

12. Conditions to Obligations of the City and the Corporation.

The performance by the City and the Corporation of their obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder; (ii) the occurrence of the statement set forth in Section 10(E)(3)(i); and (iii) receipt by the City, the Corporation and the Underwriters of opinions and certificates being delivered at the Closing by persons and entities other than the City or the Corporation.

13. Expenses.

(a) Unless the Underwriters default upon their obligations hereunder, the City shall, except as set forth in Section 13(b) hereof, pay any expenses incident to the performance of the City's obligations hereunder, including but not limited to the following: (i) the cost of preparation and reproduction of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, and the Escrow Agreement; (ii) the cost of the preparation, printing and delivery of the Certificates; (iii) the fees, if any, for Certificate ratings; (iv) the fees and disbursements of Orrick, Herrington & Sutcliffe and Arnette & Hastie, Co-Special Counsel for the City; (v) the fees and disbursements of Touche Ross & Co.; (vi) the fees and disbursements of the Trustee and of Trustee's counsel; (vii) the fees and disbursements of any other accountants, attorneys, and other experts or consultants or advisors retained by the City; (viii) the premium for Certificate Insurance, if any; and (ix) any other costs and disbursements incurred by it in connection with the transaction.

(b) The Underwriters shall pay (i) the fees, costs and disbursements of Mudge Rose Guthrie Alexander & Ferdon and Harrison, Taylor & Bazile, Co-Counsel to the Underwriters, and any other counsel retained by the Underwriters in connection with the purchase and sale of the Certificates pursuant hereto; (ii) the fee payable to the California Debt Advisory Commission with respect to the sale of the Certificates; (iii) all other expenses incurred by the Underwriters in connection with the public

offering and distribution of the Certificates; (iv) the cost of the printing and distribution of the Preliminary Official Statement and the final Official Statement; and (v) qualify the 1987 Certificates for sale under any "Blue Sky" laws.

14. Notices.

Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing as follows:

If to the City:

City of Sacramento  
City Treasurer  
800 10th Street, Suite 1  
Sacramento, California 95814

If to the Corporation:

Sacramento City Public Facilities Financing Corp.  
Post Office Box  
Sacramento, California 95610  
Attention:

If to the Underwriters:

Painewebber Incorporated  
100 California Street, 12th Floor  
San Francisco, California 94111  
Attention: Ashford Wood

15. Indemnification.

To the extent permitted by law, the City agrees to indemnify the Underwriters (including each person, if any, controlling the Underwriters within the meaning of the Securities Act of 1933, as amended) and hold the Underwriters harmless against any loss, damage, claim, liability or expense (including reasonable cost of defense) arising out of or based upon any allegation that the Official Statement includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the City shall have no such obligations to indemnify or hold the Underwriters harmless with respect to any information provided in writing to the City by the Underwriters. The Underwriters when seeking indemnification hereunder shall notify the City within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon the Underwriters, but failure to notify the City of any such claim shall not relieve it from any liability which it

may have to the Underwriters otherwise on account of the indemnity agreement contained in this Section 15 except to the extent that the City shall establish that it was prejudiced in the defense of such action as a result of such delayed notification. The City will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but, if the City elects to assume the defense, such defense shall be conducted by counsel chosen by it. In the event the City elects to assume the defense of any such suit and retains such counsel, the Underwriters as defendants in the suit may retain additional counsel, in which case the Underwriters may retain one attorney or firm of attorneys, chosen by it in its sole discretion, as its counsel, and the City shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel where the underwriter asserts defenses available to it which may not be available to the City. The indemnification provisions of this Section 15 shall be in addition to any liability which the City might otherwise have.

16. Parties in Interest; Survival of Representations and Warranties.

This Purchase Agreement when accepted by the City and the Corporation in writing as heretofore specified shall constitute the entire agreement among the City, the Corporation and the Underwriters and is made solely for the benefit of the City, the Corporation, and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the City and the Corporation in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of, and payment by the Underwriters for, the Certificates hereunder, and (c) any termination of this Purchase Agreement. The Term "successors or assigns" as used in this Section 16 shall not include any purchaser of Certificates, as such purchaser, from the Underwriters.

17. Execution in Counterparts.

This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.



18. Applicable Law.

This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Very truly yours,

PAINWEBBER INCORPORATED  
STONE & YOUNGBERG  
CRANSTON/PRESCOTT  
a Division of Prescott, Ball  
& Turben, Inc.

BY: PAINWEBBER INCORPORATED

/s/ ASHFORD WOOD  
Vice President

The foregoing is hereby agreed to  
and accepted as of the date first  
above written:

CITY OF SACRAMENTO

SACRAMENTO CITY PUBLIC FACILITIES  
FINANCE CORPORATION

/s/ ANNE RUDIN  
Mayor

/s/ R. BURNETT MILLER  
President

/s/ WALTER J. SLIPE  
City Manager

ATTEST:

/s/ LORRAINE MAGANA  
City Clerk

/s/ LORRAINE MAGANA  
Secretary

APPROVED AS TO FORM:

/s/ JAMES P. JACKSON  
City Attorney



## APPENDIX B

### Points to be Covered in Opinion of the City Attorney

(1) The City is a charter city duly organized and existing under the Constitution and laws of the State of California.

(2) The proceedings authorizing the sale and lease of the Property, and the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Official Statement and the Purchase Agreement have been duly adopted by the City in accordance with all requirements of California law and the City Charter and all procedural rules of the City and are in full force and effect on the date of such opinion.

(3) The Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City enforceable against it in accordance with their terms, and the Official Statement has been duly authorized, executed and delivered by the City.

(4) The City has duly authorized the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement, and all actions necessary or appropriate, by the date of this opinion, to carry out and consummate the transactions contemplated thereby, and the making and performance of each such agreement, the taking of all actions in carrying out and consummating the transactions contemplated thereby and by the Official Statement, the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement, and the performance by the City of its obligations thereunder will not conflict with, violate or result in a breach of or constitute a default under any indenture, agreement or other instrument by which the City or any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the City or any of its property and by which the City or any of its properties may be bound.

(5) To the best of his knowledge after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any court, public board or body pending, or to his knowledge threatened, against or affecting the City challenging the validity of, or in which an unfavorable decision, ruling or finding would adversely affect, the Lease, the Trust Agreement, the Acquisition

Agreement, the Escrow Agreement, and the Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by the City of any of its obligations thereunder or hereunder.

(6) Nothing has come to his attention which causes him to believe that the information contained under the following headings of the Official Statement other than financial information as to which he need not express any opinion, is not true and correct or contains any untrue Statement of a material fact or omits to state a material fact, necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading: "The Sacramento Community Center, "The Project", "The City of Sacramento," "The City's Economy," "Constitutional and Statutory Limits on Taxes and Appropriations," "The Authority", "Litigation" and information relating to the same under "Introduction".

Enforceability of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement may be said to be limited by bankruptcy, insolvency, moratorium or other similar laws relating to the enforcement of creditors' rights, and by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require, or may require, enforcement by a court of equity.

## APPENDIX C

### Points to be Covered in Opinion of Trustee Counsel

(1) The Trustee is a duly organized and validly existing national bank and has full legal authority to assume and carryout, the obligation it undertakes, pursuant to the Trust Agreement and the authorization, execution and delivery of the Trust Agreement, by the Trustee, does not violate any law or agreement by which the Trustee is bound.

(2) The Trust Agreement, the Certificates, the Assignment Agreement and the Escrow Agreement have each been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, are valid and binding obligations of the Trustee in its capacity as Trustee or Escrow Agent enforceable in accordance with their terms except insofar as enforcement thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws or judicial decisions affecting the rights of creditors generally or by the application of usual equitable principles where equitable remedies are sought).

Counsel need express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, may specifically express no opinion as to the status of the Certificates or the interest thereon under (i) any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, or any state securities or "Blue Sky" law, or (ii) any federal, state or local tax law.

#### APPENDIX D

##### Points to be covered in Opinion of Counsel to the Corporation

1. The Corporation is a non-profit corporation duly organized and validly existing under the laws of the State of California.

2. The Corporation has full power and authority under its Articles of Incorporation, by-laws and laws of the State of California to undertake the acquisition of the Property, to enter into the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement and to perform its obligations thereunder, and has taken any and all proceedings and obtained all consents and approvals required in connection therewith by any applicable California law.

3. The Corporation has duly authorized the execution and delivery of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement. The execution and delivery of each such agreement and the performance by the Corporation of its obligations thereunder will not conflict with, violate or result in a breach of or constitute a default under any indenture, Agreement or other instrument known to the Corporation by which the Corporation for any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the Corporation or any of its property any by which the Corporation or any of its properties may be bound.

4. The Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the Corporation and are legal, valid and binding obligations of the Corporation enforceable against it in accordance with their terms.

5. To the best of such Counsel's knowledge, after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any courts, public board or body pending, or to his knowledge threatened, against or affecting the Corporation challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect, the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, and the Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by the Corporation of any of its obligations thereunder.

Enforceability of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement may be said to be limited by bankruptcy, insolvency, moratorium or other similar laws relating to the enforcement of creditors' rights and by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require, or may require, enforcement by a court of equity.

CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION

1987 REFUNDING AND NEW MONEY ISSUES COMBINED

COST REPORT

DATE	MATURITY	COUPON	YIELD	PRICE	TOTAL COST
08/01/88					0.00
08/01/89	715,000.00	5.500	5.500	100.000	715,000.00
08/01/90	755,000.00	5.800	5.800	100.000	755,000.00
08/01/91	800,000.00	6.000	6.000	100.000	800,000.00
08/01/92	850,000.00	6.200	6.200	100.000	850,000.00
08/01/93	900,000.00	6.400	6.400	100.000	900,000.00
08/01/94	960,000.00	6.600	6.600	100.000	960,000.00
08/01/95	1,020,000.00	6.800	6.800	100.000	1,020,000.00
08/01/96	1,090,000.00	7.000	7.000	100.000	1,090,000.00
08/01/97	1,165,000.00	7.100	7.100	100.000	1,165,000.00
08/01/98	1,250,000.00	7.250	7.250	100.000	1,250,000.00
08/01/99	1,340,000.00	7.400	7.400	100.000	1,340,000.00
08/01/00	1,440,000.00	7.500	7.500	100.000	1,440,000.00
08/01/01	1,550,000.00	7.600	7.600	100.000	1,550,000.00
08/01/02	1,665,000.00	7.700	7.700	100.000	1,665,000.00
08/01/03	1,795,000.00	8.000	8.084	99.250	1,781,537.50
08/01/04	1,940,000.00	8.000	8.082	99.250	1,925,450.00
08/01/05	2,095,000.00	8.000	8.080	99.250	2,079,287.50
08/01/06	2,260,000.00	8.250	8.250	100.000	2,260,000.00
08/01/07	2,445,000.00	8.250	8.250	100.000	2,445,000.00
08/01/08	2,650,000.00	8.250	8.250	100.000	2,650,000.00
08/01/09	2,865,000.00	8.250	8.250	100.000	2,865,000.00
08/01/10	3,105,000.00	8.250	8.250	100.000	3,105,000.00
08/01/11	3,360,000.00	8.250	8.250	100.000	3,360,000.00
08/01/12	3,635,000.00	8.250	8.250	100.000	3,635,000.00
	41,650,000.00				41,606,275.00
Discount:	43,725.00				

CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION

1987 REFUNDING AND NEW MONEY ISSUES COMBINED

DEBT SERVICE REPORT

DATE	PRINCIPAL	COUPON	INTEREST	ACCRETION	TOTAL
08/01/88			2,146,493.33		2,146,493.33
08/01/89	715,000.00	5.500	3,219,740.00	0.00	3,934,740.00
08/01/90	755,000.00	5.800	3,180,415.00	0.00	3,935,415.00
08/01/91	800,000.00	6.000	3,136,625.00	0.00	3,936,625.00
08/01/92	850,000.00	6.200	3,088,625.00	0.00	3,938,625.00
08/01/93	900,000.00	6.400	3,035,925.00	0.00	3,935,925.00
08/01/94	960,000.00	6.600	2,978,325.00	0.00	3,938,325.00
08/01/95	1,020,000.00	6.800	2,914,965.00	0.00	3,934,965.00
08/01/96	1,090,000.00	7.000	2,845,605.00	0.00	3,935,605.00
08/01/97	1,165,000.00	7.100	2,769,305.00	0.00	3,934,305.00
08/01/98	1,250,000.00	7.250	2,686,590.00	0.00	3,936,590.00
08/01/99	1,340,000.00	7.400	2,593,965.00	0.00	3,935,965.00
08/01/00	1,440,000.00	7.500	2,496,805.00	0.00	3,936,805.00
08/01/01	1,550,000.00	7.600	2,388,805.00	0.00	3,938,805.00
08/01/02	1,665,000.00	7.700	2,271,005.00	0.00	3,936,005.00
08/01/03	1,795,000.00	8.000	2,142,800.00	0.00	3,937,800.00
08/01/04	1,940,000.00	8.000	1,999,200.00	0.00	3,939,200.00
08/01/05	2,095,000.00	8.000	1,844,000.00	0.00	3,939,000.00
08/01/06	2,260,000.00	8.250	1,676,400.00	0.00	3,936,400.00
08/01/07	2,445,000.00	8.250	1,489,950.00	0.00	3,934,950.00
08/01/08	2,650,000.00	8.250	1,288,237.50	0.00	3,938,237.50
08/01/09	2,865,000.00	8.250	1,069,612.50	0.00	3,934,612.50
08/01/10	3,105,000.00	8.250	833,250.00	0.00	3,938,250.00
08/01/11	3,360,000.00	8.250	577,087.50	0.00	3,937,087.50
08/01/12	3,635,000.00	8.250	299,887.50	0.00	3,934,887.50
	41,650,000.00		54,975,618.33	0.00	96,625,618.33

Dated Date: 12/01/87  
Delivery Date: 01/07/88

Accrued Interest: 321,974.00

CONFIRMATION AGREEMENT

PaineWebber Incorporated ("PaineWebber"), 1285 Avenue of the Americas, New York, New York 10019, hereby sells and confirms the purchase by the City of Sacramento ("Client"), c/o City Treasurer, 800 10th Street Suite 1, Sacramento, CA 95814, of \$10,812,000.00 par value of certain securities, among those identified on the attachment for a total purchase price of \$3,729,331.88 for settlement on 01/07/88 subject only to a) the closing of the transaction, and b) PaineWebber's right to select the particular securities among those listed on the attached Portfolio Selection Schedule to constitute the above amount for delivery upon settlement date, as well as providing temporary substitute securities of any not available on settlement date.

This transaction is made subject to the rules, and regulations on the market on which it is made and subject to applicable federal or state statutes, if any.

This agreement is governed by the laws of the State of New York and may only be amended by a writing signed by both parties and shall be binding upon and inure to the benefit of the successors and assigns of the parties.

PaineWebber Incorporated

City of Sacramento  
c/o City Treasurer

/s/ ASHFORD WOOD

/s/ THOMAS P. FRIERY

Dated: 12-8-87

Dated: 12-9-87

ocrtools/purchase

Revised : 1/5/88



SCHEDULE I

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest</u> <u>Rate</u>
1989	\$ 715,000.00	5.50%
1990	755,000.00	5.80
1991	800,000.00	6.00
1992	850,000.00	6.20
1993	900,000.00	6.40
1994	960,000.00	6.60
1995	1,020,000.00	6.80
1996	1,090,000.00	7.00
1997	1,165,000.00	7.10
1998	1,250,000.00	7.25
1999	1,340,000.00	7.40
2000	1,440,000.00	7.50
2001	1,550,000.00	7.60
2002	1,665,000.00	7.70
2005	5,830,000.00	8.00
2012	<u>20,320,000.00</u>	8.25
TOTAL	<u>\$41,650,000.00</u>	

Lorraine

\$ 41,650,000 *WJS*

City of Sacramento

Certificates of Participation  
(1987 Public Facilities Project)

Representing a Proportionate Undivided Interest of the  
Owners thereof in  
Rental Payments to be Made by the  
City of Sacramento

Purchase Agreement

City Council  
City of Sacramento  
Sacramento, California

December 8, 1987

Board of Directors  
Sacramento City Public Facilities Financing Corp.  
Sacramento, California

*WJS*

City Agreement No. 87144

Ladies and Gentlemen:

The undersigned (hereinafter called the "Underwriters") offer to enter into the following agreement with the City of Sacramento, California (the "City") and the Sacramento City Public Facilities Financing Corporation (the "Corporation") which, upon the City's and the Corporation's acceptance, will be binding upon the City, the Corporation and the Underwriters. This offer is made subject to the City's written acceptance hereof on or before 5:00 p.m., Sacramento time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the City at any time prior to the acceptance hereof by the City.

Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings as are set forth in the Official Statement hereinafter mentioned.

Pursuant to the Lease, the City is obligated to make certain Base Rental Payments to the Corporation for the use and occupancy of the Property. Pursuant to the Assignment Agreement, the Corporation will assign without recourse all its rights to receive the Base Rental Payments scheduled to be paid by the City under and pursuant to the Lease to the Trustee. Pursuant to the Trust Agreement, the Trustee will execute and deliver *WJS* \$41,650,000 aggregate principal amount of the City of Sacramento, Certificates of Participation (1987 Public Facilities Project) (the "Certificates"), in exchange for the purchase price therefore and apply such proceeds for the purposes set forth in the Trust Agreement. Said proceeds are to be used to refinance the obligation of the City relating to the Community Center and to finance the acquisition and installation of projects related to the health, safety and welfare of the

City Clerk's Copy

City Agreement No. 87144

citizens of the City of Sacramento and the municipal operations and purposes of the City.

1. Purchase of the Certificates.

(a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase for reoffering to the public, and the City hereby agrees to cause the Trustee to execute and deliver to the Underwriters for such purpose, all (but not less than all) of \$ 41,650,000 aggregate principal amount of the Certificates, representing proportionate undivided interests in the Base Rental Payments payable by the City under the Lease.

The purchase price to be paid by the Underwriters for the Certificates shall be \$ 40,902,842.40 (such amount representing the aggregate principal amount of the Certificates less underwriters' discount of \$ 703,432.10) plus accrued interest to the date of delivery.

an original issue discount  
of \$ 43,925 and an *agw*

(b) Good Faith Check. Delivered to you herewith is a check payable to the order of the City in San Francisco Clearing House funds in the amount of Four Hundred Thousand Dollars (\$400,000) (such amount being hereinafter referred to as the "Good Faith Check"). In the event that the City does not accept this Offer, the Good Faith Check shall be immediately returned to PaineWebber Incorporated. In the event that the City does accept this offer, the City shall retain the Good Faith Check uncashed as security for the performance by the Underwriters of their obligations hereunder to purchase, accept delivery of and pay for the Certificates at the Closing and, in the event of the Underwriters' performance of such obligations, shall return the Good Faith Check to PaineWebber Incorporated at the Closing. In the event the City fails to deliver the Certificates at the Closing, or in the event the City is unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Certificates as set forth in this Purchase Agreement (unless waived by the Underwriters), or in the event such obligations of the Underwriters are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Good Faith Check shall immediately be returned to PaineWebber Incorporated, and the Underwriters shall have no further rights against the City. The Underwriters and the City recognize that the City will suffer financial loss in the event that the Underwriters default in their obligation to purchase the Certificates hereunder, the exact amount of which loss would be impracticable to ascertain, and that the Good Faith Check represents a reasonable estimate, made in good faith, of such loss in accordance with California Civil Code Section 1671; therefore, the Underwriters and the City agree that in the event the Underwriters fail (other than for a

reason permitted hereunder) to purchase, accept delivery of and pay for the Certificates at the Closing as herein provided, the Good Faith Check shall be cashed and the proceeds retained by the City as and for full, liquidated damages (and not as a penalty) for such failure and for any defaults hereunder on the part of the Underwriters and, except as set forth in Section 11 hereof, neither party hereto shall have any further rights against the other hereunder.

## 2. The Certificates.

The Certificates will be executed and delivered in the aggregate principal amount of \$41,650,000, and will be prepared in registered form, in denominations as authorized by the Trust Agreement and designated by the Underwriters. The Certificates will be dated December 1, 1987, and will be payable in the years and in the principal amounts and interest with respect thereto shall be payable at the rates shown in Schedule I to this Purchase Agreement.

Interest due with respect to the Certificates will be computed on a 30-day month, 12-month, 360-day year basis. The Certificates will be subject to optional and mandatory redemption prior to maturity as provided in the Trust Agreement and shall be otherwise as described in, and shall be issued and secured pursuant to, the provisions of the Trust Agreement.

## 3. Use of Documents.

The City hereby authorizes the Underwriters to use, in connection with the offer and sale of the Certificates, this Purchase Agreement, the Preliminary Official Statement of the City dated December 1, 1987, relating to the Certificates and the Official Statement relating to the Certificates authorized by the City to be prepared (which, together with all appendices thereto and with such changes herein and supplements thereto as are consented to by the Underwriters, is herein called the "Official Statement"), the Acquisition Agreement, the Lease, the Trust Agreement, the Escrow Agreement and all information contained herein and therein and all of the documents, certificates or statements furnished by the City or to the Underwriters in connection with the transactions contemplated by this Purchase Agreement.

## 4. Public Offering of the Certificates.

The Underwriters agree to make a bona fide public offering of all the Certificates at the initial public offering prices or yields to be set forth on the cover page of the Official Statement, subject to discounts and concessions as described in the Official Statement. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Certificates.

5. Delivery of Official Statement.

At the Closing the City shall deliver to the Underwriters five executed copies of the Official Statement in the form satisfactory to the Underwriters and as promptly as practical hereafter, such reasonable number of conformed copies as the Underwriters shall Request.

6. Closing.

At 8:00 a.m., San Francisco time, on January 7, 1988 or at such other time or on such later date as shall have been mutually agreed upon by the City, the Corporation, the Trustee and the Underwriters (the "Closing"), the City will, subject to the terms and conditions hereof, cause the Trustee to deliver to the Underwriters, at the offices of The Depository Trust Company, Inc., ("DTC"), in New York, New York, or at such other place as the City, the Trustee and the Underwriters may mutually agree upon, the Certificates in definitive, fully registered form, duly executed and registered in such names as the Underwriters shall request and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Certificates in San Francisco, California as set forth in Section 1 hereof by check or checks payable in immediately available Federal funds. The Certificates will be made available for inspection by DTC at least one business day prior to the Closing.

7. Representation, Warranties & Agreements of the City.

The City hereby represents, warrants and agrees with the Underwriters that:

(A) The City is validly organized and existing as a municipal corporation and charter city under the Constitution and laws of the State of California, with full power to execute, deliver and perform its obligations under the Lease, the Acquisition Agreement, the Escrow Agreement, the Trust Agreement and this Purchase Agreement.

(B) (i) At or prior to the Closing, the City will have taken all action required to be taken by it to authorize the execution and delivery of the Official Statement, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement, and the performance of its obligations hereunder; (ii) the City has full legal right, power and authority to enter into the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement and full legal right, power and authority to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Lease, the Trust Agreement and this Purchase Agreement; (iii) the execution and delivery or adoption of, and the performance by the

City of the obligations contained in, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement have been duly authorized, and such authorization shall be in full force and effect at the time of the Closing; (iv) the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement will at the time of closing, be executed and delivered by, and assuming due authorization execution and delivery by the other parties thereto, constitute valid and legally binding Obligations of the City enforceable in accordance with their respective terms subject, to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights in general, to the application of equitable principles if equitable remedies are judicially sought and to the limitations that may exist on legal remedies against municipalities in the State of California; and (v) the City has duly authorized the consummation by it of all transactions except certain proceedings related to the acquisition and construction of certain Projects contemplated by the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement.

(C) There is not, to any material extent, any consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body required for the issuance, delivery or assignment of the Lease or the consummation of the other transactions affected or contemplated by the Certificates, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Official Statement or hereby, except for the effectiveness of the ordinance adopted December 1, 1987 approvals and consents relating to the buildings and equipment to be acquired with the proceeds and such actions as may be necessary to be taken to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate.

(D) The information relating to the City contained in the Preliminary Official Statement as of its date was, and in the Official Statement is, true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(E) The execution, delivery and performance of this Purchase Agreement, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Lease, and compliance with the provisions hereof and thereof do not to any material extent, conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not to any material extent,



conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

(F) To the best knowledge of the City, as of the time of acceptance hereof, except as described in the Official Statement, no action, suit, proceeding, hearing or investigation is pending or threatened against the City: (i) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or the titles of the officials of the City to such offices; or (ii) seeking to restrain or enjoin the sale, execution or delivery of any of the Certificates, the application of the proceeds of the sale of the Certificates, or the collection of revenues or assets of the City which would have a material adverse effect on the ability of the City to make the Base Rental and Additional Rental Payments provided for in the Lease as the same become due or in any way contesting or affecting the validity or enforceability of the Lease, the Certificates, this Purchase Agreement, the Trust Agreement, the Acquisition Agreement, or the Escrow Agreement, or contesting the powers of the City or its authority with respect to the Lease, the Certificates, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the ability of the City to perform its obligations under the Lease or the consummation of the transactions contemplated by Official Statement, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement, or (b) declare the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement to be invalid or unenforceable in whole or in material part.

(G) Between the date hereof and the Closing, without the prior written consent of the Underwriters, the City will not have issued any bonds or notes or incurred other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(H) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certificates may not be relied upon.

(I) Any certificate signed by any officer of the City and delivered to the Underwriters shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein but not of the person signing the same.

(J) The City is not, to any material extent, in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note,

resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, a default or an event of default under any such instrument, which would materially adversely affect the ability of the City to perform its obligations under the Lease or to consummate the transactions, contemplated by the Official Statement, the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, or this Purchase Agreement,

(K) If between the date of this Purchase Agreement and the date of the Closing an event occurs of which the City has knowledge, which might or would cause the information relating to the City or the Corporation or any of their functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it is presented, not misleading, the City will notify the Underwriters, and if, in the opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriters in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriters, provided all expenses thereby incurred will be paid for by the City.

#### 8. Covenants of the City.

The City covenants and agrees with the Underwriters that:

(A) The City will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters if and as they may reasonably request in order (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for distribution of the Certificates; provided, however that the City shall not be required to consent to service of process in any jurisdiction;

(B) The proceeds from the sale of the Certificates will be applied by the Trustee at the direction of the City for the purpose of refunding the 1971 Bonds, acquiring and constructing certain facilities and equipment as more fully described in the Official Statement and the Trust Agreement; and



(C) For a period of 90 days after the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Certificates for sale, the City will (i) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriters shall object in writing or which shall be disapproved by the Underwriters and (ii) if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of the Underwriters, to amend or supplement the Official Statement in order to make the statements or material contained in the Official Statement not misleading in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, forthwith prepare and furnish (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

9. Representations, Warranties and Agreements of the Corporation.

(A) The Corporation is a non-profit corporation duly organized and validity existing under the laws of the State of California.

(B) The Corporation has full power and authority under its Articles of Incorporation and its by-laws to undertake the acquisition and construction of the Property, as more fully described in the Official Statement, to enter into the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, and this Purchase Agreement and to perform its obligations thereunder, and has taken any and all proceedings and obtained all consents and approvals required in connection therewith by any applicable California law.

(C) The Corporation has duly authorized the execution and delivery of the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement and this Purchase Agreement. The execution and delivery of each such agreement and the performance by the Corporation of its obligations thereunder will not to any material extent conflict with, violate or result in a breach of or constitute a default under any indenture, agreement or other instrument known to the Corporation or by which the Corporation or any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any Federal or State court, at the closing will or governmental body having jurisdiction over the Corporation or any of its property and by which the Corporation or any of its properties may be bound.

(D) The Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, and this Purchase Agreement have been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery by the other parties thereto will be legal, valid and binding obligations of the Corporation enforceable against it in accordance with their terms subject to bankruptcy, insolvency and other laws affecting creditor's rights generally to the application of equitable projects if acquisition remedies are rough.

(E) To the best knowledge of the Corporation, after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any courts, public board or body pending, or to the knowledge of the Corporation threatened, against or affecting the Corporation challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect, the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, and this Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by the Corporation of any of its obligations thereunder.

(F) The information relating to the Corporation contained in the Preliminary Official Statement as of its date was, and in the Official Statement is, true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

#### 10. Further Conditions of Closing.

The Underwriters have entered into this Purchase Agreement in reliance upon the representations and warranties of the City and the Corporation contained herein and the performance by the City and the Corporation of their obligations hereunder both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Purchase Agreement are and shall be subject, at the option of the Underwriters, to the following further conditions as of the Closing:

(A) The representations and warranties of the City and the Corporation contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true and correct in all material respects at and as of the Closing; and the City and the Corporation shall be in compliance with each of the agreements made by it in this Purchase Agreement;

(B) At the time of the Closing, (i) the Official Statement, the Lease, The Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement, shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriters; and (ii) all actions under applicable law which, in the opinion of Co-Special Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect;

(C) No decision, ruling or finding shall have been entered against the City or the Corporation by any competent court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside) and, to the best knowledge of the City and the Corporation, no action, suit, proceeding, hearing or investigation shall be pending or threatened against the City or the Corporation which has any of the effects described in clauses (i), (ii) or (iii) of Section 7(F) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(D) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling or regulation of the Securities and Exchange Commission, shall have been issued or made with the purpose or effect of prohibiting the execution, offering or sale of the Certificates, as contemplated hereby, and no legislation shall have been enacted, or a bill favorably reported for adoption, or a decision by a court established under Article III of the Constitution of the United States rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or issued, to the effect that the Certificates, or any securities of the City or of any similar body of the type contemplated herein, are not exempt from the registration requirements of the Securities Act of 1933, as amended and as then in effect, or are not exempt from the qualification requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or are otherwise in violation of the Federal securities laws, as amended and as then in effect;

(E) At or prior to the Closing, the Underwriters shall receive five copies of the executed Acquisition Agreement, Lease, Assignment Agreement, Escrow Agreement and Trust Agreement and five copies of the following documents in each case dated on and as of the date of Closing and satisfactory in form and substance to the Underwriters:

(1) An approving opinion of Co-Special Counsel, as to the Certificates, addressed to the City and with a reliance letter addressed to the Underwriters, substantially in the form attached to the Official Statement as Appendix C;

(2) A supplementary opinion of Co-Special Counsel, addressed to the City and the Underwriters, to the effect that: (i) the statements in the Official Statement on the cover page relating to tax exemption, description of the Certificates and security for the Certificates, and statements under the captions "Introduction," "The Certificates," "Security and Sources of Payment for the Certificates," and "Tax Exemption," and the information contained in Appendix B and Appendix C to the Official Statement taken together are, to the extent they purport to summarize the Certificates, the Acquisition Agreement, the Lease, the Trust Agreement, the Assignment Agreement, the Escrow Agreement and the opinion of such counsel present an accurate summary of such documents for purposes of use in the Official Statement; (ii) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) the Resolution authorizing the 1971 Bonds, has been fully discharged;

(3) A certificate signed by an appropriate City official to the effect that (i) the representations, agreements and warranties of the City herein are true and correct in all material respects as of the date of this Purchase Agreement and at and as of the date of Closing; (ii) the City has complied with all the terms of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and this Purchase Agreement to be complied with by the City prior to or concurrently with the Closing and such documents are in full force and effect; (iii) no referendum petition was filed on or prior to December 31, 1987, with respect to the City ordinance approving the Lease; (iv) at and as of the Closing, no decision, ruling or finding has been entered against the City by any competent court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside) and to the best knowledge of the City, no action, suit, proceeding, hearing or investigation is pending or threatened against the City which has any of the affects described in clauses (i), (ii) or (iii) of Section 7(I) hereof or contesting in any way the completeness or accuracy of the Official Statement; and (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact or omit any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(4) A non-arbitrage certificate of the City, in form satisfactory to Co-Special Counsel signed by an appropriate officer of the City;

(5) Evidence satisfactory to the Underwriters that the Certificates have been rated not less than "Aa" by Moody's Investors Service, and "At" by Standard & Poor's Corporation, and that neither of such ratings has been revoked, suspended or downgraded;

(6) An opinion of the City Attorney, covering the matters substantially as set forth in Appendix B hereto;

(7) An opinion of counsel to the Trustee, covering the matters substantially as set forth in Appendix C hereto;

(8) A certificate signed by an authorized official of the Trustee to the effect that:

(i) The Trustee is a national bank duly organized and in good standing under the laws of the United States and has all necessary legal power and authority to enter into and perform its duties under the Trust Agreement, the Assignment Agreement and the Escrow Agreement.

(ii) The Trustee is duly authorized to enter into the Trust Agreement, the Assignment Agreement and the Escrow Agreement and to execute and deliver the Certificates to the Underwriters pursuant to the terms of the Trust Agreement and this Purchase Agreement, and the Trust Agreement, the Assignment Agreement, and the Escrow Agreement have been duly authorized, executed and delivered, and constitute legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms, subject to insolvency and other laws affecting the enforcement of creditors' rights in general, and to the application of equitable principles if equitable remedies are judicially sought, and the Certificates have been validly executed and delivered by the Trustee.

(iii) The execution and delivery of the Trust Agreement, the Assignment Agreement, and the Escrow Agreement and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement which the Trustee is subject or by which it is bound. No representation or warranty need be made as to any state or Federal securities laws, or the tax consequences of any payment on any Certificates of any Federal, state or local tax law;

(9) An opinion, of co-counsel to the Underwriters, addressed to the Underwriters, to the effect that without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to their attention which has led them to believe that the Official Statement (other than the financial and statistical information contained therein as to which such co-counsel need express no view) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(10) An opinion of Counsel to the Corporation, covering the matters substantially as set forth in Appendix D hereto;



(11) The manually signed consent of Touche Ross & Co. to inclusion of their opinion dated March 27, 1987, on the City's financial statements in the Preliminary Official Statement and the Official Statement;

(12) A report of Ernest & Winney, to the effect that it has verified the accuracy of (i) the mathematical computations of the adequacy of the maturing principal amounts of the United States Treasury obligations to be held in escrow by the Trustee together with the interest earned and to be earned thereon to make full and timely payment of all principal and interest due with respect to the 1971 Bonds to and including their respective maturity dates; and (ii) the mathematical computations of actuarial yield of the Certificates and the United States Treasury obligations supporting the conclusion of Co-Special Counsel that the interest portion of the Base Rental Payments to be made by the City under the Lease and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes; such mathematical computations to be based upon information provided to Ernest & Winney by the City and the Underwriters; and

(13) Such additional legal opinions, certificates, accountant's comfort letters, proceedings, instruments and other documents as the Underwriters or Co-Special Counsel may reasonably request to evidence compliance by the City and the Corporation with all applicable legal requirements and the truth and accuracy, as of the Closing, of the representations of the City and the Corporation contained herein and in the Official Statement and the due performance or satisfaction by the City and the Corporation at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City and the Corporation.

(F) At or prior to the Closing, the Underwriters shall be provided with a certificate of an independent insurance consultant employed by the City or with other evidence satisfactory to the Underwriters that all insurance policies required under the Lease and the Trust Agreement have been issued in form, substance and scope of coverage acceptable to the Underwriters, and that any self-insurance provided by the City meets the requirements of the Lease and the Trust Agreement.

#### 11. Termination.

(a) If the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriters at, or at any time prior to, the Closing. Notice of such cancellation shall be given to the City and the Corporation in writing, or by telephone or telegraph confirmed in writing. Upon any such termination neither the City, the Corporation nor the

Underwriters shall be under any further obligation hereunder, except that: (i) the Good Faith Check shall immediately be returned to PaineWebber Incorporated by the City; and (ii) the respective obligations of the City and the Underwriters set forth in Section 13 hereof shall continue in full force and effect. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the City and the Corporation hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Underwriters in writing at their sole discretion.

(b) The Underwriters shall have the right to cancel their obligation under this Purchase Agreement to purchase the Certificates, by written notice to the City, if between the date hereof and the Closing: (i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriters, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (ii) the market for the Certificates or the market price of the Certificates or the ability of the Underwriters to enforce contracts for the sale of the Certificates shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriters, by (a) legislation enacted by the Congress of the United States, or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration or proposed by any member of any Committee of such House, or by the legislature of the State of California (the "State"), or a decision rendered by a court of the United States or the State or by the United States Tax Court, or a ruling, order, or regulation (final or temporary) made by the Treasury Department of the United States or the Internal Revenue Service or other Federal or State authority, which would have the effect of changing, directly or indirectly, the Federal income tax consequences or State tax consequences of interest on obligations of the general character of the Lease or the Certificates in the hands of the Owners thereof, or (b) any new outbreak of hostilities or escalation of existing hostilities or other national or international calamity or crisis, or (c) a general suspension of trading on the New York Stock Exchange, or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (d) a general banking moratorium declared by either Federal or State of California or State of New York authorities having jurisdiction; (iii) there shall have occurred any change in or affecting the City, the Corporation, the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, the Escrow Agreement, the

Certificates or the taxes, income, revenue, cash receipts and other moneys available for payment of interest on and principal due with respect to the Lease or the Certificates, which change, in the reasonable opinion of the Underwriters, materially and adversely affects the ability of the Underwriters to market the Certificates or the market price for the Certificates; or (iv) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable opinion of the Underwriters, materially and adversely affect the ability of the Underwriters to market the Certificates or the market price for the Certificates.

12. Conditions to Obligations of the City and the Corporation.

The performance by the City and the Corporation of their obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder; (ii) the occurrence of the statement set forth in Section 10(E)(3)(i); and (iii) receipt by the City, the Corporation and the Underwriters of opinions and certificates being delivered at the Closing by persons and entities other than the City or the Corporation.

13. Expenses.

(a) Unless the Underwriters default upon their obligations hereunder, the City shall, except as set forth in Section 13(b) hereof, pay any expenses incident to the performance of the City's obligations hereunder, including but not limited to the following: (i) the cost of preparation and reproduction of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, and the Escrow Agreement; (ii) the cost of the preparation, printing and delivery of the Certificates; (iii) the fees, if any, for Certificate ratings; (iv) the fees and disbursements of Orrick, Herrington & Sutcliffe and Arnette & Hastie, Co-Special Counsel for the City; (v) the fees and disbursements of Touche Ross & Co.; (vi) the fees and disbursements of the Trustee and of Trustee's counsel; (vii) the fees and disbursements of any other accountants, attorneys, and other experts or consultants or advisors retained by the City; (viii) the premium for Certificate Insurance, if any; and (ix) any other costs and disbursements incurred by it in connection with the transaction.

(b) The Underwriters shall pay (i) the fees, costs and disbursements of Mudge Rose Guthrie Alexander & Ferdon and Harrison, Taylor & Bazile, Co-Counsel to the Underwriters, and any other counsel retained by the Underwriters in connection with the purchase and sale of the Certificates pursuant hereto; (ii) the fee payable to the California Debt Advisory Commission with respect to the sale of the Certificates; (iii) all other expenses incurred by the Underwriters in connection with the public



offering and distribution of the Certificates; (iv) the cost of the printing and distribution of the Preliminary Official Statement and the final Official Statement; and (v) qualify the 1987 Certificates for sale under any "Blue Sky" laws.

14. Notices.

Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing as follows:

If to the City:

City of Sacramento  
City Treasurer  
800 10th Street, Suite 1  
Sacramento, California 95814

If to the Corporation:

Sacramento City Public Facilities Financing Corp.  
Post Office Box  
Sacramento, California 95610  
Attention:

If to the Underwriters:

Painewebber Incorporated  
100 California Street, 12th Floor  
San Francisco, California 94111  
Attention: Ashford Wood

15. Indemnification.

To the extent permitted by law, the City agrees to indemnify the Underwriters (including each person, if any, controlling the Underwriters within the meaning of the Securities Act of 1933, as amended) and hold the Underwriters harmless against any loss, damage, claim, liability or expense (including reasonable cost of defense) arising out of or based upon any allegation that the Official Statement includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the City shall have no such obligations to indemnify or hold the Underwriters harmless with respect to any information provided in writing to the City by the Underwriters. The Underwriters when seeking indemnification hereunder shall notify the City within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon the Underwriters, but failure to notify the City of any such claim shall not relieve it from any liability which it

may have to the Underwriters otherwise on account of the indemnity agreement contained in this Section 15 except to the extent that the City shall establish that it was prejudiced in the defense of such action as a result of such delayed notification. The City will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but, if the City elects to assume the defense, such defense shall be conducted by counsel chosen by it. In the event the City elects to assume the defense of any such suit and retains such counsel, the Underwriters as defendants in the suit may retain additional counsel, in which case the Underwriters may retain one attorney or firm of attorneys, chosen by it in its sole discretion, as its counsel, and the City shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel where the underwriter asserts defenses available to it which may not be available to the City. The indemnification provisions of this Section 15 shall be in addition to any liability which the City might otherwise have.

16. Parties in Interest; Survival of Representations and Warranties.

This Purchase Agreement when accepted by the City and the Corporation in writing as heretofore specified shall constitute the entire agreement among the City, the Corporation and the Underwriters and is made solely for the benefit of the City, the Corporation, and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the City and the Corporation in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of, and payment by the Underwriters for, the Certificates hereunder, and (c) any termination of this Purchase Agreement. The Term "successors or assigns" as used in this Section 16 shall not include any purchaser of Certificates, as such purchaser, from the Underwriters.

17. Execution in Counterparts.

This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. Applicable Law.

This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Very truly yours,

PAINWEBBER INCORPORATED  
STONE & YOUNGBERG  
CRANSTON/PRESCOTT  
a Division of Prescott, Ball  
& Turben, Inc.

BY: PAINWEBBER INCORPORATED

By Oakland O. Wood  
Vice President

The foregoing is hereby agreed to  
and accepted as of the date first  
above written:

CITY OF SACRAMENTO

SACRAMENTO CITY PUBLIC FACILITIES  
FINANCE CORPORATION

By: Anne Ruden  
Mayor

By: R. B. Smith Miller  
President

By: Walter D. Slipp  
City Manager

ATTEST:

By: Louise Magana  
City Clerk

By: Louise Magana  
Secretary

APPROVED AS TO FORM:

By: James P. Jackson  
City Attorney

City Agreement No. 87144

## APPENDIX B

### Points to be Covered in Opinion of the City Attorney

(1) The City is a charter city duly organized and existing under the Constitution and laws of the State of California.

(2) The proceedings authorizing the sale and lease of the Property, and the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, the Official Statement and the Purchase Agreement have been duly adopted by the City in accordance with all requirements of California law and the City Charter and all procedural rules of the City and are in full force and effect on the date of such opinion.

(3) The Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City enforceable against it in accordance with their terms, and the Official Statement has been duly authorized, executed and delivered by the City.

(4) The City has duly authorized the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement, and all actions necessary or appropriate, by the date of this opinion, to carry out and consummate the transactions contemplated thereby, and the making and performance of each such agreement, the taking of all actions in carrying out and consummating the transactions contemplated thereby and by the Official Statement, the execution and delivery of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement, and the performance by the City of its obligations thereunder will not conflict with, violate or result in a breach of or constitute a default under any indenture, agreement or other instrument by which the City or any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the City or any of its property and by which the City or any of its properties may be bound.

(5) To the best of his knowledge after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any court, public board or body pending, or to his knowledge threatened, against or affecting the City challenging the validity of, or in which an unfavorable decision, ruling or finding would adversely affect, the Lease, the Trust Agreement, the Acquisition

Agreement, the Escrow Agreement, and the Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by the City of any of its obligations thereunder or hereunder.

(6) Nothing has come to his attention which causes him to believe that the information contained under the following headings of the Official Statement other than financial information as to which he need not express any opinion, is not true and correct or contains any untrue Statement of a material fact or omits to state a material fact, necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading: "The Sacramento Community Center, "The Project", "The City of Sacramento," "The City's Economy," "Constitutional and Statutory Limits on Taxes and Appropriations," "The Authority", "Litigation" and information relating to the same under "Introduction".

Enforceability of the Lease, the Trust Agreement, the Acquisition Agreement, the Escrow Agreement, and the Purchase Agreement may be said to be limited by bankruptcy, insolvency, moratorium or other similar laws relating to the enforcement of creditors' rights, and by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require, or may require, enforcement by a court of equity.

## APPENDIX C

### Points to be Covered in Opinion of Trustee Counsel

(1) The Trustee is a duly organized and validly existing national bank and has full legal authority to assume and carryout, the obligation it undertakes, pursuant to the Trust Agreement and the authorization, execution and delivery of the Trust Agreement, by the Trustee, does not violate any law or agreement by which the Trustee is bound.

(2) The Trust Agreement, the Certificates, the Assignment Agreement and the Escrow Agreement have each been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, are valid and binding obligations of the Trustee in its capacity as Trustee or Escrow Agent enforceable in accordance with their terms except insofar as enforcement thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws or judicial decisions affecting the rights of creditors generally or by the application of usual equitable principles where equitable remedies are sought).

Counsel need express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, may specifically express no opinion as to the status of the Certificates or the interest thereon under (i) any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, or any state securities or "Blue Sky" law, or (ii) any federal, state or local tax law.

#### APPENDIX D

##### Points to be covered in Opinion of Counsel to the Corporation

1. The Corporation is a non-profit corporation duly organized and validly existing under the laws of the State of California.

2. The Corporation has full power and authority under its Articles of Incorporation, by-laws and laws of the State of California to undertake the acquisition of the Property, to enter into the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement and to perform its obligations thereunder, and has taken any and all proceedings and obtained all consents and approvals required in connection therewith by any applicable California law.

3. The Corporation has duly authorized the execution and delivery of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement. The execution and delivery of each such agreement and the performance by the Corporation of its obligations thereunder will not conflict with, violate or result in a breach of or constitute a default under any indenture, Agreement or other instrument known to the Corporation by which the Corporation for any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the Corporation or any of its property any by which the Corporation or any of its properties may be bound.

4. The Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the Corporation and are legal, valid and binding obligations of the Corporation enforceable against it in accordance with their terms.

5. To the best of such Counsel's knowledge, after due inquiry, except as may be stated in the Official Statement, there is no litigation, proceeding or investigation before or by any courts, public board or body pending, or to his knowledge threatened, against or affecting the Corporation challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect, the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement, and the Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by the Corporation of any of its obligations thereunder.



Enforceability of the Lease, the Trust Agreement, the Assignment Agreement, the Acquisition Agreement and the Purchase Agreement may be said to be limited by bankruptcy, insolvency, moratorium or other similar laws relating to the enforcement of creditors' rights and by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require, or may require, enforcement by a court of equity.

ocrtools/purchase

CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION

1987 REFUNDING AND NEW MONEY ISSUES COMBINED

COST REPORT

DATE	MATURITY	COUPON	YIELD	PRICE	TOTAL COST
08/01/88					0.00
08/01/89	715,000.00	5.500	5.500	100.000	715,000.00
08/01/90	755,000.00	5.800	5.800	100.000	755,000.00
08/01/91	800,000.00	6.000	6.000	100.000	800,000.00
08/01/92	850,000.00	6.200	6.200	100.000	850,000.00
08/01/93	900,000.00	6.400	6.400	100.000	900,000.00
08/01/94	960,000.00	6.600	6.600	100.000	960,000.00
08/01/95	1,020,000.00	6.800	6.800	100.000	1,020,000.00
08/01/96	1,090,000.00	7.000	7.000	100.000	1,090,000.00
08/01/97	1,165,000.00	7.100	7.100	100.000	1,165,000.00
08/01/98	1,250,000.00	7.250	7.250	100.000	1,250,000.00
08/01/99	1,340,000.00	7.400	7.400	100.000	1,340,000.00
08/01/00	1,440,000.00	7.500	7.500	100.000	1,440,000.00
08/01/01	1,550,000.00	7.600	7.600	100.000	1,550,000.00
08/01/02	1,665,000.00	7.700	7.700	100.000	1,665,000.00
08/01/03	1,795,000.00	8.000	8.084	99.250	1,781,537.50
08/01/04	1,940,000.00	8.000	8.082	99.250	1,925,450.00
08/01/05	2,095,000.00	8.000	8.080	99.250	2,079,287.50
08/01/06	2,260,000.00	8.250	8.250	100.000	2,260,000.00
08/01/07	2,445,000.00	8.250	8.250	100.000	2,445,000.00
08/01/08	2,650,000.00	8.250	8.250	100.000	2,650,000.00
08/01/09	2,865,000.00	8.250	8.250	100.000	2,865,000.00
08/01/10	3,105,000.00	8.250	8.250	100.000	3,105,000.00
08/01/11	3,360,000.00	8.250	8.250	100.000	3,360,000.00
08/01/12	3,635,000.00	8.250	8.250	100.000	3,635,000.00
	41,650,000.00				41,606,275.00

Discount: 43,725.00

City Agreement No. 87144

CITY OF SACRAMENTO  
CERTIFICATES OF PARTICIPATION

1987 REFUNDING AND NEW MONEY ISSUES COMBINED

DEBT SERVICE REPORT

DATE	PRINCIPAL	COUPON	INTEREST	ACCRETION	TOTAL
08/01/88			2,146,493.33		2,146,493.33
08/01/89	715,000.00	5.500	3,219,740.00	0.00	3,934,740.00
08/01/90	755,000.00	5.800	3,180,415.00	0.00	3,935,415.00
08/01/91	800,000.00	6.000	3,136,625.00	0.00	3,936,625.00
08/01/92	850,000.00	6.200	3,088,625.00	0.00	3,938,625.00
08/01/93	900,000.00	6.400	3,035,925.00	0.00	3,935,925.00
08/01/94	960,000.00	6.600	2,978,325.00	0.00	3,938,325.00
08/01/95	1,020,000.00	6.800	2,914,965.00	0.00	3,934,965.00
08/01/96	1,090,000.00	7.000	2,845,605.00	0.00	3,935,605.00
08/01/97	1,165,000.00	7.100	2,769,305.00	0.00	3,934,305.00
08/01/98	1,250,000.00	7.250	2,686,590.00	0.00	3,936,590.00
08/01/99	1,340,000.00	7.400	2,595,965.00	0.00	3,935,965.00
08/01/00	1,440,000.00	7.500	2,496,805.00	0.00	3,936,805.00
08/01/01	1,550,000.00	7.600	2,388,805.00	0.00	3,938,805.00
08/01/02	1,665,000.00	7.700	2,271,005.00	0.00	3,936,005.00
08/01/03	1,795,000.00	8.000	2,142,800.00	0.00	3,937,800.00
08/01/04	1,940,000.00	8.000	1,999,200.00	0.00	3,939,200.00
08/01/05	2,095,000.00	8.000	1,844,000.00	0.00	3,939,000.00
08/01/06	2,260,000.00	8.250	1,676,400.00	0.00	3,936,400.00
08/01/07	2,445,000.00	8.250	1,489,950.00	0.00	3,934,950.00
08/01/08	2,650,000.00	8.250	1,288,237.50	0.00	3,938,237.50
08/01/09	2,865,000.00	8.250	1,069,612.50	0.00	3,934,612.50
08/01/10	3,105,000.00	8.250	833,250.00	0.00	3,938,250.00
08/01/11	3,360,000.00	8.250	577,087.50	0.00	3,937,087.50
08/01/12	3,635,000.00	8.250	299,887.50	0.00	3,934,887.50
	41,650,000.00		54,975,618.33	0.00	96,625,618.33

Dated Date: 12/01/87  
Delivery Date: 01/07/88

Accrued Interest: 321,974.00

City Agreement No. 87144

CONFIRMATION AGREEMENT

PaineWebber Incorporated ("PaineWebber"), 1285 Avenue of the Americas, New York, New York 10019, hereby sells and confirms the purchase by the City of Sacramento "(Client)", c/o City Treasurer, 800 10th Street Suite 1, Sacramento, CA 95814, of \$10,812,000.00 par value of certain securities, among those identified on the attachment for a total purchase price of \$3,729,331.88 for settlement on 01/07/88 subject only to a) the closing of the transaction, and b) PaineWebber's right to select the particular securities among those listed on the attached Portfolio Selection Schedule to constitute the above amount for delivery upon settlement date, as well as providing temporary substitute securities for any not available on settlement date.

This transaction is made subject to the rules, and regulations on the market on which it is made and subject to applicable federal or state statutes, if any.

This agreement is governed by the laws of the State of New York and may only be amended by a writing signed by both parties and shall be binding upon and inure to the benefit of the successors and assigns of the parties.

PaineWebber Incorporated

City of Sacramento  
c/o City Treasurer

By: Alfred D. Wood

By: Al. P. J. J.

Dated: 12-8-87

Dated: 12/9/87

City Agreement No. 87144

RESOLUTION NO. 87-1014

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

DEC 8 1987

A RESOLUTION OF THE COUNCIL OF THE CITY OF SACRAMENTO AUTHORIZING THE EXECUTION AND DELIVERY OF AN ACQUISITION AGREEMENT, A PROJECT LEASE, A TRUST AGREEMENT, AN ESCROW AGREEMENT, A PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT IN CONNECTION WITH THE CITY OF SACRAMENTO 1987 PUBLIC FACILITIES PROJECT AND CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Sacramento is a charter city and municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City");

WHEREAS, the City proposes to sell to the Sacramento City Public Facilities Financing Corporation (the "Corporation") the real property described in Exhibit A to the form of Acquisition Agreement, dated as of December 1, 1987, by and between the City and the Corporation (the "Acquisition Agreement"), consisting generally of the theater comprising a part of the Sacramento Community/Convention Center (the "Facility");

WHEREAS, under Ordinance No 87-114, passed and adopted on December 1, 1987 and effective 30 days thereafter (the "Ordinance") the City is authorized to execute and enter into a Project Lease (the "Project Lease"), dated as of December 1, 1987, with the Corporation, pursuant to which the Corporation will lease the Facility to the City;

WHEREAS, under and pursuant to the Project Lease, the City will be obligated to make certain base rental payments to the Corporation for the lease of the Facility to the City;

WHEREAS, the Corporation proposes to assign without recourse all its rights to receive the base rental payments scheduled to be paid by the City under the Project Lease to Security Pacific National Bank (the "Trustee"), pursuant to an Assignment Agreement, dated as of December 1, 1987, by and between the Corporation and the Trustee;

WHEREAS, in consideration of such assignment and the execution and entering into of that certain Trust Agreement (the "Trust Agreement"), dated as of December 1, 1987, by and



among the City, the Corporation and the Trustee, the Trustee will agree to execute and deliver certificates of participation (the "Certificates") in an amount equal to the aggregate principal components of such base rental payments, each representing a proportionate undivided interest in the base rental payments;

WHEREAS, the proceeds of the sale of the Certificates will be used by the Corporation to acquire the Facility from the City and by the City to acquire certain municipal improvements and to refinance the Sacramento Community Center Authority 1971 Bonds, pursuant to an Escrow Agreement (the "Escrow Agreement"), dated as of December 1, 1987, by and between the Sacramento Community Center Authority, the City and Security Pacific National Bank; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and matter as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided subject to the effectiveness of the aforementioned ordinance;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Sacramento, as follows:

Section 1. All of the above recitals are true and correct, and this Council so finds and determines.

Section 2. The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City.

Section 3. The form of Acquisition Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation said Acquisition Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof and to execute, acknowledge and deliver the grant deed contemplated thereby. Pursuant to § 12.109 of the Sacramento City Code, the City hereby specifically finds and declares that the sale of the property which is the subject of the Acquisition Agreement to the Corporation for the

acquisition price of \$40,902,842.90 without first calling for bids is in the best interest of the City and serves a public purpose by permitting the sale lease-back financing authorized herein.

Section 4. The form of Project Lease presented to this meeting and on file with the City Clerk is hereby approved. Following the effective date of the Ordinance and provided no referendum has been filed with respect to the Ordinance, the Mayor of the City is hereby authorized and directed for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation said Project Lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The schedule of the principal and interest components of the base rental payments contained in the Project Lease and attached hereto as Exhibit A are hereby approved and determined as the base rental payments to be paid pursuant to the Project Lease.

Section 5. The form of Trust Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation and the Trustee said Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The form of Escrow Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation and the Trustee said Escrow Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of Purchase Agreement among the City, the Corporation, the Trustee and PaineWebber Incorporated, Stone & Youngberg and Cranston/Prescott of Prescott, Ball & Turben, Inc. (the "Underwriters") presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City and the City Manager are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation, the Trustee and the Underwriters said Purchase Agreement in substantially said form, with such changes therein as such

officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The form of Official Statement relating to the Certificates presented to this meeting and on file with the City Clerk is hereby approved. The Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Underwriters said Official Statement in substantially said form, with such changes as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute copies of said Official Statement to persons who may be interested in the purchase of the Certificates and are hereby directed to deliver such copies to all actual purchasers of the Certificates. The distribution of the Official Statement in preliminary form to potential purchasers of the Certificates is hereby approved, ratified and confirmed.

Section 9. The execution and delivery, pursuant to the Trust Agreement, of \$41,650,000.00 aggregate principal amount of the City of Sacramento Certificates of Participation (1987 Public Facilities Project), evidencing and representing proportionate undivided interests in the rights to receive base rental payments payable by the City pursuant to the Project Lease, is hereby authorized and approved.

Section 10. The City Clerk is hereby authorized and directed to attest the signature of the Mayor and the City Manager, and to affix and attest the seal of the City, as may be required or appropriate in connection with the execution and delivery of said Acquisition Agreement, said Project Lease, said Trust Agreement, said Escrow Agreement, said Purchase Agreement and said Official Statement.

Section 11. The officers of the City are hereby 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 consummate the sale, execution and delivery of the Certificates by the Trustee, to refund the Sacramento Community Center Authority 1971 Bonds, and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, the Certificates, said Acquisition Agreement, said Project Lease, said Trust Agreement, said Escrow Agreement, said Purchase Agreement and said Official Statement. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.



Section 12. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED on December 8, 1987, by the following vote:

AYES: Councilpersons Rudin, Shore, Ferris, Pope, Chinn, Serna, Mueller,  
Kastanis, Robie

NOES: None

ABSENT: none

ANNE RUDIN

Mayor of the City of Sacramento

[SEAL]

Attest:

LORRAINE MAGANA

City Clerk of the City of Sacramento

CERTIFIED AS TRUE COPY  
of Resolution No. 87-1014

MAR 29 1988

DATE CERTIFIED

Lorraine Magana  
CITY CLERK, CITY OF SACRAMENTO

## EXHIBIT A

Base Rental Payment Schedule

<u>Base Rental Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Annual Base Rental Payment</u>
DATE	PRINCIPAL	INTEREST	TOTAL
08/01/88		2,146,493.33	2,146,493.33
08/01/89	715,000.00	3,219,740.00	3,934,740.00
08/01/90	755,000.00	3,180,415.00	3,935,415.00
08/01/91	800,000.00	3,136,625.00	3,936,625.00
08/01/92	850,000.00	3,088,625.00	3,938,625.00
08/01/93	900,000.00	3,035,925.00	3,935,925.00
08/01/94	960,000.00	2,978,325.00	3,938,325.00
08/01/95	1,020,000.00	2,914,965.00	3,934,965.00
08/01/96	1,090,000.00	2,845,605.00	3,935,605.00
08/01/97	1,165,000.00	2,769,305.00	3,934,305.00
08/01/98	1,250,000.00	2,686,590.00	3,936,590.00
08/01/99	1,340,000.00	2,595,965.00	3,935,965.00
08/01/00	1,440,000.00	2,496,805.00	3,936,805.00
08/01/01	1,550,000.00	2,388,805.00	3,938,805.00
08/01/02	1,665,000.00	2,271,005.00	3,936,005.00
08/01/03	1,795,000.00	2,142,800.00	3,937,800.00
08/01/04	1,940,000.00	1,999,200.00	3,939,200.00
08/01/05	2,095,000.00	1,844,000.00	3,939,000.00
08/01/06	2,260,000.00	1,676,400.00	3,936,400.00
08/01/07	2,445,000.00	1,489,950.00	3,934,950.00
08/01/08	2,650,000.00	1,288,237.50	3,938,237.50
08/01/09	2,865,000.00	1,069,612.50	3,934,612.50
08/01/10	3,105,000.00	833,250.00	3,938,250.00
08/01/11	3,360,000.00	577,087.50	3,937,087.50
08/01/12	3,635,000.00	299,887.50	3,934,887.50
	41,650,000.00	54,975,618.33	96,625,618.33