

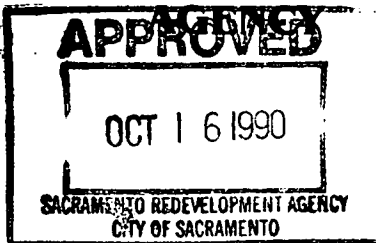
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SACRAMENTO HOUSING AND REDEVELOPMENT



APPROVED
BY THE CITY COUNCIL



OCT 16 1990

OFFICE OF THE
CITY MANAGER

October 16, 1990

Sacramento Financing Authority and
City Council and
Redevelopment Agency of the
City of Sacramento
Sacramento, California

CITY MANAGER'S OFFICE

RECEIVED

OCT 10 1990

Honorable Members in Session

SUBJECT: 1990 Tax Allocation Bonds (TABs) for the Merged Sacramento Downtown Redevelopment Project Area and Refunding of Prior TABs issues for Project Areas 4 and 8 and the Merged Downtown Project Area

SUMMARY

This staff report requests approval of the attached resolutions which allow for the issuance of 1990 Downtown TABs and the refunding of three existing Downtown TABs. The 1990 TABs will total approximately \$41 million and the refunding of prior issues will total approximately \$48 million. Three separate bond issues will be completed in total - one refunding and two new issuances (tax-exempt and taxable).

BACKGROUND

In 1985, \$20.95 million in bonds were sold for two of the four Downtown project areas. Bonds for Project Area 4 (Capitol Mall) totalled \$6.5 million and bonds for Project Area 8 (Uptown) totalled \$14.45 Million. In 1986, the four downtown project areas were merged, and in 1987, bonds totalling \$33.925 million were sold for the Merged Downtown Project Area. As a part of the discussion regarding the issuance of 1990 TABs and the extent of projects that were hoped to be undertaken by the Agency, the Agency's financial advisor/underwriter suggested that the Agency consider refunding the existing bonds in addition to issuing new bonds.

A refunding allows existing bonds to be defeased by funds generated from bonds issued under a new interest rate, but under the tax law rules in effect at the time of the original sale. The original bonds for Project Areas 4, 8 and the Merged Project Area have rates ranging between 7.75%, and 10%, and it is anticipated that the reissued bonds would be sold between 6% and 7.75%. The major benefit from the refunding does not, however, result from the

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Financing Authority, City Council
and Redevelopment Agency
October 16, 1990
Page 2

change in interest rate, but rather from the ability to change some of the original bond covenants which results in a better cash flow and the ability to issue a larger amount of new bonds. The refunding would enable the Agency to issue an additional \$9.5 million in 1990 TABs. Should interest rates climb to 7.75%, the refunding would result in an overall economic loss (i.e., net present value of payments made over the life of the bonds) of approximately \$32,000. Current rates are approximately 7.3%, which would result in an economic gain of approximately \$450,000. The staff considers this potential cost to be justified given the resultant ability to achieve a greater new money issue. A similar refunding was completed for the neighborhood project areas in 1989.

In addition to the refunding, the staff recommends that the Agency approve the issuance of new 1990 TABs for approximately \$41 million. The transfer of the Agency's garages to the City in exchange for forgiveness of the Agency's debt service obligations related to the 1985 and 1989 City Certificates of Participation (COPs), as discussed in a staff report delivered under separate cover, increases the Agency's debt capacity by approximately \$20 million. Along with the increased bond capacity due to refunding and the increase in tax increment flow, the Agency has the ability to issue approximately \$41 in new debt, which will yield approximately \$36 in net proceeds for projects.

The 1990 TABs would actually be comprised of two separate bond issues. One issue would be taxable and the other tax-exempt. The 1986 Tax Reform Act strictly limited the types of projects redevelopment agencies can undertake through utilization of tax-exempt bonds. The inflexibility imposed by the Tax Reform Act and the staffs desire to maintain flexibility regarding the structure of new projects leads to the recommendation that approximately \$15.5 million in taxable proceeds be provided. The balance, approximately \$20.5 million would be tax-exempt. This point is raised because taxable bonds have higher interest rates than tax exempt bonds, which decreases the total amount of proceeds which may be received. The staff believes that the additional interest cost is justified by the Agency's programmatic goals.

A list of projects is attached as Attachment 1. Aside from funding previously approved commercial projects (\$3.955 million for Downtown Plaza and \$5.4 million for the Docks Hotel), the majority of the bond proceeds will be used to implement housing projects, in keeping with the Agency's adopted six-year intermediate range goals. Major funding is allocated for residential hotels (\$6 million combined with \$1 million for the Shasta Hotel acquisition

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Financing Authority, City Council
and Redevelopment Agency
October 16, 1990
Page 3

costs for a total of \$7 million), housing projects, which will include contributions to public housing, tax syndication projects, projects undertaken by non-profit agencies, and private project gap financing (\$9.87 million) and Southside land banking and project development (\$2.1 million). A total of \$5 million is allocated toward the renovation of Memorial Auditorium.

Because of the complex nature of the bonds, they will be sold through a negotiated process. This allows the underwriter more flexibility concerning the structure of the bonds, and more control concerning the pricing process and the size of the refunding escrow. The negotiated sales will require that the Agency sell the bonds to the joint powers authority, established as the City Finance Authority, which will then sell the bonds to the underwriter.

In addition to the Agency Finance staff and Downtown Development staff, the financial team for consummation of the bond process includes the following members: PaineWebber, underwriter; M.R. Beale & Co., co-underwriter; Brown and Wood, Agency bond counsel; Nossaman, Guthner, Knox & Elliot, underwriter's counsel; Katz Hollis & Associates, tax increment analysts; the City Treasurer's office and the City Finance Department.

FINANCIAL

The bond debt service will be paid from the Merged Downtown Project Area tax increment cash flow. Katz Hollis estimates that the net tax increment available for bonding purposes in 1991 is \$4 million. Attached as Attachment 2 is the PaineWebber analysis which shows the bonding capacity given available tax increment.

ENVIRONMENTAL REVIEW

The Merged Downtown Redevelopment Project Area was subject to environmental review at the time of its adoption. Projects undertaken within the Project Area are subject to environmental review individually.

Pursuant to Title 14, California Administrative Code, Section 15162, the Environmental Coordinator has determined that the actions recommended by this report do not result in new environmental impacts which require further environmental documentation.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Financing Authority, City Council
and Redevelopment Agency
October 16, 1990
Page 4

MBE/WBE CONSIDERATIONS

A minority-owned firm, M.R. Beale & Company, is serving as co-underwriter for the subject bond issues.

POLICY IMPLICATIONS

Two policy issues are raised by the proposed refinancing plan. The first issue is the decision regarding refunding. In accordance with Federal tax law, the Agency may only refund the 1985 bond issues twice and the 1987 bond issue once. The Agency will, therefore, have the opportunity to refund the 1985 issues one more time, should conditions prove favorable. The Agency will not, however, have another opportunity to refund the 1987 issue. As expressed previously, the staff believes the refunding should, nevertheless, be undertaken as it affords the Agency the ability to pursue its goals aggressively at this time.

The second issue raised regards the coverage ratio assumed in the bond legal documents. The coverage ratio is the amount of tax increment flow the Agency is required to receive in excess of the Agency's debt service obligation. The legal agreements stipulate a coverage ratio of 15%. Prior Agency bond issues have stipulated a coverage ratio of 25%. The decrease to 15% is reflective of a trend among similar redevelopment agencies in the State to lower coverage requirements. Whether or not the credit agencies and the market will be receptive to the decrease in coverage on the part of the Agency has not yet been determined. In addition, the Agency's cash requirements for administration, which is paid out of the coverage ratio, may stipulate that the Agency actually maintain a higher coverage factor than 15%. The staff believes it is in the Agency's best interest to pursue the lower coverage ratio at this time in order to provide increased financing flexibility. If so, the Agency will be in a better position to leverage future tax increment flow and therefore pursue a more growth oriented strategy.

Attach to the resolutions are the following bond documents:

- Exhibit A: Form of Indenture and Fiscal Agent Agreement
- Exhibit B: Form of Purchase Agreement
- Exhibit C: Form of Escrow Agreement
- Exhibit D: Form of Preliminary Official Statement

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Financing Authority, City Council
and Redevelopment Agency
October 16, 1990
Page 5

VOTE AND RECOMMENDATION OF THE COMMISSION

At its regular meeting of October 8, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the bond issuance with the following modification:

- a. Amend the project list for use of Tax Allocation Bond funds be amended to decrease the allocation to Memorial Auditorium from \$5 million to \$2.5 million, and to allocate \$2.5 million to Riverview Plaza for reduction of outstanding debt. The votes were as follows:

AYES: Amundson, Moose, Pernell, Strong, Wiggins,
Yew, Simpson-Fontaine, Simon

NOES: None

ABSENT: Diepenbrock, Williams, Wooley

RECOMMENDATION

The staff recommends approval of the attached resolutions which take the following actions:

1. Authorization to refund three prior downtown bond issues;
2. Authorization to issue enough bonds to yield approximately \$15.5 million in 1990 taxable parity bonds and approximately \$20.5 million in tax-exempt parity bonds for the Merged Downtown Project Area;
3. Authorization to enter into two indenture and fiscal agent agreements regarding the sale of taxable and tax-exempt bonds;
4. Authorization to enter into three escrow agreements regarding the escrow of taxable, tax-exempt and refunded bonds;

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Financing Authority, City Council
and Redevelopment Agency
October 16, 1990
Page 6

5. Authorization to enter one purchase contract, subject to the approval of a pricing committee composed of City Treasurer, Director of Community Development and Agency Finance Director regarding the sale of the taxable, tax-exempt and refunded bonds to the Sacramento Financing Authority;

6. Authorization to issue two official statements regarding the taxable and tax-exempt bonds; and

7. Authorization for the Chairperson and/or Executive Director to execute all documents necessary to consummate the transactions.

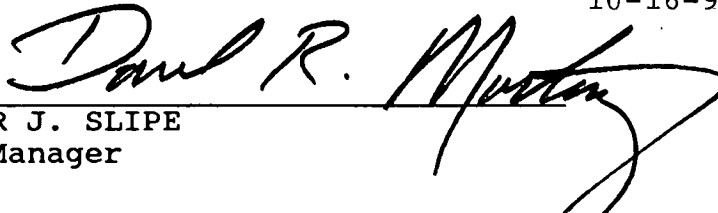
Respectfully Submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL:

District 1
10-16-90

for

WALTER J. SLIPE
City Manager

Contact Person: Wendy Saunders, Program Manager - 440-1355
Mary Pat Frick, Assistant Director - 440-1340

TABsr

RESOLUTION NO. 90-002

ADOPTED BY THE SACRAMENTO CITY FINANCING AUTHORITY

ON DATE OF _____

**A RESOLUTION OF THE BOARD OF THE SACRAMENTO CITY
FINANCING AUTHORITY AUTHORIZING THE EXECUTION
AND DELIVERY OF A BOND PURCHASE AGREEMENT
AND RELATED ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the Sacramento City Financing Authority (the "Authority") has been formed pursuant to a Joint Powers Agreement between the City of Sacramento (the "City") and the Redevelopment Agency of the City of Sacramento (the "Agency"), pursuant to a Joint Exercise of Powers Agreement, dated as of October 1, 1989 between the City and the Agency; and

WHEREAS, the Agency has authorized the issuance of (a) its Merged Downtown Sacramento Redevelopment Project Tax Allocation Bonds Series 1990A (the "Tax Exempt Bonds") for the purpose of refunding certain outstanding bonds of the Agency and of providing additional moneys for the implementation of the Agency's Merged Downtown Sacramento Redevelopment Project (the "Redevelopment Project"), and (b) its Merged Downtown Sacramento Redevelopment Project Taxable Tax Allocation Bonds Series 1990B (the "Taxable Bonds" and collectively with the Tax-Exempt Bonds, the "Bonds") for the purpose of providing additional moneys for the implementation of certain parts of the Redevelopment Project which could not be funded with the proceeds of a tax-exempt bond issue; and

WHEREAS, the Authority has determined that it is desirable and furthers its public purpose to assist the Agency in the financing and refinancing of the Redevelopment Project and to that end, the Authority desires to enter into a bond purchase agreement with the Agency, and Paine Webber Incorporated and M.R. Beal & Company (the "Underwriters"), for the purchase and sale, and resale of the Bonds.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO CITY FINANCING AUTHORITY:

Section 1: The form of bond purchase agreement among the Agency, the Authority and the Underwriters on file with the Secretary of the Authority and incorporated herein by reference, is hereby approved and the Chair and/or Vice-Chair of the Authority are hereby authorized to execute and deliver said bond purchase agreement in substantially the form hereby approved with such changes as the Chair and/or Vice-Chair, after consultation with the General Counsel of the Authority and Brown & Wood, Bond Counsel to the Agency, may deem necessary or appropriate, execution by either said officer to evidence conclusively their approval of any said changes. Notwithstanding the foregoing, the bond purchase agreement approved pursuant to this Resolution shall not provide for (A) an aggregate principal amount of the Tax-Exempt Bonds in excess of \$85,000,000, an interest rate on any Tax-Exempt Bond in excess of 8-3/4% and a final maturity of any Tax-Exempt Bond later than November 1, 2013 or (B) an aggregate principal amount of the Taxable Bonds in excess of \$22,000,000, an interest rate on any Taxable Bond shall not exceed 11-1/4% and a final maturity of the Bond later than November 1, 2013; and provided further that the underwriting discount with respect to either series of Bonds (exclusive of any original issue discount) shall not exceed 2%.

Section 2: The Chair and/or Vice-Chair of the Authority are hereby further authorized to take any and all other actions necessary and appropriate to carry out the bond purchase agreement authorized pursuant to this Resolution, and to execute any other contracts, agreements, filings, or other actions necessary and appropriate for the purpose of the issuance, sale and/or delivery of the Bonds or any other transaction related thereto.

Section 3: This Resolution shall take effect immediately upon passage.

ATTEST:

CHAIR

CLERK

P:\SHARE\RESO\BONDISISS.MPF/cdm

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO. 90-864

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVED
BY THE CITY COUNCIL

OCT 16 1990

OFFICE OF THE
CITY CLERK

**APPROVING THE ISSUANCE BY THE
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
OF ITS MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT
PROJECT TAX ALLOCATION BONDS SERIES 1990A AND
ITS MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT
PROJECT TAXABLE TAX ALLOCATION BONDS SERIES 1990B
AND MAKING CERTAIN DETERMINATIONS RELATING THERETO**

WHEREAS, the Redevelopment Agency of the City of Sacramento (the "Agency") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) and the powers of the Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, the redevelopment plan (the "Redevelopment Plan") for a redevelopment project known and designated as "Merged Downtown Sacramento Redevelopment Project" for that certain project area described in the Redevelopment Plan has been adopted and approved by Ordinances Nos. 86-063 through 86-067 of the City of Sacramento, which became effective on June 17, 1986, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan have been duly complied with; and

WHEREAS, pursuant to Resolution No. 90-_____, the Agency has authorized the issuance and sale of (i) of its Merged Downtown Sacramento Redevelopment Project, Tax Allocation Bonds Series 1990A in principal amount not exceeding \$85,000,000 and (ii) Merged Downtown Sacramento Redevelopment Project, Taxable Tax Allocation Bonds Series 1990B in principal amount not exceeding \$22,000,000 (collectively, the "Bonds").

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: Approval of Issuance of Bonds. The issuance of the Bonds for the purpose of providing for the financing and refinancing of certain parts of the Redevelopment Plan and for other purposes related thereto, all of which constitute a "redevelopment activity," as such term is defined in Health and Safety Code Section 33640, is hereby approved.

Section 2: Effective Date. This Resolution shall take effect upon adoption.

MAYOR

ATTEST:

CITY CLERK

P:\SHARE\RESO\BONDSISS.MPF/cdm

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO.

90-097

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____



A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 PRINCIPAL AMOUNT OF REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT TAX ALLOCATION BONDS SERIES 1990A AND NOT TO EXCEED \$22,000,000 PRINCIPAL AMOUNT OF REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT TAXABLE TAX ALLOCATION BONDS SERIES 1990B AUTHORIZING THE EXECUTION OF AN INDENTURE AND FISCAL AGENT AGREEMENT WITH RESPECT TO EACH SERIES OF BONDS, AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT WITH RESPECT TO THE SALE OF EACH SERIES OF BONDS TO THE SACRAMENTO CITY FINANCING AUTHORITY, AUTHORIZING THE EXECUTION OF AN OFFICIAL STATEMENT WITH RESPECT TO EACH SERIES OF BONDS AND AUTHORIZING AND APPROVING RELATED ACTIONS

WHEREAS, the Agency is a redevelopment Agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Law") and the powers of the Agency include the power to issue bonds and notes; and

WHEREAS, a redevelopment plan (the "Redevelopment Plan") for a redevelopment project known and designated as "Merged Downtown Sacramento Redevelopment Project" for that certain project area described in the Redevelopment Plan has been adopted and approved by Ordinances Nos. 86-063 through 86-067 of the City of Sacramento, which became effective on June 17, 1986, and all requirements of law and precedent to the adoption and approval of the Redevelopment Plan have been duly complied with; and

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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WHEREAS, the Agency has previously issued (i) \$6,500,000 of its Capitol Mall Riverfront Project No. 4 Tax Allocation Bonds, Series 1985 pursuant to Resolution No. RA 85-093 adopted by the Agency on October 29, 1985, (ii) \$14,450,000 of its Uptown Redevelopment Project No. 8 Tax Allocation Bonds, Series 1985 pursuant to Resolution No. RA 85-092 adopted by the Agency on October 25, 1985, and (ii) \$33,925,000 of its Merged Downtown Sacramento Redevelopment Project Tax Allocation Bonds, Series 1987 pursuant to Resolution No. RA 87-060 adopted by the Agency on August 4, 1987 (collectively referred to herein as the "Prior Bonds") for the purpose of financing a portion of the costs of the Merged Downtown Sacramento Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, the Agency has determined that it is in the Agency's best interests to issue its Merged Downtown Sacramento Redevelopment Project Tax Allocation Bonds Series 1990A (the "Tax Exempt Bonds") for the purpose of refunding certain outstanding bonds of the Agency and of providing additional moneys for the implementation of the Redevelopment Project, and its Merged Downtown Sacramento Redevelopment Project Taxable Tax Allocation Bonds Series 1990B (the "Taxable Bonds" and collectively with the Tax-Exempt Bonds, the "Bonds") for the purpose of providing additional moneys for the implementation of certain parts of the Redevelopment Project which could not be funded with the proceeds of a tax-exempt bond issue; and

WHEREAS, the Agency has entered into a joint powers agreement with the City of Sacramento creating the Sacramento City Financing Authority (the "Authority"); and

WHEREAS, the Agency has determined that it is in its best interest to sell both series of Bonds to the Authority, which in turn will sell both series of Bonds to Paine Webber Incorporated and M.R. Beal & Company (the "Underwriters"), all pursuant to a Purchase Agreement by and among the Underwriters, the Authority and the Agency; and

WHEREAS, the Agency has had submitted to it and has considered the following:

- (1) A form of a Indenture and Fiscal Agency Agreement, dated as of November 1, 1990 (the "Tax-Exempt Fiscal Agency Agreement") relating to the Tax Exempt Bonds, between the Agency and Security Pacific National Bank, as Fiscal Agent;
- (2) A form of an Indenture and Fiscal Agent Agreement, dated as of November 1, 1990 (the "Taxable Bond Fiscal Agent Agreement") relating to the Taxable Bonds, between the Agency and Security Pacific National Bank, as Fiscal Agent;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

- (3) A form of a Purchase Contract, dated November ____, 1990 (the "Purchase Agreement"), by and among the Underwriters, the Agency and the Authority relating to the purchase of the Bonds by the Authority and the Underwriter;
- (4) A form of a Preliminary Official Statement dated November ____, 1990 relating to the Tax-Exempt Bonds;
- (5) A form of a Preliminary Official Statement dated November ____, 1990 relating to the Taxable Bonds; and
- (6) The forms of Escrow Agreements, dated as of November 1, 1990 (the "Escrow Agreements") by and between the Agency and First Interstate Bank of California, as Escrow Agent, relating to the defeasance of the Prior Bonds.

WHEREAS, all acts, conditions and things required by the Law and all other laws of the State of California, to exist, have happened and have been performed precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purpose, in the manner and upon their terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: Recitals True and Correct. The Agency does hereby find and declare that the above recitals are true and correct.

Section 2: Approval of Fiscal Agent Agreements; Bonds Constitute Special Obligations of the Agency. The Tax-Exempt Fiscal Agent Agreement and Taxable Fiscal Agent Agreement (collectively the "Fiscal Agent Agreements"), substantially in the forms submitted to this meeting, are hereby approved, and the Chairperson of the Agency, or any designee of said Chairperson, and Executive Director of the Agency are hereby authorized and directed to execute and deliver, for and in the name of and on behalf of the Agency, the Fiscal Agent Agreements with such additions, changes and corrections as said officers may approve upon consultation with Agency Counsel and Bond Counsel, such approval to be conclusively evidenced by the execution of the Fiscal Agent Agreements with such additions, changes or corrections.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

The proposed forms of each series of Bonds, as set forth in the related Fiscal Agent Agreements, are hereby approved, and the Chairperson of the Agency and the Secretary of the Agency are hereby authorized and directed to execute, and the Fiscal Agent with respect to each such series of Bonds is hereby authorized and directed to authenticate the Bonds in substantially such form, and the Fiscal Agent is hereby authorized and directed to deliver the Bonds in accordance with the Purchase Agreement. The date, maturity dates, interest rates or rates, interest payment dates, (including provisions for capital appreciation bonds (if any), manner of payment for each series of Bonds, registration privileges, manner of execution, place of payment, terms of redemption and other terms of each series of Bond shall be as provided in the related Fiscal Agent Agreement as finally executed; provided, however, that (A) the aggregate principal amount of the Tax-Exempt Bonds shall not exceed \$85,000,000, the interest rate on any Tax-Exempt Bond shall not exceed 8-3/4% and the final maturity of any Tax-Exempt Bond shall not be later than November 1, 2013; and (B) the aggregate principal amount of the Taxable Bonds shall not exceed \$22,000,000, the interest rate on any Taxable Bond shall not exceed 11-1/4% and the final maturity of the Bond shall not be later than November 1, 2013.

Each series of Bonds shall be the special obligation of the Agency secured by an irrevocable pledge of, and payable as to the principal and interest from, Pledged Tax Revenues (as defined in the related Fiscal Agent Agreement) and other funds as provided in the related Fiscal Agent Agreement. Neither the Tax-Exempt Bonds nor the Taxable Bonds, the interest thereon, or any redemption premiums payable with respect thereto shall constitute a debt of the City of Sacramento, the State of California or any of its political subdivisions and neither the City, said State nor any of its political subdivisions is liable thereon, nor in any event shall the principal, premium or interest with respect to any such Bonds be payable out of any funds or properties other than those of the Agency as set forth in the related Fiscal Agency Agreement. Neither the Tax-Exempt Bonds nor the Taxable Bonds will constitute an indebtedness within the meaning of any constitutions or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing any Bond are liable personally on any Bond by reason of its execution to the Redevelopment Plan.

Section 3: Appointment of Underwriters: Approval of Purchase Agreement.
Paine Webber Incorporated and M. R. Beal & Company are hereby appointed to act as Underwriters in connection with the delivery and negotiated sale of both series of Bonds.

A Pricing Committee to consist of the City Treasurer, the Community Development Director of the Agency and the Finance Director of the Agency, or any designee of said City Treasurer, or, with respect to the Community Development Director or Finance Director, any designee of the Executive Director, is hereby appointed for purposes of approving the sale and delivery of both series of Bonds in accordance with the terms set forth in this Section.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

The Purchase Agreement, in substantially the form submitted to this meeting, is hereby approved. The sale and delivery of the Bonds is hereby authorized and approved, subject to the conditions set forth below, and each of (1) the Pricing Committee, (3) the Executive Director of the Agency or (3) Chairperson, or any designee of the Chairperson and the Executive Director of the Agency are hereby authorized and directed to effect such sale and delivery in accordance with this Resolution and the Purchase Agreement. The Chairperson, or any designee of the Chairperson, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Underwriters said Purchase Agreement in substantially said form, with such changes therein as the Pricing Committee and such official may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that (i) the underwriting discount with respect to any series of Bonds (exclusive of any original issue discount) shall not exceed 2% and (ii) the other limitations set forth in Section 2 of this Resolution shall be satisfied.

Section 4: Municipal Bond Insurance Policy. The Chairperson, or any designee of the Chairperson, upon the advice and approval of the Pricing Committee, are hereby authorized to negotiate and procure a municipal bond insurance policy for one or both series of Bonds so long as such policy, in the opinion of such parties, will result in present value debt service savings to the Agency. The Chairperson or such designee are hereby authorized to negotiate such additional covenants and agreements to be observed by the Agency as may be required by such municipal bond insurer, and such covenants and agreement shall be reflected in the related Fiscal Agent Agreement.

Section 5: Approval of Escrow Agreements. The proposed forms of the Escrow Agreements are hereby accepted and approved and any of the Chairperson of the Agency, or any designee of the Chairperson, and the Executive Director of the Agency is hereby authorized and directed to execute the Escrow Agreements with such changes therein as the person so executing may approve upon consultation and with the Agency counsel and Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of such Escrow Agreements.

Section 6: Official Statements. The forms of Preliminary Official Statements are hereby approved, and the Executive Director of the Agency or Chairperson, or any designee of the Chairperson, is hereby authorized to approve the distribution of the Preliminary Official Statements in substantially said forms and to certify to the Underwriter on behalf of the Agency that the Preliminary Official Statements are, as of their respective dates, "deemed final" by the Agency within the meaning of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by such rule). The Executive Director of the Agency or Chairperson, or any designee of the Chairperson is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Underwriters the Official Statement, which shall be in substantially the form of the related

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Preliminary Official Statements with such additions thereto or changes therein as such officer shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, and the Underwriters are hereby authorized who may be interested in the purchase of the Tax-Exempt or Taxable Bonds, as the case may be, and the Underwriters are directed to deliver such copies to all actual purchasers of the Tax-Exempt or Taxable Bonds, as the case may be.

Section 7: Additional Actions. The officers of the Agency 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 issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this resolution, including without limitation, executing and delivering documents required to be delivered pursuant to the Purchase Agreement and the obtaining of a Municipal Bond Insurance Policy with respect to one or both series of Bonds, and such actions previously taken by such officers are hereby ratified and approved.

Section 8: Effective Date. This resolution shall take effect immediately upon its passage.

- Attachments - Exhibit A - Forms of Indenture and Fiscal Agent Agreements
- Exhibit B - Form of Purchase Agreement
- Exhibit C - Forms of Escrow Agreements
- Exhibit D - Forms of Preliminary Official Statements

CHAIR

ATTEST:

SECRETARY

P:\SHARE\RESO\BONDSISS.MPF/cdm

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, CALIFORNIA
CAPITAL MALL, UPTOWN, AND MERGED DOWNTOWN PROJECTS
TAX ALLOCATION BONDS, SERIES 1990

PROPOSED 1990 DOWNTOWN CAPITAL IMPROVEMENTS

	<u>Budget</u>	<u>Funded</u>	<u>To Be Funded</u>	<u>Tax Status</u>	<u>Priority</u>
COP PROJECTS					
Central Library	3,162,000	3,162,000	0	TE	NA
Downtown Plaza Developers Asst.	10,410,650	10,410,650	0	TE	NA
Library Facade	289,350	289,350	0	TE	NA
Total COP Projects	<u>13,862,000</u>	<u>13,862,000</u>	<u>0</u>		
CATEGORY 1 PROJECTS					
Shasta Acquisition	1,100,000	0	1,100,000	TE	1
18th & L St. Housing Plan Dev.	50,000	0	50,000	T	1
Docks Garage	5,400,000	0	5,400,000	T	1
Downtown Plaza Developers Asst.	3,955,000	0	3,955,000	TE	1
Construction Management	300,000	0	300,000	TE	1
Total Category 1 Projects	<u>10,805,000</u>	<u>0</u>	<u>10,805,000</u>		
CATEGORY 2 PROJECTS					
Other Housing	4,502,500	0	3,002,500	TE	2
Other Housing	5,068,337	0	6,568,337	T	2
Total Category 2 Projects	<u>9,570,837</u>	<u>0</u>	<u>9,570,837</u>		
CATEGORY 3 PROJECTS					
Central Retail Management/ Cultural District	375,000	0	375,000	TE	3
Downtown Housing Strategy	100,000	0	100,000	TE	3
Residential Hotels	4,500,000	0	4,500,000	T	3
Residential Hotels	1,400,000	0	1,400,000	TE	3
Southside Residential Land Banking	1,500,000	0	1,500,000	T	3
T Street Site Housing Subsidy	600,000	0	600,000	T	3
Docks/Waterfront Public Imp.	400,000	0	400,000	TE	3
Homeless/Inebriate Center (Acq & Plan)	1,449,163	0	1,449,163	TE	3
Memorial Auditorium	5,000,000	0	5,000,000	TE	3
Developer Assistance (Comm'l Rehab)	300,000	0	300,000	T	3
Total Category 3 Projects	<u>15,624,163</u>	<u>0</u>	<u>15,624,163</u>		
TOTAL PROJECTS	49,862,000	13,862,000	36,000,000		

Category Legend

1. Contract or Legal Requirement
2. Other Housing as Required by State Law
3. Council Approved

Taxable Summary:

	\$ 5,400,000
	4,500,000
	50,000
	1,500,000
	600,000
	6,568,337
	<u>300,000</u>
Taxable	18,918,337
Less 10% of Tax Exempt Issue	<u>1,708,166</u>
Taxable Issue	<u>\$17,210,171</u>
Tax Exempt Issue	\$18,789,829

**Redevelopment Agency of the City of Sacramento California
 Capitol Mall, Uptown, and Merged Downtown Projects
 Tax Allocation Bonds, Series 1990**

Base Case
 Summary of Proposed Issuance
 (\$000)

	<u>Full Refunding</u>	<u>Tax-Exempt New Money</u>	<u>Taxable New Money</u>	<u>Combined Issuance</u>
SOURCES OF FUNDS				
Par Value	\$48,210	\$24,050	\$16,085	\$88,345
Contributed Funds	<u>7,890</u>	<u>0</u>	<u>0</u>	<u>7,890</u>
Total Sources	<u>\$56,100</u>	<u>\$24,615</u>	<u>\$16,085</u>	<u>\$96,235</u>
USES OF FUNDS				
Refunding Escrow	\$54,881	\$0	\$0	\$54,881
Project Fund	0	20,500	15,500	36,000
Capitalized Interest	0	2,748	0	2,748
Costs of Issuance	130	80	40	250
Insurance Premium	299	300	260	859
Debt Service Surety	131	96	64	291
U/W Discount	651	324	217	1,192
Contingency	<u>8</u>	<u>2</u>	<u>4</u>	<u>14</u>
Total Uses of Funds	<u>\$56,100</u>	<u>\$24,615</u>	<u>\$16,085</u>	<u>\$96,235</u>

Redevelopment Agency
 of
 The City of Sacramento, California

PRELIMINARY ANALYSIS OF BONDING CAPACITY
 CAPITOL MALL, UPTOWN, AND MERGED DOWNTOWN PROJECTS
 PER ON PROPOSED 1990 BOND RESOLUTION

Based on Fiscal Year 1990-1991 Tax Revenues

	1.15 TIMES ADDITIONAL BONDS TEST	1.05 TIMES ADDITIONAL BONDS TEST	1990-1991 CASH FLOW
TAX REVENUES			
Projected Tax Increment (1)	12,058,900	12,058,900	12,058,900
Subventions	100,000	0	301,000
Tax Increment Growth (Construction)	2,060,000	0	0
Gross Tax Revenues	14,218,900	12,058,900	12,359,900
Less: Net Housing Set-Aside Req't			
20% Requirement (2)	(2,843,780)	(2,843,780)	(2,471,980)
Credit for 1985 Debt Service (8.28%) (3)	139,981	139,981	139,831
Credit for 1987 Debt Service (4.56%) (3)	121,057	121,057	120,837
NET TAX REVENUES	11,636,158	9,476,158	10,148,587
LESS: REQUIRED COVERAGE			
Coverage Percentage	115.00%	105.0%	NA
Required Coverage	(1,517,760)	(451,246)	NA
NET REVENUE AVAILABLE FOR PARITY DEBT SERVICE	10,118,398	9,024,912	10,148,587
LESS: SENIOR DEBT			
1985 Tax Allocation Bonds, Project #4	(525,305)	(525,305)	(524,290)
1985 Tax Allocation Bonds, Project #8	(1,165,290)	(1,165,290)	(1,164,485)
1987 Tax Allocation Bond	(2,654,755)	(2,654,755)	(2,649,930)
REVENUES NET OF SENIOR DEBT	5,773,048	4,679,562	5,809,882
LESS: EXPENSES			
Lease Revenue Bond	NA	NA	(193,900)
Riverview Plaza Note	NA	NA	0
Woodhaven Project and County	NA	NA	0
County of Sacramento	NA	NA	0
Modular Homeless	NA	NA	0
Administration	NA	NA	(3,800,000)
Interest Income	NA	NA	0
Other Income (4)	NA	NA	(1,500,000)
Adj. for Expenses Paid w/Set-Aside (5)	NA	NA	2,211,313
Capitalized Interest	NA	NA	1,764,900
REVENUES AVAILABLE FOR ADD'L DEBT SERVICE	5,773,048	4,679,562	4,292,195

FOOTNOTES

- 1) Based on Preliminary KatzHollis Projections.
- 2) 20% of gross tax revenues.
- 3) Credit based on portion of net TAB proceeds attributed to housing.
- 4) Represents Hyatt Subsidy
- 5) Adjustment for budgeted housing related expenses (\$2,211,312.62) to be paid from remaining set-aside funds.

Exhibits A - D

The Following Are Available for Review with the City Clerk:

- Exhibit A: Form of Indenture and Fiscal Agent Agreement
- Exhibit B: Form of Purchase Agreement
- Exhibit C: Form of Escrow Agreement
- Exhibit D: Form of Preliminary Official Statement

