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OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASSISTANT TREASURER

CITY OF SACRAMENTO
CALIFORNIA

800 TENTH STREET
SUITE ONE
SACRAMENTO, CA
95814-2688

916-449-5318
OPERATIONS

916-449-5168
INVESTMENTS &
ADMINISTRATION

916-448-3139
DEX TRANSCEIVER

September 20, 1989

Budget and Finance Committee
Sacramento, California

SUBJECT: A Resolution of the City of Sacramento Authorizing the Formation
of a Joint Powers Authority between the City and the Sacramento
City Redevelopment Agency

Honorable Members in Session:

SUMMARY

Transmitted herewith is a report to the full Council requesting the
formation of a joint powers authority between the City and the Sacramento
City Redevelopment Agency (SHRA) for the purpose of acting as nominal
lessor for City financings. The Authority will be known as the Sacramento
City Financing Authority.

FINANCIAL DATA

See attached City Council report.

POLICY CONSIDERATIONS

See attached City Council report.

MBE/WBE EFFORTS


See attached City Council report.

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RECOMMENDATION

It is recommended that after hearing the attached report, the Budget and Finance Committee recommend to the full Council adoption of the resolution authorizing formation of the Sacramento City Financing Authority.

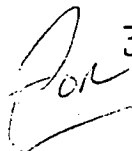
Respectfully submitted,


THOMAS P. FRIERY
City Treasurer

RECOMMENDATION APPROVED:


JACK R. CRIST, Deputy City Manager

September 27, 1989
All Districts





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September 20, 1989

Sacramento City Council
Sacramento, California 95814

SUBJECT: A Resolution of the City of Sacramento Authorizing the Formation of a Joint Powers Authority between the City and the Sacramento City Redevelopment Agency.

Honorable Members in Session:

SUMMARY

This report recommends that Council approve the formation of a joint powers authority between the City and the Sacramento City Redevelopment Agency (SHRA) for the purpose of acting as nominal lessor for City financings.

BACKGROUND

Since 1986, the City has used the Sacramento City Public facilities Financing Corporation (SCPFPC) as a nominal lessor for its lease financings. However, due to a position taken by the County Assessor regarding property tax exemption of assets held by the SCFPPF, it has become necessary to form a joint powers authority to act as nominal lessor for the 1989 COP and other future lease financings of the City. On August 22, 1989 City Council authorized the City Treasurer to proceed with the formation of a joint powers authority between the City and the Sacramento City Redevelopment Agency (SHRA). Since that time an agreement has been drafted which, when approved by both City Council and SHRA, will form the joint powers authority.

The authority will act as a nominal lessor of City financings and will also have the power to purchase, with the proceeds of revenue bonds it issues, bonds issued by the City or SHRA at public or negotiated sale.

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The joint powers authority will be known as the Sacramento City Financing Authority ("Authority"). The term of the agreement between the City and SHRA for SCFA is through 6/3/2014 unless extended or terminated earlier by written agreement. However, the agreement may not be terminated as long as lease obligations of the Authority remain outstanding. The governing board of the Authority will consist of the members of the City Council with the Mayor serving as Chairman of the Authority and the Vice-Mayor as Vice-Chairman. The City Treasurer and Director of Finance will serve as Treasurer and Controller of the Authority respectively. The Authority has the power to appoint both a Secretary of the Board and counsel.

FINANCIAL DATA

The formation of the Authority will facilitate lease financings of the City, and in particular, the issuance of certificates of participation. The Authority will also have the power to purchase with the proceeds of its revenue bonds, bonds issued by the City or SHRA at public or negotiated sale. This ability will provide greater flexibility for the City and the Agency by permitting SHRA the option of selling bonds through a negotiated process in those instances that would prove advantageous.

POLICY CONSIDERATIONS

Formation of the Authority would provide another nominal lessor in addition to the Sacramento City Public Facilities Financing Corporation for lease financings of the City. The SCPFFC would continue to act as nominal lessor for those financings it has become involved with.

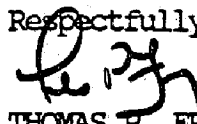
MBE/WBE EFFORTS

MBE/WBE efforts are not applicable for the formation of the Authority. However, the Authority would follow MBE/WBE guidelines adopted by the City.

RECOMMENDATION

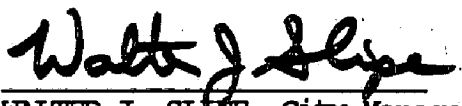
It is recommended that City Council adopt the attached resolution approving the formation of a joint powers authority between the City and the Sacramento City Redevelopment Agency.

Respectfully submitted,



THOMAS P. FRIERY
City Treasurer

RECOMMENDATION APPROVED:



WALTER J. SLUPE, City Manager

September 27, 1989
All Districts

Contact Person:
David Affleck, Treasury Operations Officer II

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION AUTHORIZING THE MAYOR TO
EXECUTE JOINT EXERCISE OF POWERS AGREEMENT
BY AND BETWEEN THE CITY OF SACRAMENTO AND THE
SACRAMENTO CITY REDEVELOPMENT AGENCY CREATING
THE SACRAMENTO CITY FINANCING AUTHORITY**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the report of the City Treasurer is approved, and the Mayor is authorized to execute on behalf of the City of Sacramento the Joint Exercise of Powers Agreement by and between the City of Sacramento and the Sacramento City Redevelopment Agency.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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JOINT EXERCISE OF POWERS AGREEMENT

BY AND BETWEEN

THE CITY OF SACRAMENTO

AND

THE SACRAMENTO CITY REDEVELOPMENT AGENCY

CREATING THE
SACRAMENTO CITY FINANCING AUTHORITY

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JOINT EXERCISE OF POWERS AGREEMENT

This Joint Exercise of Powers Agreement, dated as of October 1, 1989 (the "Agreement"), by and between the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and the laws of the State of California (the "City"), and the Sacramento City Redevelopment Agency, a public corporation duly organized and existing under and by virtue of the laws of the State of California (the "Agency");

W I T N E S S E T H:

WHEREAS, the City is authorized to acquire, hold and dispose of real and personal property for its uses pursuant to laws of the State of California; and

WHEREAS, the Agency is authorized to acquire, hold and dispose of real and personal property for its uses pursuant to the laws of the State of California;

WHEREAS, Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes the City and the Agency to create a joint exercise of powers entity (the "Sacramento City Financing Authority" or "Authority") which has the power to jointly exercise any powers common to the City and the Agency; and

WHEREAS, by the Agreement, the City and the Agency have created and established the Authority for the purposes set forth herein and to exercise the powers described herein;

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NOW, THEREFORE, the City and the Agency, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of the Agreement have the meanings herein specified.

Agency

The term "Agency" shall mean the Sacramento City Redevelopment Agency, a public corporation duly organized and existing under and by virtue of the laws of the State of California.

Authority

The term "Authority" shall mean the Sacramento City Financing Authority created by the Agreement.

Board

The term "Board" shall mean the governing board of the Authority.

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City

The term "City" shall mean the existing municipal corporation known as 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.

Law

The term "Law" shall mean Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

SECTION 2. PURPOSE

The Agreement is made pursuant to the Law to provide for the joint exercise of powers common to the City and the Agency for the purpose of financing the acquisition and/or construction of real and personal property in and for the City in accordance with the Law.

SECTION 3. TERM

The Agreement shall become effective as of the date hereof and shall continue in full force and effect until June 30, 2014, unless extended or earlier terminated by a supplemental written agreement of the City and the Agency; provided, that in no event shall the Agreement terminate while any rental payments are due by the City to the Authority under any lease of any real or personal property from the Authority to the City, or while any bonds of the Authority issued pursuant to the Law are outstanding.

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SECTION 4. AUTHORITY

A. Creation of Authority

There is hereby created pursuant to the Law an agency and public entity to be known as the "Sacramento City Financing Authority." As provided in the Law, the Authority shall be a public entity separate from the City and the Agency. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the City or the Agency.

Within thirty (30) days after the effective date of the Agreement or any amendment hereto, the Authority will cause a notice of the Agreement or such amendment to be prepared and filed with the office of the Secretary of State of the State of California in the manner set forth in Section 6503.5 of the Government Code of the State of California.

B. Governing Board

The Authority shall be administered by the Board, which shall consist of the members of the City Council of the City. The term of office of any member of the Board shall be equivalent to such member's term of office on the City Council.

Members of the Board shall not receive any compensation for serving as such, but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a member if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

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C. Meetings of Board

(1) Regular Meetings. The Board shall hold at least one regular meeting each year, and, by resolution, may provide for the holding of regular meetings at more frequent intervals. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by resolution of the Board.

(2) Legal Notice. All meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (Sections 54950-54961)) or any successor legislation hereinafter enacted.

(3) Minutes. The Secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to the City and to the Agency.

(4) Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time.

D. Officers; Duties

(1) The Mayor of the City shall serve as Chairman of the Authority and the Vice-Mayor of the City shall serve as Vice-Chairman of the Authority. The Board shall by

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resolution appoint a Secretary of the Authority, who shall not be a member of the Board.

(2) The Treasurer of the City is hereby designated as Treasurer of the Authority, and as such, is hereby designated as the depository of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Government Code of the State of California.

(3) The Director of Finance of the City, who performs the functions of auditor and controller for the City, is hereby designated as Controller of the Authority, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Government Code of the State of California. The Controller of the Authority shall draw checks to pay demands against the Authority when the demands have been approved by the Authority.

(4) The City shall determine the charges to be made against the Authority for the services of the Treasurer and the Controller of the Authority as aforesaid.

(5) The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond in the amount of \$25,000 as required by Section 6505.1 of the Government Code of the State of California; provided, that such bond shall not

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be required if the Authority does not possess or own property or funds with an aggregate value of greater than \$500.00.

(6) The Controller of the Authority is hereby authorized and directed to prepare or cause to be prepared:

(a) a special audit as required pursuant to Section 6505 of the Government Code of the State of California every year during the term of the Agreement; and

(b) a report in writing on the first day of July, October, January, and April of each year to the Board, the City and the Agency, which report shall describe the amount of money held by the Treasurer of the Authority for the Board, the amount of receipts since the last such report, and the amount paid out since the first such report.

(7) The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants, accountants and other professionals necessary in the exercise of its powers.

SECTION 5. POWERS

The Authority shall have the power to cause the acquisition and/or construction of real and personal property in and for the City and to lease such real and personal property to the City, and the power to purchase, with the proceeds of its revenue bonds, bonds issued by the City or the Agency at public or negotiated sale; all in accordance with the Law. Any such bonds so purchased may be held by the Authority or sold to public or private purchasers at public or

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negotiated sale, as a whole or in part, upon and subject to such conditions and terms as the Authority deems by resolution to be necessary, appropriate and in the public interest, in furtherance of the Law.

The Authority is authorized, in its own name, to do all acts necessary for the exercise of said powers for said purposes, including but not limited to any or all of the following: to make and enter into contracts; to employ agents and employees; and to sue and be sued in its own name. Such powers shall be exercised subject only to such restrictions upon the manner of exercising such power as are imposed upon the City in the exercise of similar powers, as provided in Section 6509 of the Government Code of the State of California.

Notwithstanding the foregoing, the Authority shall have any and all additional powers conferred under the Law, insofar as such additional powers may be necessary to accomplish the purposes set forth in Section 2 hereof.

SECTION 6. TERMINATION OF POWERS

The Authority shall continue to exercise the powers herein conferred upon it until the termination of the Agreement as provided in Section 3 or until the City and the Agency shall have mutually rescinded the Agreement.

SECTION 7. FISCAL YEAR

Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period from

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July 1 of each year to and including the following June 30, except for the first fiscal year which shall be the period from the date of this Agreement to the following June 30; provided, that if the fiscal year of the City is changed, the fiscal year of the Authority shall be similarly changed to be co-extensive therewith.

SECTION 8. DISPOSITION OF ASSETS

At the end of the term hereof or upon the earlier termination of the Agreement as set forth in Section 6 hereof, all assets of the Authority shall be distributed to the City and the Agency, subject to the provisions of Section 9 hereof.

SECTION 9. CONTRIBUTIONS AND ADVANCES

Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by the City and the Agency for any of the purposes of the Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance shall be made subject to repayment, and shall be repaid in the manner agreed upon by the City or the Agency, as the case may be, and the Authority at the time of making such advance. It is mutually understood and agreed that neither the City nor the Agency has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either may do so. The City or the Agency may allow the use of personnel, equipment or property in lieu of other contributions or

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advances to the Authority. After termination of the Agreement pursuant to Section 3, any surplus money in possession of the Authority shall be returned to the City and the Agency in proportion to the unreimbursed contributions each has made.

SECTION 10. AGREEMENT NOT EXCLUSIVE

The Agreement shall not be exclusive and shall not be deemed to amend or alter the terms of other agreements between the City and the Agency, except as the terms of the Agreement may conflict therewith, in which case the terms of the Agreement shall prevail.

SECTION 11. ACCOUNTS AND REPORTS

The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice. The books and records of the Authority shall be open to inspection at all reasonable times by the City and the Agency and their representatives. The Authority shall give an audited written report of all financial activities for each fiscal year to the City and to the Agency within twelve (12) months after the close of each fiscal year.

So long as required by Section 6505.6 of the Government Code of the State of California, the Controller of the Authority shall either make, or contract with a certified public accountant or public accountant to make, an annual audit of the accounts and records of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under

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Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of an account and records is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with the City, the Agency and, if required by Section 6505.6 of the Government Code of the State of California, with the County Auditor/Controller of the County of Sacramento. Such report shall be filed within twelve (12) months of the end of the fiscal year or years under examination.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants, in making an audit pursuant to this section shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for the purpose.

In any year the Authority may, by unanimous request of the Board, replace the annual special audit with an audit covering a two-year period.

SECTION 12. CONFLICT OF INTEREST CODE

The Authority by resolution shall adopt a Conflict of Interest Code as required by law, which shall be the existing Conflict of Interest Code of the City.

SECTION 13. BREACH

If default shall be made by the City or the Agency in any covenant contained in the Agreement, such default shall not excuse either the City or the Agency from fulfilling its

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obligations under the Agreement and the City and the Agency shall continue to be liable for the performance of all conditions herein contained. The City and the Agency hereby declare that the Agreement is entered into for the benefit of the Authority created hereby and the City and the Agency hereby grant to the Authority the right to enforce by whatever lawful means the Authority deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

SECTION 14. SEVERABILITY

Should any part, term, or provision of the Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

SECTION 15. SUCCESSORS; ASSIGNMENT

The Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, neither party may assign any right or obligation hereunder without the consent of the other.

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SECTION 16. AMENDMENT OF AGREEMENT

The Agreement may be amended by supplemental agreement executed by the City and the Agency at any time.

SECTION 17. FORM OF APPROVALS

Whenever an approval is required in the Agreement, unless the context specifies otherwise, it shall be given, in the case of the City, by resolution duly and regularly adopted by the City Council of the City, and, in the case of the Agency, by resolution duly and regularly adopted by the members of the Agency, and, in the case of the Authority, by resolution duly and regularly adopted by the Board. Whenever in the Agreement any consent or approval is required, the same shall not be unreasonably withheld.

SECTION 18. SECTION HEADINGS

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of the Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

CITY OF SACRAMENTO

By _____
Mayor

[SEAL]

Attest:

City Clerk

SACRAMENTO CITY
REDEVELOPMENT AGENCY

By _____
Chairman

[SEAL]

ATTEST:

Secretary