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CITY OF SACRAMENTO

CALIFORNIA

DEPARTMENT OF
PUBLIC WORKS

DEVELOPMENT SERVICES
DIVISION

1231 I STREET
ROOM 300
SACRAMENTO, CA
95814

PH 916-264-7474
FAX 916-264-7480

September 11, 1997

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: DISPLAY WAY ASSESSMENT DISTRICT #96-04, AUTHORIZE SALE OF BONDS, AND AWARD OF CONTRACT

LOCATION AND COUNCIL DISTRICT:

The Display Way Assessment District is in Council District #2 (please see attached Exhibit A). The district includes 6 parcels of land located just west of Rio Linda Boulevard and south of Interstate 80.

RECOMMENDATION:

This report recommends that the City Council adopt the following:

1. Resolution Authorizing Issuance of Bonds, etc.
2. Resolution Amending the Capital Improvement Program and Establishing the Revenue and Expenditure Budget.

CONTACT PERSONS: Ron Wicky, Special Districts Analyst, 264-5628

FOR COUNCIL MEETING OF: September 23, 1997

SUMMARY:

This report request that the City Council adopt the attached resolutions. This action will officially determine the amount of assessments that remain unpaid, authorize the issuance of bonds and award the contract.

COMMITTEE/COMMISSION ACTION:

None.



City Council

~~Display Way Assessment District #96-04, Authorize~~
Sale of Bonds and Award of contract
September 11, 1997

BACKGROUND INFORMATION:

On August 12, 1997, Council held a public hearing on the assessment district and levied assessments. The clerk reported that 100% of the property owners mailed in ballots and voted in favor of the district. The City Treasurer has determined that the amount of assessments remaining unpaid is \$315,040 and requests authorization to issue bonds to represent the unpaid assessments.

Bids were received and reported to Council on August 12, 1997. Staff recommends that the contract be awarded to R.C. Collet Inc., the lowest responsible bidder at \$338,877.

FINANCIAL CONSIDERATIONS:

The funds necessary for this project will be provided by the revenue that is forthcoming from the sale of bonds, and a contribution by Sacramento Housing Redevelopment Agency (SHRA). The money will be distributed by establishing a revenue and expenditure budget of \$529,013 (\$315,040, the amount assessed to the property owners, plus \$225,000 received from SHRA minus \$11,027 for the bond discount). A summary of the estimated project costs are as follows:

Estimated Construction Cost	\$338,877
Contingency	<u>33,888</u>
Subtotal	\$372,765
Drain Line Acquisition	<u>22,694</u>
Total Construction	\$395,459
Engineering	
Design	\$15,825
Project Management/Staking & Inspection	<u>45,000</u>
Subtotal	\$456,284
Bond Incidentals	<u>41,225</u>
Subtotal	\$497,509
Contributions	
(SHRA)	<u>(225,000)</u>
Project Cost	\$272,509
Reserve Account	<u>31,504</u>
Total Expenditures	\$304,013
Bond Discount	<u>\$11,027</u>
Total Amount Assessed to Property Owners	\$315,040

The above expenditures are detailed in the Engineer's Report on file with the City Clerk. There is no impact to the General Fund as a result of this district.

City Council
Display Way Assessment District #96-04, Authorize
Sale of Bonds and Award of contract
September 11, 1997

ENVIRONMENTAL CONSIDERATIONS:

On August 20, 1996, City Council adopted Resolution No. 96-074 ratifying the negative declaration and the mitigation monitoring plan for this project.

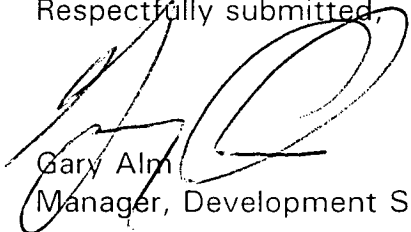
POLICY CONSIDERATIONS:

The procedures under which this district is being formed are set forth in the California Streets and Highways Code, specifically Division 12 entitled, "*Municipal Improvement Act of 1913*" and Division 10 entitled, "*Improvement Bond Act of 1915*".

MBE/WBE:

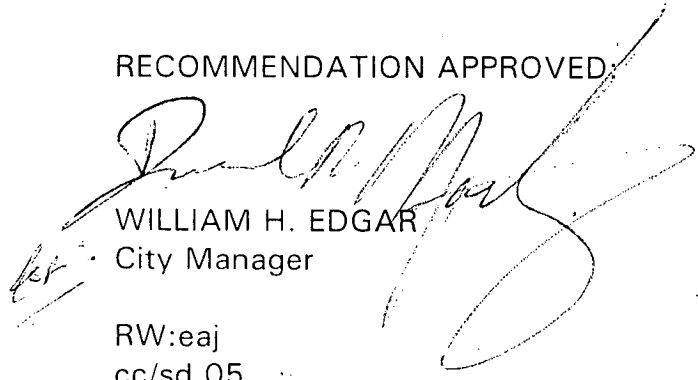
This project included participation goals of 10.57% MBE and 9.5% WBE as required by Resolution 93-619 relating to MBE/WBE participation goals and policies adopted by the City Council on November 2, 1993. Award of the project is contingent upon the responsive low bidder either meeting these project MBE/WBE participation goals or making documented good faith efforts toward meeting the project goals. The lowest responsible bidder, R.C. Collet, Inc., participation goals were 14.73% MBE and 17.29% WBE.

Respectfully submitted,



Gary Alm
Manager, Development Services

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

RW:eaj
cc/sd.05

APPROVED:



Michael Kashiwagi
Director of Public Works

DISPLAY WAY ASSESSMENT DISTRICT #96-04

June 24, 1997	Council adopted Resolution of Intention and sets hearing dates
June 1997	Boundary Map recorded with County Recorder
June 1997	Mailed, Published, Notice of Hearing
July 22, 1997	Council held Public Meeting (Hearing #1)
August 12, 1997	Council held Public Hearing #2. Council adopted Resolution Adopting Amended Engineer's Report, Confirming and Levying Assessments and Ordering Improvements
August 1997	Recorded Assessment Diagram and Notice of Assessment with County

September 23, 1997	Council considers Resolution Authorizing Sale of Bonds, Appropriation of Funds - Award of Contract
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September 1997	Bond Closing
September 1997	City Receives Proceeds from Bonds
September 1997	Contractor Notice to Proceed
November 1997	Estimated Completion Date of Improvements

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AMENDING THE CITY CAPITAL IMPROVEMENT PROGRAM BY ESTABLISHING DISPLAY WAY ASSESSMENT DISTRICT #96-04 REVENUE AND EXPENDITURE BUDGET IN THE AMOUNT OF \$529,013.26

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

1. The City Capital Improvement Program is hereby amended by establishing the project entitled "Display Way Assessment District #96-04 (42AD)."
2. The following appropriation increase will be supported by revenue that is forthcoming from the sale of bonds to be issued on all unpaid assessments, money received during the cash collection period, and a cash contribution by the Sacramento Redevelopment & Housing Agency (SHRA). The Assessment District Revenue Budget is established as follows:

\$ 225,000.00	675-ASD-42AD-3509 from SHRA
<u>304,013.26</u>	675-ASD-42AD-3714 from A.D. Bonds & Cash Payments
\$529,013.26	

The total revenue budget is the sum of the assessment to property owners of \$315,039.65, plus \$225,000.00 SHRA contribution minus \$11,026.39 for the bond discount.

The City Capital Improvement Program Budget is hereby amended by appropriating \$529,013.26 to the newly established project as follows:

\$338,877.00	675-ASD-42AD-4820	Construction Cost
15,750.00	675-ASD-42AD-4880	Engineering (Salary)
6,750.00	675-ASD-42AD-4881	Engineering (Benefits)
22,500.00	675-ASD-42AD-4831	Engineering (Indirect)
2,500.00	675-ASD-42AD-4213	Bond Printing
2,500.00	675-ASD-42AD-4321	Bond Administration

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5

RESOLUTION NO: _____

DATE ADOPTED: _____

5,225.59	675-ASD-42AD-4287	S.D.I.R.S.
10,000.00	675-ASD-42AD-4802	Bond Counsel
31,503.97	675-ASD-42AD-4842	Reserve Account
16,000.00	675-ASD-42AD-4300	Special Districts
33,887.70	675-ASD-42AD-4414	Contingency
15,825.00	675-ASD-42AD-4802	Property Owner Reimbursement
5,000.00	675-ASD-42AD-4840	Attorney Fees
22,694.00	675-ASD-42AD-4813	Drain Line Acquisition

These appropriations will provide sufficient funds, to pay all incidental expenses associated with said Assessment District.

3. Director of Finance is hereby authorized and directed to expend the total sum of \$529,013.26 as follows": \$338,877.00 to be paid to the contractor to construct improvements; \$22,694.00 for a Drain line acquisition; and \$167,442.26 to pay for engineering and other incidental expenses.

MAYOR

TEST:

CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____

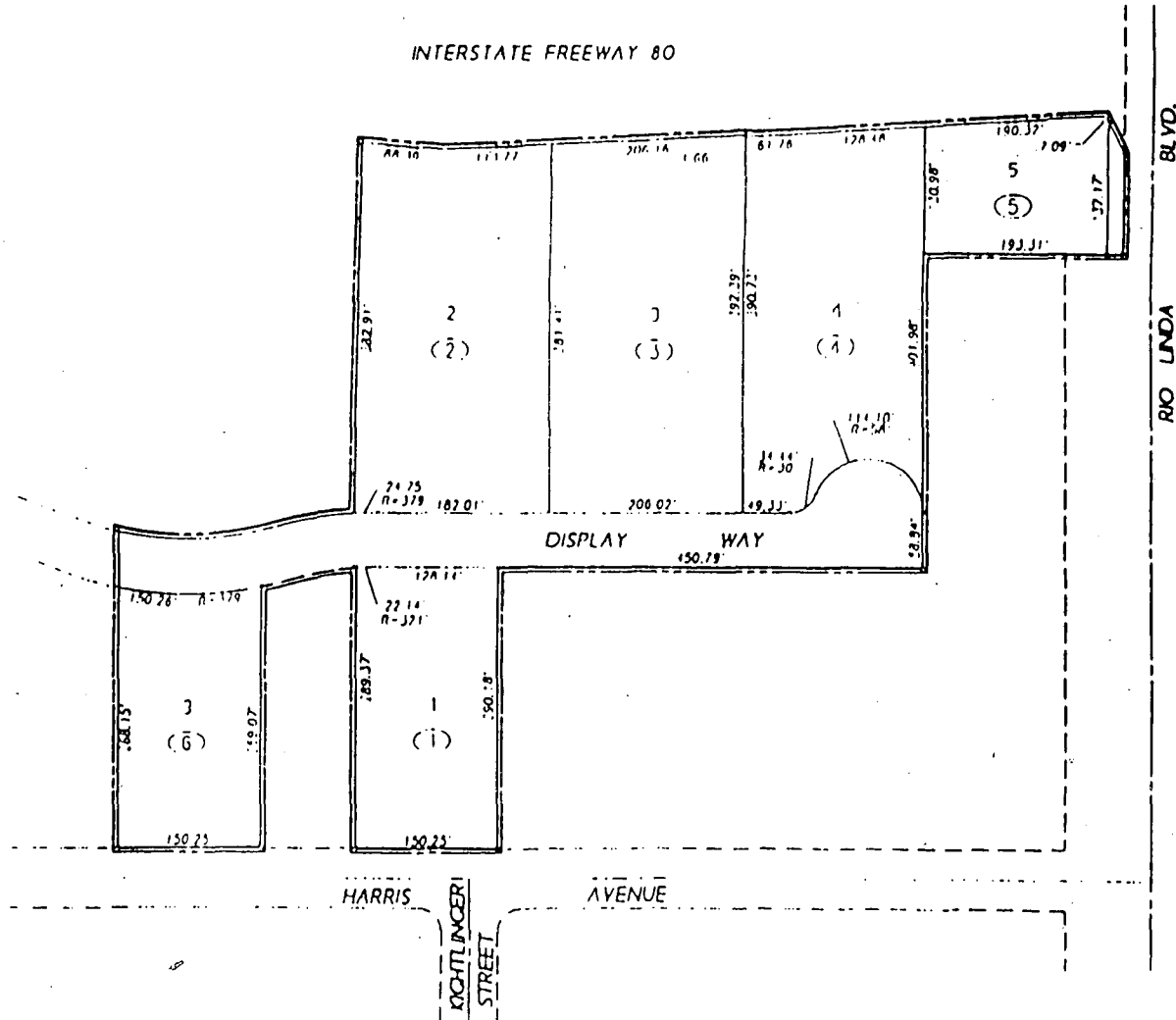
PROPOSED BOUNDARIES OF DISPLAY WAY ASSESSMENT DISTRICT NO. 96-04

CITY OF SACRAMENTO, CALIFORNIA
MORTON & MITALO, INC.
SHEET 1 OF 1 SHEET



SCALE: 1"=100'

INTERSTATE FREEWAY 80



LEGEND

- PRIMAIRE OF ASSESSMENT
- ASSESSMENT DISTRICT BOUNDARY
- ASSESSMENT NUMBER
- LOT NUMBER

(1)

NOTE

DISTANCES ALONG CURVED LINE ARE CHORD MEASUREMENTS

1901 000716 0011 CALAD 90210407 DMC CB-0-0-27 11.41 am

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO PROVIDING FOR THE ISSUANCE OF \$315,039.65 PRINCIPAL AMOUNT OF CITY OF SACRAMENTO LIMITED OBLIGATION IMPROVEMENT BONDS, DISPLAY WAY ASSESSMENT DISTRICT NO. 96-04; PRESCRIBING THE DATE, DENOMINATIONS, MATURITIES, INTEREST RATES AND FORM OF SAID BONDS; AUTHORIZING THE EXECUTION OF SAID BONDS; PROVIDING FOR THE COLLECTION OF ASSESSMENTS TO PAY THE INTEREST ON AND PRINCIPAL OF SAID BONDS; PROVIDING FOR A RESERVE FUND FOR SAID BONDS; AND DIRECTING THE SALE OF SAID BONDS AND APPROVING THE OFFERING CIRCULAR FOR SAID BONDS.

WHEREAS, the City Council (the "Council") of the City of Sacramento (the "City") on June 24, 1997, duly adopted its Resolution of Intention No. 97-364 (the "Resolution of Intention") relating to the acquisition and construction of certain public improvements in and for an assessment district in the City designated "Display Way Assessment District No. 96-04," as described therein, pursuant to the provisions of the Municipal Improvement Act of 1913; and

WHEREAS, an assessment and diagram were thereafter duly made and filed with the Council, and after a duly noticed public meeting and a duly noticed public hearing which were duly held, said assessment was amended and confirmed, levied and approved by Resolution No. 97-467 adopted by the Council on August 12, 1997; and

WHEREAS, said assessment and diagram were duly recorded in the office of the City Engineer and Superintendent of Streets of the City and the Engineer of Work for said assessment district, and said diagram was duly recorded in the office of the County Recorder of the County of Sacramento, and a notice of assessment was duly recorded in the office of the County Recorder of the County of Sacramento, all in the time, form and manner required by law; and

WHEREAS, said assessment was in the total amount of three hundred fifteen thousand thirty-nine dollars and sixty-five cents (\$315,039.65) and was apportioned upon the several subdivisions of

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

8

land in said assessment district in proportion to the estimated benefits to be received by such subdivisions, respectively, from the acquisition and construction of said public improvements as shown in said assessment; and

WHEREAS, all property owners within said assessment district have signed waivers waiving their rights to pay the assessments in cash and to receive notices of the assessments by mail and by publication; and

WHEREAS, the Treasurer of the City (the "Treasurer") thereafter made and filed with the City Engineer and Superintendent of Streets of the City and the Engineer of Work for said assessment district and the City Clerk of the City (the "City Clerk") and the Director of Finance of the County of Sacramento a complete list of all unpaid assessments upon said assessment, and the Council found and determined by a resolution adopted on August 12, 1997, that said assessments so listed as unpaid in said assessment district in said list of unpaid assessments are unpaid and that the aggregate amount thereof is three hundred fifteen thousand thirty-nine dollars and sixty-five cents (\$315,039.65);

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento, as follows:

Section 1. The foregoing recitals are true and correct and the Council hereby so finds and determines.

Section 2. The Council has reviewed all proceedings heretofore taken relative to the foregoing and has found, as a result of such review, and does hereby find and determine that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of improvement bonds as hereinafter provided do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized pursuant to each and every requirement of law to issue improvement bonds in the manner and form as in this resolution provided.

Section 3. Improvement bonds of the City in the aggregate principal amount of three hundred fifteen thousand thirty-nine dollars and sixty-five cents (\$315,039.65) shall be issued upon the security of said unpaid assessments in accordance with the provisions of the Improvement Bond Act of 1915 (the "Act") and pursuant to the provisions of the Resolution of Intention and the proceedings taken thereunder, which bonds shall be designated the "City of Sacramento Limited Obligation Improvement Bonds, Display Way Assessment District No. 96-04" (the "Bonds"). The

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Bonds shall be dated September 1, 1997, shall be issued as fully registered bonds in the denomination of one thousand dollars (\$1,000) each or integral multiples thereof, except for the first numbered Bond which shall be in the denomination of one thousand thirty-nine dollars and sixty-five cents (\$1,039.65), and shall mature on September 2 in the years and in the principal amounts and shall bear interest at the interest rates as follows:

<u>Maturity Date</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
1998	\$15,039.65	5.00%
1999	15,000.00	5.60
2000	15,000.00	5.80
2001	15,000.00	6.00
2002	15,000.00	6.20
2003	20,000.00	6.40
2004	20,000.00	6.50
2005	20,000.00	6.60
2006	20,000.00	6.70
2007	25,000.00	6.80
2008	25,000.00	6.90
2009	25,000.00	7.00
2010	25,000.00	7.10
2011	30,000.00	7.20
2012	30,000.00	7.25

Section 4. The interest on the Bonds shall be payable semiannually on March 2 and September 2 in each year, commencing on March 2, 1998, from the interest payment date next preceding the date of registration thereof (unless such date of registration is on a day a day during the period from the fifteenth (15th) day of the calendar month next preceding an interest payment date to such interest payment date, both days inclusive, in which event they shall bear interest from such interest payment date, or unless such date of registration is on a day before the fifteenth (15th) day of the calendar month next preceding the first interest payment date, in which event they shall bear interest from their dated date) until payment of the principal sum thereof shall have been discharged.

The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

States of America at the Office of Bonds and Assessments, City of Sacramento, Sacramento, California, as Paying Agent, Registrar and Transfer Agent of the City for the Bonds (the "Paying Agent"). Payment of the interest on the Bonds due on or before the maturity or prior redemption thereof shall be made by check mailed by first class mail on each interest payment date to the registered owners of the Bonds as their names appear at the close of business on the fifteenth (15th) day of the calendar month next preceding each interest payment date on the registration books maintained by the Paying Agent as hereinafter set forth, and payment of the principal of and redemption premiums, if any, on the Bonds shall be made only upon surrender thereof by the registered owners thereof on their maturity dates or on redemption prior to maturity at the office of the Paying Agent.

Any Bond may be redeemed on the second day of March or September in any year, at the option of the City, upon payment of the principal amount thereof plus interest accrued thereon to the date of redemption, together with a redemption premium equal to the following percentages of the principal amount redeemed, namely:

<u>Redemption Date</u>	<u>Redemption Premium</u>
On or after March 2, 1998, and prior to March 2, 2003	3%
On or after March 2, 2003, and prior to March 2, 2008	2
On or after March 2, 2008, and prior to March 2, 2010	1
On or after March 2, 2010, and prior to maturity	0

; provided, that the City shall proceed pursuant to Part 11.1 of the Act in determining those Bonds to be redeemed and the manner of the redemption thereof, and shall give at least thirty (30) days' notice of the redemption of any Bond by registered or first class mail to the registered owner thereof at the registered owner's address as it appears on the registration books maintained by the Paying Agent.

The Council declares and determines that it does not and will not obligate itself to advance funds from the City treasury to cure any deficiency which may occur at any time in the Redemption Fund created in Section 9 of this resolution.

Section 5. The Bonds shall be substantially in the form and substance herein set forth, the blanks in said form to be filled in with appropriate words and figures, namely:

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

CITY OF SACRAMENTO
LIMITED OBLIGATION IMPROVEMENT BOND
DISPLAY WAY ASSESSMENT DISTRICT NO. 96-04

REGISTERED

REGISTERED

No. R- _____

\$ _____

Interest Rate

Maturity Date

Dated as of

_____ %

September 2, _____

September 1, 1997

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code of the State of California (the "Act"), the City of Sacramento (the "City") will, out of the redemption fund for the payment of the bonds issued upon the unpaid portion of assessments made for the acquisition and construction of certain public improvements more fully described in proceedings taken pursuant to Resolution of Intention No. 97-364 adopted by the City Council of the City on June 24, 1997, pay to the registered owner set forth above on the maturity date set forth above (subject to the right of prior redemption hereinafter reserved) the principal amount set forth above in lawful money of the United States of America, and in like manner will pay interest from the interest payment date next preceding the date of registration of this bond (unless such date of registration is on a day during the period from the fifteenth (15th) day of the calendar month next preceding an interest payment date to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless such date of registration is on a day before the fifteenth

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

17

(15th) day of the calendar month next preceding the first interest payment date, in which event it shall bear interest from the dated date set forth above) until payment of such principal sum shall have been discharged, at the interest rate per annum set forth above, payable semiannually on March 2 and September 2 in each year commencing on March 2, 1998. The principal hereof and the redemption premium, if any, hereon are payable only upon surrender of this bond on its maturity date or on redemption prior to maturity at the Office of Bonds and Assessments, City of Sacramento, Sacramento, California, as Paying Agent, Registrar and Transfer Agent of the City for the bonds (the "Paying Agent"), and the interest hereon is payable by check mailed by first class mail on each interest payment date to the registered owner hereof as the owner's name appears at the close of business on the fifteenth (15th) day of the calendar month next preceding each interest payment date on the registration books maintained by the Paying Agent.

This bond is one of several annual series of bonds of like date, tenor and effect, but differing in amounts, maturities and interest rates, issued by the City under the Act and Resolution No. 97-___ adopted by the City Council of the City on September 23, 1997, providing for its issuance (the "Resolution of Issuance") for the purpose of providing means for paying for the acquisition and construction of those certain public improvements described in said proceedings, and is secured by the money in said redemption fund and by the unpaid portion of said assessments made for the payment of the acquisition and construction of said public improvements, and, including principal and interest, is payable exclusively out of said fund.

This bond will continue to bear interest after maturity at the rate above stated; provided, it is presented at maturity and payment thereof is refused upon the sole ground that there is not sufficient money in said redemption fund with which to pay the same. If it is not presented at maturity, interest hereon will run until maturity.

This bond may be redeemed and paid in advance of maturity upon the second day of March or September in any year, at the option of the City, by giving at least thirty (30) days' notice by registered or first class mail to the registered owner hereof at the registered owner's address as it appears on the registration books maintained by the Paying Agent, upon payment of the principal amount thereof plus interest accrued thereon to the date of redemption, together with a redemption premium equal to the following percentages of the principal amount redeemed, namely:

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

<u>Redemption Date</u>	<u>Redemption Premium</u>
On or after March 2, 1998, and prior to March 2, 2003	3%
On or after March 2, 2003, and prior to March 2, 2008	2
On or after March 2, 2008, and prior to March 2, 2010	1
On or after March 2, 2010, and prior to maturity	0

This bond is transferable by the registered owner hereof, in person or by the owner's attorney duly authorized in writing, at the above-mentioned office of the Paying Agent, subject to the terms and conditions provided in the Resolution of Issuance, including the payment of certain charges, if any, upon surrender of this bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form satisfactory to the Paying Agent, and thereupon a new bond or bonds of authorized denominations and of the same maturity date aggregating the principal amount of this bond will be issued to the transferee in exchange therefor.

Bonds shall be registered only in the name of an individual (including joint owners), a corporation, a partnership or a trust, and the City and the Paying Agent may treat the owner hereof as the absolute owner for all purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

IN WITNESS WHEREOF, the City of Sacramento has caused this bond to be signed by the facsimile signature of the City Treasurer of the City and by the facsimile signature of the City

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Clerk of the City, and has caused its corporate seal to be printed in facsimile hereon, all on the 1st day of September, 1997.

CITY OF SACRAMENTO

City Treasurer

[SEAL]

City Clerk

[FORM OF REGISTRATION ENDORSEMENT]

This bond has been registered in the name of the above-named registered owner this ____ day of _____, ____.

OFFICE OF BONDS AND ASSESSMENTS, CITY OF SACRAMENTO, as Paying Agent

By _____
Authorized Officer

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

15

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the register of the Paying Agent, with full power of substitution in the premises.

Date: _____.

SIGNATURE GUARANTEED:

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Section 6. The Bonds shall be executed by the Treasurer and by the City Clerk by the use of their printed facsimile signatures, and the seal of the City shall be affixed thereto by the City Clerk, which seal shall be printed by facsimile thereon. Such signing and sealing as herein provided shall be a sufficient and binding execution of the Bonds by the City, and in case either of such officers whose signatures appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes the same as though such officer had remained in office until the delivery of the Bonds.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

16

Section 7. The Paying Agent will keep at its office in Sacramento, California, sufficient books for the registration, transfer and exchange of the Bonds, which books shall at all times during normal business hours with reasonable advance notice be open to inspection by the City, and upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or exchange the Bonds on such books as hereinafter provided, and shall execute the registration endorsement on the Bonds to evidence the registration of the Bonds in the name of the registered owner thereof.

Any Bond may be transferred or exchanged on such books by the registered owner thereof, in person or by his duly authorized attorney, upon payment of any tax or other governmental charge required to be paid with respect to such transfer or exchange, upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Paying Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Paying Agent shall deliver a new Bond or Bonds of authorized denominations of the same maturity date aggregating the same principal amount of the Bond or Bonds so surrendered. The City and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond shall be overdue or not, and neither the City nor the Paying Agent shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bond shall be made only to such registered owner as above provided, which payment shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

Section 8. The unpaid assessments in the aggregate amount of three hundred fifteen thousand thirty-nine dollars and sixty-five cents (\$315,039.65), as shown on said list hereinabove referred to and as determined by the Council, together with interest thereon computed at the rate specified in the Bonds (which interest shall begin to run from the date of the Bonds), shall, in accordance with and consistent with the Act, remain and constitute a trust fund for the redemption and payment of the principal of the Bonds and for the interest due thereon, and said assessments and each installment thereof and the interest and penalties thereon shall constitute a lien against the lots and parcels of land on which they are made, until the same be paid. The Director of Finance of the County of Sacramento shall annually make a record in his office showing the several installments of principal and interest on said assessments which are to be collected for the

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

forthcoming year during the term of the Bonds; and an annual installment of said unpaid assessments shall be payable and shall be collected in each year corresponding in amount to the amount of Bonds unpaid and maturing in such year, which amount shall be sufficient to pay the Bonds as the same become due in such year, and an annual installment of interest on said unpaid assessments shall be payable and shall be collected in each year corresponding in amount to the amount of interest which will accrue on the Bonds outstanding for such year, which amount shall be sufficient to pay the interest thereon that shall become due on the Bonds in the next succeeding March and September. In addition, the Director of Finance of the County of Sacramento shall annually enter in the assessment roll on which taxes will next become due, opposite each lot or parcel of land affected, in the manner and subject to the limitations set forth in Sections 8682 and 8682.1 and 10204(f) of the Streets and Highways Code, each lot's or parcel's pro rata share of the estimated annual costs of collection of such installments and the estimated annual costs in connection with the registration of the Bonds, and all sums so collected shall belong to the City and shall be used to pay the expenses and compensation of the City incurred in the collection of such assessments and the registration of the Bonds. All such assessments coming due in any year, together with the annual interest on the unpaid principal of such assessment, shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County of Sacramento on real property are payable, and said assessment installments and said annual interest on said unpaid assessments shall be payable and become delinquent on the same dates and in the same proportionate amounts and, except for the penalties provided below, shall bear the same proportionate penalties and interest after delinquency as do general taxes on real property in the County of Sacramento.

Additionally, a penalty of two per cent (2%) per month of the total amount of any delinquent assessment installment shall be added to such delinquent assessment installment after the close of business on the delinquency date, and an additional penalty of two per cent (2%) of the amount of such delinquency shall be added thereto at the beginning of business on the tenth (10th) day of each succeeding month until such delinquent assessment installment and all penalties are fully paid, which penalties shall be in lieu of all other penalties assessed by other provisions of law, and all such penalties collected shall be collected with and as a part of such delinquent assessment installments and all penalties collected shall be deposited into the Redemption Fund provided in Section 10 of this resolution.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

The Council hereby agrees and covenants with the registered owners of the Bonds that, on or before October 1 of each year, it will review the public records of the County of Sacramento relating to the collection of the assessment installments in the prior fiscal year, and if the City determines on the basis of such review that the amount collected in such fiscal year is less than ninety-five per cent (95%) of the total amount due in such fiscal year and if the amount in the Reserve Fund is less than the Reserve Requirement, the City will within sixty (60) days of such determination institute foreclosure proceedings as authorized by the Act in order to enforce the lien of each of such delinquent assessment installments, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that the City will in any case institute foreclosure proceedings against any parcel that is delinquent by more than one thousand dollars (\$1,000) in payment of assessment installments at the end of the fiscal year in which the assessment installment was placed on the tax roll for collection.

The Council hereby further agrees and covenants with the registered owners of the Bonds that it will not issue any additional indebtedness of said assessment district payable from and secured by assessments against the property within said assessment district.

Section 9. There is hereby created and established in the treasury of the City a fund to be known as the "City of Sacramento Limited Obligation Improvement Bonds, Display Way Assessment District No. 96-04 Redemption Fund," which fund shall be kept by the City and shall constitute a trust fund for the benefit of the registered owners of the Bonds. At the time of the issuance of the Bonds, the City shall deposit in said fund from the proceeds of sale of the Bonds an amount equal to the accrued interest received for the Bonds, and all sums received by the City which are received from the collection of unpaid assessments, and of the interest and penalties thereon, shall upon receipt be deposited in said fund. All sums to become due for the payment of the principal of the Bonds (whether at maturity or on prior redemption) and the redemption premiums, if any, thereon and the interest thereon shall be withdrawn from said fund and transferred by the Treasurer to the Paying Agent and used for the payment of the principal of the Bonds (whether at maturity or on prior redemption) and the redemption premiums, if any, thereon and the interest thereon on each such principal or interest payment date, and the Bonds and the redemption premiums, if any, thereon and the interest thereon shall not be paid out of any other funds. All money in said fund shall be invested in any lawful investments of City money maturing not later than the date on which such money is estimated to be required

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

for disbursement hereunder. All interest earned on such investments shall be credited to said fund, except as otherwise required by Section 12 of this resolution. Any surplus remaining in said fund after payment of all Bonds and the interest thereon shall be applied as directed by the City.

Section 10. There is hereby created and established in the treasury of the City a fund to be known as the "City of Sacramento Limited Obligation Improvement Bonds, Display Way Assessment District No. 96-04 Improvement Fund," which fund shall be kept by the City. All proceeds of the sale of the Bonds shall be placed by the City to the credit of said fund (except for the accrued interest deposited into the Redemption Fund as provided in Section 9 of this resolution and except for the deposit required to be made in the Reserve Fund as provided in Section 11 of this resolution) and shall be kept separate and distinct from all other City funds. All money in said fund shall be invested in any lawful investments of City money maturing not later than the date on which such money is estimated to be required for disbursement hereunder. All interest earned on such investments shall be credited to said fund, except as otherwise required by Section 12 of this resolution. The money in said fund shall be applied exclusively for the purpose of paying the cost of the acquisition and construction of said public improvements for which said assessment district was formed, including payment of the incidental expenses in connection with the acquisition and construction of said public improvements and the issuance of bonds; provided, that after completion of the acquisition and construction of said public improvements and the payment of all claims from said fund, any surplus money remaining in said fund (as determined by the Council), or such portion thereof as is allowed by law, shall be used as a credit on the assessment in accordance with the provisions of Section 10427.1 of the Streets and Highways Code. The Council hereby agrees and covenants with the registered owners of the Bonds that it will proceed in good faith to complete the acquisition and construction of said public improvements for which said assessment district was formed in a timely manner pursuant to the Municipal Improvement Act of 1913, reserving the right to make changes and modifications as permitted by such act.

Section 11. There is hereby created and established in the treasury of the City a separate fund to be known as the "City of Sacramento Limited Obligation Improvement Bonds, Display Way Assessment District No. 96-04 Reserve Fund," which fund shall be kept by the City and shall constitute a trust fund for the benefit of the registered owners of the Bonds. At the time of the issuance of the Bonds, the City shall deposit from the proceeds of the sale of the Bonds in said fund a sum of money equal to the least of

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

(1) the maximum annual debt service on the Bonds; (2) one hundred twenty-five per cent (125%) of the average annual debt service on the Bonds; or (3) ten per cent (10%) of the original principal amount of the Bonds (the "Reserve Requirement"), and all money in said fund shall be paid and transferred in the following amounts and at the following times and under the following circumstances:

(a) Whenever there are insufficient funds in the Redemption Fund to meet the next maturing installment of interest on or principal of the Bonds, an amount necessary to satisfy such deficiency shall be transferred by the City from the Reserve Fund to the Redemption Fund, and the City agrees and covenants that if such insufficiency was caused by delinquent payment of installments of assessments, then an amount equal to the amount so transferred shall be reimbursed and deposited by the City in the Reserve Fund from the proceeds of redemption or sale of the parcel in respect of which payment of installments of assessments was delinquent.

(b) In the event any unpaid assessments are paid in cash prior to their final due date, the City shall transfer from the Reserve Fund to the Redemption Fund an amount equal to the ratio of the total amount initially provided for in the Reserve Fund to the total amount originally assessed in the proceedings for the Bonds multiplied by the reduction in said assessments, and the amount of the Reserve Requirement shall be reduced by the amount of any such transfer.

(c) Whenever the balance in the Reserve Fund is sufficient to retire all the remaining outstanding Bonds, the City shall transfer the balance in the Reserve Fund to the Redemption Fund and the City shall cease the collection of the unpaid assessments. In such case, the City shall credit such balance against the unpaid assessments in the manner set forth in the Act, with the amount apportioned to each unpaid assessment credited against the last unpaid assessment installment; and if the amount apportioned to each parcel exceeds the amount of said last installment, then such excess shall be credited against the next preceding unpaid assessment installment or installments until exhausted. In the event that the balance in the Reserve Fund at the time of such transfer exceeds the amount required to retire all outstanding Bonds, then such excess shall be apportioned by the City to each parcel upon which an individual assessment remained unpaid at the time the balance in the Reserve Fund was sufficient to retire all outstanding Bonds, and such payments shall be made by the City in cash to the respective owners of the parcels, except that if the excess attributable to any

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

individual assessment is fifty dollars (\$50.00) or less, such excess shall be transferred to the General Fund of the City.

All money in the Reserve Fund provided in this section shall be invested in lawful investments of City funds maturing not later than five (5) years from the date of purchase. All interest earned on such investments shall be credited to said fund, so long as the amount in said fund does not exceed an amount equal to the Reserve Requirement, but if at any time the amount of money in the Reserve Fund shall accumulate to an amount which exceeds the Reserve Requirement, such excess shall be credited by the City upon the unpaid assessments in the manner set forth in the Act; except in either case as otherwise required by Section 12 of this resolution.

Section 12. (a) The City will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the City or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986 (the "Code") or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect. In the event that at any time the City determines that for purposes of this section it is necessary to restrict or limit the yield on the investment of any money held by it hereunder or otherwise, the City shall take such action as may be necessary in accordance with such determination.

(b) 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 and any regulations of the United States Department of the Treasury issued thereunder as may be applicable to the Bonds from time to time, which obligation shall survive payment in full or defeasance of the Bonds, and to that end, there is hereby established in the treasury of the City a fund to be known as the "City of Sacramento Limited Obligation Improvement Bonds, Display Way Assessment District No. 96-04 Rebate Fund," which fund shall be kept by the City. The City will comply with the provisions of the Tax Certificate delivered at the time of issuance of the Bonds with respect to making deposits in the Rebate Fund, and the money held

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

in the Rebate Fund is pledged to provide payments to the United States of America as provided herein and in such Tax Certificate and no other person shall have claim to such money except as provided in such Tax Certificate.

(c) Notwithstanding any other provision of this resolution to the contrary, upon the City's failure to observe, or refusal to comply with, the covenants contained in this section, no one other than the registered owners or former registered owners of the Bonds shall be entitled to exercise any right or remedy under this resolution on the basis of the City's failure to observe, or refusal to comply with, such covenants.

(d) Notwithstanding any other provision of this section to the contrary, if the City shall obtain an opinion of nationally recognized bond 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 on the Bonds, the City may conclusively rely upon such opinion in complying with the requirements of this section, and the covenants hereunder shall be deemed to be modified to that extent.

(e) The covenants in this section shall survive the payment of the Bonds.

Section 13. The Bonds shall be sold by the Treasurer to such purchasers as may be selected by the Treasurer and in any manner deemed fair by him for a price of the principal amount thereof plus accrued interest thereon plus such premium, if any, specified by such purchasers; and in connection with the sale of the Bonds, the Offering Circular relating to the Bonds (the "Offering Circular"), in substantially the form on file with the City Clerk, is hereby approved, and the Treasurer is hereby authorized to execute the Offering Circular on behalf of the City (with such changes as he may deem necessary or advisable) and to deliver copies of the Offering Circular to all potential and actual purchasers of the Bonds.

Section 14. The City Clerk is directed to cause a sufficient number of blank Bonds of suitable quality to be typed, lithographed, printed or engraved and to cause the blank spaces thereof to be filled in to comply with the provisions hereof and to procure their execution by the proper officers and to deliver them to the respective purchasers of the Bonds on receipt of the purchase price thereof by the City. The Treasurer and the City Clerk are further authorized to execute and deliver to such purchasers a signature and no-litigation certificate in the form

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

customarily required by purchasers of municipal bonds, certifying to the genuineness and due execution of the Bonds and to all facts ~~within their knowledge relative to any litigation which may or might affect said assessment district or the City,~~ said officers or the Bonds, and the Treasurer is further authorized to execute and deliver to such purchasers a receipt in the form customarily required by purchasers of municipal bonds, evidencing the payment of the purchase price of the Bonds, which receipt shall be conclusive evidence that said purchase price has been paid and has been received by the City. Any subsequent registered owner of the Bonds is hereby authorized to and shall be justified in relying upon any such signature and no-litigation certificate and any such receipt with respect to the Bonds executed, sold and delivered pursuant to the authority of this resolution.

Section 15. The City Clerk is hereby authorized and directed to file a certified copy of this resolution with the Director of Finance of the County of Sacramento.

Section 16. 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, or to make any necessary modifications thereto, which are acceptable to the Treasurer and which he deems necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, and the City hereby agrees and covenants with the registered owners of the Bonds that it will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this resolution and for the better assuring and confirming unto the registered owners of the Bonds of the rights and benefits provided hereby.

Section 17. This resolution shall take effect immediately upon its adoption.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

24

PASSED AND ADOPTED by the City Council of the City of Sacramento this 23rd day of September, 1997, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor of the City of Sacramento

ATTEST:

City Clerk of the City of Sacramento

[SEAL]

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

CLERK'S CERTIFICATE

I, Valerie A. Burrowes, City Clerk of the City of Sacramento, do hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council of said City duly and regularly held at the regular meeting place thereof on the 23rd day of September, 1997, of which meeting all of the members of said City Council had due notice and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

An agenda for said meeting was posted at least seventy-two (72) hours before said meeting at the Sacramento City Hall, 915 I Street, Sacramento, California 95814, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

I have carefully compared the foregoing 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.

Said 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: _____, 1997.

City Clerk of the City of
Sacramento

[SEAL]

