



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



November 13, 1985

Sacramento City Council
Sacramento, California
AND
Redevelopment Agency of the
City of Sacramento
Sacramento, California

APPROVED
BY THE CITY COUNCIL

NOV 19 1985

OFFICE OF THE
CITY CLERK

Honorable Members in Session:

SUBJECT: Authorization for the Sale of Approximately \$12 Million,
But Not to Exceed \$15 Million, in Tax Allocation Bonds

SUMMARY

The Sacramento City Council and the Redevelopment Agency of the City of Sacramento are requested to:

- 1) Approve the issuance of approximately \$12 million, but not to exceed \$15 million, in tax allocation bonds to finance projects in Del Paso Heights (Project Area No. 5), Alkali Flat (Project Area No. 6) and Oak Park (Project Area No. 7).
- 2) Adopt the Official Statements in conjunction with the pending bond sale;
- 3) Adopt the report prepared by Katz, Hollis, Coren and Associates (Fiscal Consultant) describing the Agency's ability to undertake the bond sale;
- 4) Approve the attached "Notice of Intention to Sell Securities" to be published prior to the date of the bond sale;
- 5) Authorize the Chairperson and Secretary of the Agency to publish and release to interested parties all documents necessary to obtain qualified bids on the tax allocation bonds;
- 6) Appoint a Pricing Committee to review all bids received on the bonds and to recommend the acceptance or rejection of these bids;

11-19-85
All Districts

(1)

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- 7) Appoint First Interstate Bank of California to serve as Fiscal Agent for the Agency in connection with the issuance of the bonds; and
- 8) Authorize the Chairperson and the Secretary of the Agency to execute and deliver all documents with changes, modifications or deletions requested by Bond Counsel in conjunction with the sale of the bonds.

BACKGROUND

Issuance of Tax Allocation Bonds - State law authorizes local governments to establish redevelopment agencies for the purposes of promoting economic development in blighted neighborhoods and other community areas. These areas are designated as redevelopment project areas and are thus made eligible for economic revitalization through the use of tax allocation revenues collected out of property taxes paid annually by property owners in the project area. Currently, there are four project areas in the downtown area (Project Areas 2A, 3, 4 and 8) and three in the neighborhood areas -- Del Paso Heights (Project Area No. 5), Alkali Flat (Project Area No. 6) and Oak Park (Project Area No. 7).

On October 29, 1985, the Agency successfully issued \$21 million in tax allocation bonds to finance 11 projects in the downtown redevelopment areas.

According to the most recent estimates prepared by Katz Hollis Coren and Associates (Fiscal Consultant retained by the Agency), the three neighborhood project areas are generating approximately \$1.6 million in annual tax allocation revenues (see page ___ in Katz Hollis report in Attachment A). This level of tax allocation revenues is expected to increase in future years due to increased development activity and inflationary adjustments.

Staff proposes to dedicate approximately \$1.36 million, or 85% percent of the annual tax-increment revenues, to fund a tax allocation bond to support projects in the three neighborhood areas. By pledging this annual stream of revenues to a bond indenture, the Agency would be able to raise approximately \$12 million in 1985 to finance 24 separate projects, including

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associated staff administrative costs. This arrangement would make \$240,000 in annual tax increment revenues available to fund other ongoing projects (i.e. projects and activities not financed with bond proceeds.) The projects, proposed to be financed with bond proceeds were previously approved by the City Council, and are summarized in Table 1. Attachment B presents this information in greater detail.

TABLE I
REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO
List of Approved Projects
Tax Allocation Bond Program
November 1985

<u>Activity</u>	<u>Proposed Funding (Over 3-year Period)</u>
<u>Del Paso Heights</u>	
Design Review Program	\$ 20,000
Paint and Beautification Program	174,048
Norwood Avenue Street Improvements	688,096
Commercial Acquisition/Project Assistance	268,062
Street Improvements (District 8)	250,000
Street Improvements (District 6B)	655,031
Street Improvements (District 10)	250,000

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Housing Development Program (Rio Linda Boulevard)	285,000
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Senior Housing Development	<u>221,093</u>
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Subtotal Del Paso Heights	\$ 2,811,330
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Alkali Flat

Residential Construction -- Revolving Loan Fund	\$ 1,151,178
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Sidewalk Reconstruction	314,127
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"Historic Infill" Revolving Loan Fund	250,528
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Special Housing Rehabilitation Program	348,935
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Twelfth Street Commercial Development	1,029,267
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Parking Study (Consultant Report)	<u>7,000</u>
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Subtotal Alkali Flat	\$ 3,101,035
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Oak Park

Project Assistance	\$ 2,028,583
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Broadway Commercial Revitalization Program	533,306
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Paint and Beautification Program	163,861
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Design Review Program	20,000
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Housing Development Program	1,005,514
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Residential Public Improvements Program	1,020,101
Commercial Public Improvements Program	<u>640,861</u>
Subtotal Oak Park	<u>\$ 5,412,226</u>
TOTAL ALL PROJECT AREAS	<u><u>\$11,224,591</u></u>

Official Statement - In order to expedite the proposed bond sale, an Official Statement must be formally adopted by the City Council and the Redevelopment Agency of the City of Sacramento. This Official Statement, which describes the bond sale, the Agency, and the City in general, is released to the financial community in order to disclose the terms of the financing and the financial strength of the issuing Agency (A copy of the Official Statement is available on file with the Agency Clerk.)

Staff intends to present this Official Statement to interested bond-rating agencies to obtain a rating on the bond sale. Minor, non-material changes may be made in the final Official Statement released as part of the bond sale.

Report of Fiscal Consultant - Katz, Hollis, Coren and Associates, Inc. (Los Angeles) has been retained by the Agency to evaluate the annual tax-increment revenues due and allocated by the County Assessor-Tax Collector to the Agency. This report is presented as Attachment A. As indicated in the report, the consultant has identified available 1985-86 tax-increment revenues as follows:

Del Paso Heights	\$ 448,000
Alkali Flat	402,000
Oak Park	<u>749,000</u>
TOTAL	<u><u>\$1,599,000</u></u>

The Katz Hollis report must be approved and adopted prior to the bond sale. It will be published as part of the accompanying Official Statement.

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Publication of Notice to Sell Securities and Notice Inviting Bids -
A committee, consisting of the Agency's Director of Finance, a representative from the City Treasurer's Office, and a representative of the County Treasurer's Office, will review the bids received on the issued tax-allocation bonds. The committee will identify the lowest qualified bidder and relay its recommendations for action to the City Council and Agency within 24 hours after receipt of all bids.

Fiscal Agent - In addition, the Agency must approve an Agreement with First Interstate Bank, San Francisco, to provide various financial services in connection with the tax allocation bond sale. (A copy of this contract will be available on file with the City Clerk's Office).

FINANCIAL IMPLICATIONS

Currently the Agency is receiving approximately \$1.6 million annually in property tax increments from the three neighborhood project areas as follows:

Del Paso Heights	\$ 448,000
Alkali Flat	402,000
Oak Park	<u>749,000</u>
TOTAL	<u>\$1,599,000</u>

Based on an analysis prepared by Paine Webber (which includes assumptions on applicable interest rates, interest earnings, and reserves), this amount could yield approximately \$11.3 million in bond proceeds to fund the proposed \$11.3 million projects as previously approved by the Redevelopment Agency.

POLICY IMPLICATIONS

Adoption of this staff recommendation to authorize the pledge of approximately \$1.6 million in tax allocation revenues and a bond issue is consistent with the Agency's existing mandate to use all

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available options to promote the development of the neighborhood area. This method of financing (i.e., pledging a specific amount of tax allocation revenues to debt service on a long-term bond obligation) is commonly recognized and practiced by redevelopment agencies throughout the state. Issuing tax exempt tax allocation bonds is a cost-effective and efficient means for the City of Sacramento to provide funds for the various previously approved neighborhood development projects.

ENVIRONMENTAL IMPLICATIONS

An environmental determination was issued by the County of Sacramento, Environmental Impact Unit on May 21, 1985 (for the Del Paso Heights Project), on July 17, 1984 (for the Alkali Flat Project) and on March 27, 1985 (for the Oak Park Project). These determinations were filed with the County Clerk of the County of Sacramento, finding that the sale of a tax allocation bond issue for financing projects/activities associated with Redevelopment Projects 5, 6 and 7 is exempt from the California Environmental Quality Act under General Rule, Section 15061(b)(3). Following the sale of the bond issue, further environmental analysis may be conducted, as necessary, on a project-by-project basis as the bond financed projects move into the construction/implementation stage.

VOTE AND RECOMMENDATION OF PROJECT AREA COMMITTEES

On October 9, 1985 and November 6, 1985, the Alkali Flat and Oak Park Project Area Committees, respectively, approved the tax allocation bonding of the tax-increment flows for the activities indicated in the Implementation Strategies. The Del Paso Heights Project Area Committee, which is no longer in existence, did not vote on this matter; however, the new Del Paso Heights Redevelopment Advisory Committee will be notified of this action at their first meeting in November 1985.

VOTE AND RECOMMENDATION OF COMMISSION

It is anticipated that at its meeting of November 18, 1985, the Sacramento Housing and redevelopment Commission will adopt a motion recommending that you take the above mentioned action. In the

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event they fail to do so, you will be advised prior to your
November 19, 1985 meeting.

RECOMMENDATION

Staff recommends: (1) authorization of the proposed sale of tax allocation bonds to finance the identified neighborhood area starter projects; (2) adoption of the form of the attached Official Statements; (3) approval and adoption of the Fiscal Consultant's report; (4) approval of the "Notice of Sale"; (5) appointment of a Pricing Committee; (6) approval of the Agreement with First Interstate Bank of California to provide financial services in conjunction with the bond sale; and (7) that the City Manager, Executive Director of the Sacramento Housing and Redevelopment Agency, and/or Mayor, as required, be authorized to enter into or undertake all transactions necessary to implement the proposed tax allocation bond sale.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

Contact Person: ANDREW J. PLESCIA, 440-1333

TRANSMITTAL TO COUNCIL

Walter J. Slipe
WALTER J. SLIPE
City Manager

HS:j
TABS \$16M
11/12/85
108:TaxAllocation
11/13/85

DEL PASO HEIGHTS PROJECT AREA NUMBER 5

<u>ACTIVITY</u>	<u>APPROXIMATE THREE YEAR FUNDING</u>
1. Design Review.....	\$ 20,000
The Design review program is administered by the City Planning Department for all development projects, rehabilitation work in excess of \$10,000 and house moves. This service ensures quality development that is compatible with existing neighborhoods.	
2. Paint and Beautification.....	174,048
The Paint and Beautification Program provides paint rebates to homeowners who participate in the Agency's housing rehabilitation program by painting the exteriors of their homes.	
3. Norwood Avenue Street Improvements.....	688,096
The Norwood Avenue Street Improvement Program will provide sidewalks, curbs, gutters and street lighting for that portion of Norwood Avenue between Interstate 80 and Arcade Creek.	
4. Commercial Acquisition/Developer Assistance.....	268,062
The Commercial Acquisition/Developer Assistance Program provides developer incentives to attract economic development and acquisition of nuisance commercial structures. Three parcels located at the northwest corner of Grand Avenue and Altos Avenue have been specifically identified for early acquisition.	
5. Street Improvement District 8.....	250,000
The Street Improvement Program for District 8 will permit design plans and specifications to be drawn up for sidewalks, curbs, gutters, drainage and street lights for the area bounded by Cypress Street, Silvano Street, Arcade Creek, Rio Linda Blvd., and the area bounded by the bike trail, Evans Street, Rio Linda Blvd., and Almora Avenue.	
6. Street Improvement District 6B.....	655,031
The Street Improvement Program for District 6B will provide construction of sidewalks, curbs, gutters and street lighting for the area bounded by Arcade Creek, Belden Street, Silvano Street, and Branch Street.	

7. Housing Development/Rio Linda Blvd.....285,000

The Housing Development Program on Rio Linda Blvd. will provide developer incentives to market vacant parcels for housing development.

8. Senior Housing Development.....221,093

The Senior Housing Development Program will provide developer incentives to encourage the construction of housing for senior citizens in Del Paso Heights.

9. Street Improvements District 10.....250,000

The Street Improvement Program for District 10 will permit design plans and specifications to be drawn up for sidewalks, curbs, gutters, drainage, and street lights for the area bounded by Fell Street, Highway 80, Balsam Street, Rene Avenue, and North Avenue.

APPROXIMATE TOTAL THREE YEAR BOND FUNDS.....\$2,811,330

ALKALI FLAT PROJECT AREA NUMBER 6

<u>ACTIVITY</u>	<u>APPROXIMATE THREE YEAR FUNDING</u>
1. Residential Construction Loan Pool.....	\$1,151,178
The residential construction loan pool provides revolving loan funds in order to assist the development of up to seven (7) multi-family housing sites throughout the project area.	
2. Sidewalk Reconstruction.....	314,127
The Sidewalk Reconstruction program provides supplemental funds for replacement of deteriorated and cracked sidewalks and also provides handicapped access throughout Alkali Flat.	
3. Developer Assistance/Historic Infill Program.....	250,528
The Developer Assistance aspect of the Historic Infill Program establishes a revolving loan fund for assistance to developers for relocation of an historic home.	
4. Special Rehabilitation.....	348,935
The Special Rehabilitation Program provides funds for assistance to developers interested in the rehabilitation of rooming houses in Alkali Flat.	
5. 12th Street Commercial Development.....	1,029,267
The 12th Street Commercial Development Program will permit acquisition and demolition of two deteriorated motels located on 12th Street. The cleared sites will subsequently be marketed for commercial development.	
6. Parking Study.....	7,000
The Parking Study funds will permit the retention of a consultant to evaluate present and future demands along with potential funding sources for parking along 12th Street.	
APPROXIMATE TOTAL THREE YEAR BOND FUNDS.....	
	<u>\$3,101,035</u>

OAK PARK PROJECT AREA NUMBER 7

<u>ACTIVITY</u>	<u>APPROXIMATE THREE YEAR FUNDING</u>
1. Developer Assistance.....	\$ 2,028,583
<p>The Developer Assistance Program provides financial assistance in assembling parcels, land writedowns, leveraging loans and construction of on-site and off-site improvements in order to encourage private development in Oak Park.</p>	
2. Broadway Revitalization.....	533,306
<p>The Broadway Revitalization Program provides commercial loans and facade rebates to new and existing businesses located on Oak Park commercial strip. The goal of the program is to stimulate private investment, increase the tax base, support public investment in public improvements, and increase employment opportunities in the area.</p>	
3. Paint and Beautification.....	163,861
<p>The Paint and Beautification Program provides paint rebates to homeowners who participate in the Agency's housing rehabilitation programs by painting the exterior of their homes.</p>	
4. Design Review.....	20,000
<p>The Design Review program is administered by the City Planning Department for all Agency development projects, rehabilitation work in excess of \$10,000 and house moves. This services ensures quality development that is compatible with existing neighborhoods.</p>	
5. Housing Development.....	1,005,514
<p>The Housing Development Program will provide funds for land acquisition and site improvements for the West Park, East Park, and Donner School Residential Sites, thereby expanding the affordable housing stock for low and moderate income households.</p>	
6. Residential Public Improvements.....	1,020,101
<p>The Residential Public Improvement Program provides funds to repair curbs, gutters and sidewalks, and assists in the planting of trees in residential rehab target areas.</p>	

OAK PARK PROJECT AREA NO. 7
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(Continued)

7. Commercial Public Improvements.....640,861

The Commercial Public Improvement Program provides for street patching, landscaping, lighting, sidewalks, bus shelters, trash containers, irrigation and gutters for the Oak Park Commercial Strip (Broadway, Stockton and Sacramento Boulevards and 35th Street.)

APPROXIMATE TOTAL THREE YEAR BOND FUNDS....\$5,412,226

A

RESOLUTION NO. 85-889

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO, CALIFORNIA, APPROVING THE ISSUANCE BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO OF ITS DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5 TAX ALLOCATION BONDS, SERIES 1985, 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, a Redevelopment Plan known as the "Del Paso Heights Redevelopment Project, Project No. 5" has been adopted and approved by the City of Sacramento (the "City"), and all requirements of law for the precedent to the adoption and approval of said Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Agency has adopted its Resolution entitled:

"A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS OF SAID AGENCY IN A PRINCIPAL AMOUNT OF TWO MILLION SIX HUNDRED THIRTY THOUSAND DOLLARS (\$2,630,000) TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5"; and

WHEREAS, under and pursuant to the above Resolution, the Agency has authorized the issuance and sale of \$2,630,000 Redevelopment Agency of the City of Sacramento Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985 (the "Bonds").

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY the City Council of the City of Sacramento, California, as follows:

APPROVED
BY THE CITY COUNCIL

NOV 19 1985

OFFICE OF THE
CITY CLERK

Section 1. Approval of Issuance of Bonds. The issuance of an aggregate principal amount of \$2,630,000 of "Redevelopment Agency of the City of Sacramento Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985" (the "Bonds"), in order to aid in the financing of the Del Paso Heights Redevelopment Project, Project No. 5, 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.

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

PASSED, APPROVED, AND ADOPTED this _____ day of November, 1985, by the following vote:

AYES:

NOES:

ABSENT:

Mayor of the City of Sacramento

ATTEST:

Clerk of the City of Sacramento

B

RESOLUTION NO. 85-890

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO, CALIFORNIA, APPROVING THE ISSUANCE BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO OF ITS ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6 TAX ALLOCATION BONDS, SERIES 1985, 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, a Redevelopment Plan known as the "Alkali Flat Redevelopment Project, Project No. 6" has been adopted and approved by the City of Sacramento (the "City"), and all requirements of law for the precedent to the adoption and approval of said Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Agency has adopted its Resolution entitled:

"A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS OF SAID AGENCY IN A PRINCIPAL AMOUNT OF TWO MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND DOLLARS (\$2,585,000) TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6"; and

WHEREAS, under and pursuant to the above Resolution, the Agency has authorized the issuance and sale of \$2,585,000 Redevelopment Agency of the City of Sacramento Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985 (the "Bonds").

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY the City Council of the City of Sacramento, California, as follows:

APPROVED
BY THE CITY COUNCIL

NOV 19 1985

OFFICE OF THE
CITY CLERK

Section 1. Approval of Issuance of Bonds. The issuance of an aggregate principal amount of \$2,585,000 of "Redevelopment Agency of the City of Sacramento Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985" (the "Bonds"), in order to aid in the financing of the Alkali Flat Redevelopment Project, Project No. 6, 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.

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

PASSED, APPROVED, AND ADOPTED this _____ day of November, 1985, by the following vote:

AYES:

NOES:

ABSENT:

Mayor of the City of Sacramento

ATTEST:

Clerk of the City of Sacramento

C

RESOLUTION NO. 85-891

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO, CALIFORNIA, APPROVING THE ISSUANCE BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO OF ITS OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7 TAX ALLOCATION BONDS, SERIES 1985, 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, a Redevelopment Plan known as the "Oak Park Redevelopment Project, Project No. 7" has been adopted and approved by the City of Sacramento (the "City"), and all requirements of law for the precedent to the adoption and approval of said Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Agency has adopted its Resolution entitled:

"A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS OF SAID AGENCY IN A PRINCIPAL AMOUNT OF FIVE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$5,450,000) TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7"; and

WHEREAS, under and pursuant to the above Resolution, the Agency has authorized the issuance and sale of \$5,450,000 Redevelopment Agency of the City of Sacramento Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985 (the "Bonds").

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY the City Council of the City of Sacramento, California, as follows:

APPROVED
BY THE CITY COUNCIL

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CITY CLERK

Section 1. Approval of Issuance of Bonds. The issuance of an aggregate principal amount of \$5,450,000 of "Redevelopment Agency of the City of Sacramento Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985" (the "Bonds"), in order to aid in the financing of the Oak Park Redevelopment Project, Project No. 7, 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.

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

PASSED, APPROVED, AND ADOPTED this _____ day of November, 1985, by the following vote:

AYES:

NOES:

ABSENT:

Mayor of the City of Sacramento

ATTEST:

Clerk of the City of Sacramento

RA 85-095

D

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO PROVIDING FOR THE SALE OF TAX ALLOCATION BONDS IN THE APPROXIMATE PRINCIPAL AMOUNT OF TWO MILLION SIX HUNDRED THIRTY THOUSAND DOLLARS (\$2,630,000) FOR THE DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5, APPROVING THE FORM OF NOTICE OF INTENTION TO SELL SAID BONDS AND DIRECTING THE PUBLICATION THEREOF AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS

WHEREAS, the Redevelopment Agency of the City of Sacramento (herein sometimes referred to as 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 (commencing with Section 33000) of the Health & 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 Agency wishes to sell at this time not more than \$2,630,000 of the aggregate principal amount of the Tax Allocation Bonds to provide financing in connection with the Del Paso Heights Redevelopment Project, Project No. 5; and

WHEREAS, the Agency is required by law to sell the Bonds at competitive bid following publication of notice of intention to sell such securities.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Sale Authorized. The sale of an approximate principal amount of Two Million Six Hundred Thirty Thousand Dollars (\$2,630,000) (or such other appropriate amount as may be specified in the notice of sale as approved by the Executive Director) of the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5 TAX ALLOCATION BONDS, SERIES 1985 (herein sometimes referred to as the "Bonds"), in accordance with law, is hereby authorized.

Section 2. Publication of Notice of Intention to Sell Securities. The Notice of Intention to Sell Securities attached hereto as Exhibit "A" is hereby approved subject to such changes as requested by Bond Counsel. The Secretary of

APPROVED
BY THE CITY COUNCIL

NOV 19 1985

OFFICE OF THE
CITY CLERK

the Agency shall cause said Notice of Intention to Sell Securities (a) to be published in a newspaper published and of general circulation in the City of Sacramento, California, by at least one (1) insertion at least five (5) days prior to the day fixed for the receipt of bids; and (b) to be published in a financial publication generally circulated throughout the State, namely the Bond Buyer, by at least one (1) insertion at least fifteen (15) days prior to the day fixed for the receipt of bids.

Section 3. Approval of Official Statement; Furnishing of Notice Inviting Bids and Official Statement. The Official Statement of the Agency prepared in connection with the Bonds, substantially in the form presented to the Agency this night, is hereby approved. The Executive Director of the Agency and the Financial Consultant are hereby authorized and directed to cause to be prepared and furnished to prospective bidders a reasonable number of copies of the notice inviting bids (including the bid form) and a reasonable number of copies of the Official Statement.

Section 4. Establishment of Pricing Committee. There is hereby established a Pricing Committee of the Agency. The membership of the committee shall consist of the Director of Finance of the Agency, or his designee, the Treasurer of the City of Sacramento, or his designee, and the Executive of the County of Sacramento, or his designee. The Pricing Committee shall review all bids received by the Agency in connection with the sale of the Bonds and shall prepare its report regarding bids to present to the Agency on or about December 10, 1985.

Section 5. Ratification of Report of Fiscal Consultant. The report of Katz Hollis Coren and Associates, as Fiscal Consultant, prepared in connection with the Bonds, presented this night to the Agency, is hereby received by the Agency and is approved.

Section 6. Appointment of Fiscal Agent. First Interstate Bank of California in San Francisco, California is hereby appointed Fiscal Agent for the Agency in connection with the Bonds. The Executive Director of the Agency is hereby authorized to approve and execute a fiscal agent agreement with the Fiscal Agent.

Section 7. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED this _____ day of _____, 1985 by the following vote:

AYES:

NOES:

ABSENT:

Chairman, Redevelopment Agency
of the City of Sacramento

(SEAL)

ATTEST:

Secretary, Redevelopment Agency
of the City of Sacramento

EXHIBIT "A"

NOTICE OF INTENTION
TO SELL SECURITIES

Notice is hereby given that up to the hour of 10:00 a.m., Pacific Time, Tuesday, December 10, 1985 in the offices of Paine Webber Incorporated, 100 California Street, Suite 1200, San Francisco, California 94111, the Redevelopment Agency of the City of Sacramento will receive bids for the sale of its Del Paso Heights Redevelopment Project, Project No. 5, Tax Allocation Bonds, Series 1985, in the aggregate principal amount of Two Million Six Hundred Thirty Thousand Dollars (\$2,630,000). Copies of the complete Notice Inviting Bids and other information concerning said bonds may be obtained from Paine Webber Incorporated, 100 California Street, Suite 1200, San Francisco, California 94111, (415) 362-8000.

/s/

Secretary, Redevelopment
Agency of the City of
Sacramento

RA 85-096

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO PROVIDING FOR THE SALE OF TAX ALLOCATION BONDS IN THE APPROXIMATE PRINCIPAL AMOUNT OF TWO MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND DOLLARS (\$2,585,000) FOR THE ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6, APPROVING THE FORM OF NOTICE OF INTENTION TO SELL SAID BONDS AND DIRECTING THE PUBLICATION THEREOF AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS

WHEREAS, the Redevelopment Agency of the City of Sacramento (herein sometimes referred to as 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 (commencing with Section 33000) of the Health & 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 Agency wishes to sell at this time not more than \$2,585,000 of the aggregate principal amount of the Tax Allocation Bonds to provide financing in connection with the Alkali Flat Redevelopment Project, Project 6; and

WHEREAS, the Agency is required by law to sell the Bonds at competitive bid following publication of notice of intention to sell such securities.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Sale Authorized. The sale of an approximate principal amount of Two Million Five Hundred Eighty Five Thousand Dollars (\$2,585,000) (or such other appropriate amount as may be specified in the notice of sale as approved by the Executive Director) of the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6 TAX ALLOCATION BONDS, SERIES 1985 (herein sometimes referred to as the "Bonds"), in accordance with law, is hereby authorized.

Section 2. Publication of Notice of Intention to Sell Securities. The Notice of Intention to Sell Securities attached hereto as Exhibit "A" is hereby approved subject to such changes as requested by Bond Counsel. The Secretary of

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BY THE CITY COUNCIL

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the Agency shall cause said Notice of Intention to Sell Securities (a) to be published in a newspaper published and of general circulation in the City of Sacramento, California, by at least one (1) insertion at least five (5) days prior to the day fixed for the receipt of bids; and (b) to be published in a financial publication generally circulated throughout the State, namely the Bond Buyer, by at least one (1) insertion at least fifteen (15) days prior to the day fixed for the receipt of bids.

Section 3. Approval of Official Statement Furnishing of Notice Inviting Bids and Official Statement. The Official Statement of the Agency prepared in connection with the Bonds, substantially in the form presented to the Agency this night, is hereby approved. The Executive Director of the Agency and the Financial Consultant are hereby authorized and directed to cause to be prepared and furnished to prospective bidders a reasonable number of copies of the notice inviting bids (including the bid form) and a reasonable number of copies of the Official Statement.

Section 4. Establishment of Pricing Committee. There is hereby established a Pricing Committee of the Agency. The membership of the committee shall consist of the Director of Finance of the Agency, or his designee, the Treasurer of the City of Sacramento, or his designee, and the Executive of the County of Sacramento, or his designee. The Pricing Committee shall review all bids received by the Agency in connection with the sale of the Bonds and shall prepare its report regarding bids to present to the Agency on or about December 10, 1985.

Section 5. Ratification of Report of Fiscal Consultant. The report of Katz Hollis Coren and Associates, as Fiscal Consultant, prepared in connection with the Bonds, presented this night to the Agency, is hereby received by the Agency and is approved.

Section 6. Appointment of Fiscal Agent. First Interstate Bank of California in San Francisco, California is hereby appointed Fiscal Agent for the Agency in connection with the Bonds. The Executive Director of the Agency is hereby authorized to approve and execute a fiscal agent agreement with the Fiscal Agent.

Section 7. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED this _____ day of _____, 1985 by the following vote:

AYES:

NOES:

ABSENT:

Chairman, Redevelopment Agency
of the City of Sacramento

(SEAL)

ATTEST:

Secretary, Redevelopment Agency
of the City of Sacramento

EXHIBIT "A"

NOTICE OF INTENTION
TO SELL SECURITIES

Notice is hereby given that up to the hour of 10:00 a.m., Pacific Time, Tuesday, December 10, 1985 in the offices of PaineWebber Incorporated, 100 California Street, Suite 1200, San Francisco, California 94111, the Redevelopment Agency of the City of Sacramento will receive bids for the sale of its Alkali Flat Redevelopment Project, Project No. 6, Tax Allocation Bonds, Series 1985, in the aggregate principal amount of Two Million Five Hundred Eighty Five Thousand Dollars (\$2,585,000). Copies of the complete Notice Inviting Bids and other information concerning said bonds may be obtained from PaineWebber Incorporated, 100 California Street, Suite 1200, San Francisco, California 94111, (415) 362-8000.

/s/

Secretary, Redevelopment
Agency of the City of
Sacramento

F

RA 85-097

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO PROVIDING FOR THE SALE OF TAX ALLOCATION BONDS IN THE APPROXIMATE PRINCIPAL AMOUNT OF FIVE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$5,450,000) FOR THE OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7, APPROVING THE FORM OF NOTICE OF INTENTION TO SELL SAID BONDS AND DIRECTING THE PUBLICATION THEREOF AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS

WHEREAS, the Redevelopment Agency of the City of Sacramento (herein sometimes referred to as 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 (commencing with Section 33000) of the Health & 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 Agency wishes to sell at this time not more than \$5,450,000 of the aggregate principal amount of the Tax Allocation Bonds to provide financing in connection with the Oak Park Redevelopment Project, Project No. 7; and

WHEREAS, the Agency is required by law to sell the Bonds at competitive bid following publication of notice of intention to sell such securities.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Sale Authorized. The sale of an approximate principal amount of Five Million Four Hundred Fifty Thousand Dollars (\$5,450,000) (or such other appropriate amount as may be specified in the notice of sale as approved by the Executive Director) of the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7 TAX ALLOCATION BONDS, SERIES 1985 (herein sometimes referred to as the "Bonds"), in accordance with law, is hereby authorized.

Section 2. Publication of Notice of Intention to Sell Securities. The Notice of Intention to Sell Securities attached hereto as Exhibit "A" is hereby approved subject to such changes as requested by Bond Counsel. The Secretary of

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BY THE CITY COUNCIL

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OFFICE OF THE
CITY CLERK

the Agency shall cause said Notice of Intention to Sell Securities (a) to be published in a newspaper published and of general circulation in the City of Sacramento, California, by at least one (1) insertion at least five (5) days prior to the day fixed for the receipt of bids; and (b) to be published in a financial publication generally circulated throughout the State, namely the Bond Buyer, by at least one (1) insertion at least fifteen (15) days prior to the day fixed for the receipt of bids.

Section 3. Approval of Official Statement; Furnishing of Notice Inviting Bids and Official Statement. The Official Statement of the Agency prepared in connection with the Bonds, substantially in the form presented to the Agency this night, is hereby approved. The Executive Director of the Agency and the Financial Consultant are hereby authorized and directed to cause to be prepared and furnished to prospective bidders a reasonable number of copies of the notice inviting bids (including the bid form) and a reasonable number of copies of the Official Statement.

Section 4. Establishment of Pricing Committee. There is hereby established a Pricing Committee of the Agency. The membership of the committee shall consist of the Director of Finance of the Agency, or his designee, the Treasurer of the City of Sacramento, or his designee, and the Executive of the County of Sacramento, or his designee. The Pricing Committee shall review all bids received by the Agency in connection with the sale of the Bonds and shall prepare its report regarding bids to present to the Agency on or about December 10, 1985.

Section 5. Ratification of Report of Fiscal Consultant. The report of Katz Hollis Coren and Associates, as Fiscal Consultant, prepared in connection with the Bonds, presented this night to the Agency, is hereby received by the Agency and is approved.

Section 6. Appointment of Fiscal Agent. First Interstate Bank of California in San Francisco, California is hereby appointed Fiscal Agent for the Agency in connection with the Bonds. The Executive Director of the Agency is hereby authorized to approve and execute a fiscal agent agreement with the Fiscal Agent.

Section 7. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED this _____ day of _____, 1985 by the following vote:

AYES:

NOES:

ABSENT:

Chairman, Redevelopment Agency
of the City of Sacramento

(SEAL)

ATTEST:

Secretary, Redevelopment Agency
of the City of Sacramento

EXHIBIT "A"

NOTICE OF INTENTION
TO SELL SECURITIES

Notice is hereby given that up to the hour of 10:00 a.m., Pacific Time, Tuesday, December 10, 1985 in the offices of PaineWebber Incorporated, 100 California Street, Suite 1200, San Francisco, California 94111, the Redevelopment Agency of the City of Sacramento will receive bids for the sale of its Oak Park Redevelopment Project, Project No. 7, Tax Allocation Bonds, Series 1985, in the aggregate principal amount of Five Million Four Hundred Fifty Thousand Dollars (\$5,450,000). Copies of the complete Notice Inviting Bids and other information concerning said bonds may be obtained from PaineWebber Incorporated, 100 California Street, Suite 1200, San Francisco, California 94111, (415) 362-8000.

/s/

Secretary, Redevelopment
Agency of the City of
Sacramento

RA 85-098

6

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS OF SAID AGENCY IN A PRINCIPAL AMOUNT NOT TO EXCEED TWO MILLION SIX HUNDRED THIRTY THOUSAND DOLLARS (\$2,630,000) TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5

WHEREAS, the Redevelopment Agency of the City of Sacramento (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 (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 for a redevelopment project known and designated as "Del Paso Heights Redevelopment Project, Project No. 5" has been adopted and approved by Ordinance No. 2884 of the City of Sacramento, which became effective on May 12, 1970, and was subsequently amended by the City Ordinance No. 2913 on August 6, 1970, and by the City Ordinance No. 85-047 on May 21, 1985; and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan have been duly complied with; and

WHEREAS, in order to raise funds for the implementation of the Redevelopment Plan, the Agency deems it necessary at this time to authorize the issuance of tax allocation bonds in a principal amount not to exceed Two Million Six Hundred Thirty Thousand Dollars (\$2,630,000) pursuant to this Resolution providing for the issuance of "Redevelopment Agency of the City of Sacramento, Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985", the proceeds of which will be used to finance a portion of the costs of implementing the Redevelopment Plan;

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Definitions. As used in this Resolution, the following terms shall have the following meanings, unless the context otherwise requires:

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(a) "Annual Debt Service" means the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year:

(1) The principal amount of all serial Bonds and serial Parity Bonds, if any, payable in such Bond Year; and

(2) The amount of Minimum Sinking Fund Payments, if any, for any term Bonds or term Parity Bonds to be made in such Bond Year in accordance with the applicable schedule or schedules of Minimum Sinking Fund Payments; and/or

(3) The interest which would be due during such Bond Year on the aggregate principal amount of Bonds and Parity Bonds which would be outstanding in such Bond Year if the Bonds and Parity Bonds outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedule or schedules for the serial Bonds and serial Parity Bonds and the schedule or schedules of Minimum Sinking Fund Payments for any term Bonds or term Parity Bonds. At the time and for the purpose of making such computation, the amount of term Parity Bonds already retired in advance of the above mentioned schedule or schedules shall be deducted pro rata from the remaining amounts thereon.

(b) "Bond" or "Bonds" means the "Redevelopment Agency of the City of Sacramento, Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985", authorized by this Resolution in a principal amount not to exceed Two Million Six Hundred Thirty Thousand Dollars (\$2,630,000).

(c) "Bond Year" means the year beginning November 2nd and ending on the next following November 1st during the time any Bonds are outstanding.

(d) "Bondholder" or "Holder of Bonds," or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative. For the purpose of Bondholders' voting rights or consents, Bonds owned by or held for the account of the Agency, or the City, directly or indirectly, shall not be counted.

(e) "City" means the City of Sacramento, California.

(f) "Federal Securities" means direct obligations of the United States of America or bonds or other obligations for which the full faith and credit of the United States is pledged for the payment of principal and interest.

(g) "Fiscal Agent" means the fiscal agent appointed by the Agency pursuant to Section 20 hereof, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in this Resolution.

(h) "Fiscal Year" means the year beginning July 1st and ending on the next following June 30th.

(i) "Independent Financial Consultant," "Independent Engineer," "Independent Certified Public Accountant" or "Independent Redevelopment Consultant" means any individual or firm engaged in the profession involved, appointed by the Agency, and who, or each of whom, has a favorable reputation in the field in which his opinion or certificate will be given, and:

(1) is in fact independent and not under domination of the Agency; and

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

(j) "Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

(k) "Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond year.

(l) "Minimum Sinking Fund Payments" means the amount of money to be deposited into the Term Bond Sinking Fund to be used to redeem term Parity Bonds, at the principal amounts thereof, in the amounts and at the times set forth in the schedule or schedules of Minimum Sinking Fund Payments contained in a supplemental resolution adopted for the purposes of establishing said schedule or in any resolution providing for the issuance of Parity Bonds.

(m) "Opinion of Counsel" means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to

factual matters, information which is in the possession of the Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous.

(n) "Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Agency as permitted by Section 17 of this Resolution.

(o) "Redevelopment Agency" or "Agency" means the Redevelopment Agency of the City of Sacramento.

(p) "Redevelopment Plan" means the "Redevelopment Plan for Del Paso Heights Redevelopment Project, Project No. 5", approved and adopted by the City by Ordinance No. 2884, as subsequently amended by the City Ordinance No. 2913 and by the City Ordinance No. 85-047; and includes any amendment thereof heretofore or hereafter made pursuant to the Law.

(q) "Redevelopment Project" means the Del Paso Heights Redevelopment Project, Project No. 5.

(r) "Redevelopment Project Area" means the project area described and defined in the Redevelopment Plan.

(s) "Regular Record Date" means the fifteenth day preceding any interest payment date.

(t) "Reserve Requirement" means an amount equal to Maximum Annual Debt Service.

(u) "Tax Revenues" means that portion of taxes levied upon taxable property in the Redevelopment Project Area and received by the Agency on or after the date of the adoption of the ordinance approving the redevelopment plan of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California plus State reimbursed amounts, to the extent actually received, all as more particularly set forth hereafter in this Resolution.

(v) "Treasurer" or "Treasurer of the Agency" means the officer who is then performing functions of Treasurer of the Agency.

Section 2. Amount, Issuance and Purpose of Bonds.

Under and pursuant to the Law and under and pursuant to this Resolution, Bonds of the Agency in a principal amount not to exceed Two Million Six Hundred Thirty Thousand Dollars (\$2,630,000) shall be issued by the Agency for the corporate purposes of financing of a portion of the cost of implementing the Redevelopment Plan which constitutes a "redevelopment activity" as such term is defined in Section 33678 of the Law; and such issue of Bonds is hereby created.

Section 3. Nature of Bonds. The Bonds shall be and are special obligations of the Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest thereon and premium, if any, from, Tax Revenues and other funds as hereinafter provided. The Bonds, interest thereon and premium, if any, are not a debt of the City, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable on them. In no event shall the Bonds, interest thereon and premium, if any, be payable out of any funds or properties other than those of the Agency as set forth in this Resolution. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured by an irrevocable pledge of the Tax Revenues and other funds as hereinafter provided, without priority for number, date of sale, date of execution or date of delivery, except as expressly provided herein.

The validity of the Bonds is not and shall not be dependent upon: (a) the completion of the Redevelopment Project or any part thereof, or (b) the performance of any person's obligations relative to the Redevelopment Project, or (c) the proper expenditures of the proceeds of the Bonds.

Nothing in this Resolution shall preclude: (a) the payment of the Bonds from the proceeds of refunding bonds issued pursuant to the Law, or (b) the payment of the Bonds from any legally available funds. Nothing in this Resolution shall prevent the Agency from making advances of its own funds, howsoever derived, to any of the uses and purposes mentioned in this Resolution.

If the Agency shall pay or cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity, to the Holders of the Bonds, the principal of, premium, if any, and interest to become due thereon, through

setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Resolution or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a fiscal agent or otherwise, moneys sufficient therefore, including, but not limited to, interest earned or to be earned on Federal Securities, then the lien of this Resolution, including, without limitation, the pledge of the Tax Revenues, and all other rights granted hereby, shall thereupon cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Resolution shall require the deposit of more than such Federal Securities as may be sufficient, taking into account both the principal amount of such Federal Securities and the interest to become due thereon, to implement any refunding of the Bonds.

In the event of such a defeasance of the Bonds, the Fiscal Agent shall cause an accounting for such period or periods as shall be requested by the Agency to be prepared and filed with the Agency, and the Fiscal Agent, upon the request of the Agency, shall release the rights of the Bondholders under this Resolution and execute and deliver to the Agency all such instruments as may be desirable to evidence such release, discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the Agency all moneys or securities held by it pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Provision shall be made by the Agency, satisfactory to the Fiscal Agent, for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment.

Section 4. Description of Bonds. The Bonds shall be in a principal amount not to exceed Two Million Six Hundred Thirty Thousand Dollars (\$2,630,000) and shall be designated "REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5 TAX ALLOCATION BONDS, SERIES 1985". The Bonds may be initially issued in the form of fully registered Bonds in the denomination of \$5,000.

each, or any whole multiple thereof. The Bonds shall mature on May 1, of the years and in the amounts as hereafter set forth.

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
1987	\$ 95,000	1999	\$290,000
1988	105,000	2000	320,000
1989	115,000		
1990	125,000		
1991	140,000		
1992	155,000		
1993	170,000		
1994	185,000		
1995	200,000		
1996	220,000		
1997	245,000		
1998	265,000		

Section 5. Interest. The Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution, but not to exceed twelve percent (12%) per annum payable semiannually on May 1 and November 1 of each year, commencing November 1, 1986, or such other dates as are established by supplemental resolution of the Agency. Each Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if funds are available for the payment thereof in full accordance with the terms of this Resolution, said Bond shall then cease to bear interest.

The Bonds shall be numbered by the Fiscal Agent as the Fiscal Agent shall determine and shall be dated as of the date of authentication thereof, except that Bonds issued upon exchanges and transfers of other Bonds shall be dated so that no gain or loss of interest shall result from such exchange or transfer and Bonds issued before the first Regular Record Date shall be dated as of November 1, 1985, or such other date as may be fixed by subsequent resolution of the Agency. Each fully registered Bond shall bear interest from the interest payment date next preceding the date thereof unless (i) it is dated prior to the first regular record date, in which event from the date of issuance of the Bonds, (ii) it is dated as of an interest payment date, in which event it shall bear interest from that interest payment date, or (iii) it is dated after a Regular Record Date and before the following interest payment date, and the Agency does not default in the payment of interest due on such interest payment date, in which event it shall bear interest from such interest payment date. Interest on Bonds shall be paid by the Fiscal Agent (out of the appropriate funds) by check or draft mailed to the registered

owner as his name and address appear on the register kept by the Fiscal Agent at the close of business on the Regular Record Date preceding the interest payment date.

Section 6. Place of Payment. The Bonds and any premiums upon the redemption thereof prior to maturity shall be payable in lawful money of the United States of America and shall be payable at the corporate trust office of the Fiscal Agent in Los Angeles, California.

Section 7. Forms of Bonds. The Bonds shall be substantially in the form attached hereto and by this reference incorporated herein as Exhibit "A". Such form is hereby approved and adopted as the form of such Bonds, and of the redemption, exchange, registration and assignment provisions pertaining thereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution and by any subsequent supplemental resolution of the Agency.

Any Bonds issued pursuant to this Resolution may be initially issued in temporary form exchangeable for definitive Bonds when the same are ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of this or any supplemental resolution as may be appropriate. Every temporary Bond shall be executed by the Agency and be issued by the Fiscal Agent upon the same conditions and in substantially the same form and manner as the definitive Bonds. If the Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and, thereupon, the temporary Bonds shall be surrendered for cancellation at the principal office of the Fiscal Agent in Los Angeles, California, or at such other place in California as the Agency may approve, and the Fiscal Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of this same issue. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds of this same issue delivered hereunder, except that any interest which has accrued thereon shall not be paid until the exchange has been accomplished.

Section 8. Execution of Bonds. The Bonds shall be signed on behalf of the Agency by its Chairman by his facsimile signature and by its Secretary by his manual or facsimile signature, and the seal of the Agency shall be impressed, imprinted or reproduced thereon. The foregoing officers are hereby authorized and directed to sign the Bonds in accordance with this Section. If any Agency member or officer whose manual

or facsimile signature appears on the Bonds ceases to be such member or officer before delivery of Bonds, his or her signature is as effective as if he or she had remained in office.

The Fiscal Agent shall date and authenticate on registration and/or exchange to effectuate the registration and exchange provisions set forth in Sections 5 and 9, and only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Fiscal Agent, shall be entitled to any rights, benefits or security under this Resolution. No Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Fiscal Agent, and such certificate of the Fiscal Agent, upon any such Bond, shall be conclusive and the only evidence that such Bond has been duly authenticated and delivered under this Resolution. The Fiscal Agent's certificate of authentication on any Fully Registered Bond shall be deemed to have been duly executed if signed by an authorized officer of the Fiscal Agent, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 9. Registration and Exchange of Bonds.

The Bonds shall be issued only in fully registered form. Bonds may be exchanged for other Bonds of equal aggregate denominations of the same maturity. Transfer of ownership of a Bond shall be made by exchanging the same for a new Bond. All of such exchanges shall be made in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Agency. The person, firm or corporation requesting such exchange, shall pay any costs or charges in connection therewith which shall be established by the Fiscal Agent, in addition to paying any tax or governmental charge that may be imposed in connection with such exchange. Each Bond issued pursuant to this Resolution shall be of a denomination which is \$5,000 or a whole multiple thereof and shall be of the same issue.

Section 10. Bond Register. The Fiscal Agent will keep or cause to be kept at its principal office in the City of San Francisco, California, or at such other place in California as the Agency may approve, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency; and, upon presentation for such purpose, the Fiscal Agent shall under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on said register, the Bonds as hereinbefore provided.

Section 11. Call and Redemption of Bonds Prior to Maturity.

A. Terms of Redemption. The Bonds maturing on or before May 1, 1995 are not subject to call and redemption prior to maturity. The Bonds due on or after May 1, 1996 are subject to redemption, at the option of the agency, from any source of funds, as a whole at any time or in part in inverse order of maturity, and by lot within a maturity, on any interest payment date on and after May 1, 1995 at the following redemption prices, together with accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
May 1 and November 1, 1995.....	102 %
May 1 and November 1, 1996.....	101 1/2%
May 1 and November 1, 1997.....	101 %
May 1 and November 1, 1998.....	100 1/2%
May 1, 1999 and thereafter.....	100 %

B. Call and Redemption. The Agency may (and, if required by Section 15 hereof, shall) by resolution direct the call and redemption prior to maturity of Bonds by the Fiscal Agent in such amounts as funds are available therefor and shall give notice to the Fiscal Agent of such redemption not less than sixty (60) days prior to the redemption date.

C. Notice of Redemption. Notice of redemption prior to maturity (except as provided below) shall be given by first class mail, postage prepaid to the registered owner of each Bond at the address shown on the registration books of the Fiscal Agent, and to the original purchaser(s) of the Bonds (in the case of a syndicate, to the manager thereof) not less than thirty (30) nor more than sixty (60) days prior to such redemption date. In the case of refunding, notice shall also be given as provided in Section 3 hereof. Neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any Bonds. The notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the numbers of the Bonds to be redeemed; provided, however, that whenever any call for redemption includes all of the outstanding Bonds, the numbers of the Bonds need not be stated; (d) state, as to any Bonds redeemed in part only, the registered Bond numbers and the principal portion thereof to be redeemed; and (e) state that interest on the principal portion of the Bonds so designated for redemption shall cease to accrue from and after such redemption date and that on said date there shall become due and payable on each of such Bonds the redemption price thereof.

The actual receipt by the Holder of any Bond or notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the redemption date. Notice of redemption of Bonds shall be given by the Fiscal Agent and on behalf of the Agency at the expense of the Agency.

A certificate by the Fiscal Agent that notice of redemption has been given as herein provided shall be conclusive as against all parties, and no Bondholder whose Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed actually to receive such notice of call and redemption.

D. Redemption Fund. There is hereby created with the Fiscal Agent a special trust fund called the "Redevelopment Agency of the City of Sacramento, Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985, Redemption Fund" (hereinafter referred to as the "Redemption Fund"). There shall be set aside in the Redemption Fund, prior to mailing as above required, moneys for the purpose and sufficient to redeem, at the premiums, if any, payable as provided in this Resolution, the Bonds designated in such notice of redemption. Said moneys must be set aside in the Redemption Fund solely for that purpose and shall be applied on or after the redemption date to the payment (principal and premium, if any) of the Bonds to be redeemed upon presentation and surrender of such Bonds. Any interest due on or prior to the redemption date shall be paid from the Special Fund created by this Resolution upon presentation and surrender thereof.

E. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Agency shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and same maturity. The owner of any Bond may, in lieu of surrendering such Bond for a new Bond, endorse on the reverse of such Bond a notation of such partial redemption, in such form as may be satisfactory to the Agency and the Fiscal Agent and under such conditions as the Fiscal Agent may approve. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such registered owner, and the Agency and the Fiscal Agent shall be released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of such Bond by such registered owner and irrespective of any error or omission in such endorsement.

F. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the principal of, premium, if any, and interest payable upon redemption of the Bonds being set aside as aforesaid, the Bonds, or parts thereof, as the case may be, so called for redemption shall, on the redemption date, become due and payable at the redemption price specified in such notice, interest on the Bonds, or parts thereof, as the case may be, so called for redemption shall cease to accrue, shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, and, in the case of partial redemption of Bonds, also to receive a new Bond or Bonds for the unredeemed balance as aforesaid.

All Bonds, or parts thereof, as the case may be, redeemed pursuant to the provisions of this Section shall be cancelled upon surrender thereof and delivered to, or upon the order of, the Agency.

G. Purchase of Bonds. The Fiscal Agent, on behalf of the Agency, is hereby authorized to purchase Bonds on the open market at any time at a price not to exceed 102% of the principal amount thereof or the redemption price of the allocable Bonds on the next interest payment date plus accrued interest, if any, to the date of purchase plus brokerage fees, if any.

Section 12. Funds. There is hereby created with the Treasurer a special trust fund called the "Del Paso Heights Redevelopment Project, Project No. 5 Fund" (hereinafter sometimes called the "Redevelopment Fund"). There is hereby created with the Fiscal Agent a special trust fund called the Del Paso Heights Redevelopment Project, Project No. 5, Special Fund with special trust funds contained therein and known as the Bond Interest Fund, Bond Payment Fund and the Debt Service Reserve Fund.

So long as any of the Bonds herein authorized, or any interest thereon, remain unpaid, the moneys in the foregoing Funds shall be used for no purposes other than those required or permitted by this Resolution and the Law.

Section 13. Sale of Bonds; Disposition of Bond Proceeds; Redevelopment Fund. The Agency may provide by resolution for the sale of the Bonds in the manner provided by the Law.

A. The Fiscal Agent, on behalf of the Agency, shall receive the proceeds from the sale of the Bonds, upon the

delivery of the Bonds to the purchasers thereof, and shall dispose of such proceeds and moneys as follows:

(1) Deposit in the Bond Interest Fund accrued interest and premium, if any, paid by the purchasers of the Bonds;

(2) Deposit in the Debt Service Reserve Fund a sum equal to the Reserve Requirement;

(3) Pay the necessary expenses in connection with the issuance and sale of the Bonds and fees of the Fiscal Agent and Paying Agents;

(4) After making the above deposits, the balance of the proceeds from the sale of the Bonds, if any, shall be transferred to the Treasurer who shall place the same in the Redevelopment Fund.

B. The moneys set aside in the Redevelopment Fund shall remain therein until from time to time expended solely for the purpose of financing a portion of the costs of the Redevelopment Project and other costs related thereto, and also including in such costs:

(1) The payment, in any year during which the Agency owns the property in the Redevelopment Project Area, to any city, county, city and county, district or other public corporation which would have levied a tax upon such property had it not been exempt, an amount of money in lieu of taxes as authorized by Section 33401 of the Law; and

(2) The cost of any lawful purposes in connection with implementation of the Redevelopment Project, including, without limitation, those purposes authorized by Section 33445 of the Law; and

(3) The necessary expenses in connection with the issuance and sale of the Bonds and fees of the Fiscal Agent and Paying Agents not otherwise paid under paragraph A above.

If any sum remains in the Redevelopment Fund after the full accomplishment of the objects and purposes for which said Bonds were issued, said sum shall be transferred to the Special Fund. Disposition of Redevelopment Fund moneys may be further specified by supplemental resolution of the Agency.

All of the above uses constitute a "redevelopment activity" as such term is defined in Section 33678 of the Law.

Section 14. Tax Revenues. As provided in the Redevelopment Plan, pursuant to Article 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project Area each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the Ordinance approving the Redevelopment Plan (being Ordinance No. 2884 of the City of Sacramento, which became effective on May 12, 1970 and was subsequently amended by the City Ordinance No. 2913 and by the City Ordinance No. 85-047) shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to May 12, 1970 ("base assessment roll"), shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) That portion of said levied taxes each year in excess of such amount shall be allocated to and when collected shall be paid into the Special Fund of the Agency. Such portion (plus State reimbursed amounts for certain property tax exemptions, including those related to business inventory, to the extent received), subject to such exclusions and deductions as are set forth in proceedings for the adoption of the Redevelopment Plan, is herein referred to as "Tax Revenues."

The foregoing provisions of this Section are a portion of the provisions of said Article 6 of the Law as applied to the Bonds and shall be interpreted in accordance with said Article 6 of the Law, and the further provisions and definitions contained in said Article 6 of the Law are hereby incorporated herein by reference and shall apply.

The Tax Revenues allocated to the Agency on or after the date of issue of the Bonds are hereby irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as in this Resolution provided, and until all of the Bonds and all interest thereon, have been paid (or until moneys for that purpose have been irrevocably set aside), the Tax Revenues (subject to the exception set forth in Section 15(d)) shall be applied solely to the payment of the Bonds and

the interest thereon as in this Resolution provided. Such allocation and pledge is for the exclusive benefit of the Holders of the Bonds and shall be irrevocable.

Section 33645 of the Health and Safety Code provides, in applicable part as follows: "The resolution, trust indenture, or mortgage shall provide that tax increment funds allocated to an agency pursuant to Section 33670 shall not be payable to a trustee on account of any issued bonds when sufficient funds have been placed with the trustee to redeem all outstanding bonds of the issue." This Resolution is presently in compliance with the above quoted provision and shall be so construed.

Section 15. Special Fund. All Tax Revenues, and other moneys identified herein, shall be deposited in the Special Fund in accordance with this Section. The interest on the Bonds until maturity shall be paid by the Fiscal Agent from the Special Fund. At the maturity of the Bonds, and, after all interest then due on the Bonds then outstanding has been paid or provided for, moneys in the Special Fund shall be applied to the payment of the principal of any of such Bonds.

Without limiting the generality of the foregoing and for the purpose of assuring that the payments referred to above will be made as scheduled, the Tax Revenues accumulated in the Special Fund shall be used in the following priority; provided, however, that to the extent that deposits have been made in any of the Funds referred to below from the proceeds of the sale of the Bonds or otherwise, the deposits below need not be made:

(a) Bond Interest Fund. Deposits shall be made into the Bond Interest Fund on April 30 and October 31 so that the amount in said Fund on said date shall be equal to the aggregate amount of interest becoming due and payable on the then outstanding Bonds on the next succeeding interest payment date. Moneys in the Bond Interest Fund shall be used for the payment of interest on the Bonds as the same becomes due.

(b) Bond Payment Fund. After the deposits have been made pursuant to subparagraph (a) above, deposits shall next be made into the Bond Payment Fund so that the balance in said Fund on April 30 of each year is equal to the principal coming due in the then outstanding Bonds on the next succeeding May 1.

(c) Debt Service Reserve Fund. After deposits have been made pursuant to subparagraphs (a) and (b) above, deposits shall be made to the Debt Service Reserve Fund from available Tax Revenues, if necessary, in order to

cause the amount on deposit therein to equal the Reserve Requirement. Money in the Debt Service Reserve Fund shall be transferred to the Bond Interest Fund and Bond Payment Fund to pay interest on and principal of the Bonds as it becomes due to the extent Tax Revenues are insufficient therefor. Any portion of the Debt Service Reserve Fund which is in excess of the Reserve Requirement shall be transferred to the Agency to be used for any lawful purpose.

(d) Holding Fund. On May 25 of each year, beginning May 25, 1986, the Fiscal Agent shall set aside from the Special Fund and deposit in the Holding Fund all moneys then remaining in the Special fund after the above mentioned transfers have taken place; provided, however, that if 125% of Annual Debt Service was placed in the Special Fund on such year, the Agency is not in default under the Resolution and the Debt Service Reserve Fund is equal to Maximum Annual Debt Service, all money then remaining in the Holding Fund, may be set aside and returned to the Agency for any lawful purpose. Except as set forth in the preceding sentence, all money in the Holding Fund shall be used and withdrawn by the Fiscal Agent for the purpose of replenishing the Bond Interest Fund, the Bond Payment Fund, and the Debt Service Reserve Fund, in such order, in the event of any deficiency at any time in such Funds, or for the purpose of paying the interest on or redemption premiums, if any, on the Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all the Bond then outstanding, or, so long as the Agency is not in default hereunder, and, at the request of the Agency for the purchase or redemption of Bonds.

Any remaining Tax Revenues after providing for (a), (b) and (c) above, and after the coverage test provided in (d) above has been satisfied, may be used in a manner provided by law for the purpose of aiding in financing the Project, including early redemption or purchase of the Bonds, as provided in the Resolution.

Section 16. Deposit and Investment of Moneys in Funds. Subject to the provisions of Covenant 9 of Section 18 hereof, all moneys held by the Agency in the Redevelopment Fund and by the Fiscal Agent in the Special Fund, except such moneys which are at the time invested in obligations in which the Agency is authorized to make investments, shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent) and all of such deposits shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Redevelopment Fund may from time to time be invested by the Agency, and moneys in the Special Fund may, and, upon written request of the Agency, shall, be invested by the Fiscal Agent, with prior approval of the Agency Finance Officer, as provided by law, subject to the following restrictions:

(a) Moneys in the Redevelopment Fund shall be invested only in obligations which will by their terms mature not later than the date the Agency estimates the moneys represented by the particular investment will be needed for withdrawal from such Fund.

(b) Moneys in the Bond Interest Fund of the Special Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest payment date there will be in such Fund, from matured obligations and other moneys already in such Fund, cash equal to the interest payable on such date.

(c) Moneys in the Debt Service Reserve Fund shall be invested in obligations which will by their terms mature prior to the date which is the final maturity date of the Bonds.

Except as otherwise provided in Section 13 hereof, obligations purchased as an investment of moneys in any of said Funds shall be deemed at all times to be a part of such Fund and the interest accruing thereon and any gain realized from such investment shall be credited to such Fund and any loss resulting from any such authorized investment shall be charged to such Fund without liability to the Agency or the members and officers thereof or to the Fiscal Agent. The Agency or the Fiscal Agent, as the case may be, shall sell at the best price obtainable or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund as required by this Resolution. The investment constituting a part of such Fund shall be valued at the then estimated or appraised market value of such investment or face amount thereof, whichever is lower; provided, however, that investments in the Bond Interest Fund and the Bond Payment Fund shall be valued at the face amount thereof.

Section 17. Issuance of Parity Bonds. The Agency may provide for the issuance of, and sell, Parity Bonds in such principal amounts as it estimates will be needed for the Redevelopment Project purposes. The issuance and sale of any Parity Bonds shall be subject to the following conditions precedent:

(a) The Agency shall be in compliance with all covenants in this Resolution;

(b) The Parity Bonds shall be on such terms and conditions as may be set forth in a supplemental resolution, which shall provide for (i) bonds substantially in accordance with the Resolution, and (ii) the deposit of a portion of the Parity Bond proceeds into the Debt Service Reserve Fund in an amount sufficient, together with the balance of the Debt Service Reserve Fund, to equal the Maximum Annual Debt Service on all Bonds expected to be outstanding including the outstanding Bonds and Parity Bonds;

(c) Receipt of a certificate of the Executive Director of the Agency showing:

(i) For the current and each future Bond Year the debt service for each such Bond Year with respect to all Bonds and Parity Bonds reasonably expected to be outstanding following the issuance of such Parity Bonds;

(ii) For the then current Bond Year, (A) the Tax Revenues to be received by the Agency based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area certified by the appropriate officer of the County of Sacramento (B) additional Tax Revenues to be received by the Agency due to expected increases in assessed valuation of taxable property in the Redevelopment Project Area resulting from construction for which a building permit has been issued and for which there is evidence of construction activity on the site, or construction for which a binding contract therefor has been executed by and between the Agency and a developer deemed to be financially responsible by the Agency; and

(iii) That for the then current Bond Year, (A) the Tax Revenues referred to in item (ii)(A) are at least equal to 1.10 times the maximum annual debt service referred to in item (i) above, and (B) the Tax Revenues referred to in item (ii)(A) and (ii)(B) above plus other revenues, investment income and funds reasonably expected by the Agency to be available for debt service, exclusive of any non-recurring revenues, are at least equal to 1.25 times the maximum annual debt service referred to in item (i) above.

(d) The issuance of such Parity Bonds shall have been recommended by an opinion of an Independent Financial Consultant.

(e) Such Parity Bonds shall mature on November 1 and interest thereon shall be payable on May 1 and November 1, subject to such dates being changed by a supplemental resolution of the Agency.

Section 18. Covenants of the Agency. As long as the Bonds are outstanding and unpaid, the Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Resolution or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondholders which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that said Covenants do not require the Agency to expend any funds other than the Tax Revenues:

Covenant 1. Complete Redevelopment Project;
Amendment to Redevelopment Plan. The Agency covenants and agrees that it will diligently carry out and continue to completion, with all practicable dispatch, the Redevelopment Project in accordance with its duty to do so under and in accordance with the Law and the Redevelopment Plan and in a sound and economical manner. The Redevelopment Plan may be amended as provided in the Law but no amendment shall be made unless it will not substantially impair the security of the Bonds or the rights of the Bondholders, as shown by an Opinion of Counsel, based upon a certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 2. Use of Proceeds, Management and Operation of Properties. The Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Resolution and any supplemental resolution and that it will manage and operate all properties owned by it comprising any part of the Redevelopment Project in a sound and businesslike manner.

Covenant 3. No Priority. The Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues prior or superior to the lien of the Bonds herein authorized. Except as permitted by Section 17 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have, or purport to have, any lien upon the Tax Revenues on a parity with the Bonds herein authorized. Notwithstanding the foregoing, nothing in this Resolution shall prevent the Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding obligations are

issued for the purpose of, and are sufficient for the purpose of, refunding all of the outstanding Bonds or Parity Bonds, or (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the Bonds or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues. As used herein "obligations" shall include, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Covenant 4. Punctual Payment. The Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued hereunder on the date, at the place and in the manner provided in the Bonds.

Covenant 5. Payment of Taxes and Other Charges. The Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Redevelopment Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of said properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest thereon, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this Covenant shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity thereof.

Covenant 6. Books and Accounts; Financial Statements. The Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to said Project, and will prepare within one hundred and eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for such year in reasonable detail covering such Redevelopment Project and the Tax Revenues and other funds, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Agency, and will furnish a copy of such statement or statements to the Fiscal Agent, the original purchaser(s) of the Bonds (in the case of a syndicate, the manager thereof), and any rating agency which maintains a rating on the Bonds, and, upon written request, to any Bondholder.

Covenant 7. Eminent Domain. The Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the Agency will use its best efforts to have the base assessment roll reduced by the amount of the assessment of said property as shown on said base assessment roll.

Covenant 8. Disposition of Property. The Agency covenants and agrees that it will not dispose of more than ten percent (10%) of the land area in the Redevelopment Project Area (except property shown in the Redevelopment Plan in effect on the date this Resolution is adopted as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in the security of the Bonds or the rights of Bondholders being substantially impaired, as shown by an Opinion of Counsel, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 9. Statement of Indebtedness. The Agency covenants and agrees to file annually with the county Auditor a statement of indebtedness as provided in Section 33675 of the Law.

Covenant 10. Protection of Security and Rights of Bondholders; No Arbitrage. The Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondholders and to defend their rights under all claims and demands of all persons. Without limiting the generality of the foregoing, the Agency covenants and agrees to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Agency that (i) the Law is unconstitutional or (ii) that the Tax Revenues pledged hereunder cannot be paid to the Agency for the debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the Bondholders is taxable under federal income tax laws by reason of any action of the Agency. The Agency covenants and agrees to take no action which, in the Opinion of Counsel would result in (a) the Tax Revenues being withheld unless the withholding thereof is being contested in good faith, and (b) the interest received by the Bondholders becoming taxable under federal income tax laws. The Agency covenants and agrees that it will make no use of the proceeds

of the Bonds at any time during the term thereof which will cause such Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations adopted thereunder by the Internal Revenue Service, and the Agency hereby assumes the obligation to comply with such Section 103(c) and such regulations throughout the term of the Bonds.

Section 19. Taxation of Leased Property. Whenever any property in the Redevelopment Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Redevelopment Project Area to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law, and the lease or contract shall provide (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (b) that if for any reason the taxes levied on such property in any year during the term of the lease or contract are less than the taxes which would have been levied if the entire property had been assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. All such payments shall be treated as Tax Revenues, and when received by the Agency shall be deposited in the Special Fund.

Section 20. Fiscal Agent. The Agency appoints First Interstate Bank of California to act as the agent, trustee and depository of the Agency (the "Fiscal Agent") for the purpose of receiving Tax Revenues and other funds in trust as provided in this Resolution, to hold, allocate, use and apply such Tax Revenues and other funds in trust as provided in this Resolution, and to perform such other duties and powers of the Fiscal Agent as are prescribed in this Resolution and any supplemental resolution of the Agency.

The Agency may remove the Fiscal Agent initially appointed or any successor thereto and in such case shall forthwith appoint a successor thereto, but any successor shall be a bank or trust company doing business and having an office in the City of San Francisco, having a combined capital and surplus of at least \$100,000,000. The Fiscal Agent herein appointed or any substituted Fiscal Agent may at any time resign as such by filing a written notice with the Agency in which event the Agency shall forthwith appoint a substitute Fiscal Agent and the resignation shall become effective upon appointment. In

the event that the Fiscal Agent or any successor becomes incapable of acting as such, the Agency shall forthwith appoint a substitute Fiscal Agent. Any bank or trust company into which the Fiscal Agent may be merged or with which it may be consolidated shall become the Fiscal Agent without action of the Agency. The Fiscal Agent may become the owner of any of the Bonds authorized by this Resolution with the same rights it would have had if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of or to exercise diligence in the enforcement of the collection of funds assigned to it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The recitals of fact and all promises, covenants and agreements herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of same, and makes no representations as to the validity or sufficiency of this Resolution or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 21. Lost, Stolen, Destroyed or Mutilated Bonds.
In the event that any Bond is lost, stolen, destroyed or mutilated, the Agency will cause to be issued a new Bond(s) on reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the Agency deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The Agency may authorize such new Bond to be signed and authenticated in such manner as it determines in said resolution.

Section 22. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment at the maturity thereof or, in the case of call and redemption prior to maturity, at the redemption date, shall upon payment therefor be cancelled immediately and forthwith transmitted to the Treasurer or destroyed by the Fiscal Agent at the direction of the Agency, in which latter event a certificate of destruction shall forthwith be transmitted to the Treasurer. Any Bonds purchased by the Fiscal Agent as aforesaid shall be cancelled immediately and forthwith transmitted to the Treasurer or destroyed as aforesaid. All of the cancelled Bonds not destroyed shall remain in the custody of the Treasurer until destroyed pursuant to authorization.

Section 23. Amendments. This Resolution, and the rights and obligations of the Agency and of the Holders of the Bonds issued hereunder, may be modified or amended at any time by supplemental resolution adopted by the Agency: (a) for any purpose at any time prior to the sale of the Bonds; (b) without the consent of Bondholders, if such modification or amendment is for the purpose of adding covenants and agreements to further secure Bond payment, to prescribe further limitations and restrictions on Bond issuance, to surrender rights or privileges of the Agency, to make notifications not affecting any outstanding series of Bonds only with the consent of the Fiscal Agent, for the purpose of curing any ambiguities, defects or inconsistent provisions in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary and desirable to accomplish the same, provided that such modifications or amendments do not adversely affect the rights of the Owners of any outstanding Bonds; (c) for any purpose with the consent of the Bondholders holding sixty percent (60%) in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the Agency or the City, and obtained as hereinafter set forth; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, change the monetary medium in which principal and interest is payable, or create a mortgage, pledge or lien upon the revenues superior to or on a parity with the pledge and lien created for the Bonds and any Parity Bonds or reduce the percentage of consent required for amendment or modification.

Any act done pursuant to a modification or amendment so consented to shall be binding upon the Holders of all of the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution or of the Law, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no Bondholder or Holder shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Agency or any officer thereof from taking any action pursuant thereto.

A. Calling Bondholders' Meeting. If the Agency shall desire to obtain any such consent it shall duly adopt a resolution calling a meeting of the Bondholders for the purpose of considering the action the consent to which is desired.

B. Notice of Meeting. Notice specifying the purpose, place, date and hour of such meeting shall be mailed, postage prepaid, to the respective registered owners of the Bonds as their addresses appear on the registration books of the Fiscal Agent. The place, date and hour of holding such meeting and the date or dates of mailing such notice shall be determined by the Agency in its discretion. Such notice shall set forth the nature of the proposed action to which consent is desired. The place, date and hour of holding such meeting and the date or dates of mailing such notice shall be determined by the Agency in its discretion.

The actual receipt by any Bondholder of notice of any such meeting shall not be a condition precedent to the holding of such meeting, and failure to receive such notice shall not affect the validity of any proceedings at such meeting. A certificate by the Secretary of the Agency approved by resolution of the Agency, that the meeting has been called and that notice thereof has been given as herein provided, shall be conclusive as against all parties and it shall not be open to any Bondholder to show that he failed to receive actual notice of such meeting.

C. Voting Qualifications. The Fiscal Agent shall prepare and deliver to the chairman of the meeting a statement of the names and addresses of the registered owners of Bonds, such statement to show maturities, serial numbers and the principal amounts so that voting qualifications can be determined. No Bondholders shall be entitled to vote at such meeting unless their names appear upon such statement. No Bondholders shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against their names on such statement.

D. Issuer-Owned Bonds. The Agency covenants that it will present at the meeting a certificate, signed and verified by one member thereof and by the Treasurer, stating the serial numbers, maturities and principal amounts of all Bonds owned by, or held for account of, the Agency or the City, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond appearing upon such certificate, or any Bond which it shall be established at or prior to the meeting is owned by the Agency or the City, directly or indirectly, and no such Bond (in this Resolution referred to as "issuer-owned Bonds") shall be counted in determining whether a quorum is present at the meeting.

E. Quorum and Procedure. A representation of at least sixty percent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds, if any) shall be necessary to constitute a quorum at any meeting

of Bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall have been held by a quorum or by less than a quorum. The Agency shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and secretary. At any meeting each Bondholder shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he shall be qualified to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The Agency and/or the Fiscal Agent by their duly authorized representatives and counsel, may attend any meeting of the Bondholders, but shall not be required to do so.

F. Vote Required. At any such meeting held as aforesaid there shall be submitted for the consideration and action of the Bondholders a statement of the proposed action consent to which is desired, and if such action shall be consented to and approved by Bondholders holding at least sixty percent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) the chairman and secretary of the meeting shall so certify in writing to the Agency, and such certificate shall constitute complete evidence of consent of the Bondholders under the provision of this Resolution. A certificate signed and verified by the chairman and the secretary of any such meeting shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

Section 24. Proceedings Constitute Contract; Events of Default and Remedies of Bondholders. The provisions of this Resolution, of the resolutions providing for the sale of the Bonds and awarding the Bonds and fixing the interest rate or rates thereon, and of any other resolution supplementing or amending this Resolution, shall constitute a contract between the Agency and the Bondholders, and the provisions thereof shall be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State of California. The following provisions shall not limit the generality of the foregoing.

A. Events of Default. Each of the following shall constitute an event of default.

(1) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable:

(2) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(3) Default made by the Agency in the observance of any of the covenants, agreements or conditions contained in this Resolution or in the Bonds, and such default shall have continued for a period of thirty (30) days following written notice to the Agency; or

(4) The Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property;

In each and every event of default described in (1) or (2) above the Fiscal Agent shall, and in each and every case of default described in (3) or (4) above, the Fiscal Agent may, and shall if so requested by the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding (such request to be in writing to the Fiscal Agent and the Agency), declare the principal of all of the Bonds then outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Resolution or in the Bonds to the contrary notwithstanding.

Such declaration may be rescinded by the holders of not less than a majority of the Bonds then outstanding provided the Agency cures such default or defaults including the deposit with the Fiscal Agent of a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve percent (12%) per annum on such overdue installments of principal and, to the extent such payment of interest on interest is lawful at that time, on such

overdue installments of interest, so that the Agency is currently in compliance with all payment, deposit and transfer provisions of this Resolution, and an amount sufficient to pay any expenses incurred by the Fiscal Agent in connection with such default.

B. Certain Remedies of Bondholders. Any Bondholder shall have the right, for the equal benefit and protection of all Bondholders similarly situated --

(1) by mandamus, suit, action or proceeding, to compel the Agency and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondholders' rights; or

(3) upon the happening of any event of default (as defined in this Section), by suit, action or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were the trustees of an express trust.

C. Non-Waiver. Nothing in this Section or in any other provisions of this Resolution, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Holders of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right, which is also absolute and unconditional, of such Holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

No remedy conferred hereby upon any Bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law of the State of California. No waiver of any default or breach of any duty or contract by any Bondholder shall affect any subsequent default or breach of any duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or

acquiescence therein. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondholders, then, and in every such case, the Agency and the Bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

D. Actions by Fiscal Agent as Attorney-in-Fact. Any suit, action or proceeding which any Holder of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Fiscal Agent for the equal benefit and protection of all Holders of Bonds similarly situated and the Fiscal Agent is hereby appointed (and the successive respective registered owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective registered owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective registered owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Fiscal Agent as such attorney-in-fact.

E. General. After the issuance and delivery of the Bonds, this Resolution, and any supplemental resolutions hereto, shall be irrevocable, but shall be subject to modification or amendment to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 25. CUSIP Numbers. CUSIP identification numbers will be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and no liability shall hereafter attach to the Agency or any of the officers or agents thereof because of or on account of said numbers. Any error or omission with respect to said numbers shall not constitute cause for refusal by the successful bidder to accept delivery of and pay for the Bonds.

Section 26. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Resolution, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Resolution and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected, and this Resolution and the Bonds issued pursuant hereto shall remain valid and the

Bondholders shall retain all valid rights and benefits accorded to them under this Resolution and the Constitution and the laws of the State of California. If the provisions relating to the appointment and duties of a Fiscal Agent are held to be unconstitutional, invalid or unenforceable, said duties shall be performed by the Treasurer.

Section 27. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED the _____ day of November 1985.

Chairman of the Redevelopment
Agency of the City of Sacramento

(SEAL)

ATTEST:

Secretary of the Redevelopment Agency
of the City of Sacramento

STATE OF CALIFORNIA
COUNTY OF SACRAMENTO
CITY OF SACRAMENTO

)
) ss.
)

SECRETARY'S CERTIFICATE
RE ADOPTION OF RESOLUTION

I, _____, Secretary of the
Redevelopment Agency of the City of Sacramento, DO HEREBY
CERTIFY that the foregoing Resolution was duly adopted by said
Agency at an adjourned regular meeting of said Agency held on
the _____ day of November, 1985, and that the same was passed
and adopted by the following vote to wit:

AYES: Members _____

NOES: Members _____

ABSENT: Members _____

ABSTAIN: Members _____

Secretary of the Redevelopment
Agency of the City of Sacramento

(SEAL)

STATE OF CALIFORNIA
COUNTY OF SACRAMENTO
CITY OF SACRAMENTO

)
) ss.
)

SECRETARY'S CERTIFICATE
OF AUTHENTICATION

I, _____, Secretary of the
Redevelopment Agency of the City of Sacramento, DO HEREBY
CERTIFY that the above and foregoing is a full, true and
correct copy of Resolution No. _____ of said Agency and that
said Resolution was adopted at the time and by the vote stated
on the above certificate, and has not been amended or repealed.

Secretary of the Redevelopment
Agency of the City of Sacramento

(SEAL)

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO
CITY OF SACRAMENTO
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5
TAX ALLOCATION BONDS, SERIES 1985

The REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO (hereinafter sometimes called the "Agency"), a public body, corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to _____ or registered assigns (herein sometimes referred to as "registered owner"), subject to the right of prior redemption hereinafter mentioned, the principal sum of _____ Dollars (\$ _____), on May 1, _____, and to pay such registered owner on each interest payment date by check or draft mailed to him as his name and address appear on the register kept by the Fiscal Agent at the close of business on the fifteenth (15th) day preceding each interest payment date (the "regular record date"), interest on such principal sum from the interest payment date next preceding the date hereof (unless (i) it is dated prior to the first regular payment date in which event from November 1, 1985, or (ii) the date hereof is on an interest payment date, in which event from that interest payment date, or (iii) it is dated after a regular record date but before the following interest payment date and if the Agency shall not default in the payment of interest due on such interest payment date, in which event it shall bear interest from such interest payment date) until the principal hereof shall have been paid or provided for in accordance with the Resolution hereinafter referred to, at the rate of _____ percent (____%) per annum payable semiannually on May 1 and November 1 in each year commencing on November 1, 1986. Both principal and interest and any premium upon the redemption prior to maturity of all or part hereof are payable in lawful money of the United States of America, and (except for interest which is payable by check or draft as stated above) are payable at the corporate trust office of First Interstate Bank of California, Fiscal Agent for the Agency, in San Francisco, California.

This Bond, the interest hereon and any premium due upon the redemption of this Bond prior to maturity are not a debt of the City of Sacramento, the State of California or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable hereon, nor in any event shall this Bond, said interest or said premium be payable out of any funds or properties other than the funds of the Agency as set forth in the Resolution hereinafter mentioned. This Bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this Bond are liable personally on this Bond by reason of its issuance.

This Bond is one of a duly authorized issue of Bonds of the Agency designated "Redevelopment Agency of the City of Sacramento, Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985" (herein called the "Bonds"), in an aggregate principal amount of \$2,630,000, all of like tenor (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of aiding in the financing of the Redevelopment Project referred to above. The Bonds are authorized by and issued pursuant to Resolution No. ____, adopted by the Agency on November 19, 1985, a copy of which are on file with the Secretary of the Agency and the Fiscal Agent (said Resolution No. ____ being herein referred to as the "Resolution").

All of the Bonds are equally secured in accordance with the terms of the Resolution, reference to which is hereby made for a specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the Bondholders, and for a statement of the rights of the Bondholders. By the acceptance of this Bond the registered owner hereof consents to all of the terms, conditions and provisions of said Resolution. In the manner provided in the Resolution, said Resolution and the rights and obligations of the Agency and of the Bondholders may (with certain exceptions as stated in said Resolution) be modified or amended with the consent of the Holders of sixty percent (60%) in aggregate principal amount of outstanding Bonds, exclusive of issuer-owned Bonds, unless the modification or amendment is for the purpose of curing ambiguities, defects or inconsistent provisions, in which case no Bondholders' consent is required.

The principal of this Bond and the interest hereon are secured by an irrevocable pledge of, and are payable solely out of, the Tax Revenues (as such term is defined in said Resolution) and certain other funds, all as more particularly set forth in the Resolution. Said Resolution is adopted under and this Bond is issued under and is to be construed in accordance with the laws of the State of California.

The outstanding Bonds, or any of them, maturing on or after May 1, 1996 may be called before maturity and redeemed at the option of the Agency, in whole from the proceeds of refunding bonds and other available funds, or in whole or in part from any other source of funds on May 1, 1995 or on any interest payment date thereafter prior to maturity in reverse order of maturity and by lot within any one maturity. Bonds so called for redemption shall be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof, plus accrued interest to the redemption date plus a premium of two percent (2%) for Bonds redeemed on the first available redemption date decreasing by one-half percent (1/2%) for each year or fraction thereof between the first available redemption date as set forth above and the actual date of the call and redemption for all or a portion of the Bonds so redeemed. The interest payment date on which Bonds are to be presented for redemption is herein sometimes called the "redemption date." Notice of call and redemption prior to maturity shall be given as provided in the Resolution.

This Bond is issued in fully registered form and is negotiable upon proper transfer of registration. This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Fiscal Agent in the City of San Francisco, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, upon surrender and cancellation of this Bond. Upon such transfer a new Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor.

The Agency and the Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Fiscal Agent.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Sacramento has caused this Bond to be signed on its behalf by the facsimile signature of its Chairman and by the manual or facsimile signature of its Secretary, and the seal of said Agency to be reproduced hereon, all as of the first day of November, 1985.

Chairman of the Redevelopment
Agency of the City of Sacramento

(SEAL)

Secretary of the Redevelopment
Agency of the City of Sacramento

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Resolution.

Fiscal Agent

By _____
Authorized Officer

(FORM OF ASSIGNMENT OF BONDS)

For value received _____ hereby sells,
assigns and transfers
unto _____

_____ the within-mentioned Bond and hereby
irrevocably constitutes and appoints _____,
attorney, to transfer the same on the books of the Fiscal Agent
with full power of substitution in the premises.

Dated: _____

NOTE:

The signature to this assignment must correspond
with the name as written on the face of the
within Bond in every particular, without
alterations or enlargement or any change
whatsoever.

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Resolution.

Fiscal Agent

RA 85-099

H

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF SACRAMENTO AND AUTHORIZING THE
ISSUANCE OF TAX ALLOCATION BONDS OF SAID
AGENCY IN A PRINCIPAL AMOUNT NOT TO EXCEED
TWO MILLION FIVE HUNDRED EIGHTY FIVE
THOUSAND DOLLARS (\$2,585,000) TO FINANCE A
PORTION OF THE COST OF A REDEVELOPMENT
PROJECT KNOWN AS THE ALKALI FLAT
REDEVELOPMENT PROJECT, PROJECT NO. 6

WHEREAS, the Redevelopment Agency of the City of Sacramento (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 (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 for a redevelopment project known and designated as "Alkali Flat Redevelopment Project, Project No. 6" has been adopted and approved by Ordinance No. 3086 of the City of Sacramento, which became effective on February 10, 1972, and was subsequently amended by the City Ordinance No. 4403 on August 12, 1980 and by the City Ordinance No. 84-073 on July 17, 1984; and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan have been duly complied with; and

WHEREAS, in order to raise funds for the implementation of the Redevelopment Plan, the Agency deems it necessary at this time to authorize the issuance of tax allocation bonds in a principal amount not to exceed Two Million Five Hundred Eighty Five Thousand Dollars (\$2,585,000) pursuant to this Resolution providing for the issuance of "Redevelopment Agency of the City of Sacramento, Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985", the proceeds of which will be used to finance a portion of the costs of implementing the Redevelopment Plan;

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Definitions. As used in this Resolution, the following terms shall have the following meanings, unless the context otherwise requires:

APPROVED
BY THE CITY COUNCIL

NOV 19 1985

OFFICE OF THE
CITY CLERK

(a) "Annual Debt Service" means the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year:

(1) The principal amount of all serial Bonds and serial Parity Bonds, if any, payable in such Bond Year; and

(2) The amount of Minimum Sinking Fund Payments, if any, for any term Bonds or term Parity Bonds to be made in such Bond Year in accordance with the applicable schedule or schedules of Minimum Sinking Fund Payments; and/or

(3) The interest which would be due during such Bond Year on the aggregate principal amount of Bonds and Parity Bonds which would be outstanding in such Bond Year if the Bonds and Parity Bonds outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedule or schedules for the serial Bonds and serial Parity Bonds and the schedule or schedules of Minimum Sinking Fund Payments for any term Bonds or term Parity Bonds. At the time and for the purpose of making such computation, the amount of term Parity Bonds already retired in advance of the above mentioned schedule or schedules shall be deducted pro rata from the remaining amounts thereon.

(b) "Bond" or "Bonds" means the "Redevelopment Agency of the City of Sacramento, Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985", authorized by this Resolution in a principal amount not to exceed Two Million Five Hundred Eighty Five Thousand Dollars (\$2,585,000).

(c) "Bond Year" means the year beginning February 2nd and ending on the next following February 1st during the time any Bonds are outstanding.

(d) "Bondholder" or "Holder of Bonds," or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative. For the purpose of Bondholders' voting rights or consents, Bonds owned by or held for the account of the Agency, or the City, directly or indirectly, shall not be counted.

(e) "City" means the City of Sacramento, California.

(f) "Federal Securities" means direct obligations of the United States of America or bonds or other obligations for which the full faith and credit of the United States is pledged for the payment of principal and interest.

(g) "Fiscal Agent" means the fiscal agent appointed by the Agency pursuant to Section 20 hereof, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in this Resolution.

(h) "Fiscal Year" means the year beginning July 1st and ending on the next following June 30th.

(i) "Independent Financial Consultant," "Independent Engineer," "Independent Certified Public Accountant" or "Independent Redevelopment Consultant" means any individual or firm engaged in the profession involved, appointed by the Agency, and who, or each of whom, has a favorable reputation in the field in which his opinion or certificate will be given, and:

(1) is in fact independent and not under domination of the Agency; and

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

(j) "Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

(k) "Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond year.

(l) "Minimum Sinking Fund Payments" means the amount of money to be deposited into the Term Bond Sinking Fund to be used to redeem term Parity Bonds, at the principal amounts thereof, in the amounts and at the times set forth in the schedule or schedules of Minimum Sinking Fund Payments contained in a supplemental resolution adopted for the purposes of establishing said schedule or in any resolution providing for the issuance of Parity Bonds.

(m) "Opinion of Counsel" means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to

factual matters, information which is in the possession of the Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous.

(n) "Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Agency as permitted by Section 17 of this Resolution.

(o) "Redevelopment Agency" or "Agency" means the Redevelopment Agency of the City of Sacramento.

(p) "Redevelopment Plan" means the "Redevelopment Plan for Alkali Flat Redevelopment Project, Project No. 6", approved and adopted by the City by Ordinance No. 3086, as subsequently amended by the City Ordinance No. 4403 and by the City Ordinance No. 84-073; and includes any amendment thereof heretofore or hereafter made pursuant to the Law.

(q) "Redevelopment Project" means the Alkali Flat Redevelopment Project, Project No. 6.

(r) "Redevelopment Project Area" means the project area described and defined in the Redevelopment Plan.

(s) "Regular Record Date" means the fifteenth day preceding any interest payment date.

(t) "Reserve Requirement" means an amount equal to Maximum Annual Debt Service.

(u) "Tax Revenues" means that portion of taxes levied upon taxable property in the Redevelopment Project Area and received by the Agency on or after the date of the adoption of the ordinance approving the redevelopment plan of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California plus State reimbursed amounts, to the extent actually received, all as more particularly set forth hereafter in this Resolution.

(v) "Treasurer" or "Treasurer of the Agency" means the officer who is then performing functions of Treasurer of the Agency.

Section 2. Amount, Issuance and Purpose of Bonds.

Under and pursuant to the Law and under and pursuant to this Resolution, Bonds of the Agency in a principal amount not to exceed Two Million Five Hundred Eighty Five Thousand Dollars (\$2,585,000) shall be issued by the Agency for the corporate purposes of financing of a portion of the cost of implementing the Redevelopment Plan which constitutes a "redevelopment activity" as such term is defined in Section 33678 of the Law; and such issue of Bonds is hereby created.

Section 3. Nature of Bonds. The Bonds shall be and are special obligations of the Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest thereon and premium, if any, from, Tax Revenues and other funds as hereinafter provided. The Bonds, interest thereon and premium, if any, are not a debt of the City, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable on them. In no event shall the Bonds, interest thereon and premium, if any, be payable out of any funds or properties other than those of the Agency as set forth in this Resolution. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured by an irrevocable pledge of the Tax Revenues and other funds as hereinafter provided, without priority for number, date of sale, date of execution or date of delivery, except as expressly provided herein.

The validity of the Bonds is not and shall not be dependent upon: (a) the completion of the Redevelopment Project or any part thereof, or (b) the performance of any person's obligations relative to the Redevelopment Project, or (c) the proper expenditures of the proceeds of the Bonds.

Nothing in this Resolution shall preclude: (a) the payment of the Bonds from the proceeds of refunding bonds issued pursuant to the Law, or (b) the payment of the Bonds from any legally available funds. Nothing in this Resolution shall prevent the Agency from making advances of its own funds, howsoever derived, to any of the uses and purposes mentioned in this Resolution.

If the Agency shall pay or cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity, to the Holders of the Bonds, the principal of, premium, if any, and interest to become due thereon, through

setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Resolution or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a fiscal agent or otherwise, moneys sufficient therefore, including, but not limited to, interest earned or to be earned on Federal Securities, then the lien of this Resolution, including, without limitation, the pledge of the Tax Revenues, and all other rights granted hereby, shall thereupon cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Resolution shall require the deposit of more than such Federal Securities as may be sufficient, taking into account both the principal amount of such Federal Securities and the interest to become due thereon, to implement any refunding of the Bonds.

In the event of such a defeasance of the Bonds, the Fiscal Agent shall cause an accounting for such period or periods as shall be requested by the Agency to be prepared and filed with the Agency, and the Fiscal Agent, upon the request of the Agency, shall release the rights of the Bondholders under this Resolution and execute and deliver to the Agency all such instruments as may be desirable to evidence such release, discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the Agency all moneys or securities held by it pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Provision shall be made by the Agency, satisfactory to the Fiscal Agent, for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment.

Section 4. Description of Bonds. The Bonds shall be in a principal amount not to exceed Two Million Five Hundred Eighty Five Thousand Dollars (\$2,585,000) and shall be designated "REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6 TAX ALLOCATION BONDS, SERIES 1985". The Bonds may be initially issued in the form of fully registered Bonds in the denomination of \$5,000 each, or

any whole multiple thereof. The Bonds shall mature on May 1, of the years and in the amounts as hereafter set forth.

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
1987	\$ 75,000	1999	\$225,000
1988	80,000	2000	245,000
1989	90,000	2001	270,000
1990	100,000	2002	295,000
1991	105,000		
1992	115,000		
1993	130,000		
1994	140,000		
1995	155,000		
1996	170,000		
1997	185,000		
1998	205,000		

Section 5. Interest. The Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution, but not to exceed twelve percent (12%) per annum payable semiannually on February 1 and August 1 of each year, commencing August 1, 1986, or such other dates as are established by supplemental resolution of the Agency. Each Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if funds are available for the payment thereof in full accordance with the terms of this Resolution, said Bond shall then cease to bear interest.

The Bonds shall be numbered by the Fiscal Agent as the Fiscal Agent shall determine and shall be dated as of the date of authentication thereof, except that Bonds issued upon exchanges and transfers of other Bonds shall be dated so that no gain or loss of interest shall result from such exchange or transfer and Bonds issued before the first Regular Record Date shall be dated as of November 1, 1985, or such other date as may be fixed by subsequent resolution of the Agency. Each fully registered Bond shall bear interest from the interest payment date next preceding the date thereof unless (i) it is dated prior to the first regular record date, in which event from the date of issuance of the Bonds, (ii) it is dated as of an interest payment date, in which event it shall bear interest from that interest payment date, or (iii) it is dated after a Regular Record Date and before the following interest payment date, and the Agency does not default in the payment of interest due on such interest payment date, in which event it shall bear interest from such interest payment date. Interest on Bonds shall be paid by the Fiscal Agent (out of the appropriate funds) by check or draft mailed to the registered

owner as his name and address appear on the register kept by the Fiscal Agent at the close of business on the Regular Record Date preceding the interest payment date.

Section 6. Place of Payment. The Bonds and any premiums upon the redemption thereof prior to maturity shall be payable in lawful money of the United States of America and shall be payable at the corporate trust office of the Fiscal Agent in Los Angeles, California.

Section 7. Forms of Bonds. The Bonds shall be substantially in the form attached hereto and by this reference incorporated herein as Exhibit "A". Such form is hereby approved and adopted as the form of such Bonds, and of the redemption, exchange, registration and assignment provisions pertaining thereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution and by any subsequent supplemental resolution of the Agency.

Any Bonds issued pursuant to this Resolution may be initially issued in temporary form exchangeable for definitive Bonds when the same are ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of this or any supplemental resolution as may be appropriate. Every temporary Bond shall be executed by the Agency and be issued by the Fiscal Agent upon the same conditions and in substantially the same form and manner as the definitive Bonds. If the Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and, thereupon, the temporary Bonds shall be surrendered for cancellation at the principal office of the Fiscal Agent in Los Angeles, California, or at such other place in California as the Agency may approve, and the Fiscal Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of this same issue. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds of this same issue delivered hereunder, except that any interest which has accrued thereon shall not be paid until the exchange has been accomplished.

Section 8. Execution of Bonds. The Bonds shall be signed on behalf of the Agency by its Chairman by his facsimile signature and by its Secretary by his manual or facsimile signature, and the seal of the Agency shall be impressed, imprinted or reproduced thereon. The foregoing officers are hereby authorized and directed to sign the Bonds in accordance with this Section. If any Agency member or officer whose manual

or facsimile signature appears on the Bonds ceases to be such member or officer before delivery of Bonds, his or her signature is as effective as if he or she had remained in office.

The Fiscal Agent shall date and authenticate on registration and/or exchange to effectuate the registration and exchange provisions set forth in Sections 5 and 9, and only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Fiscal Agent, shall be entitled to any rights, benefits or security under this Resolution. No Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Fiscal Agent, and such certificate of the Fiscal Agent, upon any such Bond, shall be conclusive and the only evidence that such Bond has been duly authenticated and delivered under this Resolution. The Fiscal Agent's certificate of authentication on any Fully Registered Bond shall be deemed to have been duly executed if signed by an authorized officer of the Fiscal Agent, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 9. Registration and Exchange of Bonds.

The Bonds shall be issued only in fully registered form. Bonds may be exchanged for other Bonds of equal aggregate denominations of the same maturity. Transfer of ownership of a Bond shall be made by exchanging the same for a new Bond. All of such exchanges shall be made in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Agency. The person, firm or corporation requesting such exchange, shall pay any costs or charges in connection therewith which shall be established by the Fiscal Agent, in addition to paying any tax or governmental charge that may be imposed in connection with such exchange. Each Bond issued pursuant to this Resolution shall be of a denomination which is \$5,000 or a whole multiple thereof and shall be of the same issue.

Section 10. Bond Register. The Fiscal Agent will keep or cause to be kept at its principal office in the City of San Francisco, California, or at such other place in California as the Agency may approve, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency; and, upon presentation for such purpose, the Fiscal Agent shall under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on said register, the Bonds as hereinbefore provided.

Section 11. Call and Redemption of Bonds Prior to Maturity.

A. Terms of Redemption. The Bonds maturing on or before February 1, 1995 are not subject to call and redemption prior to maturity. The Bonds due on or after February 1, 1996 are subject to redemption, at the option of the agency, from any source of funds, as a whole at any time or in part in inverse order of maturity, and by lot within a maturity, on any interest payment date on and after February 1, 1995 at the following redemption prices, together with accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
February 1 and August 1, 1995.....	102 %
February 1 and August 1, 1996.....	101 1/2%
February 1 and August 1, 1997.....	101 %
February 1 and August 1, 1998.....	100 1/2%
February 1, 1999 and thereafter.....	100 %

B. Call and Redemption. The Agency may (and, if required by Section 15 hereof, shall) by resolution direct the call and redemption prior to maturity of Bonds by the Fiscal Agent in such amounts as funds are available therefor and shall give notice to the Fiscal Agent of such redemption not less than sixty (60) days prior to the redemption date.

C. Notice of Redemption. Notice of redemption prior to maturity (except as provided below) shall be given by first class mail, postage prepaid to the registered owner of each Bond at the address shown on the registration books of the Fiscal Agent, and to the original purchaser(s) of the Bonds (in the case of a syndicate, to the manager thereof) not less than thirty (30) nor more than sixty (60) days prior to such redemption date. In the case of refunding, notice shall also be given as provided in Section 3 hereof. Neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any Bonds. The notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the numbers of the Bonds to be redeemed; provided, however, that whenever any call for redemption includes all of the outstanding Bonds, the numbers of the Bonds need not be stated; (d) state, as to any Bonds redeemed in part only, the registered Bond numbers and the principal portion thereof to be redeemed; and (e) state that interest on the principal portion of the Bonds so designated for redemption shall cease to accrue from and after such redemption date and that on said date there shall become due and payable on each of such Bonds the redemption price thereof.

The actual receipt by the Holder of any Bond or notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the redemption date. Notice of redemption of Bonds shall be given by the Fiscal Agent and on behalf of the Agency at the expense of the Agency.

A certificate by the Fiscal Agent that notice of redemption has been given as herein provided shall be conclusive as against all parties, and no Bondholder whose Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed actually to receive such notice of call and redemption.

D. Redemption Fund. There is hereby created with the Fiscal Agent a special trust fund called the "Redevelopment Agency of the City of Sacramento, Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985, Redemption Fund" (hereinafter referred to as the "Redemption Fund"). There shall be set aside in the Redemption Fund, prior to mailing as above required, moneys for the purpose and sufficient to redeem, at the premiums, if any, payable as provided in this Resolution, the Bonds designated in such notice of redemption. Said moneys must be set aside in the Redemption Fund solely for that purpose and shall be applied on or after the redemption date to the payment (principal and premium, if any) of the Bonds to be redeemed upon presentation and surrender of such Bonds. Any interest due on or prior to the redemption date shall be paid from the Special Fund created by this Resolution upon presentation and surrender thereof.

E. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Agency shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and same maturity. The owner of any Bond may, in lieu of surrendering such Bond for a new Bond, endorse on the reverse of such Bond a notation of such partial redemption, in such form as may be satisfactory to the Agency and the Fiscal Agent and under such conditions as the Fiscal Agent may approve. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such registered owner, and the Agency and the Fiscal Agent shall be released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of such Bond by such registered owner and irrespective of any error or omission in such endorsement.

F. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the principal of, premium, if any, and interest payable upon redemption of the Bonds being set aside as aforesaid, the Bonds, or parts thereof, as the case may be, so called for redemption shall, on the redemption date, become due and payable at the redemption price specified in such notice, interest on the Bonds, or parts thereof, as the case may be, so called for redemption shall cease to accrue, shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, and, in the case of partial redemption of Bonds, also to receive a new Bond or Bonds for the unredeemed balance as aforesaid.

All Bonds, or parts thereof, as the case may be, redeemed pursuant to the provisions of this Section shall be cancelled upon surrender thereof and delivered to, or upon the order of, the Agency.

G. Purchase of Bonds. The Fiscal Agent, on behalf of the Agency, is hereby authorized to purchase Bonds on the open market at any time at a price not to exceed 102% of the principal amount thereof or the redemption price of the allocable Bonds on the next interest payment date plus accrued interest, if any, to the date of purchase plus brokerage fees, if any.

Section 12. Funds. There is hereby created with the Treasurer a special trust fund called the "Alkali Flat Redevelopment Project, Project No. 6 Fund" (hereinafter sometimes called the "Redevelopment Fund"). There is hereby created with the Fiscal Agent a special trust fund called the Alkali Flat Redevelopment Project, Project No. 6, Special Fund with special trust funds contained therein and known as the Bond Interest Fund, Bond Payment Fund and the Debt Service Reserve Fund.

So long as any of the Bonds herein authorized, or any interest thereon, remain unpaid, the moneys in the foregoing Funds shall be used for no purposes other than those required or permitted by this Resolution and the Law.

Section 13. Sale of Bonds; Disposition of Bond Proceeds; Redevelopment Fund. The Agency may provide by resolution for the sale of the Bonds in the manner provided by the Law.

A. The Fiscal Agent, on behalf of the Agency, shall receive the proceeds from the sale of the Bonds, upon the

delivery of the Bonds to the purchasers thereof, and shall dispose of such proceeds and moneys as follows:

(1) Deposit in the Bond Interest Fund accrued interest and premium, if any, paid by the purchasers of the Bonds;

(2) Deposit in the Debt Service Reserve Fund a sum equal to the Reserve Requirement;

(3) Pay the necessary expenses in connection with the issuance and sale of the Bonds and fees of the Fiscal Agent and Paying Agents;

(4) After making the above deposits, the balance of the proceeds from the sale of the Bonds, if any, shall be transferred to the Treasurer who shall place the same in the Redevelopment Fund.

B. The moneys set aside in the Redevelopment Fund shall remain therein until from time to time expended solely for the purpose of financing a portion of the costs of the Redevelopment Project and other costs related thereto, and also including in such costs:

(1) The payment, in any year during which the Agency owns the property in the Redevelopment Project Area, to any city, county, city and county, district or other public corporation which would have levied a tax upon such property had it not been exempt, an amount of money in lieu of taxes as authorized by Section 33401 of the Law; and

(2) The cost of any lawful purposes in connection with implementation of the Redevelopment Project, including, without limitation, those purposes authorized by Section 33445 of the Law; and

(3) The necessary expenses in connection with the issuance and sale of the Bonds and fees of the Fiscal Agent and Paying Agents not otherwise paid under paragraph A above.

If any sum remains in the Redevelopment Fund after the full accomplishment of the objects and purposes for which said Bonds were issued, said sum shall be transferred to the Special Fund. Disposition of Redevelopment Fund moneys may be further specified by supplemental resolution of the Agency.

All of the above uses constitute a "redevelopment activity" as such term is defined in Section 33678 of the Law.

Section 14. Tax Revenues. As provided in the Redevelopment Plan, pursuant to Article 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project Area each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the Ordinance approving the Redevelopment Plan (being Ordinance No. 3086 of the City of Sacramento, which became effective on February 10, 1972 and was subsequently amended by the City Ordinance No. 4403 and by the City Ordinance No. 84-073) shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to February 10, 1972 ("base assessment roll"), shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) That portion of said levied taxes each year in excess of such amount shall be allocated to and when collected shall be paid into the Special Fund of the Agency. Such portion (plus State reimbursed amounts for certain property tax exemptions, including those related to business inventory, to the extent received), subject to such exclusions and deductions as are set forth in proceedings for the adoption of the Redevelopment Plan, is herein referred to as "Tax Revenues."

The foregoing provisions of this Section are a portion of the provisions of said Article 6 of the Law as applied to the Bonds and shall be interpreted in accordance with said Article 6 of the Law, and the further provisions and definitions contained in said Article 6 of the Law are hereby incorporated herein by reference and shall apply.

The Tax Revenues allocated to the Agency on or after the date of issue of the Bonds are hereby irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as in this Resolution provided, and until all of the Bonds and all interest thereon, have been paid (or until moneys for that purpose have been irrevocably set aside), the Tax Revenues (subject to the exception set forth in Section 15(d)) shall be applied solely to the payment of the Bonds and

the interest thereon as in this Resolution provided. Such allocation and pledge is for the exclusive benefit of the Holders of the Bonds and shall be irrevocable.

Section 33645 of the Health and Safety Code provides, in applicable part as follows: "The resolution, trust indenture, or mortgage shall provide that tax increment funds allocated to an agency pursuant to Section 33670 shall not be payable to a trustee on account of any issued bonds when sufficient funds have been placed with the trustee to redeem all outstanding bonds of the issue." This Resolution is presently in compliance with the above quoted provision and shall be so construed.

Section 15. Special Fund. All Tax Revenues, and other moneys identified herein, shall be deposited in the Special Fund in accordance with this Section. The interest on the Bonds until maturity shall be paid by the Fiscal Agent from the Special Fund. At the maturity of the Bonds, and, after all interest then due on the Bonds then outstanding has been paid or provided for, moneys in the Special Fund shall be applied to the payment of the principal of any of such Bonds.

Without limiting the generality of the foregoing and for the purpose of assuring that the payments referred to above will be made as scheduled, the Tax Revenues accumulated in the Special Fund shall be used in the following priority; provided, however, that to the extent that deposits have been made in any of the Funds referred to below from the proceeds of the sale of the Bonds or otherwise, the deposits below need not be made:

(a) Bond Interest Fund. Deposits shall be made into the Bond Interest Fund on January 31 and July 31 so that the amount in said Fund on said date shall be equal to the aggregate amount of interest becoming due and payable on the then outstanding Bonds on the next succeeding interest payment date. Moneys in the Bond Interest Fund shall be used for the payment of interest on the Bonds as the same becomes due.

(b) Bond Payment Fund. After the deposits have been made pursuant to subparagraph (a) above, deposits shall next be made into the Bond Payment Fund so that the balance in said Fund on January 31 of each year is equal to the principal coming due in the then outstanding Bonds on the next succeeding February 1.

(c) Debt Service Reserve Fund. After deposits have been made pursuant to subparagraphs (a) and (b) above, deposits shall be made to the Debt Service Reserve Fund from available Tax Revenues, if necessary, in order to

cause the amount on deposit therein to equal the Reserve Requirement. Money in the Debt Service Reserve Fund shall be transferred to the Bond Interest Fund and Bond Payment Fund to pay interest on and principal of the Bonds as it becomes due to the extent Tax Revenues are insufficient therefor. Any portion of the Debt Service Reserve Fund which is in excess of the Reserve Requirement shall be transferred to the Agency to be used for any lawful purpose.

(d) Holding Fund. On February 25 of each year, beginning February 25, 1986, the Fiscal Agent shall set aside from the Special Fund and deposit in the Holding Fund all moneys then remaining in the Special fund after the above mentioned transfers have taken place; provided, however, that if 125% of Annual Debt Service was placed in the Special Fund on such year, the Agency is not in default under the Resolution and the Debt Service Reserve Fund is equal to Maximum Annual Debt Service, all money then remaining in the Holding Fund, may be set aside and returned to the Agency for any lawful purpose. Except as set forth in the preceding sentence, all money in the Holding Fund shall be used and withdrawn by the Fiscal Agent for the purpose of replenishing the Bond Interest Fund, the Bond Payment Fund, and the Debt Service Reserve Fund, in such order, in the event of any deficiency at any time in such Funds, or for the purpose of paying the interest on or redemption premiums, if any, on the Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all the Bond then outstanding, or, so long as the Agency is not in default hereunder, and, at the request of the Agency for the purchase or redemption of Bonds.

Any remaining Tax Revenues after providing for (a), (b) and (c) above, and after the coverage test provided in (d) above has been satisfied, may be used in a manner provided by law for the purpose of aiding in financing the Project, including early redemption or purchase of the Bonds, as provided in the Resolution.

Section 16. Deposit and Investment of Moneys in Funds. Subject to the provisions of Covenant 9 of Section 18 hereof, all moneys held by the Agency in the Redevelopment Fund and by the Fiscal Agent in the Special Fund, except such moneys which are at the time invested in obligations in which the Agency is authorized to make investments, shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent) and all of such deposits shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Redevelopment Fund may from time to time be invested by the Agency, and moneys in the Special Fund may, and, upon written request of the Agency, shall, be invested by the Fiscal Agent, with prior approval of the Agency Finance Officer, as provided by law, subject to the following restrictions:

(a) Moneys in the Redevelopment Fund shall be invested only in obligations which will by their terms mature not later than the date the Agency estimates the moneys represented by the particular investment will be needed for withdrawal from such Fund.

(b) Moneys in the Bond Interest Fund of the Special Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest payment date there will be in such Fund, from matured obligations and other moneys already in such Fund, cash equal to the interest payable on such date.

(c) Moneys in the Debt Service Reserve Fund shall be invested in obligations which will by their terms mature prior to the date which is the final maturity date of the Bonds.

Except as otherwise provided in Section 13 hereof, obligations purchased as an investment of moneys in any of said Funds shall be deemed at all times to be a part of such Fund and the interest accruing thereon and any gain realized from such investment shall be credited to such Fund and any loss resulting from any such authorized investment shall be charged to such Fund without liability to the Agency or the members and officers thereof or to the Fiscal Agent. The Agency or the Fiscal Agent, as the case may be, shall sell at the best price obtainable or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund as required by this Resolution. The investment constituting a part of such Fund shall be valued at the then estimated or appraised market value of such investment or face amount thereof, whichever is lower; provided, however, that investments in the Bond Interest Fund and the Bond Payment Fund shall be valued at the face amount thereof.

Section 17. Issuance of Parity Bonds. The Agency may provide for the issuance of, and sell, Parity Bonds in such principal amounts as it estimates will be needed for the Redevelopment Project purposes. The issuance and sale of any Parity Bonds shall be subject to the following conditions precedent:

(a) The Agency shall be in compliance with all covenants in this Resolution;

(b) The Parity Bonds shall be on such terms and conditions as may be set forth in a supplemental resolution, which shall provide for (i) bonds substantially in accordance with the Resolution, and (ii) the deposit of a portion of the Parity Bond proceeds into the Debt Service Reserve Fund in an amount sufficient, together with the balance of the Debt Service Reserve Fund, to equal the Maximum Annual Debt Service on all Bonds expected to be outstanding including the outstanding Bonds and Parity Bonds;

(c) Receipt of a certificate of the Executive Director of the Agency showing:

(i) For the current and each future Bond Year the debt service for each such Bond Year with respect to all Bonds and Parity Bonds reasonably expected to be outstanding following the issuance of such Parity Bonds;

(ii) For the then current Bond Year, (A) the Tax Revenues to be received by the Agency based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area certified by the appropriate officer of the County of Sacramento (B) additional Tax Revenues to be received by the Agency due to expected increases in assessed valuation of taxable property in the Redevelopment Project Area resulting from construction for which a building permit has been issued and for which there is evidence of construction activity on the site, or construction for which a binding contract therefor has been executed by and between the Agency and a developer deemed to be financially responsible by the Agency; and

(iii) That for the then current Bond Year, (A) the Tax Revenues referred to in item (ii)(A) are at least equal to 1.10 times the maximum annual debt service referred to in item (i) above, and (B) the Tax Revenues referred to in item (ii)(A) and (ii)(B) above plus other revenues, investment income and funds reasonably expected by the Agency to be available for debt service, exclusive of any non-recurring revenues, are at least equal to 1.25 times the maximum annual debt service referred to in item (i) above.

(d) The issuance of such Parity Bonds shall have been recommended by an opinion of an Independent Financial Consultant.

(e) Such Parity Bonds shall mature on November 1 and interest thereon shall be payable on May 1 and November 1, subject to such dates being changed by a supplemental resolution of the Agency.

Section 18. Covenants of the Agency. As long as the Bonds are outstanding and unpaid, the Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Resolution or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondholders which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that said Covenants do not require the Agency to expend any funds other than the Tax Revenues:

Covenant 1. Complete Redevelopment Project;
Amendment to Redevelopment Plan. The Agency covenants and agrees that it will diligently carry out and continue to completion, with all practicable dispatch, the Redevelopment Project in accordance with its duty to do so under and in accordance with the Law and the Redevelopment Plan and in a sound and economical manner. The Redevelopment Plan may be amended as provided in the Law but no amendment shall be made unless it will not substantially impair the security of the Bonds or the rights of the Bondholders, as shown by an Opinion of Counsel, based upon a certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 2. Use of Proceeds, Management and
Operation of Properties. The Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Resolution and any supplemental resolution and that it will manage and operate all properties owned by it comprising any part of the Redevelopment Project in a sound and businesslike manner.

Covenant 3. No Priority. The Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues prior or superior to the lien of the Bonds herein authorized. Except as permitted by Section 17 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have, or purport to have, any lien upon the Tax Revenues on a parity with the Bonds herein authorized. Notwithstanding the foregoing, nothing in this Resolution shall prevent the Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding obligations are

issued for the purpose of, and are sufficient for the purpose of, refunding all of the outstanding Bonds or Parity Bonds, or (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the Bonds or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues. As used herein "obligations" shall include, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Covenant 4. Punctual Payment. The Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued hereunder on the date, at the place and in the manner provided in the Bonds.

Covenant 5. Payment of Taxes and Other Charges. The Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Redevelopment Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of said properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest thereon, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this Covenant shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity thereof.

Covenant 6. Books and Accounts; Financial Statements. The Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to said Project, and will prepare within one hundred and eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for such year in reasonable detail covering such Redevelopment Project and the Tax Revenues and other funds, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Agency, and will furnish a copy of such statement or statements to the Fiscal Agent, the original purchaser(s) of the Bonds (in the case of a syndicate, the manager thereof), and any rating agency which maintains a rating on the Bonds, and, upon written request, to any Bondholder.

Covenant 7. Eminent Domain. The Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the Agency will use its best efforts to have the base assessment roll reduced by the amount of the assessment of said property as shown on said base assessment roll.

Covenant 8. Disposition of Property. The Agency covenants and agrees that it will not dispose of more than ten percent (10%) of the land area in the Redevelopment Project Area (except property shown in the Redevelopment Plan in effect on the date this Resolution is adopted as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in the security of the Bonds or the rights of Bondholders being substantially impaired, as shown by an Opinion of Counsel, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 9. Statement of Indebtedness. The Agency covenants and agrees to file annually with the county Auditor a statement of indebtedness as provided in Section 33675 of the Law.

Covenant 10. Protection of Security and Rights of Bondholders; No Arbitrage. The Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondholders and to defend their rights under all claims and demands of all persons. Without limiting the generality of the foregoing, the Agency covenants and agrees to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Agency that (i) the Law is unconstitutional or (ii) that the Tax Revenues pledged hereunder cannot be paid to the Agency for the debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the Bondholders is taxable under federal income tax laws by reason of any action of the Agency. The Agency covenants and agrees to take no action which, in the Opinion of Counsel would result in (a) the Tax Revenues being withheld unless the withholding thereof is being contested in good faith, and (b) the interest received by the Bondholders becoming taxable under federal income tax laws. The Agency covenants and agrees that it will make no use of the proceeds

of the Bonds at any time during the term thereof which will cause such Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations adopted thereunder by the Internal Revenue Service, and the Agency hereby assumes the obligation to comply with such Section 103(c) and such regulations throughout the term of the Bonds.

Section 19. Taxation of Leased Property. Whenever any property in the Redevelopment Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Redevelopment Project Area to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law, and the lease or contract shall provide (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (b) that if for any reason the taxes levied on such property in any year during the term of the lease or contract are less than the taxes which would have been levied if the entire property had been assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. All such payments shall be treated as Tax Revenues, and when received by the Agency shall be deposited in the Special Fund.

Section 20. Fiscal Agent. The Agency appoints First Interstate Bank of California to act as the agent, trustee and depository of the Agency (the "Fiscal Agent") for the purpose of receiving Tax Revenues and other funds in trust as provided in this Resolution, to hold, allocate, use and apply such Tax Revenues and other funds in trust as provided in this Resolution, and to perform such other duties and powers of the Fiscal Agent as are prescribed in this Resolution and any supplemental resolution of the Agency.

The Agency may remove the Fiscal Agent initially appointed or any successor thereto and in such case shall forthwith appoint a successor thereto, but any successor shall be a bank or trust company doing business and having an office in the City of San Francisco, having a combined capital and surplus of at least \$100,000,000. The Fiscal Agent herein appointed or any substituted Fiscal Agent may at any time resign as such by filing a written notice with the Agency in which event the Agency shall forthwith appoint a substitute Fiscal Agent and the resignation shall become effective upon appointment. In

the event that the Fiscal Agent or any successor becomes incapable of acting as such, the Agency shall forthwith appoint a substitute Fiscal Agent. Any bank or trust company into which the Fiscal Agent may be merged or with which it may be consolidated shall become the Fiscal Agent without action of the Agency. The Fiscal Agent may become the owner of any of the Bonds authorized by this Resolution with the same rights it would have had if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of or to exercise diligence in the enforcement of the collection of funds assigned to it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The recitals of fact and all promises, covenants and agreements herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of same, and makes no representations as to the validity or sufficiency of this Resolution or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 21. Lost, Stolen, Destroyed or Mutilated Bonds.

In the event that any Bond is lost, stolen, destroyed or mutilated, the Agency will cause to be issued a new Bond(s) on reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the Agency deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The Agency may authorize such new Bond to be signed and authenticated in such manner as it determines in said resolution.

Section 22. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment at the maturity thereof or, in the case of call and redemption prior to maturity, at the redemption date, shall upon payment therefor be cancelled immediately and forthwith transmitted to the Treasurer or destroyed by the Fiscal Agent at the direction of the Agency, in which latter event a certificate of destruction shall forthwith be transmitted to the Treasurer. Any Bonds purchased by the Fiscal Agent as aforesaid shall be cancelled immediately and forthwith transmitted to the Treasurer or destroyed as aforesaid. All of the cancelled Bonds not destroyed shall remain in the custody of the Treasurer until destroyed pursuant to authorization.

Section 23. Amendments. This Resolution, and the rights and obligations of the Agency and of the Holders of the Bonds issued hereunder, may be modified or amended at any time by supplemental resolution adopted by the Agency: (a) for any purpose at any time prior to the sale of the Bonds; (b) without the consent of Bondholders, if such modification or amendment is for the purpose of adding covenants and agreements to further secure Bond payment, to prescribe further limitations and restrictions on Bond issuance, to surrender rights or privileges of the Agency, to make notifications not affecting any outstanding series of Bonds only with the consent of the Fiscal Agent, for the purpose of curing any ambiguities, defects or inconsistent provisions in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary and desirable to accomplish the same, provided that such modifications or amendments do not adversely affect the rights of the Owners of any outstanding Bonds; (c) for any purpose with the consent of the Bondholders holding sixty percent (60%) in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the Agency or the City, and obtained as hereinafter set forth; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, change the monetary medium in which principal and interest is payable, or create a mortgage, pledge or lien upon the revenues superior to or on a parity with the pledge and lien created for the Bonds and any Parity Bonds or reduce the percentage of consent required for amendment or modification.

Any act done pursuant to a modification or amendment so consented to shall be binding upon the Holders of all of the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution or of the Law, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no Bondholder or Holder shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Agency or any officer thereof from taking any action pursuant thereto.

A. Calling Bondholders' Meeting. If the Agency shall desire to obtain any such consent it shall duly adopt a resolution calling a meeting of the Bondholders for the purpose of considering the action the consent to which is desired.

B. Notice of Meeting. Notice specifying the purpose, place, date and hour of such meeting shall be mailed, postage prepaid, to the respective registered owners of the Bonds as their addresses appear on the registration books of the Fiscal Agent. The place, date and hour of holding such meeting and the date or dates of mailing such notice shall be determined by the Agency in its discretion. Such notice shall set forth the nature of the proposed action to which consent is desired. The place, date and hour of holding such meeting and the date or dates of mailing such notice shall be determined by the Agency in its discretion.

The actual receipt by any Bondholder of notice of any such meeting shall not be a condition precedent to the holding of such meeting, and failure to receive such notice shall not affect the validity of any proceedings at such meeting. A certificate by the Secretary of the Agency approved by resolution of the Agency, that the meeting has been called and that notice thereof has been given as herein provided, shall be conclusive as against all parties and it shall not be open to any Bondholder to show that he failed to receive actual notice of such meeting.

C. Voting Qualifications. The Fiscal Agent shall prepare and deliver to the chairman of the meeting a statement of the names and addresses of the registered owners of Bonds, such statement to show maturities, serial numbers and the principal amounts so that voting qualifications can be determined. No Bondholders shall be entitled to vote at such meeting unless their names appear upon such statement. No Bondholders shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against their names on such statement.

D. Issuer-Owned Bonds. The Agency covenants that it will present at the meeting a certificate, signed and verified by one member thereof and by the Treasurer, stating the serial numbers, maturities and principal amounts of all Bonds owned by, or held for account of, the Agency or the City, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond appearing upon such certificate, or any Bond which it shall be established at or prior to the meeting is owned by the Agency or the City, directly or indirectly, and no such Bond (in this Resolution referred to as "issuer-owned Bonds") shall be counted in determining whether a quorum is present at the meeting.

E. Quorum and Procedure. A representation of at least sixty percent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds, if any) shall be necessary to constitute a quorum at any meeting

of Bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall have been held by a quorum or by less than a quorum. The Agency shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and secretary. At any meeting each Bondholder shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he shall be qualified to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The Agency and/or the Fiscal Agent by their duly authorized representatives and counsel, may attend any meeting of the Bondholders, but shall not be required to do so.

F. Vote Required. At any such meeting held as aforesaid there shall be submitted for the consideration and action of the Bondholders a statement of the proposed action consent to which is desired, and if such action shall be consented to and approved by Bondholders holding at least sixty percent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) the chairman and secretary of the meeting shall so certify in writing to the Agency, and such certificate shall constitute complete evidence of consent of the Bondholders under the provision of this Resolution. A certificate signed and verified by the chairman and the secretary of any such meeting shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

Section 24. Proceedings Constitute Contract; Events of Default and Remedies of Bondholders. The provisions of this Resolution, of the resolutions providing for the sale of the Bonds and awarding the Bonds and fixing the interest rate or rates thereon, and of any other resolution supplementing or amending this Resolution, shall constitute a contract between the Agency and the Bondholders, and the provisions thereof shall be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State of California. The following provisions shall not limit the generality of the foregoing.

A. Events of Default. Each of the following shall constitute an event of default.

(1) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable:

(2) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(3) Default made by the Agency in the observance of any of the covenants, agreements or conditions contained in this Resolution or in the Bonds, and such default shall have continued for a period of thirty (30) days following written notice to the Agency; or

(4) The Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property;

In each and every event of default described in (1) or (2) above the Fiscal Agent shall, and in each and every case of default described in (3) or (4) above, the Fiscal Agent may, and shall if so requested by the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding (such request to be in writing to the Fiscal Agent and the Agency), declare the principal of all of the Bonds then outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Resolution or in the Bonds to the contrary notwithstanding.

Such declaration may be rescinded by the holders of not less than a majority of the Bonds then outstanding provided the Agency cures such default or defaults including the deposit with the Fiscal Agent of a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve percent (12%) per annum on such overdue installments of principal and, to the extent such payment of interest on interest is lawful at that time, on such

overdue installments of interest, so that the Agency is currently in compliance with all payment, deposit and transfer provisions of this Resolution, and an amount sufficient to pay any expenses incurred by the Fiscal Agent in connection with such default.

B. Certain Remedies of Bondholders. Any Bondholder shall have the right, for the equal benefit and protection of all Bondholders similarly situated --

(1) by mandamus, suit, action or proceeding, to compel the Agency and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondholders' rights; or

(3) upon the happening of any event of default (as defined in this Section), by suit, action or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were the trustees of an express trust.

C. Non-Waiver. Nothing in this Section or in any other provisions of this Resolution, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Holders of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right, which is also absolute and unconditional, of such Holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

No remedy conferred hereby upon any Bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law of the State of California. No waiver of any default or breach of any duty or contract by any Bondholder shall affect any subsequent default or breach of any duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or

acquiescence therein. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondholders, then, and in every such case, the Agency and the Bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

D. Actions by Fiscal Agent as Attorney-in-Fact. Any suit, action or proceeding which any Holder of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Fiscal Agent for the equal benefit and protection of all Holders of Bonds similarly situated and the Fiscal Agent is hereby appointed (and the successive respective registered owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective registered owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective registered owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Fiscal Agent as such attorney-in-fact.

E. General. After the issuance and delivery of the Bonds, this Resolution, and any supplemental resolutions hereto, shall be irrevocable, but shall be subject to modification or amendment to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 25. CUSIP Numbers. CUSIP identification numbers will be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and no liability shall hereafter attach to the Agency or any of the officers or agents thereof because of or on account of said numbers. Any error or omission with respect to said numbers shall not constitute cause for refusal by the successful bidder to accept delivery of and pay for the Bonds.

Section 26. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Resolution, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Resolution and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected, and this Resolution and the Bonds issued pursuant hereto shall remain valid and the

Bondholders shall retain all valid rights and benefits accorded to them under this Resolution and the Constitution and the laws of the State of California. If the provisions relating to the appointment and duties of a Fiscal Agent are held to be unconstitutional, invalid or unenforceable, said duties shall be performed by the Treasurer.

Section 27. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED the _____ day of November 1985.

Chairman of the Redevelopment
Agency of the City of Sacramento

(SEAL)

ATTEST:

Secretary of the Redevelopment Agency
of the City of Sacramento

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

SECRETARY'S CERTIFICATE
RE ADOPTION OF RESOLUTION

I, _____, Secretary of the
Redevelopment Agency of the City of Sacramento, DO HEREBY
CERTIFY that the foregoing Resolution was duly adopted by said
Agency at an adjourned regular meeting of said Agency held on
the _____ day of November, 1985, and that the same was passed
and adopted by the following vote to wit:

AYES: Members _____

NOES: Members _____

ABSENT: Members _____

ABSTAIN: Members _____

Secretary of the Redevelopment
Agency of the City of Sacramento

(SEAL)

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

SECRETARY'S CERTIFICATE
OF AUTHENTICATION

I, _____, Secretary of the
Redevelopment Agency of the City of Sacramento, DO HEREBY
CERTIFY that the above and foregoing is a full, true and
correct copy of Resolution No. _____ of said Agency and that
said Resolution was adopted at the time and by the vote stated
on the above certificate, and has not been amended or repealed.

Secretary of the Redevelopment
Agency of the City of Sacramento

(SEAL)

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO
CITY OF SACRAMENTO
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6
TAX ALLOCATION BONDS, SERIES 1985

The REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO (hereinafter sometimes called the "Agency"), a public body, corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to _____ or registered assigns (herein sometimes referred to as "registered owner"), subject to the right of prior redemption hereinafter mentioned, the principal sum of _____ Dollars (\$ _____), on February 1, _____, and to pay such registered owner on each interest payment date by check or draft mailed to him as his name and address appear on the register kept by the Fiscal Agent at the close of business on the fifteenth (15th) day preceding each interest payment date (the "regular record date"), interest on such principal sum from the interest payment date next preceding the date hereof (unless (i) it is dated prior to the first regular payment date in which event from November 1, 1985, or (ii) the date hereof is on an interest payment date, in which event from that interest payment date, or (iii) it is dated after a regular record date but before the following interest payment date and if the Agency shall not default in the payment of interest due on such interest payment date, in which event it shall bear interest from such interest payment date) until the principal hereof shall have been paid or provided for in accordance with the Resolution hereinafter referred to, at the rate of _____ percent (____%) per annum payable semiannually on February 1 and August 1 in each year commencing on August 1, 1986. Both principal and interest and any premium upon the redemption prior to maturity of all or part hereof are payable in lawful money of the United States of America, and (except for interest which is payable by check or draft as stated above) are payable at the corporate trust office of First Interstate Bank of California, Fiscal Agent for the Agency, in San Francisco, California.

This Bond, the interest hereon and any premium due upon the redemption of this Bond prior to maturity are not a debt of the City of Sacramento, the State of California or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable hereon, nor in any event shall this Bond, said interest or said premium be payable out of any funds or properties other than the funds of the Agency as set forth in the Resolution hereinafter mentioned. This Bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this Bond are liable personally on this Bond by reason of its issuance.

This Bond is one of a duly authorized issue of Bonds of the Agency designated "Redevelopment Agency of the City of Sacramento, Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985" (herein called the "Bonds"), in an aggregate principal amount of \$2,585,000, all of like tenor (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of aiding in the financing of the Redevelopment Project referred to above. The Bonds are authorized by and issued pursuant to Resolution No. ____, adopted by the Agency on November 19, 1985, a copy of which are on file with the Secretary of the Agency and the Fiscal Agent (said Resolution No. ____ being herein referred to as the "Resolution").

All of the Bonds are equally secured in accordance with the terms of the Resolution, reference to which is hereby made for a specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the Bondholders, and for a statement of the rights of the Bondholders. By the acceptance of this Bond the registered owner hereof consents to all of the terms, conditions and provisions of said Resolution. In the manner provided in the Resolution, said Resolution and the rights and obligations of the Agency and of the Bondholders may (with certain exceptions as stated in said Resolution) be modified or amended with the consent of the Holders of sixty percent (60%) in aggregate principal amount of outstanding Bonds, exclusive of issuer-owned Bonds, unless the modification or amendment is for the purpose of curing ambiguities, defects or inconsistent provisions, in which case no Bondholders' consent is required.

The principal of this Bond and the interest hereon are secured by an irrevocable pledge of, and are payable solely out of, the Tax Revenues (as such term is defined in said Resolution) and certain other funds, all as more particularly set forth in the Resolution. Said Resolution is adopted under and this Bond is issued under and is to be construed in accordance with the laws of the State of California.

The outstanding Bonds, or any of them, maturing on or after February 1, 1996 may be called before maturity and redeemed at the option of the Agency, in whole from the proceeds of refunding bonds and other available funds, or in whole or in part from any other source of funds on February 1, 1995 or on any interest payment date thereafter prior to maturity in reverse order of maturity and by lot within any one maturity. Bonds so called for redemption shall be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof, plus accrued interest to the redemption date plus a premium of two percent (2%) for Bonds redeemed on the first available redemption date decreasing by one-half percent (1/2%) for each year or fraction thereof between the first available redemption date as set forth above and the actual date of the call and redemption for all or a portion of the Bonds so redeemed. The interest payment date on which Bonds are to be presented for redemption is herein sometimes called the "redemption date." Notice of call and redemption prior to maturity shall be given as provided in the Resolution.

This Bond is issued in fully registered form and is negotiable upon proper transfer of registration. This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Fiscal Agent in the City of San Francisco, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, upon surrender and cancellation of this Bond. Upon such transfer a new Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor.

The Agency and the Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Fiscal Agent.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Sacramento has caused this Bond to be signed on its behalf by the facsimile signature of its Chairman and by the manual or facsimile signature of its Secretary, and the seal of said Agency to be reproduced hereon, all as of the first day of November, 1985.

Chairman of the Redevelopment
Agency of the City of Sacramento

(SEAL)

Secretary of the Redevelopment
Agency of the City of Sacramento

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Resolution.

Fiscal Agent

By _____
Authorized Officer

(FORM OF ASSIGNMENT OF BONDS)

For value received _____ hereby sells,
assigns and transfers
unto _____

_____ the within-mentioned Bond and hereby
irrevocably constitutes and appoints _____
attorney, to transfer the same on the books of the Fiscal Agent
with full power of substitution in the premises.

Dated: _____

NOTE:

The signature to this assignment must correspond
with the name as written on the face of the
within Bond in every particular, without
alterations or enlargement or any change
whatsoever.

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Resolution.

Fiscal Agent

RA 85-100

I

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS OF SAID AGENCY IN A PRINCIPAL AMOUNT NOT TO EXCEED FIVE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$5,450,000) TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7

WHEREAS, the Redevelopment Agency of the City of Sacramento (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 (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 for a redevelopment project known and designated as "Oak Park Redevelopment Project, Project No. 7" has been adopted and approved by Ordinance No. 3278, Fourth Series of the City of Sacramento, which became effective on May 30, 1973, and was subsequently amended by the City Ordinance No. 85-022 on March 27, 1985, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan have been duly complied with; and

WHEREAS, in order to raise funds for the implementation of the Redevelopment Plan, the Agency deems it necessary at this time to authorize the issuance of tax allocation bonds in a principal amount not to exceed Five Million Four Hundred Fifty Thousand Dollars (\$5,450,000) pursuant to this Resolution providing for the issuance of "Redevelopment Agency of the City of Sacramento, Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985", the proceeds of which will be used to finance a portion of the costs of implementing the Redevelopment Plan;

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Definitions. As used in this Resolution, the following terms shall have the following meanings, unless the context otherwise requires:

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BY THE CITY COUNCIL

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(a) "Annual Debt Service" means the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year:

(1) The principal amount of all serial Bonds and serial Parity Bonds, if any, payable in such Bond Year; and

(2) The amount of Minimum Sinking Fund Payments, if any, for any term Bonds or term Parity Bonds to be made in such Bond Year in accordance with the applicable schedule or schedules of Minimum Sinking Fund Payments; and/or

(3) The interest which would be due during such Bond Year on the aggregate principal amount of Bonds and Parity Bonds which would be outstanding in such Bond Year if the Bonds and Parity Bonds outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedule or schedules for the serial Bonds and serial Parity Bonds and the schedule or schedules of Minimum Sinking Fund Payments for any term Bonds or term Parity Bonds. At the time and for the purpose of making such computation, the amount of term Parity Bonds already retired in advance of the above mentioned schedule or schedules shall be deducted pro rata from the remaining amounts thereon.

(b) "Bond" or "Bonds" means the "Redevelopment Agency of the City of Sacramento, Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985", authorized by this Resolution in a principal amount not to exceed Five Million Four Hundred Fifty Thousand Dollars (\$5,450,000).

(c) "Bond Year" means the year beginning November 2nd and ending on the next following November 1st during the time any Bonds are outstanding.

(d) "Bondholder" or "Holder of Bonds," or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative. For the purpose of Bondholders' voting rights or consents, Bonds owned by or held for the account of the Agency, or the City, directly or indirectly, shall not be counted.

(e) "City" means the City of Sacramento, California.

(f) "Federal Securities" means direct obligations of the United States of America or bonds or other obligations for which the full faith and credit of the United States is pledged for the payment of principal and interest.

(g) "Fiscal Agent" means the fiscal agent appointed by the Agency pursuant to Section 20 hereof, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in this Resolution.

(h) "Fiscal Year" means the year beginning July 1st and ending on the next following June 30th.

(i) "Independent Financial Consultant," "Independent Engineer," "Independent Certified Public Accountant" or "Independent Redevelopment Consultant" means any individual or firm engaged in the profession involved, appointed by the Agency, and who, or each of whom, has a favorable reputation in the field in which his opinion or certificate will be given, and:

(1) is in fact independent and not under domination of the Agency; and

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

(j) "Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

(k) "Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond year.

(l) "Minimum Sinking Fund Payments" means the amount of money to be deposited into the Term Bond Sinking Fund to be used to redeem term Parity Bonds, at the principal amounts thereof, in the amounts and at the times set forth in the schedule or schedules of Minimum Sinking Fund Payments contained in a supplemental resolution adopted for the purposes of establishing said schedule or in any resolution providing for the issuance of Parity Bonds.

(m) "Opinion of Counsel" means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to

factual matters, information which is in the possession of the Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous.

(n) "Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Agency as permitted by Section 17 of this Resolution.

(o) "Redevelopment Agency" or "Agency" means the Redevelopment Agency of the City of Sacramento.

(p) "Redevelopment Plan" means the "Redevelopment Plan for Oak Park Redevelopment Project, Project No. 7", approved and adopted by the City by Ordinance No. 2681, Fourth Series, and includes any amendment thereof heretofore or hereafter made pursuant to the Law.

(q) "Redevelopment Project" means the Oak Park Redevelopment Project, Project No. 7.

(r) "Redevelopment Project Area" means the project area described and defined in the Redevelopment Plan.

(s) "Regular Record Date" means the fifteenth day preceding any interest payment date.

(t) "Reserve Requirement" means an amount equal to Maximum Annual Debt Service.

(u) "Tax Revenues" means that portion of taxes levied upon taxable property in the Redevelopment Project Area and received by the Agency on or after the date of the adoption of the ordinance approving the redevelopment plan of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California plus State reimbursed amounts, to the extent actually received, all as more particularly set forth hereafter in this Resolution.

(v) "Treasurer" or "Treasurer of the Agency" means the officer who is then performing functions of Treasurer of the Agency.

Section 2. Amount, Issuance and Purpose of Bonds.
Under and pursuant to the Law and under and pursuant to this

Resolution, Bonds of the Agency in a principal amount not to exceed Five Million Four Hundred Fifty Thousand Dollars (\$5,450,000) shall be issued by the Agency for the corporate purposes of financing of a portion of the cost of implementing the Redevelopment Plan which constitutes a "redevelopment activity" as such term is defined in Section 33678 of the Law; and such issue of Bonds is hereby created.

Section 3. Nature of Bonds. The Bonds shall be and are special obligations of the Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest thereon and premium, if any, from, Tax Revenues and other funds as hereinafter provided. The Bonds, interest thereon and premium, if any, are not a debt of the City, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable on them. In no event shall the Bonds, interest thereon and premium, if any, be payable out of any funds or properties other than those of the Agency as set forth in this Resolution. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured by an irrevocable pledge of the Tax Revenues and other funds as hereinafter provided, without priority for number, date of sale, date of execution or date of delivery, except as expressly provided herein.

The validity of the Bonds is not and shall not be dependent upon: (a) the completion of the Redevelopment Project or any part thereof, or (b) the performance of any person's obligations relative to the Redevelopment Project, or (c) the proper expenditures of the proceeds of the Bonds.

Nothing in this Resolution shall preclude: (a) the payment of the Bonds from the proceeds of refunding bonds issued pursuant to the Law, or (b) the payment of the Bonds from any legally available funds. Nothing in this Resolution shall prevent the Agency from making advances of its own funds, howsoever derived, to any of the uses and purposes mentioned in this Resolution.

If the Agency shall pay or cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity, to the Holders of the Bonds, the principal of, premium, if any, and interest to become due thereon, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Resolution or

otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a fiscal agent or otherwise, moneys sufficient therefore, including, but not limited to, interest earned or to be earned on Federal Securities, then the lien of this Resolution, including, without limitation, the pledge of the Tax Revenues, and all other rights granted hereby, shall thereupon cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Resolution shall require the deposit of more than such Federal Securities as may be sufficient, taking into account both the principal amount of such Federal Securities and the interest to become due thereon, to implement any refunding of the Bonds.

In the event of such a defeasance of the Bonds, the Fiscal Agent shall cause an accounting for such period or periods as shall be requested by the Agency to be prepared and filed with the Agency, and the Fiscal Agent, upon the request of the Agency, shall release the rights of the Bondholders under this Resolution and execute and deliver to the Agency all such instruments as may be desirable to evidence such release, discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the Agency all moneys or securities held by it pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Provision shall be made by the Agency, satisfactory to the Fiscal Agent, for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment.

Section 4. Description of Bonds. The Bonds shall be in a principal amount not to exceed Five Million Four Hundred Fifty Thousand Dollars (\$5,450,000) and shall be designated "REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7 TAX ALLOCATION BONDS, SERIES 1985". The Bonds may be initially issued in the form of

fully registered Bonds in the denomination of \$5,000 each, or any whole multiple thereof. The Bonds shall mature on May 1, of the years and in the amounts as hereafter set forth.

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
1987	140,000	1999	420,000
1988	150,000	2000	460,000
1989	165,000	2001	505,000
1990	180,000	2002	555,000
1991	200,000	2003	610,000
1992	220,000		
1993	240,000		
1994	265,000		
1995	290,000		
1996	320,000		
1997	350,000		
1998	380,000		

Section 5. Interest. The Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution, but not to exceed twelve percent (12%) per annum payable semiannually on May 1 and November 1 of each year, commencing November 1, 1986, or such other dates as are established by supplemental resolution of the Agency. Each Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if funds are available for the payment thereof in full accordance with the terms of this Resolution, said Bond shall then cease to bear interest.

The Bonds shall be numbered by the Fiscal Agent as the Fiscal Agent shall determine and shall be dated as of the date of authentication thereof, except that Bonds issued upon exchanges and transfers of other Bonds shall be dated so that no gain or loss of interest shall result from such exchange or transfer and Bonds issued before the first Regular Record Date shall be dated as of November 1, 1985, or such other date as may be fixed by subsequent resolution of the Agency. Each fully registered Bond shall bear interest from the interest payment date next preceding the date thereof unless (i) it is dated prior to the first regular record date, in which event from the date of issuance of the Bonds, (ii) it is dated as of an interest payment date, in which event it shall bear interest from that interest payment date, or (iii) it is dated after a Regular Record Date and before the following interest payment date, and the Agency does not default in the payment of interest due on such interest payment date, in which event it shall bear interest from such interest payment date. Interest on Bonds shall be paid by the Fiscal Agent (out of the

appropriate funds) by check or draft mailed to the registered owner as his name and address appear on the register kept by the Fiscal Agent at the close of business on the Regular Record Date preceding the interest payment date.

Section 6. Place of Payment. The Bonds and any premiums upon the redemption thereof prior to maturity shall be payable in lawful money of the United States of America and shall be payable at the corporate trust office of the Fiscal Agent in Los Angeles, California.

Section 7. Forms of Bonds. The Bonds shall be substantially in the form attached hereto and by this reference incorporated herein as Exhibit "A". Such form is hereby approved and adopted as the form of such Bonds, and of the redemption, exchange, registration and assignment provisions pertaining thereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution and by any subsequent supplemental resolution of the Agency.

Any Bonds issued pursuant to this Resolution may be initially issued in temporary form exchangeable for definitive Bonds when the same are ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of this or any supplemental resolution as may be appropriate. Every temporary Bond shall be executed by the Agency and be issued by the Fiscal Agent upon the same conditions and in substantially the same form and manner as the definitive Bonds. If the Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and, thereupon, the temporary Bonds shall be surrendered for cancellation at the principal office of the Fiscal Agent in Los Angeles, California, or at such other place in California as the Agency may approve, and the Fiscal Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of this same issue. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds of this same issue delivered hereunder, except that any interest which has accrued thereon shall not be paid until the exchange has been accomplished.

Section 8. Execution of Bonds. The Bonds shall be signed on behalf of the Agency by its Chairman by his facsimile signature and by its Secretary by his manual or facsimile signature, and the seal of the Agency shall be impressed, imprinted or reproduced thereon. The foregoing officers are hereby authorized and directed to sign the Bonds in accordance

with this Section. If any Agency member or officer whose manual or facsimile signature appears on the Bonds ceases to be such member or officer before delivery of Bonds, his or her signature is as effective as if he or she had remained in office.

The Fiscal Agent shall date and authenticate on registration and/or exchange to effectuate the registration and exchange provisions set forth in Sections 5 and 9, and only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Fiscal Agent, shall be entitled to any rights, benefits or security under this Resolution. No Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Fiscal Agent, and such certificate of the Fiscal Agent, upon any such Bond, shall be conclusive and the only evidence that such Bond has been duly authenticated and delivered under this Resolution. The Fiscal Agent's certificate of authentication on any Fully Registered Bond shall be deemed to have been duly executed if signed by an authorized officer of the Fiscal Agent, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 9. Registration and Exchange of Bonds.

The Bonds shall be issued only in fully registered form. Bonds may be exchanged for other Bonds of equal aggregate denominations of the same maturity. Transfer of ownership of a Bond shall be made by exchanging the same for a new Bond. All of such exchanges shall be made in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Agency. The person, firm or corporation requesting such exchange, shall pay any costs or charges in connection therewith which shall be established by the Fiscal Agent, in addition to paying any tax or governmental charge that may be imposed in connection with such exchange. Each Bond issued pursuant to this Resolution shall be of a denomination which is \$5,000 or a whole multiple thereof and shall be of the same issue.

Section 10. Bond Register. The Fiscal Agent will keep or cause to be kept at its principal office in the City of San Francisco, California, or at such other place in California as the Agency may approve, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency; and, upon presentation for such purpose, the Fiscal Agent shall under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on said register, the Bonds as hereinbefore provided.

Section 11. Call and Redemption of Bonds Prior to Maturity.

A. Terms of Redemption. The Bonds maturing on or before May 1, 1995 are not subject to call and redemption prior to maturity. The Bonds due on or after May 1, 1996 are subject to redemption, at the option of the agency, from any source of funds, as a whole at any time or in part in inverse order of maturity, and by lot within a maturity, on any interest payment date on and after May 1, 1995 at the following redemption prices, together with accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
May 1 and November 1, 1995.....	102 %
May 1 and November 1, 1996.....	101 1/2%
May 1 and November 1, 1997.....	101 %
May 1 and November 1, 1998.....	100 1/2%
May 1, 1999 and thereafter.....	100 %

B. Call and Redemption. The Agency may (and, if required by Section 15 hereof, shall) by resolution direct the call and redemption prior to maturity of Bonds by the Fiscal Agent in such amounts as funds are available therefor and shall give notice to the Fiscal Agent of such redemption not less than sixty (60) days prior to the redemption date.

C. Notice of Redemption. Notice of redemption prior to maturity (except as provided below) shall be given by first class mail, postage prepaid to the registered owner of each Bond at the address shown on the registration books of the Fiscal Agent, and to the original purchaser(s) of the Bonds (in the case of a syndicate, to the manager thereof) not less than thirty (30) nor more than sixty (60) days prior to such redemption date. In the case of refunding, notice shall also be given as provided in Section 3 hereof. Neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any Bonds. The notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the numbers of the Bonds to be redeemed; provided, however, that whenever any call for redemption includes all of the outstanding Bonds, the numbers of the Bonds need not be stated; (d) state, as to any Bonds redeemed in part only, the registered Bond numbers and the principal portion thereof to be redeemed; and (e) state that interest on the principal portion of the Bonds so designated for redemption shall cease to accrue from and after such redemption date and that on said date there shall become due and payable on each of such Bonds the redemption price thereof.

The actual receipt by the Holder of any Bond or notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the redemption date. Notice of redemption of Bonds shall be given by the Fiscal Agent and on behalf of the Agency at the expense of the Agency.

A certificate by the Fiscal Agent that notice of redemption has been given as herein provided shall be conclusive as against all parties, and no Bondholder whose Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed actually to receive such notice of call and redemption.

D. Redemption Fund. There is hereby created with the Fiscal Agent a special trust fund called the "Redevelopment Agency of the City of Sacramento, Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985, Redemption Fund" (hereinafter referred to as the "Redemption Fund"). There shall be set aside in the Redemption Fund, prior to mailing as above required, moneys for the purpose and sufficient to redeem, at the premiums, if any, payable as provided in this Resolution, the Bonds designated in such notice of redemption. Said moneys must be set aside in the Redemption Fund solely for that purpose and shall be applied on or after the redemption date to the payment (principal and premium, if any) of the Bonds to be redeemed upon presentation and surrender of such Bonds. Any interest due on or prior to the redemption date shall be paid from the Special Fund created by this Resolution upon presentation and surrender thereof.

E. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Agency shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and same maturity. The owner of any Bond may, in lieu of surrendering such Bond for a new Bond, endorse on the reverse of such Bond a notation of such partial redemption, in such form as may be satisfactory to the Agency and the Fiscal Agent and under such conditions as the Fiscal Agent may approve. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such registered owner, and the Agency and the Fiscal Agent shall be released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of such Bond by such registered owner and irrespective of any error or omission in such endorsement.

F. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the principal of, premium, if any, and interest payable upon redemption of the Bonds being set aside as aforesaid, the Bonds, or parts thereof, as the case may be, so called for redemption shall, on the redemption date, become due and payable at the redemption price specified in such notice, interest on the Bonds, or parts thereof, as the case may be, so called for redemption shall cease to accrue, shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, and, in the case of partial redemption of Bonds, also to receive a new Bond or Bonds for the unredeemed balance as aforesaid.

All Bonds, or parts thereof, as the case may be, redeemed pursuant to the provisions of this Section shall be cancelled upon surrender thereof and delivered to, or upon the order of, the Agency.

G. Purchase of Bonds. The Fiscal Agent, on behalf of the Agency, is hereby authorized to purchase Bonds on the open market at any time at a price not to exceed 102% of the principal amount thereof or the redemption price of the allocable Bonds on the next interest payment date plus accrued interest, if any, to the date of purchase plus brokerage fees, if any.

Section 12. Funds. There is hereby created with the Treasurer a special trust fund called the "Oak Park Redevelopment Project, Project No. 7 Fund" (hereinafter sometimes called the "Redevelopment Fund"). There is hereby created with the Fiscal Agent a special trust fund called the Oak Park Redevelopment Project, Project No. 7, Special Fund with special trust funds contained therein and known as the Bond Interest Fund, Bond Payment Fund and the Debt Service Reserve Fund.

So long as any of the Bonds herein authorized, or any interest thereon, remain unpaid, the moneys in the foregoing Funds shall be used for no purposes other than those required or permitted by this Resolution and the Law.

Section 13. Sale of Bonds; Disposition of Bond Proceeds; Redevelopment Fund. The Agency may provide by resolution for the sale of the Bonds in the manner provided by the Law.

A. The Fiscal Agent, on behalf of the Agency, shall receive the proceeds from the sale of the Bonds, upon the

delivery of the Bonds to the purchasers thereof, and shall dispose of such proceeds and moneys as follows:

(1) Deposit in the Bond Interest Fund accrued interest and premium, if any, paid by the purchasers of the Bonds;

(2) Deposit in the Debt Service Reserve Fund a sum equal to the Reserve Requirement;

(3) Pay the necessary expenses in connection with the issuance and sale of the Bonds and fees of the Fiscal Agent and Paying Agents;

(4) After making the above deposits, the balance of the proceeds from the sale of the Bonds, if any, shall be transferred to the Treasurer who shall place the same in the Redevelopment Fund.

B. The moneys set aside in the Redevelopment Fund shall remain therein until from time to time expended solely for the purpose of financing a portion of the costs of the Redevelopment Project and other costs related thereto, and also including in such costs:

(1) The payment, in any year during which the Agency owns the property in the Redevelopment Project Area, to any city, county, city and county, district or other public corporation which would have levied a tax upon such property had it not been exempt, an amount of money in lieu of taxes as authorized by Section 33401 of the Law; and

(2) The cost of any lawful purposes in connection with implementation of the Redevelopment Project, including, without limitation, those purposes authorized by Section 33445 of the Law; and

(3) The necessary expenses in connection with the issuance and sale of the Bonds and fees of the Fiscal Agent and Paying Agents not otherwise paid under paragraph A above.

If any sum remains in the Redevelopment Fund after the full accomplishment of the objects and purposes for which said Bonds were issued, said sum shall be transferred to the Special Fund. Disposition of Redevelopment Fund moneys may be further specified by supplemental resolution of the Agency.

All of the above uses constitute a "redevelopment activity" as such term is defined in Section 33678 of the Law.

Section 14. Tax Revenues. As provided in the Redevelopment Plan, pursuant to Article 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project Area each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the Ordinance approving the Redevelopment Plan (being Ordinance No. 3278, Fourth Series, of the City of Sacramento, which became effective on May 30, 1973) shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to September 24, 1966 ("base assessment roll"), shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) That portion of said levied taxes each year in excess of such amount shall be allocated to and when collected shall be paid into the Special Fund of the Agency. Such portion (plus State reimbursed amounts for certain property tax exemptions, including those related to business inventory, to the extent received), subject to such exclusions and deductions as are set forth in proceedings for the adoption of the Redevelopment Plan, is herein referred to as "Tax Revenues."

The foregoing provisions of this Section are a portion of the provisions of said Article 6 of the Law as applied to the Bonds and shall be interpreted in accordance with said Article 6 of the Law, and the further provisions and definitions contained in said Article 6 of the Law are hereby incorporated herein by reference and shall apply.

The Tax Revenues allocated to the Agency on or after the date of issue of the Bonds are hereby irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as in this Resolution provided, and until all of the Bonds and all interest thereon, have been paid (or until moneys for that purpose have been irrevocably set aside), the Tax Revenues (subject to the exception set forth in Section 15(d)) shall be applied solely to the payment of the Bonds and the interest thereon as in this Resolution provided. Such

allocation and pledge is for the exclusive benefit of the Holders of the Bonds and shall be irrevocable.

Section 33645 of the Health and Safety Code provides, in applicable part as follows: "The resolution, trust indenture, or mortgage shall provide that tax increment funds allocated to an agency pursuant to Section 33670 shall not be payable to a trustee on account of any issued bonds when sufficient funds have been placed with the trustee to redeem all outstanding bonds of the issue." This Resolution is presently in compliance with the above quoted provision and shall be so construed.

Section 15. Special Fund. All Tax Revenues, and other moneys identified herein, shall be deposited in the Special Fund in accordance with this Section. The interest on the Bonds until maturity shall be paid by the Fiscal Agent from the Special Fund. At the maturity of the Bonds, and, after all interest then due on the Bonds then outstanding has been paid or provided for, moneys in the Special Fund shall be applied to the payment of the principal of any of such Bonds.

Without limiting the generality of the foregoing and for the purpose of assuring that the payments referred to above will be made as scheduled, the Tax Revenues accumulated in the Special Fund shall be used in the following priority; provided, however, that to the extent that deposits have been made in any of the Funds referred to below from the proceeds of the sale of the Bonds or otherwise, the deposits below need not be made:

(a) Bond Interest Fund. Deposits shall be made into the Bond Interest Fund on April 30 and October 31 so that the amount in said Fund on said date shall be equal to the aggregate amount of interest becoming due and payable on the then outstanding Bonds on the next succeeding interest payment date. Moneys in the Bond Interest Fund shall be used for the payment of interest on the Bonds as the same becomes due.

(b) Bond Payment Fund. After the deposits have been made pursuant to subparagraph (a) above, deposits shall next be made into the Bond Payment Fund so that the balance in said Fund on April 30 of each year is equal to the principal coming due in the then outstanding Bonds on the next succeeding May 1.

(c) Debt Service Reserve Fund. After deposits have been made pursuant to subparagraphs (a) and (b) above, deposits shall be made to the Debt Service Reserve Fund from available Tax Revenues, if necessary, in order to cause the amount on deposit therein to equal the Reserve

Requirement. Money in the Debt Service Reserve Fund shall be transferred to the Bond Interest Fund and Bond Payment Fund to pay interest on and principal of the Bonds as it becomes due to the extent Tax Revenues are insufficient therefor. Any portion of the Debt Service Reserve Fund which is in excess of the Reserve Requirement shall be transferred to the Agency to be used for any lawful purpose.

(d) Holding Fund. On May 25 of each year, beginning May 25, 1986, the Fiscal Agent shall set aside from the Special Fund and deposit in the Holding Fund all moneys then remaining in the Special fund after the above mentioned transfers have taken place; provided, however, that if 125% of Annual Debt Service was placed in the Special Fund on such year, the Agency is not in default under the Resolution and the Debt Service Reserve Fund is equal to Maximum Annual Debt Service, all money then remaining in the Holding Fund, may be set aside and returned to the Agency for any lawful purpose. Except as set forth in the preceding sentence, all money in the Holding Fund shall be used and withdrawn by the Fiscal Agent for the purpose of replenishing the Bond Interest Fund, the Bond Payment Fund, and the Debt Service Reserve Fund, in such order, in the event of any deficiency at any time in such Funds, or for the purpose of paying the interest on or redemption premiums, if any, on the Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all the Bond then outstanding, or, so long as the Agency is not in default hereunder, and, at the request of the Agency for the purchase or redemption of Bonds.

Any remaining Tax Revenues after providing for (a), (b) and (c) above, and after the coverage test provided in (d) above has been satisfied, may be used in a manner provided by law for the purpose of aiding in financing the Project, including early redemption or purchase of the Bonds, as provided in the Resolution.

Section 16. Deposit and Investment of Moneys in Funds. Subject to the provisions of Covenant 9 of Section 18 hereof, all moneys held by the Agency in the Redevelopment Fund and by the Fiscal Agent in the Special Fund, except such moneys which are at the time invested in obligations in which the Agency is authorized to make investments, shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent) and all of such deposits shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Redevelopment Fund may from time to time be invested by the Agency, and moneys in the Special Fund may, and, upon written request of the Agency, shall, be invested by the Fiscal Agent, with prior approval of the Agency Finance Officer, as provided by law, subject to the following restrictions:

(a) Moneys in the Redevelopment Fund shall be invested only in obligations which will by their terms mature not later than the date the Agency estimates the moneys represented by the particular investment will be needed for withdrawal from such Fund.

(b) Moneys in the Bond Interest Fund of the Special Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest payment date there will be in such Fund, from matured obligations and other moneys already in such Fund, cash equal to the interest payable on such date.

(c) Moneys in the Debt Service Reserve Fund shall be invested in obligations which will by their terms mature prior to the date which is the final maturity date of the Bonds.

Except as otherwise provided in Section 13 hereof, obligations purchased as an investment of moneys in any of said Funds shall be deemed at all times to be a part of such Fund and the interest accruing thereon and any gain realized from such investment shall be credited to such Fund and any loss resulting from any such authorized investment shall be charged to such Fund without liability to the Agency or the members and officers thereof or to the Fiscal Agent. The Agency or the Fiscal Agent, as the case may be, shall sell at the best price obtainable or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund as required by this Resolution. The investment constituting a part of such Fund shall be valued at the then estimated or appraised market value of such investment or face amount thereof, which ever is lower; provided, however, that investments in the Bond Interest Fund and the Bond Payment Fund shall be valued at the face amount thereof.

Section 17. Issuance of Parity Bonds. The Agency may provide for the issuance of, and sell, Parity Bonds in such principal amounts as it estimates will be needed for the Redevelopment Project purposes. The issuance and sale of any Parity Bonds shall be subject to the following conditions precedent:

(a) The Agency shall be in compliance with all covenants in this Resolution;

(b) The Parity Bonds shall be on such terms and conditions as may be set forth in a supplemental resolution, which shall provide for (i) bonds substantially in accordance with the Resolution, and (ii) the deposit of a portion of the Parity Bond proceeds into the Debt Service Reserve Fund in an amount sufficient, together with the balance of the Debt Service Reserve Fund, to equal the Maximum Annual Debt Service on all Bonds expected to be outstanding including the outstanding Bonds and Parity Bonds;

(c) Receipt of a certificate of the Executive Director of the Agency showing:

(i) For the current and each future Bond Year the debt service for each such Bond Year with respect to all Bonds and Parity Bonds reasonably expected to be outstanding following the issuance of such Parity Bonds;

(ii) For the then current Bond Year, (A) the Tax Revenues to be received by the Agency based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area certified by the appropriate officer of the County of Sacramento (B) additional Tax Revenues to be received by the Agency due to expected increases in assessed valuation of taxable property in the Redevelopment Project Area resulting from construction for which a building permit has been issued and for which there is evidence of construction activity on the site, or construction for which a binding contract therefor has been executed by and between the Agency and a developer deemed to be financially responsible by the Agency; and

(iii) That for the then current Bond Year, (A) the Tax Revenues referred to in item (ii)(A) are at least equal to 1.10 times the maximum annual debt service referred to in item (i) above, and (B) the Tax Revenues referred to in item (ii)(A) and (ii)(B) above plus other revenues, investment income and funds reasonably expected by the Agency to be available for debt service, exclusive of any non-recurring revenues, are at least equal to 1.25 times the maximum annual debt service referred to in item (i) above.

(d) The issuance of such Parity Bonds shall have been recommended by an opinion of an Independent Financial Consultant.

(e) Such Parity Bonds shall mature on November 1 and interest thereon shall be payable on May 1 and November 1, subject to such dates being changed by a supplemental resolution of the Agency.

Section 18. Covenants of the Agency. As long as the Bonds are outstanding and unpaid, the Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Resolution or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondholders which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that said Covenants do not require the Agency to expend any funds other than the Tax Revenues:

Covenant 1. Complete Redevelopment Project;
Amendment to Redevelopment Plan. The Agency covenants and agrees that it will diligently carry out and continue to completion, with all practicable dispatch, the Redevelopment Project in accordance with its duty to do so under and in accordance with the Law and the Redevelopment Plan and in a sound and economical manner. The Redevelopment Plan may be amended as provided in the Law but no amendment shall be made unless it will not substantially impair the security of the Bonds or the rights of the Bondholders, as shown by an Opinion of Counsel, based upon a certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 2. Use of Proceeds, Management and Operation of Properties. The Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Resolution and any supplemental resolution and that it will manage and operate all properties owned by it comprising any part of the Redevelopment Project in a sound and businesslike manner.

Covenant 3. No Priority. The Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues prior or superior to the lien of the Bonds herein authorized. Except as permitted by Section 17 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have, or purport to have, any lien upon the Tax Revenues on a parity with the Bonds herein authorized. Notwithstanding the foregoing, nothing in this Resolution shall prevent the Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding obligations are

issued for the purpose of, and are sufficient for the purpose of, refunding all of the outstanding Bonds or Parity Bonds, or (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the Bonds or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues. As used herein "obligations" shall include, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Covenant 4. Punctual Payment. The Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued hereunder on the date, at the place and in the manner provided in the Bonds.

Covenant 5. Payment of Taxes and Other Charges. The Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Redevelopment Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of said properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest thereon, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this Covenant shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity thereof.

Covenant 6. Books and Accounts; Financial Statements. The Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to said Project, and will prepare within one hundred and eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for such year in reasonable detail covering such Redevelopment Project and the Tax Revenues and other funds, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Agency, and will furnish a copy of such statement or statements to the Fiscal Agent, the original purchaser(s) of the Bonds (in the case of a syndicate, the manager thereof), and any rating agency which maintains a rating on the Bonds, and, upon written request, to any Bondholder.

Covenant 7. Eminent Domain. The Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the Agency will use its best efforts to have the base assessment roll reduced by the amount of the assessment of said property as shown on said base assessment roll.

Covenant 8. Disposition of Property. The Agency covenants and agrees that it will not dispose of more than ten percent (10%) of the land area in the Redevelopment Project Area (except property shown in the Redevelopment Plan in effect on the date this Resolution is adopted as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in the security of the Bonds or the rights of Bondholders being substantially impaired, as shown by an Opinion of Counsel, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 9. Statement of Indebtedness. The Agency covenants and agrees to file annually with the county Auditor a statement of indebtedness as provided in Section 33675 of the Law.

Covenant 10. Protection of Security and Rights of Bondholders; No Arbitrage. The Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondholders and to defend their rights under all claims and demands of all persons. Without limiting the generality of the foregoing, the Agency covenants and agrees to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Agency that (i) the Law is unconstitutional or (ii) that the Tax Revenues pledged hereunder cannot be paid to the Agency for the debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the Bondholders is taxable under federal income tax laws by reason of any action of the Agency. The Agency covenants and agrees to take no action which, in the Opinion of Counsel would result in (a) the Tax Revenues being withheld unless the withholding thereof is being contested in good faith, and (b) the interest received by the Bondholders becoming taxable under federal income tax laws. The Agency covenants and agrees that it will make no use of the proceeds

of the Bonds at any time during the term thereof which will cause such Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations adopted thereunder by the Internal Revenue Service, and the Agency hereby assumes the obligation to comply with such Section 103(c) and such regulations throughout the term of the Bonds.

Section 19. Taxation of Leased Property. Whenever any property in the Redevelopment Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Redevelopment Project Area to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law, and the lease or contract shall provide (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (b) that if for any reason the taxes levied on such property in any year during the term of the lease or contract are less than the taxes which would have been levied if the entire property had been assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. All such payments shall be treated as Tax Revenues, and when received by the Agency shall be deposited in the Special Fund.

Section 20. Fiscal Agent. The Agency appoints First Interstate Bank of California to act as the agent, trustee and depository of the Agency (the "Fiscal Agent") for the purpose of receiving Tax Revenues and other funds in trust as provided in this Resolution, to hold, allocate, use and apply such Tax Revenues and other funds in trust as provided in this Resolution, and to perform such other duties and powers of the Fiscal Agent as are prescribed in this Resolution and any supplemental resolution of the Agency.

The Agency may remove the Fiscal Agent initially appointed or any successor thereto and in such case shall forthwith appoint a successor thereto, but any successor shall be a bank or trust company doing business and having an office in the City of San Francisco, having a combined capital and surplus of at least \$100,000,000. The Fiscal Agent herein appointed or any substituted Fiscal Agent may at any time resign as such by filing a written notice with the Agency in which event the Agency shall forthwith appoint a substitute Fiscal Agent and the resignation shall become effective upon appointment. In

the event that the Fiscal Agent or any successor becomes incapable of acting as such, the Agency shall forthwith appoint a substitute Fiscal Agent. Any bank or trust company into which the Fiscal Agent may be merged or with which it may be consolidated shall become the Fiscal Agent without action of the Agency. The Fiscal Agent may become the owner of any of the Bonds authorized by this Resolution with the same rights it would have had if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of or to exercise diligence in the enforcement of the collection of funds assigned to it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The recitals of fact and all promises, covenants and agreements herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of same, and makes no representations as to the validity or sufficiency of this Resolution or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 21. Lost, Stolen, Destroyed or Mutilated Bonds. In the event that any Bond is lost, stolen, destroyed or mutilated, the Agency will cause to be issued a new Bond(s) on reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the Agency deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The Agency may authorize such new Bond to be signed and authenticated in such manner as it determines in said resolution.

Section 22. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment at the maturity thereof or, in the case of call and redemption prior to maturity, at the redemption date, shall upon payment therefor be cancelled immediately and forthwith transmitted to the Treasurer or destroyed by the Fiscal Agent at the direction of the Agency, in which latter event a certificate of destruction shall forthwith be transmitted to the Treasurer. Any Bonds purchased by the Fiscal Agent as aforesaid shall be cancelled immediately and forthwith transmitted to the Treasurer or destroyed as aforesaid. All of the cancelled Bonds not destroyed shall remain in the custody of the Treasurer until destroyed pursuant to authorization.

Section 23. Amendments. This Resolution, and the rights and obligations of the Agency and of the Holders of the Bonds issued hereunder, may be modified or amended at any time by supplemental resolution adopted by the Agency: (a) for any purpose at any time prior to the sale of the Bonds; (b) without the consent of Bondholders, if such modification or amendment is for the purpose of adding covenants and agreements to further secure Bond payment, to prescribe further limitations and restrictions on Bond issuance, to surrender rights or privileges of the Agency, to make notifications not affecting any outstanding series of Bonds only with the consent of the Fiscal Agent, for the purpose of curing any ambiguities, defects or inconsistent provisions in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary and desirable to accomplish the same, provided that such modifications or amendments do not adversely affect the rights of the Owners of any outstanding Bonds; (c) for any purpose with the consent of the Bondholders holding sixty percent (60%) in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the Agency or the City, and obtained as hereinafter set forth; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, change the monetary medium in which principal and interest is payable, or create a mortgage, pledge or lien upon the revenues superior to or on a parity with the pledge and lien created for the Bonds and any Parity Bonds or reduce the percentage of consent required for amendment or modification.

Any act done pursuant to a modification or amendment so consented to shall be binding upon the Holders of all of the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution or of the Law, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no Bondholder or Holder shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Agency or any officer thereof from taking any action pursuant thereto.

A. Calling Bondholders' Meeting. If the Agency shall desire to obtain any such consent it shall duly adopt a resolution calling a meeting of the Bondholders for the purpose of considering the action the consent to which is desired.

B. Notice of Meeting. Notice specifying the purpose, place, date and hour of such meeting shall be mailed, postage prepaid, to the respective registered owners of the Bonds as their addresses appear on the registration books of the Fiscal Agent. The place, date and hour of holding such meeting and the date or dates of mailing such notice shall be determined by the Agency in its discretion. Such notice shall set forth the nature of the proposed action to which consent is desired. The place, date and hour of holding such meeting and the date or dates of mailing such notice shall be determined by the Agency in its discretion.

The actual receipt by any Bondholder of notice of any such meeting shall not be a condition precedent to the holding of such meeting, and failure to receive such notice shall not affect the validity of any proceedings at such meeting. A certificate by the Secretary of the Agency approved by resolution of the Agency, that the meeting has been called and that notice thereof has been given as herein provided, shall be conclusive as against all parties and it shall not be open to any Bondholder to show that he failed to receive actual notice of such meeting.

C. Voting Qualifications. The Fiscal Agent shall prepare and deliver to the chairman of the meeting a statement of the names and addresses of the registered owners of Bonds, such statement to show maturities, serial numbers and the principal amounts so that voting qualifications can be determined. No Bondholders shall be entitled to vote at such meeting unless their names appear upon such statement. No Bondholders shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against their names on such statement.

D. Issuer-Owned Bonds. The Agency covenants that it will present at the meeting a certificate, signed and verified by one member thereof and by the Treasurer, stating the serial numbers, maturities and principal amounts of all Bonds owned by, or held for account of, the Agency or the City, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond appearing upon such certificate, or any Bond which it shall be established at or prior to the meeting is owned by the Agency or the City, directly or indirectly, and no such Bond (in this Resolution referred to as "issuer-owned Bonds") shall be counted in determining whether a quorum is present at the meeting.

E. Quorum and Procedure. A representation of at least sixty percent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds, if any) shall be necessary to constitute a quorum at any meeting

of Bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall have been held by a quorum or by less than a quorum. The Agency shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and secretary. At any meeting each Bondholder shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he shall be qualified to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The Agency and/or the Fiscal Agent by their duly authorized representatives and counsel, may attend any meeting of the Bondholders, but shall not be required to do so.

F. Vote Required. At any such meeting held as aforesaid there shall be submitted for the consideration and action of the Bondholders a statement of the proposed action consent to which is desired, and if such action shall be consented to and approved by Bondholders holding at least sixty percent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) the chairman and secretary of the meeting shall so certify in writing to the Agency, and such certificate shall constitute complete evidence of consent of the Bondholders under the provision of this Resolution. A certificate signed and verified by the chairman and the secretary of any such meeting shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

Section 24. Proceedings Constitute Contract; Events of Default and Remedies of Bondholders. The provisions of this Resolution, of the resolutions providing for the sale of the Bonds and awarding the Bonds and fixing the interest rate or rates thereon, and of any other resolution supplementing or amending this Resolution, shall constitute a contract between the Agency and the Bondholders, and the provisions thereof shall be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State of California. The following provisions shall not limit the generality of the foregoing.

A. Events of Default. Each of the following shall constitute an event of default.

(1) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(2) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(3) Default made by the Agency in the observance of any of the covenants, agreements or conditions contained in this Resolution or in the Bonds, and such default shall have continued for a period of thirty (30) days following written notice to the Agency; or

(4) The Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property;

In each and every event of default described in (1) or (2) above the Fiscal Agent shall, and in each and every case of default described in (3) or (4) above, the Fiscal Agent may, and shall if so requested by the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding (such request to be in writing to the Fiscal Agent and the Agency), declare the principal of all of the Bonds then outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Resolution or in the Bonds to the contrary notwithstanding.

Such declaration may be rescinded by the holders of not less than a majority of the Bonds then outstanding provided the Agency cures such default or defaults including the deposit with the Fiscal Agent of a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve percent (12%) per annum on such overdue installments of principal and, to the extent such payment of interest on interest is lawful at that time, on such

overdue installments of interest, so that the Agency is currently in compliance with all payment, deposit and transfer provisions of this Resolution, and an amount sufficient to pay any expenses incurred by the Fiscal Agent in connection with such default.

B. Certain Remedies of Bondholders. Any Bondholder shall have the right, for the equal benefit and protection of all Bondholders similarly situated -- .

(1) by mandamus, suit, action or proceeding, to compel the Agency and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondholders' rights; or

(3) upon the happening of any event of default (as defined in this Section), by suit, action or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were the trustees of an express trust.

C. Non-Waiver. Nothing in this Section or in any other provisions of this Resolution, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Holders of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right, which is also absolute and unconditional, of such Holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

No remedy conferred hereby upon any Bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law of the State of California. No waiver of any default or breach of any duty or contract by any Bondholder shall affect any subsequent default or breach of any duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or

acquiescence therein. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondholders, then, and in every such case, the Agency and the Bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

D. Actions by Fiscal Agent as Attorney-in-Fact. Any suit, action or proceeding which any Holder of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Fiscal Agent for the equal benefit and protection of all Holders of Bonds similarly situated and the Fiscal Agent is hereby appointed (and the successive respective registered owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective registered owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective registered owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Fiscal Agent as such attorney-in-fact.

E. General. After the issuance and delivery of the Bonds, this Resolution, and any supplemental resolutions hereto, shall be irrevocable, but shall be subject to modification or amendment to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 25. CUSIP Numbers. CUSIP identification numbers will be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and no liability shall hereafter attach to the Agency or any of the officers or agents thereof because of or on account of said numbers. Any error or omission with respect to said numbers shall not constitute cause for refusal by the successful bidder to accept delivery of and pay for the Bonds.

Section 26. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Resolution, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Resolution and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected, and this Resolution and the Bonds issued pursuant hereto shall remain valid and the

Bondholders shall retain all valid rights and benefits accorded to them under this Resolution and the Constitution and the laws of the State of California. If the provisions relating to the appointment and duties of a Fiscal Agent are held to be unconstitutional, invalid or unenforceable, said duties shall be performed by the Treasurer.

Section 27.. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED the ____ day of November, 1985.

Chairman of the Redevelopment
Agency of the City of Sacramento

(SEAL)

ATTEST:

Secretary of the Redevelopment Agency
of the City of Sacramento

STATE OF CALIFORNIA
COUNTY OF SACRAMENTO
CITY OF SACRAMENTO

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)ss.
)

SECRETARY'S CERTIFICATE
RE ADOPTION OF RESOLUTION

I, _____, Secretary of the
Redevelopment Agency of the City of Sacramento, DO HEREBY
CERTIFY that the foregoing Resolution was duly adopted by said
Agency at an adjourned regular meeting of said Agency held on
the _____ day of _____, 1985, and that the same was passed
and adopted by the following vote to wit:

AYES: Members _____

NOES: Members _____

ABSENT: Members _____

ABSTAIN: Members _____

Secretary of the Redevelopment
Agency of the City of Sacramento

(SEAL)

STATE OF CALIFORNIA
COUNTY OF SACRAMENTO
CITY OF SACRAMENTO

)
)ss.
)

SECRETARY'S CERTIFICATE
OF AUTHENTICATION

I, _____, Secretary of the
Redevelopment Agency of the City of Sacramento, DO HEREBY
CERTIFY that the above and foregoing is a full, true and
correct copy of Resolution No. _____ of said Agency and that
said Resolution was adopted at the time and by the vote stated
on the above certificate, and has not been amended or repealed.

Secretary of the Redevelopment
Agency of the City of Sacramento

(SEAL)

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO
CITY OF SACRAMENTO
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7
TAX ALLOCATION BONDS, SERIES 1985

The REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO (hereinafter sometimes called the "Agency"), a public body, corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to _____ or registered assigns (herein sometimes referred to as "registered owner"), subject to the right of prior redemption hereinafter mentioned, the principal sum of _____ Dollars (\$ _____), on May 1, _____, and to pay such registered owner on each interest payment date by check or draft mailed to him as his name and address appear on the register kept by the Fiscal Agent at the close of business on the fifteenth (15th) day preceding each interest payment date (the "regular record date"), interest on such principal sum from the interest payment date next preceding the date hereof (unless (i) it is dated prior to the first regular payment date in which event from November 1, 1985, or (ii) the date hereof is on an interest payment date, in which event from that interest payment date, or (iii) it is dated after a regular record date but before the following interest payment date and if the Agency shall not default in the payment of interest due on such interest payment date, in which event it shall bear interest from such interest payment date) until the principal hereof shall have been paid or provided for in accordance with the Resolution hereinafter referred to, at the rate of _____ percent (____%) per annum payable semiannually on May 1 and November 1 in each year commencing on November 1, 1986. Both principal and interest and any premium upon the redemption prior to maturity of all or part hereof are payable in lawful money of the United States of America, and (except for interest which is payable by check or draft as stated above) are payable at the corporate trust office of First Interstate Bank of California, Fiscal Agent for the Agency, in San Francisco, California.

This Bond, the interest hereon and any premium due upon the redemption of this Bond prior to maturity are not a debt of the City of Sacramento, the State of California or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable hereon, nor in any event shall this Bond, said interest or said premium be payable out of any funds or properties other than the funds of the Agency as set forth in the Resolution hereinafter mentioned. This Bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this Bond are liable personally on this Bond by reason of its issuance.

This Bond is one of a duly authorized issue of Bonds of the Agency designated "Redevelopment Agency of the City of Sacramento, Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985" (herein called the "Bonds"), in an aggregate principal amount of \$5,450,000, all of like tenor (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of aiding in the financing of the Redevelopment Project referred to above. The Bonds are authorized by and issued pursuant to Resolution No. ___, adopted by the Agency on November 19, 1985, a copy of which are on file with the Secretary of the Agency and the Fiscal Agent (said Resolution No. ___ being herein referred to as the "Resolution").

All of the Bonds are equally secured in accordance with the terms of the Resolution, reference to which is hereby made for a specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the Bondholders, and for a statement of the rights of the Bondholders. By the acceptance of this Bond the registered owner hereof consents to all of the terms, conditions and provisions of said Resolution. In the manner provided in the Resolution, said Resolution and the rights and obligations of the Agency and of the Bondholders may (with certain exceptions as stated in said Resolution) be modified or amended with the consent of the Holders of sixty percent (60%) in aggregate principal amount of outstanding Bonds, exclusive of issuer-owned Bonds, unless the modification or amendment is for the purpose of curing ambiguities, defects or inconsistent provisions, in which case no Bondholders' consent is required.

The principal of this Bond and the interest hereon are secured by an irrevocable pledge of, and are payable solely out of, the Tax Revenues (as such term is defined in said Resolution) and certain other funds, all as more particularly set forth in the Resolution. Said Resolution is adopted under and this Bond is issued under and is to be construed in accordance with the laws of the State of California.

The outstanding Bonds, or any of them, maturing on or after May 1, 1996 may be called before maturity and redeemed at the option of the Agency, in whole from the proceeds of refunding bonds and other available funds, or in whole or in part from any other source of funds on May 1, 1995 or on any interest payment date thereafter prior to maturity in reverse order of maturity and by lot within any one maturity. Bonds so called for redemption shall be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof, plus accrued interest to the redemption date plus a premium of two percent (2%) for Bonds redeemed on the first available redemption date decreasing by one-half percent (1/2%) for each year or fraction thereof between the first available redemption date as set forth above and the actual date of the call and redemption for all or a portion of the Bonds so redeemed. The interest payment date on which Bonds are to be presented for redemption is herein sometimes called the "redemption date." Notice of call and redemption prior to maturity shall be given as provided in the Resolution.

This Bond is issued in fully registered form and is negotiable upon proper transfer of registration. This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Fiscal Agent in the City of San Francisco, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, upon surrender and cancellation of this Bond. Upon such transfer a new Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor.

The Agency and the Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Fiscal Agent.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Sacramento has caused this Bond to be signed on its behalf by the facsimile signature of its Chairman and by the manual or facsimile signature of its Secretary, and the seal of said Agency to be reproduced hereon, all as of the first day of November, 1985.

Chairman of the Redevelopment
Agency of the City of Sacramento

(SEAL)

Secretary of the Redevelopment
Agency of the City of Sacramento

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Resolution.

Fiscal Agent

By _____
Authorized Officer

(FORM OF ASSIGNMENT OF BONDS)

For value received _____ hereby sells,
assigns and transfers
unto _____

_____ the within-mentioned Bond and hereby
irrevocably constitutes and appoints _____
attorney, to transfer the same on the books of the Fiscal Agent
with full power of substitution in the premises.

Dated: _____

NOTE:

The signature to this assignment must correspond
with the name as written on the face of the
within Bond in every particular, without
alterations or enlargement or any change
whatsoever.

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Resolution.

Fiscal Agent

**REDEVELOPMENT AGENCY
OF
THE CITY OF SACRAMENTO, CALIFORNIA**

OFFICIAL STATEMENT

Relating to

\$2,630,000

**Del Paso Heights Redevelopment Project,
Project No. 5**

Tax Allocation Bonds, Series 1985

and

\$2,585,000

**Alkali Flat Redevelopment Project,
Project No. 6**

Tax Allocation Bonds, Series 1985

and

\$5,450,000

**Oak Park Redevelopment Project,
Project No. 7**

Tax Allocation Bonds, Series 1985

THE DATE OF THIS OFFICIAL STATEMENT IS NOVEMBER 19, 1985

APPROVED
BY THE CITY COUNCIL

NOV 19 1985

**OFFICE OF THE
CITY CLERK**

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ANNE RUDIN, *Chairperson*
JOE SERNA, JR., *Vice Chairperson*
DOUGLAS N. POPE
DAVID M. SHORE
GRANTLAND JOHNSON
THOMAS CHINN
LYNN ROBIE
WILLIAM A. SMALLMAN
TERRY KASTANIS

SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION

PHILIP N. ANGELIDES, *Chairperson*
CARL P. AMUNDSON, *Vice Chairperson*
LOUIS F. GLUD
HENRY A. LOPEZ
LEONARD H. LUTTRELL
VIRGINIA MOOSE
ANNE R. PETTIT
REBECCA SANCHEZ
RICHARD S. TERAMOTO
SAMUEL E. WALTON
FRANCES E. WOOLEY

WILLIAM H. EDGAR, *Executive Director*
ANDREW J. PLESCIA, *Deputy Director*
TERRY L. WOLFORD C.P.A., *Director of Finance*
JENNIFER S. SOLOWAY, *General Counsel*

Special Services

FIRST INTERSTATE BANK OF CALIFORNIA, *San Francisco*
FISCAL AGENT
KATZ, HOLLIS, COREN & ASSOCIATES, INCORPORATED, *Los Angeles*
FISCAL CONSULTANTS
STRADLING, Yocca, CARLSON & RAUTH, A PROFESSIONAL CORPORATION, *Newport Beach*
BOND COUNSEL
TOUCHE ROSS & COMPANY, *Sacramento*
AUDITORS
PAINEWEBBER INCORPORATED, *San Francisco*
FINANCING CONSULTANTS

(LETTERHEAD)

November 19, 1985

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to furnish information regarding the sale and issuance by the Redevelopment Agency of the City of Sacramento (the "Agency") of \$10,660,000 total par value of tax allocation bonds consisting of three separate issues: \$2,630,000 for the Del Paso Heights Redevelopment Project, Project No. 5, \$2,585,000 for the Alkali Flat Redevelopment Project, Project No. 6, and \$5,450,000 for the Oak Park Redevelopment Project, Project No. 7 (the "Bonds"). The purpose of each issue is to assist in financing each respective project area. Each issue is separately secured by a pledge of tax allocations from its respective project.

The material contained in this Official Statement was prepared by PaineWebber Incorporated as financing consultant to, and under the direction, of the Agency for the information of all who may become holders of the Bonds described herein. PaineWebber Incorporated will receive compensation from the Agency contingent upon sale and delivery of the Bonds and has been given permission by the Agency to bid on the Bonds.

All of the following summaries, including summaries of the Agency's respective Resolutions, the Community Redevelopment Law, other applicable legislation, each Project's redevelopment plan and other documents are made subject to the provision of such laws and documents, respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

The covenants of the Agency relative to the bonds are fully set forth in the aforementioned Resolutions and this Official Statement do not constitute a contract with purchasers of such bonds. Any statements herein involving matters of opinion or estimates, whether or not so designated, are to be construed as provisional rather than factual.

The opinion of Stradling Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, approving the validity of the bonds, will be made available to the purchasers at the time of the original delivery of the Bonds. (See "Legal Opinion" in "The Bonds" section of this Official Statement).

No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof.

The execution and delivery of this Official Statement have been authorized by the Agency.

Redevelopment Agency of the
City of Sacramento

ANNE RUDIN, *Chairperson*
WILLIAM H. EDGAR, *Executive Director*

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REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

INTRODUCTION

The Constitution and the statutes of the State of California provide for the financing of redevelopment projects through the issuance of tax allocation bonds. These bonds are payable from property taxes collected from within a project upon the increase in assessed valuation of land, improvements, and personal and public utility property ("Tax Revenues"), as explained in greater detail herein.

The Redevelopment Agency of the City of Sacramento was activated on September 27, 1950 with the adoption of Resolution No. 190 of the Sacramento City Council pursuant to the Community Redevelopment Law of the State of California, codified as Part I of Division 24 of the California Health and Safety Code. On December 27, 1972 the City Council adopted Ordinance No. 3320 designating the Council as the governing body of the Redevelopment Agency.

Following requisite studies and hearings by the Planning Commission, the Agency and the City Council, separate redevelopment plans were adopted for the Del Paso Heights Redevelopment Project, Project No. 5 (the "Del Paso Heights Project"), the Alkali Flat Redevelopment Project, Project No. 6 (the "Alkali Flat Project") and the Oak Park Redevelopment Project, Project No. 7 (the "Oak Park Project"), such projects sometimes hereinafter referred to collectively as the "Project". Proceeds of the proposed \$10,660,000 total par value of tax allocation bonds comprising three separate issues, \$2,630,000 for the Del Paso Heights Project, \$2,585,000 for the Alkali Flat Project and \$5,445,000 for the Oak Park Project will be used to and in financing redevelopment within each Project area.

Del Paso Heights Project

The Del Paso Heights Project was established with the adoption of a redevelopment plan for the Del Paso Heights Project (the "Del Paso Heights Redevelopment Plan") by the City Council on May 12, 1970. The Del Paso Heights Redevelopment Plan was subsequently amended by City Ordinance No. 2913 on August 6, 1970 and by City Ordinance No. 85-047 on May 21, 1985. The Del Paso Heights Project area which encompasses approximately 1,028 acres located in the northern portion of Sacramento is predominantly residential with some industrial/commercial facilities. Among the more significant new development within the Del Paso Heights Project area are a new 57-acre industrial park and a 104-unit senior citizen housing complex.

On November 1, 1985 the Agency adopted Resolution No. 1 (the "Del Paso Heights Resolution") authorizing the sale of \$2,630,000 Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985 (the "Del Paso Heights Bonds"). The Del Paso Heights Resolution pledges from Tax Revenues received by the Agency from the Del Paso Heights Project the part thereof which constitutes on a noncumulative basis 125% of annual debt service on the Del Paso Heights Bonds, together with an amount, if any, necessary to maintain the required Debt Service Reserve Fund balance so long as the Del Paso Heights Bonds remain outstanding or unprovided for. All Tax Revenues which are in excess of the amounts needed for Annual Debt Service on the Bonds and amounts, if any, necessary to maintain the minimum balance in the Debt Service Reserve Fund may, under certain conditions, be used by the Agency for any authorized purpose.

The 1985/86 property tax roll for the Del Paso Heights Project reflects an increase on assessed valuation of \$39,329,000 over the base roll (the 1969/70 assessment roll) of \$27,063,000, resulting in \$447,000 of Tax Revenues. The Agency also expects to receive from the State \$4,000 of Special Subvention/Supplemental Revenue per Statutes of 1984, Chapter 447, thus resulting in total 1985/86 revenues of \$451,000. The Agency's Fiscal Consultant has projected Tax Revenues using information obtained primarily from the office of the Sacramento County Auditor-Controller, assuming existing statutes and regulatory procedures for property assessment (See Appendix A). Per the Fiscal Consultant's analysis, Tax Revenues (exclusive of Special Subvention/Supplemental Revenue) of \$478,000 are projected for 1986/87 increasing to \$540,000 in 1994/95. (For a discussion of certain factors which may substantially reduce Tax Revenues see "Property Tax Rate, Reimbursement and Appropriation Limitation" in "The Bonds" section hereof).

Tax Revenues are to be applied together with subsequent years' receipt of Tax Revenues, to the payment of debt service on the Del Paso Heights Bonds as shown in Schedule 3 herein. Assuming debt service on the Del Paso Heights Bonds at an estimated 9.25% interest rate, 1985/86 Projected Tax Revenues would provide minimum debt service coverage of 1.43 times and are expected to cover Maximum Annual Debt Service of \$337,456 by 1.32 times.

Alkali Flat Project

The Alkali Flat Project was established with the adoption of a redevelopment plan for the Alkali Flat Project (the "Alkali Flat Redevelopment Plan") by the City Council on February 10, 1972. The Alkali Flat Redevelopment Plan was subsequently amended by City Ordinance No. 4403 on August 12, 1980 and by City Ordinance No. 84-073 on July 17, 1984. The Alkali Flat Project is located in the northwest corner of the central city area of downtown Sacramento. It is comprised of approximately 24 square blocks of commercial, office, light industrial and residential uses.

On November , 1985 the Agency adopted Resolution No. (the "Alkali Flat Resolution") authorizing the sale of \$2,585,000 Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985 (the "Alkali Flat Bonds"). The Alkali Flat Resolution pledges from Tax Revenues received by the Agency the part thereof which constitutes, on a noncumulative twelve-month period, an amount equal to 125% of annual debt service on the Alkali Flat Bonds, together with an amount, if any, necessary to maintain the required Debt Service Reserve Fund balance as long as the Alkali Flat Bonds remain outstanding or unprovided for. All Tax Revenues which are in excess of the amounts needed for Annual Debt Service on the Alkali Flat Bonds and amounts, if any, necessary to maintain the minimum balance in the Debt Service Reserve Fund may, under certain conditions, be used by the Agency for any authorized purpose.

The 1985/86 tax roll for the Alkali Flat Project reflects an increase on assessed valuation of over the base roll (the 1971/72 assessment roll) of \$37,169,000, resulting in \$402,000 of available Tax Revenues. The Agency also expects to receive from the State \$4,000 of Special Subvention/Supplemental Revenue per Statutes of 1984, Chapter 447, yielding total 1985/86 revenues of \$408,000. The Agency's Fiscal Consultant has projected Tax Revenues using information obtained primarily from the office of the Sacramento County Auditor-Controller, assuming existing statutes and regulatory procedures for property assessment (See Appendix A). Per the Fiscal Consultant's analysis, Tax Revenues (exclusive of Special Subvention/Supplemental Revenue) of \$425,000 are projected for 1986/87 increasing to \$498,000 in 1994/95. (For a discussion of certain factors which may substantially reduce Tax Revenues see "Property Tax Rate, Reimbursement and Appropriation Limitation" in "The Bonds" section hereof).

Tax Revenues are to be applied together with subsequent years' receipt of Tax Revenues, to the payment of debt service on the Bonds as shown in Schedule 6 herein. Assuming debt service on the Bonds at an estimated 9.25% interest rate, 1985/86 Projected Tax Revenues would provide minimum debt service coverage of 1.37 times and are expected to cover Maximum Annual Debt Service of \$311,825 by 1.29 times.

Oak Park Project

The Oak Park Project was established with the adoption of a redevelopment plan for the Oak Park Project (the "Oak Park Redevelopment Plan") by the City Council on May 30, 1973. The Oak Park Project Redevelopment Plan was subsequently amended by City Ordinance No. 85-022 on March 27, 1985. The Oak Park Project area is consists of approximately 1,305 acres located southeast of downtown Sacramento.

On November , 1985, the Agency adopted Resolution No. (the "Oak Park Resolution") authorizing the sale of \$5,450,000 Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985, (the "Oak Park Bonds"). The Oak Park resolution pledges from Tax Revenues received by the Agency the part thereof which constitutes on a non-cumulative basis 125% of annual debt service on the Oak Park Bonds, together with an amount, if any, necessary to maintain the required Debt Service Reserve Fund balance so long as the Oak Park Bonds remain outstanding or unprovided for. All Tax Revenues which are in excess of the amounts needed for Annual Debt Service on the Oak Park Bonds and amounts, if any, necessary to maintain the minimum balance in the Debt Service Reserve Fund may, under certain conditions, be used by the Agency for any authorized purpose.

The 1985/86 tax roll for the Oak Park Project reflects an increase on assessed valuation of \$69,183,000 over the base roll of \$65,070,000, resulting in \$748,000 of Tax Revenues. The Agency also expects to receive from the State \$8,000 of Special Subvention/Supplemental Revenue per Statutes of 1984, Chapter 447, yielding total 1985/86 revenues of \$756,000. The Agency's Fiscal Consultant has projected Tax Revenues using information obtained primarily from the office of the Sacramento County Auditor-Controller, assuming existing statutes and regulatory procedures for property assessment (See Appendix A). Per the Fiscal Consultant's analysis, Tax Revenues (exclusive of Special Subvention/Supplemental Revenue) of \$797,000 are projected for 1986/87 increasing to \$972,000 in 1994/95. (For a discussion of certain factors which might substantially reduce Tax Revenues see "Property Tax Rate, Reimbursement and Appropriation Limitation" in "The Bonds" section).

Tax Revenues are to be applied together with subsequent years' receipt of Tax Revenues, to the payment of debt service on the Oak Park Bonds as shown in Schedule 9. Assuming debt service at a 9.25% interest rate on the Oak Park Bonds, 1985/86 Projected Tax Revenues would provide minimum debt service coverage of 1.25 times and are expected to cover Maximum Annual Debt Service of \$638,213 by 1.17 times.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the Constitution and laws of the State of California, including the Community Redevelopment Law codified as Section 33000, et seq. of the Health and Safety Code (the "Law") and acts amending or supplementing the Law. The three separate bond issues will be issued pursuant to the following resolutions of the Agency adopted November , 1985:

Resolution No. authorizing \$2,630,000 Del Paso Heights Redevelopment Project, Project No. 5 Tax Allocation Bonds, Series 1985.

Resolution No. authorizing \$2,585,000 Alkali Flat Redevelopment Project, Project No. 6 Tax Allocation Bonds, Series 1985.

Resolution No. authorizing \$5,450,000 Oak Park Redevelopment Project, Project No. 7 Tax Allocation Bonds, Series 1985.

Description of the Bonds

The Bonds consist of an aggregate principal amount of \$10,665,000 in denominations of \$5,000 each or integral multiples thereof and are dated as of their date of authentication. The Del Paso Heights Bonds and the Oak Park Bonds mature on May 1 as shown below. Interest is first payable on November 1, 1986 and semiannually thereafter on May 1 and November 1 each year. The Alkali Flat Bonds mature on February 1, as shown below. Interest is first payable on August 1, 1986 and semiannually thereafter on February 1 and August 1 of each year. Principal is payable at the main office of the Agency's Fiscal Agent, First Interstate Bank of California. Interest will be paid by check or draft mailed to registered holders whose names appear on the registry books of the Fiscal Agent on the fifteenth day of the month preceding each interest payment date.

	\$2,630,000 Del Paso Heights Bonds	\$5,450,000 Oak Park Bonds		\$2,585,000 Alkali Flat Bonds
May 1			February 1	
1987	\$ 95,000	\$140,000	1987	\$140,000
1988	105,000	150,000	1988	150,000
1989	115,000	165,000	1989	165,000
1990	125,000	180,000	1990	180,000
1991	140,000	200,000	1991	200,000
1992	155,000	220,000	1992	220,000
1993	170,000	240,000	1993	240,000
1994	185,000	265,000	1994	265,000
1995	200,000	290,000	1995	290,000
1996	220,000	320,000	1996	320,000
1997	245,000	350,000	1997	350,000
1998	265,000	380,000	1998	380,000
1999	290,000	420,000	1999	420,000
2000	320,000	460,000	2000	460,000
2001	—	505,000	2001	505,000
2002	—	555,000	2002	555,000
2003	—	610,000		610,000

Redemption Features

The Del Paso Heights Bonds and the Oak Park Bonds maturing on or before May 1, 1995 are not subject to call and redemption prior to maturity. The Del Paso Heights Bonds and the Oak Park Bonds due on or after May 1, 1996 are subject to redemption, at the option of the Agency, from any source of funds, as a whole at any time or in part in inverse order of maturity, and by lot within a maturity, on any interest payment date on and after May 1, 1995 at the following redemption prices, together with accrued interest to the date of redemption:

Redemption Date	Redemption Price
May 1 and November 1, 1995.....	102 %
May 1 and November 1, 1996.....	101½
May 1 and November 1, 1997.....	101
May 1 and November 1, 1998.....	100½
May 1, 1999 and thereafter.....	100

The Alkali Flat Bonds maturing on or before February 1, 1995 are not subject to call and redemption prior to maturity. The Alkali Flat Bonds due on or after February 1, 1996 are subject to redemption, at the option of the Agency, from any source of funds as a whole at any time or in part in inverse order of maturity, and by lot within a maturity, on any interest payment date on or after February 1, 1995 at the following redemption prices, together with accrued interest to the date of redemption:

Redemption Date	Redemption Price
February 1 and August 1, 1995.....	102 %
February 1 and August 1, 1996.....	101½
February 1 and August 1, 1997.....	101
February 1 and August 1, 1998.....	100½
February 1, 1999 and thereafter.....	100

Notice of redemption will be mailed to registered holders of affected bonds between 30 and 60 days prior to the redemption date.

Registration

The Bonds will be issued as fully registered bonds.

Legal Opinion

The legal opinion of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Bond Counsel, approving the validity of the Bonds, will be made available to purchasers at the time of original delivery of the Bonds, and a copy thereof will be printed on each Bond.

Bond Counsel's review of this Official Statement has been limited to the statements of law and legal conclusions set forth herein under the caption "The Bonds". Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization of the Bonds and to rendering opinions as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including portions of this Official Statement, not indicated in this paragraph.

The opinion of Bond Counsel that interest on the Bonds is exempt from income taxes of the United States of America under present federal tax laws and from the State of California personal income taxes under present State income tax laws will be furnished to purchasers at the time of original delivery of the Bonds.

Legality of Bonds for Investment and to Secure Public Deposits in California

Section 33663 of the Law provides generally that the State and all public officers, municipal corporations, political subdivisions and public bodies, as well as banks, bankers, trust companies, savings banks, insurance companies and various other financial institutions and fiduciaries may legally invest funds within their control in

Bonds or other obligations issued by a redevelopment agency. These Bonds and other obligations are also authorized as security for public deposits.

The Superintendent of Banks of the State of California has ruled that bonds of a redevelopment agency are, per the cited statute, eligible for investment by savings banks in California.

Disposition of Bond Proceeds

The Del Paso Heights Resolution, the Alkali Flat Resolution and the Oak Park Resolution (sometimes hereinafter called the "Resolutions") provide that proceeds from the sale of the Bonds will be allocated as follows:

- (1) To the Special Fund, held by the Fiscal Agent, for deposit into the Bond Interest Fund, any premium and/or accrued interest received from the sale of the Bonds.
- (2) To the Special Fund, held by the Fiscal Agent, for deposit into the Debt Service Reserve Fund, an amount equal to Maximum Annual Debt Service on the Bonds.
- (3) To the Redevelopment Fund, the balance of Bond proceeds.

The Debt Service Reserve Fund

Moneys in the Debt Service Reserve Fund will be withdrawn and used by the Fiscal Agent solely for the purpose of paying the interest on or principal payments of the Bonds in the event that Pledged Tax Revenues are insufficient therefor or for the purpose of retiring all of the Bonds at the time outstanding.

A minimum balance equal to Maximum Annual Debt Service on the Bonds (the "Reserve Requirement") will be maintained in the Debt Service Reserve Fund. If the amount in the Debt Service Reserve Fund is less than the Reserve Requirement, the Fiscal Agent will restore the balance by transfer of moneys in the Special Fund. Any moneys in the Debt Service Reserve Fund in excess of the Reserve Requirement shall be transferred to the Agency to be used for any authorized purpose.

The Redevelopment Fund

The moneys set aside in the Redevelopment Fund for each issue will be used for the purpose of aiding in financing the respective Project for which the Bonds were issued, including project planning, land acquisition and clearance, assembly of parcels for development, capital improvements such as streets, sidewalks, curbs, gutters, streetlights, transit, sewer, drainage, recreational open space, public buildings, facilities and improvements, new construction and rehabilitation of commercial, industrial, and residential projects, and other costs of benefit to the Project.

Pledge and Allocation of Taxes

Under provisions of the California Constitution and the Law, taxes on all taxable property within a redevelopment project levied by any taxing agency will be allocated, when collected, as follows:

- (1) An amount each year equal to that amount which would have been produced by the then current tax rates applied to the assessed valuation of such property within the Project area last equalized prior to the effective date of the ordinance approving the redevelopment plan will be paid into the funds of the respective taxing agencies;
- (2) Taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) received over and above that amount ("Tax Revenues") will be deposited in a special fund of the Agency.

Under the Resolutions, the Bonds are payable from and are secured by a first pledge of the first Tax Revenues on a noncumulative annual basis received from each project in an amount equal to 125% of annual debt service and any required deposit to the Debt Service Reserve Fund ("Pledged Tax Revenues") so long as any of the Bonds of that particular Project remain outstanding or unprovided for. The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the

effect of reducing the property tax rate may reduce the amount of Tax Revenues that would otherwise be available to pay the principal of and interest on, the Bonds. Likewise, expanded property tax exemptions or any limitation on the rate of taxation by taxing agencies could have a similar effect.

The Special Fund

The Del Paso Heights Resolution and the Oak Park Resolution provide that all Pledged Tax Revenues will be deposited in the Special Fund held by the Fiscal Agent and will be set aside in the following special Funds within the Special Fund in the following order of priority:

(1) *Bond Interest Fund*—On or before April 30 and October 31 of each year, beginning on October 31, 1986 an amount, which together with any money already contained in the Bond Interest Fund, is equal to the aggregate amount of interest becoming due and payable on all outstanding Bonds on the next succeeding interest payment date.

(2) *Bond Payment Fund*—On or before April 30 of each year, beginning on April 30, 1987 an amount, which together with any money already contained in the Bond Payment Fund, is equal to the principal becoming due on the outstanding Bonds on the next principal payment date.

(3) *Debt Service Reserve Fund*—After deposits have been made pursuant to (1) and (2) above, deposits shall be made to the Debt Service Reserve Fund in order to maintain therein an amount equal to the Reserve Requirement.

(4) *Holding Fund*—On or before May 25 of each year, beginning on May 25, 1986, the Fiscal Agent shall set aside from the Special Fund and deposit in the Holding Fund all moneys then remaining in the Special Fund after the above mentioned transfers have taken place; provided, however, that if 125% of Annual Debt Service was placed in the Special Fund for such year, the Agency is not in default under the Resolution and the Debt Service Reserve Fund is equal to the Reserve Requirement, all money then remaining in the Holding Fund, may be set aside and returned to the Agency for any authorized purpose. Except as set forth in the preceding sentence, all money in the Holding Fund shall be used and withdrawn by the Fiscal Agent for the purpose of replenishing the Bond Interest Fund, the Bond Payment Fund, and the Debt Service Reserve Fund, in such order, in the event of any deficiency at any time in such Funds, or for the purpose of paying the interest on or redemption premiums, if any, on the Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all the Bonds then outstanding, or, so long as the Agency is not in default hereunder, and, at the request of the Agency for the purchase or redemption of Bonds.

The Alkali Flat Resolution provides that all Pledged Tax Revenues will be deposited into the Special Fund held by the Fiscal Agent and will be set aside in the following Special Funds within the Special Fund in the following order of priority:

(1) *Bond Interest Fund*—On or before January 31 and July 31 of each year, beginning on July 31, 1986 an amount, which together with any money already contained in the Bond Interest Fund, is equal to the aggregate amount of interest becoming due and payable on all outstanding Bonds on the next succeeding interest payment date.

(2) *Bond Payment Fund*—On or before January 31 of each year, beginning on January 31, 1987 an amount, which together with any money already contained in the Bond Payment Fund, is equal to the principal becoming due on the outstanding Bonds on the next principal payment date.

(3) *Debt Service Reserve Fund*—After deposits have been made pursuant to (1) and (2) above, deposits shall be made to the Debt Service Reserve Fund in order to maintain therein an amount equal to the Reserve Requirement.

(4) *Holding Fund*—On or before February 25 of each year, beginning on February 25, 1986, the Fiscal Agent shall set aside from the Special Fund and deposit in the Holding Fund all moneys then remaining in the Special Fund after the above mentioned transfers have taken place; provided, however, that if 125% of Annual Debt Service was placed in the Special Fund for such year, the Agency is not in default under the Resolution and the Debt Service Reserve Fund is equal to the Reserve Requirement, all money then remaining in the

Holding Fund, may be set aside and returned to the Agency for any authorized purpose. Except as set forth in the preceding sentence, all money in the Holding Fund shall be used and withdrawn by the Fiscal Agent for the purpose of replenishing the Bond Interest Fund, the Bond Payment Fund, and the Debt Service Reserve Fund, in such order, in the event of any deficiency at any time in such Funds, or for the purpose of paying the interest on or redemption premiums, if any, on the Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all the Bonds then outstanding, or, so long as the Agency is not in default hereunder, and, at the request of the Agency for the purchase or redemption of Bonds.

Any remaining Tax Revenues after providing for (1), (2) and (3) above and after the coverage test provided in (4) above has been satisfied, will be released to the Agency and may be used in any manner provided by law for the purpose of aiding in financing the Project, including early redemption or purchase of the Bonds, as provided in the Resolution.

When sufficient funds have been placed with the Fiscal Agent to redeem or pay all outstanding Bonds and the interest accrued or to accrue thereon to the date of redemption or payment, as appropriate, no further Pledged Tax Revenues will be allocated to the Fiscal Agent by the Agency.

Property Tax Rate and Possible Spending Limitations

Article XIII A of the California Constitution

On June 6, 1978, California voters approved a constitutional amendment, commonly known as "Proposition 13" or the "Jarvis-Gann Initiative", which added Article XIII A to the California Constitution restricting the taxing power of California public agencies.

Section 1 of Article XIII A limits the ad valorem tax on real property to 1% of full cash value to be collected by the counties and apportioned according to law. Section 2 of Article XIII A defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975/76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable local data, or reduced in the event of declining property value caused by damage, destruction or other factors. The California State Board of Equalization has adopted regulations, binding on county assessors, interpreting the meaning of "change in ownership" and "new construction" for purposes of determining full cash value of property under Article XIII A.

The California Supreme Court upheld the validity of Article XIII A against a series of challenges which attacked Proposition 13 as a whole. In *Amador Valley Joint Union High School District v. State Board of Equalization*, the Court found that it was premature to rule on the claim that Article XIII A impermissibly interfered with contracts in violation of the U.S. Constitution, stating that such a challenge must come when a specific contract or obligation is impaired. The Court left open for future decision many other questions regarding the implementation and detailed interpretation of Article XIII A.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and that each county would levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 of assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for the 1978/79 fiscal year only, the tax levy by each county was to be apportioned among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years. The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282, which provides relief funds from State moneys beginning in fiscal year 1979/80 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more property tax revenues collected under Proposition 13 instead of direct State aid. School districts have received a correspondingly reduced amount of property taxes, but receive compensation directly by the State and are given additional relief. Chapter 282 does not affect the derivation of the base tax levy (\$4.00 per \$100 assessed valuation)

and the bonded debt tax rate. Effective for the 1981/1982 fiscal year, assessors in California no longer record property values on the tax rolls at the assessed value of 25% of market values. All taxable property is shown at full market value. Consequently the tax of \$4.00 per \$100 of assessed value is now expressed as \$1.00 per \$100 of taxable value. In conformity with this change of procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of market value and all tax rates reflect the \$1.00 per \$100 of taxable value.

Future assessed valuation growth allowed under Article XIII A (for either new construction, change of ownership, or 2% value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Section 4 of Article XIII A effectively prohibits the levying of any other ad valorem property tax above the limits set in Section 1, even with the approval of the affected voters.

Business Inventory Exemption

Pursuant to legislation adopted in 1979 (Statutes of 1979, Chapter 1150), business inventories were exempt from taxation in fiscal year 1980/81 and each fiscal year thereafter. This law further provided a formula for reimbursement by the State to cities and counties, special districts and school districts for the amount of tax revenues lost by reason of such exemption, as adjusted for percentage changes in the population and the cost of living. Under prior State law, the State paid 50% of the taxes that were levied against business inventory. Under Chapter 1150, the State paid, as a subvention, an amount equal to 100% of taxes that would otherwise be due (excluding taxes to pay for voter-approved indebtedness) from business inventories commencing with the 1980/81 fiscal year.

Legislation adopted in 1984 (Statutes of 1984, Chapters 447 and 448) has replaced business inventory subventions with a long term financing plan for local governments. Section 16110, et seq. of the Government Code, ("The Long-Term Local Financing Act of 1984") which became operative on July 1, 1984, states the purpose and intent of the Act as:

"The Legislature finds and declares that some local agencies lack sufficient revenues to meet their obligations to the landowners and residents they serve. It is the intent of the Legislature in enacting this act to provide local agencies with reliable, stable, and very predictable revenues to finance these obligations."

In place of the terminated business inventory subvention, the new legislation makes available to redevelopment agencies and other local agencies, beginning in 1984/85, special supplemental subventions to compensate for lost revenue resulting from the repeal of former personal property tax subvention programs. First, agencies receive a share of the revenues generated from this source to replace the funds lost by reason of termination of the business inventory subvention. The new legislation establishes a special supplemental allocation. The special supplemental allocation is to be paid by the State to certain local agencies, including redevelopment agencies, to restore to such agencies the difference between the level of business inventory subventions which were to be paid under prior law and the amount of revenue received from taxes on the supplemental roll. As a result of these changes, redevelopment agencies will receive, on a yearly basis, approximately the same amounts of revenue as they were to receive in 1984/85 had business inventory subventions not been terminated.

The effect of Chapter 1150 has been to eliminate current and future business inventories from assessment and taxation, with the State reimbursing local agencies for lost revenue approximately equal to the amount due in 1979/80 with annual increases allowed based on increases in population and inflation.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population

and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978/79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (1) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (2) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. To the extent such tax rates are revised, Tax Revenues may be affected, since taxes allocated to the Agency are generated by taxes levied by certain taxing agencies having jurisdiction within the Project area.

In 1980, California Legislature added Section 33678 to the Health and Safety Code which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning or for the purposes of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of Article XIII B or any statutory provision enacted in implementation thereof.

The constitutionality of Section 33678 has recently been upheld by two California appellate courts in *Brown v. Community Redevelopment Agency of the City of Santa Ana*, 168 Cal.App.3d 1014 (1985) and in *Bell Community Redevelopment Agency v. Woosley*, 169 Cal.App.3d 24 (1985). The plaintiff in *Brown v. Community Redevelopment Agency of the City of Santa Ana* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding.

Issuance of Additional Bonds

Additional tax allocation bonds on a parity with the Bonds may be issued to pay costs of the particular Project provided that:

(a) The Agency shall be in compliance with all covenants set forth in the Resolution for the particular Project for which the Parity Bonds are issued;

(b) Tax Revenues received or to be received by the Agency based upon the most recent assessed valuation of taxable property in the Project (as indicated by records of the Assessor of Sacramento County) and the most recently established applicable tax rates (plus an allowance for estimated Tax Revenues to be derived from construction completed but not included in the last equalized rolls as evidenced by a report of an independent fiscal consultant) are (i) at least equal to 125% of Maximum Annual Debt Service on all Bonds to be outstanding following the issuance of the additional Bonds and (ii) such Tax Revenues, exclusive of business inventory replacement revenues and minus said allowance for estimated Tax Revenues, are at least equal to 110% of Maximum Annual Debt Service on all Bonds to be outstanding following the issuance of the additional Bonds; and

(c) Proceeds are deposited to raise the minimum balance in the Debt Service Reserve Fund to its required level and the balance (except for premium, accrued interest and additional funded interest, if any) is deposited into the Debt Service Reserve Fund.

Investment of Funds

All moneys in the Redevelopment Fund and all moneys held by the Fiscal Agent pursuant to the Resolutions must be secured at all times by obligations eligible to secure deposits of public moneys and must be of a market value at least equal to the amount required by law.

Moneys in the Special Fund (including Funds therein and the Redevelopment Fund) may, and upon written request of the Agency shall, be invested in Federal Securities (as defined in the Resolution) or negotiable certificates of deposit issued by a nationally or state chartered bank or money market funds. Investment of moneys in the Special Fund, Bond Interest Fund, Bond Payment Fund must mature prior to the date on which the money represented by such investment is estimated to be required to be paid out under the Resolutions. All investment income received on the Redevelopment Fund, Bond Interest Fund, Bond Principal Fund and Holding Fund prior to completion of the financing of the Project shall be deposited in the Redevelopment Fund and all investment income received thereafter shall be transferred to the Agency. All investment earnings received on the Debt Service Reserve Fund shall be transferred to the Agency.

Other Covenants

Other covenants of the Agency under the Resolutions are summarized below:

(a) The Project will be completed with all practicable dispatch in a sound and economical manner and in accordance with the Redevelopment Plan and the Law. No amendment to the Redevelopment plan will be made which would substantially impair the security of the Bonds or the rights of Bondholders.

(b) The proceeds of the sale of the Bonds will be deposited and used as provided in the Resolutions and the Agency will manage and operate all properties owned by it and comprising any part of the Project in a sound and businesslike manner.

(c) No other obligations payable from Tax Revenues will be issued having a lien upon the Tax Revenues superior to or on parity with the Bonds except as provided for in the Resolutions.

(d) The Agency will punctually pay, or cause to be paid, the principal and interest to become due on the Bonds.

(e) The Agency will punctually pay, or cause to be paid, any lawful governmental charges imposed and all valid claims made in good faith for labor, materials and supplies which if unpaid might become a lien or charge which might impair the security of the Bonds.

(f) The Agency will at all times keep, or cause to be kept, proper and current books and accounts (separate from other records and accounts) in which complete and accurate entries will be made of all transactions relating to the Project and the Tax Revenues and will prepare within 180 days after the close of each fiscal year a complete financial statement covering the Project, Tax Revenues and other funds certified by a certified public accountant selected by the Agency, copies of which will be furnished to any Bondholder upon request.

(g) If all or any part of the Redevelopment Project Area should be taken from the Agency without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the Agency will use its best efforts to have the base assessment roll reduced by the amount of said property as shown on the base assessment roll.

(h) The Agency will not in any way, including by lease, transfer more than 10% of the land area in the Project to public bodies or other entities whose property is tax exempt (other than property shown by the Redevelopment Plan in effect at the date of adoption of the Resolution as planned for public use or for public streets, public off street parking, sewage facilities, parks, easements or right-of-way for public utilities or other similar uses) as planned for such ownership if as a result of such action the security of the Bonds or the rights of the Bondholders would be substantially impaired.

(i) The Agency will comply with the requirements of the Law and file annually with the County Auditor a statement of indebtedness.

(j) The Bonds and interest thereon will not be repaid from nor secured by any source which will cause the Bonds to be (i) industrial development bonds; (ii) federally guaranteed; (iii) consumer loan bonds so long as the Bonds remain outstanding.

(k) The Agency will not use Bond proceeds in such a manner as to cause the Bonds to be classified as arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended.

Events of Default

Each of the following shall constitute an event of default:

(1) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(2) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(3) Default made by the Agency in the observance of any of the covenants, agreements or conditions contained in the Resolutions or in the Bonds, and such default shall have continued for a period of thirty (30) days following written notice to the Agency; or

(4) The Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

In each and every event of default described in (1) or (2) above the Fiscal Agent shall, and in each and every case of default described in (3) or (4) above, the Fiscal Agent may, and shall if so requested by the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding (such request to be in writing to the Fiscal Agent and the Agency), declare the principal of all of the Bonds then outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Resolutions or in the Bonds to the contrary notwithstanding.

Such declaration may be rescinded by the holders of not less than a majority of the Bonds then outstanding provided the Agency cures such default or defaults including the deposit with the Fiscal Agent of a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve (12%) per annum on such overdue installments of principal and, to the extent such payment of interest on interest is lawful at that time, on such overdue installments of interest, so that the Agency is currently in compliance with all payment, deposit and transfer provisions of this Resolution, and an amount sufficient to pay any expenses incurred by the Fiscal Agent in connection with such default.

Remedies

Any Bondholder has the right by mandamus suit, action, proceeding or other appropriate remedy to compel the performance by the Agency and its members of the duties imposed by the Resolutions and by the Law.

Refunding Bonds

The Bonds may be redeemed or paid prior to maturity from proceeds of refunding bonds or notes issued pursuant to the Law.

Amendment of the Resolutions

The Resolutions may be modified or amended with the written consent of holders of 60% of all Bonds then outstanding (exclusive of Bonds owned by the Agency or the City). No modification or amendment shall extend the maturity or interest payment date, reduce the interest rate, redemption premium or principal amount payable, advance the redemption date or change the monetary medium of payment without the express consent of the holder of the Bond affected, and no modification or amendment shall reduce the percentage of consent required for amendment or modification. The Resolutions may be modified or amended without Bondholders' consent to confer additional rights or powers upon the Fiscal Agent or to cure ambiguities, defects or inconsistent provisions in the Resolutions or to insert provisions clarifying matters or questions arising under the Resolutions provided that such modifications or amendments do not adversely affect the rights of the Owners of any outstanding Bonds.

Bonds Not a Debt of the City of Sacramento

The Bonds are not a debt of the City of Sacramento, the State of California, or any of its political subdivisions, and neither the City, State nor any of the State's political subdivisions is liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

Pending Legislation

There is presently pending before Congress a bill known as the Technical Correction Act of 1985 which amends portions of Section 103(o) of the Internal Revenue dealing with "Consumer Loan Bonds." While the bill itself only changes "consumer loan bond" to "private loan bond", the Report accompanying the Bill raises some questions as to applicability of the provisions of Section 103(o) to bonds of the type proposed to be sold by the Agency. If enacted, the bill would be retroactive to July 18, 1984. Efforts are underway, to clarify the Report so that it is clear that so long as the proceeds of the Bonds are not used to make a loan, directly or indirectly, to a non-exempt person, such Bonds will not violate the provisions of Section 103(o).

(PHOTO)

THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

Authority and Personnel

The Redevelopment Agency of the City of Sacramento was activated on September 27, 1950 by action of the City Council pursuant to The Community Redevelopment Law of California codified as Part 1, Division 24 of the California Health and Safety Code. The City Council has designated itself as the Agency and has established an eleven-member citizens advisory commission. The City Council appoints six commissioners; the County Board of Supervisors appoints five commissioners, each for four-year staggered terms. The Commission consists of the following members:

Commissioner	Occupation	Appointment Term
Philip N. Angelides, Chairperson	Businessman	3/2/82-12/31/88
Carl P. Amundson, Vice Chairperson	Businessman	8/1/83-12/31/86
Louis F. Glud	Retired	7/24/85-12/31/88
Henry A. Lopez	Businessman	8/15/84-12/31/86
Leonard H. Luttrell	Federal Civil Service Employee	8/1/83-12/31/88
Virginia Moose	Homemaker	8/1/83-12/31/86
Anne R. Pettit	Realtor	3/22/83-12/31/88
Rebecca Sanchez	State Civil Service Employee	3/22/81-12/31/86
Richard S. Teramoto	Architect	8/16/79-12/31/86
Samuel E. Walton	Legislative Consultant	11/20/78-12/31/86
Frances M. Wooley	Retired	11/20/78-12/31/88

Agency staff currently numbers approximately 330 employees, assigned to various redevelopment, housing and administrative tasks. The present management team has headed agency operations since 1980.

WILLIAM H. EDGAR, appointed Executive Director by the City Council in October 1980, has extensive experience in local government. Immediately preceding his appointment as Executive Director, Mr. Edgar was, from 1977 until 1980, an Assistant City Manager with the City of Sacramento (he still retains this title). Between 1971 and 1977, Mr. Edgar was City Manager for the City of Pleasanton, California. He holds a graduate degree in Government Administration from the Phelps Institute of State and Local Government (University of Pennsylvania, 1965) and an undergraduate degree from Haberdorf College in Pennsylvania (B.A., 1961).

ANDREW J. PLESCIA, Deputy Executive Director, was also appointed in October 1980. Prior to joining the agency, Mr. Plescia worked in the City Manager's Office, City of Sacramento (1978-80) and the City Planning Department (1975-78). He holds a degree in Urban Planning from the California State Polytechnic University at Pomona (B.S., 1972).

TERRY L. WOLFORD, C.P.A., has served as the Agency's Director of Finance since 1981. Mr. Wolford's experience in local government accounting and auditing includes terms with the City of Sacramento Department of Finance (1977-81), and the Sacramento County Auditor-Controller's Office (1970-77). He earned an undergraduate degree in Accounting at California State University, Sacramento (B.S., 1970).

JENNIFER S. SOLOWAY, appointed General Counsel in 1983, previously served as Staff Attorney to the California State Department of Housing and Community Development. Ms. Soloway, admitted to the California Bar in December 1975, earned her law degree from the University of California, Hastings College of Law (1975). She also holds an undergraduate degree in History from the University of California, Berkeley (B.A., 1971).

Retirement System

Agency employees are covered under the Public Employees' Retirement System (PERS) Local Miscellaneous "2% at 60 Plan."

The Agency contribution is 8.831% of gross salaries.

Labor Relations

Under the terms of the Meyers-Millias-Brown Act the Agency is required to meet and confer with its employees on all matters concerning wages, hours, and working conditions.

Agency employees are represented in three bargaining units by two labor organizations. The American Federation of State, County, and Municipal Employees, Local 146, is the largest labor organization, representing approximately 51% of all Agency employees in a variety of classifications. The following is a listing of the bargaining units, recognized employee organizations and the expiration dates of current organizations.

Bargaining Unit	Employee Organization	Expiration Date
Operations & Maintenance, General Clerical & Service	American Federation of State, County, and Municipal Employees, Local 146	December 18, 1987
Administrative and Technical	Sacramento Housing and Redevelopment Agency Employees' Association	December 18, 1987

Since the adoption of the Agency Employer-Employee Relations Resolution in November 1972, the Agency has had a successful and positive employee relations program, including successful negotiations of cost-effective agreements over the years. There have been no major work stoppages during this period. There are approximately 330 Agency positions authorized for calendar year 1985 (291.9 Full Time Equivalents), and about 78% of all Agency employees are covered under negotiated agreements.

Powers

The Agency is charged with the responsibility for elimination of blight through the process of redevelopment. Generally, this process is completed when the Agency disposes of land for development by the private sector, but before this can be accomplished, the Agency must acquire and assemble the necessary sites, relocate residents and businesses, demolish the deteriorated improvements, prepare the sites for purchase by developers and arrange all ancillary off-site improvements.

All powers of the Agency are vested in its nine members (the City Council). The Agency exercises governmental functions in carrying out projects and has sufficient broad authority to acquire, develop, administer, sell or lease property, including the right of eminent domain and the right to issue bonds and expend bond proceeds.

The Agency is authorized to clear buildings and other improvements, can develop any real property owned or acquired as a building site, and in connection with such development, can construct streets, highways, sidewalks and public utilities.

Redevelopment in the State of California may be carried out pursuant to the Law. Section 33020 of the Health and Safety Code defines "redevelopment" as the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area and the the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities.

The Agency may, out of the funds available to it for such purposes, pay for all or part of the value of land and the cost of buildings, facilities, structures or other improvements to be publicly-owned and operated, to the extent that such improvements are of benefit to the relevant Project area and no other reasonable means of financing is available. The Agency must sell or lease remaining property within a project for redevelopment by others in strict conformity with the redevelopment plan, and may specify a period within which redevelopment must begin and be completed.

Controls, Land Use and Building Restrictions

All real property in the Redevelopment Project Area is subject to the controls and restrictions of the Redevelopment Plan. The Redevelopment Plan requires that new construction shall comply with all applicable State and local laws including the City zoning ordinances and City codes for building, electrical works, heating, ventilating, housing and plumbing. The Redevelopment Plan also provides that no new improvement or addition to

an existing building shall be substantially modified, altered, repaired or rehabilitated except in accordance with architectural, landscape and site plans submitted to and approved by, the Agency.

The Redevelopment Plan allows for commercial, industrial, residential, public and institutional uses within the Project area but specifies the particular area in which such use is permitted. The Agency may permit an existing but nonconforming use to remain so long as the existing building is in good condition and is generally compatible with other surrounding development uses. The owner of such property must be willing to enter into a participation agreement and abide by any reasonable restriction deemed necessary to protect the development and use of the Redevelopment Project Area. The owner-participant must receive prior authorization and approval from the Agency to make additions, repairs, alterations or other improvements to the nonconforming-use structure.

Tax Allocation Financing

The Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project. The assessed valuation of a project area prior to development, or its base roll, is established and, except for any period during which the property may be less than the base roll, the taxing bodies thereafter receive the taxes produced by the levy of the current tax rate upon the assessed valuation represented by the base roll. Taxes collected thereafter upon any increase in assessed valuation over the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing the project. Redevelopment agencies themselves have no authority to levy taxes and must look specifically to the allocation of taxes produced as indicated above.

Method of Distributing Taxes

In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured properties are entered on separate parts of the assessment roll maintained by the county assessor. The "secured roll" is that portion of the assessment roll containing State-assessed property and property the taxes on which a lien on real property is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is placed on the "unsecured roll."

The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

A 10% penalty is added to delinquent taxes which have been levied in respect of property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also attaches to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month begins to accrue in respect of such taxes beginning the first day of the third month following the delinquency date.

The valuation of property is determined as of March 1 each year and installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. These taxes are levied at the prior year's secured tax rate. Revenues generated by the one percent tax rate are disbursed monthly by Sacramento County based on both actual collections and on advances reflective of the County's estimate of anticipated property tax receipts. This disbursement procedure results in approximately 50% of the incremental tax revenues being allocated to the Agency by mid-January with the remainder of the funds received within six months thereafter. The revenues generated by override

tax rates (those rates levied to repay voter-approved indebtedness) are calculated after the close of the fiscal year and allocated soon thereafter.

Effect of Section 33675 of the Health and Safety Code

A significant addition to the Law was made by the Legislature in 1976 by adding Section 33675. That law requires the filing of a statement of indebtedness certified by the chief fiscal officer of the agency for each redevelopment plan which provides for the allocation of tax increment. This annual statement must be filed with the County Auditor by the first day of October. The statement of indebtedness is required to contain the date on which the bonds were delivered, the principal amount, term, purpose and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information must be given for each loan, advance or indebtedness that the agency has incurred or entered into to be payable from tax increment.

The Section also provides that payments of tax allocations from the County Auditor to the Agency may not exceed the amounts shown on the agency's statement of indebtedness. The Section further provides that the statement of indebtedness is *prima facie* evidence of the indebtedness of the agency, but that the county auditor may dispute the amount of indebtedness shown on the statement in certain cases and the disputed amount may be withheld from allocation and payment to the agency. Provision is made for time limits under which the dispute can be made by the County Auditor as well as provisions for a determination by the Superior Court in a declaratory relief action of the proper disposition of the matter. The issue in any such action shall involve only the amount of the indebtedness and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. Payments to a trustee under a bond resolution or indenture or payments to a public agency in connection with payments by such public agency pursuant to a bond issue shall not be disputed in any action under the Section.

THE DEL PASO HEIGHTS REDEVELOPMENT PROJECT

Background

On May 12, 1970, following requisite studies and hearings by the Planning Commission and the Agency, the City Council of the City of Sacramento passed Ordinance No. 2884 which adopted the Redevelopment Plan for the Del Paso Heights Redevelopment Project Area, Project No. 5 (the "Del Paso Heights Redevelopment Plan"). The Del Paso Heights Redevelopment Plan was subsequently amended by the City Ordinance No. 2913 on August 6, 1970 and by City Ordinance No. 85-047 on May 21, 1985. The Del Paso Heights Redevelopment Plan provides for elimination of blight and deterioration found to exist in the Del Paso Heights Project area.

Location and Surrounding Area

The Del Paso Heights Project is located in the northern portion of the City of Sacramento. The project is bounded on the north by Interstate 80 (formerly Interstate 880), on the west by Norwood Avenue, on the east by Marysville Boulevard, and on the south by Arcade Creek. It consists of approximately 1,028 acres.

The project is located in the community of North Sacramento which occupies approximately 8,397 acres (13 square miles) generally located north of the American River, south of Ascot Avenue, east of McClellan Air Force Base, and west of the Western Pacific Railroad.

Project Development

The Del Paso Heights Project was established after studies demonstrated the existence of substantial blight evidenced by dilapidated housing stock, substandard streets, water and sewer mains, and drainage facilities, numerous vacant parcels and buildings, and the presence of and excessive graffiti, refuse and abandoned vehicles.

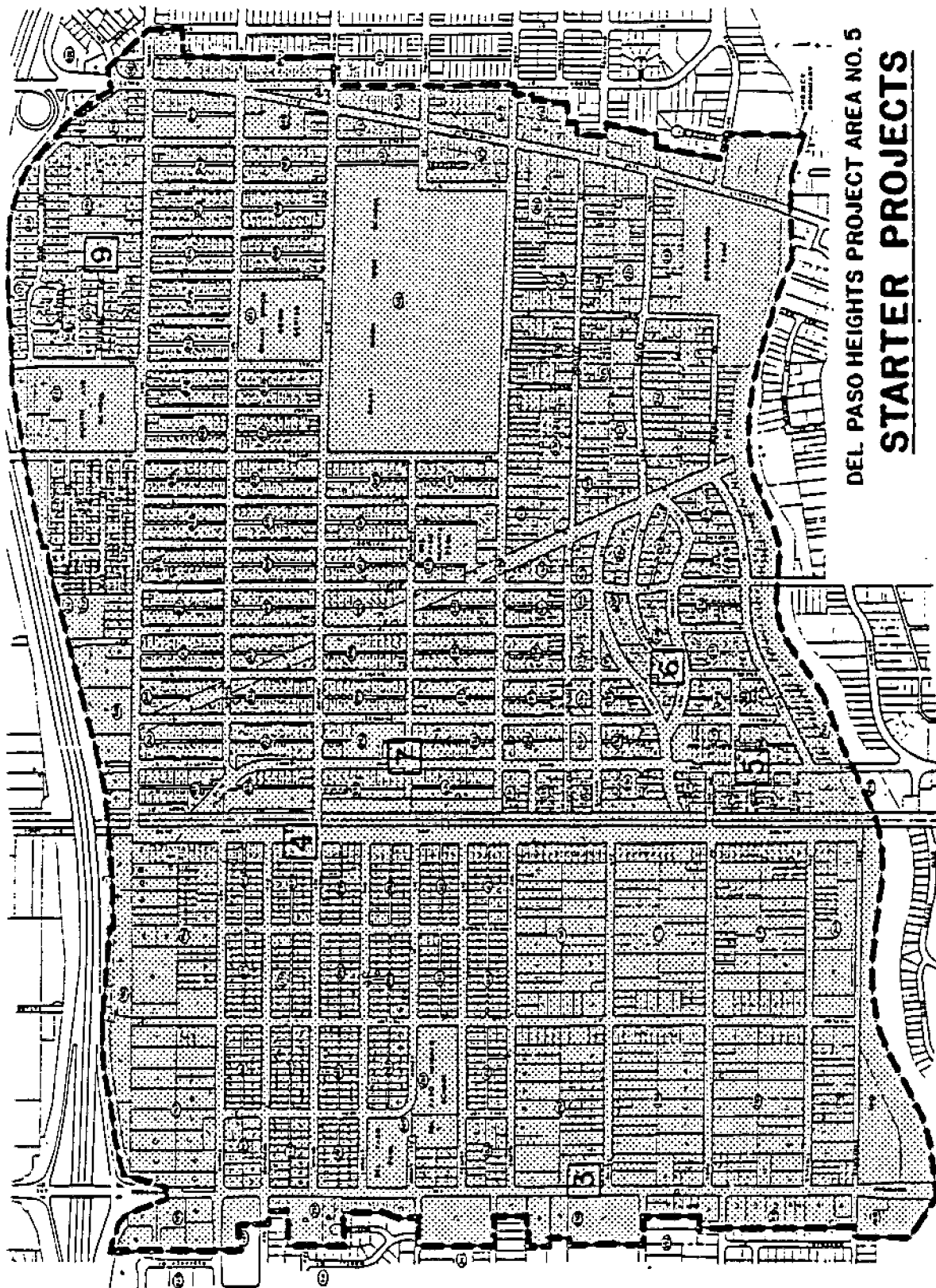
With the adoption of the Del Paso Heights Redevelopment Plan, approximately \$5.25 million in local funds were spent to provide five miles of infrastructure improvements. These improvements included sidewalks, curbs, gutters, streetlights, water and sewer lines, drainage improvements, landscaping. Additional public and private investments resulted in the rehabilitation of 319 homes, the construction of 65 new single family homes, 50 multi-family residences, including 40 units of senior citizen housing, a new library, health clinic, community center and public parks.

In May 1985, the City Council of Sacramento, acting in its capacity as the Redevelopment Agency, amended the Del Paso Heights Redevelopment Plan and adopted the Implementation Strategy which has as its central objective the continuation of early revitalization efforts to maintain Del Paso Heights as a viable residential area, improve the neighborhood image and create an environment suitable for private reinvestment. The Strategy focuses on housing rehabilitation, neighborhood clean-ups and beautification, provision of infrastructure improvements and elimination of health and safety hazards. The Strategy sets a goal to accomplish all residential street improvements by the end of 1989. To this end, local government has over the next three years committed \$1.7 million to capital improvements in heavily trafficked areas, \$150,000 to painting and exterior beautification of the housing stock, and over \$350,000 to the construction of additional housing for senior citizens. In the summer of 1985, a new 57-acre industrial park was completed on Norwood Avenue, and groundbreaking took place for a 104-unit senior citizen housing complex located at the southwest intersection of Grand Avenue and Rio Linda Boulevard.

Additional activity, as indicated by recent building permits, is bringing another \$4,462,000 in new construction and improvements to the area. Property value in the Del Paso Heights Project has increased \$39,500,000, by 146%, over its 1970 base year.

The Agency expects to use Bond proceeds to fund the following programs within the Del Paso Heights Project Area:

Activity	Approximate Three Year Funding
Design Review	\$ 20,000
The Design Review Program is administered by the City Planning Department for all development projects, rehabilitation work in excess of \$10,000 and house moves. This service ensures quality development that is compatible with existing neighborhoods.	
Paint and Beautification	174,048
The Paint and Beautification Program provides paint rebates to homeowners who participate in the Agency's housing rehabilitation program by painting the exteriors of their homes.	
Norwood Avenue Street Improvements	688,096
The Norwood Avenue Street Improvement Program will provide sidewalks, curbs, gutters and street lighting for that portion of Norwood Avenue between Interstate 80 and Arcade Creek.	
Commercial Acquisition/Developer Assistance	268,062
The Commercial Acquisition/Developer Assistance Program provides developer incentives to attract economic development and acquisition of nuisance commercial structures. Three parcels located at the northwest corner of Grand Avenue and Altos Avenue have been specifically identified for early acquisition.	
Street Improvement District 8	250,000
The Street Improvement Program for District 8 will permit design plans and specifications to be drawn up for sidewalks, curbs, gutters, drainage and street lights for the area bounded by Cypress Street, Silvano Street, Arcade Creek, Rio Linda Blvd., and the area bounded by the bike trail, Evans Street, Rio Linda Blvd., and Almora Avenue.	
Street Improvement District 6B	655,031
The Street Improvement Program for District 6B will provide construction of sidewalks, curbs, gutters and street lighting for the area bounded by Arcade Creek, Belden Street, Silvano Street, and Branch Street.	
Housing Development/Rio Linda Blvd:	285,000
The Housing Development Program on Rio Linda Blvd. will provide developer incentives to market vacant parcels for housing development.	
Senior Housing Development	221,093
The Senior Housing Development Program will provide developer incentives to encourage the construction of housing for senior citizens in Del Paso Heights.	
Street Improvements District 10	250,000
The Street Improvement Program for District 10 will permit design plans and specifications to be drawn up for sidewalks, curbs, gutters, drainage, and street lights for the area bounded by Fell Street, Highway 80, Balsam Street, Rene Avenue, and North Avenue.	
APPROXIMATE TOTAL THREE YEAR BOND FUNDS	<u>\$2,811,330</u>



DEL PASO HEIGHTS PROJECT AREA NO. 5

STARTER PROJECTS

1. Design Review (Area-wide Benefit)
2. Paint and Beautification Program (Area-wide Benefit)
3. Norwood Avenue Street Improvements
4. Commercial Acquisition/Developer Assistance
5. Street Improvement District #8
6. Street Improvement District #6B
7. Housing Development/Rio Linda Boulevard
8. Senior Housing Development (Area-wide Benefit)
9. Street Improvement District #10

Sources and Applications of Funds

Sources of Funds:	
Bond Proceeds	\$2,630,000
Investment Income(1)	256,000
Other Funds(2)	414,700
	<u>\$3,301,500</u>
Applications of Funds:	
Allowance for Discount Bid(2.0%)	\$ 52,600
Costs of Issuance	100,000
Reserve Requirement(3)	337,500
Available for other Redevelopment Purposes	2,811,400
	<u>\$3,301,500</u>

- (1) Based on an assumed rate of 8.0%.
- (2) Any difference between Bond Proceeds and estimated project costs are expected to be provided from interest earnings on reserve funds or unexpended project construction funds, annual tax allocation funds in excess of debt service requirements and other obligations, and if necessary, a staged completion of one or more projects.
- (3) Approximate sum necessary to fund the Debt Service Reserve Fund in an amount equal to Maximum Annual Debt Service.

Estimated Tax Revenues

Taxes derived each year from the levy and collection of taxes on any increase in the assessed valuation of land, improvements, personal property and public utility property in the Del Paso Heights Project over and above the 1969/70 base roll will be deposited in a Special Fund created to receive tax allocations. Pledged Tax Revenues in an amount equal to 125% of debt service due in each twelve-month period will be transferred by the Agency to the Fiscal Agent. The Fiscal Agent will set aside moneys in the Bond Interest Fund sufficient to pay interest due on the Bonds, in the Bond Payment Fund moneys sufficient to pay principal maturing in the Debt Service Reserve Fund an amount needed to maintain the balance therein equal to Maximum Annual Debt Service. On May 25 of each year moneys remaining in the Special Fund will be released to the Agency so long as Tax Revenues for such year ended May 25 equals or exceeds Pledged Tax Revenues.

Under certain specified conditions, the Agency may issue additional bonds, having a parity lien on Tax Revenues, for purposes of the Del Paso Heights Project, as discussed earlier in this Official Statement.

Shown below is the combined base roll assessed valuation of the Del Paso Heights Project as compared to the 1985/86 assessed value.

SCHEDULE I REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5 1985/86 INCREMENTAL TAXABLE VALUES

Secured Value	1985/86 Taxable Value	Base Year Taxable Value	Incremental Taxable Value
Land	\$15,259,230		
Improvements	49,026,109		
Personal Property	105,744		
Total Secured	\$64,391,083		
Less: Exemptions	2,603,282		
Net Secured	\$61,787,801	\$26,139,224	\$35,648,577
<u>Unsecured Value</u>			
Land	\$ —		
Improvements	422,813		
Personal Property	4,421,273		
Total Unsecured	4,844,086		
Less: Exemptions	240,296		
Net Unsecured	4,603,790	923,596	3,680,194
TOTAL VALUE	\$66,391,591	\$27,062,820	\$39,328,771
Source: Katz, Hollis, Coren & Associates, Inc.			

Set forth below are the Agency's historical receipts of Tax Revenues from the Del Paso Heights Project area.

Fiscal Year	Tax Allocations (1)
1981/82.....	\$
1982/83.....	
1983/84.....	
1984/85.....	(2)

(1) Includes Business Inventory Replacement Revenue/Special Subventions.

(2) Estimated receipts including reconciliation payment anticipated in Fall 1985. Actual receipts to date are \$
 Source: Katz, Hollis, Coren & Associates, Inc.

Among the largest assessees located in the Del Paso Heights Project are the following ten which represent approximately % of the total assessed value.

Assessee	1985/86 Taxable Value
Research Properties	\$2,851,700
Pacific Group Limited	2,782,360
Del Paso Neighborhood Center Investors	1,157,700
Kwett Properties	987,958
880 Norwood Joint Venture	514,461
Starting Point Inc.	473,896
Metropolitan Investment Group Number Two	388,104
Margaret L. Lial Inc.....	310,697
Lee Yuen Enterprises Limited	270,701
Federal National Mortgage Association	228,040

Source: Katz, Hollis, Coren & Associates, Inc.

Projected Tax Allocations

The Agency's Fiscal Consultant has projected tax allocation revenue below taking into account the scope and scheduling of the several developments as provided by the Agency's staff. This information is presented in Schedule 2. Valuation amounts reflect analysis of the information in the context of the Fiscal Consultant's familiarity with the practices and procedures used in determining the assessed valuation of property in Sacramento County. (See Appendix A for assumptions used by the Fiscal Consultant.)

SCHEDULE 2 REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DEL PASO HEIGHTS REDEVELOPMENT PROJECT, PROJECT NO. 5 PROJECTED TAX REVENUES (000's omitted)

Fiscal Year	Real Prop-erty (1)	New Develop-ment	Total Real Property	Total Other Property	Total Project Value	Value Over Base of \$27,063	Net Tax Incre-ment	Supple-mental Revenue (2)	Total Revenue
1985/86.....	\$ N/A	\$N/A	\$58,759	\$7,633	\$66,392	\$39,329	\$ 447	4	\$ 451
1986/87.....	59,875	2,254	62,129	7,633	69,762	42,699	478	4	482
1987/88.....	63,371	572	63,943	7,633	71,576	44,513	490	4	494
1988/89.....	65,222	—	65,222	7,633	72,855	45,792	496	4	500
1989/90.....	66,526	—	66,526	7,633	74,159	47,097	502	4	506
1990/91.....	67,857	—	67,857	7,633	75,490	48,427	507	4	511
1991/92.....	69,214	—	69,214	7,633	76,847	49,784	512	4	516
1992/93.....	70,598	—	70,598	7,633	78,231	51,169	517	4	521
1993/94.....	72,010	—	72,010	7,633	79,643	52,581	526	4	530
1994/95.....	73,451	—	73,451	7,633	81,084	54,021	540	4	544

(1) Real Property values reflect both declines due to site assembly activities and an annual inflationary increase of 2% as allowed by Article XIII A of the California Constitution.

(2) Revenue received pursuant per Statutes of 1984, Chapter 447.

Source: Katz, Hollis, Coren & Associates, Inc.

Debt Service

Schedule 3 shows the projected debt service requirements of the Bonds assuming an average borrowing rate of 9.75% and based on receipt of the Tax Revenues as shown in Schedule 2. Neither the purchase of Bonds in the open market nor early redemption are considered.

SCHEDULE 3 REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO DEL PASO HEIGHTS PROJECT, PROJECT NO. 5 TAX ALLOCATION BONDS, SERIES 1985 Estimated Debt Service @ an Assumed Rate of 9.25%

Year	Projected Tax Revenues(1)	Par Value Outstand- ing(2)	Interest	Principal	Total Debt Service	Indicated Coverage
1986.....	\$ 447,000	\$2,630,000	\$ 243,275	\$ 0	\$ 243,275	1.84
1987.....	478,000	2,630,000	238,881	95,000	333,881	1.43
1988.....	490,000	2,535,000	229,631	105,000	334,631	1.46
1989.....	496,000	2,430,000	219,456	115,000	334,456	1.48
1990.....	502,000	2,315,000	208,356	125,000	333,356	1.51
1991.....	507,000	2,190,000	196,100	140,000	336,100	1.51
1992.....	512,000	2,050,000	182,456	155,000	337,456	1.52
1993.....	517,000	1,895,000	167,425	170,000	337,425	1.53
1994.....	526,000	1,725,000	151,006	185,000	336,006	1.57
1995.....	540,000	1,540,000	133,200	200,000	333,200	1.62
1996.....	540,000	1,340,000	113,775	220,000	333,775	1.62
1997.....	540,000	1,120,000	92,269	245,000	337,269	1.60
1998.....	540,000	875,000	68,681	265,000	333,681	1.62
1999.....	540,000	610,000	43,013	290,000	333,013	1.62
2000.....	540,000	320,000	14,800	320,000	334,800	1.61
	\$7,715,000		\$2,302,325	\$2,630,000	\$4,932,325	

(1) Based on projected Tax Revenues as shown in Schedule 2.
 (2) Beginning of the period.

THE ALKALI FLAT REDEVELOPMENT PROJECT

Background

On February 10, 1972, following requisite studies and hearings by the Planning Commission and the Agency, the City Council of the City of Sacramento passed Ordinance No. 3086 which adopted the Redevelopment Plan for the Alkali Flat Redevelopment Project Area, Project No. 6 (the "Alkali Flat Redevelopment Plan"). The Redevelopment Plan was subsequently amended by the City Ordinance No. 4403 on August 12, 1980 and by City Ordinance No. 84-073 on July 17, 1984. The Redevelopment Plan provides for elimination of blight and deterioration found to exist in the Alkali Flat Project area.

Location

The Alkali Flat Project is located in the northwest corner of the Central City area of downtown Sacramento. It consists of approximately 24 square blocks of commercial, office, light industrial and residential uses. The project is bounded by the Southern Pacific Railroad on the north and west, by 13th Street on the East and by the City's Central Business District on the south. The project is only two blocks from the boundary of Downtown Redevelopment Project Areas 3 and 8 which are composed of a mixture of commercial, office and recreational uses. Access to the project is provided by Interstate Freeways 5 and 80 which are six blocks from the project and by State Highway 160 which runs through the project on 12th Street.

Project Development

The Alkali Flat Project was established after studies showed the existence of substantial blight and infrastructure deterioration. Although the area contains some of the City's oldest residential structures, recent years have brought encroachment by public and private nonresidential uses.

With the adoption of the Alkali Flat Redevelopment Plan, local government committed itself to establishing compatible land use and zoning, and providing funds to assist private developer efforts to revitalize the area. Early public sector activity in the area includes construction of 143 units of family housing, 40 units of housing for senior citizens, 16 scattered site single family homes and two community parks.

In May 1984, the City Council of Sacramento, acting in its capacity as the Redevelopment Agency, amended the Alkali Flat Redevelopment Plan and adopted a Implementation Strategy. The central objective of the Implementation Strategy is to maintain Alkali Flat as a viable residential area which (1) provides a wide range of housing opportunities and neighborhood services, (2) confirms and establishes distinctive victorian architecture, and (3) encourages new private investment while minimizing residential displacement. To this end, local government has acquired and assembled several parcels for construction of housing and relocation of historic homes, set aside funds to rehabilitate several rooming houses, contracted for significant public improvements, secured a federal "Section 108" loan to assist in the revitalization efforts on the Twelfth Street Commercial Corridor, and the rehabilitation of a large warehouse for use by a non-profit legal services firm.

A number of capital improvement projects are proposed for 1986:

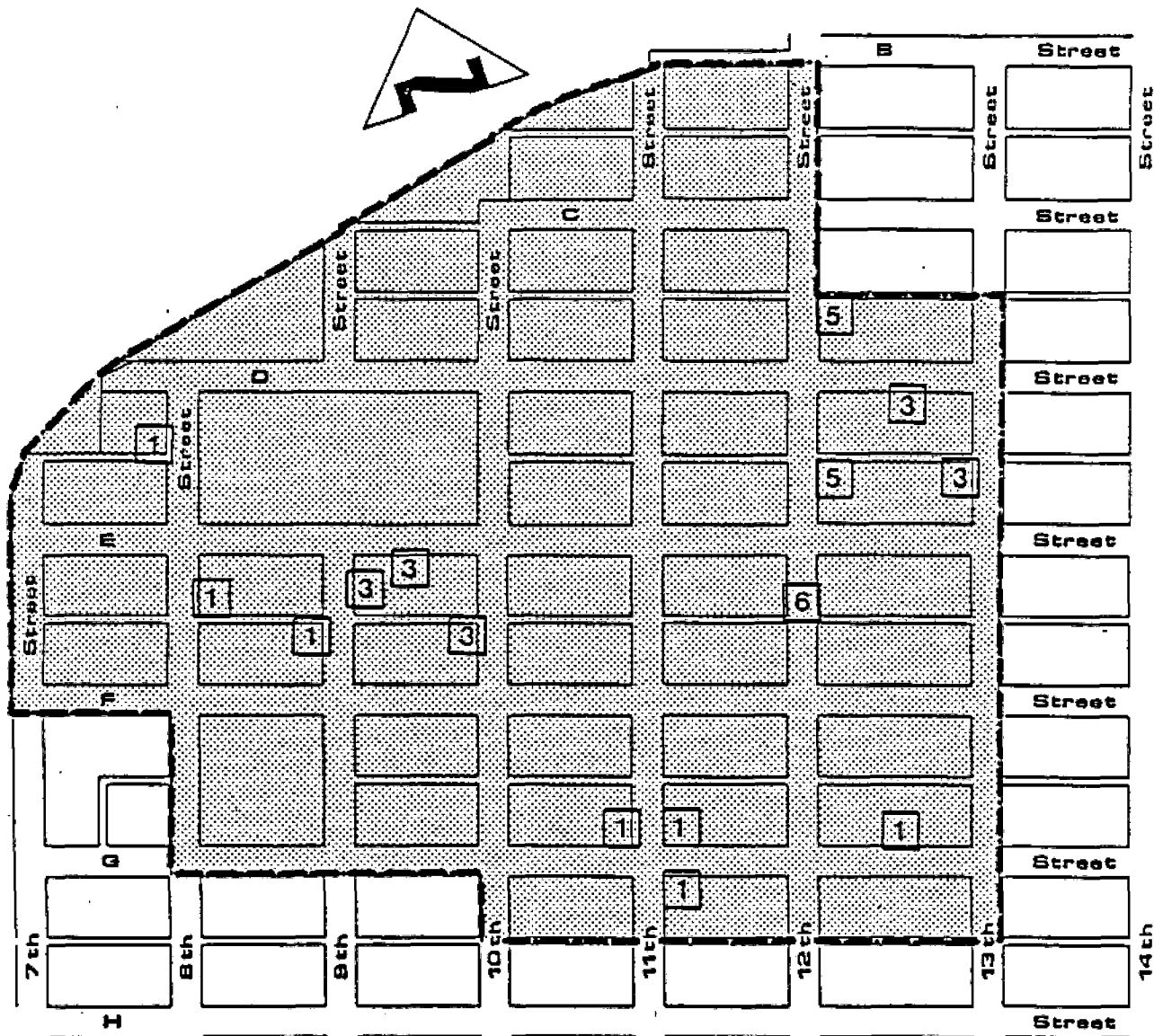
- 7,600 linear feet of reconstructed sidewalks, curbs, and gutters;
- 12 reconstructed intersections with handicapped access; and
- two block-long reconstructed alleyways, including new sewer and water mains.

The Twelfth Street Commercial Corridor (consisting of five and one-half blocks) will receive all new sidewalks, curbs, gutters and landscaping as part of the multi-million dollar Light Rail Transit project presently underway and slated for completion in March 1987.

During the past thirteen years, public and private efforts have produced housing, office development (both new construction and rehabilitation of Victorians) and built parks and streets, thereby revitalizing a large portion of the area. Additional activity is indicated by recent building permits (e.g., additions to and remodeling a dairy creamery and a radio station) which will bring another \$5.1 million in restoration and new construction to the area. The property values in the Alkali Flat Project have increased \$30,000,000, or 214%, since its 1972 base year.

The Agency expects to use Bond proceeds to fund the following programs within the Alkali Flat Project:

Activity	Approximate Three Year Funding
Residential Construction Loan Pool	\$1,031,348
The Residential Construction Loan Pool provides revolving loan funds in order to assist the development of up to seven (7) multi-family housing sites throughout the project area.	
Sidewalk Reconstruction.....	280,667
The Sidewalk Reconstruction Program provides supplemental funds for replacement of deteriorated and cracked sidewalks and also provides handicapped access throughout Alkali Flat.	
Developer Assistance/Historic Infill Program	223,178
The Developer Assistance aspect of the Historical Infill Program establishes a revolving loan fund for assistance to developers for relocation of an historic home.	
Special Rehabilitation	314,495
The Special Rehabilitation Program provides funds for assistance to developers interested in the rehabilitation of rooming houses in Alkali Flat.	
12th Street Commercial Development	929,347
The 12th Street Commercial Development Program will permit acquisition and demolition of two deteriorated motels located on 12th Street. The cleared sites will subsequently be marketed for commercial development.	
Parking Study	7,000
The Parking Study funds will permit the retention of a consultant to evaluate present and future demands along with potential funding sources for parking along 12th Street.	
Project Area Committee (PAC)	315,000
The Project Area Committee (PAC) is a citizen's group funded by the Agency to assist in promoting and advising the Agency on its Redevelopment activities and programs.	
APPROXIMATE TOTAL THREE YEAR BOND FUNDS	<u>\$3,101,035</u>



ALKALI FLAT PROJECT AREA NO. 6 STARTER PROJECTS

1. Residential Construction Loan Pool
2. Sidewalk Reconstruction (Area-wide Benefit)
3. Developer Assistance/Historic Infill Program
4. Special Rehabilitation (Area-wide Benefit)
5. 12th Street Commercial Development
6. 12th Street Parking Study
7. Project Area Committee (Area-wide Benefit)

Sources and Applications of Funds

Sources of Funds:	
Bond Proceeds	\$2,585,000
Investment Income(1)	254,600
Other Funds(2)	725,100
	<u>\$3,564,700</u>
Applications of Funds:	
Allowance for Discount Bid(2.0%)	\$ 51,700
Costs of Issuance	100,000
Reserve Requirement(3)	311,900
Available for other Redevelopment Purposes	3,101,100
	<u>\$3,564,700</u>

- (1) Based on an assumed rate of 8.0%.
- (2) Any difference between Bond Proceeds and estimated project costs are expected to be provided from interest earnings on reserve funds or unexpended project construction funds, annual tax allocation funds in excess of debt service requirements and other obligations and, if necessary, a staged completion of one or more projects.
- (3) Approximate sum necessary to fund the Debt Service Reserve Fund in an amount equal to Maximum Annual Debt Service.

Estimated Tax Revenues

Taxes derived each year from the levy and collection of taxes on any increase in the assessed valuation of land, improvements, personal property and public utility property in the Alkali Flat Project over and above the 1965/66 base roll will be deposited in a Special Fund created to receive tax allocations. Pledged Tax Revenues in an amount equal to 125% of debt service due in each twelve-month period will be transferred by the Agency to the Fiscal Agent. The Fiscal Agent will set aside moneys in the Bond Interest Fund sufficient to pay interest due on the Bonds, in the Bond Payment Fund moneys sufficient to pay principal maturing in the Debt Service Reserve Fund an amount needed to maintain the balance therein equal to Maximum Annual Debt Service. On May 25 of each year moneys remaining in the Special Fund will be released to the Agency so long as Tax Revenues for such year ended May 25 equals or exceeds Pledged Tax Revenues.

Under certain specified conditions, the Agency may issue additional bonds, having a parity lien on Tax Revenues, for purposes of the Alkali Flat Project, as discussed earlier in this Official Statement.

Shown below is the combined base roll assessed valuation of the Alkali Flat Project as compared to the 1985/86 assessed value.

SCHEDULE 4 REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6 1985/86 INCREMENTAL TAXABLE VALUES

Secured Value	1985/86 Taxable Value	Base Year Taxable Value	Incremental Taxable Value
Land	\$10,348,557		
Improvements	35,167,293		
Personal Property	4,397,459		
Total Secured	\$49,913,309		
Less: Exemptions	636,415		
Net Secured	\$49,276,894	\$12,201,828	\$37,075,066
<u>Unsecured Value</u>			
Land	\$ 70,165		
Improvements	388,003		
Personal Property	1,579,040		
Total Unsecured	\$ 2,037,208		
Less: Exemptions	84,744		
Net Unsecured	\$ 1,952,464	1,859,012	93,452
TOTAL VALUE	<u>\$51,229,358</u>	<u>\$14,060,840</u>	<u>\$37,168,518</u>
Source: Katz, Hollis, Coren & Associates, Inc.			

Set forth below are the Agency's historical receipts of Tax Revenues from the Alkali Flat Project area.

Fiscal Year	Tax Allocations (1)
1981/82.....	\$
1982/83.....	
1983/84.....	
1984/85.....	(2)

(1) Includes Business Inventory Replacement Revenue/Special Subventions.

(2) Estimated receipts including reconciliation payment anticipated in Fall 1985. Actual receipts to date are \$

Source: Katz, Hollis, Coren & Associates, Inc.

Among the largest assessees located in the Alkali Flat Project are the following ten which represent approximately % of the total assessed value.

Assessee	1985/86 Value
Crystal Cream/Butter Company	\$7,789,917
1000 G Partnership	7,497,470
Kelly Broadcasting	6,284,896
Court On G, Inc.	1,753,328
700 E Street Building Company.....	1,312,167
Washington Square III, Ltd.	1,073,000
Hanson Properties	1,020,012
Tarpin Properties	886,469
LBNJ.....	701,195
1030 G Street Investors.....	689,000

Source: Katz, Hollis, Coren & Associates, Inc.

Projected Tax Allocations

The Agency's Fiscal Consultant has projected tax allocation revenue taking into account the scope and scheduling of the several developments as provided by the Agency's staff. This information is presented in Schedule 5 Valuation amounts reflect analysis of the information in the context of the Fiscal Consultant's familiarity with the practices and procedures used in determining the assessed valuation of property in Sacramento County. (See Appendix A for assumptions used by the Fiscal Consultant.)

SCHEDULE 5
 REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
 ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6
 PROJECTED TAX REVENUES
 (000's omitted)

Fiscal Year	Real Prop-erty (1)	New Develop-ment	Total Real Property	Total Other Property	Total Project Value	Value Over Base of \$14,060	Net Tax Incre-ment	Supple-mental Revenue (2)	Total Revenue
1985/86.....	\$ N/A	N/A	\$43,484	\$7,745	\$51,229	\$37,169	\$402	4	\$406
1986/87.....	44,354	1,878	46,232	7,745	53,977	39,916	425	4	429
1987/88.....	47,157	1,667	48,823	7,745	56,569	42,508	446	4	450
1988/89.....	49,800	—	49,800	7,745	57,545	43,484	449	4	453
1989/90.....	50,796	—	50,796	7,745	58,541	44,480	453	4	457
1990/91.....	51,812	—	51,812	7,745	59,557	45,496	456	4	460
1991/92.....	52,848	—	52,848	7,745	60,593	46,532	465	4	469
1992/93.....	53,905	—	53,905	7,745	61,650	47,589	476	4	480
1993/94.....	54,983	—	54,983	7,745	62,728	48,667	487	4	491
1994/95.....	56,083	—	56,083	7,745	63,828	49,767	498	4	502

(1) Real Property values reflect both declines due to site assembly activities and an annual inflationary increase of 2% as allowed by Article XIII A of the California Constitution.

(2) Revenue received pursuant per Statutes of 1984, Chapter 447.

Source: Katz Hollis, Coren & Associates, Inc.

Debt Service

Schedule 3 shows the projected debt service requirements of the Bonds assuming an average borrowing rate of 9.75% and based on receipt of the Tax Revenues shown in Schedule 5. Neither the purchase of Bonds in the open market nor early redemption are considered.

SCHEDULE 6
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ALKALI FLAT REDEVELOPMENT PROJECT, PROJECT NO. 6
TAX ALLOCATION BONDS, SERIES 1985
Estimated Debt Service @ an Assumed Rate of 9.25%

Year	Projected Tax Revenues (1)	Par Value Out- standing (2)	Interest	Principal	Total Debt Service	Indicated Coverage
1986.....	\$ 402,000	\$2,585,000	\$ 179,334	\$ 0	\$ 179,334	2.24
1987.....	425,000	2,585,000	235,644	75,000	310,644	1.37
1988.....	446,000	2,510,000	228,475	80,000	308,475	1.45
1989.....	449,000	2,430,000	220,613	90,000	310,613	1.45
1990.....	453,000	2,340,000	211,825	100,000	311,825	1.45
1991.....	456,000	2,240,000	202,344	105,000	307,344	1.48
1992.....	465,000	2,135,000	192,169	115,000	307,169	1.51
1993.....	476,000	2,020,000	180,838	130,000	310,838	1.53
1994.....	487,000	1,890,000	168,350	140,000	308,350	1.58
1995.....	498,000	1,750,000	154,706	155,000	309,706	1.61
1996.....	498,000	1,595,000	139,675	170,000	309,675	1.61
1997.....	498,000	1,425,000	123,256	185,000	308,256	1.62
1998.....	498,000	1,240,000	105,219	205,000	310,219	1.61
1999.....	498,000	1,035,000	85,331	225,000	310,331	1.60
2000.....	498,000	810,000	63,594	245,000	308,594	1.61
2001.....	498,000	565,000	39,775	270,000	309,775	1.61
2002.....	498,000	295,000	13,644	295,000	308,644	1.61
	<u>\$8,043,000</u>		<u>\$2,544,791</u>	<u>\$2,585,000</u>	<u>\$5,129,791</u>	

(1) Based on projected Tax Revenues as shown in Schedule 5.

(2) Beginning of the period.

THE OAK PARK REDEVELOPMENT PROJECT

Background

On May 30, 1973, following requisite studies and hearings by the Planning Commission and the Agency, the City Council of the City of Sacramento passed Ordinance No. 3278 which approved and adopted the Redevelopment Plan for the Oak Park Redevelopment Project Area, Project No. 7 (the "Oak Park Redevelopment Plan"). The Redevelopment Plan was subsequently amended by the City Ordinance No. 85-022 on March 27, 1985. The Redevelopment Plan provides for elimination of blight and deterioration which was found to exist in the Redevelopment Project area.

Location

The Oak Park Project consists of approximately 1,305 acres located southeast of downtown Sacramento. The project is generally bounded by U.S. Highway 50/99 on the West, Y Street on the North, Stockton Boulevard on the East, and 14th Avenue and Fruitridge Road on the South. The University of California, Davis Medical Center, a teaching hospital, is located on the northeast boundary of the project area. The neighborhood has mostly older single family residences. A number of historically significant commercial buildings are located along Broadway and 35th Street. A new Community Center centrally located in the project provides recreation, entertainment, and education opportunities for the neighborhood. The University of the Pacific McGeorge School of Law brings approximately 1,500 students into the area.

Project Development

The Oak Park Project was established after studies showed the existence of substantial blight and infrastructure deterioration in the 1,305-acre area evidenced by dilapidated housing stock, vacant lots and buildings, graffiti, refuse and abandoned vehicles.

With the adoption of the Oak Park Redevelopment Plan, government contributions and public-private partnerships resulted in the rehabilitation of over 120 homes, the construction of 18 single-family homes, 68 multi-family residences and 50 units of housing for the community center, fire station, and community social service center.

In March 1985, the City Council of Sacramento, acting in its capacity as a Redevelopment Agency, amended the Oak Park Redevelopment Plan and adopted an Implementation Strategy which has as its central objective the rehabilitation of substandard housing for families residing in Oak Park, financial assistance to businesses located in the area, and the creation of an environment which encourages private reinvestment. To this end, local government has committed \$940,000 for the development of housing units for low and moderate income families, \$850,000 for commercial loans and facade improvements to Oak Park businesses, \$3 million dollars for private development, \$3 million dollars for capital improvements and landscaping along Oak Park's commercial strip, \$1.6 million for infrastructure improvements in residential areas, \$150,000 for painting and exterior beautification of the housing stock, and \$280,000 for the construction of a child care center.

Recent activity evidenced by active building permits will bring an additional \$5.9 million dollars in rehabilitation and new construction to the area. Included in these improvements are the construction of 14 single family homes, 2 duplexes, a 12 unit apartment building, a 12,200 square foot office building, and major renovation of the Rainbo Bakery on Montgomery Street. Property values in the Oak Park Project have increased by \$74 million dollars, or 123%, over the 1973 base year value.

The Agency expects to use Bond proceeds to fund the following programs within the Oak Park Project:

Activity	Approximate Three Year Funding
Developer Assistance..... The Developer Assistance Program provides financial assistance in assembling parcels, land writedowns, leveraging loans and construction of on-site and off-site improvements in order to encourage private development in Oak Park.	\$1,902,187
Broadway Revitalization..... The Broadway Revitalization Program provides commercial loans and facade rebates to new and existing businesses located on Oak Park commercial strip. The goal of the program is to stimulate private investment, increase the tax base, support public investment in public improvements, and increase employment opportunities in the area.	501,232
Paint and Beautification..... The Paint and Beautification Program provides paint rebates to homeowners who participate in the Agency's housing rehabilitation programs by painting the exterior of their homes.	153,642
Design Review..... The Design Review Program is administered by the City Planning Department for all Agency development projects, rehabilitation work in excess of \$10,000 and house moves. This service ensures quality development that is compatible with existing neighborhoods.	20,000
Housing Development..... The Housing Development Program will provide funds for land acquisition and site improvements for the West Park, East Park, and Donner School Residential Sites, thereby expanding the affordable housing stock for low and moderate income households.	943,881
Residential Public Improvements..... The Residential Public Improvement Program provides funds to repair curbs, gutters and sidewalks, and assists in the planting of trees in residential rehab target areas.	957,642
Commercial Public Improvements..... The Commercial Public Improvement Program provides for street patching, landscaping, lighting, sidewalks, bus shelters, trash containers, irrigation and gutters for the Oak Park Commercial Strip (Broadway, Stockton and Sacramento Boulevards and 35th Street.)	603,642
Project Area Committee (PAC)..... The Project Area Committee (PAC) is a citizen's group funded by the Agency to assist in promoting and advising the Agency on its Redevelopment activities and programs.	330,000
APPROXIMATE TOTAL THREE YEAR BOND FUNDS	<u>\$5,412,226</u>

Sources and Applications of Funds

Sources of Funds:

Bond Proceeds	\$5,450,000
Investment Income(1)	549,300
Other Funds(2)	285,000
	<u>\$6,284,300</u>

Applications of Funds:

Allowance for Discount Bid(2.0%)	\$ 109,000
Costs of Issuance	125,000
Reserve Requirement(3)	638,300
Available for other Redevelopment Purposes	5,412,300
	<u>\$6,284,600</u>

(1) Based on an assumed rate of 8.0%.

(2) Any difference between Bond Proceeds and estimated project costs are expected to be provided from interest earnings on reserve funds or unexpended project construction funds, annual tax allocation funds in excess of debt service requirements and other obligations and, if necessary, a staged completion of one or more projects.

(3) Approximate sum necessary to fund the Debt Service Reserve Fund in an amount equal to Maximum Annual Debt Service.

Estimated Tax Revenues

Taxes derived each year from the levy and collection of taxes on any increase in the assessed valuation of land, improvements, personal property and public utility property in the Oak Park Project over and above the 1965/66 base roll will be deposited in a Special Fund created to receive tax allocations. Pledged Tax Revenues in an amount equal to 125% of debt service due in each twelve-month period will be transferred by the Agency to the Fiscal Agent. The Fiscal Agent will set aside moneys in the Bond Interest Fund sufficient to pay interest due on the Bonds, in the Bond Payment Fund moneys sufficient to pay principal maturing in the Debt Service Reserve Fund an amount needed to maintain the balance therein equal to Maximum Annual Debt Service. On May 25 of each year moneys remaining in the Special Fund will be released to the Agency so long as Tax Revenues for such year ended May 25 equals or exceeds Pledged Tax Revenues.

Under certain specified conditions, the Agency may issue additional bonds, having a parity lien on Tax Revenues, for purposes of the Oak Park Project, as discussed earlier in this Official Statement.

Shown below is the combined base roll assessed valuation of the Oak Park Project as compared to the 1985/86 assessed value.

SCHEDULE 7 REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7 1985/86 INCREMENTAL TAXABLE VALUES

Secured Value	1985/86 Taxable Value	Base Year Taxable Value	Incremental Taxable Value
Land	\$ 24,950,904		
Improvements	120,778,813		
Personal Property	1,226,868		
Total Secured	\$146,956,585		
Less: Exemptions	17,192,452		
Net Secured	\$129,764,133	\$62,199,692	\$67,564,441
<u>Unsecured Value</u>			
Land	\$ —		
Improvements	1,757,252		
Personal Property	3,369,207		
Total Unsecured	\$ 5,126,459		
Less: Exemptions	636,908		
Net Unsecured	\$ 4,489,551	2,870,768	1,618,783
TOTAL VALUE	\$134,253,684	\$65,070,460	\$69,183,224
Source: Katz, Hollis, Coren & Associates, Inc.			

Set forth below are the Agency's historical receipts of Tax Revenues from the Oak Park Project area.

Fiscal Year	Tax Allocations (1)
1981/82	\$
1982/83	
1983/84	
1984/85	(2)

(1) Includes Business Inventory Replacement Revenue/Special Subventions.
 (2) Estimated receipts including reconciliation payment anticipated in Fall 1985. Actual receipts to date are \$926,674.
 Source: Katz, Hollis, Coren & Associates, Inc.

Among the largest assessees located in the Oak Park Project are the following ten which comprise approximately % of the total assessed value.

Assessee	1985/86 Taxable Value
Kwett Properties	\$1,493,118
Medical Center Hospital	1,442,624
East Lawn Mortuary	716,200
Tale Properties	494,467
Sisler Properties	478,050
Federal National Mortgage Company	470,573
American Building Material Company	424,614
Dollison Properties	387,849
Fisher Properties	343,068
Yuen Properties	337,306

Source: Katz, Hollis, Coren & Associates, Inc.

Projected Tax Allocations

The Agency's Fiscal Consultant has projected tax allocation revenue taking into account the scope and scheduling of the several developments as provided by the Agency's staff. This information is presented in Schedule 2. Valuation amounts reflect analysis of the information in the context of the Fiscal Consultant's familiarity with the practices and procedures used in determining the assessed valuation of property in Sacramento County. (See Appendix A for assumptions used by the Fiscal Consultant.)

SCHEDULE 8
 REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
 OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7
 PROJECTED TAX REVENUES
 (000's omitted)

Fiscal Year	Real Prop-erty (1)	New Develop-ment	Total Real Property	Total Other Property	Total Project Value	Value Over Base of \$65,070	Net Tax Incre-ment	Supple-mental Revenue (2)	Total Revenue
1985/86	\$ N/A	\$N/A	\$122,409	\$11,845	\$134,254	\$69,183	\$748	8	\$756
1986/87	124,857	3,134	127,991	11,845	139,836	74,765	797	8	805
1987/88	130,551	393	130,944	11,845	142,789	77,718	816	8	824
1988/89	133,563	—	133,563	11,845	145,408	80,337	831	8	839
1989/90	136,234	—	136,234	11,845	148,079	83,008	845	8	853
1990/91	138,959	—	138,959	11,845	150,804	85,733	859	8	867
1991/92	141,738	—	141,738	11,845	153,583	88,512	885	8	893
1992/93	144,573	—	144,573	11,845	156,418	91,347	913	8	921
1993/94	147,464	—	147,464	11,845	159,309	94,239	942	8	950
1994/95	150,414	—	150,414	11,845	162,258	97,188	972	8	980

(1) Real Property values reflect both declines due to site assembly activities and an annual inflationary increase of 2% as allowed by Article XIII A of the California Constitution.
 (2) Revenue received pursuant per Statutes of 1984, Chapter 447.
 Source: Katz, Hollis, Coren & Associates, Inc.

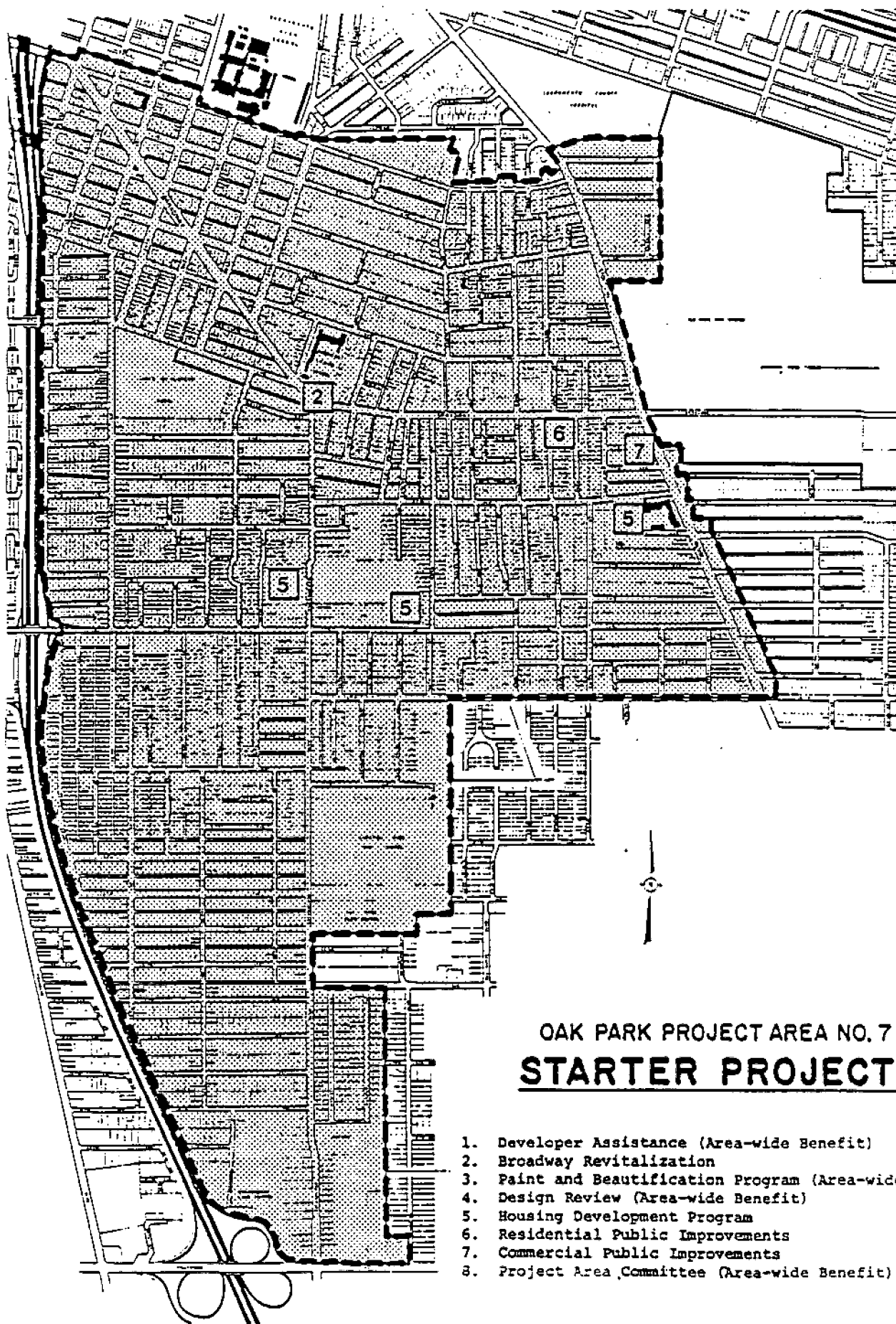
Debt Service

Schedule 3 shows the projected debt service requirements of the Bonds assuming an average borrowing rate of 9.75% and based on receipt of the Tax Revenues as shown in Schedule 8. Neither the purchase of Bonds in the open market nor the early redemption are considered.

SCHEDULE 9
 REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
 OAK PARK REDEVELOPMENT PROJECT, PROJECT NO. 7
 TAX ALLOCATION BONDS, SERIES 1985
 Estimated Debt Service @ an Assumed Rate of 9.25%

Year	Projected Tax Revenues (1)	Par Value Out- standing (2)	Interest	Principal	Total Debt Service	Indicated Coverage
1986	\$ 748,000	\$5,450,000	\$ 504,125	\$ 0	\$ 504,125	1.48
1987	797,000	5,450,000	497,650	140,000	637,650	1.25
1988	816,000	5,310,000	484,238	150,000	634,238	1.29
1989	831,000	5,160,000	469,669	165,000	634,669	1.31
1990	845,000	4,995,000	453,713	180,000	633,713	1.33
1991	859,000	4,815,000	436,138	200,000	636,138	1.35
1992	885,000	4,615,000	416,713	220,000	636,713	1.39
1993	913,000	4,395,000	395,438	240,000	635,438	1.44
1994	942,000	4,155,000	372,081	265,000	637,081	1.48
1995	972,000	3,890,000	346,413	290,000	636,413	1.53
1996	972,000	3,600,000	318,200	320,000	638,200	1.52
1997	972,000	3,280,000	287,213	350,000	637,213	1.53
1998	972,000	2,930,000	253,450	380,000	633,450	1.53
1999	972,000	2,550,000	216,450	420,000	636,450	1.53
2000	972,000	2,130,000	175,750	460,000	635,750	1.53
2001	972,000	1,670,000	131,119	505,000	636,119	1.53
2002	972,000	1,165,000	82,094	555,000	637,094	1.53
2003	972,000	610,000	28,213	610,000	638,213	1.52
	\$16,384,000		\$5,868,663	\$5,450,000	\$11,318,663	

(1) Based on projected Tax Revenues as shown in Schedule 8.
 (2) Beginning of the period.



OAK PARK PROJECT AREA NO. 7 STARTER PROJECTS

1. Developer Assistance (Area-wide Benefit)
2. Broadway Revitalization
3. Paint and Beautification Program (Area-wide Benefit)
4. Design Review (Area-wide Benefit)
5. Housing Development Program
6. Residential Public Improvements
7. Commercial Public Improvements
8. Project Area Committee (Area-wide Benefit)

THE CITY OF SACRAMENTO

General

With an estimated 1985 population of 309,352, the City is located at the confluence of the Sacramento and American Rivers in the south central portion of the broad and fertile Sacramento Valley, a part of California's Great Central Valley. It lies between the Cascade and Sierra Nevada mountains to the east and the Salmon Mountains on the west. Although Sacramento is approximately 90 air miles northeast of San Francisco, its temperature range is more diverse than that of most Northern California coastal cities, ranging from a daily average of 45 degrees Fahrenheit in January to 75 degrees Fahrenheit in July. Average elevation of the City is 30 feet above sea level.

TABLE 1
POPULATION COMPARISON

Year	City of Sacramento	County of Sacramento	State of California
1960	191,667	502,778	15,717,204
1970	257,105	643,373	19,935,134
1980	275,741	783,381	23,667,837
1982	285,400	818,600	24,469,500
1983	292,640	840,100	24,944,700
1984	303,400	858,500	25,415,300
1985	309,352	875,881	25,857,464

Sources: U.S. Bureau of Census; State of California Department of Finance.

Government and Administration

Sacramento was incorporated as a city in 1849, although it had originally been settled in the 1830's when Captain John A. Sutter acquired a 50,000-acre land grant. The City was planned on Sutter's farm in 1848. The discovery of gold on the American River during that same year triggered the Forty-Niner gold rush which led to the development of Sacramento as the supply center for the northern mines of the Mother Lode. However, the agricultural potential of the Sacramento Valley, which did not receive the extensive historical publicity that the gold mining activity did, was just as important to the future of the City. Another significant development occurred in 1854 when Sacramento became the Capital of the State. Today, State government employees and government-related activities contribute substantially to the City's economy.

In 1956, Sacramento was the western terminus of California's first railroad, which ran a distance of approximately 25 miles to Folsom. Shortly thereafter it provided the starting point for the first transcontinental railroad, the Central Pacific, which later became the Southern Pacific. Prior to completion of that railroad, Sacramento was the western-most station for the Pony Express.

By 1921, the City had grown to a population of over 66,000 and that year adopted a City Charter, which currently provides for an elected nine-member City Council (the "Council"). There are no other elected City officials. The Council appoints the City Manager, City Attorney, City Clerk and City Treasurer to carry out its adopted policies. Sacramento was one of the first cities to utilize the Council-Manager form of government which has since become recognized as an efficient and effective method of providing municipal service.

Members of the Council serve terms of four years. The Mayor sits as the Chairperson of the Council and is elected in at-large City elections. Council members are elected by eight individual districts.

At present, the Mayor is Anne Rudin. Mrs. Rudin became Mayor in November 1983, the first woman to be elected to that position. Prior to her election as Mayor, she served on the Council for 12 years. Mrs. Rudin, a registered nurse, is a graduate of Temple University with degrees in nursing and education. She also holds a Master of Arts degree in Public Administration from the University of Southern California.

Councilmember David M. Shore, elected in 1981, represents District 1. Mr. Shore received his Bachelor of Laws degree from Lincoln Law School in Sacramento and has been in private practice since 1978.

Councilmember Grantland Johnson, elected in 1983, represents District 2. Prior to becoming a City Councilmember, Mr. Johnson served for seven years as a member of the Board of Directors and twice during that period served as the Chairperson. He is a graduate of California State University, Sacramento, with a Bachelor of Arts degree in Government.

Councilmember Douglas N. Pope, re-elected for a second term in 1981, represents District 3. Mr. Pope, an attorney, is a graduate of Hillsdale College of Michigan and the University of the Pacific, McGeorge School of Law. Mr. Pope is a real estate broker with Coldwell Banker. He currently serves as Chair of the Council's Law and Legislative Committee.

Councilmember Thomas Chinn, elected in 1983, represents District 4. Mr. Chinn, the Chief Mechanical Engineer with the Office of the State Architect, received a Bachelor of Science degree in Mechanical Engineering at the University of California at Berkeley, and a Juris Doctor degree from the University of the Pacific, McGeorge School of Law.

Councilmember Joe Serna, Jr., elected in 1981, represents District 5 and currently serves as Vice-Mayor. Mr. Serna, a Political Science Professor at California State University, Sacramento, is a graduate of California State University, Sacramento and attended graduate school at the University of California at Davis, School of Political Science.

Councilmember William A. Smallman, elected in 1983, represents District 6. Mr. Smallman attended the University of Tennessee and the University of Wyoming, and is employed by the Pacific Gas and Electric Company's District Marketing Division. He currently serves as Chair of the Personnel and Public Employees Committee.

Councilmember Terry Kastanis, elected in 1981, represents District 7. Mr. Kastanis, the Assistant Dean of Learning Resources at Cosumnes River College, received a Bachelor of Science degree from the University of Utah and Master of Arts degree in Secondary Education and Library Science from California State University, Sacramento and San Jose State University, respectively. He currently serves as Chair of the Council's Planning and Community Development Committee.

Councilmember Lynn Robie, elected in 1979, and re-elected in 1983, represents District 8. Mrs. Robie, a registered nurse, is a graduate of Sacramento City College and the Kaiser School of Nursing, and is the Coordinator of the Occupational Health Program of the Sacramento Lung Association. She currently serves as Chair of the Council's Budget and Finance Committee.

The City Manager, Mr. Walter J. Slipe, was appointed to that position in March 1976. Prior to that appointment, he served as Assistant City Manager for Community Development from 1969 to 1976. He also served the City of Fresno, California, as Deputy City Manager for Community Development and as Senior Planner from 1962 to 1969.

The City Attorney, Mr. James P. Jackson, was appointed to that position in 1968. Prior to that appointment, he served as Assistant City Attorney of Sacramento from 1965 to 1968 and he also served as Assistant City Attorney of Santa Rosa from 1962 to 1965. He has previously been employed as an attorney for the State of California.

The City Treasurer, Mr. Thomas P. Friery, was appointed to that position in December 1978. Prior to that appointment, Mr. Friery was the Assistant Treasurer of the Washington Public Power Supply System from April 1976 to December 1978, a financial consultant to the California Legislature from March, 1974 to April, 1976, Senior Investment Officer for the Regents of the University of California from December 1969 to March 1974, Assistant Investment Officer for the State of California from January 1968 until December 1969, and Senior Systems Programming Analyst for the Federal Reserve Bank of Cleveland from December 1962 to January 1968.

The City Clerk, Ms. Lorraine Magana, was appointed to that position in February 1977. Prior to that appointment, she was Deputy City Clerk of Sacramento from 1974 to 1977. Ms. Magana also served the City in various other administrative positions.

Labor Relations

Under the terms of the Meyers-Millias-Brown Act, the City is required to meet and confer with its employees on all matters concerning wages, hours, and working conditions.

City employees are represented by nine labor organization in thirteen bargaining units. The Stationary Engineers, Local 39 of the International Union of Operating Engineers, is the largest labor organization, representing approximately 50% of all City employees in a variety of classifications. The following is a listing of the bargaining units, recognized employee organizations and the expiration dates of current agreements.

Bargaining Unit	Employee Organization	Expiration Date
Operations and Maintenance, Office and Technical, Professional, Supervisory and Plant Operator	Stationary Engineers, Local 39	July 3, 1987
Police	Sacramento Police Officers Association	July 3, 1987
Fire	Sac Area Firefighters, Local 522	July 3, 1987
Building Trades and Craft	Sacramento-Sierra Building and Construction Trades Council	July 3, 1987
Water and Sewer	Plumbers and Pipefitters Union, Local 477	July 3, 1987
Traffic Engineering	Auto, Marine and Specialty Painters Union, Local 1176	July 3, 1987
Engineering	Western Council of Engineers	July 3, 1987
Automotive/Equipment Mechanics	International Association of Machinists	July 3, 1987
Police Management	Sacramento Police Deputy and Captains Association	July 3, 1987

Since the adoption of the City Employer-Employee Relations Resolution in April 1970, the City has had a successful and positive employee relations program, including successful negotiations of cost-effective agreements over the years. There have been no major work stoppages by City employees during this period, except for a fourteen-day strike by firefighters in October 1970. There are approximately 3,850 City positions authorized for fiscal year 1984-85 (3,175.65 Full-Time-Equivalents), and about 91% of all City employees are covered under negotiated agreements.

City Financial Data

TABLE 2
 CITY OF SACRAMENTO
 STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FISCAL YEARS 1980/81 THROUGH 1984/85
 (in thousands)

	1980/81	1981/82	1982/83	1983/84	1984/85
Revenues:					
Property Taxes	\$17,686	\$18,765	\$22,333	\$23,218	\$ 26,768
Other Taxes	30,019	33,325	34,640	48,815(1)	53,620
Licenses and Permits	2,891	2,482	3,131	3,449	3,145
Fines, Forfeitures and Penalties	765	899	1,140	1,070	1,166
Use of Money and Property	1,467	2,746	2,203	4,891	3,762
Intergovernmental Revenues	11,816	7,644	5,598	4,386	13,101
Charges for Current Services	7,627	6,576	3,849	6,899	7,288
Other Revenues	2,401	1,953	1,518	770	1,050
Total Revenues	<u>\$74,672</u>	<u>\$74,390</u>	<u>\$74,412</u>	<u>\$93,498</u>	<u>\$109,900</u>
Expenditures:					
General Government	\$ 7,444	\$ 8,130	\$ 5,881	\$ 6,467	\$ 10,744
Public Safety	43,437	48,159	50,847	56,346	60,900
Public Facilities and Development	8,106	9,242	5,856	9,391	14,046
Culture and Leisure	13,986	12,500	13,703	16,347	18,146
Non-Departmental	3,429	3,754	3,582	5,498	4,860
Capital Improvements	2,260	872	1,090	4,745	3,105
Total Expenditures	<u>\$78,644</u>	<u>\$82,657</u>	<u>\$80,959</u>	<u>\$98,794</u>	<u>\$111,801</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(3,972)</u>	<u>\$(8,267)</u>	<u>\$(6,547)</u>	<u>\$(5,296)</u>	<u>\$ (1,901)</u>
Other Financial Sources (Uses):					
Transfers from Other Funds	1,227	2,150	5,367	9,661(2)	6,322
Transfers to Debt Service Fund	(854)	(1,399)	(854)	(855)	(992)
1983 Certificate of Participation Proceeds	—	—	—	5,674	—
Excess (Deficiency) of Revenues and Other Financial Sources (Uses) Over Expenditures	<u>(3,599)</u>	<u>(7,516)</u>	<u>(2,034)</u>	<u>9,184</u>	<u>3,429</u>
Fund Balance Previously Reported	13,555	9,919	6,677	5,041	14,363
Beginning Fund Balance Adjustments	0	0	717	0	0
Beginning Fund Balance Restated	13,555	9,919	7,394	5,041	14,363
Equity Transfers in (Out)	<u>(37)</u>	<u>4,274</u>	<u>(319)</u>	<u>138</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ 9,919</u>	<u>\$ 6,677</u>	<u>\$ 5,041</u>	<u>\$14,363(3)</u>	<u>\$ 17,791(3)</u>

(1) Increase largely due to raising Utility Users Tax rate from five to nine percent effective September 1, 1983.
 (2) Increase reflects greater use of Type 3 transfers (resources) over Type 2 (decrease in expenditures)—actual amount of transfers was comparable in prior years. Fiscal year 1983-84 includes \$8,496 from Revenue Sharing (Special Revenue) Fund.
 (3) This number represents total fund balance. From this total must be subtracted the following reserves to arrive at a fund balance available for spending:

	Fiscal Year 1983/84	Fiscal Year 1984/85
Ending Fund Balance	\$14,363,000	\$17,791,000
Less Reserves:		
• Long Term Notes Receivable	(1,878,000)	(1,071,000)
• Delinquent Special Assessments	N/A	(762,000)
• Economic Uncertainties	(3,850,000)	(4,918,000)
• COP (Restricted Cash)	(1,262,000)	(836,000)
• Encumbrances	(1,680,000)	(2,425,000)
• Capital Improvement Projects	(1,137,000)	(4,609,000)
• COP (Debt Service)	N/A	(850,000)
Fund Balance Available for Spending	<u>\$ 4,556,000</u>	<u>\$ 2,320,000</u>

Debt Statement

A statement of direct and overlapping bonded debt for the City of Sacramento as of November 1, 1985, prepared by California Municipal Statistics, Inc. of San Francisco, is shown in Table 3.

TABLE 3
CITY OF SACRAMENTO
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT

Agency	Percent Applicable	Debt as of November 1, 1985
Sacramento County.....	33.873%	\$ 2,523,538
Sacramento County Parking Authority.....	33.873	738,431
Sacramento-Yolo Port District.....	32.470	2,758,326
Sacramento Municipal Utility District.....	36.520	2,395,346
Sacramento County Regional Sanitation District.....	38.596	28,549,461
Los Rios Community College District.....	28.642	257,778
Elk Grove Unified School District (Various Issues).....	24.399-24.621	2,645,198
Sacramento City Unified School District.....	78.522-79.080	7,193,211
San Juan Unified School District.....	3.846	270,181
Grant Jt. Union High School District.....	48.140	28,884
Other School Districts.....	Various	30,511
City of Sacramento.....	100.	8,275,000
City of Sacramento Authority Bonds.....	100.	28,185,000
City of Sacramento Certificates of Participation.....	100.	41,850,000(1)
City 1915 Act Bonds.....	100.	25,535,000
Fulton-El Camino Recreation & Park District.....	13.345	5,071
Total Gross Direct and Overlapping Bonded Debt.....		\$151,240,936(2)
Less: Sacramento MUD (100% self-supporting).....		2,395,346
Sacramento-Yolo Port District ('66-72 issues, 100% self-supporting)		1,751,756
City of Sacramento Light Rail Vehicle Transit Certificates of Partici- pation (self-supported from Redevelopment Agency tax increment revenues).....		29,365,000
Total Net Direct and Overlapping Bonded Debt.....		\$117,728,834(2)

Ratios to Assessed Valuation(3):

Gross Direct Debt (\$78,310,000).....	1.04%
Net Direct Debt (\$48,945,000).....	0.65%
Total Gross Debt.....	2.01%
Total Net Debt.....	1.57%

Per Capita Ratios(4)

Gross Direct Debt.....	\$253
Net Direct Debt.....	\$158
Total Gross Debt.....	\$489
Total Net Debt.....	\$381

State School Building Aid Repayable as of 6/30/85: \$16,433,063

- (1) Excludes tax allocation bonds to be sold.
- (2) Excludes revenue, mortgage revenue and tax allocation bonds, non-bonded capital lease obligations, and tax and revenue anticipation notes.
- (3) Based upon 1984/85 assessed valuation of \$7,510,870,596 (after deducting \$723,409,921 redevelopment tax increment).
- (4) State of California Department of Finance 1985 estimated population of 309,400.

Economic Structure

Three major job categories comprise 77.9% of the Sacramento Metropolitan Statistical Area's work force. They are government (33.9%), wholesale and retail trade (23.3%), and services (20.7%). During the past five years, from 1980 through 1984, services was the fastest growing job category, increasing by 18.7%, followed by a 13.8% increase in financing, insurance and real estate. In contrast, construction employment decreased by 5.8%. Table 4 provides a summary of the 349,500 wage and salary jobs located in Sacramento County in 1984 as estimated by the California Employment Development Department.

TABLE 4
 SACRAMENTO COUNTY
 ESTIMATED NUMBER OF WAGE AND SALARY WORKERS BY INDUSTRY
 ANNUAL AVERAGES 1980-1984
 (amounts in thousands)

Industry	1980	1981	1982	1983	1984
Total All Industries	323.7	330.0	329.3	336.3	358.8
Agriculture	3.2	3.3	3.1	3.0	3.2
Nonagriculture	320.5	326.7	326.2	333.3	355.6
Government	114.6	117.0	117.8	118.0	119.8
Federal	24.3	24.5	25.6	25.4	26.7
State and Local	90.3	92.5	92.2	92.6	93.1
Services	61.1	64.0	65.6	67.9	72.5
Retail Trade	60.9	60.8	61.1	62.9	69.3
Finance, Insurance and Real Estate	18.8	19.2	19.5	20.1	21.1
Wholesale Trade	14.5	15.5	15.0	15.6	17.4
Transportation and Public Utilities	14.9	15.9	15.6	14.9	15.7
Construction	15.5	14.1	12.3	13.5	17.3
Manufacturing	19.9	19.8	18.8	19.9	22.0
Durable Goods	10.6	10.3	9.7	10.5	11.3
Nondurable Goods	9.3	9.5	9.1	9.4	10.7
Mineral Extraction3	.4	.5	.5	.5

Note: Detail may not add to totals due to independent rounding.
 Source: Employment Development Department, State of California.

Approximately six percent of the civilian labor force in the Sacramento area is involved in manufacturing. Food processing accounts for a major portion of nondurable goods employment. Lumber and wood products and fabricated metals employment are predicted to grow at a moderate rate. Employment in the electronics industry is expected to grow at a rapid rate as major electronics manufacturers move into the area.

TABLE 5
 SACRAMENTO METROPOLITAN AREA
 MAJOR MANUFACTURING EMPLOYERS

Name of Employer	Type of Business	Employment(1)
A. Teichert & Sons, Inc.	Construction & Concrete	400-2,100
California Almond Growers Exchange	Almonds-Wholesale	2,000
Campbell Soup Company	Food Processing	1,750
Aerojet Liquid Rocket Co.	Research & Development	1,396
Aerojet Strategic Propulsion Co.	Research & Development	1,101
Aerojet Solid Prop. Systems	Research & Development	631
American Forest Products	Wood Products	600
Hewlett Packard	Electronics Instruments	600
Blue Anchor	Food Processing	60-600
Proctor and Gamble Mfg. Co.	Detergents & Food Products	415

TABLE 6
 SACRAMENTO METROPOLITAN AREA
 NON-MAJOR MANUFACTURING EMPLOYERS

Name of Employer	Type of Business	Employment(1)
State of California	Government Services	39,000
McClellan Air Force Base	Military Installation	17,500
County of Sacramento	Government Services	7,302
Mather Air Force Base	Military Installation	7,022
Pacific Bell	Telephone Services	6,834
Southern Pacific Transportation Co.	Railroad	3,900
City of Sacramento	Government Services	3,850
Sutter Community Hospitals	Medical Services	3,200
Sacramento Army Depot	Military Installation	3,108
University of California, Davis Medical Center	Medical Services	2,800
Mercy Hospitals of Sacramento	Medical Services	2,513
Kaiser-Permanente Medical Center	Medical Services	2,100
McClatchy Newspapers	Newspapers, Radio & Television	1,500
Pacific Gas & Electric Co.	Public Utilities	1,025
Army Corp of Engineers	Military	685

(1) Includes City of Sacramento and adjacent communities.

Source: Employment Development Department, State of California.

Employment

In the past five years total employment rose 11% while the labor force increased 12%. As of July 1984, based on unadjusted data, unemployment in the County was 8.3% compared to 8.4% for the State and 7.5% for the United States. Estimated County unemployment for all of 1984 is 8.2%.

TABLE 7
 SACRAMENTO COUNTY
 CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
 (in thousands)

	1980	1981	1982	1983	1984
Civilian Labor Force(1)	366,900	380,400	397,600	405,500	416,700
Employment	338,800	348,000	353,800	366,200	383,600
Unemployment	28,100	32,400	43,800	39,300	33,100
Unemployment Rate	7.7%	8.5%	11.0%	9.7%	7.9%

(1) Labor force by place of residence. Employment includes self-employed persons and persons involved in labor-managment trade disputes.
 Source: Employment Development Department, State of California..

Income

Effective Buying Income of City of Sacramento residents totaled \$3,441,160,000 during 1984, an increase of 31.2% since 1980. Table 8 shows a comparable record of effective buying income over the five-year period from 1980 through 1984.

TABLE 8
 BUYING INCOME
 (in thousands)

Year	City of Sacramento	County of Sacramento	State of California	United States
1980	\$2,622,473	\$ 7,516,624	\$216,459,459	\$1,814,166,899
1981	2,664,977	8,134,219	240,060,169	2,012,116,899
1982	2,907,946	8,875,913	261,868,372	2,169,679,437
1983	3,174,592	9,543,249	284,288,701	2,329,209,922
1984	3,441,160	10,184,768	313,805,815	2,576,533,480

Source: Sales & Marketing Management Magazine "1985 Survey of Buying Power".

TABLE 9
 1984 COMPARATIVE PER-HOUSEHOLD EFFECTIVE BUYING INCOME

Income	City of Sacramento	County of Sacramento	State of California	United States
\$50,000 and over	10.2%	12.4%	14.2%	16.9%
\$35,000 to \$49,999	16.7	20.2	19.9	21.6
\$20,000 to \$34,999	27.5	29.6	27.6	29.4
\$10,000 to \$19,999	24.1	22.0	20.0	18.7
under \$10,000	21.5	15.8	18.3	13.4
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Sales & Marketing Management Magazine 1985 Survey of Buying Power.

Commercial Activity

Commercial activity is an important contributor to Sacramento's economy. Between 1980 and 1981, taxable retail sales increased 41.6% from \$1,121,848,000 to \$1,588,043,000 while total taxable sales rose by 37.4% from \$1,676,731,000 to \$2,304,376,000. Table 10 shows the City's taxable transactions for 1980 to 1984.

TABLE 10
CITY OF SACRAMENTO
TAXABLE TRANSACTIONS
(in thousands)

	1980	1981	1982	1983 -	1984
Retail Stores:					
Apparel.....	\$ 33,974	\$ 40,123	\$ 44,406	\$ 43,430	\$ 48,762
General merchandise	146,019	151,366	161,249	182,326	202,628
Drug	16,844	28,662	32,620	34,064	36,918
Food	107,604	136,235	141,058	147,998	161,868
Package liquor	14,201	14,010	16,246	18,912	17,713
Eating and drinking places.....	156,667	167,817	180,031	190,748	205,205
Home furnishings/appliances.....	51,391	55,980	56,591	64,349	72,201
Building materials/farm implements	113,005	112,905	103,573	123,260	142,502
Auto dealers and auto supplies	145,077	140,290	163,755	232,505	297,628
Service stations	149,612	159,906	146,122	139,825	153,474
Other retail	187,454	196,088	205,078	208,028	249,144
Total retail stores	1,121,848	1,203,382	1,250,369	1,385,445	1,588,043
All other outlets	554,883	586,201	559,144	644,119	716,333
Total, all outlets	<u>\$1,676,731</u>	<u>\$1,789,583</u>	<u>\$1,809,513</u>	<u>\$2,029,564</u>	<u>\$2,304,376</u>

Source: State Board of Equalization.

Building and Construction

Table 11 presents building permit valuation for the City of Sacramento for the years 1980 through 1984. Total building permit valuation for 1984 exceeds that of 1983 by nearly 28%. Most of this increased valuation was in the residential sector which exceeded its 1983 valuation by over 61%.

TABLE 11
CITY OF SACRAMENTO
BUILDING PERMIT VALUATION AND NEW DWELLING UNITS
(dollars in thousands)

	1980	1981	1982	1983	1984
Residential Permit Value:					
New single dwelling.....	\$ 55,364	\$ 27,200	\$ 31,314	\$ 69,596	\$101,229
New multi dwelling	14,836	13,117	13,954	35,473	75,952
Additions, alterations	13,872	13,293	13,377	14,950	16,566
Total Residential	84,072	53,610	58,645	120,019	193,747
Nonresidential Permit Value:					
New commercial	50,986	37,528	60,823	87,884	56,248
New industrial	8,652	17,733	4,343	6,513	15,382
Other	4,948	6,685	3,985	37,768	64,051
Additions, alterations	29,748	45,005	46,157	50,324	57,392
Total Nonresidential	94,334	106,951	115,308	182,489	193,073
Total Valuation	<u>\$178,406</u>	<u>\$160,561</u>	<u>\$173,953</u>	<u>\$302,508</u>	<u>\$386,820</u>
Percent Change in Value	N/A	(10.0%)	8.3%	73.9%	27.9%
Number of New Dwelling Units:					
Single Dwelling	1,908	934	1,158	2,463	2,047
Multi Dwelling	669	584	547	1,317	2,374
Total Units	<u>2,577</u>	<u>1,518</u>	<u>1,705</u>	<u>3,780</u>	<u>4,421</u>

Source: City of Sacramento, Inspections Division.

Agriculture

Agriculture continues to be an important factor in Sacramento's economy. Agriculture production and processing have been continually improved by the application of modern technological methods, keeping the industry's need for labor relatively low. This is demonstrated by the fact that although agricultural production and processing is a major factor in Sacramento's economic base, it ranks only ninth in terms of the number of people employed, even when the highest seasonal employment figures are used. The area's agricultural production is important on a national basis, with one or more of the nearby nine counties leading the nation in the production of various crops. These crops have traditionally been almonds, apricots, honeydew and Persian melons, olives, peaches, persimmons, plums, dried basis prunes, safflower, ladino clover seed, sugar beets, tomatoes for processing, rice and walnuts. Table 12 provides a record of the value of agricultural production for 1979 through 1983 in Sacramento by product classification. The decreases in value in recent years were due to weak agricultural markets nationwide.

TABLE 12
 SACRAMENTO COUNTY
 AGRICULTURAL PRODUCTION
 (in thousands)

	1980	1981	1982	1983	1984
Field crops	\$ 94,442	\$ 81,953	\$ 65,005	\$ 55,381	\$ 56,116
Livestock and poultry products.....	36,301	39,177	39,924	40,484	40,658
Livestock and poultry	28,012	28,441	27,771	27,509	31,028
Vegetable crops	25,360	12,836	14,367	14,732	19,545
Fruit and nut crops	18,670	23,272	15,147	13,793	17,421
Nursery products	13,324	17,420	15,756	12,082	12,073
Seed crops.....	5,121	5,399	3,720	3,454	4,356
Dairy products	370	348	385	337	320
Total	<u>\$221,600</u>	<u>\$208,846</u>	<u>\$182,085</u>	<u>\$167,772</u>	<u>\$181,517</u>

Source: Sacramento County Department of Agriculture.

Community Facilities

The three-county Sacramento Metropolitan Area offers 95 parks, 78 playgrounds, 45 theatres, 15 public golf courses and 5 private golf courses. Recreational activities offered along the American and Sacramento Rivers include fishing, swimming, boating, biking, horseback riding and hiking. Varied cultural opportunities include 33 art galleries and museums, two major symphonies, three ballet companies, scores of movie theatres showing first run films and many theatre groups offering live stage plays year round.

The area has excellent medical facilities, including 11 hospitals with a licensed bed capacity of 2,554. There are 1,850 non-federal physicians, 582 dentists, 126 optometrists, 113 chiropractors, 507 pharmacists and 5,317 registered nurses.

Media outlets in the three-county area consist of 25 newspapers (2 offer daily delivery), 7 television stations (3 network, 4 independents) and 29 radio stations (10 FM, 19 AM).

Education

Public school education within the City is available through eight elementary, two high school and six unified school districts. There are approximately 83 private schools in the County, and 70 industrial, technical and trade schools. School enrollment during 1984 was approximately 146,157 in city public schools.

The Los Rios Community College District serves the majority of Sacramento County, as well as portions of El Dorado, Placer, Yolo and Solano Counties. The District maintains three campuses in the County: American River College, located in the northeastern unincorporated area of Carmichael; Sacramento City College, located in the City of Sacramento; and Cosumnes River College, located in the southern area of the City. Fall 1985 enrollment at the three campuses totaled 39,575.

California State University, Sacramento, offers four-year programs in business administration, liberal arts, engineering, education and nursing, and masters degree programs in various fields. Spring 1984 enrollment totaled 21,381. Other higher education facilities located in Sacramento are McGeorge School of Law, a branch of the University of the Pacific; the Medical Center of the University of California, Davis; National University; Lincoln Law School; Golden Gate University; the University of Southern California (for public administration); and the University of Northern California (law).

Transportation

The City's strategic location and broad transportation network have contributed to the City's economic growth. The City is traversed by the main east-west and north-south freeways serving northern and central California. Interstate 80 connects Sacramento with the San Francisco Bay Area, Reno, Nevada and points east. U.S. 50 carries traffic from Sacramento to the Lake Tahoe area. Interstate 5 is the main north-south route through the interior of California; it runs from Mexico to Canada. U.S. 99 parallels Interstate 5 through central California and passes through Sacramento.

The Southern Pacific and Union Pacific railroads, both transcontinental lines, have a junction in Sacramento and are connected to the Atchison, Topeka and Santa Fe via the Central California Traction Company. Transfers can also be made to the Sacramento Northern Railroad. Passenger rail service is provided by AMTRAK. Bus lines offering intercity as well as local service include Greyhound, Trailways and Sacramento Regional Transit. The Port of Sacramento, located 79 nautical miles northeast of San Francisco, provides direct ocean freight service to all major United States and world ports. Via a deep-water channel, ships can reach Sacramento from San Francisco in less than eight hours. The major rail links serving Sacramento connect with the Port, and Interstate 80 and Interstate 5 are immediately adjacent to it.

Trucking services are offered through facilities of 16 interstate common carriers operating terminals in the area and by over 500 contract carriers of general commodities. Greyhound Bus Lines and Continental Trailways Bus Company also provide passenger and package service through stations located in Sacramento.

The Sacramento Metropolitan Airport, commissioned in 1967, is located approximately 12 freeway miles north of downtown Sacramento. Air Cal, American Airlines, Frontier Airlines, Pacific Southwest Airlines, Republic Airlines, United Airlines and Western Airlines are the major carriers which service the airport. These, along with

several commuter airlines, offer numerous scheduled flights daily to all principal cities on the West Coast as well as direct flights to other major United States cities, including New York and Chicago. During FY /84/85 more than 2,738,000 revenue passengers were recorded at the Sacramento Metropolitan Airport, representing a 8.8% increase from the previous year. Executive Airport, located in Sacramento, is a full-service 680-acre facility serving general aviation.

Utilities

The City is unique among large California cities in that it has an abundant water supply delivered by two rivers within its boundaries. The City has rights to approximately 900 cubic feet per second from the Sacramento and American Rivers through permits from the State Water Rights Board. These rights are supplemented with storage in Folsom Reservoir obtained by contract with the United States Bureau of Reclamation. The available supply is adequate to furnish the peak summer water demand for the population estimated to be within the service area by the year 2030. Currently, 104,140 water accounts are being served by the City through a 1,180 mile system of water mains. During 1984, over 29 billion gallons of water were provided for domestic and industrial consumption. Two plants supply treated water to the service area south of the American River, portions of North Sacramento and the Natomas area. Water obtained from wells in the area north of the American River is of high quality and needs no treatment except for chlorination. Additionally, the City provides sewage collection services for most of the area. Sewage treatment is provided by the Sacramento Regional County Sanitation District.

The Sacramento Municipal Utility District supplies electricity throughout Sacramento County. Rates are the fifth lowest in the nation.

Pacific Gas and Electric Company ("PG&E") supplies natural gas throughout Sacramento County from sources in California, the Southwest and Canada. PG&E is one of the oldest public utility companies in California and is the largest in the United States. For many years it has provided adequate natural gas for the continually growing population in its area. Rates charged natural gas users in Sacramento are economical and special lower rates are available for industrial users under an interruptible service arrangement. Such users must have emergency facilities and a fuel supply available in the event an interruption in service is necessary.

The City is served by Pacific Telesis, which is the principal telephone utility in Sacramento County. However, several telephone firms are active in the area, including General Telephone of California, Citizens Utilities Company of California and Roseville Telephone Company.

KatzHollis

November 13, 1985

Sacramento Housing & Redevelopment Agency
630 "I" Street
Sacramento, California 95814

Attention: Mr. William Edgar
Executive Director

Enclosed is a tabulation of projected taxable value and resulting tax revenue (Tables 1 through 3) for the Del Paso Heights Redevelopment Project, Project No. 5 (The "Del Paso Heights Project"), Alkali Flat Redevelopment Project, Project No. 6 (The "Alkali Flat Project"), and Oak Park Redevelopment Project, Project No. 7 (The "Oak Park Project"). The projected revenues are based on information supplied by Agency staff; assumptions determined by our review of the Project taxable value history; the property tax assessment and tax apportionment procedures of Sacramento County; and County reports of 1985-86 taxable value for the Project Areas.

General Assumptions

Tax rates utilized in the determination of tax allocations for 1985-86 are based on the actual tax rates within each Project Area. The estimated tax rates for 1986-87 and thereafter are projected based on the decline experienced in the override tax rates for the Project. The decline is allowed to continue until the rates stabilize at the one percent of taxable value established by Article XIII A of the California Constitution (Proposition 13). The reduction reflects the interplay between rising taxable value within jurisdictions levying taxes in the Projects and the effective limit on the amount which can be levied (i.e., annual debt service on voter-approved indebtedness).

While the tax rates are assumed to decline to one percent of taxable value and remain constant in subsequent years, current law permits taxing entities deriving revenues from the one percent rate to reduce their levies under certain circumstances. It is the apparent intent of the law to insulate other taxing entities and redevelopment agencies from the effects of such reductions on their property tax revenues. For purposes of this analysis, it is assumed that any use of a reduction from property taxes collected within the Project Areas would not have a detrimental fiscal impact upon the Agency's receipt of incremental tax revenues.

APPENDIX A

Katz Hollis Coren
& Associates, Inc.

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Mr. William Edgar
Sacramento Housing & Redevelopment Agency
November 13, 1985
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SUPPLEMENTAL LIEN DATES

Chapter 498 of the Statutes of 1983 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the March 1 tax lien date next following the change and thus delayed the realization of increased property taxes from the new assessments. As enacted, Chapter 498 provided that increased revenue resulting from the supplemental assessment of property be allocated exclusively to school districts for the 1983-84 and 1984-85 fiscal years. That provision was amended by SB 794 (Chapter 447, Statutes of 1984) so that only those revenues collected for 1983-84 were to be allocated exclusively to school districts. In 1984-85 and all subsequent years, the supplemental revenues are to be allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. For the purpose of this analysis any additional revenues resulting from supplemental assessments have not been projected, except as discussed in the "Business Inventory Replacement Revenue" section below.

TAX ALLOCATION PROCEDURES OF SACRAMENTO COUNTY AND REVIEW OF PROJECT TAXABLE VALUES

County Allocation Procedures

Katz Hollis has conducted an analysis of the allocation procedures used by Sacramento County in apportioning tax increment to the Agency. The findings of the analysis have been presented to Agency staff and to representatives of the County in a report dated June 18, 1985. The analysis disclosed several areas where County practices and procedures resulted in revenue allocation to the Agency which varied from amounts determined using our interpretation of applicable statutes.

In a letter dated June 26, 1985, the Auditor-Controller's Office of Sacramento County responded to the issues raised by the report. The letter acknowledges that there have been discrepancies between revenue amounts due the Agency from its redevelopment projects and the amounts actually allocated by the County. The letter further indicates that several areas of discrepancy would be subjects of County analyses aimed at adjusting allocation procedures to better ensure the Agency's receipt of appropriate annual amounts of tax increment. Subsequent discussions with representatives of the Auditor-Controller's Office and review of materials associated with the allocation of tax revenues disclosed that some adjustments correcting prior year discrepancies have been made. Because total revenues for 1984-85 have not yet been allocated, we are unable to verify that all of the concerns

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Mr. William Edgar
Sacramento Housing & Redevelopment Agency
November 13, 1985
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raised in our report have been successfully addressed. We are aware, however, that Agency staff is in contact with appropriate County representatives regarding resolution of the problems and that staff, as stated in a letter dated October 9, 1985, intends to diligently pursue the full resolution of allocation system problems and monitor future allocations of Agency revenue.

The projections of tax increment on Tables 1 through 3 rely on the ability of the Agency and County to resolve the allocation system problems described above. Except as described below under the Section, "Business Inventory Replacement Revenue," the projections assume that all future revenue due the Agency will be allocated correctly.

Business Inventory Replacement Revenue

Prior to 1980-81, tax revenues generated by the value of business inventories were based on the actual assessed value of inventories located in a jurisdiction. The revenues generated, which were provided through taxpayer payments and State subventions (50% each), were distributed to local entities and to redevelopment agencies.

In 1979, the Legislature enacted Assembly Bill 66 (Statutes of 1979, Chapter 1150), eliminating the assessment and taxation of business inventory property and providing for replacement revenue for local agencies, except redevelopment agencies. In 1980, the Legislature enacted AB 1994 (Statutes of 1980, Chapter 610), providing replacement revenue, in part, for the loss of business inventory revenues for redevelopment agencies.

Chapter 447 (SB 794 discussed above) repealed the provision of State replacement revenue provided in Chapter 1150 and Chapter 610 for local agencies. This measure holds redevelopment agencies harmless from the loss of business inventory replacement revenues through State payments (special subventions). The special subventions would be in amounts equal to the difference between the previously received business inventory replacement revenue and revenue derived by virtue of supplemental assessments (discussed above). If in any year, however, the previous year's revenues from the supplemental tax roll exceed the former amount of business inventory replacement revenue, that prior year's excess will be credited against the special State subvention due. The amount of the special State subventions due for redevelopment projects was initially reported (based upon 1983-84 business inventory replacement revenue) to the State Controller's office by auditor-controllers of California counties containing redevelopment projects.

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Our review of Sacramento County's method of calculating the amounts of business inventory replacement revenue for redevelopment agencies for 1980-81 and subsequent years indicates variances from what we believe is the correct interpretation of Chapter 610. The County has acknowledged these discrepancies and will be reviewing its computations to determine if the revenue amounts determined and the amounts reported to the State Controller should be adjusted. Resolution of the historical replacement revenue amounts should, in our opinion, result in a higher amount of such revenue being due the Agency for the 1983-84 fiscal year and thus in a higher level of special subventions due from the State in future years. The actual receipt of such higher payment will depend on the State's concurrence with the recalculated replacement revenue amounts and, more importantly, the State's agreement that the increase in subvention due is the State's responsibility. For purposes of this report we have not assumed that the amounts reported to the State have been corrected. Special subvention revenues in Tables 1 through 3 for 1985-86 and thereafter reflect the actual 1983-84 replacement revenue amount allocated to the Agency by Sacramento County.

Verification of 1985-86 Taxable Value

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Revenues generated by the one percent tax rate are disbursed by Sacramento County on the basis of a procedure which results in approximately 50% of the incremental tax revenues being allocated to the Agency by mid-January with the remainder of the funds received within six months thereafter. The revenues generated by override tax rates (those rates levied to repay voter-approved indebtedness) are calculated after the close of the fiscal year and allocated soon thereafter. This is because Agency revenues are residual receipts of debt service property tax revenues. The revenues are paid to the Agency only after the County has allocated property tax revenues for debt service to the levying entities. Unlike the allocation of property tax revenue from the one percent tax rate, in which all taxing entities share the burden of delinquency, the Agency alone bears the burden of delinquency in the allocation of property tax revenues generated from debt service tax rates.

NEW CONSTRUCTION ACTIVITY

The estimates of taxable value added as a result of new construction activities in the Project area are based on information provided by Agency staff. Table 4 provides a listing of the various developments and indicates the year-to-year addition of taxable value to the Project emanating from the new construction. The developments which are included are as follows:

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TRENDED TAXABLE VALUE GROWTH

Amounts added as the result of trended growth are based on the following assumptions:

Real Property Values: Real property is composed of locally assessed secured and unsecured land and improvements. Since the passage of Proposition 13 (effective as of the 1978-79 fiscal year), these values have been limited to growth reflecting inflation of up to two percent annually. The only exceptions to this restriction on valuation growth are new assessments which may occur in instances of new construction or changes of ownership. For the 1983-84 fiscal year the annual increase for inflation was one percent, reflecting the actual increase in the State Consumer Price Index, as reported by the State Department of Finance. The attached projections are based on the assumption that inflation will remain at a minimum of two percent annually in future years. In accordance with this assumption, the projections on Tables 1 through 3 include two percent valuation increases for existing real property including partially complete new construction.

State Board of Equalization Values: Taxable values for properties assessed by the State Board of Equalization (SBE) and personal property (discussed below) constitute the Other Property category of Tables 1 through 3. SBE values have been held constant at 1985-86 levels for the purpose of the attached projections.

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Personal Property Values: Taxable value shown for 1985-86 under the Other Property category also includes the value for secured and unsecured personal property. Personal property is reassessed each year. Value for personal property has been held at its 1985-86 level throughout the projections.

We hope this information is useful and are available to respond to any question you may have.

Sincerely,

KATZ, HOLLIS, COREN & ASSOCIATES, INC.

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Table 1
Sacramento Redevelopment Agency
Del Paso Heights Redevelopment Project

ANALYSIS OF INCREMENTAL TAX REVENUE
(000's Omitted)

Fiscal Year	Real (1) Property	New (2) Development	Total Real Property	Other (3) Property	Total Value	Value Over Base Of \$27,063	Tax Increment	Supplemental(4) Revenue/Special Subvention	Total Revenue
1985-86	N/A	N/A	58,759	7,633	66,392	39,329	447	4	451
1986-87	59,875	2,254	62,129	7,633	69,762	42,699	478	4	482
1987-88	63,371	572	63,943	7,633	71,576	44,513	490	4	494
1988-89	65,222	0	65,222	7,633	72,855	45,792	496	4	500
1989-90	66,526	0	66,526	7,633	74,159	47,097	502	4	506
1990-91	67,857	0	67,857	7,633	75,490	48,427	507	4	511
1991-92	69,214	0	69,214	7,633	76,847	49,784	512	4	516
1992-93	70,598	0	70,598	7,633	78,231	51,169	517	4	521
1993-94	72,010	0	72,010	7,633	79,643	52,581	526	4	530
1994-95	73,451	0	73,451	7,633	81,084	54,021	540	4	544

- (1) Prior Year Real Property increased by 2 percent per year as allowed by Article XIITA of the California Constitution.
- (2) See Table 4, Schedule of New Development.
- (3) Includes the value of secured and unsecured personal property and State assessed property. The value for Other Property has been held at its 1985-86 level throughout the projection.
- (4) Supplemental Revenue/Special Subvention reflects the actual Sacramento County 1983-84 Business Inventory Replacement Revenue allocation.

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Table 2
Sacramento Redevelopment Agency
Alkali Flat Redevelopment Project

ANALYSIS OF INCREMENTAL TAX REVENUE
(000's Omitted)

Fiscal Year	Real (1) Property	New Development	Total Real Property	Other Property	Total Value	Value Over Base Of \$14,060	Tax Increment	Supplemental (4) Revenue/Special Subvention	Total Revenue
1985-86	N/A	N/A	43,484	7,745	51,229	37,169	402	4	406
1986-87	44,354	1,878	46,232	7,745	53,977	39,916	425	4	429
1987-88	47,157	1,667	48,823	7,745	56,569	42,508	446	4	450
1988-89	49,800	0	49,800	7,745	57,545	43,484	449	4	453
1989-90	50,796	0	50,796	7,745	58,541	44,480	453	4	457
1990-91	51,812	0	51,812	7,745	59,557	45,496	456	4	460
1991-92	52,848	0	52,848	7,745	60,593	46,532	465	4	469
1992-93	53,905	0	53,905	7,745	61,650	47,589	476	4	480
1993-94	54,983	0	54,983	7,745	62,728	48,667	487	4	491
1994-95	56,083	0	56,083	7,745	63,828	49,767	498	4	502

- (1) Prior Year Real Property increased by 2 percent per year as allowed by Article XIII A of the California Constitution.
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- (4) Supplemental Revenue/Special Subvention reflects the actual Sacramento County 1983-84 Business Inventory Replacement Revenue allocation.

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Table 3
Sacramento Redevelopment Agency
Oak Park Redevelopment Project

ANALYSIS OF INCREMENTAL TAX REVENUE
(000's Omitted)

Fiscal Year	Real (1) Property	New Development	Total Real Property	Other Property	Total Value	Value Over Base Of \$65,070	Tax Increment	Supplemental(4) Revenue/Special Subvention	Total Revenue
1985-86	N/A	N/A	122,409	11,845	134,254	69,183	748	8	756
1986-87	124,857	3,134	127,991	11,845	139,836	74,765	797	8	805
1987-88	130,551	393	130,944	11,845	142,789	77,718	816	8	824
1988-89	133,563	0	133,563	11,845	145,408	80,337	831	8	839
1989-90	136,234	0	136,234	11,845	148,079	83,008	845	8	853
1990-91	138,959	0	138,959	11,845	150,804	85,733	859	8	867
1991-92	141,738	0	141,738	11,845	153,583	88,512	885	8	893
1992-93	144,573	0	144,573	11,845	156,418	91,347	913	8	921
1993-94	147,464	0	147,464	11,845	159,309	94,239	942	8	950
1994-95	150,414	0	150,414	11,845	162,258	97,188	972	8	980

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 (4) Supplemental Revenue/Special Subvention reflects the actual Sacramento County 1983-84 Business Inventory Replacement Revenue allocation.

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Table 4

Sacramento Redevelopment Agency
Del Paso Heights, Alkali Flat and Oak Park Redevelopment Projects
SCHEDULE OF NEW DEVELOPMENT

<u>Development Description</u>	<u>Total Value</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Del Paso Heights				
Rio Linda Avenue Apartments	2,288	0	1,716	572
Miscellaneous Permits	<u>538</u>	<u>0</u>	<u>538</u>	<u>0</u>
Total Value-Del Paso Heights	2,826	0	2,254	572
Alkali Flat				
Kelly Broadcasting	3,311	0	1,644	1,667
Miscellaneous Permits	<u>234</u>	<u>0</u>	<u>234</u>	<u>0</u>
Total Value-Alkali Flat	3,545	0	1,878	1,667
Oak Park				
2425 Alhambra Commercial/Retail	427	0	427	0
Fourth Avenue Apartments	240	0	240	0
Credit Union	160	0	120	40
Rainbow Bakery	1,412	0	1,059	353
Miscellaneous Permits	<u>1,288</u>	<u>0</u>	<u>1,288</u>	<u>0</u>
Total Value-Oak Park	3,527	0	3,134	393

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KatzHollis, Cohen
& Associates, Inc.

Financial
Consultants

550 S. Hill Street
Suite 950

Los Angeles, CA
90013-2410

(213) 629-3085

November 13, 1985

Sacramento Housing & Redevelopment Agency
630 "I" Street
Sacramento, California 95814

San Francisco, CA
(415) 788-0360

Attention: Mr. William Edgar
Executive Director

Enclosed is a tabulation of projected taxable value and resulting tax revenue (Tables 1 through 3) for the Del Paso Heights Redevelopment Project, Project No. 5 (The "Del Paso Heights Project"), Alkali Flat Redevelopment Project, Project No. 6 (The "Alkali Flat Project"), and Oak Park Redevelopment Project, Project No. 7 (The "Oak Park Project"). The projected revenues are based on information supplied by Agency staff; assumptions determined by our review of the Project taxable value history; the property tax assessment and tax apportionment procedures of Sacramento County; and County reports of 1985-86 taxable value for the Project Areas.

General Assumptions

Tax rates utilized in the determination of tax allocations for 1985-86 are based on the actual tax rates within each Project Area. The estimated tax rates for 1986-87 and thereafter are projected based on the decline experienced in the override tax rates for the Project. The decline is allowed to continue until the rates stabilize at the one percent of taxable value established by Article XIII A of the California Constitution (Proposition 13). The reduction reflects the interplay between rising taxable value within jurisdictions levying taxes in the Projects and the effective limit on the amount which can be levied (i.e., annual debt service on voter-approved indebtedness).

While the tax rates are assumed to decline to one percent of taxable value and remain constant in subsequent years, current law permits taxing entities deriving revenues from the one percent rate to reduce their levies under certain circumstances. It is the apparent intent of the law to insulate other taxing entities and redevelopment agencies from the effects of such reductions on their property tax revenues. For purposes of this analysis, it is assumed that any use of a reduction from property taxes collected within the Project Areas would not have a detrimental fiscal impact upon the Agency's receipt of incremental tax revenues.

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SUPPLEMENTAL LIEN DATES

Chapter 498 of the Statutes of 1983 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the March 1 tax lien date next following the change and thus delayed the realization of increased property taxes from the new assessments. As enacted, Chapter 498 provided that increased revenue resulting from the supplemental assessment of property be allocated exclusively to school districts for the 1983-84 and 1984-85 fiscal years. That provision was amended by SB 794 (Chapter 447, Statutes of 1984) so that only those revenues collected for 1983-84 were to be allocated exclusively to school districts. In 1984-85 and all subsequent years, the supplemental revenues are to be allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. For the purpose of this analysis any additional revenues resulting from supplemental assessments have not been projected, except as discussed in the "Business Inventory Replacement Revenue" section below.

TAX ALLOCATION PROCEDURES OF SACRAMENTO COUNTY AND REVIEW OF PROJECT TAXABLE VALUES

County Allocation Procedures

Katz Hollis has conducted an analysis of the allocation procedures used by Sacramento County in apportioning tax increment to the Agency. The findings of the analysis have been presented to Agency staff and to representatives of the County in a report dated June 18, 1985. The analysis disclosed several areas where County practices and procedures resulted in revenue allocation to the Agency which varied from amounts determined using our interpretation of applicable statutes.

In a letter dated June 26, 1985, the Auditor-Controller's Office of Sacramento County responded to the issues raised by the report. The letter acknowledges that there have been discrepancies between revenue amounts due the Agency from its redevelopment projects and the amounts actually allocated by the County. The letter further indicates that several areas of discrepancy would be subjects of County analyses aimed at adjusting allocation procedures to better ensure the Agency's receipt of appropriate annual amounts of tax increment. Subsequent discussions with representatives of the Auditor-Controller's Office and review of materials associated with the allocation of tax revenues disclosed that some adjustments correcting prior year discrepancies have been made. Because total revenues for 1984-85 have not yet been allocated, we are unable to verify that all of the concerns

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raised in our report have been successfully addressed. We are aware, however, that Agency staff is in contact with appropriate County representatives regarding resolution of the problems and that staff, as stated in a letter dated October 9, 1985, intends to diligently pursue the full resolution of allocation system problems and monitor future allocations of Agency revenue.

The projections of tax increment on Tables 1 through 3 rely on the ability of the Agency and County to resolve the allocation system problems described above. Except as described below under the Section, "Business Inventory Replacement Revenue," the projections assume that all future revenue due the Agency will be allocated correctly.

Business Inventory Replacement Revenue

Prior to 1980-81, tax revenues generated by the value of business inventories were based on the actual assessed value of inventories located in a jurisdiction. The revenues generated, which were provided through taxpayer payments and State subventions (50% each), were distributed to local entities and to redevelopment agencies.

In 1979, the Legislature enacted Assembly Bill 66 (Statutes of 1979, Chapter 1150), eliminating the assessment and taxation of business inventory property and providing for replacement revenue for local agencies, except redevelopment agencies. In 1980, the Legislature enacted AB 1994 (Statutes of 1980, Chapter 610), providing replacement revenue, in part, for the loss of business inventory revenues for redevelopment agencies.

Chapter 447 (SB 794 discussed above) repealed the provision of State replacement revenue provided in Chapter 1150 and Chapter 610 for local agencies. This measure holds redevelopment agencies harmless from the loss of business inventory replacement revenues through State payments (special subventions). The special subventions would be in amounts equal to the difference between the previously received business inventory replacement revenue and revenue derived by virtue of supplemental assessments (discussed above). If in any year, however, the previous year's revenues from the supplemental tax roll exceed the former amount of business inventory replacement revenue, that prior year's excess will be credited against the special State subvention due. The amount of the special State subventions due for redevelopment projects was initially reported (based upon 1983-84 business inventory replacement revenue) to the State Controller's office by auditor-controllers of California counties containing redevelopment projects.

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Our review of Sacramento County's method of calculating the amounts of business inventory replacement revenue for redevelopment agencies for 1980-81 and subsequent years indicates variances from what we believe is the correct interpretation of Chapter 610. The County has acknowledged these discrepancies and will be reviewing its computations to determine if the revenue amounts determined and the amounts reported to the State Controller should be adjusted. Resolution of the historical replacement revenue amounts should, in our opinion, result in a higher amount of such revenue being due the Agency for the 1983-84 fiscal year and thus in a higher level of special subventions due from the State in future years. The actual receipt of such higher payment will depend on the State's concurrence with the recalculated replacement revenue amounts and, more importantly, the State's agreement that the increase in subvention due is the State's responsibility. For purposes of this report we have not assumed that the amounts reported to the State have been corrected. Special subvention revenues in Tables 1 through 3 for 1985-86 and thereafter reflect the actual 1983-84 replacement revenue amount allocated to the Agency by Sacramento County.

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Sincerely,

KATZ, HOLLIS, COREN & ASSOCIATES, INC.

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Sacramento Redevelopment Agency
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(000's Omitted)

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Table 2

Sacramento Redevelopment Agency
Alkali Flat Redevelopment Project

ANALYSIS OF INCREMENTAL TAX REVENUE
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Table 3
Sacramento Redevelopment Agency
Oak Park Redevelopment Project

ANALYSIS OF INCREMENTAL TAX REVENUE
(000's omitted)

Fiscal Year	Real (1) Property	New Development	Total Real Property	Other Property	Total Value	Value Over Base Of \$65,070	Tax Increment	Supplemental (4) Revenue/Special Subvention	Total Revenue
1985-86	N/A	N/A	122,409	11,845	134,254	69,183	813	8	756
1986-87	124,857	3,134	127,991	11,845	139,836	74,765	827	8	805
1987-88	130,551	393	130,944	11,845	142,789	77,718	815	8	824
1988-89	133,563	0	133,563	11,845	145,408	80,337	831	8	839
1989-90	136,234	0	136,234	11,845	148,079	83,008	845	8	853
1990-91	138,959	0	138,959	11,845	150,804	85,733	859	8	867
1991-92	141,738	0	141,738	11,845	153,583	88,512	885	8	893
1992-93	144,573	0	144,573	11,845	156,418	91,347	913	8	921
1993-94	147,464	0	147,464	11,845	159,309	94,239	942	8	950
1994-95	150,414	0	150,414	11,845	162,259	97,188	972	8	980

- (1) Prior Year Real Property increased by 2 percent per year as allowed by Article XIII A of the California Constitution.
- (2) See Table 4, Schedule of New Development.
- (3) Includes the value of secured and unsecured personal property and State assessed property. The value for Other Property has been held at its 1985-86 level throughout the projection.
- (4) Supplemental Revenue/Special Subvention reflects the actual Sacramento County 1983-84 Business Inventory Replacement Revenue allocation.

Katz Hollis

Table 4

Sacramento Redevelopment Agency
Del Paso Heights, Alkali Flat and Oak Park Redevelopment Projects
SCHEDULE OF NEW DEVELOPMENT

<u>Development Description</u>	<u>Total Value</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Del Paso Heights				
Rio Linda Avenue Apartments	2,288	0	1,716	572
Miscellaneous Permits	<u>538</u>	<u>0</u>	<u>538</u>	<u>0</u>
Total Value-Del Paso Heights	2,826	0	2,254	572
Alkali Flat				
Kelly Broadcasting	3,311	0	1,644	1,667
Miscellaneous Permits	<u>234</u>	<u>0</u>	<u>234</u>	<u>0</u>
Total Value-Alkali Flat	3,545	0	1,878	1,667
Oak Park				
2425 Alhambra Commercial/Retail	427	0	427	0
Fourth Avenue Apartments	240	0	240	0
Credit Union	160	0	120	40
Rainbow Bakery	1,412	0	1,059	353
Miscellaneous Permits	<u>1,288</u>	<u>0</u>	<u>1,288</u>	<u>0</u>
Total Value-Oak Park	3,527	0	3,134	393