A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ELK GROVE FINANCE AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A SITE LEASE, A FACILITIES LEASE, A TRUST AGREEMENT, AND A BOND PURCHASE CONTRACT; AUTHORIZING THE ISSUANCE OF REVENUE BONDS; APPROVING THE FORM AND DISTRIBUTION OF THE OFFICIAL STATEMENT, AND APPROVING OTHER RELATED ACTIONS FOR THE PURCHASE OF 8401 LAGUNA PALMS WAY AND REFUNDING OF 8380 AND 8400 LAGUNA PALMS WAY

WHEREAS, to provide funds for the purpose of financing (8401 Laguna Palms Way) and refinancing (8380 and 8400 Laguna Palms Way) certain public capital improvements for the City of Elk Grove (the "City"), the Elk Grove Finance Authority (the "Authority") intends to issue approximately $22,000,000 aggregate principal amount of its Elk Grove Finance Authority Lease Revenue Bonds (2007 Capital Projects) (the "Revenue Bonds");

WHEREAS, the City is a member agency of the Authority and the public capital improvements that will be financed and refinanced by the Authority's bonds are located within the City's boundaries;

WHEREAS, on May 23, 2007, the City Council held a public hearing, following the required notice by publication, and adopted a resolution approving the financing and refinancing of the public capital improvements by the Revenue Bonds and making a finding of significant public benefit;

WHEREAS, the following proposed agreements and document relating to the issuance, sale and delivery of the Revenue Bonds by the Authority, which are incorporated herein by reference, have been presented to the Board of Directors for its review and approval:

1. The Site Lease (the "Site Lease") between the City, as lessor, and the Authority, as lessee, whereby the City will lease to the Authority certain real property and any facilities located thereon (the "Leased Property");

2. The Facilities Lease (the "Facilities Lease") between the Authority, as lessor, and the City, as lessee, whereby the Authority will lease the Leased Property to the City for rental payments that will secure debt service on the Bonds;

3. The Trust Agreement (the "Trust Agreement") between the Authority and U.S. Bank National Association (the "Trustee"), that provides for the issuance, execution, and delivery of the Revenue Bonds, the proceeds of the sale of which will pay for the financing and refinancing of certain public capital facilities for the City;
4. The Bond Purchase Contract (the “Bond Purchase Contract”) by and between the Authority and Piper Jaffray & Co. (the “Underwriter”), whereby the Authority will sell the Revenue Bonds to the Underwriter; and

5. The Official Statement relating to the Bonds (the “Official Statement”),

WHEREAS, it appears to the Board of Directors that the authorization, approval, execution and delivery of the agreements and documents described above or contemplated thereby or incidental thereto and the issuance, sale, and delivery of the Revenue Bonds in accordance with the Trust Agreement are desirable and in the best interests of the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Elk Grove Finance Authority, as follows:

Section 1. Recitals. The above recitals are true and correct.

Section 2. Findings. Pursuant to Government Code section 6586.5, the Board of Directors hereby finds:

(a) the public improvements financed and refinanced for the City are public capital improvements that are located within the boundaries of the member agencies of the Authority; and

(b) on May 23, 2007, the City, a member of the Authority, approved the financing of the public capital improvements and made a finding of significant public benefit in accordance with Government Code section 6586.5 after a duly noticed public hearing on the matter.

Section 3. Authorization of Officers to Execute and Deliver Documents. The Board of Directors hereby authorizes the President, the Vice President, the Administrator, and the Treasurer/Controller of the Authority (the “Designated Officers”), and each of them individually, for and in the name of the and on behalf of the Authority, to approve, execute, and deliver the following agreements and documents:

a. the Site Lease,
b. the Facilities Lease,
c. the Trust Agreement,
d. the Bond Purchase Contract, and
e. the Official Statement

in substantially the form presented to the Authority at this meeting, which agreements and documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the agreement or document for the Authority. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer’s or officers’ and the Board of Directors’ approval of any such changes, insertions, revisions,
corrections, or amendments to the respective forms of agreements and documents presented to the Authority at this meeting. The date, respective principal amounts of each maturity, the interest rates, interest payment dates, denominations, forms, registration privileges, place or places of payment; terms of redemption, and other terms of the Revenue Bonds and provisions relating to municipal bond insurance, shall be as provided in the Trust Agreement as finally executed.

Section 4. Authorization to Issue Revenue Bonds. The Board of Directors hereby authorizes the issuance of the Revenue Bonds in accordance with the terms of the Trust Agreement as finally executed.

Section 5. Authorization of Sale. The Board of Directors hereby authorizes the sale of not to exceed $22,000,000 principal amount of Revenue Bonds to the Underwriter pursuant to the Bond Purchase Contract. The Designated Officers are hereby authorized and directed to negotiate with the Underwriter the final terms of the sale and its timing; provided that (i) the final maturity of the Bonds is not later than July 1, 2027, (ii) the net interest cost of the financing does not exceed 5.25%, (iii) the Underwriter's discount does not exceed 0.295%, and (iv) with respect to the refinancings, the net present value of the savings is at least 3.00% of the par amount of the prior obligations.

Section 6. Execution of Revenue Bonds. The Designated Officers, and each of them individually, are hereby authorized and directed to execute each of the Revenue Bonds on behalf of the Authority.

Section 7. Distribution of Official Statement. The Board of Directors hereby authorizes the Underwriter to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Revenue Bonds and authorizes and directs the Underwriter to deliver copies of the final Official Statement to all purchasers of the Revenue Bonds. The Board of Directors hereby authorizes and directs the Designated Officers, and each of them, to deliver to the Underwriter a certificate to the effect that the Authority deems the preliminary Official Statement, in the form approved by a Designated Officer to be final and complete as of its date, except for certain final pricing and related information that may be omitted pursuant to Rule 15c-12 of the Securities and Exchange Commission.

Section 8. General Authorization. The Board of Directors hereby authorizes and directs the Designated Officers, and each of them, for and in the name of and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to complete the sale, issuance, and delivery of the Revenue Bonds and otherwise to carry out, give effect to, and comply with the terms and intent of this resolution. All actions heretofore taken by such officers and agents that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved in all respects.
Section 9. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Board of Directors of the Elk Grove Finance Authority this 23rd day of May 2007.

JAMES COOPER, PRESIDENT of the
ELK GROVE FINANCE AUTHORITY

ATTEST:

PEGGY E. JACKSON, SECRETARY
STATE OF CALIFORNIA )
COUNTY OF SACRAMENTO ) ss
CITY OF ELK GROVE )

I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the Board of Directors of the Elk Grove Finance Authority at a special joint meeting of the Elk Grove City Council held on the May 23, 2007 by the following vote:

AYES 5 : COUNCILMEMBERS: Cooper, Leary, Scherman, Hume, Davis
NOES : COUNCILMEMBERS: None
ABSTAIN : COUNCILMEMBERS: None
ABSENT: COUNCILMEMBERS: None

Peggy E. Jackson, City Clerk
City of Elk Grove, California