

**RESOLUTION NO. FA2010-3**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ELK GROVE FINANCE AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,700,000 TO FINANCE A CAPITAL FACILITY PROJECT OF THE CITY OF ELK GROVE, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS**

**WHEREAS**, the City of Elk Grove (the "City") is proceeding to construct a household hazardous waste collection facility and acquire land, furnishings and equipment related to such facility and incidental expenses related thereto (the "Project"), a capital project of benefit to the City; and

**WHEREAS**, in order to provide financing for a portion of the cost of the Project, the City has proposed to lease real property constituting its existing interest in property commonly known as 8380 and 8400 Laguna Palms Way and 8900 Elk Grove Boulevard (the "Leased Property") to the Elk Grove Finance Authority (the "Authority") under a Site Lease dated as of November 1, 2010, in consideration of the payment by the Authority of an initial rental payment (the "Site Lease Payment") which is sufficient to provide funds for such purposes; and

**WHEREAS**, the Authority proposes to issue and sell its 2010 Lease Revenue Bonds (Capital Facility), in the principal amount of not to exceed \$12,700,000 (the "Bonds") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease, and thereby provide financing for a portion of the cost of the Project; and

**WHEREAS**, in order to secure the payments of principal of and interest on the Bonds, the Authority proposes to lease the Leased Property back to the City under a Lease Agreement dated as of November 1, 2010 (the "Lease Agreement"), under which the City is obligated to pay semiannual lease payments as rental for the Leased Property; and

**WHEREAS**, the amounts required to finance a portion of the cost of the Project will be provided from the proceeds of Lease Revenue Bonds which the Authority has authorized to be issued concurrently with the Bonds; and

**WHEREAS**, Staff has determined, upon consultation with the City's financial advisor, that a competitive sale is not feasible given the fact that the Bond closing needs to occur by the end of the year to utilize the Recovery Zone 45% interest rebate program; and

**WHEREAS**, the Board of Directors of the Authority wishes at this time to take action approving such financing transactions and all related documents and actions.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ELK GROVE FINANCE AUTHORITY AS FOLLOWS:**

**Section 1. Approval of Financing Plan; Authorization of Bonds.** The Board of Directors hereby approves the financing plan described in the recitals of this Resolution. To that end, the Board of Directors hereby authorizes the issuance of the Bonds under the Bond Law in the principal amount of not to exceed \$12,700,000 for the purpose of providing financing for a portion of the cost of the Project. The Bonds shall be issued under the Indenture of Trust which is approved below.

**Section 2. Approval of Related Financing Agreements.** The Board of Directors hereby approves each of the following agreements required to implement the financing plan to be accomplished by the Bonds, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the President, Executive Director or the Treasurer (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

- Indenture of Trust between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), prescribing the terms and conditions upon which the Bonds will be issued and which may include provisions for insurance on the bonds if an Authorized Officer determines insuring the bonds will result in a lower cost of the financing.
- Site Lease between the City as lessor and the Authority as lessee, under which the City leases the Leased Property to the Authority in consideration of the payment of the Site Lease Payment which will be applied by the City to finance a portion of the costs of the Project.
- Lease Agreement between the Authority as lessor and the City as lessee, under which the Authority leases the Leased Property back to the City and the City agrees to pay semiannual lease payments which are sufficient to provide for payment of principal of and interest on the Bonds when due; and
- Assignment Agreement, between the Authority and the Trustee, whereby the Authority assigns certain of its rights under the Lease Agreement to the Trustee for the benefit of the Bond owners.
- Bond Purchase Agreement among the Authority, the City and the Underwriter, under which the Underwriter agrees to purchase the Bonds from the Authority.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest the final form of each of the foregoing agreements.

**Section 3. Sale of Bonds.** The Board of Directors hereby approves the sale of the Bonds by a competitive sale, the sale shall occur pursuant to the terms of the Official Notice of Sale in substantially the form on file with the Secretary, together with such additions thereto or changes therein as are acceptable to an Authorized Officer. The sale shall occur pursuant to the terms and conditions of the Purchase Agreement in substantially the form on file with the Secretary, together with such additions thereto or changes therein as are acceptable to an Authorized Officer. The Purchase Contract shall be executed in the name and on behalf of the Authority by an Authorized Officer, each of whom acting alone is hereby authorized and directed to execute and deliver said form of Purchase Agreement on behalf of the Authority.

The true interest cost (calculated net of the federal subsidy described in Section 5) on the Bonds shall not exceed 5%. Additionally, if the Bonds are sold pursuant to a negotiated sale, the underwriter's discount or fee (excluding original issue discount, if any) for the Bonds shall not exceed 4.5% of the principal amount of the Bonds.

**Section 4. Notice of Intention.** In The Secretary shall cause a copy of a Notice of Intention to Sell Bonds to be published once not less than five (5) days prior to the date of public sale of the Bonds in The Bond Buyer. The Secretary shall also cause a copy of such Notice to be published once not less than five (5) days prior to the date of public sale of the Bonds, in an official newspaper in of the City. The publication of such notice substantially in the form on file with the Secretary is hereby approved.

**Section 5. Recovery Zone Economic Development Bonds Designation.** The Board of Directors hereby directs an Authorized Officer to determine, based on advice from the City's financial advisor, whether it is feasible and in the best interests of the Authority to issue the Bonds in the form of "Recovery Zone Economic Development Bonds" under and within the meaning of the provisions of Section 1400U-2 of the Tax Code and to treat the Bonds as "Qualified Bonds" within the meaning of Section 54AA(g)(2) and Section 6431 of the Tax Code such that the Bonds will be eligible for a direct payment subsidy by the federal government equal to forty-five percent (45%) of interest payable on the Bonds. If an Authorized Officer determines that it is in the best interests of the Authority to issue the Bonds in such form, an Authorized Officer is authorized to make the necessary election in the name and on behalf of the Authority as required by the Tax Code, and to approve such amendments to the documents approved under this Resolution as may be required to effectuate such issuance.

**Section 6. Official Statement.** The Board of Directors hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds in the form on file with the Secretary, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the purchaser of the Bonds a certificate deeming the Preliminary Official Statement to be nearly final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the Final Official Statement for and in the name and on behalf of

the Authority. The Board of Directors hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

**Section 7. Official Actions.** The Chair, the Executive Director, the Treasurer, the Secretary and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

**Section 8. Effective Date.** This Resolution shall take effect immediately upon its passage and adoption.

**PASSED AND ADOPTED** at a regular meeting of the Board of Directors of the Elk Grove Finance Authority this 8<sup>th</sup> day of December 2010.

  
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SOPHIA SCHERMAN, CHAIR of the  
ELK GROVE FINANCE AUTHORITY

ATTEST:

  
\_\_\_\_\_  
JASON LINDGREN, SECRETARY

APPROVED AS TO FORM:

  
\_\_\_\_\_  
SUSAN COCHRAN, LEGAL COUNSEL

**CERTIFICATION**  
**ELK GROVE FINANCE AUTHORITY RESOLUTION NO. FA2010-3**

STATE OF CALIFORNIA        )  
COUNTY OF SACRAMENTO    )     ss  
CITY OF ELK GROVE         )


*I, Jason Lindgren, Secretary of the Finance Authority 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 regular meeting of the Elk Grove Finance Authority held on the December 8, 2010 by the following vote:*

**AYES:        BOARDMEMBERS:        Scherman, Detrick, Cooper, Davis, Hume**

**NOES :       BOARDMEMBERS:        None**

**ABSTAIN :   BOARDMEMBERS:        None**

**ABSENT:     BOARDMEMBERS:        None**

  
**Jason Lindgren, Secretary**  
**Elk Grove Finance Authority**