

Resolution No. 06-_____

RESOLUTION OF THE GOVERNING BOARD OF THE SACRAMENTO TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF MEASURE A SALES TAX REVENUE NOTES OR BONDS, SERIES 2006 (LIMITED TAX BONDS) AND THE EXECUTION AND DELIVERY OF AN INDENTURE AND ONE OR MORE SUPPLEMENTAL INDENTURES, PURCHASE CONTRACTS AND OFFICIAL STATEMENTS RELATING THERETO AND THE EXECUTION AND DELIVERY OF ONE OR MORE INTEREST RATE HEDGING AGREEMENTS IN CONNECTION WITH MEASURE A SALES TAX REVENUE BONDS OF ONE OR MORE SERIES TO BE ISSUED TO REFUND THE MEASURE A SALES TAX REVENUE NOTES OR BONDS, SERIES 2006 (LIMITED TAX BONDS) AND CERTAIN RELATED MATTERS

WHEREAS, the Sacramento Transportation Authority (the “Issuer”) is duly organized and existing under the provisions of the Local Transportation and Improvement Authority Act, being Division 19 of the Public Utilities Code of the State of California, Sections 180000 et seq. (the “Act”);

WHEREAS, the Issuer adopted Ordinance No. STA-04-01, on July 29, 2004 (the “Ordinance”), pursuant to the provisions of Chapter 5 of the Act (Sections 180200 through 180207, inclusive), which Ordinance provides for the imposition of a retail transactions and use tax (the “2004 Measure A Sales Tax”) applicable in the incorporated and unincorporated territory of the County of Sacramento (the “County”) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, at the rate of one-half of one percent (1/2%) for a period of thirty (30) years beginning April 1, 2009;

WHEREAS, the 2004 Measure A Sales Tax was approved by more than two-thirds of the electors voting on a ballot measure (“2004 Measure A”) to authorize such 2004 Measure A Sales Tax at the general election held in the County on November 2, 2004;

WHEREAS, pursuant to the Ordinance, the collection of the 2004 Measure A Sales Tax will commence on April 1, 2009 and will expire on March 31, 2039;

WHEREAS, the Issuer is authorized by Chapter 6 of the Act and the Ordinance to issue from time to time bonds or notes and to incur from time to time other obligations payable in whole or in part from revenues of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”);

WHEREAS, the Issuer plans to issue from time to time bonds or notes and incur from time to time other obligations secured by the amount of Sales Tax Revenues other than the RT Revenues (as defined in the hereinafter defined Indenture) (referred to herein as the “Pledged Sales Tax Revenues”);

WHEREAS, the Issuer has determined to enter into an Indenture (the “Indenture”) with a corporate trustee (the “Trustee”) to be selected by the Executive Director of the Issuer (the “Executive Director”) in order to provide for the authentication and delivery of certain bonds or notes (the “Bonds”), to establish and declare the terms and conditions upon which the Bonds and other obligations secured by the Pledged Sales Tax Revenues shall be issued and secured and to

secure the payment of the principal thereof, premium (if any), and interest on the Bonds and other obligations secured by the Pledged Sales Tax Revenues on a parity with the Bonds (“Parity Obligations”) and certain other obligations secured by the Pledged Sales Tax Revenues;

WHEREAS, the Issuer desires to fund certain transportation improvements (the “Project”) authorized pursuant to 2004 Measure A;

WHEREAS, in order to finance a portion of the Project, the Issuer now desires to issue Measure A Sales Tax Revenue Notes or Bonds, Series 2006 (Limited Tax Bonds) in one or more series (the “Series 2006 Notes”) in a combined aggregate principal amount not to exceed one hundred fifteen million dollars (\$115,000,000), such Series 2006 Notes to be secured by a pledge of the Pledged Sales Tax Revenues and to be issued pursuant to one or more Supplemental Indentures (the “Supplemental Indentures”), to be entered into between the Issuer and the Trustee;

WHEREAS, there has been prepared and placed on file in the office of the Clerk of the Governing Board of the Issuer (the “Office of the Clerk”) proposed forms of Indenture and Supplemental Indentures;

WHEREAS, the execution and delivery of the Indenture and each Supplemental Indenture is required by Section 180252 of the Act to be approved by two-thirds vote of the Governing Board of the Issuer;

WHEREAS, there has been prepared and placed on file in the Office of the Clerk, a proposed form of purchase contract (hereinafter referred to as the “Purchase Contract”) pursuant to which Citigroup Global Markets Inc., as representative (the “Representative”) of the underwriters (the “Underwriters”), proposes to purchase the Series 2006 Notes from the Issuer;

WHEREAS, there has been prepared and placed on file in the Office of the Clerk, a proposed form of official statement describing the Series 2006 Notes and related matters (the “Official Statement”), to be used in connection with the offering and sale of the Series 2006 Notes;

WHEREAS, there has been prepared and placed on file in the Office of the Clerk, a proposed form of continuing disclosure certificate (the “Continuing Disclosure Certificate”), to be executed by the Issuer pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5) in connection with the issuance of the Series 2006 Notes;

WHEREAS, the Issuer intends to issue one or more series of Bonds (the “Take-Out Bonds”) in 2009 on or before the maturity date of the Series 2006 Notes to provide funds to pay the principal of the Series 2006 Notes due on their maturity date;

WHEREAS, in order to take advantage of current low interest rates, hedge against the possibility of higher interest rates in 2009 and reduce the overall cost of borrowing, the Issuer has considered the advisability of entering into interest rate hedging agreements in connection with the issuance of the Take-Out Bonds;

WHEREAS, Section 5922 of the Government Code of the State of California (the “Government Code”) provides that in connection with, or incidental to, the issuance or carrying of bonds, any public district or authority, such as the Issuer, may enter into any contracts which the public district or authority determines to be necessary or appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public district or authority, including, without limitation, contracts commonly known as interest rate swap agreements, forward payment conversion agreements or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure (each such agreement or contract being hereinafter referred to as a “Hedging Agreement”);

WHEREAS, Section 5922 of the Government Code further provides that each such Hedging Agreement shall be entered into with the party (hereinafter referred to as a “Counterparty”), selected by the means, and contain the payment, security, default, remedy, and other terms and conditions determined by the public district after giving due consideration for the creditworthiness of the Counterparty to such Hedging Agreement, including any rating of such Counterparty by a nationally recognized rating agency;

WHEREAS, in order to take advantage of current low interest rates, hedge against the possibility of higher interest rates in 2009, and reduce the overall cost of borrowing, the Board hereby determines that it is desirable to enter into one or more Hedging Agreements in connection with all or a portion of the Take-Out Bonds prior to the issuance of the Take-Out Bonds, each such Hedging Agreement to be entered into with a Counterparty, to be selected by the Executive Director in accordance with the Swap Policy (the “Swap Policy”) prepared and placed on file in the Office of the Clerk;

WHEREAS, there has been prepared and placed on file in the Office of the Clerk, a proposed form of Hedging Agreement, to be entered into between the Issuer and one or more Counterparties, each such Hedging Agreement to be comprised of an International Swaps and Derivatives Association (“ISDA”) Master Agreement (each, a “Master Agreement”), an ISDA U.S. Municipal Counterparty Schedule to the Master Agreement (each, a “Schedule”), an ISDA Credit Support Annex (each, a “Credit Support Annex”) and one or more Confirmations (each, a “Confirmation”);

WHEREAS, the Board hereby acknowledges that execution of a Hedging Agreement could result in a payment due from the Issuer to a Counterparty in the event the Issuer does not issue Take-Out Bonds and/or in the event that it is in the best interest of the Issuer to terminate such Hedging Agreement subsequent to its execution, that the amount of such payment, if any, will vary depending in large part on prevailing interest rates at the time such payment is calculated, and that under certain market conditions, the amount of such payments could be substantial;

WHEREAS, the Board now deems it necessary and advisable and in the financial interest of the Issuer (i) to authorize the issuance and sale of the Series 2006 Notes pursuant to the Indenture and one or more Supplemental Indentures and Purchase Contracts, (ii) to approve the forms of, and to authorize the execution and delivery of, the Indenture, the Supplemental

Indentures, the Purchase Contract, the Official Statement and the Continuing Disclosure Certificate, (iii) to approve the distribution of the Official Statement in preliminary and final form, (iv) to approve the forms of, and to authorize the execution and delivery of, one or more Hedging Agreements (as defined herein), (v) to approve the Swap Policy, and (vi) to authorize the taking of various other actions in connection therewith; and

WHEREAS, all acts, conditions and things required by the Act and the Constitution and Acts of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing contemplated hereby do exist, have happened and have been performed as required by the Act, and the Issuer is now duly authorized and empowered, pursuant to each requirement of the Act, to authorize and consummate the financing for the purposes, in the manner and upon the terms provided in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Sacramento Transportation Authority as follows:

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

Section 2. The issuance by the Issuer of not to exceed \$115,000,000 aggregate principal amount of Series 2006 Notes in one or more series, to be entitled "Sacramento Transportation Authority Measure A Sales Tax Revenue Notes, Series 2006 (Limited Tax Bonds)," is hereby authorized and approved.

Section 3. The proposed form of the Indenture, between the Issuer and the Trustee, on file at the Office of the Clerk, and the terms and provisions thereof, which are hereby incorporated by reference, are hereby approved. The Clerk of the Board (the "Clerk") is directed to file a copy of said form of Indenture with the minutes of this meeting. The Executive Director is authorized and directed to execute and deliver the Indenture to the Trustee, in substantially the form of the Indenture on file in the Office of the Clerk, with such additions thereto or changes therein, as such officer of the Issuer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture.

Section 4. The proposed form of the Supplemental Indenture, between the Issuer and the Trustee, on file at the Office of the Clerk, and the terms and provisions thereof, which are hereby incorporated by reference, are hereby approved. The Clerk is directed to file a copy of said form of Supplemental Indenture with the minutes of this meeting. The Executive Director is authorized and directed to execute and deliver one or more Supplemental Indentures to the Trustee, in substantially the form of the Supplemental Indenture on file in the Office of the Clerk, with such additions thereto or changes therein, as such officer of the Issuer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of such Supplemental Indenture.

The date, maturity date or dates (not to exceed November 1, 2009), interest rate or rates (not to exceed 5.0%), interest payment dates, forms, denominations, registration and exchange

privileges, place or places of payment, terms of redemption (optional redemption may or may not be provided, as determined by the officer of the Issuer executing the Indenture), and all other terms of the Series 2006 Notes shall be (subject to the foregoing limitations) as provided in the First Supplemental Indenture as finally executed and delivered.

The Series 2006 Notes shall be executed by the manual or facsimile signature of the Chair of the Issuer and countersigned by the manual or facsimile signature of the Clerk, and shall be in the form set forth in and otherwise in accordance with the Indenture and the Supplemental Indenture; and when so executed the Series 2006 Notes shall be delivered to the Trustee for authentication by the Trustee and delivery by the Trustee to the purchasers thereof in accordance with written instructions executed on behalf of the Issuer by the Executive Director, which instructions the Executive Director is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver to the Trustee and which instructions shall provide for the delivery of the Series 2006 Notes to the Representative in accordance with the Purchase Contract upon payment of the purchase price of the Series 2006 Notes.

Section 5. The proposed form of the Purchase Contract, between the Issuer and the Underwriters, on file at the Office of the Clerk, providing for the sale of the Series 2006 Notes to the Underwriters, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Clerk is directed to file a copy of said form of Purchase Contract with the minutes of this meeting. The sale of the Series 2006 Notes to the Underwriters at the principal amount thereof, less an underwriters' discount of not to exceed 0.75% of the principal amount of the Series 2006 Notes, less any agreed-upon original issue discount, plus any original issue premium, in accordance with said form of Purchase Contract is hereby authorized and approved. The Executive Director is authorized and directed to execute and deliver one or more Purchase Contracts to the Representative, in substantially the form of the Purchase Contract on file in the Office of the Clerk, with such additions thereto or changes therein, as such officer of the Issuer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of such Purchase Contract.

Section 6. The proposed form of Official Statement on file at the Office of the Clerk, describing the Series 2006 Notes and related matters, and the terms and provisions thereof, which are hereby incorporated by reference, are hereby approved. The Clerk is directed to file a copy of said form of Official Statement with the minutes of this meeting. The Official Statement in preliminary form may be deemed final by the Executive Director on behalf of the Issuer for purposes of compliance with Securities and Exchange Commission Rule 15c2-12 and the distribution of one or more Official Statements in such preliminary form as is deemed final by the Executive Director is hereby authorized.

The Executive Director is hereby authorized and directed to execute and deliver one or more final Official Statements in substantially the form of the Official Statement on file at the Office of the Clerk, with such additions thereto or changes therein as the Executive Director of the Issuer, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of such Official Statement. The Underwriters are hereby authorized and directed to distribute copies of the Official Statement to persons purchasing the Series 2006 Notes.

Section 7. The proposed form of the Continuing Disclosure Certificate, on file at the Office of the Clerk, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Clerk is directed to file a copy of said form of Continuing Disclosure Certificate with the minutes of this meeting. The Executive Director is hereby authorized to execute and deliver one or more Continuing Disclosure Certificates in substantially the form of the Continuing Disclosure Certificate on file in the Office of the Clerk, with such additions thereto or changes therein, as such officer of the Issuer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of such Continuing Disclosure Certificate.

Section 8. Pursuant to Section 5922 of the Government Code, the Board hereby further finds and determines that execution and delivery of one or more Hedging Agreements is designed to reduce the amount or duration of interest rate risk and to result in a lower cost of borrowing when used in combination with the issuance of the Take-Out Bonds.

Section 9. The proposed form of Hedging Agreement, comprised of a Master Agreement, a Schedule, a Credit Support Annex and one or more Confirmations, on file at the Office of the Clerk, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Clerk is directed to file a copy of said form of Hedging Agreement with the minutes of this meeting. In the event that the Executive Director determines that it is in the best interest of the Issuer to enter into a Hedging Agreement in connection with the Take-Out Bonds, the Executive Director is hereby authorized and directed to select one or more Counterparties with the advice of PFM Asset Management LLC and The Pineapple Group, financial advisors to the Issuer, and to execute and deliver one or more Hedging Agreements in a combined notional amount not to exceed \$320,000,000 (which is expected to be the aggregate principal amount of the Take-Out Bonds), each in substantially the form of the Hedging Agreement on file in the Office of the Clerk, with such additions thereto or changes therein, as such officer of the Issuer executing the same, with the advice of counsel to the Issuer, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of each such Hedging Agreement.

Section 10. The Swap Policy, on file at the office of the Clerk, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved.

Section 11. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing which may be necessary or desirable in connection with any investment of the proceeds of the Series 2006 Notes, any investment or reinvestment of the amounts held on deposit in any of the funds or accounts established under the Indenture or the Supplemental Indentures, any amendment of such documents or the refunding or defeasance of any Series 2006 Notes, may be given by the Executive Director without further authorization or direction by the Board, and the Executive Director is hereby authorized and directed to give any such approval, consent, direction, notice, order or request and to take any such action which such officer of the Issuer may deem necessary or desirable to further the purposes of this Resolution.

Section 12. The Executive Director and each other appropriate officer of the Issuer, are authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all agreements, certificates, documents and instruments, including, without limitation, certificates identifying qualified hedges, signature certificates, no-litigation certificates, disclosure certificates, tax certificates, letters of representation relating to book-entry registration, certificates concerning the representations in the Purchase Contract, certificates concerning the contents of the Official Statement and contracts for rebate compliance services, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Issuer has approved in this Resolution.

The Executive Director may appoint in writing a designee to perform any of the actions which such officer of the Issuer may take under this Resolution.

Section 13. The General Counsel of the Issuer is authorized and directed to provide such opinions, on behalf of the Issuer, as are required to consummate the transactions authorize by this Resolution.

Section 14. In the event that the Executive Director is unable to take any of the actions authorized in this Resolution, the Senior Transportation Administrator is hereby authorized to take any and all such action without further authorization or direction from the Board. All actions heretofore taken by the members of the Board, the Executive Director or the Senior Transportation Administrator, the General Counsel of the Issuer or any other officers, agents or employees of the Issuer, with respect to the issuance of the Series 2006 Notes, and the other transactions contemplated hereby, and by the Official Statement, are hereby ratified, confirmed and approved.

Section 15. If any section, paragraph clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph or clause or provision shall not affect any of the remaining provisions of this Resolution.

PASSED AND ADOPTED by the Governing Board of the Sacramento Transportation Authority this 12th day of October, 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

Chairperson
Sacramento Transportation Authority

ATTEST:

Clerk of the Governing Board

Approved as to Form:

General Counsel