

**RESOLUTION NO. 2009-210**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE  
AUTHORIZING THE CREATION OF A RECOVERY ZONE UNDER THE PROVISIONS  
THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FOR THE  
PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS  
AND RECOVERY ZONE FACILITY BONDS**

**WHEREAS**, Section 1401 of Title I of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) ("ARRA"), added §§ 1400U-1 through 1400U-3 to the Internal Revenue Code of 1986 (the "Code"), authorizing state and local governments to issue recovery zone economic development bonds ("Recovery Zone Economic Development Bonds") and recovery zone facility bonds ("Recovery Zone Facility Bonds" and together with the Recovery Zone Economic Development Bonds, the "Recovery Zone Bonds"); and

**WHEREAS**, Recovery Zone Bonds may be issued by each state and counties and large municipalities within each state before January 1, 2011 under §§ 1400U-2 and 1400U-3 of the Internal Revenue Code ("Code"), as provided in § 1400U-1 of the Code to finance certain "qualified economic development purposes" (as to Recovery Zone Economic Development Bonds) and "qualified facility purposes" (as to Recovery Zone Facility Bonds) for use within designated "recovery zones," as described; and

**WHEREAS**, for purposes of §§ 1400U-1 through 1400U-3 of the Code, the term "recovery zone" means: 1) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; 2) any area designated by the issuer as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and 3) any area for which a designation as an empowerment zone or renewal community is in effect as of the effective date of ARRA, which effective date is February 17, 2009; and

**WHEREAS**, eligible issuers of Recovery Zone Bonds include States and political subdivisions as defined for purposes of § 103 of the Code; and

**WHEREAS**, Section 1400U-1(b) of the Code requires, in part, that issuers "designate" eligible recovery zones based on certain specified criteria; and

**WHEREAS**, Internal Revenue Service Notice 2009-50 ("Notice 2009-50") provides that for this purpose, any state, county, or large municipality that receives a volume cap allocation for Recovery Zone Economic Development Bonds may make these designations of recovery zones in any reasonable manner as it shall determine in good faith in its discretion; and

**WHEREAS**, due to recent foreclosure rates within the City that exceed the rates of Sacramento County, the State of California, or the nation at large as displayed in

Exhibit A, increased unemployment and a significant decline in assessed values and construction starts, the City of Elk Grove (the "City") has suffered significant general economic distress; and

**WHEREAS**, Section 1400U-1(a)(1)(A) of the Code provides that, subject to § 1400U-1(a)(1)(B) of the Code (relating to minimum allocations), generally, the Secretary of the Treasury (the "Secretary") shall allocate the \$10 billion national volume cap for Recovery Zone Economic Development Bonds among the states in the proportion that each state's 2008 state employment decline bears to the aggregate of the 2008 State employment declines for all of the States; and

**WHEREAS**, Section 1400U-1(a)(3)(A) of the Code provides generally that each state with respect to which an allocation is made under 1400U-1(a)(1) of the Code is required, without discretion, to reallocate such allocation among the counties and large municipalities in such state in the proportion that each county's or municipality's 2008 employment decline bears to the aggregate of the 2008 employment declines for all the counties and municipalities in such state (the "Volume Cap"); and

**WHEREAS**, for purposes of § 1400U-1(a)(3)(A) of the Code, the term "large municipality" means a municipality with a population of more than 100,000; and

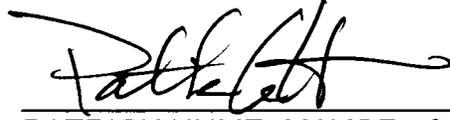
**WHEREAS**, pursuant to Notice 2009-50, the Department of Treasury ("Treasury") and the Internal Revenue Service undertook to determine these required local sub-allocations of Volume Cap; and

**WHEREAS**, pursuant to Notice 2009-50, the local sub-allocation of volume cap determined by the Treasury to apply to the City of Elk Grove (the "City") is \$1,372,000 for the issuance of Recovery Zone Economic Development Bonds and \$2,059,000 for the issuance of Recovery Zone Facility Bonds.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Elk Grove, as follows:

- Section 1.** All of the recitals herein contained are true and correct and the City Council of the City of Elk Grove (the "Council") so finds.
- Section 2.** The Council hereby finds that the entire geographic area of the City of Elk Grove is experiencing significant poverty, unemployment, rate of home foreclosures, and general distress for purposes of §1400U-1(b) of the Code.
- Section 3.** The entire geographic area of the City is hereby designated as a recovery zone for purposes of §1400U-1(b) of the Code.
- Section 4.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 28<sup>th</sup> day of October 2009.



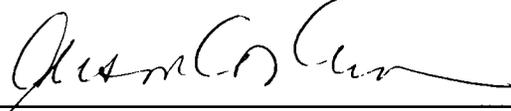
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PATRICK HUME, MAYOR of the  
CITY OF ELK GROVE

ATTEST:



\_\_\_\_\_  
SUSAN J. BLACKSTON, CITY CLERK

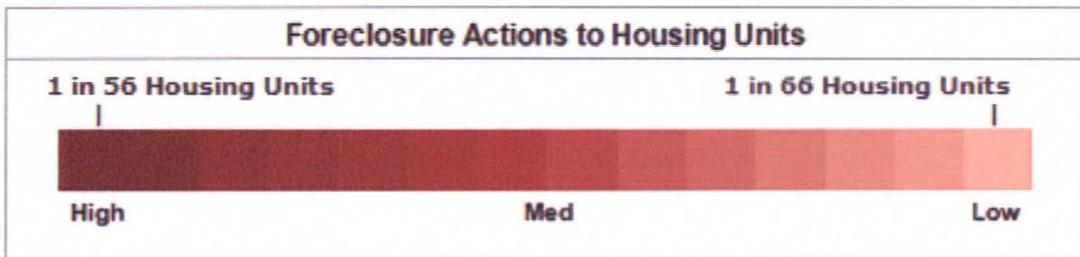
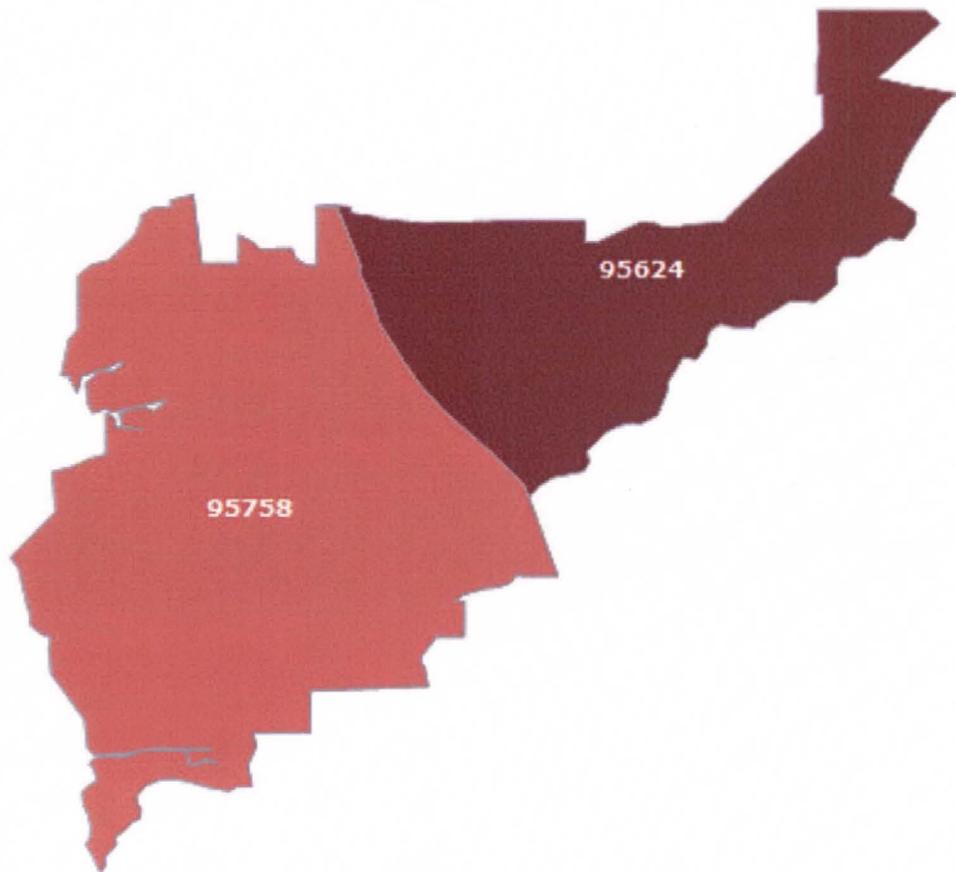
APPROVED AS TO FORM:



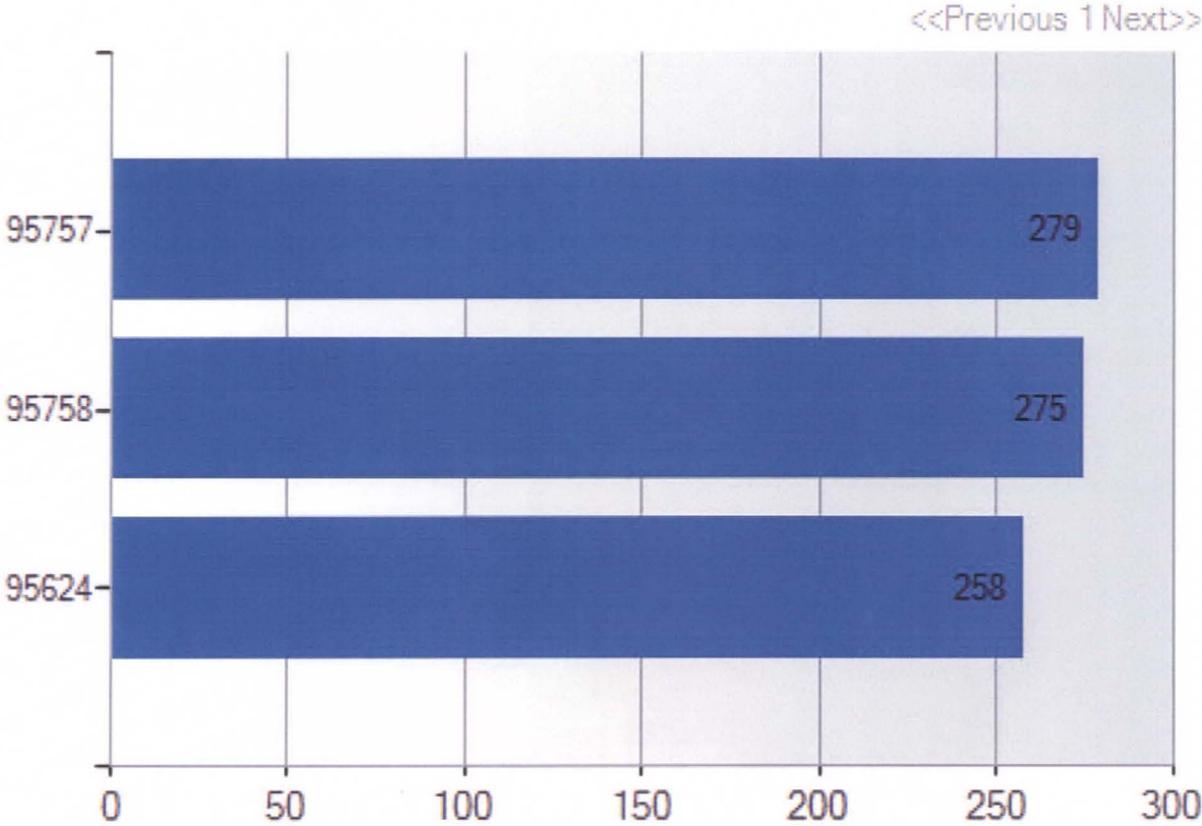
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SUSAN COCHRAN, CITY ATTORNEY

EXHIBIT A

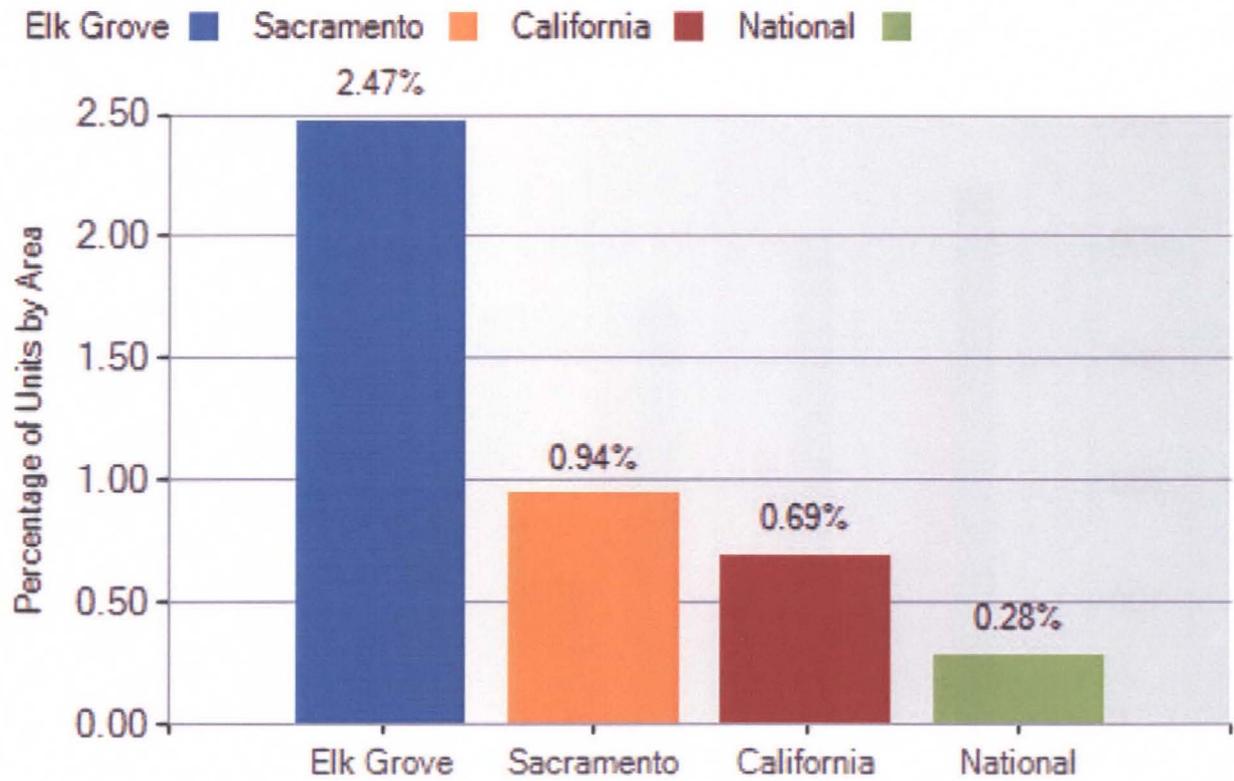
August 2009 Foreclosure Rate Heat Map



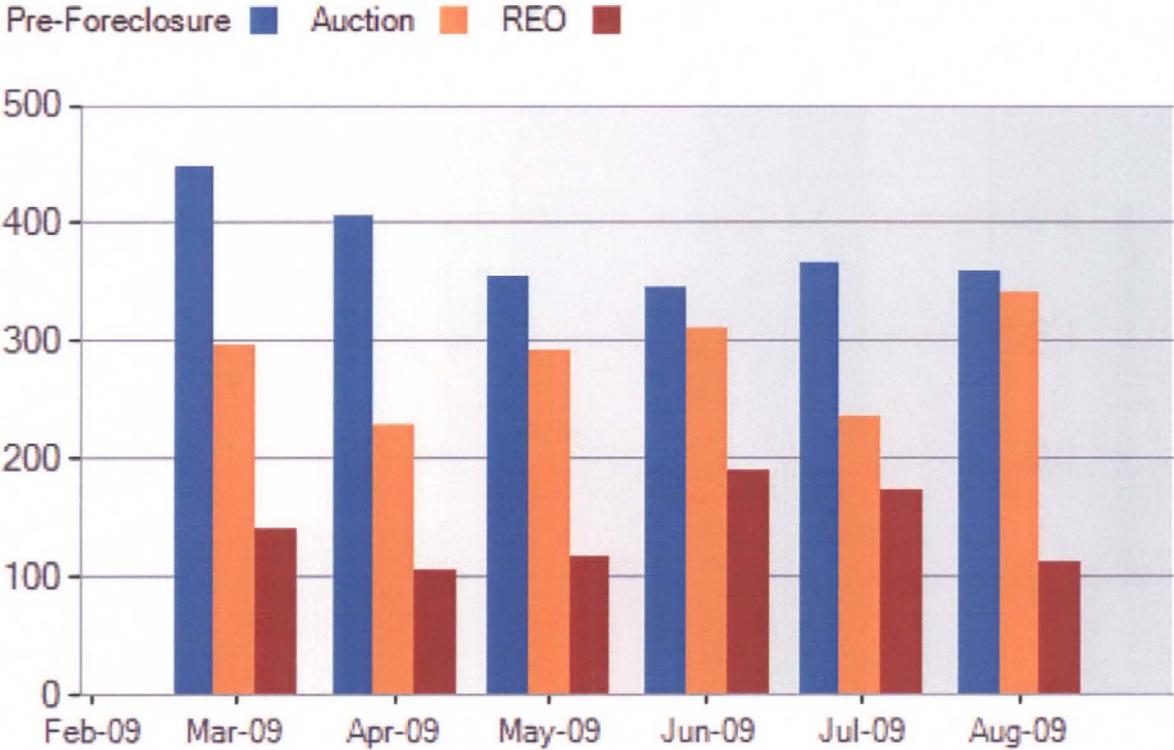
### Foreclosure Activity Counts - Elk Grove, CA August 2009



## Geographical Comparison - Elk Grove, CA



### Foreclosure Activity by Month - Elk Grove, CA



**CERTIFICATION  
ELK GROVE CITY COUNCIL RESOLUTION NO. 2009-210**

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

*I, Susan J. Blackston, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on October 28, 2009 by the following vote:*

**AYES :**       **COUNCILMEMBERS:**    *Hume, Cooper, Davis, Detrick*

**NOES:**       **COUNCILMEMBERS:**    *None*

**ABSTAIN :**   **COUNCILMEMBERS:**    *None*

**ABSENT:**    **COUNCILMEMBERS:**    *Scherman*

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**Susan J. Blackston, City Clerk**  
**City of Elk Grove, California**