

RESOLUTION NO. FA2005-2

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE ELK GROVE FINANCE AUTHORITY
RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST
AGREEMENT, A BOND PURCHASE AGREEMENT, AND A BOND PURCHASE
CONTRACT; AUTHORIZING THE ISSUANCE OF BONDS; APPROVING THE FORM
OF THE OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF, AND
APPROVING OTHER ACTIONS RELATED THERETO**

WHEREAS, the Elk Grove Finance Authority (the "Authority") is authorized to issue bonds pursuant to Government Code section 6588 to finance the purchase of bonds issued by other local government agencies and to pay the cost of public capital improvements;

WHEREAS, the City of Elk Grove (the "City") is a member agency of the Authority and the public capital improvements that will be refinanced by the refunding of all or a portion of the special tax bonds issued by the City with respect to its East Franklin Community Facilities District No. 2002-1 and its Community Facilities District No. 2003-1 (Poppy Ridge) and the additional public capital improvements to be financed by the Authority's bonds are located within the City's boundaries;

WHEREAS, for the purpose of producing debt service savings and financing additional public capital improvements for the community facilities districts, pursuant to the authority of Government Code section 6589, the City intends to sell two series of refunding bonds (the "Refunding Bonds") to the Authority, and the Authority intends to purchase the Refunding Bonds using the proceeds of the sale of the Authority's revenue bonds (the "Revenue Bonds") to Piper Jaffray & Co. (the "Underwriter");

WHEREAS, on July 27, 2005, the City held a public hearing, following the required notice by publication, and adopted a resolution approving the financing of the public capital improvements to be refinanced and financed by the Revenue Bonds and making a finding of significant public benefit;

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

1. The Bond Purchase Agreement by and between the City and the Authority (the "Bond Purchase Agreement"), whereby the City will sell the Refunding Bonds to the Authority;

2. The Trust Agreement between U.S. Bank National Association, as trustee, and the Authority (the "Trust Agreement"), pursuant to which the Authority will issue its Revenue Bonds;
3. The Official Statement relating to the Revenue Bonds (the "Official Statement"); and
4. The Bond Purchase Contract by and between the Authority and the Underwriter (the "Bond Purchase Contract"), whereby the Authority will sell its Revenue Bonds to the Underwriter;

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 refinanced and financed for the City's East Franklin Community Facilities District No. 2002-1 and Community Facilities District No. 2003-1 (Poppy Ridge) by the Authority are public capital improvements that are located within the boundaries of the member agencies of the Authority; and

(b) on July 27, 2005, the City, a member of the Authority, approved the financing and refinancing 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 Bond Purchase Agreement;
- (b) The Trust Agreement;
- (c) The Official Statement; and
- (d) The Bond Purchase Contract,

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 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 \$99,000,000 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.

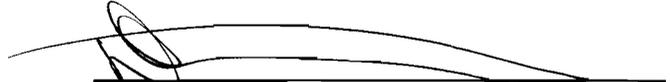
Section 6. Execution of Revenue Bonds. The Designated Officers, and each of them individually, are hereby authorized and directed to execute each of the Revenue Bonds on behalf of the Authority.

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.

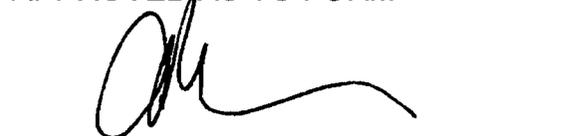
PASSED AND ADOPTED by the Board of Directors of the Elk Grove Finance Authority this 27th day of July 2005.


DANIEL BRIGGS, PRESIDENT of the
ELK GROVE FINANCE AUTHORITY

ATTEST:

APPROVED AS TO FORM


PEGGY E. JACKSON, SECRETARY


ANTHONY MANZANETTI
LEGAL COUNSEL

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. FA2005-2**

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 City Council of the City of Elk Grove at a regular meeting of said Council held on the 27th day of July, 2005 by the following vote:

AYES 4: COUNCILMEMBERS: Scherman, Soares, Briggs, Cooper
NOES 0: COUNCILMEMBERS:

ABSTAIN 0: COUNCILMEMBERS:

ABSENT 1: COUNCILMEMBERS: Leary





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