

RESOLUTION NO. 2000-20

A Resolution of the City Council of the City of Elk Grove Approving a Promissory Note to River City Bank in the Amount of \$1,000,000.00 and Authorizing the Mayor and Officers to Sign the Note on Behalf of the City of Elk Grove

WHEREAS, pursuant to Sections 53850 and following of the California Government Code (within Article 7.6, titled "Temporary Borrowing"), cities organized and existing under the laws of the State of California are authorized to borrow money by the issuance of temporary notes for any purpose for which the city is authorized to expend moneys, including, but not limited to, current expenses, capital expenditures, and the discharge of any obligation or indebtedness; and

WHEREAS, in accordance with Government Code Section 53858, the maximum amount that the City of Elk Grove proposes to borrow in the fiscal year ending June 30, 2001, together with interest thereon does not exceed 85% of the uncollected taxes, income, revenue, cash receipts and other moneys of the City for the fiscal year that will be available for repayment;

NOW, THEREFORE, the City Council of the City of Elk Grove (the "Council") hereby resolves as follows:

Section 1. Findings. All of the above recitals are true and correct and the Council so finds and determines.

Section 2. Authorization to Issue Note. The Council hereby approves the issuance of a promissory note (the "Note") in a principal amount not to exceed \$1,000,000, dated the date of delivery thereof; to mature on June 30, 2001, and to bear interest, computed on a 365/360-day year basis, at the One-Year Treasury Constant Maturity Rate for the most recently available date as published by the Federal Reserve Board on the date of delivery of the Note. Interest on the outstanding principal balance shall be payable on October 3, 2000, and quarterly thereafter and at maturity.

Section 3. Form of Note. The Note shall be substantially in the form set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in the form to be filled in with appropriate words and figures.

Section 4. Execution and Delivery of Note. The Council hereby authorizes the Mayor, the City Manager, and the Finance Director/Treasurer, and each of them individually, and directs one or more of them to sign the Note, to cause the blank spaces thereof to be filled in as appropriate, and to deliver the Note to River City Bank.

Section 5. Further Actions Authorized. The officers of the City are hereby authorized to execute any and all other documents required to consummate the delivery of the Note, including,

but not limited to the Note, the accompanying Disbursement Request and Authorization and the Notice of Final Agreement.

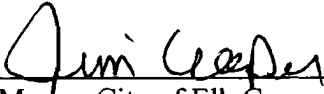
PASSED AND ADOPTED by the City Council of the City of Elk Grove on July 1, 2000, by the following vote:

AYES: Cooper, Soares, Leary, Scherman, Briggs

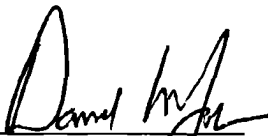
NOES: 0

ABSENT: 0


ABSTAIN: 0


Mayor, City of Elk Grove

ATTEST:


City Clerk,
City of Elk Grove

APPROVED AS TO FORM:


City Attorney



River City Bank

DRAFT

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
\$1,000,000.00	07-03-2000	06-30-2001	5084529936	810	0		522	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: City of Elk Grove (TIN:)
8949 Elk Grove Blvd., P.O. Box 1776
Elk Grove, CA 95759

Lender: RIVER CITY BANK
Business Banking Group
C/O Loan Servicing Dept.
2485 Natomas Park Drive
Sacramento, CA 95833

Principal Amount: \$1,000,000.00

Interest Rate:

Date of Note: July 3, 2000

PROMISE TO PAY. City of Elk Grove ("Borrower") promises to pay to RIVER CITY BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million & 00/100 Dollars (\$1,000,000.00) or so much as may be outstanding, together with interest at the rate of 6.220% on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on June 30, 2001. In addition, Borrower will pay regular quarterly payments of accrued unpaid interest beginning October 3, 2000, and all subsequent interest payments are due on the same day of each quarter after that. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

PREPAYMENT; MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$100.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, they will reduce the principal balance due.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$25.00, whichever is greater.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (f) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Note. (g) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within fifteen (15) days; or (b) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon Borrower's failure to pay all amounts declared due pursuant to this section, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the interest rate on this Note 3.000 percentage points. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a

07-03-2000
Loan No 5084529936

PROMISSORY NOTE
(Continued)

Page 2

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

City of Elk Grove

By: _____
Jim Cooper, Mayor

By: _____
David Jenkins, City Manager

By: _____
Gene J. Albaugh, Fiscal Manager



July 1, 2000

City of Elk Grove
8949 Elk Grove Boulevard
Elk Grove, CA 95624

River City Bank
8923 Elk Grove Boulevard
Elk Grove, CA 95624

Re: *Promissory Note dated July 1, 2000*

Ladies and Gentlemen:

We serve as City Attorney to the City of Elk Grove (the "City"). In that capacity, we have examined the Promissory Note dated July 1, 2000 (the "Note"), issued by the City to River City Bank, pursuant to Article 7.6 (commencing with §53850), Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, pursuant to the provisions of Resolution No. 2000-20 adopted by the City Council of the City on July 1, 2000 (the "Resolution").

As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City has been duly incorporated and is validly existing as a municipal corporation with the power to issue the Note.
2. The Resolution has been duly adopted by the City Council.
3. The Note has been duly authorized, executed and delivered by the City and is a valid and binding general obligation of the City enforceable in accordance with its terms.

It is to be understood that the rights of the holder of the Note and the enforceability of the Note and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent

City of Elk Grove
River City Bank
July 1, 2000
Page 2

constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

Kronick, Moskovitz, Tiedemann & Girard

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation