

PUBLIC FACILITIES FINANCING AUTHORITY  
RESOLUTION NO. FA-99-3

ADOPTED ON FEBRUARY 8, 1999

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$375,000,000 AGGREGATE COMBINED PRINCIPAL AMOUNT OF ITS SEWER REVENUE BONDS, SERIES 1999A AND SERIES 1999B (PAYABLE SOLELY FROM INSTALLMENT PAYMENTS SECURED BY WASTEWATER SYSTEM NET REVENUES); APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIFTH SUPPLEMENTAL INDENTURE, A 1999-1 SUPPLEMENT TO THE MASTER INSTALLMENT PURCHASE AGREEMENT, A PURCHASE CONTRACT AND AN OFFICIAL STATEMENT RELATING TO AN INSTALLMENT PURCHASE FINANCING AND APPROVING CERTAIN OTHER AGREEMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the Public Facilities Financing Authority of The City of San Diego (the "Authority") is a California joint exercise of powers entity duly organized to provide financial assistance to The City of San Diego (the "City"); and

WHEREAS, the City desires to acquire, construct, install and improve, or cause the acquisition, construction, installation and improvement of its wastewater system (the "Project"); and

WHEREAS, in order to effectuate such acquisition, construction, installation and improvement of the Project, the Authority agreed to sell components of the Project to the City pursuant to a Master Installment Purchase Agreement, dated as of September 1, 1993, between the Authority and the City, as subsequently amended and supplemented from time to time (the "Installment Purchase Agreement"); and

WHEREAS, in order to provide for the acquisition, construction, installation and improvement of additional components of the Project, it is proposed that the City and the Authority enter into a 1999-1 Supplement to the Installment Purchase Agreement, dated as of March 1, 1999 (the "1999-1 Supplement"), amending and supplementing the Installment

Purchase Agreement, pursuant to which the Authority will sell and the City will purchase additional components of the Project; and

WHEREAS, under the Installment Purchase Agreement and the 1999-1 Supplement, the City will be obligated to make installment payments to the Authority for the purchase of certain additional components of the Project; and

WHEREAS, to provide funds for the purchase of certain additional components of the Project, and in order that such components may be sold to the City pursuant to the Installment Purchase Agreement and the 1999-1 Supplement, the Authority desires to issue its Sewer Revenue Bonds, Series 1999A and Series 1999B (Payable Solely from Installment Payments Secured by Wastewater System Net Revenues) (collectively, the "1999 Bonds"); and

WHEREAS, to provide for the authentication and delivery of the 1999 Bonds, to establish and declare the terms and conditions upon which the 1999 Bonds are to be issued and secured and to secure the repayment thereof, it is proposed that the Authority and State Street Bank and Trust Company of California, N.A. (the "Trustee") enter into a Fifth Supplemental Indenture (the "Fifth Supplemental Indenture"), amending and supplementing an Indenture, dated as of September 1, 1993, between the Authority and the Trustee, (the "Prior Indenture," as amended and supplemented, including as amended and supplemented by the Fifth Supplemental Indenture, being referred to herein as the "Indenture"); and

WHEREAS, the Authority desires to sell the 1999 Bonds by negotiated sale to Bear, Stearns & Co. Inc. (the "Representative"), as Representative of a group of underwriters (the "Underwriters") pursuant to a Purchase Contract (defined below) for resale to the public; and

WHEREAS, the Authority is authorized to undertake all of the actions described in this Resolution pursuant to the Constitution and the other applicable laws of the State of California; and

WHEREAS, there has been presented to this Board of Commissioners of the Authority the form of each of the 1999-1 Supplement, the Fifth Supplemental Indenture, the Preliminary Official Statement (as defined below) and the Purchase Contract, and the Board of Commissioners of the Authority has examined such documents and desires to approve such documents and to authorize and direct the execution and delivery of such documents; NOW, THEREFORE,

BE IT RESOLVED, that the Board of Commissioners of the Authority does determine and order as follows:

SECTION 1. The Board of Commissioners hereby finds and determines that the statements set forth above in the recitals to this Resolution are true and correct.

SECTION 2. The issuance of the 1999 Bonds in the aggregate combined principal amount of not to exceed Three Hundred Seventy-Five Million Dollars (\$375,000,000) on the terms and conditions set forth in and subject to the limitations specified in the Indenture, is hereby authorized and approved. The 1999 Bonds are authorized to be executed for and in the name and on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority and attested to by the manual or facsimile signature of the Secretary/Treasurer of the Authority. The 1999 Bonds, when so executed and attested, are authorized to be delivered to the Trustee for authentication.

SECTION 3. The form and content of the 1999-1 Supplement submitted to this meeting is hereby approved. The Chairman or Vice Chairman of the Authority and their respective specified designees, and each of them, are hereby authorized and directed, for and in the name and on behalf of the Authority to execute and deliver the 1999-1 Supplement in substantially the form presented to this meeting, and the Secretary/Treasurer of the Authority or his specified designee is each authorized to attest thereto, with such additions or changes therein as the

Chairman, Vice Chairman or their respective specified designees shall require or approve and with such other changes that may be required by Orrick, Herrington & Sutcliffe LLP and Webster & Anderson, as co-bond counsel ("Co-Bond Counsel"), such approval to be conclusively evidenced by the execution and delivery thereof provided however, that the aggregate amount of the combined Component Installment Payments (as defined in the 1999-1 Supplement) attributable to principal shall not exceed Three Hundred Seventy-Five Million Dollars (\$375,000,000). The Component Installment Payments shall be payable during a period of not more than the maximum period permitted by law, and the interest rate paid by the City to the Authority relating to that portion of Component Installment Payments attributable to interest on fixed rate instruments shall not exceed seven percent (7.00%) per annum.

SECTION 4. The form and content of the Fifth Supplemental Indenture submitted to this meeting is hereby approved. The Chairman or Vice Chairman of the Authority and their respective specified designees, and each of them, are hereby authorized and directed, for and in the name and on behalf of the Authority to execute and deliver the Fifth Supplemental Indenture in substantially the form presented to this meeting, and the Secretary/Treasurer of the Authority or his specified designee is each authorized to attest thereto, with such additions and changes therein as the Chairman, Vice Chairman or their respective specified designees shall require or approve and with such other changes that may be required by Co-Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. The form and content of Purchase Contract (the "Purchase Contract") dated the date of sale of the 1999 Bonds, among the Authority, the City and the Representative and submitted to this meeting is hereby approved. The Chairman or Vice Chairman of the Authority and their respective specified designees, and each of them, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Purchase Contract

in substantially the form submitted to this meeting, with such additions and changes therein as the Chairman, Vice Chairman or their respective specified designees shall require or approve as being in the best interests of the Authority, and as approved as to form by the General Counsel to the Authority or his specified designee, such approval to be conclusively evidenced by the execution and delivery thereof. In connection with the execution and delivery of the Purchase Contract, the Chairman or Vice Chairman of the Authority and their respective specified designees, and each of them, are further authorized to negotiate the combined principal amount of the 1999 Bonds to be sold pursuant to the Purchase Contract up to a maximum aggregate principal amount of not to exceed Three Hundred Seventy-Five Million Dollars (\$375,000,000), and the true interest cost of the issue (without deduction of underwriters' discount or costs of issuance) shall not exceed seven percent (7.00%) per annum, and the maximum aggregate underwriters' discount from the combined principal amount of the 1999 Bonds shall not exceed eight-tenths of one percent (0.8%) of the aggregate principal amount thereof.

SECTION 6. The form and content of the preliminary official statement relating to the 1999 Bonds (the "Preliminary Official Statement"), submitted to this meeting is hereby approved for use in connection with the public offering of the 1999 Bonds with such changes as may be approved by the Chairman or Vice Chairman of the Authority or their respective specified designees and the General Counsel to the Authority or his specified designee. The Chairman or Vice Chairman of the Authority or their respective specified designees and each of them, are hereby authorized on behalf of the Authority to certify to the Underwriters that the Preliminary Official Statement (insofar as it presents information relating to the Authority) is deemed "final" for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The Chairman or Vice Chairman of the Authority or their

respective specified designees, and each of them, are hereby authorized and directed to assist in the preparation of a final Official Statement relating to the 1999 Bonds (the "Official Statement") in substantially the form of the Preliminary Official Statement and the Chairman or Vice Chairman of the Authority is authorized to execute and deliver the Official Statement. The Chairman is hereby authorized and directed to cause the printing and delivery of the Preliminary Official Statement and the Official Statement. The distribution of the Preliminary Official Statement and the Official Statement in connection with the public offering of the 1999 Bonds is hereby approved.

SECTION 7. The Chairman or Vice Chairman of the Authority and their respective specified designees and the Secretary/Treasurer of the Authority and his specified designee, are each hereby authorized and directed to take all actions and execute any and all documents necessary or advisable to arrange for the insuring of all or a portion of the 1999 Bonds or to obtain a debt service reserve fund surety bond, or to obtain any other form of credit or liquidity enhancement, if, upon the advice of the City's financial advisors with respect to the 1999 Bonds, such insurance, surety bond or other credit or liquidity enhancement will result in a lower true interest cost.

SECTION 8. All actions heretofore taken by any officers, employees, agents or directors of the Authority, with respect to the issuance, delivery or sale of the 1999 Bonds, or in connection with or related to any of the agreements or documents referenced herein or the financing of the Project are hereby approved, confirmed and ratified; and the Chairman of the Authority, the Vice Chairman of the Authority, the Secretary/Treasurer of the Authority, the General Counsel to the Authority and other officers of the Authority are, and each of the foregoing acting alone or through their specified designee is, hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and to take any and all

actions, and to execute and deliver such documents, agreements and certificates (including, but not limited to the Tax Certificate and Agreement), which they, or any of them, may deem necessary or advisable to effectuate the purposes of this Resolution and the lawful issuance and delivery of the 1999 Bonds.

SECTION 9. This Resolution shall take effect immediately upon its adoption.

APPROVED: CASEY GWINN, General Counsel

By  
Kelly J. Salt  
Deputy General Counsel

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