

RESOLUTION NUMBER R- 290218

ADOPTED ON JUN 08 1998

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$65,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 1 (MIRAMAR RANCH NORTH) SPECIAL TAX REFUNDING BONDS; APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE, AN ESCROW AGREEMENT, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT; AND THE PREPARATION OF AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO.

WHEREAS, the City Council (the "City Council") of the City of San Diego (the "City") has formed City of San Diego Community Facilities District No. 1 (Miramar Ranch North) (the "Community Facilities District") under the provisions of the Mello-Roos Community Facilities District Act of 1982 (the "Act"); and

WHEREAS, the City Council, as the legislative body of the Community Facilities District, is authorized under the Act to levy special taxes (the "Special Taxes") to pay for the costs of certain facilities and to authorize the issuance of bonds secured by the Special Taxes under the Act; and

WHEREAS, there have previously been issued the City of San Diego Community Facilities District No. 1 (Miramar Ranch North) Special Tax Bonds, 1991 Series A (the "Prior Series A Bonds"), presently outstanding in the aggregate principal amount of \$32,195,000, and the City of San Diego Community Facilities District No. 1 (Miramar Ranch North) Special Tax Bonds, 1995 Series B, presently outstanding in the aggregate principal amount of \$20,706,000

(the "Prior Series B Bonds") (the Prior Series A Bonds and the Prior Series B Bonds are collectively referred to as the "Prior Bonds"); and

WHEREAS, in order to achieve debt service savings, the Community Facilities District desires to refund the Prior Bonds; and

WHEREAS, in order to provide a portion of the moneys required to refund the Prior Bonds, the Community Facilities District desires to authorize the issuance of City of San Diego Community Facilities District No. 1 (Miramar Ranch North) Special Tax Refunding Bonds (the "Bonds"), in the aggregate principal amount of not to exceed \$65,000,000; and

WHEREAS, the Community Facilities District has determined that securing the timely payment of the principal of and interest on all or a portion of the Bonds by obtaining a bond insurance policy (a "Bond Insurance Policy") with respect thereto could be economically advantageous to the Community Facilities District; and

WHEREAS, the Community Facilities District has determined that in order to obtain a Bond Insurance Policy it could be necessary to structure the Bonds so that a portion of the Bonds is secured by a senior lien on the Special Taxes and the remaining portion of the Bonds is secured by a subordinate lien on the Special Taxes; and

WHEREAS, in order to provide for the implementation of such structure, the Community Facilities District desires to provide for the issuance of a portion of the Bonds as City of San Diego Community Facilities District No. 1 (Miramar Ranch North) Subordinate Special Tax Refunding Bonds, 1998 Series B (the "Subordinate Bonds"), in the aggregate principal amount of not to exceed \$20,000,000; and

WHEREAS, in order to provide for the implementation of such structure, the Community Facilities District desires to authorize the issuance of a portion of the Bonds as City of San Diego

Community Facilities District No. 1 (Miramar Ranch North) Senior Special Tax Refunding Bonds, 1998 Series A (the "Senior Bonds"), in the aggregate principal amount of not to exceed the remainder of \$65,000,000, less an amount equal to the aggregate principal amount of Subordinate Bonds issued; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District proposes to enter into an Indenture with U.S. Bank Trust National Association, as trustee (the "Trustee") (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture"); and

WHEREAS, the funds to pay the principal of, and premium and interest on, the Prior Bonds through the respective redemption dates thereof will be applied to such purpose pursuant to an Escrow Agreement by and between the Community Facilities District and U.S. Bank Trust National Association, as escrow bank (such Escrow Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement"); and

WHEREAS, PaineWebber Incorporated and E.J. De La Rosa & Co, Inc. (the "Underwriters") have presented the Community Facilities District with a proposal, in the form of a Bond Purchase Agreement, to purchase the Bonds from the Community Facilities District (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Purchase Agreement"); and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the Underwriters must have reasonably determined that the Community Facilities District has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the Community Facilities District desires to enter into a Continuing Disclosure Agreement with the Trustee (such Continuing Disclosure Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Agreement"); and

WHEREAS, there have been prepared and submitted to this meeting forms of:

- (a) the Indenture;
- (b) the Escrow Agreement;
- (c) the Purchase Agreement;
- (d) the Continuing Disclosure Agreement; and
- (e) the Preliminary Official Statement,

to be used in connection with the offering and sale of the Bonds (such Preliminary Official Statement in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement"); and

WHEREAS, the Community Facilities District desires to authorize the issuance of the Bonds and the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance of the Bonds; NOW, THEREFORE,

BE IT RESOLVED, that the City Council of the City of San Diego, as the legislative body of City of San Diego Community Facilities District No. 1 (Miramar Ranch North), does determine and order that:

Section 1. Subject to the provisions of Section 3 hereof, the issuance of the Bonds, in an aggregate principal amount of not to exceed \$65,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form, and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 2. If, in order to obtain an economically advantageous Bond Insurance Policy, it is necessary to structure a portion of the Bonds as senior lien bonds and a portion of the Bonds as subordinate lien bonds, then, subject to the provisions of Section 3 hereof, the issuance of the Subordinate Bonds, in an aggregate principal amount of not to exceed \$20,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved, and the issuance of the Senior Bonds, in an aggregate principal amount of not to exceed the remainder of \$65,000,000, less an amount equal to the aggregate principal amount of Subordinate Bonds issued, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Subordinate Bonds and the Senior Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form, and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 3. The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved; provided, however,

that if, in order to obtain an economically advantageous Bond Insurance Policy, it is not necessary to structure a portion of the Bonds as senior lien bonds and a portion of the Bonds as subordinate lien bonds, said form of Indenture shall be modified so as to eliminate the senior lien/subordinate lien structure and to provide for the issuance of all Bonds as parity lien bonds. The City Manager of the City and his specified designees (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Indenture in the form submitted to this meeting or as modified as provided herein, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Community Facilities District, and as approved as to form by the City Attorney or his specified designee, such requirement or approval to be conclusively evidenced by the execution of the Indenture by such Authorized Officer; provided, however, that (a) if all Bonds are issued as parity lien Bonds, such changes, insertions and omissions shall not authorize an aggregate principal amount of Bonds in excess of \$65,000,000, shall not result in a final maturity date of the Bonds later than September 1, 2020 and shall not result in a true interest cost for the Bonds in excess of 6.0%, and (b) if a portion of the Bonds are issued as senior lien bonds and a portion of the Bonds are issued as subordinate lien bonds, such changes, insertions and omissions (i) shall not authorize an aggregate principal amount of Subordinate Bonds in excess of \$20,000,000, shall not result in a final maturity date of the Subordinate Bonds later than September 1, 2020 and shall not result in a true interest cost for the Subordinate Bonds in excess of 6.5%, and (ii) shall not authorize an aggregate principal amount of Senior Bonds in excess of the remainder of \$65,000,000, less an amount equal to the aggregate principal amount of Subordinate Bonds issued, shall not result in a final maturity date of the Senior Bonds later than September 1, 2020 and shall not result in a true interest cost for the

Senior Bonds in excess of 6.0%. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to negotiate the terms of the Bond Insurance Policy and to determine whether or not, in order to obtain an economically advantageous Bond Insurance Policy, it is necessary to structure a portion of the Bonds as senior lien bonds and a portion of the Bonds as subordinate lien bonds, such determination to be conclusively evidenced by the execution of the Indenture (reflecting either a senior lien/subordinate lien structure or an all parity lien structure) by such Authorized Officer.

Section 4. The refunding of the Prior Bonds is hereby approved. Such refunding shall be accomplished by (a) paying the principal of and interest on the Prior Series A Bonds to and including September 1, 2001, (b) redeeming the Prior Series A Bonds on September 1, 2001 by paying the redemption price therefor, (c) paying the principal of and interest on the Prior Series B Bonds to and including September 1, 2005, and (d) redeeming the Prior Series B Bonds on September 1, 2005 by paying the redemption price therefor. In accordance with Section 53363.8 of the Act, the City Council hereby designates the following costs and expenses as the "designated costs of issuing the refunding bonds:"

(i) all expenses incident to the calling, retiring, or paying of the Prior Bonds and incident to the issuance of the Bonds, including the charges of any agent in connection with the issuance of the Bonds or in connection with the redemption or retirement of the Prior Bonds;

(ii) the interest upon the Prior Bonds from the date of sale of the Bonds to the date upon which the Prior Bonds will be paid pursuant to call; and

(iii) any premium necessary in the calling or retiring of the Prior Bonds.

Section 5. The Escrow Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved; provided, however, that if, pursuant to Section 3 hereof, the Bonds are structured so that all Bonds are parity lien bonds, the Escrow Agreement shall be modified to reflect such structure. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Escrow Agreement in the form presented to this meeting or as modified as provided herein, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Community Facilities District, and as approved as to form by the City Attorney or his specified designee, such requirement or approval to be conclusively evidenced by the execution of the Escrow Agreement by such Authorized Officer.

Section 6. The Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved; provided, however, that if, pursuant to Section 3 hereof, the Bonds are structured so that all Bonds are parity lien bonds, the Purchase Agreement shall be modified to reflect such structure. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Purchase Agreement in the form presented to this meeting or as modified as provided herein, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Community Facilities District, and as approved as to form by the City Attorney or his specified designee, such requirement or approval to be conclusively evidenced by the execution of the Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriters' discount (not

including any original issue discount) from the principal amount of the Bonds in excess of 0.8% of the aggregate principal amount of the Bonds. The City Council hereby finds and determines that the sale of the Bonds at negotiated sale as contemplated by the Purchase Agreement will result in a lower overall cost.

Section 7. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved; provided, however, that if, pursuant to Section 3 hereof, the Bonds are structured so that all Bonds are parity lien bonds, the Continuing Disclosure Agreement shall be modified to reflect such structure. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Continuing Disclosure Agreement in the form presented to this meeting or as modified as provided herein, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Community Facilities District, and as approved as to form by the City Attorney or his specified designee, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by such Authorized Officer.

Section 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes therein as may be approved by an Authorized Officer and the City Attorney or his specified designee, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved; provided, however, that if, pursuant to Section 3 hereof, the Bonds are structured so that all Bonds are parity lien bonds, the Preliminary Official Statement shall be modified to reflect such structure. The Authorized Officers

are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to certify to the Underwriters that the Preliminary Official Statement has been "deemed final" for purposes of Rule 15c2-12.

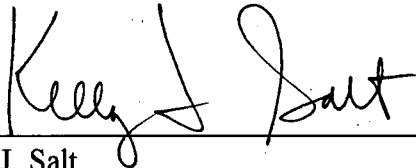
Section 9. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer and the City Attorney or his specified designee, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them is, hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Community Facilities District.

Section 10. Pursuant to Section 53345.8 of the Act, the City Council hereby finds and determines that the value of the real property that would be subject to the Special Tax to pay debt service on the Bonds will be at least three times the principal amount of the Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Community Facilities District or a special assessment levied on property within the Community Facilities District.

Section 11. The Authorized Officers and the officers and employees of the City are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to do any and all things and to execute and deliver any and all documents which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 12. All actions heretofore taken by the officers and employees of the City with respect to the issuance of the Bonds, or in connection with or related to any of the agreements or documents referred to herein, are hereby approved, confirmed and ratified..

APPROVED: CASEY GWINN, City Attorney

By 
Kelly J. Salt
Deputy City Attorney

KJS:pev
5/26/98
Or.Dept:Fin.&Tech.
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