

RESOLUTION NUMBER R- 290273

ADOPTED ON JUN 15 1998

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE FORM OF AND AUTHORIZING EXECUTION AND DELIVERY OF A PURCHASE CONTRACT, A CONTINUING DISCLOSURE AGREEMENT AND AN OFFICIAL STATEMENT RELATING TO AN INSTALLMENT PURCHASE FINANCING AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH AND RESTATING THE ARTICLES OF INCORPORATION OF THE SAN DIEGO FACILITIES AND EQUIPMENT LEASING CORPORATION.

WHEREAS, the City of San Diego (the "City") desires to acquire, construct, equip, install and improve, or cause the acquisition, construction, equipping, installation and improvement of any facility or facilities necessary or convenient for the development, obtaining, conservation, production, storage, treatment, transmission, furnishing and distribution of water and its other byproducts for the City's water system (the "Project"); and

WHEREAS, in order to effectuate such acquisition, construction, equipping, installation and improvement of the Project it is proposed that the City and the San Diego Facilities and Equipment Leasing Corporation (the "Corporation"), a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, enter into a Master Installment Purchase Agreement, dated as of August 1, 1998, (the "Installment Purchase Agreement") and a 1998 Supplement to the Installment Purchase Agreement relating to the Certificates defined below (the "1998 Supplement") both by and between the City and the Corporation, pursuant to which the Corporation will sell components of the Project to the City; and

WHEREAS, the City and the Corporation have determined to provide funds for the purchase by the City of components of the Project by causing the execution and delivery, by the Trustee (as defined below), of Certificates of Undivided Interest (In Installment Payments Payable from Net System Revenues of the Water Utility Fund of the City of San Diego, California) Series 1998 (the "Certificates"); and

WHEREAS, it is proposed that the City, the Corporation and PaineWebber Incorporated (the "Representative"), as representative of a group of underwriters (the "Underwriters"), enter into a Purchase Contract (defined below) for the purchase of the Certificates for resale to the public; and

WHEREAS, the City has determined to modify Resolution Number R-289102 adopted on August 12, 1997, by the City Council of the City to insure that a portion of the rate increase for water service charges effected by said resolution may be used to pay maintenance and operation costs related to the Project; and

WHEREAS, the City is the sole corporate member of the Corporation and the bylaws of the Corporation provide that the City, as sole member of the Corporation, may amend the Articles of Incorporation of the Corporation; and

WHEREAS, the City desires to invest the portion of the proceeds of the Certificates to be deposited in the reserve fund for the Certificates in instruments with a term to maturity in excess of five years; and

WHEREAS, the City is authorized to undertake the actions described in this Resolution pursuant to its Charter and the Constitution and other applicable laws of the State of California; NOW, THEREFORE,

BE IT RESOLVED, that the City Council of the City of San Diego does determine and order that:

1. That the form of Purchase Contract (the "Purchase Contract") to be dated the date of sale of the Certificates, by and among the Corporation, the City and the Representative, a copy of which is on file in the office of the City Clerk as Document No. RR-290273-1, and submitted to this meeting, is hereby approved. The City Manager of the City and his specified designees, and each of them, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Purchase Contract in substantially the form submitted to this meeting, with such additions and changes therein as the City Manager shall require or approve as being in the best interests of the City, and as approved as to form by the City Attorney or his specified designee, such approval to be conclusively evidenced by the execution and delivery thereof with such additions or changes. In connection with the execution and delivery of the Purchase Contract, the City Manager of the City and his specified designees, and each of them, are further authorized to negotiate the principal amount of the Certificates to be sold pursuant to such Purchase Contract up to a maximum aggregate amount of Four Hundred Million Dollars (\$400,000,000), and the true interest cost of the issue (without deduction of underwriter's discount or costs of issuance) shall not exceed eight percent (8%) per annum, and the maximum aggregate underwriter's discount from the principal amount of the Certificates shall not exceed one percent (1%) of the aggregate principal amount thereof.

2. That the form of the preliminary official statement relating to the Certificates (the "Preliminary Official Statement"), a copy of which is on file in the office of the City Clerk as Document No. RR- 290273-2, and submitted to this meeting, is hereby approved for use in connection with the public offering of the Certificates with such changes as may be approved by the City Manager of the City and his specified designees and the City Attorney or his specified designee. The City Manager of the City and his specified designees, and each of them, are hereby authorized on behalf of the City to certify to the Underwriters that the Preliminary Official Statement is deemed final for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The City Manager of the City is authorized and directed to execute and deliver a final Official Statement (the "Official Statement") in substantially the form of the Preliminary Official Statement, with such additions and changes as the City Manager shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the execution of said Official Statement. The City Manager 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 Certificates is hereby approved.

3. The form and content of the Continuing Disclosure Agreement, dated as of August 1, 1998 (the "Disclosure Agreement"), between the City and State Street Bank and Trust Company of California, N.A., as Dissemination Agent, pursuant to which the City is obligated to make certain secondary market disclosures, a copy of which is on file in the office of the City Clerk as Document No. RR- 290273-3 and submitted to this meeting, is hereby approved. The City Manager of the City and his specified designees, and each of them, are hereby authorized

and directed, for and in the name of and on behalf of the City, to execute and deliver the Disclosure Agreement in substantially the form presented to and considered at this meeting, with such additions and changes therein as the City Manager, or any of his specified designees, shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by the City Manager's, or any of his specified designees', execution and delivery of said Disclosure Agreement.

4. That Resolution Number R-289102 adopted on August 12, 1997 shall be modified by revising the last section thereof to read as follows:

BE IT FURTHER RESOLVED, that all new funds obtained through these rate increases will be designated for use in financing, constructing and maintaining water system components and for maintenance and operation costs of such water system components, and the new funds will be segregated into a separate account and used only for those designated purposes.

5. That the restatement of the Articles of Incorporation of the Corporation, a copy of which is on file in the office of the City Clerk as Document No. RR-290273-4, and submitted to this meeting, is hereby approved.

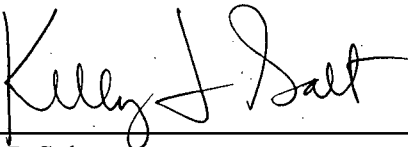
6. That the City Council hereby authorizes and directs the City Manager of the City to notify the Corporation of the Restated Articles of Incorporation of the Corporation.

7. That pursuant to Section 53601 of the Government Code of the State of California, the City Council hereby authorizes the investment of the portion of the proceeds of the Certificates to be deposited in the reserve fund for the Certificates in instruments which shall

mature, or be subject to tender, redemption or withdrawal at the option of the City, not later than ten years from the date of the investment.

8. That all actions heretofore taken by any officers, employees or agents of the City with respect to the execution, delivery or sale of the Certificates, or in connection with or related to any of the documents referenced herein or the financing of the Project, are hereby approved, confirmed and ratified; and such other officials of the City as may be authorized by the City Auditor and Comptroller or the City Manager are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents (including but not limited to the Tax Certificate and Agreement), which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Certificates and the disbursement of proceeds thereof in accordance with this Resolution.

APPROVED: CASEY GWINN, City Attorney

By   
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Kelly J. Salt  
Deputy City Attorney

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