

RESOLUTION NUMBER R- 297070

ADOPTED ON SEP 16 2002

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

WHEREAS, the City desires to acquire, construct, install and improve, or cause the acquisition, construction, installation and improvement of the City's water system [Project]; and

WHEREAS, in order to effectuate such acquisition, construction, installation and improvement of the Project the City and the San Diego Facilities and Equipment Leasing Corporation [Corporation], a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, entered into a Master Installment Purchase Agreement, dated as of August 1, 1998, between the City and the Corporation, as subsequently amended and supplemented from time to time [Installment Purchase Agreement], pursuant to which the Corporation agreed to sell components of the Project to the City; and

WHEREAS, on August 18, 1998, \$385,000,000 aggregate principal amount of Certificates of Undivided Interest (In Installment Payments Payable from the Net System Revenues of the Water Utility Fund of the City of San Diego) Series 1998, of which \$371,165,000 is currently outstanding [1998 Certificates], were executed and delivered to finance certain costs of the Project; and

WHEREAS, in order to provide for the further acquisition, construction, installation and improvement of the Project, it is proposed that the City and the Corporation enter into a 2002

Supplement to the Installment Purchase Agreement [2002 Supplement], amending and supplementing the Installment Purchase Agreement, pursuant to which the Corporation will sell and the City will purchase additional components of the Project; and

WHEREAS, under the Installment Purchase Agreement and the 2002 Supplement, the City will be obligated to make installment payments to the Corporation 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, the Public Facilities Financing Authority of the City of San Diego [Authority], a California joint exercise of powers authority, desires to issue its Water Revenue Bonds, Series 2002 (Payable Solely from Installment Payments Payable From Net System Revenues of the Water Utility Fund of the City of San Diego, California) [2002 Bonds]; and

WHEREAS, the City may also desire to refund all or a portion of the 1998 Certificates; and

WHEREAS, in order to facilitate the financing of the Project and the refunding of all or a portion of the 1998 Certificates, the Corporation, as assignor, will execute an Assignment Agreement [Assignment Agreement] pursuant to which the Corporation will assign all its right, title, and interest under the 2002 Supplement, including its right to receive the 2002 Component Installment Payments from the City, to the Authority, as assignee; and

WHEREAS, it is proposed that the City, the Authority and a representative named in the Purchase Contract (as defined below) of a group of underwriters [Underwriters], enter into a Purchase Contract for the purchase of the 2002 Bonds for resale to the public; and

WHEREAS, to facilitate compliance by the Underwriters with the provisions of Rule 15c2-12 of the Securities and Exchange Commission in connection with their purchase and resale

of the 2002 Bonds, it is proposed that the City and the Trustee enter into a Continuing Disclosure Agreement (as defined below); and

WHEREAS, to facilitate the sale of the 2002 Bonds to the Underwriters, it is proposed that the City approve an Official Statement in preliminary and final form and the distribution thereof; and

WHEREAS, the Authority may desire to issue a series of subordinate revenue bonds [2002 Subordinate Revenue Bonds] in addition to, or in lieu of, the 2002 Bonds and in that event, the City desires to approve the issuance of the 2002 Subordinate Revenue Bonds and the execution of a purchase contract, continuing disclosure agreement, and an official statement relating thereto; 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:

1. That the City Council hereby finds and determines that the statements set forth above in the recitals to this Resolution are true and correct.

2. That the form of the preliminary official statement relating to the 2002 Bonds [Preliminary Official Statement], a copy of which is on file in the office of the City Clerk as Document No. RR- 297070-1, and submitted to this meeting, is hereby approved for use in connection with the public offering of the 2002 Bonds with such changes as may be required or 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, for and in the name and 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 [Rule] (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The City Manager of the City and his specified designees are hereby authorized and directed to assist in the preparation of a final Official Statement [Official Statement] in substantially the form of the Preliminary Official Statement and the City Manager and the Deputy City Manager or their specified designee is authorized to execute and deliver, for and in the name and on behalf of the City, the Official Statement, with such additions and changes as the City Manager shall require or 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 2002 Bonds is hereby approved.

3. That the form and content of the Continuing Disclosure Agreement [Disclosure Agreement], between the City and the Trustee relating to the 2002 Bonds, a copy of which is on file in the office of the City Clerk as Document No. RR-297070-2, and submitted to this meeting, is hereby approved. The City Manager and the Deputy City Manager of the City and their 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 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 approved as to form by the City Attorney or his specified designee, and with such

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other changes as may be requested by Orrick, Herrington & Sutcliffe LLP [Disclosure Counsel], such approval to be conclusively evidenced by execution and delivery thereof.

4. That the form of Purchase Contract [Purchase Contract] to be dated the date of sale of the 2002 Bonds, among the Authority, the City and the representative named in the Purchase Contract, a copy of which is on file in the office of the City Clerk as Document No. RR-297070-3, and submitted to this meeting, is hereby approved. The City Manager and the Deputy City Manager of the City and their 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, and with such other changes as are required by Co-Bond Counsel (defined below), such approval to be conclusively evidenced by the execution and delivery thereof. 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 2002 Bonds to be sold pursuant to such Purchase Contract up to a maximum aggregate combined amount of not to exceed Three Hundred Fifty Million Dollars (\$350,000,000), and the true interest cost of the issue (without deduction of Underwriters' discount or costs of issuance) shall not exceed the maximum interest rate permitted by law, and the maximum aggregate Underwriters' discount from the principal amount of the 2002 Bonds shall be determined by City Manager of the City and his specified designees, and each of them, in consultation with the Authority and the City's financial advisors.

5. That the City Manager and the Deputy City Manager of the City and their specified designees, and each of them, are hereby authorized and directed to take all actions necessary to approve the issuance of the 2002 Subordinate Revenue Bonds in a principal amount, taken together with the principal amount to the 2002 Bonds, that does not exceed Three Hundred Fifty Million Dollars (\$350,000,000) and to approve or execute and deliver, as applicable, any official statement, continuing disclosure agreement and any bond purchase contract related to the 2002 Subordinate Revenue Bonds [collectively, the 2002 Subordinate Bond Documents]. The 2002 Subordinate Bond Documents shall be substantially similar to the documents referenced in Sections 2, 3, and 4 hereof relating to the 2002 Bonds, with such modifications as are necessary to reflect the subordinate security interest granted to owners of the 2002 Subordinate Revenue Bonds and such further additions and changes therein as the City Manager of the City and his specified designees, and each of them, 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.

6. That all actions heretofore taken by any officers, employees or agents of the City with respect to the issuance, delivery or sale of the 2002 Bonds or the 2002 Subordinate Revenue Bonds, including the appointment of Orrick, Herrington & Sutcliffe LLP and Webster & Anderson as Co-Bond Counsel, or in connection with or related to any of the documents referenced herein or the financing of the Project or the refunding of all or a portion of the 1998 Certificates or the issuance of the 2002 Subordinate Revenue Bonds, are hereby approved, confirmed and ratified; and such other officials, employees and agents of the City as may be authorized by 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 issuance and delivery of the 2002 Bonds and/or the 2002 Subordinate Revenue Bonds and the disbursement of proceeds thereof in accordance with this Resolution.

7. That this Resolution shall take effect immediately upon its adoption.

APPROVED: CASEY GWINN, City Attorney

By Kelly J. Salt
Kelly J. Salt
Deputy City Attorney

KJS:pev
8/29/02
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