

RESOLUTION NUMBER R- 298818

ADOPTED ON JAN 26 2004

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2 (SANTALUZ) AUTHORIZING THE ISSUANCE OF ITS IMPROVEMENT AREA NO. 1 SPECIAL TAX BONDS SERIES A OF 2004 IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,000,000 AND ITS IMPROVEMENT AREA NO 4 SPECIAL TAX BONDS SERIES A OF 2004 IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,500,000 AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of San Diego, located in San Diego County, California [hereinafter sometimes referred to as the legislative body of the District], has heretofore undertaken proceedings and declared the necessity of Community Facilities District No. 2 (Santaluz) [District] to issue bonds pursuant to the terms and provisions of the Mello Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California [Act] up to the amount of \$62,200,000 in Improvement Area No. 1 and \$10,500,000 in Improvement Area No. 4; and

WHEREAS, the District has previously issued its \$56,020,000 Improvement Area No. 1 Special Tax Bonds Series A of 2000 pursuant to the Act; and

WHEREAS, the District now desires to accomplish the financing of certain public facilities for Improvement Area No. 1 through the issuance of bonds in an aggregate principal amount not to exceed \$5,000,000 designated as the "Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds Series A of 2004" [Improvement Area No. 1 Bonds]; and

WHEREAS, the legislative body of the District desires to issue a first series of bonds for Improvement Area No. 4 at this time under the Act to finance certain public facilities which the District is authorized to finance; and

WHEREAS, the District desires to accomplish the financing of certain public facilities for Improvement Area No. 4 through the issuance of bonds in an aggregate principal amount not to exceed \$10,500,000 designated as the "Community Facilities District No. 2 (Santaluz) Improvement Area No. 4 Special Tax Bonds Series A of 2004" [Improvement Area No. 4 Bonds, and the Improvement Area No. 4 Bonds and the Improvement Area No. 1 Bonds are collectively referred to herein as the Bonds, and individually referred to as a Series]; and

WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District desires to approve the form of a Preliminary Official Statement for each Series of the Bonds and to approve the forms of and authorize the execution and delivery of a First Supplemental Bond Indenture for Improvement Area No. 1, a Bond Indenture for Improvement Area No. 4, a Bond Purchase Agreement and a Continuing Disclosure Certificate for each Series of the Bonds, the forms of which are on file with the City Clerk as Document Numbers RR- 298818-1, RR- 298818-2, RR- 298818-3, RR- 298818-4, RR- 298818-5, RR- 298818-6, and RR- 298818-7, respectively; and

WHEREAS, the legislative body of the District has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Bonds to UBS Financial Services, Inc. [Underwriter] in accordance with the terms of the Bond Purchase Agreement for each Series of the Bonds to be entered into by the District and the Underwriter [individually, a Bond Purchase Agreement and collectively the Bond Purchase Agreements] will result in a lower overall cost to the District than a public sale; and

WHEREAS, the legislative body of the District has determined that it is prudent in the management of its fiscal affairs to issue the Bonds; and

WHEREAS, the value of the real property in Improvement Area No. 1 subject to the special tax to pay debt service on the Improvement Area No. 1 Bonds is at least three times the principal amount of the Improvement Area No. 1 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 1, which fact is a precondition to, and is sufficient to satisfy the requirements for, the issuance of the Improvement Area No. 1 Bonds; and

WHEREAS, the value of the real property in Improvement Area No. 4 of the District subject to the special tax to pay debt service on the Improvement Area No. 4 Bonds is at least three times the principal amount of the Improvement Area No. 4 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 4, which fact is required as a precondition to the issuance of the Improvement Area No. 4 Bonds; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego acting as the legislative body of Community Facilities District No. 2 (Santaluz) as follows:

1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.
2. The District is authorized pursuant to the Act to issue the Bonds for the purpose of financing public facilities which the District is authorized to finance.

3. The issuance of the Improvement Area No. 1 Bonds in a principal amount not to exceed \$5,000,000 and the Improvement Area No. 4 Bonds in a principal amount not to exceed \$10,500,000 is hereby authorized, with the exact principal amount of each Series to be determined by the official signing the Bond Purchase Agreement for each Series in accordance with Section 6 below. The legislative body of the District hereby determines that it is prudent in the management of its fiscal affairs to issue the Bonds. The Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement for each Series to be executed on behalf of the District in accordance with Section 6 hereof. The Improvement Area No. 1 Bonds shall be governed by the terms and conditions of the First Supplemental Bond Indenture and the Improvement Area No. 4 Bonds shall be governed by the terms and conditions of the Bond Indenture for such Series presented at this meeting [individually an Indenture and collectively the Indentures]. The Indenture for each Series shall be prepared by Bond Counsel to the District and executed by any one of the City Manager, Deputy City Manager or City Treasurer of the City of San Diego or the written designee of one of the foregoing [collectively the Authorized Officers] substantially in the form presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary to cure any ambiguity or defect therein if such addition or change does not materially alter the substance or content thereof, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 6 hereof, or to conform any provisions therein to the Bond Purchase Agreement and the Official Statement delivered to the purchasers of the Bonds for the related Series. Approval of such changes shall be conclusively evidenced by the execution and delivery

of the Indentures by any one of the Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indentures.

4. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor of the City, as Chairperson of the legislative body of the District, and the seal of the City, or a facsimile thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the City Clerk or Deputy City Clerk. Union Bank of California, N.A. is hereby appointed to act as trustee for the Bonds.

5. The covenants set forth in the Indentures to be executed in accordance with Section 3 above are hereby approved, shall be deemed to be covenants of the legislative body of the District, and shall be complied with by the District and its officers.

6. The forms of the Bond Purchase Agreements presented at this meeting are hereby approved and any one of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement for each Series, with such additions thereto and changes therein relating to dates and numbers as are necessary to conform the Bond Purchase Agreement for each Series to the dates, amounts and interest rates applicable to the related Series of Bonds as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreements; provided, however, that the Bond Purchase Agreement for a Series shall be signed only if the Bonds of such Series are purchased by the Underwriter at an overall interest rate that does not exceed 8% per annum and the discount paid to the Underwriter (exclusive of original issue discount) does not exceed 1.75% of the principal amount of a Series. Each of the Authorized Officers is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the

District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

7. The forms of the Continuing Disclosure Certificates presented at this meeting are hereby approved and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate for each Series in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificates.

8. The form of the Preliminary Official Statement for each Series presented at this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement for each Series to prospective purchasers of the Bonds of such Series in the form hereby approved, together with such additions thereto and changes therein as are determined to be necessary by any one of the Authorized Officers to make each Preliminary Official Statement final as of its date for purposes of Rule 15c2 12 of the Securities and Exchange Commission, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading. Each of the Authorized Officers is hereby authorized to execute a final Official Statement for each Series in the form of the Preliminary Official Statement for such Series, together with such changes as are determined necessary by the Authorized Officer executing the Official Statements to make such Official Statements complete and accurate as of their date. The Underwriter is further authorized to distribute the final Official Statements for the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the District as described above.

9. In accordance with the requirements of Section 53345.8 of the Act and the policies of the City of San Diego, the legislative body of the District hereby determines that the value of the real property in Improvement Area No. 1 subject to the special tax to pay debt service on the Improvement Area No. 1 Bonds is at least four times the principal amount of the Improvement Area No. 1 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 1. This determination is based on the value of the real property within Improvement Area No. 1 as set forth in an appraisal prepared for the District, which appraisal has been made in a manner consistent with the City of San Diego policies adopted pursuant to Section 53312.7 of the Act.

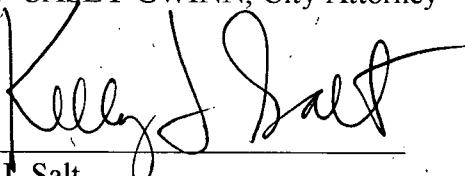
In accordance with the requirements of Section 53345.8 of the Act and the policies of the City of San Diego, the legislative body of the District hereby determines that the value of the real property in Improvement Area No. 4 of the District subject to the special tax to pay debt service on the Improvement Area No. 4 Bonds is at least four times the principal amount of the Improvement Area No. 4 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 4. This determination is based on the value of the real property within Improvement Area No. 4 as set forth in an appraisal prepared for the District, which appraisal has been made in a manner consistent with the City of San Diego policies adopted pursuant to Section 53312.7 of the Act.

10. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, obtaining legal services, trustee services and any other services deemed appropriate by an Authorized

Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other Costs of Issuance from Bond proceeds. Without further approval of the legislative body of the District, the total amount disbursed by the Authorized Officers for Costs of Issuance of a Series, exclusive of Underwriter's discount, shall not exceed 5.0% of the principal amount of such Series of Bonds.

11. The Mayor and the other officers and staff of the City of San Diego and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in each Indenture, including; but not limited to, providing certificates as to the accuracy of any information relating to the District which is included in the Official Statements and executing any and all agreements related to the delivery of letters of credit as provided in the Indentures. Except for the execution of the Bonds, which are required under the Act to be executed by the Mayor, any Authorized Officer may sign any document authorized for execution herein. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy clerk.

APPROVED: CASEY GWINN, City Attorney

By 
Kelly J. Salt
Deputy City Attorney

KJS:pev
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Or.Dept: City Treasurer/Fin.Svcs
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