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(R-2008-719)

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RESOLUTION NUMBER R- 303491

DATE OF FINAL PASSAGE MAR 12 2008

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 3 (LIBERTY STATION) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX BONDS SERIES A OF 2008 IN A PRINCIPAL AMOUNT NOT TO EXCEED FOUR MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$4,250,000) 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. 3 [Liberty Station] [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]; and

WHEREAS, pursuant to resolutions adopted by the legislative body of the District on June 25, 2002 [Resolutions], certain propositions to authorize the levy of a special tax and the issuance of bonded indebtedness were submitted to the qualified electors within each of Improvement Area No. 1 and Improvement Area No. 2 in the District, and were approved by more than two-thirds of the votes cast at the election held within each Improvement Area on June 25, 2002; and

WHEREAS, based upon the Resolutions and the election, the District is authorized to issue bonds in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed \$30,000,000; and

WHEREAS, the legislative body of the District has heretofore issued the first series of bonds in an aggregate principal amount of \$16,000,000 [2006 Bonds] pursuant to a Bond Indenture dated as

of June 1, 2006 between the District and Wells Fargo Bank, National Association [Bond Indenture];
and

WHEREAS, the legislative body of the District desires to: (i) establish a process for waiving certain restrictions on the transferability of the 2006 Bonds contained in the Bond Indenture as set forth in the First Supplemental Bond Indenture (defined herein), (ii) issue a second series of bonds under the Act to finance certain public facilities which the District is authorized to finance, and (iii) limit the issuance of any additional bonds of the District in the future to refunding bonds only;
and

WHEREAS, the District desires to accomplish the financing of certain public facilities through the issuance of bonds in an aggregate principal amount not to exceed \$4,250,000 designated as the "Community Facilities District No. 3 (Liberty Station) Special Tax Bonds Series A of 2008" [Bonds]; and

WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District desires to approve the forms of and authorize the execution and delivery of a First Supplemental Bond Indenture, a Bond Purchase Agreement, a Continuing Disclosure Certificate of the District and a Preliminary Official Statement, the forms of which are on file with the City Clerk as Document Numbers RR-303491-1, RR-303491-2, RR-303491-3 and RR-303491-4; and

WHEREAS, on the basis of certain information set forth in the Report to City Council regarding the proposed issuance of the Bonds, the legislative body of the District has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Bonds to Stone & Youngberg LLC and E.J. De La Rosa & Co., Inc., as underwriters [Underwriters], in accordance with the terms of the Bond Purchase Agreement to be entered into by the District and the Underwriters [Bond Purchase Agreement] will result in a lower overall cost to the District than a sale of the Bonds on sealed proposals to the highest bidder as described in Government Code Section 53360; 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 aggregate assessed value of the real property in the District subject to the special tax to pay debt service on the Bonds based on the full cash value of the property within the District as shown on the most recent *ad valorem* assessment roll for property within the District is more than four times the principal amount of the 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 the District, which assessed value exceeds the minimum value required by the Act for the issuance of the Bonds; and

WHEREAS, Council Policy No. 800-03 of the City of San Diego [City] as it existed at the time of formation of the District [Council Policy No. 800-03] requires that, where the value-to-lien ratio of a lot or lots is less than 3 to 1, credit enhancements must be provided to the satisfaction of the City; and

WHEREAS, given that the assessed value-to-lien ratios of one parcel in the District is currently less than 3 to 1, the legislative body of the District desires to provide that the Bonds will be issued only following the certification of an Authorized Officer (as defined in Section 3 below) that the value-to-lien provisions of Council Policy No. 800-03 have been satisfied for all parcels in the District upon which special taxes are expected to be levied to repay the Bonds; and

WHEREAS, Ordinance O-19320 authorizes the Disclosure Practices Working Group [DPWG] to evaluate for accuracy the City's disclosure documents; and

WHEREAS, Ordinance O-19320 is codified into Section 22.4107 of the San Diego Municipal Code; and

WHEREAS, on February 19 and 20, 2008 the DPWG reviewed and approved the Preliminary Official Statement in connection with the District and the Bonds in accordance with the San Diego Municipal Code; NOW THEREFORE,

BE IT RESOLVED, the City Council of the City of San Diego acting as the legislative body of Community Facilities District No. 3 (Liberty Station) does hereby resolve, order and determine as follows:

SECTION 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

SECTION 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.

SECTION 3. The issuance of the Bonds in a principal amount not to exceed \$4,250,000 is hereby authorized with the exact principal amount of the Bonds to be determined by the official signing the Bond Purchase Agreement 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 to be executed on behalf of the District in accordance with Section 6 hereof. The Bonds shall be governed by the terms and conditions of the Bond Indenture as amended and supplemented by a First Supplemental Bond Indenture [First Supplement] and as amended [Indenture]. The First Supplement shall be prepared by Bond Counsel to the District and executed by any one of the Mayor, the Chief Operating Officer of the City or the Chief Financial Officer of the City or the written designee of one of the foregoing collectively [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, 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. Approval of such changes shall be conclusively evidenced by the execution and delivery of the First Supplement 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 Indenture.

The legislative body of the District hereby authorizes the provisions of the second paragraph of Section 2.9 of the Bond Indenture to be waived in accordance with the procedures set forth in Section 5.1 of the First Supplement.

SECTION 4. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the legislative body of the District and the seal of the District or the City, or a facsimile thereof, may be impressed or imprinted thereon and the signature of the President of the legislative body of the District shall be attested to with the manual or facsimile signature of the City Clerk or Deputy City Clerk.

SECTION 5. The Underwriters are hereby appointed for purposes of offering the Bonds for sale in accordance with the provisions of the Bond Purchase Agreement and the Indenture. The form of the Bond Purchase Agreement presented at this meeting is hereby approved and any one of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein relating to dates and numbers as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the 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 Agreement; provided, however, that the Bond Purchase Agreement shall be signed and the Bonds shall be issued only if (1) the true interest cost for the Bond does not exceed 7.75% per annum, (2) the discount paid to the Underwriters (exclusive of original issue discount) does not exceed 2.50% of the principal amount of the Bonds, and (3) an Authorized Officer has certified, in writing, that the requirements of Council Policy No. 800-03 regarding value-to-lien ratios have been satisfied for all parcels in the District upon which special taxes are expected to be levied to repay the Bonds either because (a) the value-to-lien ratio for a lot or a group of lots

owned by a single owner is above 3 to 1 based on the assessed values obtained from the County of San Diego Assessor's Office, or (b) as to lots for which the value-to-lien ratio is less than 3 to 1, a letter of credit satisfying the requirements of the First Implementation Agreement between the Redevelopment Agency of the City of San Diego [Agency] and McMillin NTC, LLC [McMillin] has been provided to the Agency by McMillin and will remain in effect as to such lot or lots until such time as an Authorized Officer determines that the value-to-lien ratio for such lot or lots is at least 3 to 1.

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 Underwriters if determined not to be in the best interest of the District.

SECTION 6. The form of the Continuing Disclosure Certificate of the District presented at this meeting is hereby approved and any of the Authorized Officers is hereby authorized to execute the Continuing Disclosure Certificate of the District, with such additions thereto and changes therein as such Authorized Officers deem necessary and appropriate.

SECTION 7. The form of the Preliminary Official Statement presented at this meeting is hereby approved and the Underwriters are hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Authorized Representatives, or their written designees, to make such 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 additional changes as are necessary to make all information therein accurate and not misleading. The Authorized Representatives, and their written designees, are each hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by such Authorized Representative to make such Official Statement complete and accurate as of its date. The Underwriters are further authorized to distribute the final

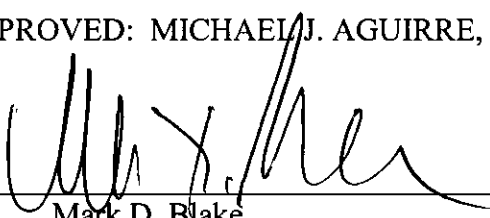
Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution as described above.

SECTION 8. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the aggregate value of the real property in the District subject to the special tax to pay debt service on the Bonds is at least three times the principal amount of the 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 the District. This determination is based on the full cash value of property within the District as shown on the most recent *ad valorem* assessment roll for property within the District.

SECTION 9. 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, consultant 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 (as defined in the Indenture) 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 the Bonds, exclusive of the Underwriters' discount, shall not exceed 9.80% of the principal amount of the Bonds.

SECTION 10. The Mayor or his designee and the other Authorized Officers 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 the Indenture. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed Deputy City Clerk.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Mark D. Blake
Chief Deputy City Attorney

MDB:jdf
02/22/08
Or.Dept:Debt Management
R-2008-719

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 3/11/08.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 3-12-08
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor