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RESOLUTION NUMBER R- 303603

DATE OF FINAL PASSAGE APR 22 2008

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 (BLACK MOUNTAIN RANCH VILLAGES) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX BONDS SERIES A OF 2008 IN A PRINCIPAL AMOUNT NOT TO EXCEED THIRTEEN MILLION DOLLARS (\$13,000,000) 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. 4 (Black Mountain Ranch Villages) [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 Resolution Nos. R-296736 and R-296892 [Resolutions] adopted by the legislative body of the District on June 25, 2002 and July 30, 2002, respectively, certain propositions to authorize the levy of a special tax and the issuance of bonded indebtedness were submitted to the qualified electors within the District, and were approved by more than two-thirds of the votes cast at the election held within the District on July 30, 2002; and

WHEREAS, based upon Resolutions and the election, the District is now 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 desires to issue a first series of bonds 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 through the issuance of bonds in an aggregate principal amount not to exceed \$13,000,000 designated as the "Community Facilities District No. 4 (Black Mountain Ranch Villages) 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 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 303603-1, RR 303603-2, RR 303603-3 and RR 303603-4 respectively; 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 UBS Securities LLC, as underwriter [Underwriter], in accordance with the terms of the Bond Purchase Agreement to be entered into by the District and the Underwriter [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 assessed value of the real property in the District subject to the special tax to pay debt service on the Bonds 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, Section III.A2.1 of Council Policy No. 800-03 of the City of San Diego [City] that was in effect as of the date 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, the assessed value-to-lien ratio for Assessor's Parcel No. 303-191-02-00 is less than 3 to 1; and

WHEREAS, based on information in the Report to City Council, the City Council has determined that no credit enhancement is needed for Assessor's Parcel No. 303-191-02-00 because that parcel has been assessed at a value substantially below its sales price as a result of the owner transferring its base year assessed value from its previous residence as permitted by Article XIII A of the California Constitution, and provides sufficient security with respect to the payment of the special tax to be levied on such parcel; and

WHEREAS, based on information in the Report to City Council, the City Council desires to waive the requirement for credit enhancement under of Council Policy No. 800-03 for Assessor's Parcel No. 303-191-02-00; and

WHEREAS, 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 herein) that the

value-to-lien provisions of Council Policy No. 800-03 have been satisfied for all Assessor's Parcels in the District other than Assessor's Parcel No. 303-191-02-22; and

WHEREAS, pursuant to Section 22.4107(b) of the San Diego Municipal Code (as enacted by Ordinance O-19320), the Disclosure Practices Working Group [DPWG] is required to review disclosure documents of the related entities of the City, such as the District; and

WHEREAS, on March 26, 2008 the DPWG reviewed and approved the form of the Preliminary Official Statement for the Bonds; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego acting as the legislative body of Community Facilities District No. 4 (Black Mountain Ranch Villages) 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 \$13,000,000 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 5 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 5 hereof. The Bonds shall be governed by the terms and conditions of the Bond Indenture presented at this meeting [Indenture]. The Indenture 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 5 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 Indenture 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.

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. Wells Fargo Bank, National Association is hereby appointed to act as trustee for the Bonds.

SECTION 5. The Underwriter is hereby appointed for purposes of offering the Bonds for sale in accordance with the provisions of the Bond Purchase Agreement and the Bond 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 Bonds, including Costs of Issuance (as defined in the Indenture) of the Bonds, does not exceed 7.60% per annum; (2) the discount paid to the Underwriter (exclusive of original issue discount) does not exceed 1.30% 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 properties in the District upon which special taxes are expected to be levied to repay the Bonds, except as to Assessor's Parcel No. 303-191-02-00 as to which compliance is hereby waived. The foregoing certification regarding compliance may be made 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 any lot for which the value-to-lien ratio is less than 3 to 1, a letter of credit or other credit enhancement, including a deposit of cash, equal to twice the assigned special tax for fiscal year 2008-09 has been provided to the City 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 determined in accordance with Council Policy No. 800-03 is at least 3 to 1. The waiver of Council Policy No. 800-03 for Assessor's Parcel No. 303-191-02-00 is based on the fact that the assessed value is artificially low based on a reduced valuation available to the existing occupants under Article XIII A of the California Constitution as described in the Report to City Council. 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.

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 Underwriter is 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 additions and 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 Underwriter is 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.

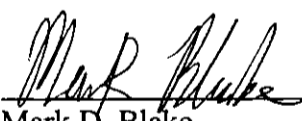
SECTION 8. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the aggregate value of the real property in the District subject to the special tax to pay debt service on the Bonds is at least three times the principal amount of 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 Underwriter's fee, shall not exceed 5.80% 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 *B.C.W.*
Chief Deputy City Attorney

MDB:jdf
03/25/08
04/09/08.COR.Copy
Or.Dept:Debt Management
R-2008-819

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of April 21, 2008

ELIZABETH S. MALAND
City Clerk

By Jenna Richards
Deputy City Clerk

Approved: 4-22-08
(date)

JSL
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor