

RESOLUTION NUMBER R- 307141

DATE OF FINAL PASSAGE NOV 30 2011

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 REFUNDING BONDS SERIES A OF 2011 IN A PRINCIPAL AMOUNT NOT TO EXCEED FIFTY-FIVE MILLION DOLLARS (\$55,000,000) 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 (City Council), 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 (Improvement Area No. 1); and

WHEREAS, the District has previously issued its \$56,020,000 Improvement Area No. 1 Special Tax Bonds Series A of 2000 (2000 Bonds) and its \$5,000,000 Improvement Area No. 1 Special Tax Bonds Series A of 2004 (2004 Bonds) pursuant to the Act; and

WHEREAS, in order to benefit taxpayers within Improvement Area No. 1 of the District by lowering the annual special taxes to be levied, the District now desires to refund the 2000 Bonds and the 2004 Bonds through the issuance of bonds in one or more series (Refunding Bonds) in an aggregate principal amount not to exceed \$55,000,000; and

WHEREAS, the Refunding Bonds shall be issued as Parity Bonds in accordance with the Bond Indenture dated as of October 1, 2000, and the First Supplemental Bond Indenture dated as

of February 1, 2004 (together, the Original Indenture), and the conditions for the issuance of the Refunding Bonds as Parity Bonds set forth in the Original Indenture shall have been satisfied prior to the issuance of the Refunding Bonds; and

WHEREAS, in order to effect the issuance of the Refunding Bonds, the City Council, acting in its capacity as the legislative body of the District, desires to approve the form of a Preliminary Official Statement for the first series of the Refunding Bonds and to approve the forms of and authorize the execution and delivery of a Second Supplemental Bond Indenture (Second Supplement), a Bond Purchase Agreement, a Continuing Disclosure Certificate and an Escrow Agreement, the forms of which are on file with the City Clerk as Document

Numbers ^{RR-}307141-~~1~~ ^{RR-}307141-~~2~~ ^{RR-}307141-~~3~~ and ^{RR-}307141-~~4~~ respectively; and

WHEREAS, on the basis of certain information set forth in the Report to City Council regarding the proposed issuance of the Refunding Bonds (Report to City Council), the City Council, acting in its capacity as the legislative body of the District, has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Refunding Bonds to Piper Jaffray & Co. and Southwest Securities, 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 Refunding Bonds on sealed proposals to the highest bidder as described in Government Code section 53360 in that a negotiated sale will allow for adequate time to pre-market the Refunding Bonds and for the timing of the sale of the Refunding Bonds to be flexible, thereby maximizing the likely debt service savings to the District; and

WHEREAS, the City Council, acting in its capacity as the legislative body of the District, has determined that it is prudent in the management of its fiscal affairs to issue the Refunding 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 Refunding 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 having a lien date as of January 1, 2011 is more than three times the principal amount of the Refunding 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 Refunding Bonds; and

WHEREAS, section III.A2.1 of City 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 (City 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, David Taussig and Associates, Inc., the Special Tax Consultant for the District has provided information demonstrating that the assessed value-to-lien ratio for seven assessor's parcels (Affected Parcels) is less than 3 to 1 in Fiscal Year 2012; and

WHEREAS, based on information in the Report to City Council, the City Council, acting in its capacity as the legislative body of the District, has determined to waive the requirement for credit enhancement under Section III.A2.1 of City Council Policy No. 800-03 for the Affected Parcels because the maximum special taxes that may be levied on developed property with

assessed value-to-lien ratios in excess of 3 to 1 provide sufficient security for the bonds of the District that will remain outstanding following the issuance of the Refunding Bonds; and

WHEREAS, the City Council, acting in its capacity as the legislative body of the District, finds that the issuance of the Refunding Bonds will achieve debt service savings and will benefit taxpayers within Improvement Area No. 1 of the District; and

WHEREAS, pursuant to the San Diego Municipal Code section 22.4108 (as amended and enacted by Ordinance O-19320), the Disclosure Practices Working Group (DPWG) is required to review disclosure documents of the City and related entities, and DPWG has reviewed and approved, in accordance with the Disclosure Controls and Procedures, the form of the Preliminary Official Statement for the Refunding Bonds; NOW, THEREFORE,

BE IT RESOLVED, the City Council of the City of San Diego acting as the legislative body of Community Facilities District No. 2 (Santaluz) does hereby resolve, order and determine as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the City Council, acting in its capacity as the legislative body of the District.

Section 2. The City Council, acting in its capacity as the legislative body of the District, finds that the issuance of the Refunding Bonds will provide significant public benefits by reducing the total amount of special taxes to be levied for debt service within Improvement Area No. 1 of the District.

Section 3. The City Council, acting in its capacity as the legislative body of the District, has determined to refund the 2000 Bonds and the 2004 Bonds, subject to the provisions of Section 5 below regarding debt service savings, through the issuance of its Refunding Bonds pursuant to the Original Indenture, the Second Supplement and any other Supplemental

Indenture (defined in Section 5 below) (together, the Indenture), and a Bond Purchase Agreement from time to time between now and December 30, 2012, in one or more series.

Section 4. The District is authorized pursuant to Section 53362 et seq. of the Act to issue the Refunding Bonds in one or more series for the purpose of refunding the 2000 Bonds and 2004 Bonds.

Section 5. The issuance of the Refunding Bonds in one or more series in a principal amount not to exceed \$55,000,000 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. A series of Refunding Bonds may be issued to refund the 2000 Bonds and/or 2004 Bonds only if the Chief Financial Officer, or her designee, determines that there is an economic benefit to the District in the form of aggregate net present value savings of at least 3%, expressed as a percentage of the par amount of the 2000 Bonds and/or 2004 Bonds to be refunded by such series of Refunding Bonds. Each of the foregoing determinations to be made by the Chief Financial Officer, or her designee, will be conclusively evidenced by the execution of a Bond Purchase Agreement relating to the applicable series of Refunding Bonds by the District and the Underwriters.

The City Council, acting in its capacity as the legislative body of the District, hereby determines that it is prudent in the management of its fiscal affairs to issue the Refunding Bonds. Each series of Refunding Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement for such series to be executed on behalf of the District in accordance with Section 6 hereof. Each series of the Refunding Bonds shall be governed by the terms and conditions of the Original Indenture, as supplemented by a supplemental indenture substantially in the form of the Second Supplement presented at this meeting. The form of the

Second Supplement presented at this meeting is hereby approved. The Second Supplement shall be executed and delivered with respect to the first series of Refunding Bonds and, with respect to each subsequent series of Refunding Bonds, a supplemental indenture for such series shall be executed which shall be substantially in the form of the Second Supplement (together with the Second Supplement, the Supplemental Indentures). The Supplemental Indentures shall be 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, the Authorized Officers) substantially in the form of the Second Supplement presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary or desirable, including to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices, reserve account deposits and such other related terms and provisions as limited by Section 9 hereof, or to conform any provisions therein to the Bond Purchase Agreement and the Official Statement delivered to the purchasers of the applicable series of Refunding Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of a Supplemental 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.

In satisfaction of the requirements contained in section 53363.2 of the Act, the City Council, acting in its capacity as the legislative body of the District, hereby determines that: (1) it is anticipated that the first series of Refunding Bonds will be issued prior to January 31, 2012, with the Refunded Bonds being redeemed on March 1, 2012, (2) the Refunding Bonds shall be dated their date of issuance, be in the denominations, have the maturity dates (which do not exceed the latest maturity date of the 2000 Bonds and 2004 Bonds being refunded), and be

payable at the place and be in the form specified in the Indenture, (3) the Refunding Bonds will bear interest at the minimum rate of 0.5% per annum, and (4) the designated cost of issuing the Refunding Bonds, as defined by section 53363.8 of the Act, shall include all of the costs specified in section 53363.8(a), (b)(2) and (c).

In satisfaction of the requirements contained in section 53364.2 of the Act, the City Council, acting in its capacity as the legislative body of the District, hereby determines that any savings achieved through the issuance of the Refunding Bonds shall be used to reduce special taxes of the District, and such reductions shall be made in accordance with the Act.

Section 6. The Refunding Bonds shall be Parity Bonds under the Original Indenture, and the conditions to issuance of the Refunding Bonds as Parity Bonds in the Original Indenture will be satisfied as a condition to the issuance of the Refunding Bonds.

Section 7. The Refunding 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 8. The covenants set forth in the Indenture are hereby approved, including that the District shall not issue any obligations or security having a lien or charge upon the special taxes levied pursuant to the Act that are superior to, or on a parity with, the Refunding Bonds, other than Parity Bonds. Such covenants shall be deemed to be covenants of the legislative body of the District, and shall be complied with by the District and its officers.

Section 9. The Underwriters are hereby appointed for purposes of offering the Refunding 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 a Bond Purchase Agreement for each series of Refunding Bonds issued in accordance with this resolution 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 or desirable, including to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the series of Refunding 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 for a series of Refunding Bonds shall be signed only if the requirements of Section 5 hereof have been satisfied for such series of Refunding Bonds.

Section 10. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized and directed to execute a Continuing Disclosure Certificate substantially in the form hereby approved for each series of Refunding Bonds, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary or desirable, with such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 11. The proposed form of the Escrow Agreement (Escrow Agreement), by and between the District and Union Bank, N.A., as escrow agent (Escrow Agent), presented at this meeting, is hereby approved, and any one of the Authorized Officers is hereby authorized and directed to execute an Escrow Agreement substantially in the form hereby approved for each series of Refunding Bonds, with such additions therein and changes thereto as the Authorized

Officer or Authorized Officers executing the same deem necessary or desirable, with such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement.

Section 12. The form and content of the Preliminary Official Statement substantially in the form presented to and considered at this meeting is hereby approved, with such additions thereto and changes therein as are determined to be necessary or desirable by any one of the Authorized Officers, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading, such approval to be conclusively evidenced by the delivery of the Preliminary Official Statement to the Underwriters. The distribution by the Underwriters of copies of the Preliminary Official Statement and the Official Statement to persons who may be interested in the purchase of the Refunding Bonds is hereby authorized and approved. Each of the Authorized Officers is hereby authorized and directed to deliver to the Underwriters a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary or desirable by the Authorized Officer executing the Official Statement to make such Official Statement complete and accurate as of its date, such approval to be conclusively evidenced by the delivery of the Official Statement to the Underwriters. Should the Refunding Bonds be sold in more than one series, a new Preliminary Official Statement will be prepared for each subsequent series and be presented to DPWG and the City Council, in its capacity as the legislative body of the District, for approval prior to the sale of such Refunding Bonds.

In addition, any Authorized Officer, in consultation with the Chief Financial Officer, is hereby specifically authorized to approve changes and additions to the Preliminary Official Statement and to the Bond Purchase Agreement, the Second Supplement, Escrow Agreement and Continuing Disclosure Certificate and to the other documents authorized by the Resolution,

including, but not limited to, changes: (i) to reflect the issuance of Refunding Bonds in more than one series; (ii) as may be required or appropriate to reflect the refunding of all or a portion of the 2000 Bonds and all or a portion of the 2004 Bonds by the Refunding Bonds. In connection with such additions and changes, the Chief Financial Officer shall believe, with the advice of the City's Financial Advisor for the Refunding Bonds, that they are in the best interests of the District in light of market conditions, such determination to be conclusively evidenced by the execution and delivery of such Bond Purchase Agreement, Second Supplement, Escrow Agreement, Continuing Disclosure Certificate and other documents by any Authorized Officer, provided that such changes or additions are consistent with this Resolution. The Underwriters are further authorized to distribute the final Official Statement for the Refunding Bonds and any supplement thereto to the purchasers thereof on behalf of the District as described above. The Authorized Officers are, and each of them acting alone is, hereby authorized to certify to the Underwriters on behalf of the District that any Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (except for the omission of certain information as permitted therein).

Section 13. In accordance with the requirements of section 53345.8 of the Act and the policies of the City, the City Council, acting in its capacity as 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 Refunding Bonds and any portion of the 2000 Bonds and the 2004 Bonds that may not be refunded is at least three times the principal amount of the Refunding Bonds and any portion of the 2000 Bonds and the 2004 Bonds that may not be refunded 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

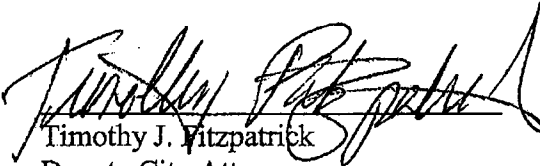
No. 1. This determination is based on the full cash value of property within Improvement Area No. 1 as shown on the ad valorem assessment roll for property within the District having a lien date as of January 1, 2011.

Section 14. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance, sale and delivery of the Refunding Bonds. Such services shall include, but not be limited to, obtaining legal services, trustee services, verification agent 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 and as otherwise agreed to in writing by an Authorized Officer) from the sale and delivery of Refunding Bond proceeds. The Authorized Officers are hereby authorized and directed to pay all the fees and other costs of issuance of the Refunding Bonds in accordance with the Bond Purchase Agreement and as otherwise agreed to by the District and the respective parties thereto, including applicable CDIAC fees, verification agent fees and printer fees.

Section 15. All actions heretofore taken by any Authorized Officers, or by any officers, employees or agents of the City, with respect to: (1) the issuance, delivery or sale of the Refunding Bonds; (2) the refunding, defeasance and redemption of the 2000 Bonds and the 2004 Bonds; and (3) the Bond Purchase Agreement, Second Supplement, Escrow Agreement, Continuing Disclosure Certificate, or any of the documents referenced therein, are hereby approved, confirmed and ratified. The Mayor or his designee and the other Authorized Officers responsible for the fiscal affairs of the District are hereby jointly and severally authorized and directed to do all things and take any and all actions and execute and deliver any and all documents as are necessary or desirable to accomplish the issuance, sale and delivery of the

Refunding Bonds in accordance with the provisions of this Resolution and as are necessary or appropriate for the fulfillment of the purposes of the Refunding 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.

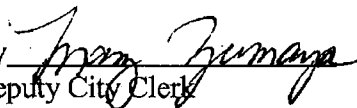
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Timothy J. Fitzpatrick
Deputy City Attorney

TJF:jdf
11/1/2011
Or.Dept:Debt Management

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of NOV 15 2011

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 11-30-11
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor