

RESOLUTION NO. SMPFA 2014 - _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN MARCOS PUBLIC FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF SPECIAL TAX
REVENUE REFUNDING BONDS, SERIES 2014A,
APPROVING THE FORMS OF AN INDENTURE OF TRUST,
BOND PURCHASE AGREEMENT AND PRELIMINARY
OFFICIAL STATEMENT, AND AUTHORIZING OTHER
ACTIONS IN CONNECTION THEREWITH

WHEREAS, the San Marcos Public Financing Authority (the “Authority”) is a public agency organized under the Joint Exercise of Powers Law of the State of California and is authorized pursuant to said law and the Amended and Restated Joint Exercise of Powers Agreement creating the Authority to borrow money for the purpose of financing or refinancing public capital facilities improvements of the City of San Marcos (the “City”), the San Marcos Fire Protection District (the “Fire Protection District”) or any agency or subdivision of the City or the Fire Protection District, including any community facilities district formed by either the City or the Fire Protection District; and

WHEREAS, the San Marcos Public Facilities Authority (the “Public Facilities Authority”) has previously issued its \$33,805,000 San Marcos Public Facilities Authority Special Tax Revenue Refunding Bonds, 2004 Series A and its \$3,690,000 San Marcos Public Facilities Authority Special Tax Revenue Refunding Bonds, 2004 Series B (together the “2004 Prior Public Facilities Authority Bonds”) to finance the acquisition of the special tax refunding bonds issued by the City of San Marcos Community Facilities District No. 91-01 (“CFD No. 91-01”) and the City of San Marcos Community Facilities District No. 99-01 (“CFD No. 99-01” and, together with CFD No. 91-01, the “Community Facilities Districts”) identified in Exhibit A attached hereto and incorporated herein by this reference; and

WHEREAS, the Public Facilities Authority has also previously issued its \$13,660,000 San Marcos Public Facilities Authority Special Tax Revenue Refunding Bonds, 2006 Series A (the “2006 Prior Public Facilities Authority Bonds” and, together with the 2004 Prior Public Facilities Authority Bonds, the “Prior Public Facilities Authority Bonds”) to finance the acquisition of the special tax bonds issued by CFD No. 99-01 identified in Exhibit A attached hereto and incorporated herein by this reference (all of the special tax refunding bonds and the special tax bonds identified in Exhibit A are collectively referred to as the “Prior Special Tax Bonds”); and

WHEREAS, as a result of a combination of favorable conditions in the municipal bond market and the level of development, diversity of ownership and increase in value of the properties within CFD No. 91-01 and the improvement areas of CFD No. 99-01 (collectively, the “Improvement Areas”) for which the Prior Special Tax Bonds were issued, the City Council of the City (the “City Council”), acting as the legislative body of the Community Facilities Districts, desires to issue the special tax refunding bonds identified in Exhibit B attached hereto and incorporated by this reference (collectively, the “Special Tax Refunding Bonds”) for the purpose of defeasing and redeeming the Prior Public Facilities Authority Bonds and thereby discharging the Prior Special Tax Bonds prior to their scheduled maturity in order to reduce the borrowing costs on such indebtedness; and,

WHEREAS, a reduction in such borrowing costs will, in turn, result in a reduction in the rate of special taxes necessary to be levied within CFD No. 91-01 and the Improvement Areas of CFD No. 99-01 thereby resulting in savings to the owners of the properties subject to the levy of such special taxes; and

WHEREAS, the City Council has requested that the Authority issue, sell and deliver its Special Tax Revenue Refunding Bonds, Series 2014A (the “2014A Authority Bonds”) in an aggregate principal amount not to exceed \$38,500,000 to provide funds in order to acquire the Special Tax Refunding Bonds and the Special Tax Refunding Bonds will provide funds to finance the defeasance and redemption of the Prior Public Facilities Authority Bonds thereby providing for the discharge of the Prior Special Tax Bonds; and

WHEREAS, the City Council desires to approve, and the Public Facilities Authority, as the owner of the Prior Special Tax Bonds, is willing to consent to, an amendment to each of the Fiscal Agent Agreements (collectively, the “Prior Fiscal Agent Agreements”) entered into by and between the Community Facilities Districts and MUFG Union Bank, N.A., formerly known as Union Bank of California, N. A., as fiscal agent (the “Prior Fiscal Agent”), to provide that each series of the Prior Special Tax Bonds will be discharged upon the defeasance of the applicable Prior Public Facilities Authority Bonds; and

WHEREAS, the 2014A Authority Bonds are to be offered by a negotiated sale to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”); and

WHEREAS, there have been prepared and filed with the Secretary of this Board of Directors the forms of the following documents:

- A. the Indenture of Trust by and between the Authority and MUFG Union Bank, N.A. to serve as trustee (the “Trustee”) establishing the terms and conditions pertaining to the issuance, sale and administration of the 2014A Authority Bonds (the “Indenture of Trust”);
- B. the preliminary official statement describing the City, the Authority, the Community Facilities Districts and the Improvement Areas, the 2014A

Authority Bonds and the Special Tax Refunding Bonds (the “Preliminary Official Statement”);

- C. the Bond Purchase Agreement among the Authority, the Community Facilities Districts and the Underwriter (the “Bond Purchase Agreement”) relating to the purchase of the 2014A Authority Bonds by the Underwriter and to the purchase of the Special Tax Refunding Bonds by the Authority; and

WHEREAS, this Board has reviewed and considered such Indenture of Trust, Preliminary Official Statement and Bond Purchase Agreement, and finds those documents suitable for approval, subject to the conditions set forth in this resolution; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the 2014A Authority Bonds as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed or have been ordered to have been performed in due time, form and manner as required by the laws of the State of California.

NOW, THEREFORE, BE IT RESOLVED, AND DETERMINED:

SECTION 1. Recitals. The above recitals are true and correct.

SECTION 2. Approval of Issuance and Sale of 2014A Authority Bonds. This Board of Directors hereby approves the issuance and sale of the 2014A Authority Bonds by negotiated sale to the Underwriter. The proceeds of the 2014A Authority Bonds shall be expended to purchase the Special Tax Refunding Bonds.

SECTION 3. Indenture of Trust. The form of the Indenture of Trust relating to the 2014A Authority Bonds presented at this meeting is hereby approved. The Executive

Director, the Treasurer or an authorized designee of the Executive Director or the Treasurer (each, an "Authorized Officer"), acting for and on behalf of the Authority, are, and each of them individually is, hereby authorized and directed to execute, acknowledge and deliver the Indenture of Trust in substantially the form approved hereby, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Authority, and as approved as to form by the legal advisor to the Authority or her specified designee ("Authority General Counsel") and Best Best & Krieger LLP, as bond counsel ("Bond Counsel"), such approval to be conclusively evidenced by the execution and delivery thereof by such Authorized Officer.

SECTION 4. Bond Purchase Agreement. The form of the Bond Purchase Agreement presented at this meeting and the sale of the 2014A Authority Bonds pursuant thereto is hereby approved. The Authorized Officers, acting for and on behalf of the Authority, are, and each of them individually is, hereby authorized and directed to evidence the Authority's acceptance of the terms and provisions of the Bond Purchase Agreement by executing and delivering the Bond Purchase Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Authority, and as approved as to form by the Authority General Counsel and Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof by such Authorized Officer; provided, however, that the Authorized Officer shall execute the Bond Purchase Agreement only if (i) the aggregate principal amount of the 2014A Authority Bonds is equal to or less than \$38,500,000; (ii) the Authorized Officer determines that as a result of the sale of the 2014A Authority Bonds, as

to each series of the Special Tax Refunding Bonds, the total net interest cost to maturity of such Special Tax Refunding Bonds plus the principal amount of such Special Tax Refunding Bonds will not exceed the total net interest cost to maturity on the series of the Prior Special Tax Bonds being discharged plus the principal amount of such Prior Special Tax Bonds and has further determined, in his or her professional and prudent judgment, that under the circumstances existing at the time of the execution of the Bond Purchase Agreement the level of savings to be realized from the issuance of the 2014A Authority Bonds will be in the best interest of the taxpayers within CFD No. 91-01 and the Improvement Areas within CFD No. 99-01; and (iii) the final maturity of the 2014A Authority Bonds shall not be later than September 1, 2038.

SECTION 5. Approval of Preliminary Official Statement and Final Official Statement. The form of Preliminary Official Statement presented at this meeting is hereby approved. The Authorized Officers, acting for and on behalf of the Authority, are, and each of them individually is, hereby authorized and directed to approve such changes, insertions and omissions therein as are necessary to enable such Authorized Officer to certify on behalf of the Authority that the approved Preliminary Official Statement is deemed final as of its date except for the omission of certain information as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations. The Authorized Officers, acting for and on behalf of the Authority, are, and each of them is further authorized and directed to cause the Authority to bring the Preliminary Official Statement into the form of a final official statement (the "Final Official Statement") and to execute a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at

the time of sale of the 2014A Authority Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the 2014A Authority Bonds, and does not, as of the date of delivery of the 2014A Authority Bonds, contain any untrue statement of a material fact with respect to the Authority or omit to state material facts with respect to the Authority required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. This Board of Directors hereby authorizes Authorized Officers, acting for and on behalf of the Authority, and each of them individually, to execute and deliver the final form of the Final Official Statement to the Underwriter. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the 2014A Authority Bonds and is directed to deliver copies of the Final Official Statement to all actual purchasers of the 2014A Authority Bonds.

SECTION 6. Authorization to Apply for and Accept Municipal Bond Insurance and Reserve Fund Surety. The Executive Director and the Treasurer, with the assistance of Fieldman Rolapp & Associates, as the financial advisor to the Authority and the Community Facilities Districts, and the Underwriter, are hereby authorized to apply for and, if deemed cost effective, accept any commitment (a) to provide municipal bond insurance for the 2014A Authority Bonds and (b) to provide a reserve fund surety for the 2014A Authority Bonds in a principal amount equal to fifty percent (50%) of the reserve requirement for the 2014A Authority Bonds. The Executive Director and the Treasurer are, and each of them individually is, hereby authorized to execute any commitment letter and to do any and all things and to deliver all documents necessary to obtain such municipal bond insurance and reserve fund surety.

SECTION 7. Official Action. The Chairperson, the Vice-Chairperson, the Executive Director, the Treasurer, the Secretary, the Authorized Officers and any and all other officers of the Authority are hereby authorized and directed, jointly and severally, for and in the name of the Authority, to do any and all things and take any and all actions, including without limitation, the execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary and advisable in order to consummate the transactions contemplated by the documents approved pursuant to this Resolution and any such actions previously taken by such officers are hereby ratified and confirmed. In the event any such officer is unavailable or unable to execute and deliver any of the above-referenced documents, any other officer of the Authority may validly execute and deliver such document.

SECTION 8. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the San Marcos Public Financing Authority this _____ day of _____, 2014 by the following roll call votes:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

James M. Desmond, Chairman
San Marcos Public Financing Authority

ATTEST:

Phillip Scollick, Secretary
San Marcos Public Financing Authority

Exhibit A

THE PRIOR SPECIAL TAX BONDS

The following are the Prior Special Tax Bonds acquired from the proceeds of the 2004 Prior Public Facilities Authority Bonds:

1. \$3,690,000 City of San Marcos Community Facilities District No. 91-01 2004 Special Tax Refunding Bonds.
2. \$2,270,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area A1 2004 Special Tax Refunding Bonds.
3. \$2,360,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area A2 2004 Special Tax Refunding Bonds.
4. \$2,255,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area B1 2004 Special Tax Refunding Bonds.
5. \$1,940,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area B2 2004 Special Tax Refunding Bonds.
6. \$3,565,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area C1 2004 Special Tax Refunding Bonds.
7. \$1,960,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area D1 2004 Special Tax Refunding Bonds.
8. \$1,430,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area G3 2004 Special Tax Refunding Bonds.
9. \$1,555,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area H1A 2004 Special Tax Refunding Bonds.
10. \$1,410,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area H1B 2004 Special Tax Refunding Bonds.
11. \$4,560,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area M 2004 Special Tax Refunding Bonds.
12. \$2,805,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area N1 2004 Special Tax Refunding Bonds.
13. \$2,575,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area N2 2004 Special Tax Refunding Bonds.
14. \$2,875,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area R1 2004 Special Tax Refunding Bonds.
15. \$2,245,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area R2 2004 Special Tax Refunding Bonds.

The following are the Prior Special Tax Bonds acquired from the proceeds of the 2006 Prior Public Facilities Authority Bonds:

1. \$3,220,000 City of San Marcos Community Facilities District No. 99-01 (Improvement Area F2/V2) Special Tax Bonds, Series 2006.
2. \$4,675,000 City of San Marcos Community Facilities District No. 99-01 (Improvement Area J) Special Tax Bonds, Series 2006.
3. \$2,755,000 City of San Marcos Community Facilities District No. 99-01 (Improvement Area V1A) Special Tax Bonds, Series 2006

Exhibit B

SPECIAL TAX REFUNDING BONDS

1. City of San Marcos Community Facilities District No. 91-01 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,700,000;
2. City of San Marcos Community Facilities District No. 99-01 Improvement Area A1 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,750,000;
3. City of San Marcos Community Facilities District No. 99-01 Improvement Area A2 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,850,000;
4. City of San Marcos Community Facilities District No. 99-01 Improvement Area B1 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,800,000;
5. City of San Marcos Community Facilities District No. 99-01 Improvement Area B2 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,550,000;
6. City of San Marcos Community Facilities District No. 99-01 Improvement Area C1 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$2,800,000;
7. City of San Marcos Community Facilities District No. 99-01 Improvement Area D1 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,600,000;
8. City of San Marcos Community Facilities District No. 99-01 Improvement Area F2/V2 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$2,900,000;
9. City of San Marcos Community Facilities District No. 99-01 Improvement Area G3 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,200,000;
10. City of San Marcos Community Facilities District No. 99-01 Improvement Area H1A Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,300,000;
11. City of San Marcos Community Facilities District No. 99-01 Improvement Area H1B Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,200,000;
12. City of San Marcos Community Facilities District No. 99-01 Improvement Area J Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$4,200,000;

13. City of San Marcos Community Facilities District No. 99-01 Improvement Area M Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$3,600,000;
14. City of San Marcos Community Facilities District No. 99-01 Improvement Area N1 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$2,300,000;
15. City of San Marcos Community Facilities District No. 99-01 Improvement Area N2 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$2,100,000;
16. City of San Marcos Community Facilities District No. 99-01 Improvement Area R1 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$2,250,000;
17. City of San Marcos Community Facilities District No. 99-01 Improvement Area R2 Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$1,900,000; and
18. City of San Marcos Community Facilities District No. 99-01 Improvement Area V1A Special Tax Refunding Bonds, Series 2014 in a principal amount not to exceed \$2,500,000.