

RESOLUTION NO. PFA 2014 - \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN MARCOS PUBLIC FACILITIES AUTHORITY  
APPROVING THE FORM OF AN ESCROW DEPOSIT AND  
TRUST AGREEMENT PERTAINING TO THE DEFEASANCE  
AND REDEMPTION OF ITS SPECIAL TAX REVENUE  
REFUNDING BONDS, 2004 SERIES A, SPECIAL TAX  
REVENUE REFUNDING BONDS, 2004 SERIES B AND  
SPECIAL TAX REVENUE BONDS, 2006 SERIES A AND  
CONSENTING TO THE FIRST AMENDMENT TO FISCAL  
AGENT AGREEMENTS RELATED THERETO

WHEREAS, the San Marcos Public Facilities Authority (the “Public Facilities Authority”) has previously issued its:

(a). \$33,805,000 San Marcos Public Facilities Authority Special Tax Revenue Refunding Bonds, 2004 Series A (the “Prior 2004 Series A Public Facilities Authority Bonds”) pursuant to an Indenture of Trust, dated as of September 1, 2004 (the “Prior 2004 Indenture”), by and between the Public Facilities Authority and Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “Prior Trustee”),

(b). \$3,690,000 San Marcos Public Facilities Authority Special Tax Revenue Refunding Bonds, 2004 Series B (the “Prior 2004 Series B Public Facilities Authority Bonds”) pursuant to the Prior 2004 Indenture; and

(c). \$13,660,000 San Marcos Public Facilities Authority Special Tax Revenue Bonds, 2006 Series A (the “Prior 2006 Series A Public Facilities Authority Bonds” and, together with the Prior 2004 Series A Public Facilities Authority Bonds and the Prior 2004 Series B Public Facilities Authority Bonds, the “Prior Public Facilities Authority Bonds”) pursuant to an Indenture of Trust, dated as of November

1, 2006 (together with the Prior 2004 Indenture, the “Prior Indentures”), by and between the Public Facilities Authority and the Prior Trustee; and to finance the acquisition of the special tax 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”) specified in Exhibit A attached hereto and incorporated herein by this reference (collectively, 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 applicable improvement areas of CFD No. 99-01, the City Council of the City (the “City Council”), acting as the legislative body of the Community Facilities Districts, desires to issue special tax refunding bonds (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 applicable 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 San Marcos Public Financing Authority (the “Authority”) issue, sell and deliver its Special Tax Revenue Refunding Bonds, Series 2014A 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 has requested that the Public Facilities Authority, as the owner of the Prior Special Tax Bonds, consent to an amendment to each of the Fiscal Agent Agreements (collectively, the “Prior Fiscal Agent Agreements”) entered into by and between the applicable Community Facilities District 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 the Prior Special Tax Bonds will be discharged upon the defeasance of the Prior Public Facilities Authority Bonds; and

WHEREAS, pursuant to Section 9.05 of each of the Prior Indentures, the Public Facilities Authority and the Trustee may, at any time, consent to the amendment, supplement or other modification of any of the Prior Special Tax Bonds (referred to in the Prior Indentures as “Local Obligations”) pursuant to the terms thereof provided that the Public Facilities Authority first complies with the requirements of Section 9.05; and

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

- A. an Escrow Deposit and Trust Agreement among the Public Facilities Authority, the Community Facilities Districts and MUFG Union Bank, N. A., formerly known as Union Bank, N.A., as escrow bank, to provide for the defeasance and redemption of the Prior Public Facilities Authority Bonds (the “Escrow Agreement”) and the discharge of the Prior Special Tax Bonds; and
- B. for each series of Prior Special Tax Bonds, a separate First Amendment to Fiscal Agent Agreement by and between the Community Facilities District

and the Prior Fiscal Agent to provide for the discharge of such series of the Prior Special Tax Bonds upon the defeasance of the Prior Public Facilities Authority Bonds (collectively, the “First Amendments”);

WHEREAS, this Board has reviewed and considered such Escrow Agreement and the form of such First Amendments, and finds those documents suitable for approval or consent by the Public Facilities Authority, as applicable, subject to the conditions set forth in this resolution.

NOW, THEREFORE, BE IT RESOLVED, AND DETERMINED:

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

SECTION 2. Escrow Agreement. The form of the Escrow Agreement on file in the office of the Secretary is hereby approved. The Executive Director, the Treasurer or an authorized designee of the Executive Director (each, an “Authorized Officer”), acting for and on behalf of the Public Facilities Authority, are, and each of them individually is, hereby authorized and directed to execute, acknowledge and deliver the Escrow Agreement 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 Public Facilities Authority, and as approved as to form by the legal advisor to the Public Facilities Authority or her specified designee and Best Best & Krieger LLP, as bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof by such Authorized Officer.

SECTION 3. Consent to the First Amendments. The Board of Directors hereby gives its consent to the amendment of each of the Prior Fiscal Agent Agreements pursuant to the First Amendments and orders and directs any Authorized Officer, acting for and on

behalf of the Public Facilities Authority, to execute, acknowledge and deliver a Written Certificate (as defined in the Prior Indenture), as required pursuant to Section 9.05 of the Prior Indenture, describing such First Amendments and stating that such First Amendments will not adversely affect the security of the owners of the Prior Public Facilities Authority Bonds under the Prior Indenture and further orders and directs the Executive Director or any other Authorized Officer cause the other requirements of Section 9.05 to be satisfied and direct that the Prior Trustee take such actions as shall be directed by the Public Facilities Authority in implementation of the First Amendments as provided for in Section 9.05.

SECTION 4. 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 Public Facilities Authority are hereby authorized and directed, jointly and severally, for and in the name of the Public Facilities Authority, to do any and all things and take any and all actions, including without limitation, the execution and delivery of any and all certificates, agreements, consents, 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 or consented to 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 Public Facilities Authority may validly execute and deliver such document.

SECTION 5. 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 Facilities Authority this \_\_\_\_\_ day of \_\_\_\_\_, 2014 by the following roll call votes:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

\_\_\_\_\_  
James M. Desmond, Chairman  
San Marcos Public Facilities Authority

ATTEST:

\_\_\_\_\_  
Phillip Scollick, Secretary  
San Marcos Public Facilities Authority

## EXHIBIT A

### PRIOR SPECIAL TAX 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. \$3,220,000 City of San Marcos Community Facilities District No. 99-01 (Improvement Area F2/V2) Special Tax Bonds, Series 2006;
9. \$1,430,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area G3 2004 Special Tax Refunding Bonds;
10. \$1,555,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area H1A 2004 Special Tax Refunding Bonds;
11. \$1,410,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area H1B 2004 Special Tax Refunding Bonds;
12. \$4,675,000 City of San Marcos Community Facilities District No. 99-01 (Improvement Area J) Special Tax Bonds, Series 2006;
13. \$4,560,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area M 2004 Special Tax Refunding Bonds;
14. \$2,805,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area N1 2004 Special Tax Refunding Bonds;

15. \$2,575,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area N2 2004 Special Tax Refunding Bonds;
16. \$2,875,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area R1 2004 Special Tax Refunding Bonds;
17. \$2,245,000 City of San Marcos Community Facilities District No. 99-01 Improvement Area R2 2004 Special Tax Refunding Bonds; and
18. \$2,755,000 City of San Marcos Community Facilities District No. 99-01 (Improvement Area V1A) Special Tax Bonds, Series 2006.