

**RESOLUTION NO. 2015-22**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$12,500,000 PRINCIPAL AMOUNT OF SERIES 2015 ENTERPRISE REVENUE REFUNDING BONDS; APPROVING THE FORMS OF AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF CONVEYANCE AGREEMENTS, INSTALLMENT SALE AGREEMENTS, ESCROW AGREEMENT, PURCHASE CONTRACT AND CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE FORM OF THE OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO**

**WHEREAS**, the City of San Juan Bautista (the “City”) and the California Municipal Finance Authority have heretofore entered into a Joint Exercise of Powers Agreement, dated as of March 17, 2015, establishing the San Juan Bautista Public Financing Authority (the “Authority”) for the purpose of, among other things, providing financing alternatives for public capital improvements within the City; and

**WHEREAS**, the Authority was formed pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of, among other things, making loans, buying securities, purchasing facilities, and providing for lease and installment sale arrangements to assist the City further its public purposes; and

**WHEREAS**, the City has heretofore provided for the issuance of its Series 2008 Water and Wastewater Revenue Certificates of Participation in the original amount of \$11,145,000 (the “2008 Bonds”); and

**WHEREAS**, the City Council (the “Council”) desires to arrange for the procurement of low interest rate municipal financing in connection with the proposed refunding (the “Refunding”) of the City’s remaining outstanding principal balance of 2008 Bonds, and thereby save the City and its ratepayers money as a result of reduced debt service payments stemming from such refunding of the 2008 Bonds; and

**WHEREAS**, the Council desires to finance the acquisition and construction of (i) certain additions, betterments, extensions and improvements to the City’s water system (the “Water Project”), and (ii) certain additions, betterments, extensions and improvements to the City’s wastewater system (the “Wastewater Project,” and collectively with the Water Project, the “Projects”); and

**WHEREAS**, in order to finance the Refunding and the cost of the acquisition and construction of the Projects (collectively, the “Financing”), the Council, after due investigation and deliberation, has determined that it is in the public interests of the City at this time to provide for the issuance of not greater than \$12,500,000 aggregate principal amount of its San Juan Bautista Public Financing Authority, Series 2015 Enterprise Revenue Refunding Bonds (the “2015 Bonds”), all pursuant to and secured by an Indenture of Trust (the “Indenture”), dated as of June 1, 2015, by and between the Authority and the trustee to be named therein, as the trustee thereto (the “Trustee”); and

**WHEREAS**, in order to properly account for the Refunding, as well as the legal defeasance of all outstanding 2008 Bonds, it is now appropriate and necessary for the Council to approve the form of Escrow Agreement, dated as of June 1, 2015, in connection with the Refunding of the 2008 Bonds (the “Escrow Agreement”), copies of which have been presented at this meeting and are on file with the City Clerk; and

**WHEREAS**, as a necessary prerequisite to the consummation of the Financing, the City proposes to (i) convey its Water Project to the Authority pursuant to a Water Project Conveyance Agreement (the “Water Conveyance Agreement”), dated as of June 1, 2015, by and between the Authority and the City, and (ii) convey its Wastewater Project to the Authority pursuant to a Wastewater Project Conveyance Agreement (the “Wastewater Conveyance Agreement,” and together with the Water Conveyance Agreement, the “Conveyance Agreements”), dated as of June 1, 2015, by and between the Authority and the City; and

**WHEREAS**, for the purpose of providing security for the Financing, the Authority proposes to (i) sell the Water Project back to the City pursuant to a Water Installment Sale Agreement (the “Water Installment Sale Agreement”), dated as of June 1, 2015, by and between the Authority and the City, pursuant to which the City will make installment payments from its water enterprise operations, sufficient in amount to pay a certain allocable share of the debt service on the 2015 Bonds, and (ii) sell the Wastewater Project back to the City pursuant to a Wastewater Project Installment Sale Agreement (the “Wastewater Installment Sale Agreement,” and together with the Water Installment Sale Agreement, the “Installment Sale Agreements”), dated as of June 1, 2015, by and between the Authority and the City, pursuant to which the City will make installment payments from its wastewater enterprise operations, sufficient in amount to pay a certain allocable share of the debt service on the 2015 Bonds; and

**WHEREAS**, there has been submitted to this Council a form of preliminary Official Statement (the “Preliminary Official Statement”) in connection with the marketing of the 2015 Bonds, and this Council, with the aid of its staff, has reviewed the Preliminary Official Statement to assure proper disclosure of all material facts relating to the 2015 Bonds that are in the personal knowledge of the Council and City staff; and

**WHEREAS**, the Council desires to approve the sale of the 2015 Bonds by the Authority to Southwest Securities, Inc. (the “Underwriter”), all on the terms and conditions herein set forth and as provided in the form of a Bond Purchase Contract (the “Purchase Contract”) presented at this meeting and on file with the City Clerk; and

**WHEREAS**, there has been prepared and filed with the City Clerk a proposed form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5), and this Council hereby finds and determines that it is in the public interest and for the public benefit that the form of Continuing Disclosure Agreement be approved and that certain policy and procedure be established therefore; and

**WHEREAS**, the City Council, with the aid of its staff, has reviewed the Water Conveyance Agreement, the Wastewater Conveyance Agreement, the Water Installment Sale Agreement, Wastewater Installment Sale Agreement, the Escrow Agreement, the Purchase Contract, the Preliminary Official

Statement and the Continuing Disclosure Agreement, the forms of which are on file with the City Clerk, and the Council wishes at this time to approve the foregoing documents (collectively, the “Bond Documents”) in the public interests of the City; and

**WHEREAS**, the Council wishes at this time to ratify and authorize all proceedings relating to the issuance of the 2015 Bonds and the execution and delivery of all agreements and documents relating thereto; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1. Recitals and Findings.** The Council hereby specifically finds and declares that each of the statements, findings and determinations of the City set forth in the recitals set forth above and in the preambles of the documents approved herein are true and correct and that the Financing will result in significant public benefits for the residents of the City of the type described in Government Code Section 6586. The issuance of the 2015 Bonds by the Authority is hereby authorized and approved by this Council, and this Council does hereby consent to the application of the proceeds of the 2015 Bonds for the purposes contemplated by the City and the Authority, as provided for in the Bond Documents.

**Section 2. Authorized Representatives.** The Mayor, Mayor Pro Tem, City Manager, City Treasurer, City Clerk, and any other person authorized by the Council to act on behalf of the City shall each be an “Authorized Representative” of the City for the purposes of structuring and providing for the issuance of the 2015 Bonds, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the Refunding and sale of the 2015 Bonds (including, but not limited to, any documentation necessary in connection with bond ratings, bond insurance or other credit enhancement for the bonds or relating to the Refunding escrow or investment of proceeds of the 2015 Bonds), and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Council has approved in this Resolution and the Bond Documents.

**Section 3. Approval of Water Conveyance Agreement.** The Council hereby authorizes and approves the conveyance of the Water Project by the City to the Authority pursuant to the Water Conveyance Agreement. The Council hereby approves the Water Conveyance Agreement in substantially the form on file with the City Clerk together with any additions thereto or changes therein (including, but not limited to, the final amount of the conveyance price for the Water Project) deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Water Conveyance Agreement for and in the name and on behalf of the City and the execution thereof shall be conclusive evidence of the Council’s approval of any such additions and changes. The Council hereby authorizes the delivery and performance of the Water Conveyance Agreement.

**Section 4. Approval of Wastewater Conveyance Agreement.** The Council hereby authorizes and approves the conveyance of the Wastewater Project by the City to the Authority pursuant to the Wastewater Conveyance Agreement. The Council hereby approves the Wastewater Conveyance

Agreement in substantially the form on file with the City Clerk together with any additions thereto or changes therein (including, but not limited to, the final amount of the conveyance price for the Wastewater Project) deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Wastewater Conveyance Agreement for and in the name and on behalf of the City and the execution thereof shall be conclusive evidence of the Council's approval of any such additions and changes. The Council hereby authorizes the delivery and performance of the Wastewater Conveyance Agreement.

**Section 5. Approval of Water Installment Sale Agreement.** The Council hereby authorizes and approves the purchase of the Water Project back from the Authority pursuant to the Water Installment Sale Agreement. The Council hereby approves the Water Installment Sale Agreement in substantially the form on file with the City Clerk together with any additions thereto or changes therein (including, but not limited to, the final amount of the conveyance price for the Water Project and the final installment payment schedule) deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Water Installment Sale Agreement for and in the name and on behalf of the City and the execution thereof shall be conclusive evidence of the Council's approval of any such additions and changes. The Council hereby authorizes the delivery and performance of the Water Installment Sale Agreement.

**Section 6. Approval of Wastewater Installment Sale Agreement.** The Council hereby authorizes and approves the purchase of the Wastewater Project back from the Authority pursuant to the Wastewater Installment Sale Agreement. The Council hereby approves the Wastewater Installment Sale Agreement in substantially the form on file with the City Clerk together with any additions thereto or changes therein (including, but not limited to, the final amount of the conveyance price for the Wastewater Project and the final installment payment schedule) deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Wastewater Installment Sale Agreement for and in the name and on behalf of the City and the execution thereof shall be conclusive evidence of the Council's approval of any such additions and changes. The Council hereby authorizes the delivery and performance of the Wastewater Installment Sale Agreement.

**Section 7. Approval of Escrow Agreement** The Council hereby approves the Escrow Agreement in substantially the form on file with the City Clerk, together with any additions thereto or changes therein (including, but not limited to, the final amount of the escrow, the final payment schedules, prepayment notices and investment instructions) deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Escrow Agreement for and in the name and on behalf of the City, and the execution thereof shall be conclusive evidence of the City Council's approval of any such additions and changes. The City Council hereby authorizes the delivery and performance of the Escrow Agreement, and directs each Authorized Representative to take such action as deemed necessary or appropriate to cause the prepayment and defeasance of the 2008 Bonds.

**Section 8. Approval of Preliminary Official Statement.** The form of the Preliminary Official Statement relating to the 2015 Bonds (the “Preliminary Official Statement”), on file with the City Clerk, is approved for distribution by the Underwriter to municipal bond broker-dealers, to banking institutions and to members of the general public who may be interested in purchasing the 2015 Bonds. The Mayor or City Manager is authorized to approve changes in the Preliminary Official Statement, from time to time, pending such distribution as shall be required to cause the Preliminary Official Statement to contain any further information necessary to accurately describe, among other things, the 2015 Bonds, the Refunding, the Bond Documents, the Projects, the Water Enterprise, the Wastewater Enterprise, and the overall general and fiscal conditions of the City and the Authority. With respect to the distribution of the Preliminary Official Statement, the Mayor or City Manager is authorized and directed, on behalf of the City, to deem the Preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”).

**Section 9. Approval of Official Statement.** The Official Statement, which shall include such changes and additions thereto deemed advisable by the Mayor or City Manager and such information permitted to be excluded from the Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the 2015 Bonds, and the Mayor or City Manager or a written designee, is authorized and directed to execute the Official Statement for and on behalf of the City and the Mayor or City Manager is authorized and directed to deliver to the Underwriter (i) a certificate with respect to the information set forth therein, and (ii) the Continuing Disclosure Agreement substantially in the form approved at this meeting and appended to the Official Statement.

**Section 10. Sale of 2015 Bonds.** The Council hereby authorizes and approves the sale of the 2015 Bonds by the Authority to the Underwriter pursuant to and in accordance with the Purchase Contract in substantially the form on file with the City Clerk.

**Section 11. Continuing Disclosure Agreement.** The Council hereby approves the Continuing Disclosure Agreement relating to the 2015 Bonds, in substantially the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by a Authorized Representative of the City with such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Representative.

**Section 12. Official Action.** All actions heretofore taken by the officers and agents of the City with respect to the issuance of the 2015 Bonds are hereby approved, confirmed and ratified. The Mayor, Vice Mayor, City Manager, City Treasurer, City Clerk, and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, including requisitions for the payment of costs of issuance of the 2015 Bonds, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the sale, issuance and delivery of the 2015 Bonds to the Underwriter in accordance with the Bond Documents approved herein. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated and confirmed in

a closing certificate by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

**Section 13. Certification.** The City Clerk shall certify to the adoption of this resolution. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this resolution may be performed by an Assistant City Clerk with the same force and effect as if performed by the City Clerk hereunder.

**Section 14. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**THE FOREGOING RESOLUTION WAS ADOPTED** at a regular meeting of the San Juan Bautista City Council held on the 19th day of May, 2015, by the following vote:

**AYES:**            **Lund, Martorana, Edge, Boch**

**NOES:**            **None**

**ABSENT:**        **West**

**ABSTAIN:**       **None**

\_\_\_\_\_  
Robert L. Lund, Mayor

**ATTEST:**

\_\_\_\_\_  
Connie Schobert, City Clerk