

Resolution No. \_\_\_\_

**A Resolution of the Board of Directors of the Santa Barbara Financing Authority Authorizing the Execution and Delivery by the Santa Barbara Financing Authority of an Installment Sale Agreement and a Trust Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000 and Authorizing Related Actions**

**WHEREAS**, in order to finance and refinance the acquisition, construction and installation of certain improvements (the “2002 Project”) to its water system, the City of Santa Barbara (the “City”) caused to be executed and delivered the City of Santa Barbara Water Revenue Refunding Certificates of Participation Series 2002 (the “Prior Certificates”);

**WHEREAS**, the Prior Certificates evidence undivided proportionate interests of the owners thereof in installment payments (the “Prior Installment Payments”) to be made by the City pursuant to the an Installment Sale Agreement, dated as of May 1, 2002, by and between the City and the Santa Barbara Financing Authority (the “Authority”);

**WHEREAS**, in order to achieve certain savings, the City desires to refinance the 2002 Project by exercising its option to prepay the Prior Installment Payments, which prepayment will be applied to the redemption of the Prior Certificates;

**WHEREAS**, the City has received a loan from the State of California (the “State”) under the State’s Safe Drinking Water State Revolving Fund Law of 1997 of not to exceed \$20,000,000 to fund the Sheffield Reservoir Project (Project No. 4210010-01, referred to herein as the “SRF Project”), currently outstanding in the amount of \$15,114,577.01 (the “2003 SRF Loan”);

**WHEREAS**, in the event there are certain savings, the City may, upon the advice and recommendation of the City’s financial advisor, determine to refinance the SRF Project by exercising its option to prepay the 2003 SRF Loan;

**WHEREAS**, in order to refinance the 2002 Project and possibly the SRF Project, the City will sell the 2002 Project and possibly the SRF Project to the Authority and then purchase the 2002 Project and possibly the SRF Project from the Authority pursuant to an Installment Sale Agreement (the “Installment Sale Agreement”);

**WHEREAS**, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to refinance the 2002 Project and possibly the SRF Project through the execution and delivery, pursuant to a Trust Agreement (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the Authority and the City, of the City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013 (the “Certificates”), evidencing direct, fractional undivided interests in

the installment payments (the “Installment Payments”), and the interest thereon, payable by the City under the Installment Sale Agreement;

**WHEREAS**, if the City determines to refinance the 2003 SRF Loan concurrently with the refinancing of the Prior Certificates, the Trust Agreement and the Installment Sale Agreement shall be appropriately revised to reflect such refinancing;

**WHEREAS**, all rights to receive the Installment Payments, and the interest thereon, will be assigned without recourse by the Authority to the Trustee pursuant to the Trust Agreement;

**WHEREAS**, in consideration of such assignment and the execution of the Trust Agreement, the Trustee will execute and deliver the Certificates, each evidencing and representing a direct, fractional undivided interest in the Installment Payments, and the interest thereon; and

**WHEREAS**, the Board of Directors of the Authority (the “Board”) has been presented with the form of each document referred to herein relating to the refinancing contemplated hereby, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refinancing.

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE SANTA BARBARA FINANCING AUTHORITY, AS FOLLOWS:**

**Section 1.** All of the recitals herein contained are true and correct and the Board so finds.

**Section 2.** The form of Installment Sale Agreement, on file with the Secretary of the Authority, is hereby approved, and the Executive Director of the Authority, the Treasurer of the Authority and the Secretary of the Authority (the “Authorized Officers”) are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Installment Sale Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Installment Payments shall not exceed \$30,000,000, the final Installment Payment shall be payable no later than October 1, 2026, and there shall be net present value savings with respect to the refinancing of the Prior Certificates of at least 3%, and if the 2003 SRF Loan is refinanced there shall be additional reasonable present value savings as determined by the Authorized Officers in consultation with and based upon the advice and recommendation of the City’s financial advisor.

**Section 3.** The form of Trust Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 4.** The execution and delivery of Certificates evidencing principal in an aggregate amount not to exceed \$30,000,000, payable in the years and in the amounts, and evidencing interest as specified in the Trust Agreement as finally executed, are hereby authorized and approved.

**Section 5.** The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution

**Section 6.** All actions heretofore taken by the officers and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

**Section 7.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the Board of Directors of the Santa Barbara Financing Authority at a regular meeting of said Board on May 7, 2013, by the following vote of said Board:

Ayes:

Noes:

Absent:

Abstain:

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Chairperson of the Board of Directors

ATTEST:

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Secretary

## CERTIFICATE OF SECRETARY

I, the undersigned Secretary of the Santa Barbara Financing Authority, do hereby certify as follows:

That the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of the Santa Barbara Financing Authority duly held on May 7, 2013 of which meeting all of the members of the Board of Directors of said Authority had due notice and at which a quorum was present.

That an agenda of said meeting was posted at least 72 hours before said meeting at 740 Anacapa Street, Santa Barbara, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

That I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

Dated: \_\_\_\_\_, 2013

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Secretary