

Resolution No. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA BARBARA FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF AN INSTALLMENT SALE AGREEMENT AND A TRUST AGREEMENT IN CONNECTION WITH THE EXECUTION AND DELIVERY OF SANTA BARBARA FINANCING AUTHORITY SEWER REVENUE REFUNDING BONDS, SERIES 2016; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH BONDS IN THE PRINCIPAL OF NOT TO EXCEED \$13,500,000 AND AUTHORIZING RELATED ACTIONS

WHEREAS, in order to finance the acquisition, construction and installation of certain improvements to its Sewer system (the "2004 Project"), the City of Santa Barbara (the "City") caused to be executed and delivered the Santa Barbara Financing Authority Sewer Revenue Bonds, Series 2004 (the "Series 2004 Bonds");

WHEREAS, the Series 2004 Bonds were secured by installment payments (the "Prior Installment Payments") to be made by the City pursuant to the Master Installment Purchase Agreement, dated as of July 1, 2004, as supplemented by the 2004 Supplement, dated July 1, 2004, each 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 2004 Project by exercising its option to prepay the Prior Installment Payments, which prepayment will be applied to the redemption of the Series 2004 Bonds;

WHEREAS, the refinancing of the 2004 Project is referred to herein as the "2016 Sewer Refunding Project";

WHEREAS, in order to accomplish the 2016 Sewer Refunding Project, the City will sell the 2016 Sewer Refunding Project to the Authority and then purchase back the 2016 Sewer Refunding Project from the Authority pursuant to a 2016 Sewer Installment Sale Agreement, dated as of December 1, 2016 (the "2016 Installment Sale Agreement"), between the Authority and the City;

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 accomplish the 2016 Sewer Refunding Project through the sale and delivery, pursuant to a Trust Agreement, dated as of December 1, 2016, by and between U.S. Bank National Association, as trustee (the "Trustee") and the Authority, of Santa Barbara Financing Authority Sewer Revenue Refunding Bonds, Series 2016 (the "Bonds"), secured by the Installment Payments (the "Installment Payments") payable hereunder the 2016 Installment Sale Agreement;

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; 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 2016 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 2016 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 \$13,500,000, the final Installment Payment shall be payable no later than May 15, 2029, and there shall be net present value savings with respect to the refinancing of the Series 2004 Bonds of at least 3% of the principal amount of the Series 2004 Bonds refunded using the yield on the Bonds as the discount rate.

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 Bonds evidencing principal in an aggregate amount not to exceed \$13,500,000, payable in the years and in the amounts, and bearing 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 November 22, 2016, by the following vote of said Board:

Ayes:

Noes:

Absent:

Abstain:

Chairperson of the Board of Directors

ATTEST:

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 November 22, 2016 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: _____, 2016

Secretary