

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA BARBARA APPROVING THE ISSUANCE BY THE SANTA BARBARA FINANCING AUTHORITY, IN ONE OR MORE SERIES, OF NOT TO EXCEED \$65,000,000 OF SANTA BARBARA FINANCING AUTHORITY LEASE REVENUE BONDS (AIRPORT PROJECT), SERIES 2009, APPROVING THE EXECUTION AND DELIVERY OF VARIOUS RELATED DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND OTHER MATTERS RELATED THERETO.

WHEREAS, the City of Santa Barbara (the "City") and the Redevelopment Agency of the City of Santa Barbara (the "Agency") have heretofore entered into a Joint Exercise of Powers Agreement, dated as of April 1, 2002 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the Santa Barbara Financing Authority (the "Authority");

WHEREAS, this City has determined that it would be in the best interest of the City to proceed with the financing of improvements to the Santa Barbara Municipal Airport and certain other capital improvement projects of the City (the "Project") resulting in significant public benefits;

WHEREAS, in order to achieve such significant public benefits it is proposed that the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), enter into a trust agreement (the "Trust Agreement") , pursuant to which the Authority will issue, in one or more series, the interest on which is subject to, or exempt from, gross income for federal income tax purposes, with appropriate series designations, not to exceed \$65,000,000 aggregate principal amount of Santa Barbara Financing Authority Revenue Bonds (Airport Project), Series 2009 (the "Series 2009 Bonds"), and will use the proceeds to finance the Project;

WHEREAS, the tax-exempt Series 2009 Bonds shall be designated Santa Barbara Financing Authority Revenue Bonds (Airport Project), Series 2009A (the "Series 2009A Bonds"), and the taxable Series 2009 Bonds shall be designated Santa Barbara Financing Authority Revenue Bonds (Airport Project), Series 2009B (TAXABLE) (the "Series 2009B Bonds");

WHEREAS, it is proposed that the City enter into a Site Lease, dated as of February 1, 2009 (the "Site Lease") between the City and the Authority pursuant to which the City will lease certain capital assets of the City constituting a portion of the Santa Barbara Municipal Airport, referred to herein as the facilities (the "Facilities") to the Authority;

WHEREAS, it is proposed that the City will enter into a Facility Lease (Airport Project), dated as of February 1, 2009 (the "Facility Lease") between the City and the Authority pursuant to which City will lease back the Facilities from the Authority;

WHEREAS, under the Facility Lease, the City would be obligated to make base rental payments to the Authority which the Authority will use to pay debt service on the Series 2009 Bonds;

WHEREAS, it is proposed that the City enter into an Installment Payment Contract, dated as of February 1, 2009 (the "Installment Payment Contract") between the City and the Authority pursuant to which the City would be obligated to make installment payments to the Authority which the Authority will use to pay debt service on the Series 2009 Bonds;

WHEREAS, the City receives Customer Facility Charges ("CFC Revenues") imposed pursuant to California Civil Code Section 1936 (the "CFC Act"), and such CFC Revenues may only be used directly, or indirectly through a financing, to provide for a qualified capital project (a "CFC Project") pursuant to the CFC Act;

WHEREAS, CFC Revenues are deposited in a separate fund of the City herein referred to as the CFC Revenue Fund;

WHEREAS, the proceeds of the Series 2009B Bonds will be used to provide for a CFC Project;

WHEREAS, it is the intent of the City that CFC Revenues be used, directly or indirectly, pursuant to the Installment Payment Contract, or to reimburse the City, with interest, for funds advanced, to pay debt service on the Series 2009B Bonds;

WHEREAS, in connection with the issuance of the Series 2009 Bonds, the City also desires to approve the form and distribution of a preliminary official statement (the "Preliminary Official Statement") and the form of a purchase contract (the "Purchase Contract") among the Authority, the City and the underwriter named therein (the "Underwriter");

WHEREAS, to fulfill the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 (as amended, the "Rule"), the City will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), whereby the City will agree to provide certain continuing disclosure reports;

WHEREAS, on the date hereof a public hearing regarding the proposed financing was conducted by the City;

WHEREAS, notice of such hearing was published at least five days prior to such hearing in a newspaper of general circulation in the City; and

WHEREAS, there have been presented to this meeting the proposed forms of the following documents:

- (a) the Trust Agreement;
- (b) the Site Lease;
- (c) the Facility Lease;
- (d) the Preliminary Official Statement;
- (e) the Purchase Contract;
- (f) the Installment Payment Contract; and
- (g) the Continuing Disclosure Agreement;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL AS FOLLOWS:

SECTION 1. Findings and Determinations. The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the City and that the statements, findings and determinations of the City set forth above are true and correct and that the issuance of the Series 2009 Bonds by the Authority and the financing of the Project, which is important to the safety and public welfare of the residents of the City, will result in significant public benefits, including demonstrable savings in effective interest rate and bond underwriting and bond issuance costs and more efficient delivery of City services to residential and commercial developments within the City.

SECTION 2. Approval of Issuance of Series 2009 Bonds by the Authority. The issuance of the Series 2009 Bonds by the Authority on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and this Resolution, is hereby approved.

SECTION 3. Approval of Trust Agreement. The form of Trust Agreement presented in connection with and prior to this meeting is hereby approved and the City Administrator, Finance Director, Airport Director, City Attorney, Assistant City Attorney or his or her designee (each, an "Authorized Officer") are hereby authorized and directed, for and in the name of and on behalf of the City, to execute, acknowledge and deliver the Trust Agreement in substantially the form presented in connection with and prior to this meeting with such changes therein as the officer executing the same may approve in consultation with the City Attorney and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof, including with respect to whether and what type(s) of credit enhancement supports the Series 2009 Bonds, or by other factors, as determined by the Authorized Officers in consultation with the City's financial and legal consultants as being in the best interests of the Authority and the City.

SECTION 4. Approval of Site Lease. The form of Site Lease presented in connection with and prior to this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute, acknowledge and deliver the Site Lease in substantially the form presented in connection with and prior to this meeting with such changes therein as the Authorized Officer executing the same may approve in consultation with the City Attorney and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of Facility Lease. The form of Facility Lease presented in connection with and prior to this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute, acknowledge and deliver the Facility Lease in substantially the form presented in connection with and prior to this meeting with such changes therein as the Authorized Officer executing the same may approve in consultation with the City Attorney and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 6. Approval of Purchase Contract. The City is hereby authorized to enter into the Purchase Contract and each Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the City, in substantially the form presented in connection with and prior to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve in consultation with the City Attorney and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof; provided, however, that the combined aggregate principal amount of both the taxable and tax-exempt Series 2009 Bonds shall not exceed \$65,000,000; and (A) that with respect to the Series 2009A Bonds (i) the maturity of the Series 2009A Bonds shall not exceed August 1, 2045, (ii) the true interest cost with respect to the Series 2009A Bonds shall not exceed 8.0% per annum and (iii) the Underwriter's discount (exclusive of original issue-discount) with respect to the Series 2009A Bonds shall not exceed 1.25%; and (B) that with respect to the Series 2009B Bonds (i) the maturity of the Series 2009B Bonds shall not exceed August 1, 2045, (ii) the true interest cost with respect to the Series 2009B Bonds shall not exceed 9.0% per annum and (iii) the Underwriter's discount (exclusive of original issue-discount) with respect to the Series 2009B Bonds shall not exceed 1.25%.

SECTION 7. Approval of Official Statement. The Preliminary Official Statement presented in connection with and prior to this meeting, dated as of February 1, 2009, is hereby approved and the same may be used and is hereby authorized to be used and distributed in the market by the Underwriter incident to the marketing of the Series 2009 Bonds. Each Authorized Officer is hereby authorized to (a) make such changes in such form of the Preliminary Official Statement as such officer, in consultation with City Attorney and the Underwriter, shall determine to be appropriate, and (b) on behalf of the City, to deem such Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). Each Authorized Officer is authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, which final Official Statement shall be executed and delivered in the name and on behalf of the City by an Authorized Officer, and such Authorized Officer is authorized and directed to prepare, execute and deliver in the name and on behalf of the City any supplemental filings related to such final Official Statement.

SECTION 8. Approval of Installment Payment Contract. The City is hereby authorized to enter into the Installment Payment Contract and each Authorized Officer is hereby authorized and directed to execute and deliver the Installment Payment Contract on behalf of the City, which shall be in substantially the form presented in connection with and prior to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve in consultation with the City Attorney and Bond Counsel, which such approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 9. Approval of Continuing Disclosure Agreement. The City is hereby authorized to enter into the Continuing Disclosure Agreement and each Authorized Officer is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement on behalf of the City, which shall be in substantially the form presented in connection with and prior to this to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve in consultation with the City Attorney and Bond Counsel, which such approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 10. Reimbursement of City Advances. Any funds of the City, other than CFC Revenues, when used to pay debt service on the Series 2009B Bonds, shall immediately create a reimbursement obligation from future CFC Revenues deposited in the CFC Revenue Fund, with interest from the date such funds are advanced, at a rate equal to the true interest cost with respect to the Series 2009B Bonds, until such funds of the City are reimbursed.

SECTION 11. Other Acts. The officers and staff of the City are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Counsel to the City or with Orrick, Herrington & Sutcliffe LLP, the City and Authority's bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.