Resolution No. PFA-09-01

STOCKTON PUBLIC FINANCING AUTHORITY

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF STOCKTON PUBLIC FINANCING AUTHORITY WATER REVENUE BONDS (DELTA WATER SUPPLY PROJECT) IN ONE OR MORE SERIES FROM TIME TO TIME IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $260,000,000 AND DIRECTING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF SUCH BONDS DESIGNATED AS "SERIES 2009," IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $185,000,000; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE 2009 INDENTURES, ONE OR MORE 2009 INSTALLMENT PURCHASE CONTRACTS, ONE OR MORE BOND PURCHASE CONTRACTS AND AN OFFICIAL STATEMENT RELATING TO AN INSTALLMENT PURCHASE FINANCING; AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

The City of Stockton ("City") and the Redevelopment Agency of the City of Stockton have entered into a Joint Exercise of Powers Agreement establishing the Stockton Public Financing Authority ("Authority"), a California joint exercise of powers entity duly organized to provide financial assistance to the City; and

The City desires to acquire, construct, install and improve, or cause the acquisition, construction, installation, and improvement of its Delta Water Supply Project ("Project"); and

In order to effectuate such acquisition, construction, installation, and improvement of the Project, the City proposes to purchase a portion of the Project ("2009 Project") from the Authority pursuant to one or more 2009 Installment Purchase Contracts ("Installment Purchase Contracts"); and

Under the Installment Purchase Contracts, the City will be obligated to make installment payments to the Authority for the purchase of the 2009 Project; and

In order to provide funds for the acquisition, construction, installation, and improvement of the Project, the Authority desires to authorize the issuance and sale of its Water Revenue Bonds (Delta Water Supply Project) ("Bonds"), in one or more series from time to time; and

To provide funds for the purchase of the 2009 Project, and in order that the 2009 Project may be sold to the City pursuant to the Installment Purchase Contracts, the Authority desires to issue one or more series of the Bonds designated as its Water Revenue Bonds, Series 2009 (Delta Water Supply Project) ("2009 Bonds"); and

In order to provide for the authentication and delivery of the 2009 Bonds, to establish and declare the terms and conditions upon which the 2009 Bonds are to be issued and secured and to secure the repayment thereof, it is proposed that the Authority and Wells Fargo Bank National Association ("Trustee") enter into one or more 2009 Indentures ("Indentures"); now, therefore,
BE IT RESOLVED BY THE STOCKTON PUBLIC FINANCING AUTHORITY, AS FOLLOWS:

Section 1. The issuance of the Bonds in one or more series from time to time in the aggregate principal amount of not to exceed $260,000,000 is hereby authorized and approved. The issuance of the 2009 Bonds in one or more series in the aggregate principal amount of not to exceed $185,000,000 on the terms and conditions set forth in and subject to the limitations specified in the Indentures, is hereby authorized and approved. The 2009 Bonds are authorized to be executed for and in the name and on behalf of the Authority by the manual or facsimile signature of the Chair or Executive Director of the Authority and attested to by the manual or facsimile signature of the Secretary of the Authority. The 2009 Bonds, when so executed and attested, are authorized to be delivered to the Trustee for authentication.

Section 2. The form of the Indentures, a copy of which is on file in the office of the Secretary of the Authority or his or her designee ("Secretary") and submitted to this meeting, is hereby approved. The Chair, the Executive Director and the Treasurer and the designees of any of them (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute the Indentures, and the Secretary is authorized to attest thereto, with such additions and changes therein as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the Installment Purchase Contracts, a copy of which is on file in the office of the Secretary and submitted to this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute the Installment Purchase Contracts, and the Secretary is authorized to attest thereto, with such additions and changes therein as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the installment payments to be contained in the Installment Purchase Contracts shall be determined or approved by the Treasurer of the Authority or the designee thereof ("Treasurer") upon the sale of the 2009 Bonds, but the principal portions thereof shall not exceed $185,000,000 in aggregate principal amount and shall be for a term not exceeding forty (40) years.

Section 4. The form of one or more Bond Purchase Contracts relating to the sale of the 2009 Bonds ("Bond Purchase Contracts"), among Citigroup Global Markets, Inc. ("Underwriter"), the Authority and the City, a copy of which is on file in the office of the Secretary and submitted to this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Contracts, and the Secretary is authorized to attest thereto, with such additions and changes therein as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the 2009 Bonds shall bear interest at an effective interest cost (taking into account any subsidy or other reimbursement expected to be received by the Authority or the City with respect to interest payments on all or a portion of the 2009 Bonds) not to exceed 7.50% per annum and the Bond Purchase Contracts shall provide for an aggregate underwriter’s discount of not more than 1.00% of the principal amount of the 2009 Bonds.
Section 5. The form of the preliminary official statement relating to the 2009 Bonds ("Preliminary Official Statement"), a copy of which is on file in the office of the Secretary and submitted to this meeting, is hereby approved, with such additions and changes as may be approved, with the advice of counsel, by any Authorized Officer. The Authorized Officers, each acting alone, are hereby authorized on behalf of the Authority to certify to potential purchasers of the 2009 Bonds that the Preliminary Official Statement is deemed “final” (as it relates to the Authority) for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver to the Authority and the Underwriter a final Official Statement ("Official Statement") in substantially the form of the Preliminary Official Statement, with such additions and changes as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution of said Official Statement. The printing, delivery and distribution of the Preliminary Official Statement and the Official Statement is hereby approved, and the Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement and the Official Statement to persons who may be interested in the purchase of the 2009 Bonds and is directed to deliver copies of the Official Statement to all purchasers of the 2009 Bonds.

Section 6. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions and execute any and all documents necessary or advisable to arrange for the insuring of all or a portion of the 2009 Bonds or to obtain a debt service reserve fund surety bond, or to obtain any other form of credit enhancement, if, upon the advice of the Authority’s financial advisors, such insurance, surety bond or other credit enhancement will result in a lower effective interest cost.

Section 7. If the Treasurer determines that it will be advantageous to the Authority to issue all or a portion of the 2009 Bonds as “Build America Bonds” under the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), the Authorized Officers, each acting alone, are hereby authorized to approve such changes to the proposed forms of the Indentures, Installment Purchase Contracts, Bond Purchase Contracts, Preliminary Official Statement and Official Statement as may be necessary or appropriate to provide for the issuance of all or a portion of the 2009 Bonds as “Build America Bonds” under the Recovery Act, in each case with the advice of counsel, such approval to be conclusively evidenced by the execution and delivery of such documents.

Section 8. All actions heretofore taken by any officers, employees or agents of the Authority with respect to the issuance, delivery or sale of the 2009 Bonds, or in connection with or related to any of the documents referenced herein or the financing of the 2009 Project, are hereby approved, confirmed and ratified; and the Authorized Officers are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents (including but not limited to a Tax Certificate and Agreement), which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2009 Bonds and the disbursement of proceeds thereof in accordance with this Resolution.
Section 9. In connection with the 2009 Bonds, the Authority hereby appoints and retains Del Rio Advisors, LLC, as Financial Advisor; Lofton & Jennings as Disclosure Counsel; and Orrick, Herrington & Sutcliffe, LLP, as Bond Counsel. Citigroup Global Markets, Inc., is appointed as Underwriter for the 2009 Bonds.

Section 10. This Resolution shall take effect immediately upon its adoption.

Section 11. The Authorized Officers, each acting alone, are authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED, and ADOPTED JUL 2 8  2009.

ANN JOHNSTON
Chairperson
Stockton Public Financing Authority

ATTEST:

KATHERINE GONG MEISSNER, Secretary
Stockton Public Financing Authority

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