RESOLUTION NO. 05-0276

STOCKTON CITY COUNCIL

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON MAKING PRELIMINARY DETERMINATIONS AND DECLARING ITS INTENTION TO ISSUE REFUNDING BONDS FOR MORADA NORTH ASSESSMENT DISTRICT NO. 2002-01 AND ORDERING AN ENGINEER’S REPORT THEREON

WHEREAS, the City Council of the City of Stockton has previously undertaken proceedings pursuant to the terms and provisions of the Municipal Improvement Act of 1913 (Division 12 of the Streets and Highways Code of the State of California (the “Streets and Highways Code”)) to form Morada North Assessment District No. 2002-01 (the “Assessment District”), and to confirm assessments on the parcels therein; and

WHEREAS, improvement bonds in the amount of $4,045,000 known as the “City of Stockton Limited Obligation Improvement Bonds Morada North Assessment District No. 2002-01,” representing the then unpaid assessments within the Assessment District (the “Original Bonds”), were issued and sold in the manner provided in the Improvement Bond Act of 1915 (Division 10 of the Streets and Highways Code); and

WHEREAS, this City Council intends to initiate proceedings to refund the Original Bonds pursuant to the Refunding Act of 1984 for Improvement Bond Act of 1915 Bonds (Division 11.5 of the Streets and Highways Code) (the “Refunding Act”), and in connection therewith to reassess the properties within the Assessment District which have unpaid assessments and to issue refunding bonds (the “Refunding Bonds”); and

WHEREAS, this City Council wishes to provide for a conditional notice of redemption of the Original Bonds prior to the final determination to issue the Refunding Bonds;

NOW, THEREFORE, the City Council of the City of Stockton DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER as follows:

SECTION 1. The above recitals are all true and correct.

SECTION 2. The public interest and necessity require, and it is the intention of this City Council, pursuant to the provisions of the Refunding Act, to refund all of the outstanding Original Bonds by the issuance of the Refunding Bonds and to levy reassessments as security for the Refunding Bonds.

SECTION 3. MuniFinancial, Inc., the engineer of work in connection with the proposed reassessment proceedings, is hereby authorized and directed to make and file with the City Clerk a written report (the “Report”) generally containing the following:

(a) A schedule setting forth the unpaid principal and interest on the Original Bonds of each Assessment District to be refunded and the total amounts thereof,
(b) A total estimated principal amount of the reassessment and the Refunding Bonds and the maximum interest rate thereon, together with an estimate of costs of the reassessment and of issuing the Refunding Bonds, including all costs of issuing the Refunding Bonds as defined in Streets and Highways Code Section 9600;

(c) The auditor's record kept pursuant to Streets and Highways Code Section 8682 showing the schedule of the principal installments and interest on all unpaid original assessments in the Assessment District and the total amounts thereof;

(d) The estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number on the reassessment diagram, together with a proposed auditor's record for the reassessment prepared in the manner described in Streets and Highways Code Section 8682; and

(e) A reassessment diagram showing the Reassessment District and the boundaries and dimensions of the subdivisions of land within the original Assessment District as well as the Reassessment District, assigning a separate number to each such subdivision of land within the Reassessment District;

SECTION 4. Immediately upon the preparation of the Report as above ordered, the Report shall be filed with the City Clerk and presented to this City Council for further consideration as it relates to the proposed reassessment proceedings and issuance of Refunding Bonds.

SECTION 5. All Original Bonds and original assessments of the Assessment District shall continue and remain in full force and effect and be secured by the original assessments until superseded and replaced by reassessments and Refunding Bonds validly and legally issued for the Reassessment District pursuant to all the terms and provisions of the Refunding Act.

SECTION 6. Notice is hereby given that the Refunding Bonds, to represent the unpaid reassessments, in the form(s) of serial and/or term bonds and bearing interest at the rate or rates of interest to be determined by this City Council at the time of sale thereof, but not to exceed the maximum rate authorized by applicable law at time of such sale, will be issued in these proceedings in the manner provided by the Refunding Act and the Improvement Bond Act of 1915 (Division 10 of the Streets and Highways Code), the last installment of which Refunding Bonds shall mature not later than September 2, 2027. The City will not obligate itself to advance available funds from the treasury of the City to cure any deficiency in the redemption fund to be created with respect to the Bonds; provided, however, that a determination not to obligate itself shall not prevent the City, in its sole discretion, from so advancing the funds. The reassessment may include the amount of a special reserve fund for the Refunding Bonds in the amount, if any, set forth in the Report as finally approved by this City Council.

The amount of any surplus remaining after completion of the refunding shall be transferred to the redemption fund for the Refunding Bonds.

The City Council may establish annually an additional amount, to be entered on the assessment roll in accordance with Section 8682.1 of the Streets and Highways Code, to
compensate the City for its actual and reasonable expenses in the administration of reassessments and bond proceeds.

SECTION 7. If the Director of Administrative Services of the City (the "Director of Administrative Services") determines that the issuance of the Refunding Bonds is likely to occur on or before September 2, 2005, the Director of Administrative Services is authorized and directed to instruct the paying agent for the Original Bonds to deliver a timely notice of redemption to the holders of the Original Bonds, with such notice specifying that the redemption is to occur on September 2, 2005, subject to the availability of funds.

SECTION 8. The provisions of Part 11.1 of Division 10 of the Streets and Highways Code, providing for an alternative procedure for the advance payment of reassessments and the calling of bonds, shall apply to the Refunding Bonds issued under these proceedings.

SECTION 9. For purposes of the reassessment and refunding proceedings, the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is hereby appointed as bond counsel; the law firm of Lofton & Jennings, San Francisco, California, is hereby appointed as disclosure counsel; RBC Dain Rauscher Inc, San Francisco, California, is hereby appointed as underwriter for the Refunding Bonds; and MuniFinancial, Inc., Temecula, California, is hereby appointed the engineer in connection with the reassessment proceedings.

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

PASSED, APPROVED and ADOPTED ________________ JUN 28 2005 ________________

AYES: 6
NOES: 0
ABSENT: 1
ABSTAIN: 0

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

KATHERINE GONG MEISTER,
City Clerk of the City of Stockton
STATE OF CALIFORNIA               ) SS
COUNTY OF SAN JOAQUIN             )

I, Katherine Gong Meissner, City Clerk of the City of Stockton, hereby do certify that
the foregoing Resolution was adopted at a regular meeting of the City Council of the City of
Stockton held on the 28th day of June, 2005, by the following roll call vote:

AYES: 6
NOES: 0
ABSENT: 1

City Clerk of the City of Stockton

STATE OF CALIFORNIA               ) SS
COUNTY OF SAN JOAQUIN             )

I, Katherine Gong Meissner, City Clerk of the City of Stockton, hereby do certify that
the above and foregoing is a full, true and correct copy of RESOLUTION NO. 05-0276
of said City and that the same has not been amended or repealed.

DATED: June 28, 2005

City Clerk of the City of Stockton