

Resolution No.

STOCKTON PUBLIC FINANCING AUTHORITY

RESOLUTION OF THE BOARD OF DIRECTORS OF THE STOCKTON PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ITS LOCAL AGENCY REVENUE BONDS IN ONE OR MORE SERIES, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS

The Stockton Public Financing Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations and for financing and refinancing public capital improvements of member entities of the Authority and other local agencies.

This City Council of the City of Stockton (the "City") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Mello-Roos Act"), to form the following community facilities districts (collectively, the "CFDs"), to authorize the levy of special taxes upon the land within each of the CFDs, and to issue bonds secured by the levy of said special taxes within each of the CFDs, all as described in those proceedings:

- (i) Spanos Park West Community Facilities District No. 2001-1
- (ii) Camera Estates Community Facilities No. 2003-1;
- (iii) Community Facilities District No. 2006-3 (Northbrook); and
- (iv) Community Facilities District No. 2006-1 (Riverbend).

On April 25, 2003, the City issued \$3,250,000 original principal amount of its Camera Estates Community Facilities No. 2003-1, Special Tax Bonds, Series 2003 (the "2003 Bonds"). On March 2, 2006, the City issued \$21,635,000 original principal amount of its Spanos Park West Community Facilities District No. 2001-1, Special Tax Refunding Bonds Series 2006. On December 13, 2007, the City issued \$6,100,000 original principal amount of its Community Facilities District No. 2006-3 (Northbrook), Woodside Improvement Area 1 Special Tax Bonds, Series 2007. On April 27, 2006, the City issued \$4,090,000 original principal amount of its Community Facilities District No. 2006-1 (Riverbend) Special Tax Bonds, Series 2006 (collectively, the "Prior CFD Bonds").

The City has determined that it is in the best financial interests of the City and each of the CFDs to refinance the Prior CFD Bonds.

The City has also determined that it is in the best financial interests of the City and its March Lane/Holman Assessment District 2003-01 and its Waterford Estates East Phase II Assessment District No. 2003-03 to refinance the following respective bonds previously issued for each assessment district: (i) \$3,100,000 original principal amount of its Assessment District No. 2003-01 (March Lane/Holman), Limited Obligation Improvement Bonds and (ii), and \$3,360,000 original principal amount of its Assessment District No. 2003-03 (Waterford Estates East Phase II), Limited Obligation Improvement Bonds; and pursuant to separate proceedings, the City has determined to authorize the levy of reassessments upon the land within the following reassessment districts of the City (together, the "Reassessment Districts"), and the issuance of bonds secured by said reassessments (the "Refunding Assessment Bonds"):

- (i) Reassessment District No. 2016-1 (March Lane/Holman); and
- (ii) Reassessment District No. 2016-2 (Waterford Estates East Phase II).

Accordingly, the City has determined to, simultaneously with the issuance of the Refunding Assessment Bonds, authorize, issue and sell one or more series of special tax bonds to refund the Prior FD Bonds (the "CFD Refunding Bonds").

The City wishes to sell the Refunding Assessment Bonds and the CFD Refunding Bonds to the Authority.

The Authority has previously issued its \$16,680,000 original amount of Refunding Revenue Bonds (2005 Reassessment Districts Refinancing) Series A Senior Lien Bonds and its \$1,355,000 original amount of Refunding Revenue Bonds (2005 Reassessment Districts Refinancing) Series B Subordinate Lien Bonds (together, the "Prior Authority Bonds"), which Prior Authority Bonds are supported by payments received by the Authority from its ownership of the following City of Stockton Limited Obligation Refunding Bonds for each of the following reassessment districts:

- (i) Blossom Ranch Assessment District No. 93-1 (Reassessment and Refunding of 2005);
- (ii) La Morada Assessment District No. 96-4 (Reassessment and Refunding of 2005);
- (iii) Morada North Assessment District No. 2001-02 (Reassessment and Refunding of 2005);
- (iv) Morada Ranch Assessment District No. 2000-01 (Reassessment and Refunding of 2005); and

(v) Waterford Estates East Assessment District No. 2002-03 (Reassessment and Refunding of 2005).

The Authority has determined that it is in the best financial interests of the Authority to refinance the Prior Authority Bonds.

The City has cash available to fully defease the outstanding bonds for the La Morada Assessment District No. 96-4 (Reassessment and Refunding of 2005) and the Blossom Ranch Assessment District No. 93-1 (Reassessment and Refunding of 2005), and the City has indicated to the Authority it will establish an escrow for defeasance of those bonds and redemption of all the outstanding bonds on September 1, 2016.

In order to raise funds for the purpose of purchasing the Refunding Assessment Bonds and the CFD Refunding Bonds from the City, and to refund the Prior Authority Bonds outstanding after defeasance of the portion of the Prior Authority Bonds attributable to the La Morada Assessment District No. 96-4 (Reassessment and Refunding of 2005), and the Blossom Ranch Assessment District No. 93-1 (Reassessment and Refunding of 2005), the Authority has determined to issue its Revenue Bonds (Assessment and Special Tax District Refundings) Series 2016A (the "Bonds" as described in more detail herein) pursuant to the Bond Law.

For the proposed financing and refinancing, there has been filed with the Secretary of the Board of Directors of the Authority the forms of the following documents to be executed by the Authority with respect to the issuance of the Bonds, which the Board desires to approve for execution as described herein:

(1) The Indenture of Trust (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee");

(2) The Preliminary Official Statement for the Bonds (the "Preliminary Official Statement");

(3) The CFD Bonds Purchase Agreement relating to the sale of the CFD Bonds by the City to the Authority, to be dated the sale date, by and between the City and the Authority (the "CFD Refunding Bonds Purchase Agreement");

(4) The Reassessment Bonds Purchase Agreement relating to the sale of the Refunding Assessment Bonds by the City to the Authority, to be dated the sale date, by and between the City and the Authority (the "Refunding Assessment Bonds Purchase Agreement");

(5) The Bond Purchase Agreement relating to the sale of the Bonds to RBC Capital Markets and Hilltop Securities (the "Underwriters") to be dated the sale date, by and between the Authority and the Underwriters (the "Bond Purchase Agreement"); and

(6) The Escrow Deposit and Trust Agreement by and between the Authority and Wells Fargo Bank, National Association, as escrow holder.

The Authority has determined and hereby finds that the issuance of the Bonds and the acquisition of the CFD Refunding Bonds and the Refunding Assessment Bonds will result in significant public benefits of the type described in Section 6586 of the Bond Law, including, without limitation, (i) demonstrable savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs that will result from refinancing the CFD Refunding Bonds and the Refunding Assessment Bonds through the Authority; and (ii) more efficient delivery of local agency services to residential and commercial development by the City; now, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STOCKTON PUBLIC FINANCING AUTHORITY, AS FOLLOWS:

1. Recitals. Each of the above recitals is true and correct and is adopted by the Board of Directors.

2. The Bonds; the Indenture. Pursuant to the Bond Law, this Resolution and the Indenture, this Board of Directors authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$45,000,000, with the number of series (including a senior series and a subordinate series), the exact principal amount of each series, the interest rates and the maturities thereof to be determined by the sale of the Bonds as described in Section 4 below. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority, and attested by the manual or facsimile signature of the Secretary of the Authority.

The Bonds shall be issued under the terms of the Indenture, the form of which is on file with the Secretary of the Board of Directors. The Board of Directors hereby approves the Indenture in substantially the form on file with the Secretary, together with any changes therein or additions thereto approved by the Chairman, the Executive Director or the Treasurer or such other official of the Authority as may be designated by such officer (each, an "Authorized Official"), and the execution thereof by an Authorized Official shall be conclusive evidence of such approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Official to execute, and the Secretary to attest, the final form of the Indenture for and in the name of the Authority.

The Bonds shall be issued and proceeds of the Bonds shall be used to facilitate the refinancing of any or all of the Prior CFD Obligation and/or any or all of the Prior Assessment Bonds, in any combination as determined by the Authorized Officials.

3. Trustee. Wells Fargo Bank, National Association is hereby appointed to act as the trustee for the Bonds under the Indenture. If an Authorized Official determines at any time while the Bonds are outstanding that another bank should be selected to act as trustee for the Bonds, in order to ensure the efficient administration of the Bonds,

then such Authorized Official, or a designee, is hereby authorized and directed to select and engage a bank or trust company meeting the requirements set forth in the Indenture to act as the trustee for the Bonds under the terms of the Indenture.

4. Sale of the Bonds; Bond Purchase Agreement. The Board hereby approves the sale of the Bonds by negotiation with the Underwriters pursuant to the Bond Purchase Agreement in the form on file with the Secretary, together with any changes therein or additions thereto approved by an Authorized Official, whose execution thereof shall be conclusive evidence of the Authority's approval of any such additions and changes. The Bond Purchase Agreement shall be executed in the name and on behalf of the Authority by an Authorized Official upon submission of a proposal by the Underwriters to purchase the Bonds, which offer is consistent with the following requirements: the amount of Underwriters' discount shall be not more than 1.1% of the par amount thereof, the true interest cost of the Bonds shall not be in excess of 4.00%, and the aggregate principal amount of the Bonds shall not be in excess of the amount set forth in Section 2 above.

5. CFD Refunding Bonds Purchase Agreement; Refunding Assessment Bonds Purchase Agreement. The form of the CFD Refunding Bonds Purchase Agreement presented at this meeting is hereby approved and each of the Authorized Officials is hereby authorized to execute the CFD Refunding Bonds Purchase Agreement in the form so approved, with such additions thereto and changes therein as are necessary to conform the CFD Refunding Bonds Purchase Agreement to the dates, amounts and interest rates applicable to the CFD Refunding Bonds as of the sale date, or to cure any defect or ambiguity therein. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the CFD Refunding Bonds Purchase Agreement by one or more of such officers.

The form of the Refunding Assessment Bonds Purchase Agreement presented at this meeting is hereby approved and each of the Authorized Officials is hereby authorized to execute the Refunding Assessment Bonds Purchase Agreement in the form so approved, with such additions thereto and changes therein as are necessary to conform the Refunding Assessment Bonds Purchase Agreement to the dates, amounts and interest rates applicable to the Refunding Assessment Bonds as of the sale date or to cure any defect or ambiguity therein. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Refunding Assessment Bonds Purchase Agreement by one or more of such officers.

6. Official Statement. The form of the Preliminary Official Statement presented at this meeting is hereby approved and the Underwriters are hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by an Authorized Official, to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). Each of the Authorized Officials is hereby authorized to execute a final Official Statement in the form of the Preliminary Official

Statement, together with such changes as are determined necessary by an Authorized Official, to make such Official Statement complete and accurate as of its date, including, but not limited to, such additions and changes as are necessary to incorporate the terms of any municipal bond insurance for the Bonds and to include such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule. The Underwriters are further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the Authority as described above.

7. Escrow Agreement. The Escrow Deposit and Trust Agreement by and between the Authority and Wells Fargo Bank, National Association, as escrow holder, in the form presented to this Board at this meeting is hereby approved and each of the Authorized Officials is hereby authorized to execute the Escrow Deposit and Trust Agreement in the form so approved, with such additions thereto and changes therein as are determined necessary by an Authorized Official. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Escrow Deposit and Trust Agreement by one or more of such officers.

8. Approval of Advisors. Jones Hall, A Professional Law Corporation, is hereby appointed as bond counsel with respect to the issuance of the Bonds, as well as the issuance of the CFD Refunding Bonds and the Refunding Assessment Bonds to be issued simultaneously with the issuance of the Bonds. Quint & Thimmig, LLP, is hereby appointed as disclosure counsel with respect to the issuance of the Bonds. Each of the Authorized Officials is authorized to execute an agreement with said firms to pay for the cost of such services.

9. Official Actions. The Chairman, the Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority 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, including execution and delivery of any and all assignments, budget appropriation, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Bonds and any of the other transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

10. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED: June 28, 2016.

ANTHONY SILVA, Chairman
of the Stockton Public Finance Authority

ATTEST:

BONNIE PAIGE, Secretary
Stockton Public Financing Authority