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RESOLUTION NO. 93-61

MAXIMUM AMOUNT OF BORROWING: \$4,000,000

**A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE
BORROWING OF FUNDS FOR FISCAL YEAR 1993-1994 AND THE ISSUANCE
AND SALE OF A 1993-1994 TAX AND REVENUE ANTICIPATION NOTE
THEREFOR AND PARTICIPATION IN THE CALIFORNIA CASH FLOW
FINANCING PROGRAM**

WHEREAS, Local agencies are authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

WHEREAS, the legislative body (the "legislative Body") of the local agency specified above (the "Local Agency") has determined that a sum (the "Principal Amount"), not to exceed the Maximum Amount of Borrowing designated above, which Principal Amount is to be confirmed and set in the Pricing confirmation (as defined in Section 4 hereof), is needed for the requirements of the Local Agency, a municipal corporation, to satisfy obligations of the Local Agency, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to its fiscal year ending June 30, 1994 ("Fiscal Year 1993-1994");

WHEREAS, the Local Agency hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note (as hereinafter defined);

WHEREAS, it appears, and this Legislative Body hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the Local Agency attributable to Fiscal Year 1993-1994 and available for the payment of the principal of the Note and the interest thereon;

WHEREAS, no money has heretofore been borrowed by or on behalf of the Local Agency through the issuance of tax anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for Fiscal Year 1993-94;

WHEREAS, pursuant to Section 53856 of the Act, certain moneys which will be received by the Local Agency during and attributable to Fiscal Year 1993-1994 can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

WHEREAS, the Local Agency has determined that it is in the best interests of the Local Agency to participate in the California Cash Flow Financing Program (the "Program"), whereby participating local agencies (collectively, the "Issuers") will simultaneously issue tax and revenue anticipation notes;

WHEREAS, the Local Agency shall confirm at the time of execution of the Pricing Confirmation the marketing of its Note as either part of a pool of some or all of the notes issued by other local agencies participating in the Program or as an individual Note;

WHEREAS, the Program requires the participating Issuers to sell their tax and revenue anticipation notes to the California Statewide Communities Development Authority (the "Authority") pursuant to note purchase agreements (collectively, "Purchase Agreements"), each between such individual Issuer and the Authority, and dated as of the date of the Pricing Confirmation, a form of which has been submitted to the Legislative Body;

WHEREAS, the Authority, pursuant to advice of Sutro & Co. Incorporated, as underwriter for the Program (the "Underwriter"), will form one or more pools of notes (the "Pooled Notes") and assign each note to a particular pool (the "Pool") and sell a series (the "Series") of bonds (the "Bonds") secured by each Pool pursuant to an indenture (the "Indenture") between the Authority and U.S. Trust Company of California, N.A., as trustee (the "Trustee"), each Series distinguished by whether or what type(s) of Credit Instrument(s) (as hereinafter defined) secure(s) such Series, by the principal amounts of the notes assigned to the Pool or by other factors, or, alternatively, the Authority may market any of the notes individually (the "Separately Marketed Notes"), and the Local Agency hereby acknowledges and approves the discretion of the Authority, acting upon the advice of the Underwriter, to assign the Note to such Pool and such Indenture as the Authority may determine or, if the Authority so determines, to market the Note individually;

WHEREAS, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Pooled Note, the Local Agency will (in the Pricing Confirmation) request the Authority to issue a Series of Bonds pursuant to an Indenture to which the Note will be assigned by the Authority in its discretion, acting upon the advice of the Underwriter, which Series of Bonds will be payable from payments of principal of and interest on the Note and the other notes comprising the same Pool and assigned to the same Indenture to which the Note is assigned;

WHEREAS, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Separately Marketed Note, the Local Agency will (in the Pricing Confirmation) request the Authority to market the Note individually;

WHEREAS, as additional security for the Owners of each Series of Bonds, all or a portion of the payments by all of the Issuers of the notes assigned to such Series may or may not be secured (by virtue or in form of the Bonds, as indicated in the Pricing Confirmation, being secured in whole or in part) by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or proceeds of a separate bond issue issued for such purpose (the "Reserve Fund") or other credit instrument (or instruments) (collectively, the "Credit Instrument") issued by the credit provider or credit providers designated in the Indenture, as finally executed (collectively, the "Credit Provider"), pursuant to a credit agreement or agreements or commitment letter or letters or, in the case of the Reserve Fund, an indenture (the "Reserve Indenture") (collectively, the "Credit Agreement") between (i) in the case of an irrevocable

letter (or letters) of credit or policy (or policies) of insurance, the Authority and the respective Credit Provider and (ii) in the case of the Reserve Fund, the Authority and U.S. Trust Company of California, N.A., as trustee of the Reserve Indenture (the "Reserve Trustee");

WHEREAS, if, as designated in the Pricing Confirmation, the Credit Instrument is the Reserve Fund, bonds issued pursuant to the Reserve Indenture (the "Reserve Bonds") may, as indicated in the Pricing Confirmation, be secured by an irrevocable letter of credit or policy of insurance or other credit instrument (the "Reserve Credit Instrument") issued by the credit provider identified in the Reserve Indenture as finally executed (the "Reserve Credit Provider"), pursuant to a credit agreement or commitment letter (the "Reserve Credit Agreement") identified in the Reserve Indenture as finally executed, such Reserve Credit Agreement being between the Authority and the Reserve Credit Provider;

WHEREAS, the net proceeds of the Note may be invested by the Local Agency in Permitted Investments (as defined in the Indenture) or in any other investment permitted by the laws of the State of California, as now in effect and as hereafter amended, modified or supplemented from time to time;

WHEREAS, as part of the Program each participating Issuer approves the Indenture, the alternative forms of Credit Agreements, if any, and the alternative forms of Reserve Credit Agreements, if any, in substantially the forms presented to the Legislative Body, with the final form of Indenture, type of Credit Instrument and corresponding Credit Agreement and type of Reserve Credit Instrument and corresponding Reserve Credit Agreement, if any, to be determined and approved by the Pricing Confirmation;

WHEREAS, pursuant to the Program each participating Issuer will be responsible for its share of (a) the fees of the Trustee or Paying Agent (as hereinafter defined), as applicable and the costs of issuing the applicable Series of Bonds or Separately Marketed Note, as applicable, and (b), if applicable, the fees of the Credit Provider, the fees of the Reserve Credit Provider (which shall be payable from, among other sources, investment earnings on the Reserve Fund and moneys in the Costs of Issuance Fund established and held under the Indenture), the Issuer's allocable share of all Predefault Obligations and the Issuer's Reimbursement Obligations, if any (each as defined in the Indenture);

WHEREAS, pursuant to the Program each participating Issuer whose Note is a Pooled Note will be responsible for its share of the fees of the Reserve Trustee and the costs of issuing the applicable Series of Reserve Bonds, all such costs and fees being payable from the proceeds of the applicable Series of Bonds (or, with respect to costs and fees of the Reserve Credit Provider, as may otherwise be provided in the Reserve Indenture);

WHEREAS, pursuant to the Program, the Underwriter will submit an offer to the Authority to purchase, in the case of each Pool of Notes, the Series of Bonds which will be secured by the Indenture to which such Pool will be assigned and, in the case of a Separately Marketed Note, the Note itself;

WHEREAS, it is necessary to engage the services of certain professionals to assist the Local Agency in its participation in the Program;

WHEREAS, in order to participate in the Program, the Authority requires that the Local Agency enter into and execute the Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority, dated June 1, 1988 (the "Amended Agreement"), pursuant to which the Authority is in existence and operates;

WHEREAS, there is now before this Legislative Body a form of the Amended Agreement; and

WHEREAS, this Legislative Body, following careful review and consideration, hereby determines that it is in the public interest and for the public benefit of the Local Agency to enter into and authorize the execution of the Amended Agreement;

NOW, THEREFORE, the Legislative Body hereby finds, determines, declares and resolves as follows:

Section 1. Recitals. All the above recitals are true and correct and this Legislative Body so finds and determines.

Section 2. Authorization of Issuance. This Legislative Body hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994, and not pursuant to any common plan of financing of the Local Agency, by the issuance of a note in the Principal Amount under Sections 53850 *et seq.* of the Act, designated the Local Agency's "1993-1994 Tax and Revenue Anticipation Note" (the "Note"), to be issued in the case of a Pooled Note in the form of one fully registered note at the Principal Amount thereof and in the case of a Separately Marketed Note in the form of fully registered notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, aggregating to the Principal Amount, in each case to be dated the date of its delivery to the initial purchaser thereof, to mature (without option of prior redemption) not more than thirteen months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation (the "Maturity Date"), and to bear interest, payable at maturity and computed upon the basis of a 360-day year consisting of twelve 30-day months, at a rate not to exceed ten percent (10%) per annum as determined in the Pricing Confirmation and indicated on the face of the Note (the "Note Rate"). If the Series of Bonds issued in connection with the Note is secured in whole or in part by a Credit Instrument or such Credit Instrument (other than the Reserve Fund) secures the Note in whole or in part and all principal of and interest on the Note is not paid in full at maturity or payment of principal of and interest on the Note is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw, payment or claim is not fully reimbursed on such date, it shall become a Defaulted Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or the portion (including the interest component, if applicable) thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Indenture). If the Credit Instrument is the Reserve Fund and the Reserve Bonds issued to fund the Reserve Fund are secured by the Reserve Credit Instrument and a Drawing (as defined in the Indenture) pertaining to the Note is not fully reimbursed by the Reserve Principal Payment Date (as defined in the Indenture), the Note shall become a Defaulted Reserve Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or portion (including the interest component, if applicable) with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. If the Note or the Series of Bonds issued in connection with the Note is unsecured in whole or in part and the Note is not fully paid at maturity, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. In each case set forth in the preceding three sentences, the obligation of the Local Agency with respect to such Defaulted Note or unpaid Note shall not be a debt or liability of the Local Agency prohibited by Article XVI, Section 18 of the California Constitution and the Local Agency shall not be liable thereon except to the extent of any available revenues attributable to Fiscal Year 1993-1994, as provided in

Section 8 hereof. The percentage of the Note to which a Credit Instrument, if any, applies (the "Secured Percentage") shall be (i) equal to 100%, if the size of the Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on all unpaid notes (or unpaid portions thereof) assigned to the particular Series of Bonds as of the maturity date or (ii) equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof), expressed as a percentage, if the size of the Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the maturity date. The percentage of the Note to which the Reserve Credit Instrument, if any, applies (the "Secured Reserve Percentage") shall be (i) equal to 100%, if the size of the Reserve Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on unpaid notes (or unpaid portions thereof, including the interest component if applicable) assigned to the particular Series of Bonds (secured by the Reserve Fund funded by the Reserve Bonds secured by the Reserve Credit Instrument) as of the Reserve Principal Payment Date or (ii) equal to the amount of the Reserve Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof, including the interest component, if applicable), expressed as a percentage, if the size of the Reserve Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the Reserve Principal Payment Date.

Both the principal of and interest on the Note shall be payable in lawful money of the United States of America, but only upon surrender thereof, at the corporate trust office of U.S. Trust Company of California, N.A. in Los Angeles, California. The Principal Amount of the Note shall, prior to the issuance thereof, be reduced from the Maximum Amount of Borrowing specified above if and to the extent necessary to obtain an approving legal opinion of Orrick, Herrington & Sutcliffe ("Bond Counsel") as to the legality thereof and the exclusion from gross income for federal tax purposes of interest thereon. The Principal Amount of the Note shall, prior to the issuance thereof, also be reduced from the Maximum Amount of Borrowing specified above, and other conditions shall be met by the Local Agency, if and to the extent necessary to obtain from the Credit Provider or the Reserve Credit Provider, as the case may be, its agreement to issue the Credit Instrument or Reserve Credit Instrument, as applicable. If the Note is a Pooled Note and the Credit Instrument is the Reserve Fund which is backed by a Reserve Credit Instrument, the issuance of the Note shall be subject to the approval of the Reserve Credit Provider. Notwithstanding anything to the contrary contained herein, the decision of the Credit Provider to issue the Credit Instrument and the approval of the Reserve Credit Provider of the issuance of a Pooled Note shall be totally discretionary on the part of the Credit Provider or Reserve Credit Provider, as applicable, and nothing herein shall be construed to require the Credit Provider or Reserve Credit Provider to issue a Credit Instrument or approve the issuance of a Pooled Note, as applicable.

Whether issued as a Pooled Note or a Separately Marketed Note, the Note shall be issued in conjunction with the note or notes of one or more other Issuers as part of the Program and within the meaning of Section 53853 of the Act.

Section 3. Form of Note. The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A as attached hereto and by reference incorporated herein, the blanks in said forms to be filled in with appropriate words and figures.

Section 4. Sale of Note; Delegation. Any one of the Mayor, the City Manager or the Finance Director/Treasurer of the Local Agency, as the case may be, or, in the absence of said officer, his or her duly appointed assistant (collectively, the "Authorized Officer"), is hereby authorized and directed to negotiate, with the Authority, an interest rate on the Note to the stated maturity thereof, which shall not exceed ten percent (10%) per annum, and the purchase price to be paid by the Authority for the Note, which purchase price shall be at a discount which when added to the Local Agency's share of the

costs of issuance shall not be more than one percent (1%) of the principal amount of the Note, and, if such interest rate and price and other terms of the sale of the Note set out in the Pricing Confirmation are acceptable to the Authorized Officer, the Authorized Officer is hereby further authorized and directed to execute and deliver the pricing confirmation supplement to be delivered by the Underwriter (on behalf of the Authority) to the Local Agency on a date within 10 days of said negotiation of interest rate and purchase price during the period from May 1, 1993 through March 1, 1994 (the "Pricing Confirmation"), substantially in the form presented to this meeting as Schedule I to the Purchase Agreement, with such changes therein as the Authorized Officer shall require or approve, and such other documents or certificates required to be executed and delivered thereunder or to consummate the transactions contemplated hereby or thereby, for and in the name and on behalf of the Local Agency, such approval by this Legislative Body and the Authorized Officer to be conclusively evidenced by such execution and delivery. Any Authorized Officer is hereby further authorized to execute and deliver, prior to the execution and delivery of the Pricing Confirmation, the Purchase Agreement substantially in the form presented to this meeting, with such changes therein as the Authorized Officer shall require or approve, such approval to be conclusively evidenced by such execution and delivery; provided, however, that the Purchase Agreement shall not be effective and binding on the Local Agency until the execution and delivery of the Pricing Confirmation. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

Section 5. Program Approval. The Note shall be a Separately Marketed Note or a Pooled Note, as set forth in the Pricing Confirmation. In the case of Pooled Notes, the Pricing Confirmation may, but shall not be required to, specify the Series of Bonds to the Trustee under the Indenture for which the Note will be assigned (but need not include information about other notes assigned to the same pool or their Issuers). The Pricing Confirmation shall indicate whether and what type of Credit Instrument and, if applicable, Reserve Credit Instrument will apply.

The forms of Indenture, alternative general types and forms of Credit Agreements, if any, and alternative general types and forms of Reserve Credit Agreements, if any, presented to this meeting are hereby acknowledged, and it is acknowledged that the Authority will execute and deliver the Indenture, one or more Credit Agreements, if applicable, and one or more Reserve Credit Agreements, if applicable, which shall be identified in the Pricing Confirmation, in substantially one or more of said forms with such changes therein as the Authorized Officer who executes the Pricing Confirmation shall require or approve (substantially final forms of the Indenture, the Credit Agreement and, if applicable, the Reserve Credit Agreement are to be delivered to the Authorized Officer concurrent with the Pricing Confirmation), such approval of the Authorized Officer and this Legislative Body to be conclusively evidenced by the execution of the Pricing Confirmation. In the case where the Note is to be assigned to an Indenture, it is acknowledged that the Authority is authorized and requested to issue Bonds pursuant to and as provided in the Indenture as finally executed. If the Credit Agreement identified in the Pricing Confirmation is the Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds pursuant to and as provided in the Reserve Indenture as finally executed.

The Authorized Officer is hereby authorized and directed to provide the Underwriter with such information relating to the Local Agency as the Underwriter shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement of the Authority in the case where the Note is a Pooled Note or in such other offering document prepared in the case of a Separately Marketed Note. Upon inclusion of the information relating to the Local Agency therein, the Preliminary Official Statement and Official Statement or such other offering document is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule with respect to the Local Agency. If, at any time prior to the execution of the Pricing Confirmation, any event occurs as a result of which the information contained in the Preliminary Official Statement or other offering document relating to the Local Agency might include an untrue

statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Local Agency shall promptly notify the Underwriter.

In the event the Pricing Confirmation specifies that the Credit Agreement shall be a Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds for the purpose of credit enhancement of the Bonds pursuant to and as provided in the Reserve Indenture as finally executed in accordance with the preceding paragraph.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to the Note or the Series of Bonds issued in connection with the Note, has been reimbursed for any drawings, payments or claims made under or from the Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and, (ii) the holders of the Note or Series of the Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Reserve Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Reserve Credit Instrument, if any, applies for which full reimbursement on a Drawing has not been made by the Reserve Principal Payment Date shall be deemed outstanding and shall not be deemed paid until (i) any Reserve Credit Provider providing a Reserve Credit Instrument with respect to the Reserve Bonds (against the Reserve Fund of which such Drawing was made) has been reimbursed for any drawing or payment made under the Reserve Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the Reserve Credit Agreement, and (ii) the holders of the Note or Series of Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For the purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

The Local Agency agrees to pay or cause to be paid, in addition to the amounts payable under the Note, any fees or expenses of the Trustee and, to the extent permitted by law, if the Local Agency's Note is secured in whole or in part by a Credit Instrument and, if applicable, a Reserve Credit Instrument (by virtue of the fact that the Series of Bonds is secured by a Credit Instrument and, if applicable, Reserve Bonds are secured by a Reserve Credit Instrument), any Predefault Obligations and Reimbursement Obligations (to the extent not payable under the Note), (i) arising out of an "Event of Default" hereunder (or pursuant to Section 7 hereof) or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Predefault Obligations, the Local Agency shall owe only the percentage of such fees, expenses and Predefault Obligations equal to the ratio of the principal amount of its Note over the aggregate principal amounts of all notes, including the Note, of the Series of which the Note is a part, at the time of original issuance of such Series. Such additional amounts will be paid

by the Local Agency within twenty-five (25) days of receipt by the Local Agency of a bill therefor from the Trustee.

Section 6. No Joint Obligation. The Note will be issued in conjunction with a note or notes of one or more other Issuers, either as a Separately Marketed Note or as a Pooled Note assigned to secure a Series of Bonds. In all cases, the obligation of the Local Agency to make payments on or in respect to its Note is a several and not a joint obligation and is strictly limited to the Local Agency's repayment obligation under this Resolution and the Note.

Section 7. Disposition of Proceeds of Note.

(A) **Provisions applicable if the Note is a Pooled Note.** If the Note is a Pooled Note, the moneys received from the sale of the Note or of the Series of Bonds issued in connection with the Note allocable to the Local Agency's share of the costs of issuance (which shall include any fees and expenses in connection with any Credit Instrument (and the Reserve Credit Instrument, if any) applicable to the Note or Series of Bonds and the corresponding Reserve Bonds, if any) shall be deposited in the Costs of Issuance Fund held and invested by the Trustee under the Indenture and expended as directed by the Underwriter on costs of issuance as provided in the Indenture. The moneys received from the sale of the Note to the Authority, or allocable to the Note from the sale of Bonds, (net of the Local Agency's share of the costs of issuance) shall be deposited in the Local Agency's Proceeds Subaccount hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Indenture for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Subaccount as specified in the Indenture.

(B) **Provisions applicable if the Note is a Separately Marketed Note.** If the Note is a Separately Marketed Note, the moneys received from the sale of the Note allocable to the costs of issuance shall be deposited in a Costs of Issuance Account held and invested by the Paying Agent and expended as directed by the Underwriter on costs of issuance. The Paying Agent is hereby authorized and directed to establish and hold a Costs of Issuance Account. The moneys received from the sale of the Note (net of the costs of issuance) shall be deposited in the Local Agency's Proceeds Account hereby authorized to be created for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Account. The Paying Agent is hereby authorized and directed to establish and hold a Proceeds Account. Any such Paying Agent shall signify its acceptance of its duties and obligations as such by executing a certificate of acceptance.

Section 8. Source of Payment.

(A) **Provisions Applicable if the Note is a Pooled Note.**

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other

moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The Noteholders, Bondholders, Credit Provider and, if applicable, the Reserve Credit Provider shall have a first lien and charge on such certain unrestricted revenues as hereinafter provided which are received by the Local Agency and are attributable to Fiscal Year 1993-1994. In order to effect the pledge referenced in the preceding two sentences, the Local Agency hereby agrees and covenants to establish and maintain a special account within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Account" (the "Payment Account") and further agrees and covenants to maintain the Payment Account until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Account the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal Year 1993-1994) until the amount on deposit in the Payment Account is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentage of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Account from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Account shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Account in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Account shall be for the benefit of (i) the holders of Bonds issued in connection with the Notes, (ii) (to the extent provided in the Indenture) the Credit Provider, if any, and (iii) (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the Reserve Credit Provider, if any. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity (in accordance with the requirements for defeasance of the Bonds as set forth in the Indenture) and, if applicable, (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the payment of all Predefault Obligations and Reimbursement Obligations owing to the Credit Provider and, if applicable, the Reserve Credit Provider.

(3) At least two (2) Business Days (as defined in the Indenture) prior to the Maturity Date of the Note, the moneys in the Payment Account shall be transferred by the Local Agency to the

Trustee for deposit into the Bond Payment Fund, to the extent necessary, to pay the principal of and interest on the Note or to reimburse the Credit Provider for payments made under or pursuant to the Credit Instrument. In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Account shall be applied in the following priority: first to pay interest on the Note; second to pay principal of the Note; third to reimburse the Credit Provider for payment, if any, of interest with respect to the Note; fourth to reimburse the Credit Provider for payment, if any, of principal with respect to the Note; fifth to reimburse the Reserve Credit Provider, if any, for payment, if any, of interest with respect to the Note; sixth to reimburse the Reserve Credit Provider, if any, for payment, if any, of principal with respect to the Note; and seventh to pay any Reimbursement Obligations of the Local Agency and any of the Local Agency's pro rata share of Predefault Obligations owing to the Credit Provider and Reserve Credit Provider (if any) as applicable. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon and any Predefault Obligations and Reimbursement Obligations, if applicable, have been paid, or provision for such payment has been made, shall be transferred to the general fund of the Local Agency, subject to any other disposition required by the Indenture, or, if applicable, the Credit Agreement. Nothing herein shall be deemed to relieve the Local Agency from its obligation to pay its Note in full on the Maturity Date.

(4) Moneys in the Proceeds Subaccount shall be invested by the Trustee pursuant to the Indenture as directed by the Local Agency in Permitted Investments as described in and under the terms of the Indenture. Any such investment by the Trustee shall be for the account and risk of the Local Agency, and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, the Predefault Obligations or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount.

(5) At the written request of the Credit Provider, if any, or the Reserve Credit Provider, if any, the Local Agency shall, within ten (10) Business Days following the receipt of such written request, file such report or reports to evidence the transfer to and deposit in the Payment Account required by this Section 8 and provide such additional financial information as may be required by the Credit Provider, if any, or the Reserve Credit Provider, if any.

(B) Provisions applicable if the Note is a Separately Marketed Note.

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). In order to effect this pledge, the Local Agency hereby agrees and covenants to establish and maintain a special fund within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Fund" (the "Payment Fund"), and further agrees and covenants to maintain the Payment Fund until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Fund the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal

Year 1993-1994) until the amount on deposit in the Payment Fund is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentages of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Fund from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Fund shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Fund in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event that on the day in each such Repayment Month that a deposit to the Payment Fund is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Fund of the full amount of Pledged Revenues to be deposited in the Payment Fund from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Fund shall be for the benefit of the owner of the Note. The moneys in the Payment Fund shall be applied only for the purposes for which the Payment Fund is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity.

(3) At least two (2) Business Days prior to the Maturity Date of the Note, the moneys in the Payment Fund shall be transferred by the Local Agency to the Paying Agent, to the extent necessary, to pay the principal of and interest on the Note. In the event that moneys in the Payment Fund are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Fund shall be applied in the following priority: first to pay interest on the Note and second to pay principal of the Note. Any moneys remaining in or accruing to the Payment Fund after the principal of the Note and the interest thereon, have been paid, or provision for such payment has been made, shall be transferred by the Paying Agent to the Local Agency.

(4) Moneys in the Proceeds Account shall be invested by the Paying Agent pursuant to instructions of the Local Agency in an investment agreement or investment agreements designated in the Pricing Confirmation and/or other permitted investments designated in the Pricing Confirmation. The type of investment or investments to be applicable to the proceeds of the Note shall be determined in the Pricing Confirmation. Any such investment by the Paying Agent shall be for the account and risk of the Local Agency and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, by reason of such investment of the moneys in its Proceeds Account.

Section 9. Execution of Note. Any one of the Mayor or the City Manager of the Local Agency or any other officer designated by the Legislative Body shall be authorized to execute the Note

by manual or facsimile signature and the Secretary or Clerk of the Legislative Body of the Local Agency, or any duly appointed assistant thereto, shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the Local Agency, are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Pricing Confirmation. If the Note is a Pooled Note, said officers are hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to authenticate and accept delivery of the Note pursuant to the terms and conditions of the Purchase Agreement, this Resolution and the Indenture. If the Note is a Separately Marketed Note, said officers are hereby authorized and directed to cause U.S. Trust Company of California, N.A. as paying agent, registrar and authenticating agent (the "Paying Agent") to authenticate and deliver the Note pursuant to the terms and conditions of the Purchase Agreement and this Resolution. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee or Paying Agent (as applicable) and showing the date of authentication. The Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Trustee or Paying Agent, as applicable, by manual signature, and such certificate of authentication upon any such Note shall be conclusive evidence that such has been authenticated and delivered under this Resolution. The certificate of authentication on the Note shall be deemed to have been executed by the Trustee or Paying Agent, as applicable, if signed by an authorized officer of the Trustee or Paying Agent, as applicable. The Note need not bear the seal of the Local Agency, if any.

Section 10. Note Registration and Transfer.

(A) Provisions Applicable if the Note is a Pooled Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain and keep at the principal corporate trust office of the Trustee, books for the registration and transfer of the Note. The Note shall initially be registered in the name of the Trustee under the Indenture to which the Note is assigned. Upon surrender of the Note for transfer at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer or the Local Agency shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee, a fully registered Note. For every transfer of the Note, the Local Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer.

(2) Subject to Section 6 hereof, the Local Agency and the Trustee and their respective successors may deem and treat the person in whose name the Note is registered as the absolute owner thereof for all purposes and the Local Agency and the Trustee and their respective successors shall not be affected by any notice to the contrary, and payment of or on account of the principal of the Note shall be made only to or upon the order of the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

(3) Any Note may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee, pursuant to the provisions hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Trustee.

(4) The Trustee or the Authorized Officer of the Local Agency, acting separately or together, are authorized to sign any letter of representations which may be required in connection with the delivery of the Bonds if such Bonds are delivered in book-entry form.

(5) In the event the Credit Instrument is the Reserve Fund and Reserve Bonds are issued in connection therewith, if such Reserve Bonds must be redeemed in part pursuant to the provisions of the Reserve Indenture, the Reserve Trustee is authorized and directed to execute and deliver to the registered owner thereof at the expense of the Local Agency if the Local Agency's Note is then deemed outstanding, a new Reserve Bond or Reserve Bonds of authorized denominations pursuant to the terms of the Reserve Indenture.

(B) Provisions Applicable if the Note is a Separately Marketed Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain at the principal corporate trust office of the Paying Agent, books for the registration and transfer of the Note. The Note shall be prepared in the form of fully registered Notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The Note shall be initially issued registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Note to be in a denomination corresponding to the total principal amount of the Note. Registered ownership of the Note, or any portion hereof, may not hereafter be transferred except as hereinafter set forth. Registered ownership of such Note, or any portion thereof, may not thereafter be transferred except:

(a) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to clause (b) of this subsection (1) ("Substitute Depository"); provided that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(b) to any Substitute Depository not objected to by the Local Agency, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(c) to any person as provided below, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to discontinue using a depository.

(2) In the case of any transfer pursuant to clause (a) or clause (b) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent designating the Substitute Depository, a single new Note, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such written request of an Authorized Officer of the Local Agency. In the case of any transfer pursuant to clause (c) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent, new Notes, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered

in the names of such persons as are requested in such written request of an Authorized Officer of the Local Agency, subject to the limitations of Section 2 hereof.

(3) Subject to Section 6 hereof, the Paying Agent and the Local Agency and their respective successors shall be entitled to treat the person in whose name any Note is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Local Agency; and the Local Agency shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Note. Neither the Local Agency, nor the Paying Agent nor their respective successors shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the owner of any Notes, and the Local Agency and the Paying Agent may rely conclusively on their records as to the identity of the owners of the Note.

(4) Notwithstanding any other provision of this Resolution and so long as the Note is outstanding and registered in the name of Cede & Co. or its registered assigns, the Local Agency shall cooperate with Cede & Co., as sole registered Noteowner, and its registered assigns in effecting payment of the principal of and interest on the Note by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with a letter of representations to be delivered in connection with the Note (the "Letter of Representations"), the provisions of which the Local Agency may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein. The Authorized Officer is hereby directed to execute the Letter of Representations on behalf of the Local Agency.

(C) Provisions Applicable to both Pooled Notes and Separately Marketed Notes.

(1) The Trustee or Paying Agent, as applicable, will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the Local Agency during regular business hours. Upon presentation for such purpose, the Trustee or Paying Agent, as applicable, shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

(2) If any Note shall become mutilated, or the Local Agency, at the expense of the registered owner of such Note, shall execute, and the Trustee or Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee or Paying Agent, as applicable, of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Local Agency. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Local Agency and the Trustee or Paying Agent, as applicable, and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the Local Agency, at the expense of the registered owner, shall execute, and the Trustee or the Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Trustee or Paying Agent, as applicable, may pay the same without surrender thereof). The Trustee or Paying Agent, as applicable, may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the Local Agency and the Trustee or Paying Agent, as applicable, in such preparation. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Local Agency, whether or not the Note so alleged to be lost, destroyed or

stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

Section 11. Representations and Covenants.

(A) The Local Agency is a municipal corporation duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to (i) adopt the Resolution, (ii) enter into and perform its obligations under the Purchase Agreement, and (iii) issue the Note.

(B) (i) Upon the issuance of the Note, the Local Agency will have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and (ii) the Local Agency has full legal right, power and authority to issue and deliver the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof will not conflict with, breach or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Local Agency is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities law of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Local Agency required for the issuance and sale of the Note or the consummation by the Local Agency of the other transactions contemplated by this Resolution except those the Local Agency shall obtain or perform prior to or upon the issuance of the Note.

(E) The Local Agency has (or will have prior to the issuance of the Note) duly, regularly and properly adopted a preliminary budget for Fiscal Year 1993-1994 setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Local Agency hereby covenants that it will (i) duly, regularly and properly prepare and adopt its final budget for Fiscal Year 1993-1994, (ii) provide to the Trustee or Paying Agent (as applicable), the Credit Provider, if any, the Reserve Credit Provider, if any, and the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) The sum of the principal amount of the Local Agency's Note plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) of the estimated amounts of the Local Agency's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 all of which will be legally available to pay principal of and interest on the Note.

(G) The Local Agency (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation and (ii), to the best knowledge of the Local Agency, has never defaulted on any debt obligation.

(H) The Local Agency's most recent audited financial statements present fairly the financial condition of the Local Agency as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Underwriter, the Credit Provider, if any, and the Reserve Credit Provider, if any, there has been no change in the financial condition of the Local Agency

since the date of such audited financial statements that will in the reasonable opinion of the Local Agency materially impair its ability to perform its obligations under this Resolution and the Note. The Local Agency agrees to furnish to the Underwriter, the Trustee (or the Paying Agent, if applicable), the Credit Provider, if any, and the Reserve Credit Provider, if any, promptly, from time to time, such information regarding the operations, financial condition and property of the Local Agency as such party may reasonably request.

(I) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Local Agency, threatened against or affecting the Local Agency questioning the validity of any proceeding taken or to be taken by the Local Agency in connection with the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Local Agency of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Local Agency's financial condition or results of operations or on the ability of the Local Agency to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Local Agency to perform its obligations under, the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution.

(J) Upon issuance of the Note, the Note and this Resolution will constitute legal, valid and binding agreements of the Local Agency, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.

(K) It is hereby covenanted and warranted by the Local Agency that all representations and recitals contained in this Resolution are true and correct, and that the Local Agency and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(L) The Local Agency shall not incur any indebtedness secured by a pledge of its unrestricted revenues unless such pledge is subordinate in all respects to the pledge of unrestricted revenues hereunder.

(M) So long as the Credit Provider, if any, is not in default under the Credit Instrument or the Reserve Credit Provider, if any, is not in default under the corresponding Reserve Credit Agreement, the Local Agency hereby agrees to pay its pro rata share of all Predefault Obligations and all Reimbursement Obligations attributable to the Local Agency in accordance with provisions of the Credit Agreement, if any, the Reserve Credit Agreement, if any, and/or the Indenture, as applicable. Prior to the Maturity Date, moneys in the Local Agency's Payment Account shall not be used to make such payments. The Local Agency shall pay such amounts promptly upon receipt of notice from the Credit Provider or from the Reserve Credit Provider, if applicable, that such amounts are due to it.

(N) If the Note is a Pooled Note, so long as any Bonds issued in connection with the Notes are Outstanding, or any Predefault Obligation or Reimbursement Obligation is outstanding, the Local Agency will not create or suffer to be created any pledge of or lien on the Note other than the pledge and lien of the Indenture.

(O) The Local Agency will maintain a positive general fund balance.

Section 12. Tax Covenants. (A) The Local Agency will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the Local Agency will not make any use of the proceeds of the Note or any other funds of the Local Agency which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The Local Agency, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

(B) The Local Agency hereby (i) represents that the aggregate face amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the Local Agency during calendar year 1993, including the Note, is not reasonably expected to exceed \$5,000,000; or (ii) covenants that the Local Agency will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

(C) Notwithstanding any other provision of this Resolution to the contrary, upon the Local Agency's failure to observe, or refusal to comply with, the covenants contained in this Section 12, no one other than the holders or former holders of the Note, the Bond Owners, the Credit Provider, if any, the Reserve Credit Provider, if any, or the Trustee (or Paying Agent, as applicable) on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the Local Agency's failure to observe, or refusal to comply with, such covenants.

(D) The covenants contained in this Section 12 shall survive the payment of the Note.

Section 13. Events of Default and Remedies.

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(A) Failure by the Local Agency to make or cause to be made the transfers and deposits to the Payment Account or Payment Fund, as applicable, or any other payment required to be paid hereunder on or before the date on which such transfer, deposit or other payment is due and payable;

(B) Failure by the Local Agency to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Agency by the Trustee (or Paying Agent, as applicable), the Credit Provider, if applicable, or the Reserve Credit Provider, if applicable, unless the Trustee (or Paying Agent, as applicable) and the Credit Provider or the Reserve Credit Provider, if applicable, shall all agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation or other statement by or on behalf of the Local Agency contained in this Resolution or the Purchase Agreement (including the Pricing

Confirmation) or in any requisition or any financial report delivered by the Local Agency or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(D) A petition is filed against the Local Agency under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' (or Noteholders') interests;

(E) The Local Agency files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(F) The Local Agency admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Local Agency or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' or Noteholders' interests.

Whenever any Event of Default referred to in this Section 13 shall have happened and be continuing, the Trustee (or Paying Agent, as applicable) shall, in addition to any other remedies provided herein or by law or under the Indenture, if applicable, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring the Note to be immediately due and payable, require the Local Agency in the case the Note is a Pooled Note, to pay to the Trustee, and in the case the Note is a Separately Marketed Note, to pay to the Paying Agent, in either case, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the Local Agency the same shall become immediately due and payable by the Local Agency without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, if the Local Agency's Note is secured in whole or in part by a Credit Instrument (other than the Reserve Fund) or if the Credit Provider is subrogated to rights under the Local Agency's Note, as long as the Credit Provider has not failed to comply with its payment obligations under the Credit Instrument, the Credit Provider shall have the right to direct the remedies upon any Event of Default hereunder, and, notwithstanding the foregoing, if a Reserve Credit Instrument is applicable, as long as the Reserve Credit Provider has not failed to comply with its payment obligations under the Reserve Credit Agreement, the Reserve Credit Provider shall have the right (prior to the Credit Provider) to direct the remedies upon any Event of Default hereunder, in each case so long as such action will not materially adversely affect the rights of any Bond Owner, and the Credit Provider's and Reserve Credit Provider's (if any) prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder.

If the Credit Provider is not reimbursed on the Maturity Date for the drawing, payment or claim, as applicable, used to pay principal of and interest on the Note due to a default in payment on the Note by the Local Agency, as provided in Section 5.03 of the Indenture, or if any principal of or interest on the Note remains unpaid after the Maturity Date, the Note shall be a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

If the Credit Instrument is the Reserve Fund and the Reserve Bonds are secured by the Reserve Credit Instrument and all principal of and interest on the Note is not paid in full by the Reserve Principal Payment Date, the Defaulted Note shall become a Defaulted Reserve Note and the unpaid portion (including the interest component, if applicable) thereof (or the portion thereof with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Reserve Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

Section 14. Trustee/Paying Agent. The Trustee is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Pooled Note. The Paying Agent is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Separately Marketed Note. The Local Agency hereby directs and authorizes the payment by the Trustee or Paying Agent, respectively, of the interest on and principal of the Note when such become due and payable, from amounts received by the Trustee or Paying Agent from the Local Agency in the manner set forth herein. The Local Agency hereby covenants to deposit funds in such account or fund, as applicable, at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

The Local Agency hereby agrees to maintain as paying agent, registrar and authenticating agent of the Note, (i) the Trustee under the Indenture, or (ii) the Paying Agent under the terms of this Resolution.

Section 15. Sale of Note. The Note shall be sold to the Authority, in accordance with the terms of the Purchase Agreement, hereinbefore approved.

Section 16. Approval and Execution of Amended Agreement. The Amended Agreement is hereby approved and the Mayor or the City Manager or any other designated official of the Local Agency, is hereby authorized and directed to execute the Amended Agreement, with such changes, insertions and omissions as may be approved by such official and the secretary or clerk of the Local Agency is hereby authorized and directed to attest the same.

Section 17. Approval of Actions. The aforementioned officers of the Local Agency are hereby authorized and directed to execute the Note and cause the Trustee or Paying Agent, as applicable, to authenticate and accept delivery of the Note, pursuant to the terms and conditions of the Purchase Agreement and the Indenture. All actions heretofore taken by the officers and agents of the Local Agency or this Legislative Body with respect to the sale and issuance of the Note and participation in the Program are hereby approved, confirmed and ratified and the officers and agents of the Local Agency are hereby authorized and directed, for and in the name and on behalf of the Local Agency, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the

lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution. The officers of the Local Agency referred to above in Section 4 hereof are hereby designated as "Authorized Local Agency Representatives" under the Indenture.

In the event that the Note or a portion thereof is secured by a Credit Instrument, the Authorized Officer is hereby authorized and directed to provide the Credit Provider and, if applicable, the Reserve Credit Provider, with any and all information relating to the Local Agency as such Credit Provider or Reserve Credit Provider may reasonably request.

Section 18. Proceedings Constitute Contract. The provisions of the Note and of this Resolution shall constitute a contract between the Local Agency and the registered owner of the Note, the Credit Provider, if any, and the Reserve Credit Provider, if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable.

Section 19. Limited Liability. Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note or to any Series of Bonds to which the Note may be assigned, the Local Agency shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 hereof.

Section 20. Amendments. At any time or from time to time, the Local Agency may adopt one or more Supplemental Resolutions with the written consents of the Authority, the Credit Provider, if any, and the Reserve Credit Provider, if any, but without the necessity for consent of the owners of the Note or of the Bonds issued in connection with the Notes for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Local Agency in this Resolution, other covenants and agreements to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(B) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(C) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(D) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(E) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the owners of the Note or of the Bonds issued in connection with the Notes.

Any modifications or amendment of this Resolution and of the rights and obligations of the Local Agency and of the owners of the Note or of the Bonds issued in connection with the Notes may be made by a Supplemental Resolution, with the written consent of the owners of at least a majority in principal amount of the Note or of the Bonds issued in connection with the Notes outstanding at the time

such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note or any Bonds issued in connection with the Notes remain outstanding, the consent of the owners of such Note or of such Bonds shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the owners of such Note or the owners of the Bonds issued in connection with the Notes, or shall reduce the percentage of the Notes or Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or Paying Agent, as applicable, without its written assent thereto.

Section 21. Severability. In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 22. Appointment of Bond Counsel. The law firm of Orrick, Herrington & Sutcliffe, Los Angeles, California is hereby appointed Bond Counsel for the Program.

Section 23. Appointment of Underwriter. Sutro & Co. Incorporated, Los Angeles, California, is hereby appointed underwriter for the Program.

CLERK'S CERTIFICATE

I, Jennifer M. Perrin Clerk of the City of Lodi, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council duly and regularly held at the regular meeting place thereof on the 19th day of May, 1993, of which meeting all of the members of the City Council of the City of Lodi had due notice and at which a majority thereof were present; and at the meeting said resolution was adopted by the following vote:

AYES: Council Members - Mann, Sieglock, Snider, and Pennino (Mayor)

NOES: Council Members - Davenport

ABSENT: Council Members - None

An agenda of said meeting was posted at least 72 hours before said meeting at various locations, Lodi, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: May 19, __, 1993

Jennifer M. Perrin by EP
Clerk of the City of Lodi