

## RESOLUTION NO. 2244

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD  
 AUTHORIZING AND PROVIDING FOR THE EXECUTION OF CERTIFICATES  
 OF PARTICIPATION FOR THE PURPOSE OF PROVIDING A PORTION  
 OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING  
 IMPROVING, AND/OR EXTENDING ITS WATER SYSTEM  
 FACILITY TO SERVE AN AREA LAWFULLY WITHIN  
 ITS JURISDICTION TO SERVE

WHEREAS, it is necessary for the City of Soledad (the "City") hereinafter called "Association" to raise a portion of the cost of such undertaking by authorizing the execution and delivery of Certificates of Participation (the "Certificates of Participation") by a trust company acceptable to the Government (as defined below) in the principal amount of not to exceed \$2,595,000 pursuant to the provisions of the Government Code of the State of California authorizing the City to purchase water production and distribution facilities for the benefit of the City's water system; and

WHEREAS, the Certificates of Participation will evidence interests of the owners thereof in the principal and interest components of installment payments to be made by the City for the purchase of the facilities financed with the proceeds of the Certificates of Participation pursuant to an Installment Purchase Agreement to be entered into between the City and the Soledad Redevelopment Agency (or other nonprofit corporation acceptable to the Government), such payment obligation to be secured by a pledge of net revenues of the City's water enterprise on a parity basis with the pledge thereof contained in the City's outstanding 1981 Water Revenue Bonds owned by the government); and

WHEREAS, the Association intends to obtain assistance from the Farmers Home Administration, United States Department of Agriculture (herein called the Government), acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of said Certificates of Participation lawfully authorized, executed and delivered, in the event that no other acceptable purchases for such Certificates of Participation is found by the Association.

NOW, THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the execution and delivery of the Certificates of Participation containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.

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2. To refinance the unpaid balance, in whole or in part, of the Certificates of Participation upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its Certificates of Participation by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by Section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983 (c)).
3. To provide for, execute, and comply with Form FmHA 400-4, "Assurance Agreement," and Form FmHA 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the Certificates of Participation or any other legal permissible source.
5. That upon default in the payments of any principal and accrued interest with respect to the Certificates of Participation or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the Certificates of Participation or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein,

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or permit others to do so, without the prior written consent of the Government.

7. Not to defease the Certificates of Participation, or to borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the Certificates of Participation.
8. To place the proceeds of the Certificates of Participation on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan except as otherwise permitted by the Government. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by FmHA except as otherwise permitted by the Government. No free service or use of the facility will be permitted.
11. This Resolution shall take effect immediately upon adoption.

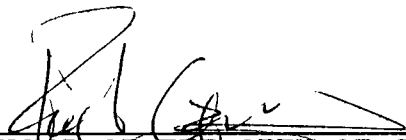
PASSED AND ADOPTED by the City Council of the City of Soledad at a regular meeting duly held on the 14th day of June, 1993, by the following vote:

AYES, and in favor thereof, Councilmembers: John Holguin, Ben Jimenez, Jr., Richard Ortiz, Mayor Pro Tem Fabian Barrera, Mayor Fred Ledesma


NOES, Councilmembers: None

ABSENT, Councilmembers: None

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\_\_\_\_\_  
MAYOR OF THE CITY OF SOLEDAD

ATTEST:

  
\_\_\_\_\_  
CITY CLERK OF THE CITY OF SOLEDAD

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as \_\_\_\_\_, of the  
 \_\_\_\_\_ hereby certify that the \_\_\_\_\_  
 \_\_\_\_\_ of such Association is composed of \_\_\_\_\_ members,  
 of whom \_\_\_\_\_, constituting a quorum, were present at  
 a meeting thereof duly called and held on the \_\_\_\_ day of \_\_\_\_\_,  
 1993; and that the foregoing resolution was adopted at such  
 meeting by the vote shown above. I further certify that as of  
 \_\_\_\_\_, the date of closing of the loan from the  
 Farmers Home Administration, and resolution remains in effect and  
 has not been rescinded or amended in any way.

dated, this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

\_\_\_\_\_  
 Title: \_\_\_\_\_