

CITY OF SOLEDAD

RESOLUTION NO 2253

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD
PROVIDING FOR THE BORROWING OF FUNDS IN ANTICIPATION OF
THE RECEIPT OF GRANT FUNDS AND THE ISSUANCE AND
SALE OF 1993 GRANT ANTICIPATION NOTES THEREFOR**

WHEREAS, pursuant to the provisions of Title 5, Division 2, Part 1, Chapter 4, Article 7 6 and 7 7 (commencing with Section 53850 and 53859, respectively) of the California Government Code (collectively, the "Grant Anticipation Note Law"), the City of Soledad (the "City"), a municipal corporation and general law city duly organized and existing under the laws of the State of California, has heretofore found and determined that moneys are needed for the requirements of the City to satisfy obligations payable in connection with the construction of certain sewer improvements (the "Project") and that it is necessary that said sum be borrowed for such purposes at this time by the issuance of temporary notes in anticipation of the receipt of loan moneys (the "Loan"), from the United States of America, Department of Agriculture, Farmers Home Administration ("FmHA"), the Loan to be in the form of the purchase by FmHA of Certificates of Participation evidencing an undivided interest of the owner thereof in certain lease purchase payments of the City water fund attributable to certain improvements to the City's water system financed in part in the proceeds of the Notes authorized hereunder;

WHEREAS, the commitment of FmHA to provide the Loan is evidenced by that certain Acknowledgement of Obligated Funds, effective as of April 8, 1993 (the "Commitment"),

NOW, THEREFORE, the City Council of the City of Soledad hereby finds, determines, declares and resolves as follows

Section 1 Authorization and Terms of Notes

(a) Solely for the purpose of anticipating receipt of the Loan, and not pursuant to any common plan of financing, the City hereby determines to and shall borrow the principal amount of not to exceed two million five hundred ninety-three thousand dollars (\$2,593,000) by the issuance of temporary notes pursuant to the Grant Anticipation Note Law, to be designated "City of Soledad (Monterey County, California) 1993 Grant Anticipation Notes" (the "Notes") The Notes shall be dated the date of delivery hereof, shall mature, subject to the City's option to redeem the Notes prior to redemption as described below, on June 1, 1994, and shall be in the principal amount (not exceeding the lesser of \$2,593,000 or the amount permitted to be issued pursuant to the authorizing law, or either of them), and shall bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at the rate not to exceed eight percent (8%) per annum, all as set forth in the contract of purchase for the Notes, dated as of the date hereof, between George K. Baum & Company, Sacramento, California (the "Underwriter"), and the City (the "Contract of

Purchase") Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America, at the principal corporate trust office of Bank of America National Trust and Savings Association, in Glendale, California (the "Paying Agent") The Notes are issued pursuant to that portion of the Grant Anticipation Note Law described in Article 7 6 and 7 7 thereof, except to the extent the final principal amount thereof exceeds 95% of the Law, in which case the authority of Article 7 6 of the Grant Anticipation Note Law shall be applicable, as long as such excess amount does not exceed 85% of the moneys estimated to be available to pay the principal and interest on such portion of the Notes

(b) The Notes shall be initially issued and registered in the name of "Cede & Co ," as nominee of The Depository Trust Company, New York, New York (hereinafter, "Cede & Co " and "The Depository Trust Company") and shall be evidenced by a single Note. Registered ownership of the Note, or any portion thereof, may not thereafter be transferred except as set forth in Section 2(c)

(c) The Notes shall be initially issued and registered as provided in Section 2(b) hereof Registered ownership of such Notes, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company, or its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (b) ("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;

(ii) to any Substitute Depository not objected to by the City Manager, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the City Manager to substitute another depository for 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

(iii) to any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the City Manager to discontinue using a depository

(d) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (c) of this Section 2, upon receipt of all outstanding Notes by the Paying Agent, together with a written request of the City Manager to the Paying Agent designating the Substitute Depository, a single new Note, which the City shall prepare or cause to be prepared, shall be executed, delivered, authenticated and registered in the name of such successor or such Substitute Depository, or its nominees, as the case may be, all as specified in such written request of the Treasurer In the case of any transfer pursuant to clause (iii) of subsection (c) of this Section 2, upon receipt of all outstanding Notes by the Paying Agent, together with a written request of the City Manager to the Paying Agent, new Notes, which the City 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 the City Manager, subject to the limitations of Section 2 hereof, provided that the Paying Agent shall

authenticate and deliver such new Notes as soon as practicable after the date of receipt of such written request from the City Manager

(e) The City and the Paying Agent shall be entitled to treat the person whose name appears on the registration books of the Paying Agent as the owner thereof for all purposes of the Resolution and for purposes of payment of principal and interest on such Note, notwithstanding any notice to the contrary received by the Paying Agent or the City, and the City and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Notes. Neither the City nor the Paying Agent 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 registered owner of any Notes, and the Paying Agent may rely conclusively on its records as to the identity of the registered owners of the Notes

(f) Notwithstanding any other provision of this Resolution and so long as all outstanding Notes are registered in the name of The Depository Trust Company or its registered assigns, the City and the Paying Agent shall cooperate with The Depository Trust Company, as sole registered owner, and its registered assigns in effecting payment of the principal of and interest on the Notes 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 the Letter of Representations on file with the City Clerk and attached hereto as Exhibit "B", the provisions of which the Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

(g) In the case of any transfer pursuant to clause (iii) of subsection (c) of this Section 2, any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount in authorized denominations, upon the books required to be kept by the Paying Agent 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, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the City shall execute and the Paying Agent shall authenticate, if required, and deliver a new Note or Notes of authorized denominations for a like aggregate principal amount. The Paying Agent shall require the owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(h) The Paying Agent will keep or cause to be kept, at its principal office in Los Angeles, California, sufficient books for the registration and transfer of the Note, which shall at all times, upon reasonable prior notice, be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as herein before provided

Section 2. Redemption. The Notes are subject to redemption in whole prior to maturity on March 1, 1994, or on the first day of any month thereafter prior to maturity without premium, at the option of the City, from the proceeds of the Loan, if the Project is completed and the Loan has been received on or prior to the first day of the preceding month respectively, upon notice to the

Paying Agent no later than the fifth day of the preceding month, respectively, of such intended redemption.

The Paying Agent, on behalf and at the expense of the City, shall mail notice of redemption no later than the fifteenth (15th) day of the month preceding a redemption date, if applicable, to owners of record as of the fifteenth day of the month preceding a redemption date at the address therefor shown on the registration books maintained by the Paying Agent; *provided, however*, that neither failure of any Note holder to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of the Notes or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers and the serial numbers, and shall require that such Notes be then surrendered at the principal corporate trust office of the Paying Agent in Los Angeles, California, for redemption at the redemption price, giving notice also that further interest on such Notes will not accrue from and after the redemption date.

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest on the Notes so called for redemption shall have been duly provided, such Notes so called shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption specified in such notice.

Section 3 Form of Notes The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be numbered from 1 consecutively upward and shall be in the denomination of \$5,000 each or any integral multiple thereof.

"CUSIP" identification numbers shall be imprinted on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Notes. In addition, failure on the part of the City to use such CUSIP numbers in any notice to holders of the Notes shall not constitute an event of default or any violation of the City's contract with such bearers and shall not impair the effectiveness of any such notice.

Section 4 Note Proceeds Account. There is hereby created, within the City's General Fund, a special account to be designated the "1993 Grant Anticipation Note Proceeds Account" (the "Proceeds Account") and applied as directed in this Resolution. Net proceeds received by the City from the sale of the Notes to the Underwriter shall be deposited in the Proceeds Account. Moneys deposited in the Proceeds Account shall be used and expended by the City solely for the purposes for which the Loan is to be received.

Section 5 Deposit and Investment of Proceeds Account. All moneys held by the City in the Proceeds Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Proceeds Account shall, to the greatest extent possible, be invested by the City Treasurer directly, or through an investment agreement, in investments as permitted by the laws of

the State of California as now in effect and as hereafter amended. Any interest earned on amounts deposited in the Proceeds Account shall be retained therein and shall, until the Notes shall be paid in full, be used and expended by the City solely for the purposes for which the Loan is to be received and thereafter shall be available for any lawful purpose of the City.

Section 6. Security. The principal amount of the Notes, together with the interest thereon, shall be payable from moneys received pursuant to the Loan. As security for the payment of the principal of and interest on the Notes the City hereby pledges, and (b) a sum equal to the principal and interest due on the Notes to be received by the City with respect to the Loan not later than June 1, 1994 (such pledged amounts being hereinafter called the "Pledged Receipts"). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Receipts. Notwithstanding the foregoing, to the extent the principal of or interest on the Notes is not paid from Pledged Receipts, as herein provided, such principal of or interest on the Notes shall be paid, to the extent permitted by law, from any taxes, income, revenue, cash receipts or other moneys of the City lawfully available therefor.

Section 7. Paying Agent. The Paying Agent is hereby appointed to act as the paying agent and depository of the City for the purpose of receiving the payments of principal and interest made by the City on the Notes at maturity or prior redemption as set forth herein, to hold, allocate, use and apply said payments and to perform such other duties and powers of the Paying Agent as are prescribed in this Resolution.

The Paying Agent may become the owner of any of the Notes in its own or any other capacity with the same rights it would have if it were not Paying Agent.

The recitals of facts, covenants and agreements herein and in the Notes shall be taken as statements, covenants and agreements of the City, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Notes, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution, but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Resolution.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder

Whenever in the administration of its duties under this Resolution the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The City shall pay to the Paying Agent, from time to time, reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. The City further agrees to indemnify and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct.

Section 8. Repayment Account. There is hereby created, within the City's General Fund, a special account to be designated the "1993 Grant Anticipation Note Repayment Account" (the "Repayment Account") and applied as directed in this Resolution. Any money placed in the Repayment Account shall be for the benefit of the holders of the Notes and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is created, *provided, however*, that, any interest earned on amounts deposited in the Repayment Account shall periodically be transferred to the City's General Fund

As received, the City shall deposit all Pledged Receipts in the Repayment Account. On or prior to May 30, 1994, or at least one day prior to an earlier redemption date, if applicable, the City shall transfer to the Paying Agent the moneys in the Repayment Account necessary to pay the principal of and interest on the Notes. Any moneys remaining in the Repayment Account after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the City for deposit in the City's General Fund

Section 9 Deposit and Investment of Repayment Account. All moneys held by the City in the Repayment Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law

Moneys in the Repayment Account shall, to the greatest extent possible, be invested by the City Treasurer directly, or through an investment agreement, in investments as permitted by the laws of the State of California as now in effect and as hereafter amended, and the proceeds of any such investments shall be deposited in the Repayment Account.

Section 10 Execution of Notes The Mayor of the City, the City Manager or the Finance Director/Treasurer is hereby authorized to execute the Notes by manual or facsimile signature, and the City Clerk of the City is hereby authorized to countersign the same by manual or facsimile signature (except that at least one of said signatures shall be manual) and to affix the seal of the City thereto by facsimile impression thereof, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate. Upon written direction of the City, the Paying Agent shall authenticate the Notes and deliver them to or at the direction of the initial purchaser thereof

Section 11 Temporary Notes The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Note shall be executed by the City upon the same conditions and in substantially the same manner as the definitive notes. If the City issues temporary Notes it will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered, for cancellation, in exchange therefor and the City shall deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall be entitled to the same benefits pursuant to this Resolution as definitive Notes executed and delivered hereunder

Section 12 Notes Mutilated, Lost, Destroyed or Stolen If any Note shall become mutilated the City, at the expense of the holder of said Note, shall execute and deliver a new Note of like maturity and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender to the City of the Note so mutilated. Every mutilated Note so surrendered to the City shall be cancelled by it and delivered to, or upon the order of, the City. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to the City and indemnity satisfactory to it shall be given, the City, at the expense of the holder, shall execute and deliver a new Note of like maturity and principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 12 and of the expenses which may be incurred by the City in the premises. Any Note issued under the provisions of this Section 12 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Notes issued pursuant to this Resolution.

Section 13 Covenants and Warranties It is hereby covenanted and warranted by the City that all representations and recitals contained in this Resolution are true and correct, and that the City and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for carrying out the provisions of this Resolution. In addition, it is hereby covenanted by the City that the City will (a) proceed to complete, with all practicable dispatch, the construction and acquisition of the Project, (b) not make or cause or permit to be made any application of the proceeds of the Notes or of any moneys in the Repayment Account except in accordance with this Resolution, (c) comply in all respects with the terms and provisions of the Commitment and with all applicable state and federal laws and regulations governing implementation of the Commitment, (d) take all actions necessary to preserve

its right to receive reimbursements under the Commitment, (e) apply or continue to apply the appropriated local share and any other available funds to pay those costs not expected to be reimbursed from Pledged Receipts until all such costs have been paid, (f) promptly request each reimbursement to which it has become entitled under the Commitment, (g) will promptly deposit the Pledged Receipts in the Note Repayment Account and (h) in the event the Loan is not funded through the purchase by FmHA of the Certificates of Participation referenced in the recitals hereof, will exercise best efforts to cause such certificates to be marketed and sold to other purchasers

Section 14 Private Business Use Limitation The City shall assure that:

(a) not in excess of ten percent (10%) of the face amount of the Notes, plus accrued interest and premium, if any, less original issue discount, if any (the "Proceeds"), is used, directly or indirectly, in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a governmental unit and use as a member of the general public ("Private Business Use") if, in addition, the payment of the principal of, or the interest on more than ten percent (10%) of the Proceeds of the Notes is (under the terms of the Notes or any underlying arrangement) directly or indirectly, (i) secured by any interest in property, or payments in respect of property, used or to be used for a Private Business Use, or (ii) to be derived from payments (whether or not to the City) in respect of property, or borrowed money, used or to be used for a Private Business Use, and

(b) in the event that in excess of five percent (5%) of the Proceeds of the Notes is used for a Private Business Use, and, in addition, the payment of the principal of, or the interest on, more than five percent (5%) of the Proceeds of the Notes is, (under the terms of the Notes or any underlying arrangement) directly or indirectly, secured by any interest in property, or payments in respect of property, used or to be used for said Private Business Use or is to be derived from payments (whether or not to the City) in respect of property, or borrowed money, used or to be used for a Private Business Use, then, (A) said excess over said five percent (5%) of the Proceeds of the Notes which is used for a Private Business Use shall be used for a Private Business Use related to a government use of such Proceeds and (B) each such Private Business use over five percent (5%) of the Proceeds of the Notes which is related to a government use of such Proceeds shall not exceed the amount of such Proceeds which is used for the government use of Proceeds to which such Private Business Use is related

Section 15 Private Loan Limitation. The City shall assure that not in excess of five percent (5%) of the Proceeds of the Notes is to be used, directly or indirectly, to make or finance loans (other than loans constituting Nonpurpose Investments and other than loans which enable the borrower to finance any governmental tax or assessment of general application for a specific essential governmental function) to persons other than state or local government units

Section 16 Federal Guarantee Prohibition The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Notes to be "federally guaranteed" within the meaning of section 149(b) of the Internal Revenue Code of 1986 (the "Code") and the regulations promulgated thereunder

Section 17 No Arbitrage. The City shall not take, or permit or suffer to be taken by the Paying Agent or otherwise, any action with respect to the Proceeds of the Notes which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken,

on the date upon which there is a physical delivery of the Notes in exchange for the amount representing the purchase of the Notes by the original purchasers thereof would have caused the Notes to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the regulations promulgated thereunder

Section 18 Small Issuer Exemption from Rebate Requirements In accordance with section 148(f)(4)(C) of the Code, the City covenants that it is a governmental unit with general taxing powers, that the Notes are not private activity bonds as defined in section 141 of the Code; that ninety-five (95%) or more of the Proceeds of the Notes are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City), and that the aggregate face amount of all tax-exempt obligations issued by the City (including all subordinate entities of the City and all entities which may issue obligations on behalf of the City) during the calendar year 1990 will not exceed \$5,000,000, excluding, however, private activity bonds, as defined in section 141 of the Code and current refunding obligations having a principal amount not in excess of the refunded obligation.

Section 19 Smaller Issuer Exemption from Bank Nondeductibility Restriction The City hereby designates the Notes for purposes of paragraph (3) of section 265(b) of the Code and covenants that the Notes do not constitute private activity bonds as defined in section 141 of the Code and that the aggregate face amount of all tax-exempt obligations issued by the City (including all subordinate entities of the City and all entities which may issue obligations on behalf of the City) during the calendar year 1990 will not exceed \$10,000,000, excluding, however, private activity bonds, as defined in section 141 of the Code (other than qualified 501(c)(3) bonds as defined in section 145 of the Code) and current refunding obligations having a principal amount not in excess of the refunded obligation.

Section 20 Official Statement. The facts contained in the official statement prepared with respect to the Notes (the "Official Statement") are true and correct in all material respects and the Official Statement contains no untrue statement of a material fact necessary to make a statement therein not misleading in the light of the circumstances under which it was made.

The Mayor or other qualified officer of the City is authorized to approve corrections and addition to the Official Statement by supplement or amendment thereto, or otherwise as appropriate, provided that any such correction or additions shall be necessary to cause the information contained therein to conform with facts material to the Notes or to the proceedings of the City or such corrections or additions are in form rather than substance.

The distribution by the Underwriter of the Official Statement in the offering and sale of the Notes is hereby approved

The Mayor, the City Manager or the Finance Director/Treasurer is authorized and directed to execute the Official Statement and a statement that the facts contained in the Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Notes, true and correct in all material respects and that the Official Statement did not, on the date of sale of the Notes, and does not, as of the date of delivery of the Notes, contain any untrue statement of a material fact with respect to the City or omit to state material facts with respect to the City required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it

was made. The Mayor, the City Manager or the Finance Director/Treasurer shall take such further actions prior to the signing of the Official Statement as are deemed necessary or appropriate to verify the accuracy thereof

Section 21 Sale of Notes The Contract of Purchase, which has been filed with the City Clerk and has been reviewed by City staff, be and is hereby approved, and the Mayor, the City Manager or the Finance Director/Treasurer is hereby authorized and directed to execute said agreement, with such changes, insertions and omissions as may be approved by such official, *provided, however*, in no event shall the interest rate on the Notes exceed 8% per annum or shall the discount allowed to the Underwriter exceed 2%

Section 22 Preparation of Notes, Official Action Stradling, Yocca, Carlson & Rauth, a Professional Corporation, as Bond Counsel, is directed to cause suitable Notes to be prepared showing on their face that the same bear interest at the rate specified in the Contract of Purchase, and to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution, and to procure their execution and authentication by the proper officers, and to cause the Notes to be delivered when so executed to the Underwriter

The Mayor, the City Manager, the Finance Director/Treasurer and the City Clerk, or any of them, are further authorized and directed to make, execute and deliver such certificates, agreements and other closing documents as are necessary to consummate the transactions contemplated by this Resolution.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Soledad held on the 6th day of July, 1993, by Councilmember Ortiz who moved its adoption, which motion was duly seconded, and it was upon roll call carried and the resolution adopted by the following vote:

AYES Councilmembers, John Holguin, Ben Jimenez, Jr., Richard Ortiz

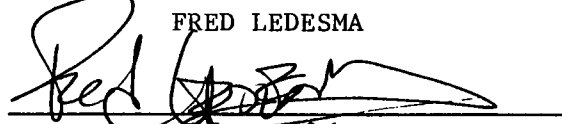
NOES

ABSENT Mayor Fred Ledesma, Mayor Pro Tem Fabian Barrera

ABSTAIN

APPROVED


FRED LEDESMA



Mayor of the
City of Soledad

ATTEST

BLAIR KING



City Clerk of the
City of Soledad

EXHIBIT A

[Form of Note]

**CITY OF SOLEDAD
(MONTEREY COUNTY, CALIFORNIA)
1993 GRANT ANTICIPATION NOTE**

No 1
\$ _____

CUSIP No _____
Dated Delivery Date

FOR VALUE RECEIVED, the City of Soledad (the "City"), State of California, acknowledges itself indebted to and promises to pay to Cede & Co , at the principal corporate trust office of Bank of America National Trust and Savings Association, as Paying Agent, in Glendale, California, the principal sum of

in lawful money of the United States of America, on June 1, 1994, subject to prior redemption as described below, together with interest thereon at the rate of _____ percent (____%) per annum in like lawful money from the date hereof until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which the holder hereof fails properly to present this Note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes in the aggregate principal amount of _____ million _____ thousand dollars (\$_____), all of like tenor, issued pursuant to the provisions of Resolution No _____ of the City Council of the City duly passed and adopted on May 10, 1993, and pursuant to Article 7 6 and 7 7 (commencing with section 53580 and 53859) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all things, conditions and acts required to exist, happen and be performed precedent to and in the issuance of the Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from the receipt of loan moneys (the "Loan"), each from the United States of America, Department of Agriculture, Farmers Home Administration ("FmHA"), the Loan to be in the form of the purchase by FmHA of Certificates of Participation evidencing an undivided interest of the owner thereof in certain lease purchase payments of the City attributable to certain improvements to the City's water system financed in part with the proceeds of the Notes As security for the payment of the principal

of and interest on the Notes the City has pledged a sum equal to the principal and interest due with respect to the Notes to be received by the City with respect to the Loan not later than June 1, 1994 (such pledged amounts being hereinafter called the "Pledged Receipts") The principal of the Notes and the interests thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Receipts Notwithstanding the foregoing, to the extent the principal of or interest on the Notes is not paid from Pledged Receipts, as herein provided, such principal of or interest on the Notes shall be paid, to the extent permitted by law, from any taxes, income, revenue, cash receipts or other moneys of the City lawfully available therefor

The Notes are issuable as fully registered Notes, without coupons, in denominations of \$5,000 and any integral multiple thereof

The Notes are subject to redemption in whole prior to maturity on March 1, 1994, or on the first day of any month thereafter prior to maturity without premium, at the option of the City, from the proceeds of the Loan, if the Project is completed and the Loan has been received on or prior to the first day of the preceding month respectively, upon notice to the Paying Agent no later than the fifth day of the preceding month, respectively, of such intended redemption. Notice of and the procedures for the redemption of the Notes shall be as set forth in the Resolution.

THE CITY HAS DESIGNATED THE NOTES AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Paying Agent.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the City of Soledad or its agents for registration or transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co , **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** since the registered owner hereof, Cede & Co , has an interest herein

IN WITNESS WHEREOF, the City of Soledad has caused this Note to be executed by the City Manager of the City and countersigned by the City Clerk of the City, and caused its official seal to be affixed hereto all as of July 6, 1993

CITY OF Soledad

By [Facsimile or Manual Signature]
City Manager

[S E A L]

Countersigned

[Facsimile or Manual Signature]
City Clerk

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the within-mentioned Resolution, which Note has been authenticated on the date set forth below

Date of Authentication. _____

**BANK OF AMERICA NATIONAL TRUST
AND SAVING ASSOCIATION, as Paying
Agent**

By _____
Its Authorized Officer

BOOK ENTRY ONLY MUNICIPAL BONDS

Letter of Representations

Soledad Redevelopment Agency
{Name of Issuer}

Security Pacific National Bank
{Name of Agent}

April 2, 1992
Date

Attention: General Counsel's Office
The Depository Trust Company
55 Water Street, 49th Floor
New York, NY 10041-0099

Re: Soledad Redevelopment Agency, Soledad Redevelopment
Project, 1992 Tax Allocation Refunding Bonds
Issue Description

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Bonds dated March 1, 1992 (the "Document") Lazard Freres & Co. Underwriter is distributing the Bonds through The Depository Trust Company, "DTC"

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

1. Prior to closing on the Bonds on April 2, 1992, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each \$150 million Bond certificate shall bear the following legend:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding Paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to Paragraph 2 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor: Proxy
 Reorganization Department
 The Depository Trust Company
 7 Hanover Square: 23rd Floor
 New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager, Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square, 23rd Floor
New York, NY 10004-2695

8. Transactions in the Bonds shall be eligible for next-day funds settlement in DTC's Next-Day Funds Settlement ("NDFS") system.

A. Interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co. Absent any other existing arrangements such payments shall be addressed as follows:

Manager, Cash Receipts
Dividend Department
The Depository Trust Company
7 Hanover Square, 24th Floor
New York, NY 10004-2695

B. Principal payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co., and shall be addressed as follows:

NDFS Redemption Department
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

10. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

11. In the event of a redemption, acceleration, or any other similar transaction (e.g., tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

14. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery" a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.


C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Soledad Redevelopment Agency
(Issuer)

By: 
(Authorized Officer's Signature)

Security Pacific National Bank
(Agent)

By: 
(Authorized Officer's Signature)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: 
(Authorized Officer)

CC: Underwriter
Underwriter's Counsel