

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

RESOLUTION APPROVING THE ISSUANCE BY THE SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY OF NOT TO EXCEED \$170,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS (YOUTH SERVICES CAMPUS), SERIES 2003 AND RELATED SWAP; AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF A SITE LEASE, A FACILITY LEASE, A BOND PURCHASE CONTRACT, A CONTINUING DISCLOSURE AGREEMENT AND AN OFFICIAL STATEMENT; AUTHORIZING A LEASE FINANCING WITH THE SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY; AND APPROVING THE TAKING OF ALL NECESSARY ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the County of San Mateo (the "County") and the Community Development Commission for the County of San Mateo (the "Commission") have heretofore entered into a Joint Exercise of Powers Agreement, dated May 15, 1993 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the San Mateo County Joint Powers Financing Authority (the "Authority");

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law") and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits;

WHEREAS, the County has requested, and it furthers the public purpose for, the Authority to assist the County in the financing of public capital improvements within the County, including the demolition, site preparation, construction, furnishing, and equipping of a juvenile hall, juvenile court, girls camp, community school, group home, receiving home and probation offices (the "2003 Project");

WHEREAS, in accordance with the JPA law this Board of Supervisors (the "Board") on the date hereof held a public hearing on the proposed financing following publication of the notice of the public hearing at least five days prior thereto in a newspaper of general circulation in the County and the Board hereby approves the financing and finds that it will result in significant public benefits, including demonstrable savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs;

WHEREAS, the County desires to approve the sale and issuance by the Authority of not to exceed \$170,000,000 in aggregate principal amount of San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Youth Services Campus), Series 2003, in one or more series (the "Bonds"), pursuant to an indenture, to be dated as of August 1, 2003, (the "Indenture"), between the Authority and U.S. Bank National Association, for the purpose of financing certain public capital improvements within the County;

WHEREAS, Section 5922 of the California Government Code provides that in connection with, or incidental to, the issuance or carrying of bonds any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure;

WHEREAS, in order to minimize debt service and maximize benefits to the County, the Authority is hereby requested to issue the Bonds with a variable interest rate and to execute a swap agreement or agreements providing for fixed swap rates on all or a portion of the Bonds (the "Swaps");

WHEREAS, there has been prepared and presented to the County a proposed form of swap confirmation or term sheet (hereinafter referred to as the "Term Sheet"), for the proposed Swaps, such Swap Agreement, as defined below, to be entered into between the Authority and Citibank, N.A. or such other financial institution, investment bank or insurance company or association (each a "Counterparty" and hereinafter collectively referred to as the "Counterparties");

WHEREAS, the Authority will execute the Swaps using the ISDA Master Agreement and related Schedules, Credit Support Annexes and Confirmations (hereinafter referred to as the "Swap Agreement");

WHEREAS, the Counterparty to each Swap Agreement shall be an entity, selected by the Authority and acceptable to the County General Manager or Assistant General Manager, the long-term, unenhanced obligations of which are rated at least Aa3 by Moody's Investors Service, Inc. ("Moody's") or AA- by Standard & Poor's Rating Services ("S&P") at the time of execution of such Swap Agreement or the obligations of which under such Swap Agreement and any Credit Support Annex provided by such counterparty are unconditionally guaranteed by an entity the long-term, unenhanced obligations of which are rated at least Aa3 by Moody's or AA- by S&P at the time of execution of such Swap Agreement;

WHEREAS, the County has been presented with the Term Sheet, and the County desires to authorize and direct the selection of a Counterparty or Counterparties by the Authority, as applicable, the negotiation, execution and delivery of the Swap Agreement consistent with the Term Sheet and, as appropriate, the negotiation and the securing of credit support for all or a portion of the Bonds and the swap payments and the consummation of such transactions;

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the County hereby finds and determines that the Swap Agreement is entered into by the Authority in connection with, or incidental to, the issuance or carrying of the Bonds, will reduce the amount and duration of interest rate risk with respect to the Bonds and is designed to

reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Bonds or enhance the relationship between risk and return with respect to investments; and

WHEREAS, there have been presented to this meeting the proposed forms of :

1. an Indenture,
2. a site lease, dated as of August 1, 2003, (the "Site Lease"), by and between the County and the Authority,
3. a facility lease, dated as of August 1, 2003, (the "Facility Lease"), by and between the County and the Authority,
4. a continuing disclosure agreement, to be dated the date of issuance of the Bonds (the "Continuing Disclosure Agreement"), by and between the County and the Trustee,
5. a Swap Agreement,
6. a bond purchase contract, to be dated the date of sale of the Bonds (the "Bond Purchase Contract"), among the Authority, the County and Citigroup Global Markets, Inc., as representative of the underwriters or such other underwriters as shall be specified therein when executed (the "Underwriters"), and
7. an official statement relating to the Bonds (the "Official Statement").

WHEREAS, California Financial Services Inc., is serving as financial advisor (the "Financial Advisor") to the County and the Authority and Orrick, Herrington & Sutcliffe LLP is serving as bond counsel ("Bond Counsel") to the County and the Authority in connection with the financing;

WHEREAS, this Board has been presented with the form of each document referred to herein relating to the Bonds, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing;

WHEREAS, the Authority has full legal right, power and authority under the laws of the State of California to enter into the transactions hereinafter authorized; and

WHEREAS, the Authority expects to finance the 2003 Project on a tax-exempt basis;

NOW THEREFORE, IT IS HEREBY DETERMINED AND RESOLVED by the Board of Supervisors of the County of San Mateo that:

Section 1. The foregoing recitals are true and correct and this Board hereby so finds and determines.

Section 2. The Board hereby approves the issuance of the Bonds by the Authority, in an aggregate principal amount not to exceed \$170,000,000, for the financing of the 2003 Project.

Section 3. The officers of the County may, if it is determined to be necessary or desirable, assist the Authority in obtaining bond insurance for the Bonds and a surety bond or bonds with respect to all or a portion of the reserve requirement with respect to the Bonds.

Section 4. The proposed form of Site Lease on file with the Clerk of the Board of Supervisors, is hereby approved. The County Manager and Assistant County Manager are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to execute and deliver the Site Lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term thereof shall not exceed forty-five years.

Section 5. The proposed form of Facility Lease on file with the Clerk of the Board of Supervisors, is hereby approved. The County Manager and Assistant County Manager are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to execute and deliver the Facility Lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the maximum annual amount of base rental payable thereunder by the County shall not exceed \$21,104,000.

Section 6. The form of Indenture on file with the Clerk, is hereby approved. The County Manager and Assistant County Manager are each hereby authorized and directed, acting singly, on behalf of the County to approve the delivery of the Indenture in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority. Among the changes authorized to be made to the Indenture are such changes as are necessary in the event the County Manager or the Assistant County Manager, upon consultation with the Financial Advisor, determines it is desirable to purchase a municipal bond insurance policy and/or a surety bond for the Bonds.

Section 7. The proposed form of Continuing Disclosure Agreement on file with the Clerk of the Board of Supervisors is hereby approved. The County Manager and Assistant County Manager are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The proposed form of Bond Purchase Contract on file with the Clerk of the Board of Supervisors is hereby approved. The County Manager and Assistant County

Manager are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to accept the offer of the Underwriters to purchase the Bonds as reflected in the Bond Purchase Contract; and to execute and deliver one or more Bond Purchase Contracts in substantially the form on file with the Clerk of the Board of Supervisors, with such additions, deletions or changes therein as such officer determines are necessary or appropriate and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Contracts; provided, that the interest rate on the Bonds shall not exceed twelve percent (12%) per annum and the underwriting discount (excluding any original issue discount) shall not exceed one percent (1%) of the principal amount of Bonds sold. For purposes of the County's debt limit policy, the interest rate on the Bonds and the corresponding lease obligation of the County will be calculated at the swap rate, which shall not exceed five percent (5%).

Section 9. The County Manager and Assistant County Manager, are each authorized to assist the Authority to negotiate the Swap Agreement, which Swap Agreement will be in an aggregate notional amount not to exceed \$149,000,000, at a nominal swap rate not to exceed five percent (5%) per annum against receipt of a variable swap rate and in such form as the officer of the Authority executing such Swap Agreement shall determine and approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority.

Section 10. The proposed form of Official Statement on file with the Clerk of the Board of Supervisors is hereby approved. The County Manager and Assistant County Manager are each hereby authorized and directed, acting singly, for and in the name of and on behalf of the County, to execute and deliver the Official Statement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby directed to distribute copies of the Official Statement to all actual purchasers of the Bonds. Distribution by the Underwriters of a Preliminary Official Statement relating to the Bonds (either in printed form or by posting electronically) is hereby approved and the County Manager and Assistant County Manager are each hereby authorized and directed, acting singly, to execute a certificate confirming that the Preliminary Official Statement has been "deemed final" by the County for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 11. The County Manager or Assistant County Manager is hereby authorized on behalf of the County to enter into or to instruct the Authority or the Trustee to enter into one or more investment agreements, forward delivery agreements or other investment products (hereinafter collectively referred to as the "Investment Agreement") providing for the investment of moneys in any of the funds and accounts created under the Indenture, on such terms as such officer of the County shall deem appropriate, which investments are hereby authorized to have terms of up to the final maturity of the Bonds. Pursuant to Section 5922 of the California Government Code, the Board of Supervisors hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used

in combination with the Bonds or enhance the relationship between risk and return with respect to investments.

Section 12. The officers and Supervisors of the County are hereby authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby. The documents and Bonds authorized herein may be dated such date and the Bonds may be assigned such different Series designations, as may be appropriate to indicate when the Bonds are actually sold or delivered or the nature of the Bonds.

Section 13. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the sale or issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents or additional confirmations, settlements or revisions, may be given or taken, without further authorization by this Board, by the County Manager or Assistant County Manager and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officers may deem necessary or desirable to further the purposes of this Resolution.

Section 14. This Resolution shall take effect from and after its adoption.

Regularly passed and adopted this _____, 2003.

*AYES and in favor of said resolution:
Supervisors:*

*NOES and against said resolution:
Supervisors:*

Absent Supervisors:

*President, Board of Supervisors
County of San Mateo
State of California*

Certificate of Delivery

I certify that a copy of the original resolution filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.

_____, *Deputy
Clerk of the Board of Supervisors*

CLERK'S CERTIFICATE

I, _____, Clerk of the Board of Supervisors of the County of San Mateo, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of said County duly and regularly and legally held at the regular meeting place thereof on _____ of which meeting all of the members of the Board of Supervisors of said County had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes:

Noes:

Absent:

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

I further certify that an agenda of said meeting was posted at least 72 hours prior to the date of the meeting in a place in the City of Redwood City, California, freely accessible to members of the public and that a short description of said resolution appeared on said agenda.

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: _____, 2003

Clerk of the Board of Supervisors
County of San Mateo

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