

**RESOLUTION NO. \_\_\_\_\_**

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

RESOLUTION APPROVING THE ISSUANCE AND SALE BY THE SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY OF NOT TO EXCEED \$160,000,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING LEASE REVENUE BONDS (YOUTH SERVICES CAMPUS), 2008 SERIES A, FOR THE REFINANCING OF THE OUTSTANDING AUCTION RATE SECURITIES OF THE AUTHORITY'S LEASE REVENUE BONDS (YOUTH SERVICES CAMPUS), 2003 SERIES A, 2003 SERIES B AND 2003 SERIES C, OR A CONVERSION OF SUCH BONDS; APPROVING THE FORMS OF AND DISTRIBUTION OF AN OFFICIAL STATEMENT FOR SUCH BONDS, AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, REMARKETING AGREEMENTS, A BOND PURCHASE CONTRACT AND RELATED FINANCING DOCUMENTS; AND AUTHORIZING THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE REFINANCING OF THE SERIES 2003 BONDS.

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, \$66,725,000 aggregate principal amount of San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2003 Series A (the "2003 Series A Bonds"), \$66,825,000 aggregate principal amount of San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2003 Series B (the "2003 Series B Bonds"), and \$21,800,000 aggregate principal amount of San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2003 Series C (the "2003 Series C Bonds" and collectively with the 2003 Series A Bonds and the 2003 Series B Bonds, the "Series 2003 Bonds"), were issued by the Authority as auction rate securities pursuant to an Indenture, dated as of August 1, 2003, between the Authority and U.S. Bank National Association, as trustee (the "Trustee") for the purpose of financing the acquisition, construction and improvement of County facilities, including facilities to be used for youth services;

WHEREAS, the County and the Authority have entered into a Site Lease, dated as of August 1, 2003 and recorded on November 17, 2003 in the Official Records of San Mateo County under Recorder's Serial Number 03-325823 (the "Site Lease"), pursuant to which the County has leased the Youth Services Campus (the "Youth Services Campus"), the 1963 County Office Building, and the Maguire Correctional Facility, and the respective sites thereof (the "2003 Facilities") to the Authority;

WHEREAS, the Authority and the County have entered into a Facility Lease, dated as of August 1, 2003 and recorded on November 17, 2003 in the Official Records of San Mateo County under Recorder's Serial Number 03-325824 (the "Facility Lease"), pursuant to which the Authority has leased back the Youth Services Campus and the 2003 Facilities to the County, and the County agreed to pay the corresponding base rental payments to be used by the Authority to pay debt service on the Series 2003 Bonds;

WHEREAS, the County desires to approve the sale and issuance by the Authority of not to exceed \$160,000,000 in aggregate principal amount of its San Mateo County Joint Powers Financing Authority Refunding Lease Revenue Bonds (Youth Services Campus), Series 2008, in one or more series at variable or fixed rates (the "Series 2008 Bonds"), pursuant to one or more Indentures or Supplemental Indentures (the "Supplemental Indentures"), between the Authority and the Trustee, for the purpose of converting or refunding and defeasing the Series 2003 Bonds;

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 Authority and the County, the Authority has been requested by the County to issue the Series 2008 Bonds bearing interest at variable or fixed rates through a negotiated sale with Citigroup Global Markets, Inc., as representative of the underwriters (the "Representative");

WHEREAS, in order to minimize debt service and maximize benefits to the County, the Authority has previously executed interest rate swaps related to the Series 2003 Bonds and has been requested by the County to issue the Series 2008 Bonds as variable rate demand bonds, if advantageous, in order for the swaps to continue in relation to the Series 2008 Bonds and may desire a termination, modification or replacement of the interest rate swaps;

WHEREAS, the County desires to authorize and direct the Authority to negotiate, execute and deliver a liquidity facility providing for the purchase of the Series 2008 Bonds or the converted Series 2003 Bonds if in a variable rate mode, to authorize the selection of a liquidity

provider, to authorize the negotiation of the terms of the liquidity facility, and to authorize the taking of various actions in connection therewith;

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the County hereby finds and determines that the swaps entered into in connection with, or incidental to, the issuance or carrying of the Series 2008 Bonds, will reduce the amount and duration of interest rate risk with respect to the Series 2008 Bonds and are 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 Series 2008 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. a supplemental indenture (the “Supplemental Indenture”), by and between the Authority and U.S. Bank National Association as trustee (the “Trustee”),
2. remarketing agreements (the “Remarketing Agreement”), between the Authority and the remarketing agent to be specified therein,
3. a bond purchase contract, to be dated the date of sale of the Series 2008 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
4. an official statement relating to the Series 2008 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 of Supervisors (the “Board”) has been presented with the form of each document referred to herein relating to the Series 2008 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;

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 Series 2008 Bonds by the Authority in an aggregate principal amount not to exceed \$160,000,000 for converting or refunding and defeasing the Series 2003 Bonds, including funding a deposit to the reserve fund

and paying costs of issuance, termination payments and related fees and expenses, such Series 2008 Bonds to be issued in one or more series at variable or fixed rates, and to carry such designations as the officer executing the same determines is appropriate.

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 Series 2008 Bonds and a surety bond or bonds with respect to all or a portion of the reserve requirement with respect to the Series 2008 Bonds.

Section 4. The proposed form of Supplemental Indenture on file with the Clerk of the Board of Supervisors, is hereby approved. The date, maturity date or dates (not to exceed July 15, 2036), interest rate or rates (not to exceed twelve percent (12%) per annum) or method of determining the same, interest payment dates, denominations, forms, series designations, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Series 2008 Bonds shall be as provided in the Supplemental Indenture, as finally executed.

Section 5. The proposed form of Remarketing Agreement on file with the Clerk of the Board of Supervisors, is hereby approved.

Section 6. 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 Series 2008 Bonds as reflected in the Bond Purchase Contract; and to execute and deliver one or more Bond Purchase Contract 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 Series 2008 Bonds shall not exceed twelve percent (12%) per annum with respect to the variable or fixed rate bonds, and the underwriting discount (excluding any original issue discount) shall not exceed one percent (1.00%) of the principal amount of Series 2008 Bonds sold or Series 2003 Bonds converted.

Section 7. 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 Series 2008 Bonds. Distribution by the Underwriters of a Preliminary Official Statement relating to the Series 2008 Bonds 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 8. 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 Series 2008 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 Series 2008 Bonds or enhance the relationship between risk and return with respect to investments.

Section 9. The County hereby authorizes the Authority to enter into a standby bond purchase agreement or other liquidity or credit agreement (the “Liquidity Agreement”), with a liquidity or credit provider and to negotiate the terms of the Liquidity Agreement and to take the various actions in connection therewith.

Section 10. The officers and Supervisors of the County, acting singly, are hereby authorized and directed 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 conversion or refinancing of the Series 2003 Bonds, the termination, modification or replacement of the swaps, if advantageous, the issuance, sale and delivery of the Series 2008 Bonds and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby. The documents authorized herein may be dated such date, and different Series designations given to the Series 2008 Bonds, as may be appropriate to indicate when the Series 2008 Bonds are actually sold or delivered or the nature of the Series 2008 Bonds.

Section 11. The County Manager and Assistant County Manager of the County, are hereby further authorized and directed, individually or jointly, to execute and deliver, on behalf of the Board and the Authority, any certificate, consent, request, approval, notice, amendment, confirmation, supplement or revision permitted or required to be delivered pursuant to the documents authorized hereby or otherwise as may be necessary or desirable in connection with the issuance of the Series 2008 Bonds without further authorization by this Board, including without limitation, amendments to the Site Lease or the Facility Lease, accepting any deed of property or executing any documents necessary to clarify title or any of the foregoing which may be necessary or desirable in connection with administering the documents or any default under or amendment of such documents or additional confirmations, settlements or revisions thereof, or approval of additional trustees, paying agents, liquidity providers, remarketing agents or other entities contemplated by the Indenture and the bonds issued thereunder, preparation of title reports and/or purchase of a title insurance policy, execution of certificates, including signature certificates, no-litigation certificates, tax and rebate certificates, certificates concerning the contents of the Official Statement distributed in connection with the sale of the Series 2008 Bonds or conversion of the Series 2003 Bonds, and certificates required in connection with any consent or approval needed prior to the issuance of

the Series 2008 Bonds, and engagement of verification agents, professionals and other consultants as are necessary or desirable to accomplish the refunding and related transactions.

Section 12. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 22nd day of July, 2008.

COUNTY OF SAN MATEO

By: \_\_\_\_\_  
President of the Board  
of Supervisors

ATTEST:

\_\_\_\_\_  
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 July 22, 2008 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 County of San Mateo, 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: \_\_\_\_\_

---

Clerk of the Board of Supervisors  
County of San Mateo

[Seal]