

RESOLUTION NO. _____

COSTA MESA PUBLIC FINANCING AUTHORITY

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COSTA MESA PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$3,000,000 COSTA MESA PUBLIC FINANCING AUTHORITY REVENUE REFUNDING BONDS, SERIES 2005A; THE REFUNDING OF THE OUTSTANDING COSTA MESA PUBLIC FINANCING AUTHORITY 1991 LOCAL AGENCY REVENUE BONDS, SERIES A AND AN ESCROW AGREEMENT RELATING THERETO, AN AMENDED AND RESTATED INDENTURE OF TRUST, AN OFFICIAL STATEMENT AND A CONTRACT OF PURCHASE RELATING TO THE AFORESAID SERIES 2005A BONDS; AND CERTAIN OTHER ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS

WHEREAS, the Costa Mesa Public Financing Authority (the "Authority") is a joint exercise of powers authority organized and existing under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Act") with the authority to assist in the financing and refinancing of the acquisition, construction, installation and equipping of certain public capital improvements on behalf of the City of Costa Mesa (the "City"); and

WHEREAS, the Authority has previously issued its Costa Mesa Public Financing Authority 1991 Local Agency Revenue Bonds, Series A, in the aggregate original principal amount of \$3,225,000 (the "1991 Bonds"), of which \$2,515,000 currently remain outstanding; and

WHEREAS, the proceeds of the 1991 Bonds were used in part to acquire the City of Costa Mesa Community Facilities District No. 91-1 (Plaza Tower Public Improvements) 1991 Special Tax Bonds in the aggregate original principal amount of \$2,965,000 (the "Local Obligations") thereby providing financing for the obligors thereunder; and

WHEREAS, it is proposed that the Authority issue its Costa Mesa Public Financing Authority Revenue Refunding Bonds, Series 2005A, in the aggregate principal amount of not to exceed \$3,000,000 (the "Bonds"), pursuant to the JPA Act, for the purpose of (1) refunding the 1991 Bonds; (2) financing all or a portion of the cost of certain proposed public capital improvements; (3) establishing a reserve fund for the Bonds; and (4) paying the costs of issuance of the Bonds; and

WHEREAS, in order to accomplish the refunding of the 1991 Bonds, it is proposed that the Authority enter into an escrow agreement (the "Escrow Agreement")

with U.S. Bank National Association, as successor trustee under the indenture of trust securing the 1991 Bonds; and

WHEREAS, it is further proposed that the Authority issue the Bonds pursuant to an amended and restated indenture of trust (the "Indenture") by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), which Indenture is amendatory of the indenture of trust a securing the 1991 Bonds; and WHEREAS, it is further proposed that the Authority sell the Bonds pursuant to a Contract of Purchase (the "Purchase Contract") between O'Connor Southwest Securities, as underwriter (the "Underwriter"), and the Authority; and

WHEREAS, the Authority has prepared an official statement relating to the Bonds (the "Official Statement") for use in preliminary form by the Underwriter in connection with the marketing of the Bonds to potential purchasers and for use in final form for distribution to the actual purchasers thereof.

NOW, THEREFORE, the Board Directors of the Costa Mesa Public Financing Authority (the "Board") does hereby resolve as follows:

Section 1 The Indenture in substantially the form submitted to this meeting, is hereby approved. The Chairperson or Executive Director of the Authority, or any officer designated by the Chairperson or Executive Director, is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes therein as the Chairperson or Executive Director or officer designated by the Chairperson or Executive Director, with the advice of the Authority's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2 The form of Purchase Contract presented at this meeting, is hereby approved. The Chairperson or Executive Director of the Authority, or any officer designated by the Chairperson or Executive Director, is hereby authorized and directed, for and on behalf of the Authority to execute and deliver the Purchase Contract in substantially said form, with such changes therein as the officer executing the same may, with the advice of the Authority's counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The net present value of the savings to be achieved by undertaking the refunding described herein shall be approximately \$490,000.

Section 3 The preliminary form of the Official Statement to be used in connection with the offer and sale of the Bonds, is hereby adopted and approved, and the Chairperson or Executive Director of the Authority, or any officer designated by the Chairperson or Executive Director, is hereby authorized to execute and deliver the same in final form, for and on behalf of the Authority, with such changes therein as the officer executing the same, with the advice of the Authority's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4 The Underwriter is hereby authorized to distribute the Official Statement in preliminary form to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form to the purchasers of the Bonds.

Section 5 The Bonds in the aggregate principal amount of not to exceed \$3,000,000 are hereby authorized to be issued in one or more series, which amount is hereby determined to be not in excess of the total cost of the purposes set forth in this resolution. The Bonds shall be executed by the manual or facsimile signature of the Chairperson of the Board and attested by the manual or facsimile signature of the Secretary of the Authority, in accordance with the Indenture.

Section 6 The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the initial purchaser thereof in accordance with written instructions executed on behalf of the Authority by the Chairperson or Executive Director or any officer designated by the Chairperson or Executive Director, which instructions said officers are hereby authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Said instructions shall provide for the delivery of the Bonds to the initial purchaser thereof, as determined and confirmed by the Chairperson or Executive Director, upon payment of the purchase price thereof.

Section 7 The Escrow Agreement, in substantially the form submitted to this meeting, is hereby approved. The Chairperson or Executive Director of the Authority, or any officer designated by the Chairperson or Executive Director, is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Escrow Agreement in substantially said form, with such changes therein as the Chairperson or Executive Director or officer designated by the Chairperson or Executive Director, with the advice of the Authority's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8 The form of Continuing Disclosure Certificate, in substantially the form submitted to this meeting, is hereby approved. The Chairperson or Executive Director of the Authority, or any officer designated by the Chairperson or Executive Director, is hereby authorized and directed, for and on behalf of the Authority to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the officer executing the same may, with the advice of the Authority's counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9 The firm of Harrell & Company Advisors, LLC, is hereby appointed as Cash Flow Consultant (as that term is defined in the Indenture) for all purposes of the Bonds and the Local Obligations.

Section 10 The Authority hereby designates the firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, to serve as bond counsel in connection with the issuance, sale and delivery of the Bonds.

Section 11 The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including all things and documents that may be necessary to provide insurance or other credit enhancement with respect to the Bonds or the Local Obligations, which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds or related documents and otherwise to effectuate the purposes of this resolution.

Section 12 This resolution shall take effect immediately.

PASSED AND ADOPTED this 15th day of November, 2005.

ATTEST:

Deputy City Clerk of the City of Costa Mesa

Mayor of the City of Costa Mesa

APPROVED AS TO FORM

City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, JULIE FOLCIK, Deputy City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa, hereby certify that the above and foregoing Resolution No. _____ was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on the 15th day of November, 2005, by the following roll call vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Costa Mesa this 16th day of November, 2005.

Deputy City Clerk and ex-officio Clerk of
the City Council of the City of Costa Mesa