

RESOLUTION NO. FA 10-01

RESOLUTION OF THE LANCASTER FINANCING AUTHORITY APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT, A BOND PURCHASE CONTRACT, A PROPERTY LEASE, A LEASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND AN OFFICIAL STATEMENT RELATING TO THE ISSUANCE OF THE AUTHORITY'S LEASE REVENUE BONDS (LANCASTER SOLAR PROJECTS), ISSUE OF 2010 AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Lancaster Financing Authority (the "Authority") is a joint powers authority organized pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California; and

WHEREAS, the City of Lancaster (the "City") is a municipal corporation and charter City, organized and existing under the Constitution and laws of the State of California; and

WHEREAS, the City has established the Lancaster Municipal Utility for the purpose of owning and operating alternative energy generating facilities in order to decrease the communities reliance on non-reusable energy sources;

WHEREAS, the City has initiated multiple solar energy projects throughout the City;

WHEREAS, for the purpose of furthering the City's desire to increase reliance on renewable energy sources, the City has entered into Solar Power Purchase Agreements ("PPA's") with Lancaster School District and Eastside School District (collectively, the "Districts");

WHEREAS, in accordance with the terms of the PPA's, the City will construct solar power generating facilities at each of the facilities identified in the PPA's (the "Projects");

WHEREAS, in order to finance the construction of the Projects, the Authority deems it necessary to issue at this time lease revenue bonds in a principal amount of approximately Thirty-Eight Million Dollars (\$38,000,000) (the "Bonds"), and to use the proceeds of such Bonds to pay costs in connection with the issuance of the Bonds to finance the construction of the Projects and to make certain other deposits as required by the Trust Agreement; and

WHEREAS, Section 5450 *et seq.* of the California Government Code (the "Government Code") provides statutory authority for pledging collateral for the payment of principal or prepayment price of, and interest on, any bonds, and the Government Code creates a continuing perfected security interest which shall attach immediately to such collateral irrespective of whether the parties to the pledge document have notice of the pledge and without the need for any physical delivery, recordation, filing or further act, and, therefore, the City and the Authority

hereby warrant and represent that pursuant to the Lease Agreement, the Trust Agreement, to be dated as of November 1, 2010, by and among U.S. Bank National Association, as trustee (the "Trustee"), the City and the Authority (the "Trust Agreement"), and the Government Code, the Trustee will have a first priority perfected security interest in the Lease Payments described in the Lease Agreement pursuant to the Government Code.

WHEREAS, there have been prepared and submitted to this meeting forms of:

- (1) a draft of the Trust Agreement of the Authority;
- (2) a draft of the Preliminary Official Statement of the Agency to be used in connection with the sale of the Bonds (such Preliminary Official Statement in the form presented at this meeting with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as "Preliminary Official Statement");
- (3) a draft of the Property Lease between the City and Authority;
- (4) a draft of the Lease Agreement between the City and the Authority;
- (5) a draft of the Continuing Disclosure Agreement; and
- (6) a draft of the proposed Bond Purchase Contract among the City, the Authority and the Underwriter.

NOW, THEREFORE, BE IT RESOLVED BY THE LANCASTER FINANCING AUTHORITY, AS FOLLOWS:

Section 1. Subject to the provisions of the Trust Agreement referred to in Section 2 hereof, the issuable of the Bonds in the aggregate principal amount of approximately Thirty-Eight Million Dollars (\$38,000,000) on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and the Bond Purchase Contract, is hereby authorized and approved. The Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Trust Agreement, as the same will be completed as provided in this Resolution. The proceeds of the sale of the Bonds shall be applied as provided in the Trust Agreement.

Section 2. The Trust Agreement, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Chairman and the Secretary of the Authority are hereby authorized and directed to execute and deliver the Trust Agreement in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approval by the Chairman, said execution being conclusive evidence of such approval. If the Executive Director determines that it would be more advantageous to the Authority and the City, the Trust Agreement may be modified to provide for the issuance of Bonds, the interest on which is excluded from Federal income taxes.

Section 3. The Bond Purchase Contract among the City, Authority and Wedbush Securities, Inc. in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein are hereby approved. The Executive Director of the Authority is hereby authorized and directed to execute the Bond Purchase Contract in the forms presented at this meeting with such changes, insertions and omissions as may be approved by the Executive Director, said execution being conclusive evidence of such approval.

Section 4. The Lease Agreement between the City and the Authority in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein are hereby approved. The Chairman of the Authority is hereby authorized and directed to execute the Lease Agreement in the form presented at this meeting with such changes, insertions and omissions as may be approved by the Chairman on behalf of the Authority, said execution being conclusive evidence of such approval.

Section 5. The Continuing Disclosure Agreement between the Authority, the City and Urban Futures, Inc. (the "Dissemination Agent") acting as the Dissemination Agent in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Executive Director of the Authority is hereby authorized and directed to execute the Continuing Disclosure Agreement in the form presented at this meeting with such changes, insertions and omissions as may be approved by the Executive Director, said execution being conclusive evidence of such approval.

Section 6. The Preliminary Official Statement in substantially the form presented at this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Executive Director of the Agency is hereby authorized and directed to approve any changes, additions or deletions to the Preliminary Official Statement and to deem final the Preliminary Official Statement within the mean of Rule 15c2-12.

Section 7. The preparation and delivery of an Official Statement, and its use by the Underwriter, in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be requested by Bond Counsel or the Underwriter and approved by the Executive Director of the Agency, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The Chairman of the Authority, the Executive Director of the Authority, the Treasurer, the Secretary of the Authority, and any other proper officer of the Authority, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments, including any agreements with the Authority relating to the Bonds or the Projects, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Trust Agreement, the Property Lease, the Lease Agreement, the Bond Purchase Contract, the Continuing Disclosure Agreement, the Official Statement, this Resolution and any such agreements.

Section 9. U.S. Bank Trust National Association is hereby appointed as Trustee.

Section 10. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED and ADOPTED this ____ day of _____, 2010 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

GERI K. BRYAN, CMC
Secretary
Lancaster Financing Authority

R. REX PARRIS
Chairman
Lancaster Financing Authority

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF RESOLUTION
LANCASTER FINANCING AUTHORITY

I, _____, _____ Lancaster Financing Authority, Lancaster, California, do hereby certify that this is a true and correct copy of the original Resolution No. FA 10-01 for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE LANCASTER FINANCING AUTHORITY,
on this _____ day of _____, _____.

(seal)