

RESOLUTION NO. 87-40

A RESOLUTION DETERMINING REASSESSMENTS  
AND PROVIDING FOR THE ISSUANCE OF REFUNDING BONDS  
PURSUANT TO THE "REFUNDING ACT OF 1984 FOR 1915 ACT BONDS"

1987 REFUNDING ASSESSMENT DISTRICT  
(ASSESSMENT DISTRICT NO. 14)

WHEREAS, the City Council of the City of Ridgecrest, California, has heretofore undertaken proceedings pursuant to the "Refunding Act of 1984 For 1915 Act Bonds", being Division 11.5 of the Streets and Highways Code of the State of California, and has confirmed reassessments upon lands within a special assessment district described in Resolution No. 87-18 adopted February 18, 1987 for said refunding, said district known and designated as

1987 REFUNDING ASSESSMENT DISTRICT

(hereinafter referred to as the "Assessment District"); and,

WHEREAS, said proceedings provided for the issuance of refunding bonds pursuant to the "Refunding Act of 1984 For 1915 Act Bonds", being Division 11.5 of the Streets and Highways Code of the State of California, and it is necessary to establish terms and provisions of such issuance; and,

WHEREAS, it is desired, pursuant to Section 9535 through 95433 of the Streets and Highways Code, to establish the denominations of the refunding bonds to represent reassessments and the amount to mature each year, which will be other and different than that as provided in Section 8650 of said Code; and,

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

Section 1. That the above recitals are all true and correct.

Section 2. Parcel Descriptions. That for a particular description of the lots or parcels of land bearing the respective reassessment numbers, reference is hereby made to the reassessment and to the diagram recorded in the Office of the Superintendent of Streets.

Section 3. Issuance of Bonds. The Reassessment is in the amount of \$1,350,000, and refunding bonds shall be issued in said amount and upon the security of said reassessments in accordance with the provisions of the "Refunding Act of 1984 For 1915 Act Bonds", and under and pursuant to the provisions of said Resolution No. 87-18, and the proceedings thereunder duly had and taken.

Section 4. Registered Bonds. Said refunding bonds (hereafter the "bonds") shall be issuable only as fully registered bonds in the denominations of \$5,000, or any integral multiple thereof, except for one bond maturing in the first year of maturity, which shall include the amount by which the total issue differs from the maximum integral multiple of \$5,000 contained therein.

Section 5. Date of Bonds. All of said bonds shall be dated the 27th day of April, 1987, and interest shall accrue from that date.

Section 6. Maturity. The bonds shall be issued in serial form with annual maturities on September 2nd of every year succeeding the first twelve (12) months after their date, until the whole is paid. The interest rates and principal amount maturing each year is as follows:

<u>MATURITY YEAR</u>	<u>RATE OF INTEREST</u>	<u>PRINCIPAL MATURING SEPTEMBER 2ND</u>
1988	4.65%	\$50,000.00
1989	4.90%	90,000.00
1990	5.40%	95,000.00
1991	5.60%	95,000.00
1992	5.80%	105,000.00
1993	6.00%	110,000.00
1994	6.15%	115,000.00
1995	6.40%	120,000.00
1996	6.60%	130,000.00
1997	6.80%	140,000.00
1998	6.90%	145,000.00
1999	7.00%	155,000.00

Section 7. Interest. Each bond shall be of a single maturity and shall bear interest at the rate as specified in Section 6 hereof from the interest payment date next preceding the date on which it is authenticated and registered, unless said bond is authenticated and registered as of an interest payment date, in which case it shall bear interest from said interest payment date, or unless the bond is authenticated and registered prior to the first interest payment date, in which case it shall bear interest from its date, until payment of its principal sum has been discharged. Interest payments shall commence on March 2, 1988 and be paid semi-annually thereafter on September 2nd and March 2nd of each year.

Under Section 103 of the Internal Revenue Code of 1986 (the "Code"), the interest on Governmental obligations is excludable from gross income for federal income tax purposes if the obligations satisfy restrictions relating to (1) the use of proceeds from a private business use or for the making of a private loan; (2) reserve fund funding requirements, investment yields limitations, and rebate requirements; (3) Federal guarantee prohibitions; and (4) registration requirements. The City Council on behalf of the City does not expect to violate any of said restrictions and does covenant against such violation.

Section 8. Place of Payment. The principal and interest on the bond shall be payable in lawful money of the United States of America at the office of the Pacific Trust Company, San Jose, California, as Paying Agent, Registrar and Transfer Agent, (the "Paying Agent").

Principal and interest on said bonds shall be paid by check or draft to the registered owner thereof at his address as it appears on the books of registration, or at such address as may have been filed with the Paying Agent for that purpose, as of the 15th day immediately preceding said interest payment date.

Section 9. Redemption. At the option of the District, this bond, or a portion thereof if issued in a denomination greater than \$5,000, shall be subject to redemption and payment in advance of maturity in increments of \$5,000 as provided in Section 8768 of the Streets and Highways Code, on the 2nd day of March or September in any year, by giving the notice provided in said law to the registered owner thereof at his address as it appears on the books of registration and by paying principal of and accrued interest on such redeemed amount, together with a premium equal to three percent (3%) of the redeemed principal amount. If less than the entire bond is redeemed, the unredeemed portion shall be reissued to the registered owner thereof.

Section 10. Transfer of Registered Bonds. Any fully registered bond may, in accordance with its terms, be transferred upon the books of registration required to be kept pursuant to the provisions of Section 13 by the owner in whose name it is registered, or by his duly authorized attorney of legal representative, upon surrender of such fully registered bond for registration of such transfer, accompanied by delivery of a written instrument or transfer in a form approved by the Paying Agent and by the owner of said bonds, duly executed.

The Paying Agent shall require the payment by the bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such other transfer and such changes as provided for in the system of registration for registered debt obligations.

No transfer of fully registered bonds shall be required to be made during the fifteen (15) days next preceding each interest payment date.

Section 11. Exchange of Registered Bonds. Fully registered bonds may be exchanged at the office of the Paying Agent, or designated transfer agent/registrar, for a like aggregate principal amount of bonds of the same series, interest rate and maturity, subject to the terms and conditions provided in the system of registration for registered debt obligations, including the payment of certain charges, if any, upon surrender and cancellation of this bond. Upon such transfer and exchange, a new registered bond or bonds of any authorized denomination or denominations of the same maturity for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 12. Books of Registration. There shall be kept by the Paying Agent sufficient books for the registration and transfer of the bonds and, 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 said register, bonds as hereinbefore provided.

Section 13. Execution of Bonds. The bonds shall be executed in facsimile by the Treasurer and by the City Clerk, and the corporate seal shall be imprinted in facsimile on the bonds. The bonds shall then be delivered to the paying agent for authentication and registration. In case an officer who shall have signed or attested to any of the bonds by facsimile or otherwise shall cease to be such officer before the authentication, delivery and issuance of the bonds, such bonds nevertheless may be authenticated, delivered and issued, and upon such authentication, delivery and issue, shall be as binding as though those who signed and attested the same had remained in office.

Section 14. Authentication. Only such of the bonds as shall bear thereon a certificate of authentication substantially in the form below, manually executed by the paying agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the paying agent shall be conclusive evidence that the bonds so authenticated have been duly executed, authenticated and delivered hereunder, and are entitled to the benefits of this Resolution.

FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This bond has been authenticated and registered on

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Pacific Trust Company

By: \_\_\_\_\_  
As Transfer Agent, Registrar  
and Paying Agent

Section 15. Negotiability, Registration and Transfer of Bonds. The transfer of any bond may be registered only upon such books of registration upon surrender thereof to the paying agent together with an assignment duly executed by the owner or his attorney or legal representative, in satisfactory form. Upon any such registration of transfer, a new bond or bonds shall be authenticated and delivered in exchange for such bond, in the name of the transferee, of any denomination or denominations authorized by this Resolution, and in an aggregate principal amount equal to the principal amount of such bond or principal amount of such bond or bonds so surrendered. In all cases in which bonds shall be exchanged or transferred, the paying agent shall authenticate at the earliest practical time, bonds in accordance with the provisions of this Resolution. All bonds surrendered in such exchange or registration transfer shall forthwith be cancelled. The legislative body may make a charge for every such exchange or registration of transfer of bonds sufficient to reimburse it for

any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The paying agent shall not be required to make such exchange or registration of transfer of bonds during the fifteen (15) days immediately preceding any March 2nd of September 2nd.

Section 16. Ownership of Bonds. The person in whose name any bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal and redemption premium, if any, of any such bond, and the interest on any such bond, shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond, including the redemption premium, if any, and interest thereon, to the extent of the sum or sums so paid.

Section 17. Mutilated, Destroyed, Stolen or Lost Bonds. In case any bond secured hereby shall become mutilated or be destroyed, stolen or lost, the legislative body shall cause to be executed and authenticated a new bond of like date and tenor in exchange and substitution for an upon the cancellation of such mutilated bond or in lieu of and in substitution for such bond destroyed, stolen or lost, upon the owner's paying the reasonable expenses and charges in connection therewith, and, in the case of a bond destroyed, stolen or lost, his filing with the legislative body of evidence satisfactory to it and to the Treasurer or Paying Agent thereof that such bond was destroyed, stolen or lost, and of his ownership thereof, and furnishing the legislative body with indemnity satisfactory to it.

Section 18. Cancellation of Bonds. All bonds paid or redeemed, either at or before maturity, shall be cancelled upon the payment or redemption of such bonds, and shall be delivered to the paying agent when such payment or redemption is made. All bonds cancelled under any of the provisions of this Resolution shall be destroyed by the transfer agent and registrar, which shall execute a certificate in duplicate describing the bonds to destroy, and shall retain said executed certificate in its permanent files for the issue.

Section 19. Reserve Fund. Pursuant to Part 16 of Division 10 of the California Streets and Highways Code, there shall be created a special reserve fund for the bonds to be designated by the name of the Assessment District and specified as the special "Reserve Fund". The Reserve Fund shall be funded as follows: The initial designated amount shall be deposited in the Reserve Fund out of the bond proceeds.

Monies in the Reserve Fund shall be applied as follows:

A. Amounts in said Reserve Fund shall be transferred to the Redemption Fund for the bonds if, as a result of delinquencies in the payment of assessments, there are insufficient monies in said Redemption Fund to pay principal of and interest on the bonds.

Amounts so transferred shall be repaid to the Reserve Fund from proceeds from the redemption or foreclosure of property with respect to which an assessment is unpaid and from payments of the delinquent assessments;

B. Monies in the Reserve Fund shall be expended to retire all, or as many of the bonds outstanding in the last year of maturity as there are funds available, plus accrued interest thereon. Any excess reserve money shall be paid to the assessesees.

Section 20. Advance Maturity. The proceeds from the sale of the bonds, after deposit of required amounts in the Reserve Fund and Redemption Fund, shall be placed in the fund hereby created, pursuant to Sections 8750 of the California Streets and Highways Code, which shall be called "Advance Maturity Fund", and the monies in said Fund shall be used only for purposes authorized in said assessment proceedings.

Section 21. Redemption Fund. Principal of and interest on said bonds shall be paid out of the Redemption Fund created pursuant to Section 8671 of the California Streets and Highways Code. Accrued interest paid by the purchaser of the bonds, if any, shall be deposited in the Redemption Fund. In all respects not recited herein, said bonds shall be governed by the provisions of the "Improvement Bond Act of 1915", Division 10 of the California Streets and Highways Code.

Section 22. Escrow Fund. The sum of \$ 1,288,500 from the sale of bonds shall be deposited in an Escrow Fund which shall be maintained for the benefit of the holders of the bonds to be refunded and shall be held, invested and withdrawn pursuant to this resolution. The treasurer shall use said fund for the purpose of calling in for redemption on July 2, 1987 all of the bonds proposed to be refunded and pay the interest and premium thereon.

Section 23. Designation of Paying Agent, Transfer Agent and Registrar. Pacific Trust Company is designated paying agent, transfer agent and registrar with respect to these proceedings and the bonds to be issued.

Section 24. Covenant to Foreclose. The legislative body hereby covenants that upon default of any assessment payment due, it will cause foreclosure proceedings to be brought within one hundred fifty (150) days of such default and thereafter diligently prosecute to completion such proceedings.

Section 25. Order to Print and Authenticate Bonds. The Treasurer is hereby instructed to cause bonds, as set forth above, to be printed, and to proceed to cause said bonds to be authenticated and delivered to an authorized representative of the purchaser, upon payment of the purchase price as set forth in the accepted proposal for the sale of bonds.

Section 26. Transmittal to County Auditor. The Secretary shall transmit a certified copy of this Resolution to the County Auditor.

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I hereby certify that the foregoing resolution was duly and regularly passed and adopted by the City Council of the City of Ridgecrest, California, at a regular meeting thereof held on the 15th day of April, 1987, by the following vote of the members thereof:

- AYES: Mayor Mower, Councilmembers Bergens, Corlett and Wiknich.
- NOES: None.
- ABSENT: Councilmember Pearson.
- ABSTAIN: None.

APPROVED Mich PR Mower  
Mayor

ATTEST:

Jayce M. Duff  
City Clerk