

CITY OF RIDGECREST
ASSESSMENT DISTRICT NO. 87-1
(RIDGECREST TOWNE CENTRE)

RESOLUTION NO. 88-112

RESOLUTION DETERMINING UNPAID ASSESSMENTS AND PROVIDING FOR THE ISSUANCE OF \$1,179,383.90 PRINCIPAL AMOUNT OF CITY OF RIDGECREST ASSESSMENT DISTRICT NO. 87-1 (RIDGECREST TOWNE CENTRE) IMPROVEMENT BONDS; PRESCRIBING THE DENOMINATIONS, DATE, FORM, AND INTEREST RATE THEREOF; AUTHORIZING THE EXECUTION OF SAID BONDS; APPOINTING A PAYING AGENT FOR SAID BONDS; PROVIDING FOR THE COLLECTION OF ASSESSMENTS TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR A RESERVE FUND FOR SAID BONDS; APPROVING THE OFFICIAL STATEMENT FOR SAID BONDS; AND APPROVING THE BOND PURCHASE CONTRACT

WHEREAS, the City Council (the "City Council") of the City of Ridgecrest (the "City"), on April 6, 1988, adopted its Resolution of Intention No. 88-38 relating to the construction and acquisition of certain public improvements in an assessment district in and for the City of Ridgecrest designated Assessment District No. 87-1 (Ridgecrest Towne Centre) (the "Assessment District"), as described therein, pursuant to the provisions of the Municipal Improvement Act of 1913, which said Resolution of Intention provided that serial bonds to represent unpaid assessments and to bear interest at a maximum rate of not to exceed the maximum rate permitted by law would be issued in the manner provided by the Improvement Bond Act of 1915 (the "Act"), being Division 10 (commencing with Section 8500) of the Streets and Highways Code of the State of California, and that said bonds would mature not to exceed nineteen (19) years from the 2nd day of September next succeeding twelve (12) months

from their date, reference being hereby made to said Resolution of Intention for further particulars; and

WHEREAS, an assessment and diagram were thereafter duly made and filed with this City Council, and after a hearing duly noticed and held said assessment was confirmed, levied and approved by Resolution No. 88-72 adopted by this City Council on June 1, 1988; and

WHEREAS, said assessment and diagram were duly recorded on June 2, 1988, in the office of the Superintendent of Streets of the City of Ridgecrest, and said diagram was recorded in the office of the County Recorder of the County of Kern, all in the time, form and manner required by law; and

WHEREAS, said assessment was in the total amount of \$1,179,383.90 and was apportioned upon the several subdivisions of land in the Assessment District in proportion to the estimated benefits to be received by such subdivisions, respectively, from said work, acquisitions and improvements as shown in said assessment; and a notice of assessment was duly recorded in the office of the County Recorder of the County of Kern on June 6, 1988, all in time, form and manner required by law; and

WHEREAS, notice of the levy of said assessment and notice otherwise as required by law has been duly given by mailing and by publication in the time, form and manner required by law; and

WHEREAS, all sums assessed by said assessment were due and payable to the Treasurer of the City of Ridgecrest (the

"Treasurer") on or before the close of business on July 5, 1988; and

WHEREAS, the Treasurer has determined that the total unpaid assessments is \$1,179,383.90 and this City Council hereby finds and determines that the aggregate amount of unpaid assessments is \$1,179,383.90; and

WHEREAS, the Treasurer has certified and filed with the City Council a maturity schedule for such bonds with annual maturities resulting in approximately equal annual debt service;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ridgecrest, as follows:

Section 1. The foregoing recitals, and each of them, are true and correct and the City Council hereby so finds and determines.

Section 2. The City Council has reviewed all proceedings heretofore taken relative to the foregoing and has found, as a result of such review, and does hereby find and determine that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of improvement bonds as hereinafter provided do exist, have happened, and have been performed in due time, form and manner as required by law and the City is now authorized pursuant to each and every requirement of law to authorize the issuance of bonds in the manner and form as in this resolution provided.

Section 3. Bonds in the principal amount of \$1,179,383.90 shall be issued upon the security of the

aggregate amount of unpaid assessments (together with the interest thereon) in accordance with the provisions of the Act and pursuant to the provisions of said Resolution of Intention and proceedings taken thereunder. Said bonds shall be designated

"City of Ridgecrest
Assessment District No. 87-1
(Ridgecrest Towne Centre)
Improvement Bonds"

(the "Bonds"), shall be issued as fully registered bonds, shall be of the denomination of \$5,000 or any integral multiple of \$5,000 (not exceeding the principal amount of Bonds maturing at any one time) except for one bond in the first year of maturity which shall contain the amount by which the issue exceeds an integral multiple of \$5,000, shall be dated August 2, 1988 (which is hereby fixed and determined to be the date of issue of the Bonds) and shall mature in an annual series on September 2 in the amounts for each of the several years, as follows:

<u>Principal Amount</u>	<u>Maturity Date (September 2)</u>
\$ 14,383.90	1989
30,000.00	1990
30,000.00	1991
35,000.00	1992
35,000.00	1993
40,000.00	1994
40,000.00	1995
45,000.00	1996
50,000.00	1997
50,000.00	1998
55,000.00	1999
60,000.00	2000
65,000.00	2001
70,000.00	2002
75,000.00	2003

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(Continuation of Table)

<u>Principal Amount</u>	<u>Maturity Date (September 2)</u>
80,000.00	2004
90,000.00	2005
95,000.00	2006
105,000.00	2007
115,000.00	2008

The Bonds shall bear interest from the interest payment date next preceding the date of authentication and registration thereof, unless such date of authentication and registration is on a day during the period from the sixteenth (16th) day of the month next preceding an interest payment date, to such interest payment date, both inclusive, in which event they shall bear interest from such interest payment date, or unless such date of authentication and registration is on a day on or before the fifteenth (15th) day of the month next preceding the first interest payment date, in which event they shall bear interest from August 2, 1988. Such interest shall be payable on March 2, 1989, and thereafter semiannually on September 2 and March 2 of each year until and at the respective maturity dates of the Bonds.

Section 4. Both the interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Paying Agent, hereinafter appointed, in San Francisco, California. Payment of the interest on the Bonds due on or before the maturity or prior redemption thereof shall be made by check or draft mailed to

the registered owners of the Bonds at their addresses as they appear at the close of business on the fifteenth (15th) day of the month prior to each such interest payment date on the registration books maintained by the Paying Agent as hereinafter set forth. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only upon surrender thereof on their maturity dates or on redemption prior to maturity at the principal corporate trust office of the Paying Agent in San Francisco, California.

Any Bond may be redeemed in whole or in part in integral multiples of the minimum authorized denomination of the Bonds on the second day of March or September in any year, at the option of the Treasurer, upon payment of the principal amount thereof and interest accrued thereon to the date of redemption, together with a premium equal to three per cent (3%) of such principal amount; provided, that the Treasurer shall proceed pursuant to Part 11.1 of the Improvement Bond Act of 1915 in determining those Bonds to be redeemed and the manner of the redemption thereof. Notice of redemption of any Bond shall be given by the Treasurer as provided in the Improvement Bond Act of 1915.

Section 5. The Bonds shall be substantially in the following form, the blanks to be filled in with appropriate words and figures, namely:

[FORM OF FACE OF BOND]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF KERN

REGISTERED
NUMBER _____

REGISTERED
\$ _____

CITY OF RIDGECREST
ASSESSMENT DISTRICT NO. 87-1
(RIDGECREST TOWNE CENTRE)
LIMITED OBLIGATION

INTEREST RATE _____ %	MATURITY DATE September 2, _____	BOND DATE August 2, 1988	CUSIP NUMBER _____
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REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Act"), the City of Ridgecrest (the "City"), County of Kern, State of California will, out of the redemption fund for the payment of the bonds issued upon the unpaid portion of assessments made for the acquisitions, work and improvements more fully described in proceedings taken pursuant to Resolution of Intention No. 88-38, adopted by the City Council of the City on the 6th day of April, 1988, pay to the registered owner set forth above on the maturity date stated above, the principal sum set forth above in lawful money of the United States of America, and in like manner will pay interest from the interest payment date next preceding the date on which this bond is authenticated and registered, unless this bond is authenticated and registered on a day during the period from the sixteenth (16th) day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated and registered on a day on or before the fifteenth (15th) day of the month next preceding the first interest payment date, in which event it shall bear interest from August 2, 1988, until payment of such principal sum shall have been discharged, at the rate per annum stated above, payable semiannually on March 2 and September 2 in each year commencing on March 2, 1989.

Both the principal hereof and redemption premium hereon are payable at the principal corporate trust office of Bank of America, N.T. & S.A., as Paying Agent (the "Paying Agent") in San Francisco, California, and the interest hereon is payable by check or draft mailed to the owner hereof at the owner's address as it appears on the records of the Paying Agent or at such address as may have been filed with the Paying Agent for that purpose, as of the fifteenth (15th) day immediately preceding each interest payment date.

This bond will continue to bear interest after maturity at the rate above stated; provided, it is presented at maturity and payment hereof is refused upon the sole ground that there are not sufficient moneys in said redemption fund with which to pay the same. If it is not presented at maturity, interest hereon will run until maturity.

This bond shall not be entitled to any benefit under the Act or the Resolution Authorizing Issuance of Bonds (the "Resolution of Issuance"), or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF FULLY SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, the City of Ridgecrest has caused this bond to be signed in facsimile by the Treasurer of said City and by its City Clerk and has caused its corporate seal to be reproduced in facsimile hereon, all as of the 2nd day of August, 1988.

CITY OF RIDGECREST

City Clerk of the
City of Ridgecrest

Treasurer of the
City of Ridgecrest

[SEAL]

[Certificate of Authentication and Registration]

This is one of the bonds described in the within mentioned Resolution of Issuance, which has been authenticated and registered on the ____ day of _____, 19__.

Bank of America N.T. & S.A.,
as Paying Agent

By: _____
Authorized Officer

[FORM OF BACK OF BOND]

This bond is one of several annual series of bonds of like date, tenor and effect, but differing in amounts, maturities and interest rates, issued by the City under the Act and the Resolution of Issuance for the purpose of providing means for paying for the improvements described in the proceedings, and is secured by the moneys in said redemption fund and by the unpaid portion of said assessments made for the payment of said improvements, and, including principal and interest, is payable exclusively out of said fund.

This bond or any portion of it in the amount of five thousand dollars (\$5,000), or any integral multiple thereof, may be redeemed and paid in advance of maturity upon the second day of March or September in any year by giving at least 30 days' notice by registered or certified mail or by personal service to the registered owner hereof at the owner's address as it appears on the registration books of the Paying Agent by paying principal and accrued interest together with a premium equal to three per centum (3%) of the principal.

This bond is transferable by the registered owner hereof, in person or by the owner's attorney duly authorized in writing, at the office of the Paying Agent, subject to the terms and conditions provided in the Resolution of Issuance including the payment of certain charges, if any, upon surrender and cancellation of this bond. Upon such transfer 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 herefor.

Bonds shall be registered only in the name of an individual (including joint owners), a corporation, a partnership, or a trust.

Neither the City nor the Paying Agent shall be required to make such exchange or registration of transfer of bonds during the period after the fifteenth (15th) day of the month immediately preceding any interest payment date.

The City and the Paying Agent may treat the owner hereof as the absolute owner for all purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

[Form of Assignment]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____

_____ the within bond and do(es) hereby irrevocably constitute and appoint _____

attorney to transfer the same on the register of the Paying Agent of the City of Ridgecrest with full power of substitution in the premises.

Date: _____.

SIGNATURE GUARANTEED:

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Section 6. The Treasurer and the City Clerk are hereby authorized and directed, respectively, to execute each of the Bonds on behalf of the City by use of their engraved, printed or lithographed facsimile signatures, and the City Clerk is hereby authorized and directed to affix the seal of the City thereto, which seal may be engraved, printed, lithographed or otherwise placed by facsimile thereon. Such signing and sealing as herein provided shall be a sufficient and binding execution of the Bonds by the City. In case any of the officers whose signatures appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes the same as though such officer had remained in office until the delivery of the Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form hereinabove set forth, executed and dated by the Paying Agent, shall be entitled to any benefits hereunder or be valid or obligatory for any purpose, and such certificate shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefits hereof.

Section 7. Bank of America N.T. & S.A. at its corporate trust office in Los Angeles, California, is hereby appointed Transfer Agent, Registrar and Paying Agent (the "Paying Agent") of the City for the purpose of paying the interest on and principal of and redemption premiums, if any,

on the Bonds and for the purpose of performing the other obligations imposed on it in this resolution. The Paying Agent may at any time resign, which resignation shall become effective upon the appointment of a successor Paying Agent. Upon receiving notice of such resignation the City shall promptly appoint a successor Paying Agent, except that if no successor Paying Agent shall have been appointed by the City within thirty (30) days of receiving such notice, the resigning Paying Agent may petition any court of competent jurisdiction for the appointment of a successor Paying Agent. The City may at any time in its sole discretion remove the Paying Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that the City agrees that it will at all times maintain a Paying Agent with a corporate trust office in Los Angeles, California. The Paying Agent is hereby authorized to pay interest on the Bonds due on or before the maturity or prior redemption thereof to the registered owners thereof as their names appear at the close of business on the fifteenth (15th) day of the month preceding each interest payment date on the registration books required to be kept by it pursuant to this section as the registered owners thereof, such interest to be paid by check or draft mailed to such registered owners at their addresses appearing on such books or at such other addresses as they may have filed with it for that purpose, and to pay to such registered owners the principal of and

redemption premiums, if any, on the Bonds upon presentation and surrender of the Bonds to it at maturity or on redemption prior to maturity.

The Paying Agent will keep at its principal corporate trust office in San Francisco, California sufficient books for the registration, transfer and exchange of the Bonds, which books shall at all time be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or exchange the Bonds on such books as hereinafter provided.

Any Bond may be transferred or exchanged on such books by the registered owner thereof, in person or by his duly authorized attorney, upon payment by the person requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Paying Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds of authorized denominations of the same maturity date aggregating the same principal amount of the Bond or Bonds so surrendered. The City and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond

shall be overdue or not, and neither the City nor the Paying Agent shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bond shall be made only to such registered owner as above provided, which payment shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

The City shall from time to time, upon request of the Paying Agent and subject to any agreement between the City and the Paying Agent then in force, pay the Paying Agent compensation for its services, reimburse the Paying Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Paying Agent harmless against liabilities not arising from its own gross negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder; provided that the Paying Agent shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds established hereunder, although it may take whatever legal actions are lawfully available to it directly against the City.

The statements, agreements, conditions, covenants and terms contained herein and in the Bonds shall be taken as statements, agreements, conditions, covenants and terms of the

City, and the Paying Agent does not assume any responsibility for the correctness of the same or for the observance or performance by the City of the same and does not make any representation as to the sufficiency or validity hereof or of the Bonds. The Paying Agent shall not incur any responsibility in respect hereof other than in connection with the rights and obligations assigned to or imposed upon it herein or in the Bonds, and the Paying Agent may conclusively rely on the written instructions, representations and calculations received by it from the City Council of the City or from any officer of the City or from any officer of Kern County hereunder.

Section 8. The unpaid assessments in the aggregate amount of \$1,179,383.90, as hereinabove referred to and as determined by the Treasurer and the City Council, together with interest thereon computed at the rate specified in the Bonds (which interest shall begin to run from the date of the Bonds), shall in accordance with and consistent with the Improvement Bond Act of 1915, remain and constitute a trust fund for the redemption and payment of the principal of the Bonds and for the interest due thereon, and said assessments and each installment thereof and the interest and penalties thereon shall constitute a lien against the lots and parcels of land on which they are made, until the same be paid. The Treasurer shall annually make a record in his/her office showing the several installments of principal and interest on said assessments which are to be collected for the forthcoming year during the term of the Bonds. An annual installment of said

unpaid assessments shall be payable and shall be collected in each year corresponding in amount to the amount of Bonds unpaid and to accrue that year, which amount shall be sufficient to pay the Bonds as the same become due, and an annual installment of interest on said unpaid assessments shall be payable and shall be collected in each year corresponding in amount to the amount of interest which will accrue on the Bonds outstanding for such year, which amount shall be sufficient to pay the interest thereon that shall become due on the next succeeding March and September. The annual proportion of each assessment coming due in any year, together with the annual interest on such assessment, shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County of Kern on real property are payable, and said assessment installments and said annual interest on said unpaid assessments shall be payable and become delinquent on the same dates and in the same proportionate amounts as do general taxes on real property in the County of Kern.

The City Council hereby covenants with the holders of the Bonds that in the event any assessment, or installment thereof, including any interest thereon, is not paid when due, it will order and cause to be commenced within one hundred fifty (150) days following the date of delinquency, and thereafter diligently prosecute, judicial foreclosure proceedings upon such delinquent assessment or installment thereof and interest thereon, which foreclosure proceedings shall be commenced and prosecuted without regard to available

surplus funds of the City, including money available in the Reserve Fund provided in Paragraph 11 of this resolution. The City Council hereby further covenants with the holders of the Bonds that it will monitor the records of the Treasurer and, not later than one hundred fifty (150) days following the date when each assessment, or any installment thereof, including any interest thereon, is due, it will advise the Paying Agent either that there are no such delinquencies, or that there are such delinquencies, and (in the latter case) whether or not it has caused to be commenced the aforesaid judicial foreclosure proceedings. If the City has advised that such judicial foreclosure proceedings have not been commenced, then the Paying Agent agrees that it will use its best efforts to institute a suit at law or in equity to compel the City to commence such foreclosure proceedings (the expenses of which suit shall be paid by the City in accordance with Section 7 hereof); provided, that the Paying Agent shall not be responsible for monitoring the records of the Tax Collector of the County of Kern or for taking any action other than as specified herein.

Section 9. There is hereby created and established a fund to be known as the "Assessment District No. 87-1 (Ridgecrest Towne Centre) Redemption Fund," which fund shall be kept by the Treasurer and shall constitute a trust fund for the benefit of the holders of the Bonds. At the time of the issuance of the Bonds, the City shall deposit in said fund from the proceeds of the sale of the Bonds the amount representing

accrued interest, together with the amount representing funded interest on the bonds until September 2, 1988 and all sums received by the Treasurer which are received from the collection of unpaid assessments, and of the interest and penalties thereon, shall upon receipt be deposited in said fund. All sums to become due for the principal of and the interest on the Bonds shall be withdrawn from said fund and transferred to the Paying Agent so as to be received by the Paying Agent for use for the payment of the principal of and the interest on the Bonds at least two (2) business days before each such principal or interest due date, and the Bonds and the interest thereon shall not be paid out of any other funds. The City Council hereby agrees and covenants that it will timely make or cause to be made such withdrawals and transfers in compliance with the requirements of this section. The Paying Agent shall not be required to invest any funds held by it under this section, nor shall it be liable to the City for payment of interest on any funds so held. Any surplus remaining in said fund after payment of all Bonds and the interest thereon shall be promptly returned to the City for deposit into the Redemption Fund.

There is hereby created and established within the Redemption Fund a Prepayment Account. Upon receiving any prepayment of an assessment, the Treasurer shall deposit such prepayment as received in the Prepayment Account. At least three (3) business days before each principal or interest due date, the Treasurer shall withdraw from the Prepayment Account

and transfer to the Redemption Fund the installment of principal due and interest accrued to the next redemption payment date. Any surplus remaining in said account shall be used to advance the maturity of bonds to the next redemption date as provided in Part II of the Improvement Bond Act of 1915.

All moneys in the Redemption Fund shall be invested in any lawful investments of City funds maturing not later than the date on which such moneys are required for disbursement as herein provided. All interest earned on such investments shall be credited to said fund, except as otherwise required by Section 12 of this resolution.

Section 10. There is hereby created and established a fund to be known as the "Assessment District No. 87-1 (Ridgecrest Towne Centre) Improvement Fund," which shall be kept by the Treasurer. After making the deposit in the Reserve Fund as required by Section 11 and after making the deposit in the Redemption Fund required by Section 9, all remaining proceeds of the sale of the Bonds (together with the paid assessments) shall be placed by the Treasurer to the credit of said fund and shall be kept separate and distinct from all other City funds. All moneys in said fund shall be invested in any lawful investments of City funds maturing not later than the date on which such moneys are required for disbursement as herein provided. All interest earned on such investments shall be credited to said fund, except as otherwise required by Section 12 of this resolution. The moneys in said fund shall be applied exclusively for the purpose of paying the cost of

the improvements for which the Assessment District No. 87-1 (Ridgecrest Towne Centre) has been formed, including payment of the incidental expenses in connection with such improvements; provided, that after completion of said improvements and the payment of all claims from said fund, any surplus moneys remaining in said fund (as determined by the City Council), or such portion thereof as is allowed by law, shall be used as a credit on the assessment in accordance with the provisions of Section 10427.1 of the Streets and Highways Code.

Section 11. There is hereby created and established a separate fund to be known as the "Assessment District No. 87-1 (Ridgecrest Towne Centre) Reserve Fund," which fund shall be kept by the City and which shall constitute a trust fund for the benefit of the holders of the Bonds. At the time of the issuance of the Bonds, the City shall deposit from the proceeds of the sale of the Bonds the sum of \$117,938, and all money in said fund shall be paid and transferred in the following amounts and at the following times and under the following circumstances:

(a) Whenever there are insufficient funds in the Redemption Fund to meet the next maturing installment of principal of or interest on the Bonds, the City shall transfer from the Reserve Fund for deposit in the Redemption Fund an amount necessary to satisfy such deficiency, which amount shall be calculated by the Treasurer. The City agrees that if such insufficiency was caused by delinquent payment of installments of

assessments, then an amount equal to the amount so transferred shall be reimbursed and deposited by the City in the Reserve Fund from the proceeds of redemption or sale of the parcel in respect of which payment of installments of assessments was delinquent.

(b) In the event unpaid assessments are paid in cash prior to their maturity, the City shall transfer no earlier than fifteen (15) days after the receipt of such payment from the Reserve Fund for deposit in the Redemption Fund an amount equal to the ratio of the total amount initially provided for in the Reserve Fund to the total amount originally assessed in the proceedings for the Bonds multiplied by the reduction in said assessments, which shall be calculated by the Treasurer and which such calculation shall be set forth in writing.

(c) If at any time the amount of interest earned by the investment of any portion of the Reserve Fund, together with the principal amount in the Reserve Fund, shall exceed \$117,938, such excess shall be transferred by the City to the Redemption Fund and shall be credited by the City upon the unpaid assessments in the manner set forth in the Improvement Bond Act of 1915.

(d) Whenever the balance in the Reserve Fund is sufficient to retire all the remaining outstanding Bonds, the City shall transfer the balance in the Reserve Fund for deposit in the Redemption Fund and the City shall cease the collection of the principal and interest on the

unpaid assessments. In such case, the City shall credit such balance against the assessments remaining unpaid in the manner set forth in the Improvement Bond Act of 1915, with the amount apportioned to each unpaid assessment credited against the last unpaid assessment installment; and if the amount apportioned to each parcel exceeds the amount of said last installment, then such excess shall be credited against the next preceding unpaid assessment installment or installments until exhausted. In the event that the balance in the Reserve Fund at the time of such transfer exceeds the amount required to retire all outstanding Bonds, then such excess shall be apportioned by the City to each parcel upon which an individual assessment remained unpaid at the time the balance in the Reserve Fund was sufficient to retire all outstanding Bonds, and such payments shall be made by the City in cash to the respective owners of the parcels, except that if such excess is not greater than one thousand dollars (\$1,000), such excess may be transferred to the general fund of the City.

Section 12. (a) The City will not make any use of the proceeds of the Bonds or any other funds of the City or of the improvements acquired and constructed with the proceeds of the Bonds or any part thereof which would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), "private activity bonds" subject to federal

income taxation by reason of Section 141(a) of the Code, or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect, and will comply with the provisions of the Certificate of Rebate delivered by the City, dated the date of issuance of the Bonds, as originally executed and as it may be amended from time to time (the "Certificate of Rebate").

(b) In furtherance of the covenants of the City set forth above, the City will cause the Paying Agent to comply with the Certificate of Rebate, and the City hereby agrees and covenants to establish and maintain the "Assessment District No. 87-1 (Ridgecrest Towne Centre) Rebate Fund" and to use such fund to segregate the Rebate Requirement (as that term is defined in the Certificate of Rebate) and Rebate Earnings (as that term is defined in the Certificate of Rebate) from all other moneys of the City and the Paying Agent in accordance with the Certificate of Rebate.

Section 13. The City Clerk is directed to cause the Bonds to be lithographed, printed or engraved, and to cause the blank spaces thereof to be filled in to comply with the provisions hereof, and to procure their execution by the proper

officers, and to deliver them when so executed, to the Paying Agent, who shall authenticate them, and thereafter deliver them to the purchaser thereof, on receipt by the Treasurer of the purchase price thereof. The Treasurer and the City Clerk are further authorized to execute and deliver to the purchaser of the Bonds a signature and no-litigation certificate in the form customarily required by purchasers of municipal bonds, certifying to the genuineness and due execution of the Bonds and to all facts within their knowledge relative to any litigation which may or might affect the Assessment District or the City, said officers or the Bonds, and the Treasurer is further authorized to execute and deliver to the purchaser of the Bonds a Treasurer's receipt in the form customarily required by purchasers of municipal bonds, evidencing the payment of the purchase price of the Bonds, which receipt shall be conclusive evidence that said purchase price has been paid and has been received by the City. Any purchaser or subsequent taker or holder of the Bonds is hereby authorized to rely upon and shall be justified in relying upon any such signature and no-litigation certificate and any such Treasurer's receipt with respect to the Bonds executed, sold and delivered pursuant to the authority of this resolution.

Section 14. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, or to make any necessary modifications thereto, which are acceptable to the City Administrator, City Attorney and Bond

Counsel and which they deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds.

Section 15. The Preliminary Official Statement relating to the Bonds on file with the City Clerk is hereby approved. The officers of the City are hereby authorized for and in the name of the City to execute an Official Statement in substantially the form presented to the City Attorney, with such changes as such officers may require or approve, such approval to be conclusively evidenced by the execution thereof.

Section 16. The Bonds are hereby sold to STONE & YOUNGBERG at a price equal to ninety-seven and seventy-five hundredths percent (97.75%) of the principal amount thereof, together with accrued interest thereon to the date of their delivery, in accordance with their signed written offer to purchase the Bonds on file with the City Clerk. The City Administrator is hereby authorized for and in the name of the City to execute said purchase contract.

Section 17. This resolution shall take effect immediately upon its adoption.

APPROVED and ADOPTED this 20th day of July, 1988, by
the following vote:

AYES: Mayor Mower, Councilmembers Corlett and Lilly.

NOES: None.

ABSTAIN: None.

ABSENT: Councilmembers Bergens and Condos.

Michael R Mower

Michael M. Mower, Mayor

ATTEST:

Joyce M Taft

Joyce M. Taft, City Clerk