

SAUSALITO FINANCING AUTHORITY

RESOLUTION NO. 14-0002

**RESOLUTION OF THE SAUSALITO FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE AND SALE OF SEWER REVENUE
BONDS TO FINANCE IMPROVEMENTS TO THE CITY OF SAUSALITO'S
MUNICIPAL SEWER ENTERPRISE AND APPROVING RELATED
DOCUMENTS AND OFFICIAL ACTIONS**

RESOLVED, by the Board of Directors (the "Board") of the Sausalito Financing Authority (the "Authority"), as follows:

WHEREAS, the City of Sausalito (the "City") and the California Municipal Finance Authority have heretofore entered into a joint exercise of powers agreement establishing the Authority for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City;

WHEREAS, the City has determined that, due to prevailing financial market conditions, it is in the best interests of the City to finance the acquisition and construction of certain improvements and facilities (the "Project") to the City's municipal sewer enterprise (the "Enterprise");

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the City, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), designated as the Sausalito Financing Authority (Marin County, California) 2015 Sewer Revenue Bonds (the "Bonds"), all pursuant to and secured by an indenture of trust (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will sell the Project to the City pursuant to an installment sale agreement (the "Installment Sale Agreement"), under which the City will agree to make installment payments to the Authority payable from the net revenues of the Enterprise which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, the City's obligations under the Installment Sale Agreement will be on parity as to payment and security with the City's obligations with respect to that certain Project Finance Agreement (Agreement No. 11-824-550; State Revolving Fund Project No. C-06-5354-110), dated August 16, 2011, by and between the California State Water Resources Control Board and the City;

WHEREAS, a preliminary official statement describing the Authority, the City, the Enterprise, the Bonds and other matters, to be used in connection with the marketing of the Bonds (the “Preliminary Official Statement”) has been prepared; and

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Authority;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. Issuance of Bonds; Approval of Indenture. The Board hereby authorizes the issuance of the Bonds under and pursuant to the Act and the Indenture for the purpose of providing funds to finance the Project, so long as (a) the principal amount of Bonds does not exceed \$6,750,000, (b) the final maturity date of the Bonds is not later than August 1, 2044, and (c) the maximum annual debt service on the Bonds shall not exceed \$375,000. The Board hereby approves the Indenture in the form on file with the Secretary, together with such additions thereto and changes therein as the Chairperson, the Executive Director, the Assistant Executive Director or the Treasurer, or any designee thereof (the “Designated Officers”) shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Indenture for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Indenture.

Section 2. Approval of Installment Sale Agreement. The Board hereby approves the Installment Sale Agreement in the form on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Installment Sale Agreement for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 3. Sale of Bonds. The Board hereby approves the sale of the Bonds by the Authority by competitive sale. The Board hereby approves a notice of intention, in the form on file with the Secretary (the “Notice of Intention”), together with any changes therein or additions thereto deemed advisable by any Designated Officer. The Board hereby approves a notice of sale, in the form on file with the Secretary (the “Notice of Sale”), together with any changes therein or additions thereto deemed advisable by any Designated Officer. NHA Advisors LLC, as financial advisor to the Authority and the City (the “Financial Advisor”), is hereby authorized to cause to be furnished to prospective bidders copies of the Notice of Sale.

The Financial Advisor is hereby authorized and directed, on behalf of the Authority, to receive the bids at the time and place specified in the Notice of Sale, to examine said bids for

compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Financial Advisor, on behalf of the Authority and the City, may exercise its own discretion and judgment in making the award and may award the Bonds on a pro rata basis in such denominations as the Financial Advisor determine. The Financial Advisor, on behalf of the Authority and the City, may, in its discretion, reject any and all bids and waive any irregularity or informality in any bid. The Financial Advisor, on behalf of the Authority and the City, shall award the Bonds or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder.

Section 4. Preliminary Official Statement. The Board hereby approves the Preliminary Official Statement in the form on file with the Secretary, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate. The Designated Officers, each acting alone, are hereby authorized and directed to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, the Preliminary the Official Statement . The Financial Advisor is hereby authorized to cause to be furnished to prospective bidders copies of the Preliminary Official Statement.

Section 5. Final Official Statement. Any Designated Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the Authority or omit to state material facts with respect to the Authority required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Designated Officers shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Designated Officer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the Authority. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

Section 5. Official Actions. The Chairperson, the Executive Director, the Assistant Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including the application to providers of municipal bond insurance for the Bonds, which they, or any of them, may deem necessary or advisable in order

to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.


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I, the undersigned Secretary of the Sausalito Financing Authority, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the Authority at a meeting thereof on the 2nd day of December, 2014, by the following vote of the members thereof:

AYES, and in favor thereof: Board Members: Leone, Theodores, Weiner, Mayor Withy

NOES: Board Members: Pfeifer

ABSENT: Board Members: None


Secretary