

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN
LEANDRO AUTHORIZING THE SALE OF PENSION
OBLIGATION BONDS TO REFINANCE OUTSTANDING SIDE
FUND OBLIGATIONS OF THE CITY TO THE CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM, APPROVING
THE FINAL FORM OF RELATED FINANCING DOCUMENTS
AND APPROVING OFFICIAL ACTIONS**

WHEREAS, the City of San Leandro (the "City") is a contracting member of the California Public Employees' Retirement System ("PERS"), and under its contract with PERS the City is obligated to make certain payments to PERS in respect of retired public safety employees under the Side Fund program of PERS which amortizes such obligations over a fixed period of time (the "PERS Side Fund Obligations"); and

WHEREAS, the City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), to issue its bonds for the purpose of refunding certain outstanding obligations of the City, including the PERS Side Fund Obligations; and

WHEREAS, on September 19, 2011, the City Council adopted its resolution (the "Authorizing Resolution") authorizing the issuance of bonds under the Bond Law (the "Bonds"), to be payable from the General Fund of the City, the proceeds of which will be applied to pay the PERS Side Fund Obligations, thereby refunding the PERS Side Fund Obligations; and

WHEREAS, the issuance of the Bonds has been validated by judgment of the Alameda County Superior Court; and

WHEREAS, in accordance with Section 6 of the Authorizing Resolution the City Council wishes at this time to approve the final form of the documents relating to the issuance and sale of the Bonds, and to approve official actions relating to the closing of the Bonds;

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

Section 1. Approval of Bond Indenture. The City Council hereby approves the issuance of the Bonds under the Authorizing Resolution and the Bond Law in the aggregate principal amount of not to exceed \$20,000,000 (the "Bonds"). The City Council hereby approves the Indenture of Trust between the City and U.S Bank National Association, as trustee, prescribing the terms and provisions of the Bonds, in substantially the form on file with the City Clerk together with any additions thereto or changes therein deemed necessary or advisable by the City Manager or the Finance Director (each, an "Authorized Officer"). An Authorized Officer is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Indenture of Trust for and in the name and on behalf of the City. The City Council hereby authorizes the delivery and performance of the Indenture of Trust.

Section 2. Sale of Bonds; Approval of Bond Purchase Agreement. The City Council hereby authorizes the sale of the Bonds to Morgan Keegan & Company, Inc. and Wedbush Securities Inc., as underwriters (together, the "Underwriters") under the Bond Purchase Agreement in substantially the form on file with the City Clerk together with any additions thereto or changes therein approved by an Authorized Officer, whose execution thereof shall be conclusive evidence of such approval. The City Council hereby delegates to an Authorized Officer the authority to accept an offer from the Underwriters to purchase the Bonds and to execute the Bond Purchase Agreement for and in the name and on behalf of the City. The amount of Underwriters' discount shall not exceed 0.70% of the par amount of the Bonds.

The Bonds shall be sold only if the net present value savings of refunding the PERS Side Fund Obligations are at least equal to 3.00% of the principal amount of the PERS Side Fund Obligations which are refunded. For purposes of determining the net present value savings of the refunding, the rate of interest on the PERS Side Fund Obligations shall be assumed to be 7.75%. Determination of such net present value savings shall be made by Public Financial Management Inc., as financial advisor to the City, whose determination shall be final and conclusive.

Section 3. Approval of Official Statement and Continuing Disclosure Certificate. The City Council hereby approves the Preliminary Official Statement describing the Bonds in substantially the form on file with the City Clerk. An Authorized Officer is hereby authorized to approve any additions to or changes in such Preliminary Official Statement, to deem the resulting Preliminary Official Statement nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 and to execute an appropriate certificate stating such Authorized Officer's determination that the Preliminary Official Statement has been deemed nearly final within the meaning of such Rule. Distribution of the Preliminary Official Statement by the Underwriters is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to the Final Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The City Council hereby authorizes the distribution of the Final Official Statement by the Underwriters. The Final Official Statement shall be executed in the name and on behalf of the City by an Authorized Officer.

The City Council hereby approves the Continuing Disclosure Certificate in substantially the form set forth as Appendix F to the Preliminary Official Statement. An Authorized Officer is hereby authorized to approve any additions to or changes in such Continuing Disclosure Certificate, and is hereby authorized and directed to execute the final form of the Continuing Disclosure Certificate for and in the name and on behalf of the City. The City Council hereby authorizes the delivery and performance of the Continuing Disclosure Certificate.

Section 4. Taxable Status of the Bonds. The City Council hereby determines that interest payable on the Bonds will be subject to federal income taxation, and that the provisions of Section 5900 et seq. of the California Government Code (the "Taxable Bond Act") apply to the Bonds. The City may take any action and exercise any power permitted to be taken by it under the Taxable Bond Act in connection with the issuance and sale of the Bonds.

Section 5. Official Actions. The Mayor, the City Manager, the Finance Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, 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 and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds and the consummation of the transactions approved herein. Whenever in this Resolution any officer of the City is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

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 City Clerk of the City of San Leandro, hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the City Council of the City at a meeting thereof on the 19th day of December, 2011, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

City Clerk