

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE AUTHORIZING THE ISSUANCE AND SALE OF ITS MERGED AREA REDEVELOPMENT PROJECT HOUSING SET-ASIDE TAX-EXEMPT REFUNDING TAX ALLOCATION BONDS, HOUSING SERIES 2010A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$57,000,000 AND SERIES 2010B, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000; AND ITS MERGED AREA REDEVELOPMENT PROJECT TAXABLE SUBORDINATE HOUSING SET-ASIDE TAX ALLOCATION VARIABLE RATE BONDS, SERIES 2010C IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$93,000,000 (TO BE SOLD IN A PRIVATE PLACEMENT); APPROVING THE EXECUTION AND DELIVERY OF AN EIGHTH SUPPLEMENTAL AGREEMENT, A SUBORDINATE FISCAL AGREEMENT, A CONTINUING COVENANT AGREEMENT, ONE OR MORE BOND PURCHASE AGREEMENTS, ONE OR MORE CONTINUING DISCLOSURE AGREEMENTS; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF OFFICIAL STATEMENTS; AND AUTHORIZING AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the Redevelopment Agency of the City of San Jose (the "Agency") is a duly constituted public body, corporate and politic, established pursuant to the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) (the "Law"), with powers to issue bonds; and

WHEREAS, the Redevelopment Plans for the redevelopment areas constituting the Merged Area Redevelopment Project in the City of San Jose (the "City"), have been adopted in compliance with all requirements of the Law; and

WHEREAS, the Law requires that not less than 20% of all taxes allocated to a redevelopment agency (the "Housing Set-Aside Amounts") be utilized to increase, improve and preserve the community's supply of low and moderate income housing available at affordable housing cost; and

WHEREAS, pursuant to that certain Cooperation Agreement, dated September 28, 1990 (as amended, the "Cooperation Agreement") by and between the City and the Agency, the Agency extended its delegation of its statutory authority to administer the expenditure of Housing Set-Aside Amounts to the City; and

WHEREAS, to provide for the payment of the principal of and interest on the Senior Bonds (as described below) and other Parity Obligations (as defined in the Senior Fiscal Agreement), the Agency will pledge the Housing Set-Aside Amounts, all as described in the senior Fiscal Agent Agreement, dated as of February 1, 1993, between the Agency and First Interstate Bank of California, as heretofore amended and

supplemented and as amended and supplemented by the Eighth Supplemental Agreement described below (collectively, the "Senior Fiscal Agreement"), by and between the Agency and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"); and

WHEREAS, to provide for the payment of the principal of and interest on the Subordinate Bonds (as described below) and other Parity Debt (as defined in the Subordinate Fiscal Agreement), the Agency will pledge the Subordinate Housing Set-Aside Amounts, all as described in the subordinate Fiscal Agent Agreement between the Agency and the Fiscal Agent (the "Subordinate Fiscal Agreement") and in connection with a proposed private placement sale of the Subordinate Bonds to Wells Fargo Bank, National Association or an affiliate thereof (the "Purchaser") the Agency will enter into a Continuing Covenant Agreement supplementing the Subordinate Fiscal Agreement and further securing the Subordinate Bonds (the "Continuing Covenant Agreement"); and

WHEREAS, for the purpose of providing funds to finance and refinance projects and programs to increase, improve and preserve the community's supply of low and moderate income housing available at affordable housing cost, to refund the Agency's outstanding \$33,075,000 Merged Area Redevelopment Project Subordinate Housing Set-Aside Tax Allocation Variable Rate Demand Bonds, Series 2005C and \$33,075,000 Merged Area Redevelopment Project Subordinate Housing Set-Aside Tax Allocation Variable Rate Demand Bonds, Series 2005D (collectively the "Series 2005 Bonds"), the Agency proposes to authorize the issuance of its Merged Area Redevelopment Project Housing Set-Aside Tax-Exempt Refunding Tax Allocation Bonds, Housing Series 2010A (the "Series 2010A Bonds") in an aggregate principal amount not to exceed \$57,000,000 and Merged Area Redevelopment Project Housing Set-Aside Taxable Refunding Tax Allocation Bonds, Housing Series 2010B (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Senior Bonds") in a aggregate principal amount not to exceed \$12,000,000; and

WHEREAS, the Agency desires to authorize its Merged Area Redevelopment Project Taxable Subordinate Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010C (the "Series 2010C Bonds" or the "Subordinate Bonds", and together with the Senior Bonds, the "Bonds") in an aggregate principal amount not to exceed \$93,000,000, to retire a revolving line of credit with the Bank of New York (the "Line of Credit") and finance and refinance housing projects and programs, which Series 2010C Bonds would be sold in a private placement with Wells Fargo Bank, National Association or an affiliate thereof; and

WHEREAS, the Agency hereby determines that (i) pursuant to Section 5903 *et seq.* of the Government Code of the State of California (the "Taxable Bonds Law"), the Subordinate Bonds and the Series 2010B Bonds will be issued as bonds the interest on which will be subject to federal income taxation, (ii) pursuant to Section 53580 *et seq.* of the Government Code of the State of California (the "Refunding Bonds Law"), all or a portion of the Senior Bonds will be issued as refunding bonds and (iii) pursuant to the

Taxable Bonds Law and the Refunding Bonds Law, the Bonds will be sold pursuant to a negotiated sale; and

WHEREAS, all acts, conditions, and things required by the Law and by all other laws of the State of California (the "State") to exist, to happen and to have been performed precedent to and in connection with the issuance of the Bonds will exist, will have happened, will have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered pursuant to each and every requirement of law to issue the Bonds for such purpose in the manner and upon the terms provided herein.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Redevelopment Agency of the City of San Jose as follows:

SECTION 1. Recitals. The Board of the Agency does hereby find and declare that the above recitals are true and correct.

SECTION 2. Authorization and Terms of the Bonds. The Board of the Agency does hereby authorize the issuance of the Senior Bonds in an aggregate principal amount not to exceed \$57,000,000 (Series A Bonds) and an aggregate principal amount not to exceed \$12,000,000 (Series B Bonds) and the Subordinate Bonds in an aggregate principal amount not to exceed \$93,000,000.

The Senior Bonds shall be secured solely by a pledge of Housing Set-Aside Amounts (as defined in the Senior Fiscal Agreement) and amounts in certain of the funds established pursuant to the Senior Fiscal Agreement. The Subordinate Bonds shall be secured solely by a pledge of Subordinate Housing Set-Aside Amounts (as defined in the Subordinate Fiscal Agreement) and amounts in certain of the funds established pursuant to the Subordinate Fiscal Agreement. The Bonds shall not constitute a debt of the City, the State or any political subdivisions thereof (except the Agency), and neither the City, the State nor any of its political subdivisions thereof (other than the Agency) shall be liable therefor, nor in any event shall the principal of and interest on the Bonds be payable out of any funds or property other than those of the Agency set forth above.

The Executive Director of the Agency (the "Executive Director"), the Assistant Executive Director of the Agency (the "Assistant Executive Director"), the Chief Financial Officer of the Agency (the "Chief Financial Officer") or such other person or persons designated by the Executive Director, upon consultation with Agency Counsel (each an "Authorized Officer"), are hereby authorized and directed to determine the final terms of the Bonds, the Eighth Supplemental Agreement, the Subordinate Fiscal Agreement and the Continuing Covenant Agreement described below with respect to maturity schedule, interest rates, discounts, premiums, redemption and tender provisions, term bond sinking accounts and the terms of credit enhancement and liquidity facilities, if any, together with such other matters concerning the Bonds as such officer may determine are in the best interests of the Agency, not inconsistent with this

Resolution; provided, however, that such provisions are within the parameters provided in this Section.

The true interest cost for the Senior Bonds shall not exceed seven and one-half percent (7.50%) and the final maturity for the Senior Bonds shall not exceed August 1, 2040. The Underwriters' discount (excluding original issue discount, if any) for the Senior Bonds shall not exceed one and one-quarter percent (1.25%) of the par amount thereof.

The maximum interest rate on the Series 2010C Bonds shall not exceed twelve percent (12%) and the final maturity for the Series 2010C Bonds shall not exceed August 1, 2040. The Agency and the Authorized Officers are hereby authorized to sell the Series 2010C Bonds in a private placement sale arrangement with the Purchaser and to pay the fees and expenses of the Purchaser in connection therewith not to exceed one-quarter of one percent (0.25%).

The Bonds may be issued in any combination of Series or sub-series that are taxable, tax-exempt, fixed rate or variable rate, not inconsistent with this Resolution and the names and Series designations of the Bonds may be changed all as provided in the final executed version of the Eighth Supplemental Agreement, Senior Fiscal Agreement, the Subordinate Fiscal Agreement and Continuing Covenant Agreement.

SECTION 3. Fiscal Agreements. The form of the Eighth Supplemental Agreement (the "Eighth Supplemental Agreement"), by and between the Agency and the Fiscal Agent, presented to this meeting and on file with the Secretary of the Agency (the "Secretary"), is hereby approved. Each Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Fiscal Agent the Eighth Supplemental Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The form of the subordinate Fiscal Agent Agreement (the "Subordinate Fiscal Agreement") by and between the Agency and the Fiscal Agent, presented to this meeting and on file with the Secretary, is hereby approved. Each Authorized Officer, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Fiscal Agent the Subordinate Fiscal Agreement, in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

In connection with the private placement of the Subordinate Bonds with the Purchaser, the form of the Continuing Covenant Agreement (the "Continuing Covenant Agreement") by and between the Agency and the Purchaser, presented to this meeting and on file with the Secretary, is hereby approved. Each Authorized Officer, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Purchaser, the Continuing Covenant Agreement, in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery

thereof. Such Continuing Covenant Agreement shall supplement the Subordinate Fiscal Agreement as provided therein.

In connection with the private placement of the Subordinate Bonds with the Purchaser, the Authorized Officers, upon consultation with Agency Counsel, the Agency's Bond Counsel and the Agency's Financial Advisor, are authorized to agree to financial covenants and other provisions relating to the terms and security for the Series 2010C Bonds and such covenants and provisions may be in the Subordinate Fiscal Agreement, the Continuing Covenant Agreement and/or agreements supplemental or ancillary thereto.

SECTION 4. Official Statements. The form of Preliminary Official Statement for the Senior Bonds (the "Preliminary Official Statement") presented to this meeting and on file with the Secretary, is hereby approved and adopted with such changes, additions, amendments or modifications as may be made in accordance with Section 7 hereof. Each Authorized Officer is hereby authorized to cause the distribution of the Preliminary Official Statement, deemed final by this Agency Board for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (as applicable), and each Authorized Officer is authorized to execute one or more certificates to that effect. Each Authorized Officer is authorized and directed to sign a final Official Statement for the Senior Bonds. Each Authorized Officer is hereby authorized and directed to cause to be printed and mailed to prospective purchasers of the Bonds copies of the Preliminary Official Statement and the final Official Statements. Upon the advice of bond counsel, an Authorized Officer may determine to prepare only a final official statement for any variable rate bonds.

SECTION 5. Bond Purchase Agreement. The Bond Purchase Agreement for the Senior Bonds (the "Purchase Agreement"), by and between the Agency and the Underwriters (as hereinafter defined), substantially in the form submitted to this meeting, is hereby approved. Each Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Contract with such changes therein as such officer may approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Agreement, provided that the terms of the Purchase Agreement shall comply with the parameters set forth in Section 2 hereof with respect to maturity, true interest cost and aggregate principal amount of the Bonds. Banc of America Merrill Lynch and Stone & Youngberg LLC are hereby approved as the underwriters of the Senior Bonds (the "Underwriters").

SECTION 6. Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement presented to this meeting and on file with the Secretary is hereby approved. Each Authorized Officer, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 7. Modification to Documents. Each Authorized Officer is hereby further authorized, in consultation with Agency Counsel, to approve and make such changes, additions, amendments or modifications to the document or documents such official is authorized to execute as may be necessary or advisable (provided that such changes, additions, amendments or modification shall not be inconsistent with the parameters of Section 2 hereof regarding principal amount, interest rate and final maturity. The approval of any change, addition, amendment or modification to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question. The authorization set forth in this paragraph is intended to include authorization for each Authorization Officer to execute amendments or modifications to the Subordinate Fiscal Agreement and appointments of firms to replace the Fiscal Agent, to add or replace a remarketing agent or the provider of any credit or liquidity facility.

SECTION 8. Finding Pursuant to Section 33334.2(g) of Redevelopment Law. The Agency hereby finds and determines pursuant to Section 33334.2(g) of the Law that the Merged Area Redevelopment Project will benefit from the projects that are located outside of the area of said Project, which projects the Agency intends to finance with the proceeds of the Bonds or otherwise to fund from Housing Set-Aside Amounts.

SECTION 9. Attestations. The Secretary and such other person or persons designated by the Secretary are hereby authorized and directed to attest the signature of the Authorized Officers, and to affix and attest the seal of the Agency, as may be required or appropriate, in connection with the execution and delivery of the Eighth Supplemental Agreement, the Subordinate Fiscal Agreement, the Bonds, the Official Statements and any other documents executed in connection with the issuance of the Bonds.

SECTION 10. Other Actions. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Bonds, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including but not limited to, the execution of any escrow agreements in connection with the redemption and defeasance of the Series 2005 Bonds, the appointment of one or more remarketing agents for Bonds and the execution of one or more remarketing agreements, and the procurement of credit enhancement and liquidity facilities, if any, whether upon delivery of the Bonds or at a later date, if, upon consultation with Agency Counsel, the Agency's Bond Counsel and the Agency's Financial Advisor, Authorized Officers shall deem the terms of such remarketing agreement, credit enhancement and liquidity facilities to be cost-effective or otherwise advantageous to the Agency. The Authorized Officers, upon consultation with Agency Counsel, the Agency's Bond Counsel and the Agency's Financial Advisor, are expressly authorized to appoint firms to replace any existing Fiscal Agent, remarketing agent (if any) or credit or liquidity provider (if any) upon such terms as are deemed to be cost-effective or otherwise

advantageous to the Agency. Such actions heretofore taken by any Authorized Officer are hereby ratified, confirmed and approved. In the absence of the Executive Director, the Assistant Executive Director shall serve as Assistant Secretary for the Agency.

ADOPTED this _____ day of _____, 2010, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHUCK REED
Chairperson

ATTEST:

HARRY MAVROGENES
Secretary