RESOLUTION NO. ________

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA CLARA AUTHORIZING THE ISSUANCE BY THE SANTA CLARA COUNTY FINANCING AUTHORITY OF NOT TO EXCEED $115,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS; AUTHORIZING THE SALE OF SUCH BONDS BY COMPETITION OR NEGOTIATION; AND APPROVING THE FORM OF LEGAL DOCUMENTS NECESSARY FOR A LEASE-LEASEBACK FINANCING AND THE TAKING OF ALL NECESSARY ACTIONS IN CONNECTION THEREWITH

WHEREAS, the County of Santa Clara (the “County”) and the Santa Clara County Central Fire Protection District (the “District”) have heretofore entered into a Joint Exercise of Powers Agreement, dated as of October 1, 1994 (the “Joint Powers Agreement”), which Joint Powers Agreement creates and establishes the Santa Clara County Financing Authority (the “Authority”), a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (hereinafter, the “Act”);

WHEREAS, Article 4 of the Act authorizes and empowers the Authority to issue bonds to assist local agencies in financing projects and programs consisting of certain public capital improvements whenever a local agency determines there are significant public benefits from doing so;

WHEREAS, the Board of Supervisors of the County (the “Board”) desires to request and approve the Authority’s issuance of Santa Clara County Financing Authority Lease Revenue Bonds (the “Bonds”), in a single series or in multiple series, in an amount not to exceed $115,000,000 to assist the County in the financing of public capital improvements within the County, specifically the County Healthy and Hospital System Facilities Projects, including the Enterprise Core Healthcare Information System (the “Capital Projects”), capitalized interest, bond reserve requirements, costs of issuance and related fees and expenses;

WHEREAS, for the purpose of financing the Capital Projects, the County will prepay the rental and release from existing encumbrance the County’s Main Jail, located at 150 W. Hedding St., in the City of San José, and the site thereof (together, the “Facilities”) and lease the Facilities to the Authority, and the Authority will lease the Facilities back to the County;

WHEREAS, in order to take advantage of the bond issuance options under the Code to achieve debt service savings for the Authority and maximize benefits to the County, the Board deems it necessary and desirable to authorize the sale of the Bonds by a competitive sale to the lowest true interest cost bidder or by a negotiated sale to an underwriter;

WHEREAS, Section 6586.5 of the Act requires that a member of the Authority within whose boundaries the project being financed is located conduct a public hearing on the financing and following such hearing make a finding of significant public benefit as to the financing;
WHEREAS, the County is currently a member of the Authority and the Capital Projects are located within the County;

WHEREAS, the County held a public hearing on May 22, 2012 on the proposed financing following publication of the notice of the public hearing at least five days prior thereto in a newspaper of general circulation in the County;

WHEREAS, the issuance of the Bonds by the Authority will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs; workflow efficiencies; and employment benefits from undertaking the Capital Projects in a timely fashion;

WHEREAS, it is in the public interest, convenience and welfare and for the common benefit of the inhabitants of the County that the County enter into this financing with the Authority to finance the Capital Projects;

WHEREAS, there have been made available, by filing with the Finance Agency of the County (the “Finance Agency”) or presented to the Board, the proposed forms of the following documents:

1. the Trust Agreement, tentatively dated as of July 1, 2012 (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”);

2. a Site Lease, tentatively dated as of July 1, 2012 (the “Site Lease”), by and between the County and the Authority, pursuant to which the County will lease the Facilities to the Authority;

3. a Facilities Lease, tentatively dated as of July 1, 2012 (the “Facilities Lease”), by and between the Authority and the County, pursuant to which the Authority will lease-back the Facilities to the County, and the County will pay the corresponding base rental payments to be used by the Authority to pay debt service on the Bonds;

4. an Official Statement relating to the Bonds (the “Official Statement”);

5. an Official Notice of Sale relating to the Bonds (the “Official Notice of Sale”);

6. a Notice of Intention to Sell Bonds relating to the Bonds (the “Notice to Sell Bonds”), to be published once, no later than 5 days before the date of sale of said Bonds in a financial publication generally circulated throughout the State of California; and

7. a Continuing Disclosure Agreement, to be dated the date of issuance of the Bonds (the “Continuing Disclosure Agreement”), among the County, the Trustee and the dissemination agent named therein;
WHEREAS, Orrick, Herrington & Sutcliffe LLP serves as bond counsel ("Bond Counsel"), KNN Public Finance Inc., A Division of Zions First National Bank, serves as financial advisor ("Financial Advisor"), and Hawkins Delafield & Wood LLP serves as disclosure counsel ("Disclosure Counsel") to the County and will serve in such capacity in connection with the Bonds authorized hereby;

WHEREAS, the County has full legal right, power and authority under the laws of the State of California to enter into the transactions hereinafter authorized;

WHEREAS, the County expects to finance the Capital Projects on a tax-exempt basis;

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Santa Clara, State of California, as follows:

Section 1. Recitals. The foregoing recitals are true and correct and the Board hereby so finds and determines.

Section 2. Request for Sale of Bonds: Authority Resolution. The Board hereby approves the issuance of the Bonds by the Authority, in one or more series at fixed rates, in an aggregate principal amount not to exceed $115,000,000 to finance the Capital Projects, including capitalized interest, reserve fund requirements, costs of issuance and related fees and expenses; provided, however, that such bonds shall be sold on or before December 31, 2012, shall mature no later than the date which is twenty (20) years from the date of the Bonds and shall bear interest at a fixed rate not to exceed six percent (6.00%) per annum. The Director of Finance of the County ("Director of Finance") is hereby directed to perform the duties imposed upon him by the provisions of the financing documents, including the Trust Agreement, the Site Lease and the Facilities Lease, and is hereby authorized to act as treasurer of the Authority and to hold the funds and accounts in trust as a fiduciary for the owners of the Bonds as set forth in said documents.

The Authority is hereby requested to provide by resolution (the "Authority Resolution") for the issuance of the Bonds consistent with this Resolution. The governing board of the Authority (the "Authority Governing Board"), or such officer or officers of the Authority as shall be authorized by the Authority Resolution to consummate the sale of the Bonds, is hereby requested to establish and agree to said terms of the Bonds upon consultation with the Director of Finance or the County Executive, or such other officer or officers of the County designated for such purpose by either such official (the "Authorized Officers").

Section 3. Sale of Bonds: Form of Official Notice of Sale and Notice to Sell Bonds: Bond Purchase Agreement. The Board authorizes the sale of the Bonds through a competitive sale to the lowest true interest cost bidder, subject to all of the terms and conditions of the Official Notice of Sale describing the Bonds. The true interest cost of the Bonds shall not be in excess of six percent (6.00%), and the Bonds shall otherwise conform to the limitations specified herein.

The proposed forms of the Official Notice of Sale and the Notice to Sell Bonds in substantially the forms on file with the Finance Agency are hereby approved. The Financial
Advisor is hereby authorized and directed to cause to be delivered to prospective bidders for the Bonds copies of said Official Notice of Sale, in substantially said form with such additions, corrections and revisions as may be determined to be necessary or desirable by the Financial Advisor, any Authorized Officer, or Bond Counsel. The true interest cost limitations described in this Section, and the terms of the Bonds described in Section 2, shall apply to such competitive sale.

Notwithstanding any other provision of this Resolution, the Authority Governing Board is hereby requested to authorize an appropriate officer or officers of the Authority, in consultation with the Authorized Officers and the Financial Advisor, to determine that it would be in the best interests of the Authority to sell the Bonds through a negotiated sale to an underwriter rather than through a competitive sale, such underwriter to be selected by an Authorized Officer upon consultation with the authorized officers of the Authority and the Financial Advisor. The Authorized Officers are hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver a bond purchase agreement ("Bond Purchase Agreement"), in substantially similar form to bond purchase agreements previously executed by the County, providing for the sale by the Authority of lease revenue bonds and the purchase by the underwriter of the Bonds at a purchase price to be set forth therein, with an underwriter’s discount that shall not exceed one percent (1.00%) of the aggregate amount of the Bond proceeds, with such changes as the Authorized Officer executing such agreement and the appropriate officer or officers of the Authority may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The underwriter’s discount and true interest cost limitations described in this Section, and the terms of the Bonds described in Section 2, shall apply to such negotiated sale.

Section 4. Approval of Trust Agreement. The Trust Agreement relating to the Bonds in substantially the form on file with the Finance Agency is hereby approved. Any of the Authorized Officers is hereby authorized and directed on behalf of the County to approve the delivery of the Trust Agreement, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority.

Section 5. Approval of Facilities Lease. The Facilities Lease relating to the Bonds in substantially the form on file with the Finance Agency is hereby approved. Any of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Facilities Lease 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; provided, however, that (i) the term of the leaseback of the Facilities pursuant to the Facilities Lease shall not exceed twenty (20) years from the date of the Bonds; and (ii) the maximum annual amount of the base rental payable over the term of such lease shall not exceed $12,200,000.

Section 6. Approval of Site Lease. The Site Lease relating to the Bonds in substantially the form on file with the Finance Agency is hereby approved. Any of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Site Lease 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; provided however, that the term of the lease of the Facilities pursuant to the Site Lease shall not exceed twenty (20) years.

Section 7. Approval of Official Statement. The form Official Statement presented to the Board and in substantially the form on file with the Finance Agency is hereby approved, and any of the Authorized Officers is hereby authorized and directed to execute and deliver a final Official Statement in substantially said form with such additions, corrections and revisions as may be determined to be necessary or desirable by the Authorized Officers or County Counsel. The Financial Advisor is hereby authorized and directed to cause to be supplied to prospective bidders for the Bonds copies of a preliminary Official Statement in such form, and to supply the winning bidder of the Bonds with copies of a final Official Statement, completed to include, among other things the interest rate or rates and final sale information. Any of the Authorized Officers is hereby authorized and directed to execute a certificate confirming that the preliminary Official Statement has been “deemed final” by the County for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 8. Approval of Continuing Disclosure Agreement. The proposed form of Continuing Disclosure Agreement in substantially the form on file with the Finance Agency is hereby approved. Any of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, 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 9. Professional Services. Orrick, Herrington & Sutcliffe LLP shall serve as bond counsel, KNN Public Finance Inc., A Division of Zions First National Bank, shall serve as financial advisor, and Hawkins Delafield & Wood LLP shall serve as disclosure counsel to the County for the Bonds.

Section 10. Approval of Actions. The officers and supervisors of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any all documents and certificates which they deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, but not limited to, preparation of title reports and/or purchase of a title insurance policy, execution of signature certificates, no-litigation certificates, tax and rebate certificates, certificates concerning the contents of the Official Statement distributed in connection with the sale of the Bonds, and termination and acceptance agreements and other documents necessary to release the Facilities from encumbrances and to clarify the title thereto. The appropriate officers of the County are hereby authorized and directed to execute and deliver any and all certificates, instructions as to investments, written requests and other certificates necessary or desirable to execute and deliver the leases, pay costs of issuance or to accomplish the transactions contemplated herein.

All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation accepting any deed of property or executing any documents necessary to clarify title or any of the foregoing which may be necessary or
desirable in connection with administering the documents or any default under or amendment of such documents or additional confirmations, settlements or revisions, or approval of additional trustees, paying agents or other entities facilitating the transaction may be taken or given by the Authorized Officers without further authorization by the Board, and the Authorized Officers are each hereby authorized and directed to give such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution and the transactions contemplated hereby.

Section 11. Severability. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the County shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed severable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the owners of the Bonds shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Board hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 12. Effective Date. This Resolution shall take effect from and after its adoption and approval.
PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Clara, State of California, this 22nd day of May, 2012, by the following vote:

AYES:

NOES:

ABSENT:

__________________________
George Shirakawa
President of the Board of Supervisors

(Seal)

Signed and certified that a copy of this document has been delivered by electronic or other means to the President, Board of Supervisors.
Attest:

__________________________
Lynn Regadan
Interim Clerk of the Board of Supervisors of the County of Santa Clara

Approved as to form and legality:

Miguel Márquez, County Counsel

By

__________________________
Orry P. Korb
Assistant County Counsel

Dated: ________________
CERTIFICATE OF CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF SANTA CLARA

I, Lynn Regadanz, Interim Clerk of the Board of Supervisors of the County of Santa Clara, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Supervisors of the County of Santa Clara duly and regularly held in San José, California, on May 22, 2012, of which meeting all of the members of said Board had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

I further certify that an agenda of said meeting was posted at least 72 hours before said meeting at a location in San José, California, freely accessible to the public and a brief general description of the resolution to be adopted at said meeting appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Supervisors of the County of Santa Clara hereto as of this date, May 22, 2012.

By_____________________________________

Lynn Regadanz
Interim Clerk of the Board of Supervisors
County of Santa Clara

[SEAL]