

## AMENDED OFFICIAL NOTICE OF SALE

Relating to:

**\$23,875,000\***

**City of Santa Barbara**

**Water Revenue Refunding Certificates of Participation, Series 2013**

The Official Notice of Sale Dated May 15, 2013 is hereby amended by this Amended Official Notice of Sale dated May 21, 2013 to substitute and updated preliminary principal amount and amortization schedule and to clarify the closing date of June 11, 2013.

Notice is Hereby Given that electronically submitted proposals will be received by the City of Santa Barbara (the "City") for the purchase of \$23,875,000\* aggregated principal amount of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013 (the "Certificates"), which will be issued and delivered pursuant to a Trust Agreement dated as of June 1, 2013 (collectively, the "Trust Agreement").

Bidders are referred to the Preliminary Official Statement relating to the Certificates (the "Preliminary Official Statement") for additional information regarding the City, the Certificates, and the source of repayment therefor. See "Closing Procedures and Documents - Official Statement" below.

The bids on the Certificates will be received at the place, in the manner and up to the time and date specified below, subject to postponement or cancellation.

DATE AND TIME:	Wednesday, May 22, 2013 at 9:30 A.M. Pacific Time
ELECTRONIC BIDDING:	Bid proposals must be submitted electronically through i-Deal LLC's BiDCOMP™/PARITY® as provided in this Official Notice Inviting Bids.
ELECTRONIC POSTING:	This Official Notice of Sale, as amended (the "Official Notice of Sale") and the Preliminary Official Statement may be obtained through <a href="http://www.i-dealprospectus.com">www.i-dealprospectus.com</a> or from KNN Public Finance, A Division of Zions First National Bank, acting as financial advisor to the City (the "Financial Advisor").
NO SEALED OR FAXED BIDS:	Sealed or faxed bids will not be accepted.

**Right To Modify or Amend:** The City reserves the right to modify or amend this Official Notice of Sale in any respect; provided, however, that any such modification or amendment shall be communicated to potential bidders by publishing notice through the *Thomson Financial*, *The Bond Buyer* wire or the *Bloomberg News* wire (the "News Service") no later than 3:00 p.m. Pacific Time on the business day preceding the date prescribed for receipt

of bids. Failure of any bidder to receive notice of any modification or amendment shall not affect the sufficiency of any such notice or the legality of the sale.

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\*Preliminary; subject to change

**Cancellation or Postponement of Sale; Change in Principal Amount:** The City reserves the right to cancel or postpone the public sale to a later date or other time or to change the principal amount by announcing such postponement or change through the News Service, no later than 3:00 p.m. Pacific Time on the business day preceding the date prescribed for receipt of bids. Notice of a new time, or of a new date and time, if any, will be given through the News Service as soon as practicable following a postponement. In the event of a postponement of the sale only, any subsequent bid submitted by the bidder will supersede any prior bid made.

**Accommodation to Bidders.** As an accommodation to bidders, telephonic, facsimile or electronic mail notice of any modification or amendment of this Official Notice of Sale and notice of cancellation or postponement of the sale date or time will be given by the Financial Advisor to any bidder requesting such notice, such request for notice to be submitted to KNN Public Finance, A Division of Zions First National Bank, Attention: Nedko Nedev, Telephone (510) 208-8288, Fax: (510) 208-8282, E-mail: [nnedev@knninc.com](mailto:nnedev@knninc.com). Failure of any bidder to receive such telephonic, facsimile or electronic mail notice shall not affect the sufficiency of such notice or the legality of the sale.

#### **Terms of the Certificates**

**General:** The Certificates are being executed and delivered as fully registered Certificates in denominations of \$5,000 or multiples thereof ("Authorized Denominations") and will be dated the date of issue. The Certificates are payable from the Net Water Revenues of the City's Water System, as more fully described in the Preliminary Official Statement.

**Purpose and Application of Proceeds:** The Certificates are being issued to refund, in full, on a current basis, the City's Water Revenue Refunding Certificates of Participation, Series 2002. In addition, proceeds of the Certificates will also be used and to pay costs of executing and delivering the Certificates.

**Interest Rate:** Interest on the Certificates is payable on October 1, 2013 and semiannually thereafter on April 1 and October 1 of each year. Interest is calculated on the basis of a 30-day month, 360-day year from the date of issuance and delivery of the Certificates. Each Certificate shall bear interest at the specified rate from its date of issue to its stated maturity date, and all Certificates maturing on any one date shall bear the same rate of interest.

Bidders must specify the rate or rates of interest that the Certificates hereby offered for sale shall bear. Bidders will be permitted to bid different rates of interest; but (i) the maximum interest rate shall not exceed 12%; (ii) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent per annum and a zero rate of interest cannot be specified; (iii) no Certificate shall bear more than one rate of interest; (iv) each Certificate shall bear interest from its date of issue to its stated maturity date at the interest rate specified in the bid; (v) all Certificates payable at any one time shall bear the same rate of interest; and (vi) any premium bid must be paid as part of the purchase price, and no bid will be

accepted which contemplates the cancellation or the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price.

**Premium/Discount:** Bids for the Certificates may specify any price for the purchase of the principal amount of the Certificates.

**Maturities:** The final aggregate principal amount of the Certificates and the maturity schedule will be determined following award to the successful bidder. For the purpose of calculating the winning bid for the Certificates, the maturity schedule set forth below shall be used.

Maturity Date (October 1)	Principal Amount*
2013	1,570,000
2014	1,440,000
2015	1,475,000
2016	1,510,000
2017	1,555,000
2018	1,610,000
2019	1,680,000
2020	1,740,000
2021	1,815,000
2022	1,895,000
2023	1,965,000
2024	2,030,000
2025	2,095,000
2026	1,495,000

**Adjustment of Principal Amounts.** Each principal amount listed in the maturity schedule set forth above is subject to increase or decrease in \$5,000 increments. The Financial Advisor will promptly recalculate the aggregate principal amount of the Certificates following award to the successful bidder, for the purpose of maintaining certain funding requirements, and the Financial Advisor will promptly inform the successful bidder of any such adjustment to the maturity schedule set forth above. Subsequent to the adjustment of principal amounts, the proposed purchase price will be adjusted to the level necessary to maintain the successful Purchaser's spread as a percent of total par amount.

**By offering a bid for the Certificates, a bidder will be obligated, if it is the successful bidder, to purchase the Certificates with any changes described above. The successful bidder may not withdraw its bid or change its interest rate bids as a result of any changes made to the principal amounts set forth above.**

**Term Certificates; Mandatory Sinking Fund Payments:** Any bidder may, at its option, specify that one or more maturities of the Certificates will consist of a term Certificate payable at or before its specified maturity date from mandatory sinking fund payments in consecutive years immediately preceding the maturity date thereof, as designated in the bid of

\*Preliminary, subject to change.

such bidder. If the bid of the successful bidder specifies that any maturity of the Certificates will be a term Certificate, such term Certificate will be subject to mandatory sinking fund redemption on October 1 in each year so designated in the bid, in the respective amounts for such year as set forth above under the heading "Maturities," at a redemption price equal to the principal amount represented thereby, together with accrued interest thereon to the redemption date, without premium.

**Optional Redemption:** The Certificates maturing prior to October 1, 2024 are not subject to optional prepayment prior to their stated principal payment dates. The Certificates maturing on or after October 1, 2024 are subject to optional prepayment prior to their stated principal payment dates, on any date on or after October 1, 2023, in whole or in part, in Authorized Denominations, from and to the extent of prepaid installment sale payments or from any other available funds, any such prepayment to be at a price equal to the principal evidenced by the Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium

**Security:** The Certificates and other Parity Obligations are payable from the Net Water Revenues of the City's Water System and other Parity Obligations that the City might hereafter issue pursuant to the Trust Agreement. For additional information regarding the City, its Net Water Revenues and Parity Obligations, potential bidders should review the Preliminary Official Statement.

In addition, the payment of the principal of and interest with respect to the Certificates will be secured by amounts on deposit in the Reserve Fund established under Trust Agreement as more fully described in the Official Statement for further details.

**Tax-Exempt Status:** In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Installment Sale Payment designated as and constituting interest paid by the City under the Installment Sale Agreement and received by the owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Special Counsel, interest evidenced by the Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Counsel is also of the opinion that the portion of each Installment Sale Payment designated as and constituting interest paid by the City under the Installment Sale Agreement and received by the owners of the Certificates is exempt from State of California personal income taxes. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest evidenced by, the Certificates. Potential bidders should review the information under the heading "TAX EXEMPTION" in the Preliminary Official Statement. In the event that prior to the issuance and delivery of the Certificates (a) the interest represented by other obligations of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse effect upon owners of the Certificates as such, the successful bidder for the Certificates may, at its option, prior to the issuance and delivery of the Certificates, be relieved of its obligation under the contract to purchase the Certificates, and in such case the deposit accompanying its proposal will be returned.

**Book-Entry Only:** The Certificates, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates. Individual purchases will be made in book-entry form only, in the denominations of \$5,000 and integral multiples thereof. Purchasers will not receive Certificate certificates representing their interest in the Certificates purchased. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC, which in turn will remit such amounts to the beneficial owners of the Certificates through its participants, as described in the Preliminary Official Statement. Delivery of the Certificates will be made through the facilities of DTC in New York, New York, or through the facilities of the Trustee via FAST transfer, and is presently expected to occur on June 11, 2013.

### **Terms of Sale**

**Best Bid:** The Certificates will be awarded to the bidder offering to purchase the Certificates at the lowest true interest cost to the City. The true interest cost (the "TIC") for each bid will be determined on the basis of the aggregate present value of each semiannual payment. The present value will be calculated to the expected date of delivery of the Certificates, being June 11, 2013, and will be based on the bid amount (par value plus any premium and less any discount). If two or more bids specify the same lowest TIC, then the selection for the award of the Certificates will be made among such bidders by the City in its sole discretion. All interest will be computed on a 360-day year, 30-day month basis from June 11, 2013, the expected date of issuance and delivery of the Certificates.

By submission of its bid, a bidder shall be deemed to have made the following representations:

(1) The bidder has received and reviewed the Preliminary Official Statement and, as a condition to bidding on the Certificates, has determined that it can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(2) As of the date of its bid and as of the date of delivery of the Certificates, all members of the bidder's syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in said depository.

(3) Zions First National Bank, parent company of KNN Public Finance, is not a participant in this bidding syndicate or other similar account formed for the purpose of purchasing the Certificates directly or indirectly from the City.

**Form of Bid:** All bids must be for all, but not less than all, of the Certificates offered for sale, plus such premium or less such discount as is specified in the bid. All bids must be unconditional. Each bid must be delivered by electronic transmission as described below and be received by 9:30 a.m., Pacific Time, on Wednesday, May 22, 2013, or such other date, time or date and time as the City may establish upon postponement of the sale of the Certificates pursuant to the terms and conditions set forth in this Official Notice of Sale. All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.

**Electronic Bids:** The City will receive bids delivered electronically through Parity. For further information about Parity, potential bidders may contact Parity at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone: (212) 849-5021.

If any provision of this Official Notice of Sale conflicts with information provided by Parity, this Official Notice of Sale shall control. Each bidder submitting an electronic bid understands and agrees by doing so that it is solely responsible for all arrangements with (including any charges by) Parity, and that Parity is not acting as an agent of the City. Instructions and forms for submitting electronic bids must be obtained from Parity. Acceptance of electronic bids shall be subject to the limitations set forth in **"WARNINGS REGARDING ELECTRONIC BIDS"** below.

**WARNINGS REGARDING ELECTRONIC BIDS:** *The City assumes no responsibility for ensuring or verifying bidder compliance with Parity's procedures. The City shall be entitled to assume that any bid received via Parity has been made by a duly authorized agent of the bidder. The City, the Financial Advisor and Special Counsel assume no responsibility for any malfunction of the Parity system, any failure of a bid to be received at the official time for receipt of bids, or any error contained in any bid submitted electronically. The official time for receipt of bids will be determined by the City at the place of bid receipt, and the City shall not be required to accept the time kept by Parity as the official time. The City assumes no responsibility for informing any bidder prior to the deadline for receiving bids that its bid is incomplete or not received.*

If a bidder submits an electronic bid for the Certificates, such bidder thereby agrees to the following terms and conditions: (i) if any provision in this Official Notice of Sale with respect to the Certificates conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments issued as described herein, shall control; (ii) each bidder shall be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (iii) the City shall not have any duty or obligation to provide or assure access to Parity to any bidder, and the City shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (iv) the City is using Parity as a communication mechanism, and not as an agent of the City, to conduct the electronic bidding for the Certificates; (v) Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (vi) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (vii) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Certificates and interest rates for any maturity of the Certificates) as though the information were submitted and executed on the bidder's behalf by a duly authorized signatory; (viii) if the bidder's bid is accepted by the City, this Official Notice of Sale and the information that is transmitted electronically through Parity shall form a contract, and the bidder shall be bound by the terms of such contract; and (ix) information provided by Parity to bidders shall form no part of any bid or any contract between the successful bidder and the City unless that information is included in this Official Notice of Sale provided by the City.

**Multiple Bids:** If multiple bids are received from a single bidder by any means or combination thereof, the City shall accept the bid representing the lowest true interest cost to the City, and each bidder agrees by submitting any bid to be bound by such best bid.

**Good Faith Deposit:** Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check, a wire transfer, or a bid Certificate ("Financial Surety Certificate") in the amount of \$200,000 payable to the order of the City, must be provided by the purchaser of the Certificates (the "Purchaser") not later than 10:00 a.m., California time, on the next business day following the award, as a guaranty that the Purchaser will accept and pay for the

Certificates in accordance with the terms of the bid. If a check is used, it must be drawn on a bank or trust company having an office in San Francisco or Los Angeles, California. If the Deposit is made by wire transfer, such wire transfer must be in immediately available funds and to the account at the wire address specified by the City and shown below. If a Financial Surety Certificate is used, it must be from a pre-qualified insurance company that has a claims paying ability rated in the highest rating category by Moody's Investors Service or Standard & Poor's and that is licensed to issue such a Certificate in the State of California. The form of such Financial Surety Certificate is subject to prior approval by the City, and such form must be submitted to KNN Public Finance, the City's financial advisor, a minimum of 24 hours prior to the time bids are to be received. Such Financial Surety Certificate must provide that the surety shall make payment of the full amount of the Deposit by wire transfer to the City within 24 hours of the receipt of written notice from either the City or the Financial Advisor that the bidder has failed to submit the Deposit as required by this Official Notice of Sale. The Financial Surety Certificate must identify each bidder whose Deposit is guaranteed by such Financial Surety Certificate. If the Certificates are awarded to a bidder utilizing a Financial Surety Certificate, then the Purchaser is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer not later than 3:30 p.m., California time, on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Certificate may be drawn by the City to satisfy the Deposit requirement. The Deposit will be applied to the purchase price of the Certificates. If after the award of the Certificates the Purchaser fails to complete its purchase on the terms stated in its proposal, the Deposit will be retained by the City. No interest on the Deposit will accrue to any bidder.

Wire instructions for receipt of the Deposit in connection with the award of the Certificates are as follows:

Bank      U.S. BANK, N.A.  
ABA#:     091000022  
FBO:      U.S. BANK TRUST N.A.  
Acct:     180121167365  
Ref:      Santa Barbara Water Refunding COPS 2013  
Attn:     John Axt, 213-615-6005

**Statement of True Interest Cost:** Each bidder is requested, but not required, to state in its bid the total percentage true interest cost (TIC), which shall be considered as informative only and not binding on either the bidder or the City.

**Reoffering Price Certification:** Upon notification of award of the bid, the successful bidder for the Certificates shall provide initial offering prices for each maturity of the Certificates. Prior to delivery of the Certificates, the successful bidder shall provide to the City a reoffering price certification in form and substance substantially identical to the certificate attached hereto as Exhibit A.

**Qualification for Sale; Blue Sky:** Compliance with Blue Sky laws shall be the sole responsibility of the successful bidder, and the successful bidder shall indemnify and hold harmless the City and its officers and officials from any loss or damage resulting from any failure to comply with any such laws. The City will furnish such information and take such action not inconsistent with law as the successful bidder may request and the City shall deem necessary or appropriate to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the successful bidder; provided, however, that the City shall not execute a general or special consent to service of process or qualify to do business in

connection with such qualification or determination in any jurisdiction. **The successful bidder will not offer to sell, or solicit any offer to buy, the Certificates in any jurisdiction where it is unlawful for such successful bidder to make such offer, solicitation or sale, and the successful bidder shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions in which the successful bidder sells the Certificates.**

**Right of Rejection:** The City reserves the right, in its discretion, to reject any and all bids, to waive any irregularity or informality in any bid and to reoffer the Certificates for sale. The City retains absolute discretion to determine whether any bid is timely. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete or not received.

**Prompt Award:** The City will take action awarding the Certificates or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of bids unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

### **Closing Procedures And Documents**

**Delivery and Payment:** DELIVERY OF THE CERTIFICATES WILL BE MADE TO THE SUCCESSFUL BIDDER THROUGH DTC AND IS EXPECTED TO OCCUR ON June 11, 2013. Payment for the Certificates must be made by wire transfer in immediately available funds. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder. The cost of preparing the Certificates will be borne by the City.

**Right of Cancellation:** The successful bidder shall have the right, at the bidder's option, to cancel the contract of purchase if the City shall fail to issue the Certificates and tender the same for delivery within sixty (60) days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of such bidder's Deposit.

**California Debt And Investment Advisory Commission Fee:** Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the purchaser of the Certificates will be charged the California Debt and Investment Advisory Commission fee payable with respect to the Certificates.

**CUSIP Numbers, DTC Fees and Other Fees:** It is expected that the successful bidder will apply for CUSIP identification numbers for the Certificates and will furnish such CUSIP identification numbers to Certificate Counsel within two (2) business days after notice of award. It is anticipated that such CUSIP identification numbers will be printed on the Certificates being delivered to DTC, but neither the failure to print a CUSIP identification number nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Certificates in accordance with the terms and provisions of its bid and this Official Notice of Sale. CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder. All expenses in relation to the printing of the CUSIP identification numbers on the Certificates shall be paid by the City. The successful bidder shall also be required to pay all fees required by DTC, the Securities Industry and Financial Markets Association, the Municipal Securities Rulemaking Board and any other similar entity imposing a fee in connection with the issuance of the Certificates.



**No Litigation:** There is no litigation pending concerning the validity of the Certificates, the corporate existence of the City, or the entitlement of the officers thereof to their respective offices, and the purchaser will be furnished a no-litigation certificate certifying to the foregoing as of and at the time of delivery of the Certificates.

**Legal Opinion - Certificate Counsel:** The legal opinion of Orrick, Herrington & Sutcliffe, Special Counsel to the City, addressed to the City, approving the validity of the Certificates will be furnished to the successful bidder upon delivery of the Certificates. A copy of the proposed form of the opinion of Certificate Counsel is set forth in Appendix F of the Preliminary Official Statement.

**Official Statement:** A Preliminary Official Statement has been prepared, copies of which may be obtained upon request made to the Financial Advisor, KNN Public Finance, A Division of Zions First National Bank, 1333 Broadway, Suite 1000, Oakland, California 94612, Attention: Nedko Nedev, Telephone (510) 208-8288, Fax: (510) 208-8282, E-mail: nnedev@knninc.com. The Preliminary Official Statement is also available at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). The Preliminary Official Statement shall be "deemed final" by the City prior to or on the date of sale of the Certificates for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but the Preliminary Official Statement is subject to revision, amendment and completion in a final Official Statement. A copy of the certificate executed by the City indicating that the Preliminary Official Statement has been deemed final as of its date will be provided to potential bidders upon request to the Financial Advisor at the address provided above. The City will furnish to the successful bidder, at no expense to the successful bidder, up to 25 copies of the Official Statement no later than the business day prior to the date of delivery of the Certificates or, if later, within seven (7) business days of the award date. Additional copies will be made available upon request, submitted to the Financial Advisor no later than twenty-four (24) hours after the time of receipt of bids, at the purchaser's expense, for use in connection with any resale of the Certificates.

**Certificate of City Relating to Official Statement:** The City will provide to the successful bidder for the Certificates a certificate, signed by an authorized officer of the City, confirming to the successful bidder that, as of the date of the final Official Statement, to the best of such officer's knowledge and belief, the Official Statement (excluding therefrom the information provided by the successful bidder regarding the underwriting, reoffering and CUSIP identification numbers for the Certificates, and the information set forth in Appendix D -"Book-Entry-Only System," such information being hereinafter referred to as the "Excluded Information") does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Such Certificate of the City will further certify: (i) that there has been no material adverse change in the condition or affairs of the City, financial or otherwise, whether or not arising from transactions in the ordinary course of the operations of the City, as such operations are described in the Official Statement, which would make it unreasonable for such successful bidder to rely upon the Official Statement in connection with the resale of the Certificates; (ii) that to the best of such officer's knowledge, excluding therefrom the Excluded Information as to which no certification will be provided, no event has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the date of delivery of the Certificates any statement of a material fact or is not reflected in the Official Statement but should be reflected therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (iii) authorizing the successful bidder to distribute copies of the Official Statement in connection with the resale of the Certificates.



**Exhibit A**

**FORM OF REOFFERING PRICE CERTIFICATE\***

**\$23,875,000\***

**City of Santa Barbara**

**2013 Water Revenue Refunding Certificates**

The undersigned, on behalf of \_\_\_\_\_, as purchaser (the "Purchaser") of the above-captioned Certificates (the "Certificates"), hereby confirms our advice:

(i) Based upon reasonable expectations and actual facts that existed on May 22, 2013, being the date upon which the City of Santa Barbara (the "Issuer") sold the Certificates to the Purchaser (the "Sale Date"), the Purchaser reasonably expected that the first prices at which a substantial amount of each maturity of the Certificates (being at least 10% of each maturity) would be offered and sold to the general public (excluding Certificate houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "General Public") in a bona fide public offering at the prices, or in the case of obligations sold on a yield basis, at the respective yields set forth in Schedule A attached hereto and by this reference incorporated herein and shown on the cover or inside cover of the Official Statement (together the "Initial Offering Prices").

(ii) The aggregate of the Initial Offering Prices is \$\_\_\_\_\_.

(iii) The Initial Offering Prices of the Certificates of each maturity (and stated interest rate) reflected the assessment by the Purchaser of not more than the fair market prices of the Certificates as of the Sale Date and such offering prices were established by a bona fide public offering by the Purchaser to the General Public.

(iv) As of the date hereof, 100% of the Certificates of each maturity were actually offered to the general public in a bona fide public offering for the Initial Offering Prices.

(v) As of the Sale Date, the Purchaser, taking into account market conditions, had no reason to believe any of the Certificates would be initially sold to the general public at prices greater than the Initial Offering Prices.

(vii) As of the Sale Date, at least 10% of the principal amount of each maturity of the Certificates initially was sold at the respective Initial Offering Price for that maturity shown in Exhibit A except for the Certificates with the following maturities and stated interest rates.

<u>Maturity</u>	<u>Rate</u>
2013	
2014	
2015	
2016	
2017	

\_\_\_\_\_  
Preliminary; subject to change

2018  
2019  
2020  
2021  
2022  
2023  
2024  
2025  
2026

(viii) In our opinion, based on our experience with Certificates similar to the Certificates, it was reasonable to require, as a condition to the marketing of the Certificates, that the Reserve Fund be funded as provided in the Trust Agreement and the funding of the Reserve Fund was a vital factor in marketing the Certificates.

The Purchaser understands that Certificate Counsel will rely upon this certificate, among other things, in reaching its conclusion that the Certificates do not constitute "arbitrage Certificates" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under Section 148 of the Internal Revenue Code.

Dated: \_\_\_\_\_, 2013

\_\_\_\_\_  
as Purchaser

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE A**

Maturity Date (October 1)	Principal Amount	Interest Rate	Reoffering Price*
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			

\*Stated as a Percentage of Par.