

PUBLIC FACILITIES FINANCING AUTHORITY  
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER FA-2016-5

ADOPTED ON MAY 16, 2016

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT RELATING TO ITS SUBORDINATED WATER REVENUE BONDS, SERIES 2016A AND SUBORDINATED WATER REVENUE BONDS, REFUNDING SERIES 2016B (PAYABLE SOLELY FROM SUBORDINATED INSTALLMENT PAYMENTS SECURED BY NET SYSTEM REVENUES OF THE WATER UTILITY FUND OF THE CITY OF SAN DIEGO); AUTHORIZING THE EXECUTION, DELIVERY AND DISTRIBUTION OF AN OFFICIAL STATEMENT FOR SUCH ISSUE OF BONDS; AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of San Diego, California (City), the City solely in its capacity as the designated successor agency Successor Agency to the former Redevelopment Agency of the City of San Diego, and the Housing Authority of the City of San Diego, are parties to a Joint Exercise of Powers Agreement establishing the Public Facilities Financing Authority of the City of San Diego (Authority), a California joint exercise of powers authority duly organized and established to finance, acquire, construct, maintain, repair, operate, and control certain capital facilities improvements for the City; and

WHEREAS, Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers local agencies to form a joint powers authority, separate and apart from the contracting parties, and Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers such an authority to issue bonds for the purpose of financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits to local agencies, and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code authorizes and empowers such an authority to issue bonds to refund bonds issued by local agencies; and

WHEREAS, the Council of the City of San Diego (Council) has heretofore authorized and approved by Ordinance Number O-20635 (Ordinance), and Resolution Numbers R-310310, the agreements and conditions attendant to the issuance of one or more series of Water Revenue Bonds payable from Installment Payments Secured by Net System Revenues of the Water Utility Fund of the City, in an aggregate principal amount not to exceed \$835,000,000 to provide net bond proceeds up to \$80,000,000 to finance additional capital improvements to the Water System of the City (Water System), and to refund all or a portion of the Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds and/or all or a portion of the outstanding Drinking Water State Revolving Fund loans provided to the City by the California State Water Resources Control Board, in each case, to achieve savings, to fund a reserve fund, if any, and to pay the costs of issuance incurred in connection with the issuance of the Water Revenue Bonds; and

WHEREAS, the City, with the cooperation of the Authority, has proposed the issuance of the Authority's Subordinated Water Revenue Bonds, Series 2016A and Subordinated Water Revenue Bonds, Refunding Series 2016B (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund of the City of San Diego) (2016 Bonds) in order to finance and refinance certain capital facilities improvements for the Water System, as hereinafter described; and

WHEREAS, the issuance of the 2016 Bonds is authorized under the Ordinance; and

WHEREAS, the Authority is informed that the City has conducted a competitive proposal process to select the underwriting firms to serve as underwriters with respect to the sale and delivery of the 2016 Bonds; and

WHEREAS, the Authority has previously approved the execution and delivery of a proposed form of Bond Purchase Agreement (Bond Purchase Agreement), by and among J.P. Morgan Securities Inc., for itself, and as representative (Representative) of, Morgan Stanley & Co. LLC, Siebert Brandford Shank & Co., L.L.C., Ramirez & Co., and The Williams Capital Group, L.P., and such other or alternative underwriters as may be designated by the City (collectively, with the Representative, the

Underwriters), the Authority and the City, pursuant to which Bond Purchase Agreement the Authority will agree to sell the 2016 Bonds; and

WHEREAS, in connection with the marketing and sale of the 2016 Bonds, it is necessary for the Authority to authorize and approve the distribution of the Preliminary Official Statement relating to the 2016 Bonds (Preliminary Official Statement) and the execution, delivery, and distribution of the final Official Statement relating to the 2016 Bonds (Official Statement), all in accordance with the policies of this Board of Commissioners and applicable securities laws and regulations; and

WHEREAS, there has been presented to this meeting a proposed form of Preliminary Official Statement, a copy of which is on file in the Office of the Secretary as Document Number FA-2016-5, which Preliminary Official Statement the Underwriters will use in marketing the 2016 Bonds; and

WHEREAS, the form of the Preliminary Official Statement submitted to this meeting has been reviewed and approved by the Disclosure Practices Working Group (DPWG); and

WHEREAS, the Authority is authorized to undertake the actions described in this Resolution pursuant to its Joint Exercise of Powers Agreement and the Constitution and applicable laws of the State of California (State); NOW, THEREFORE,

BE IT RESOLVED by the Board of Commissioners of the Public Facilities Financing Authority of the City of San Diego (Board of Commissioners), as follows:

Section 1. The Board of Commissioners hereby finds and determines that the statements set forth above in the recitals to this Resolution are true and correct.

Section 2. The form, terms, and provisions of the Preliminary Official Statement in substantially the form presented to and considered at this meeting are hereby approved. Each of the officers or commissioners of the Authority (collectively, the Authorized Officers), acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to deliver the Preliminary Official Statement which shall be used and distributed, together with a final Official Statement, to the Underwriters in substantially the form submitted to this meeting, with such additions and changes therein, and supplements thereto, as an Authorized Officer shall determine are necessary or desirable and approve

as being in the best interests of the Authority, and as approved as to form by the City Attorney of the City of San Diego (City Attorney), as counsel to the Authority, or his specified designee, and DPWG, and with such other changes as may be required or requested by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel (Disclosure Counsel). Upon approval of the Preliminary Official Statement for use in marketing the 2016 Bonds by the Authorized Officers and in accordance with applicable policies and procedures of the Authority, including approval by the DPWG, the Preliminary Official Statement shall be "deemed final" as of its date, except for the omission of certain information as permitted in and pursuant to Rule 15c2-12 (Rule), promulgated by the Securities and Exchange Commission pursuant to the provisions of the Securities Act of 1934, as amended, and the Authorized Officers are hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Authority, to execute a certificate to the Underwriters to that effect.

Section 3. Following the pricing and sale of the 2016 Bonds, the Authorized Officers are authorized and directed to cause a form of Official Statement to be prepared in accordance with the disclosure policies of the Authority, the requirements of the Rule and with the assistance of DPWG together with such changes as are determined to be necessary or desirable by the Authorized Officer executing the Official Statement to make such Official Statement complete and accurate as of its date, such approval to be conclusively evidenced by the execution and delivery of the Official Statement to the Underwriters. The Official Statement shall be executed by any of the Authorized Officers upon satisfaction of applicable DPWG requirements and the recommendation of Disclosure Counsel.

Section 4. Any Authorized Officer of the Authority, including the Mayor, the Chief Financial Officer, and the Chief Operating Officer of the City, is hereby authorized and directed, for and on behalf of the Authority, to do any and all things and take any and all actions, including, without limitation, payment of necessary and appropriate fees and expenses, and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable to consummate the transactions approved by Resolution No. FA-2016-4, dated March 15, 2016,

and in accordance with this Resolution. Any actions heretofore taken by such officers in furtherance of any of the transactions authorized herein are hereby ratified, confirmed, and approved.

Section 5. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 16th day of May, 2016, by the following vote:

AYES: Lightner, Zapf, Gloria, Cole, Kersey, Cate, Sherman, Alvarez

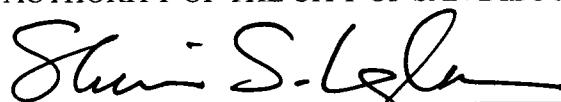
NAYS: \_\_\_\_\_

ABSENT: Emerald

VACANT: \_\_\_\_\_

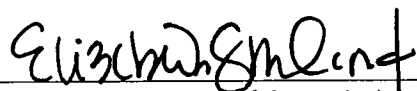
ABSTAIN: \_\_\_\_\_

PUBLIC FACILITIES FINANCING  
AUTHORITY OF THE CITY OF SAN DIEGO



Sherri Lightner, Council President  
Chair, Board of Commissioners

Attest:



Secretary to Board of Commissioners