

PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER FA-2018-8

ADOPTED ON SEPTEMBER 25, 2018

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO (I) APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE (A) SUPPLEMENTAL INDENTURES AND (B) ASSIGNMENT AGREEMENTS; (II) APPROVING AND AUTHORIZING THE ISSUANCE AND SALE BY THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO OF ONE OR MORE SERIES OF ITS WATER REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$283,000,000 TO FINANCE ADDITIONAL CAPITAL IMPROVEMENTS TO THE WATER SYSTEM, INCLUDING BY PAYING THE SUBORDINATED WATER REVENUE COMMERCIAL PAPER NOTES OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO; AND (III) APPROVING CERTAIN OTHER AGREEMENTS AND 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, the San Diego Facilities and Equipment Leasing Corporation (Corporation) is a nonprofit public benefit corporation duly organized and existing under and by virtue of the

laws of the State of California (State) that was incorporated to acquire and lease and/or sell to the City real and personal property to be used in the municipal operations of the City; and

WHEREAS, the City has requested the Authority's assistance in effecting the financing of design, acquisition, construction and installation of improvements (Projects) to the Water System of the City (Water System); and

WHEREAS, in order to effectuate the design, acquisition, construction, installation, and improvement of the Water System, the City and the Corporation have entered into an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, as amended by a First Amendment to Amended and Restated Master Installment Purchase Agreement and as supplemented by the 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, the 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, the 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, the 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012, the 2016 Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2016, and the 2017 Commercial Paper Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2017 (collectively, the Installment Purchase Agreement), each by and between the City and the Corporation, pursuant to which the Corporation has agreed to sell certain improvements and additions (comprised of various components, each, a Component) to the Water System and the City has agreed from time to time to purchase certain Components as specified in certain supplements to the Installment Purchase Agreement; and

WHEREAS, the City has determined pursuant to an ordinance introduced at a meeting of the City Council of the City of San Diego on the date hereof (Ordinance), that it is in the best interests of the City to request the Authority to issue one or more series of water revenue bonds, payable from senior or subordinated Installment Payments secured by Net System Revenues of the Water Utility Fund as may be specified in one or more Supplements to the Installment Purchase Agreement (Water Revenue Bonds), in an aggregate principal amount not to exceed \$283,000,000 to (a) finance additional capital improvements to the Water System, (b) pay the Subordinated Water Revenue Commercial Paper Notes, Series A (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund) and the Subordinated Water Revenue Commercial Paper Notes, Series B (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund) of the Authority (Commercial Paper Notes) which were issued to initially finance a portion of the Projects, and (c) pay the costs of issuance incurred in connection with the issuance of the Water Revenue Bonds; and

WHEREAS, in order to finance the additional Water System Projects, the City and the Corporation propose to enter into one or more Supplements to Amended and Restated Master Installment Purchase Agreement (each, a Supplement), supplementing the Installment Purchase Agreement; and

WHEREAS, the Installment Purchase Agreement, as amended, provides that each Supplement shall specify either a senior or subordinate pledge of Net System Revenues (as defined in the Installment Purchase Agreement) as any Authorized Signatory shall determine to be necessary or desirable and approve as being in the best interests of the City; and

WHEREAS, under the Installment Purchase Agreement and each Supplement, the City will be obligated to make Installment Payments (as defined in the Supplement) to the Authority; and

WHEREAS, to further facilitate the proposed financings, the Corporation, as assignor, will execute and deliver one or more forms of an Assignment Agreement (Assignment Agreement), pursuant to which the Corporation will assign all of its right, title, and interest under each Supplement to the Authority, as assignee; and

WHEREAS, the issuance of the Water Revenue Bonds is authorized under the Ordinance in one or more series over time on terms deemed beneficial by and to the City and its residents; and

WHEREAS, to provide for the authentication and delivery of the Water Revenue Bonds, to establish and declare the terms and conditions upon which the Water Revenue Bonds are to be issued and secured, and to secure the repayment thereof, it is proposed that the Authority enter into one or more Supplemental Indentures (each, a Supplemental Indenture) with U.S. Bank National Association, or any successor or substitute trust company or bank having trust powers, as trustee (Trustee), which Supplemental Indenture shall amend and supplement an Indenture, dated as of January 1, 2009, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2009, the Second Supplemental Indenture, dated as of June 1, 2010, the Third Supplemental Indenture, dated as of April 1, 2012, the Fourth Supplemental Indenture, dated as of June 1, 2016, and the Fifth Supplemental Indenture, dated as of January 1, 2017 (collectively, the Indenture), each by and between the Authority and the Trustee; 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; 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 issuance of the Water Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$283,000,000 is hereby authorized and approved to provide funds for (a) the financing of Projects and (b) paying the Commercial Paper Notes through the issuance and sale by the Authority of the Water Revenue Bonds, in one or more series, through one or more issuances, provided that, as to each such issuance the true interest cost with respect to the issuance and sale by the Authority of the Water Revenue Bonds not to exceed 5.50% and (b) the paying costs of issuance incurred in connection with the issuance of the Water Revenue Bonds, in each case by public offering now or in the future. The Water Revenue Bonds are authorized to be executed for and in the name of and on behalf of the Authority by the manual or facsimile signature of the Chair or Vice-Chair of the Board of Commissioners of the Authority (each, an Authorized Officer) and attested to by the manual or facsimile signature of the Secretary of the Authority (Secretary) or his or her specified designee. The Water Revenue Bonds, when so executed and attested, are authorized to be delivered to the Trustee for authentication.

Section 3. The form and content of the form of Supplemental Indenture submitted to this meeting, a copy of which Supplemental Indenture is on file in the office of the Office of the

Secretary and submitted to this meeting, is hereby approved. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver one or more Supplements in conjunction with one or more issuances of the Water Revenue Bonds, in one or more series and on one or more sale dates in substantially the form submitted to this meeting, with such additions, changes and amendments thereto as any Authorized Signatory 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 her specified designee, and with such other changes that may be required or requested by Hawkins Delafield & Wood LLP, as Bond Counsel (Bond Counsel), such approval to be conclusively evidenced by the execution and delivery thereof. Each such issuance and each Supplemental Indenture shall specify a senior or subordinate pledge of Net System Revenues (as defined in the Installment Purchase Agreement) as any Authorized Signatory shall determine to be necessary or desirable and approve as being in the best interests of the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form, terms, and provisions of the Assignment Agreement, by and between the Authority and the Corporation, a copy of which is on file in the Office of the Secretary and submitted to this meeting, are hereby approved. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver one or more forms of the Assignment Agreement, in conjunction with one or more issuances of the Water Revenue Bonds, in one or more series and on one or more sale dates in substantially the form presented to this meeting, with such additions, changes and amendments thereto, as any Authorized Officers 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, as counsel to the Authority, or her specified designee, and with such other changes that may be required by Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of the Assignment Agreement.

Section 5. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed to take all actions and execute any and all documents necessary or advisable to in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby. Any actions heretofore taken by such officers in furtherance of any of the transactions authorized herein are hereby ratified, confirmed, and approved.

Section 6. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things and take any and all actions, from time to time, consistent with this Resolution and the documents approved herein and other documents authorized by this Resolution, including, without limitation, payment of necessary and appropriate fees and expenses of bond counsel, disclosure counsel, municipal advisor and other professionals retained by the Authority, and execute and deliver any and all certificates, agreements and other documents (including, but not limited to, the tax compliance certificate) which they, or any of them, may deem necessary or advisable to consummate the transactions evidenced by the documents referenced herein in accordance with this Resolution.

Section 7. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 25th day of September, 2018, by the following vote:

| | |
|----------|---|
| AYES: | <u>Bry, Ward, Cole, Kersey, Cate, Sherman</u> |
| NAYS: | _____ |
| ABSENT: | <u>Zapf, Alvarez, Gomez</u> |
| VACANT: | _____ |
| ABSTAIN: | _____ |

PUBLIC FACILITIES FINANCING
AUTHORITY OF THE CITY OF SAN
DIEGO

Myrtle Cole

Myrtle Cole, Council President
Chair, Board of Commissioners

Attest:

Elizabeth M. O'Neil

Secretary to Board of Commissioners