

PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER FA-2018-2

ADOPTED ON FEBRUARY 13, 2018

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE EXECUTION AND DELIVERY OF A FOURTH AMENDMENT TO SITE LEASE, FOURTH AMENDMENT TO FACILITIES LEASE, FOURTH SUPPLEMENTAL INDENTURE, BOND PURCHASE AGREEMENT AND AN ESCROW AGREEMENT; APPROVING THE ISSUANCE AND SALE OF THE AUTHORITY'S LEASE REVENUE REFUNDING BONDS SERIES 2018A (SERIES 2010A REFUNDING) AND APPROVING OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, The City of San Diego (City), the Successor Agency to the Redevelopment Agency of the City of San Diego, and the Housing Authority of the City of San Diego have heretofore entered into a Third Amended and Restated Joint Exercise of Powers Agreement dated January 1, 2013 (the Joint Powers Agreement), which amended and superseded the prior agreements that created and established the Public Facilities Financing Authority of the City of San Diego (the Authority) for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City to finance and refinance public capital improvements; and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (Act) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits; and

WHEREAS, the Authority has previously entered into an Indenture, dated as of July 1, 2012 (the Master Indenture), as supplemented and amended by the First Supplemental Indenture, dated as of July 1, 2013, the Second Supplemental Indenture, dated as of April 1, 2015, and the Third

Supplemental Indenture, dated as of April 1, 2015 with Wells Fargo Bank, National Association, as trustee (the Trustee), to provide for the issuance of lease revenue bonds pursuant to the terms of the Master Indenture as supplemented from time to time for the benefit of the City; and

WHEREAS, pursuant to the Master Indenture and the supplements thereto, the Authority has issued various series of bonds (the Prior Bonds) to finance certain capital projects and to refund various obligations of the City and the Authority; and

WHEREAS, in connection with the issuance of the Prior Bonds the Authority and the City entered into a Site Lease, dated as of July 1, 2012, as supplemented and amended by the First Amendment to Site Lease, dated as of July 1, 2013, the Second Amendment to Site Lease, dated as of April 1, 2015, and the Third Amendment to Site Lease, dated as of April 1, 2015 (together, the Master Site Lease), pursuant to which the City leased to the Authority certain real property, including, in certain cases, the improvements thereon, and a Facilities Lease, dated as of July 1, 2012, as supplemented and amended by the First Amendment to Facilities Lease, dated as of July 1, 2013 the Second Amendment to Facilities Lease, dated as of April 1, 2015, and the Third Amendment to Facilities Lease, dated as of April 1, 2015 (together, the Master Facilities Lease) pursuant to which the Authority leased to the City certain real property, including, in certain cases, the improvements thereon; and

WHEREAS, the City Council (the Council) has adopted an Ordinance (the Bond Ordinance) authorizing and approving and requesting the Authority to authorize and approve the issuance of one or more additional series of bonds pursuant to the Master Indenture as supplemented by one or more Supplemental Indentures, a total aggregate principal amount not to exceed \$140,000,000 to refinance the costs of the acquisition, design, construction, installation, improvement, replacement and equipping of certain capital improvement projects of the City (collectively, the 2010A Projects) that were previously refinanced by the Authority through the issuance of its \$167,635,000 Lease Revenue Refunding Bonds, Series 2010A (Master Refunding Project) (the 2010A Bonds) which Bond

Ordinance will be signed by the Mayor and for which the 30-day referendum period will end on the 31st day following the Mayor's execution thereof; and

WHEREAS, the Authority has determined that it is desirable, furthers a public purpose and will result in significant public benefits to the citizens of the City, within the meaning of the Act, to assist the City in refinancing the costs of the acquisition, design, construction, installation, improvement, replacement and equipping of the 2010A Projects through the issuance of a series of bonds to be designated as the Lease Revenue Refunding Bonds, Series 2018A (Series 2010A Refunding) (the 2018 Bonds) in an aggregate principal amount not to exceed \$140,000,000, either as tax-exempt bonds under Section 103 of the Internal Revenue Code of 1986, as amended, or as bonds subject to federal income taxation as determined by the City in accordance with the Ordinance; and

WHEREAS, to accomplish the issuance of the 2018 Bonds, the Authority has determined: to enter into a Fourth Supplemental Indenture, which supplements and amends the Master Indenture (the "Fourth Supplemental Indenture," and together with the Master Indenture and the prior supplements thereto, the Indenture) by and between it and the Trustee; a Fourth Amendment to Site Lease (the Fourth Amendment to Site Lease, and together with the Master Site Lease, the Site Lease) by and between the Authority and the City, and a Fourth Amendment to Facilities Lease (the Fourth Amendment to Facilities Lease, and together with the Master Facilities Lease, the Lease), by and between the Authority and the City, under which the City will agree to make Base Rental Payments to the Authority which are calculated to be sufficient to enable the Authority to pay the principal of and interest and premium (if any) on the Prior Bonds and the 2018 Bonds when due and payable; and

WHEREAS, the Authority will sell the 2018 Bonds by negotiated sale pursuant to a Bond Purchase Agreement among the Authority, the City and the underwriters to be therein named (collectively, the Underwriters);

WHEREAS, there has been presented to this meeting the following documents relating to the issuance of the 2018 Bonds:

- (a) the proposed form of the Fourth Amendment to Site Lease;
- (b) the proposed form of Fourth Amendment to Facilities Lease;
- (c) the proposed form of Fourth Supplemental Indenture;
- (d) the proposed form of an Escrow Agreement by and between the Authority and Wells Fargo Bank, National Association, as escrow agent; and
- (e) the proposed form of Bond Purchase Agreement among the City, the Authority and the Underwriters (the Purchase Agreement) (the documents described in paragraphs (a) through (e) above are collectively referred to as the Financing Documents); and

WHEREAS, the Authority is authorized to undertake the actions described in this Resolution pursuant to the laws of the State of California;

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

1. The Authority hereby finds and determines that the statements set forth above in the recitals to this Resolution are true and correct.
2. The form and content of the Fourth Amendment to Site Lease are hereby authorized and approved. Any of the Chair of the Authority or Vice Chair of the Authority and each of them or any of their respective designees (each, an Authorized Signatory) are hereby severally authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Fourth Amendment to Site Lease in substantially the form presented to and considered at this meeting, and the Secretary of the Authority or her specified designees, and each of them, are authorized and directed to attest thereto, with such additions and changes therein (including, without limitation, the description of the property to be leased thereunder and changes necessary to allow for the 2018

Bonds to be issued on a tax-exempt or taxable basis) as any Authorized Signatory shall determine to be necessary and desirable and shall require or approve and believes to be in the best interests of the Authority, and as are approved as to form by the General Counsel to the Authority or his specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of the Fourth Amendment to Site Lease.

3. The form and content of the Fourth Amendment to Facilities Lease are hereby authorized and approved. Each Authorized Signatory is hereby severally authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Fourth Amendment to Facilities Lease in substantially the form presented to and considered at this meeting, and the Secretary of the Authority or her specified designees, and each of them, are authorized and directed to attest thereto, with such additions and changes therein (including, without limitation, the description of the property to be leased thereunder and changes necessary to allow for the 2018 Bonds to be issued on a tax-exempt or taxable basis) as any Authorized Signatory shall require or approve as being in the best interests of the Authority, and as are approved as to form by the General Counsel to the Authority or his specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of the Fourth Amendment to Facilities Lease.

4. The form and content of the Fourth Supplemental Indenture, pursuant to which the Authority will issue its 2018 Bonds, are hereby authorized and approved. Each Authorized Signatory is hereby severally authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Fourth Supplemental Indenture in substantially the form presented to and considered at this meeting, and the Secretary of the Authority or her specified designees, and each of them, are authorized and directed to attest thereto, with such additions and changes therein (including, without limitation, changes necessary to allow for the 2018 Bonds to be issued on a tax-exempt or taxable basis) as any Authorized Signatory shall determine to be necessary and desirable and shall require or approve and believes to be in the best interests of the Authority, and as are

approved as to form by the General Counsel to the Authority or his specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of the Fourth Supplemental Indenture.

5. The form and content of the Escrow Agreement, pursuant to which the Authority will instruct the Escrow Agent to hold, invest and apply monies for the payment and redemption of the 2010A Bonds are hereby authorized and approved. Each Authorized Signatory is hereby severally authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement in substantially the form presented to and considered at this meeting, and the Secretary of the Authority or her specified designees, and each of them, are authorized and directed to attest thereto, with such additions and changes therein as any Authorized Signatory shall determine to be necessary and desirable and shall require or approve and believes to be in the best interests of the Authority, and as are approved as to form by the General Counsel to the Authority or his specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of the Escrow Agreement.

6. The Authority hereby approves and authorizes the issuance and sale of the 2018 Bonds in a principal amount not to exceed \$140,000,000 by negotiated sale, provided that the aggregate net present value savings for the debt service on the 2018 Bonds as compared to the debt service on all 2010A Bonds refunded by the 2018 Bonds shall be at least 4% of the principal amount of the 2010A Bonds refunded for any advance refunding of the 2010A Bonds and 3% for any current refunding of the 2010A Bonds, as calculated by the City's Municipal Advisor, unless the Chief Financial Officer or the Chief Operating Officer of the City waives such savings requirement in accordance with the Bond Ordinance, all as previously approved by the City Council in the Bond Ordinance. Each Authorized Signatory is authorized to execute and deliver, for and in the name and on behalf of the Authority, the 2018 Bonds substantially in the form attached to the Fourth Supplemental Indenture presented to and considered at this meeting, and the Secretary of the

Authority or her specified designees, and each of them, are authorized and directed to attest thereto, with such additions and changes (including, without limitation, changes necessary to allow for the 2018 Bonds to be issued on a tax-exempt or taxable basis) as any Authorized Signatory determines to be necessary and desirable and requires or approves and believes to be in the best interests of the Authority, such approvals to be conclusively evidenced by the execution of the 2018 Bonds.

7. The form and content of the Purchase Agreement are hereby authorized and approved. Each Authorized Signatory is hereby severally authorized and directed for and in the name and on behalf of the Authority, to select as the Underwriters one or more underwriters from the City's approved list of underwriters to execute and deliver the Purchase Agreement in connection with the purchase and sale of the 2018 Bonds, substantially in the form presented to and considered at this meeting, with such changes and additions therein (including, without limitation, changes necessary to allow for the 2018 Bonds to be issued on a tax-exempt or taxable basis) as such Authorized Signatory shall determine to be necessary and desirable and shall require or approve and believes to be in the best interests of the City and as are approved as to form by the General Counsel to the Authority or his specified designee, such approvals will be conclusively evidenced by such Authorized Signatory's execution and delivery of the Purchase Agreement.

8. All actions heretofore taken by any Authorized Signatory or by any officers, employees, agents or directors of the Authority with respect to the issuance, delivery or sale of the 2018 Bonds, or in connection with or related to any of the Financing Documents or of the other documents referenced herein or related to refunding the 2010A Bonds, are hereby approved, confirmed and ratified. Any Authorized Signatory, the Secretary of the Authority, the General Counsel to the Authority and other officers, employees, agents and directors of the Authority are, and each of the foregoing acting alone or through their specified designee, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things, take any and all actions, and execute and deliver such documents, agreements and certificates, which they, or any of

them, may deem necessary or advisable to effectuate the purposes of this Resolution or of the Financing Documents or the lawful issuance and delivery of the 2018 Bonds and to consummate the transactions authorized hereby and evidenced by the Financing Documents. In addition, any Authorized Signatory is hereby authorized to approve additions and changes to the Financing Documents (including, but not limited to, establishing the redemption provisions of the 2018 Bonds, and determining which 2010A Bonds are to be refunded with the proceeds of the 2018 Bonds, and which parcel or parcels of the City shall be leased as a part of the transaction, if believed by the Chief Operating Officer of the City or the Chief Financial Officer of the City, with the advice of the City's Municipal Advisor for the 2018 Bonds, to be in the best interest of the City in light of market conditions, such determination to be conclusively evidenced by the execution and delivery of the Financing Documents by the City), as such Authorized Signatory shall determine to be necessary and desirable and require or approve and believes to be in the best interests of the Authority, such determination shall be conclusively evidenced by the execution and delivery of such Financing Documents by the Authority; and provided further that no such addition or changes may be inconsistent with limitations in Section 6 hereof.

9. This Resolution shall take effect immediately upon its adoption.

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ADOPTED, SIGNED AND APPROVED this 13 day of February, 2018, by the following vote:

AYES: Bry, Zapf, Ward, Cole, Kersey, Cate, Sherman, Alvarez, Gómez.

NAYS: _____

ABSENT: _____

VACANT: _____

ABSTAIN: _____

PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO

Myrtle Cole
Myrtle Cole, Chair, Board of Commissioners

Attest:

Elizabeth M. Rand
Secretary to Board of Commissioners