

PUBLIC FACILITIES FINANCING AUTHORITY  
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER FA-2015-7

ADOPTED ON JUNE 16, 2015

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE SUPPLEMENTAL INDENTURES, ESCROW AGREEMENTS, SUPPLEMENTS TO THE MASTER INSTALLMENT PURCHASE AGREEMENT AND BOND PURCHASE AGREEMENTS; APPROVING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF THE AUTHORITY'S SENIOR SEWER REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$848,080,000 TO REFUND ALL OR A PORTION OF THE OUTSTANDING SENIOR SEWER REVENUE BONDS AND/OR OUTSTANDING SRF LOANS; AND APPROVING OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of San Diego (City), the City as 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 as of January 1, 2013 (Joint Powers Agreement), which created and established the Public Facilities Financing Authority of the City of San Diego (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 issued and currently has outstanding \$378,115,000 aggregate principal amount of its Senior Sewer Revenue Bonds, Series 2009A, \$435,490,000 aggregate principal amount of its Sewer Revenue Refunding Bonds, Series 2009B, and \$161,930,000 aggregate principal amount of its Sewer Revenue Refunding Bonds, Series 2010A (collectively, Outstanding Senior Sewer Bonds), which were issued pursuant to an Indenture dated as of May 1, 2009 (Original Indenture), supplemented by a First Supplemental Indenture dated as of June 1, 2009 and a Second Supplemental Indenture dated as of April 1, 2010 (the Original Indenture, as so supplemented, is referred to herein as the Indenture), each by and between the Authority and the trustee referred to therein (Trustee), to finance and refinance various components of the Wastewater System (as defined in the hereinafter defined Master Installment Purchase Agreement); and

WHEREAS, the California State Water Resources Control Board (Water Control Board) has previously provided the City several loans to finance various components of the Wastewater System (collectively, Outstanding SRF Loans); and

WHEREAS, from time to time there exist interest rate environments that create savings opportunities through refunding all or a portion of the Outstanding Senior Sewer Bonds and/or all or a portion of the Outstanding SRF Loans; and

WHEREAS, the Authority and the City have determined to (i) advance refund, now or in the future, all or a portion of the Outstanding Senior Sewer Bonds, and/or (ii) current refund, now or in the future, all or a portion of the Outstanding SRF Loans, through the issuance by the Authority of one or more series of its Senior Sewer Revenue Refunding Bonds (Refunding Bonds) as opportunities are presented to lower financing costs; and

WHEREAS, the City and the Authority are parties to a Master Installment Purchase Agreement dated as of September 1, 1993, as amended and supplemented (Master Installment Purchase Agreement), pursuant to which the Authority sells to the City, and the City purchases from the Authority, components of the Wastewater System, and the City agrees to make payments which secure the Authority's Outstanding Senior Sewer Bonds and the Outstanding SRF Loans, as applicable; and

WHEREAS, to provide for payment of the Senior Sewer Revenue Refunding Bonds authorized hereby the City and the Authority will provide for installment payments by entering into one or more new Supplements to the Master Installment Purchase Agreement; and

WHEREAS, the Authority proposes to issue one or more series of the Refunding Bonds, through one or more issuances, the proceeds of which will be applied to (i) advance refund all or a portion of the Outstanding Senior Sewer Bonds, if certain savings thresholds are met, and/or (ii) current refund all or a portion of the Outstanding SRF Loans, if certain savings thresholds are met; and

WHEREAS, the Authority will sell one or more series of the Refunding Bonds by negotiated sale pursuant to one or more Bond Purchase Agreements (each, a Bond Purchase Agreement) among the Authority, the City and the underwriters therein named (collectively, Underwriters); and

WHEREAS, the Authority and the City have determined that it is in their best interest to amend certain provisions of the Indenture, including, but not limited to, the provisions related to the reserve fund and permitted investments; and

WHEREAS, the Council of the City of San Diego is expected to pass an ordinance (Bond Ordinance) authorizing and approving (i) the issuance by the Authority of one or more series of the Refunding Bonds, (ii) the execution and delivery by the City and the Authority, as the case may be, of the legal documents under and pursuant to which (A) each series of the Refunding Bonds will be issued and paid and (B) certain amendments will be made to the Indenture, with such changes as permitted by the Bond Ordinance, (iii) the advance refunding of all or a portion of the Outstanding Senior Sewer Bonds, and (iv) the current refunding of all or a portion of the Outstanding SRF Loans, which Bond Ordinance is expected to be signed by the Mayor of the City of San Diego (Mayor) and for which the 30-day referendum period will end on the 31st day following the Mayor's execution thereof; and

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

(a) a proposed form of Supplement to the Master Installment Purchase Agreement (Supplement) between the Authority and the City, which will serve as the basis for a Supplement for each series of the Refunding Bonds under which the City will make installment payments to the Authority to support each respective series of the Refunding Bonds;

(b) a proposed form of Supplemental Indenture (Supplemental Indenture) between the Authority and the Trustee, under which the Authority will issue its Refunding Bonds and amend certain provisions of the Indenture;

(c) a proposed form of Bond Purchase Agreement; and

(d) a proposed form of Escrow Agreement (Escrow Agreement, and collectively with the Supplement, the Supplemental Indenture and the Bond Purchase Agreement, Financing

Documents) among the City, the Authority and the Trustee, as trustee and escrow agent, under which a portion of the proceeds of each series of the Refunding Bonds may be held pending the redemption dates of certain Outstanding Senior Sewer Bonds; and

WHEREAS, the Authority is authorized to undertake all of 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:

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

Section 2. The form and content of the Supplement 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) is hereby severally authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver one or more Supplements in substantially the form presented to and considered at this meeting, and the Secretary of the Authority or his or her specified designees, and each of them, is authorized and directed to attest thereto, with such additions and changes therein as any Authorized Signatory shall determine are necessary or desirable and shall require or approve and that such Authorized Signatory 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 its specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of each such Supplement.

Section 3. The form and content of the Supplemental Indenture 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 one or more Supplemental Indentures in substantially the form presented to and considered at this meeting, and the Secretary of the Authority or his or her specified designees, and each of them, is authorized and directed to attest thereto, with such additions and changes therein as any Authorized Signatory shall determine are necessary or desirable and shall require or approve and that such Authorized Signatory 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 its specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of each such Supplemental Indenture.

Section 4. The Authority hereby approves and authorizes the issuance and sale of one or more series of the Refunding Bonds, through one or more issuances, in an aggregate principal amount not to exceed \$848,080,000 by negotiated sale provided that (i) any advance refunding of Outstanding Senior Sewer Bonds shall create aggregate net present value savings equal to or greater than 4% of the principal amount of Outstanding Senior Sewer Bonds to be advance refunded; (ii) any current refunding of Outstanding SRF Loans shall create aggregate net present value savings equal to or greater than 3% of the principal amount of Outstanding SRF Loans to be current refunded; (iii) the Refunding Bonds shall be issued on or before June 30, 2017; and (iv) the Bond Ordinance becomes effective in accordance with the provisions of the Charter of the City. Each Authorized Signatory is authorized to execute and deliver, for and in the name and on behalf of the Authority, the Refunding Bonds substantially in the form attached to the Supplemental Indenture presented to and considered at this meeting, and the Secretary of the Authority or his or her specified designees, and each of them, is authorized and directed to attest thereto and affix the seal of the Authority thereon, with such additions and changes as any

Authorized Signatory shall determine are necessary or desirable and shall require or approve and that such Authorized Signatory believes to be in the best interests of the Authority, such approvals to be conclusively evidenced by the execution of said Refunding Bonds.

Section 5. The form and content of the Escrow 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 execute and deliver one or more Escrow Agreements in substantially the form presented to and considered at this meeting, with such additional and changes therein (including, the purchase of certain escrow securities) as any Authorized Signatory shall determine are necessary or desirable and shall require or approve and that such Authorized Signatory 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 its specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of each such Escrow Agreement.

Section 6. The form and content of the proposed Bond 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 execute and deliver one or more Bond Purchase Agreements in connection with the purchase and sale of the Refunding Bonds in substantially the form presented to and considered at this meeting, with such additions and changes therein as any Authorized Signatory shall determine are necessary or desirable and shall require or approve and that such Authorized Signatory 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 its specified designee, such approvals to be conclusively evidenced by such Authorized Signatory's execution and delivery of each such Bond Purchase Agreement.

Section 7. Any Authorized Signatory, and each of them, is hereby authorized and directed to take all actions and execute any and all documents necessary or advisable to arrange for the insuring of all or a portion of each series of the Refunding Bonds or obtain a debt service reserve fund surety bond, or obtain any other form of credit or liquidity enhancement, if, upon consultation with and advice of the City's municipal advisors with respect to the Refunding Bonds, such insurance, surety bond or other credit enhancement is beneficial to the City.

Section 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 Refunding Bonds, or in connection with or related to any of the Financing Documents or of the other documents referenced herein or related to the refunding of all or a portion of the Outstanding Senior Sewer Bonds and/or all or a portion of the Outstanding SRF Loans, 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 (including, but not limited to, tax compliance certificates and any amendments or supplements to the financing documents executed in connection with the original issuance of the Outstanding Senior Sewer Bonds and/or the original incurrence of the Outstanding SRF Loans), 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 Refunding 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 and the other documents authorized by this Resolution (including, but not limited to, establishing or changing the size of any reserve fund, if any, securing each series of the Refunding Bonds, and establishing the redemption provisions of each series of the Refunding Bonds, 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 advisors for the Refunding 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 any Authorized Signatory shall determine are necessary or desirable and shall require or approve and that such Authorized Signatory 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 and other documents by the Authority; and provided further that no such addition or changes may be inconsistent with the limitations set forth in Section 4 hereof.

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

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ADOPTED, SIGNED AND APPROVED this 16<sup>th</sup> day of June, 2015, by the following

vote:

AYES: Lightner, Zapf, Gloria, Cole, Kersey, Cate, Sherman, Alvarez, & Emerald.

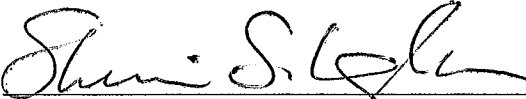
NAYS: \_\_\_\_\_

ABSENT: \_\_\_\_\_

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

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

PUBLIC FACILITIES FINANCING  
AUTHORITY OF THE CITY OF SAN DIEGO

  
\_\_\_\_\_  
Sherri Lightner, Chair, Board of  
Commissioners

Attest:

  
\_\_\_\_\_  
Secretary to Board of Commissioners