

FA-1  
12/6

PUBLIC FACILITIES FINANCING AUTHORITY  
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER FA-2016-9

ADOPTED ON DECEMBER 6, 2016

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 THE FIFTH SUPPLEMENTAL INDENTURE, AN ASSIGNMENT AGREEMENT, THE ISSUING AND PAYING AGENCY AGREEMENT AND ONE OR MORE DEALER 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 OR SUBSERIES OF COMMERCIAL PAPER NOTES FROM TIME TO TIME IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$250,000,000 TO FINANCE ADDITIONAL CAPITAL IMPROVEMENTS TO THE WATER SYSTEM, (III) APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION, EXECUTION AND DELIVERY OF THE OFFERING MEMORANDUM; AND (IV) 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 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 desires to provide for the issuance tax-exempt governmental subordinated water revenue commercial paper notes from time to time in one or more series or subseries (Commercial Paper Notes) that are payable from subordinated installment payments secured by Net System Revenues (as defined in the herein referenced Installment Purchase Agreement) of the City's Water Utility Fund (Water Utility Fund) to (i) provide short-term financing for the design, acquisition, construction, installation, and improvement of components of the City's water system (Water System), (ii) reimburse the City for eligible expenditures in accordance with the herein described Reimbursement Resolution and (iii) pay costs of issuance incurred in connection with the issuance of Commercial Paper Notes; and

WHEREAS, to facilitate such short-term financing, the City and the Corporation propose to provide for the issuance from time to time of up to \$250,000,000 aggregate principal amount of subordinated water revenue bonds in the form of Commercial Paper Notes from time to time, in one or more series or subseries, for the purposes set forth above; 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 from time to time, in each case if economical or otherwise on terms beneficial to the City and its residents; 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, a 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of

January 1, 2009, a 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, a 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, a 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012, and a 2016 Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2016 (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 a Resolution introduced at a meeting of the City Council of the City of San Diego on the date hereof, that it is in the best interests of the City to request the Authority to issue its Commercial Paper Notes from time to time in one or more series or subseries, payable from subordinated Installment Payments secured by Net System Revenues of the Water Utility Fund, to finance the improvements to the Water System; and

WHEREAS, the Resolution includes a finding that financing of components of the Water System as set forth therein will provide significant public benefits in accordance with the criteria specified in California Government Code Section 6586; and

WHEREAS, in order to finance the design, acquisition, construction and installation of additional improvements to the Water System, the City and the Corporation propose to enter into the 2017 Commercial Paper Supplement to Amended and Restated Master Installment Purchase Agreement (2017 Commercial Paper 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 and the Resolution provides for the execution and delivery of the 2017 Commercial Paper Supplement in conjunction with the issuance of Commercial Paper Notes from time to time, in one or more series or subseries and on one or more sale dates, which Commercial Paper Notes will be secured by a subordinate pledge of Net System Revenues; and

WHEREAS, under the Installment Purchase Agreement and the 2017 Commercial Paper Supplement, the City will be obligated to make Commercial Paper Subordinated Installment Payments (as defined in the 2017 Commercial Paper Supplement) to the Authority; and

WHEREAS, to further facilitate the proposed financings, the Corporation, as assignor, will execute and deliver an Assignment Agreement (Assignment Agreement), pursuant to which the Corporation will assign all of its right, title, and interest under the 2017 Commercial Paper Supplement to the Authority, as assignee; and

WHEREAS, the issuance of the Commercial Paper Notes from time to time is authorized under the Resolution in one or more series or subseries over time, if economical or otherwise on terms deemed beneficial by and to the City and its residents; and

WHEREAS, to provide for the authentication and delivery of the Commercial Paper Notes from time to time, to establish and declare the terms and conditions upon which the Commercial Paper Notes are to be issued from time to time and secured, and to secure the repayment thereof, it is proposed that the Authority enter into the Fifth Supplemental Indenture (Fifth Supplemental Indenture) with U.S. Bank National Association, or any successor or substitute trust company or bank having trust powers, as trustee (Trustee), which Fifth Supplemental Indenture shall amend

and supplement an Indenture, dated as of January 1, 2009, as amended and supplemented by a First Supplemental Indenture, dated as of June 1, 2009, a Second Supplemental Indenture, dated as of June 1, 2010, a Third Supplemental Indenture, dated as of April 1, 2012, and a Fourth Supplemental Indenture, dated as of June 1, 2016, each by and between the Authority and the Trustee; and

WHEREAS, the Authority has determined, in accordance with Section 9.01(b) of the Indenture, that the terms of the Fifth Supplemental Indenture including, without limitation, to provide for the issuance of Commercial Paper Notes, are not inconsistent with the Indenture as currently exists and will not adversely affect the interests of the Owners of bonds issued under the Indenture; and

WHEREAS, in order to provide additional security for the Commercial Paper Notes, the City proposes to enter one or more reimbursement agreements with, and deliver bank notes (each, a Bank Note) to, each Credit Provider (Credit Provider), the initial ones being Bank of the West and Bank of America, N.A., pursuant to which the Credit Provider will each issue an irrevocable direct-pay letter of credit to provide credit enhancement and liquidity support for any authorized series or subseries of the Commercial Paper Notes (each, a Commercial Paper Notes Credit Support Instrument); and

WHEREAS, the Authority proposes to execute a Letter of Representation (Letter of Representation) to induce each Commercial Paper Notes Credit Facility Provider to provide its Commercial Paper Notes Credit Support Instrument; and

WHEREAS, in furtherance of the issuance of the Commercial Paper Notes under the Indenture, the Authority and the Issuing and Paying Agent named therein (Issuing and Paying

Agent) propose to enter into an Issuing and Paying Agency Agreement (Issuing and Paying Agency Agreement); and

WHEREAS, there has been presented to this meeting a proposed form of Offering Memorandum (Offering Memorandum) relating to the issuance by the Authority of its Commercial Paper Notes, which will be used in marketing the Commercial Paper Notes; 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 Board of Commissioner hereby approves the issuance of by the Authority of its tax-exempt Commercial Paper Notes from time to time, in one or more series or subseries, in an aggregate principal amount not to exceed \$250,000,000 to provide funds for the financing improvements to the Water System and pay costs of issuance incurred in connection with the issuance of the Commercial Paper Notes, from time to time; provided that as to each such issuance, the financing must achieve a true interest cost not to exceed the lesser of eleven percent (11%) or the maximum rate per annum permitted by law. The Commercial Paper Notes 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 or the Treasurer 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 Commercial Paper Notes, when so executed and attested, are authorized to be delivered to the Trustee for authentication.

Section 3. The forms and content of the Fifth Supplemental Indenture, the Assignment Agreement, the Letter of Representations, the Issuing and Paying Agency Agreement and Dealer Agreements (collectively, the Financing Documents), each as submitted to this meeting and on file in the office of 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 and on behalf of the Authority, to execute and deliver the Financing Documents in conjunction with the issuance of Commercial Paper Notes from time to time, in one or more series or subseries, in substantially the forms submitted to this meeting, with such additions and changes therein as any 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 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. The Fifth Supplemental Indenture shall specify a subordinate pledge of Net System Revenues (as defined in the Installment Purchase Agreement) with respect to the Commercial Paper Notes.

Section 4. The form and content of the proposed Offering Memorandum substantially in the form presented to and considered at this meeting, are hereby approved, with such changes thereto as an Authorized Officer shall determine are necessary or desirable and may require or approve, such approval to be conclusively evidenced by the delivery of the Offering Memorandum

for release to prospective purchasers of the Commercial Paper Notes. The distribution of electronic or physical copies of the Offering Memorandum to persons who may be interested in the purchase of the Commercial Paper Notes is hereby authorized and approved.

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 which they may deem necessary or advisable 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 6th day of December, 2016, by the following vote:

AYES: Lightner, Cole, Kersey, Cate, Sherman, Emerald.

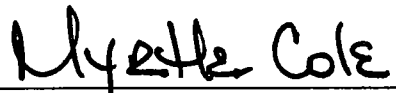
NAYS:

ABSENT: Zapf, Alvarez.

VACANT: District 3.

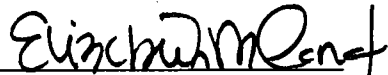
ABSTAIN:

PUBLIC FACILITIES FINANCING AUTHORITY  
OF THE CITY OF SAN DIEGO



Chair, Board of Commissioners

Attest:



Secretary to Board of Commissioners