

PUBLIC FACILITIES FINANCING AUTHORITY  
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER FA-2018-12

ADOPTED ON NOVEMBER 13, 2018

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO (I) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; (II) APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT RELATING TO ITS SUBORDINATED REVENUE BONDS, SERIES 2018A (PAYABLE SOLELY FROM SUBORDINATED INSTALLMENT PAYMENTS SECURED BY NET SYSTEM REVENUES OF THE WATER UTILITY FUND OF THE CITY OF SAN DIEGO); (III) AUTHORIZING THE EXECUTION, DELIVERY AND DISTRIBUTION OF AN OFFICIAL STATEMENT FOR SUCH ISSUE OF BONDS; 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 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 benefit to local agencies; and

WHEREAS, the Council of the City of San Diego (City Council) has heretofore authorized and approved by Ordinance Number O-20990 (Ordinance) on September 27, 2018, and Resolution Number R-2019-196 (City Resolution) on November 13, 2018, the agreements and conditions attendant to the issuance of one or more series of Water Revenue Bonds (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 \$283,000,000 to provide funds for (a) the financing of the design, acquisition, construction and installation of improvements (Projects) to the City's water system (Water System), including paying the Commercial Paper Notes previously issued to finance the Projects, and (b) paying costs of issuance in connection with the issuance of the Water Revenue Bonds by public offering; and

WHEREAS, the City, with the cooperation of the Authority, has proposed the issuance of the Authority's Subordinated Water Revenue Bonds, Series 2018A (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund of the City of San Diego) (2018 Bonds) in order to finance the Projects, as described above; and

WHEREAS, the issuance of the 2018 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 2018 Bonds; and

WHEREAS, there has been presented to this meeting a proposed form of Bond Purchase Agreement (Bond Purchase Agreement), by and among Merrill Lynch, Pierce, Fenner & Smith

Incorporated (or BofAML Securities, Inc.), for itself, and as representative (Representative) of Citigroup Global Markets Inc., 280 Securities LLC, Hilltop Securities Inc., and UBS Financial Services Inc., as initial underwriters, and such other or alternative underwriters as may be designated by the City (collectively, with the Representative, the Underwriters), the Authority and the City, a copy of which is on file in the Office of the City Clerk of the City (City Clerk) as Document No. RR312055-1 pursuant to which form of Bond Purchase Agreement the Authority will agree to sell the 2018 Bonds; and

WHEREAS, in connection with the marketing and sale of the 2018 Bonds, it is necessary for the Authority to authorize and approve the distribution of the Preliminary Official Statement relating to the 2018 Bonds (Preliminary Official Statement) and the execution, delivery, and distribution of the final Official Statement relating to the 2018 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 No. RR312055-2 which Preliminary Official Statement the Underwriters will use in marketing the 2018 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; 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 form of the Bond Purchase Agreement submitted to this meeting, a copy of which Bond Purchase Agreement is on file in the Office of the City Clerk and submitted to this meeting, is hereby approved. The Chair or Vice-Chair of the Board of Commissioners of the Authority or the Treasurer of the Authority (each, an Authorized Officer), is 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 and deliver a form of the Bond Purchase Agreement, and the Authority shall execute and deliver a form of the Bond Purchase Agreement, in conjunction with one or more issuances of the 2018 Bonds, in one or more series between now and June 30, 2020, in substantially the form presented to this meeting and consistent with the Ordinance, with such additional or alternative underwriters and representatives as may be named, together with other additions and changes therein, as any Authorized Officers shall determine are necessary or desirable 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 Bond Purchase Agreement, and which aggregate principal denomination, final maturity and terms of the respective series of the 2018 Bonds will be conclusively evidenced by the execution by the Authority of the Bond Purchase Agreement.

Section 3. 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 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, as counsel to the Authority, and DPWG, and with such other changes as may be required or requested by Hawkins Delafield & Wood LLP, as Disclosure Counsel (Disclosure Counsel). Upon approval of the Preliminary Official Statement for use in marketing the 2018 Bonds by the Authorized Officers and in accordance with applicable policies and procedures of the Authority, including approval by 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 4. Following the pricing and sale of the 2018 Bonds, the Authorized Officers are authorized and directed to cause a form of the 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 5. 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-2018-8, dated September 25, 2018, 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 6. This Resolution shall take effect immediately upon its adoption.

[The rest of this page is intentionally left blank. Signature page is the next page.]

ADOPTED, SIGNED AND APPROVED this 13<sup>th</sup> day of November 2018; by the following vote:

AYES:

Bry, Ward, Cole, Kersey, Cate, Sherman, Alvarez, Gomez.

NAYS:

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ABSENT:

Zapf.

VACANT:

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ABSTAIN:

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PUBLIC FACILITIES FINANCING  
AUTHORITY OF THE CITY OF  
SAN DIEGO

Myrtle Cole

Myrtle Cole, Council President  
Chair, Board of Commissioners

Attest:

Elizabeth M. Dand

Secretary to Board of Commissioners