

**RULES AND REGULATIONS
OF
THE OTAY MESA ENHANCED INFRASTRUCTURE FINANCING DISTRICT
PUBLIC FINANCING AUTHORITY**

The following are the rules and regulations for the conduct of business of the Otay Mesa Enhanced Infrastructure Financing District Public Financing Authority (“Authority”).

ARTICLE I

OFFICES; OBJECTS AND PURPOSES

Section 1. Offices. The principal office of the Authority for the transaction of all business shall be 202 C Street, San Diego, California 92101. The Authority may, however, fix and change from time to time the principal office from one location to another within the City of San Diego by noting the change of address in the minutes of the meeting of the Authority at which the address was fixed or changed. The fixing or changing of such address shall not be deemed an amendment to these Rules and Regulations.

Section 2. Objects and Purposes. The business of the Authority is to be conducted in the furtherance of its objects and purposes pursuant to California Government Code sections 53398.50 – 53398.88 (“EIFD Law”). The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the EIFD Law.

ARTICLE II

AUTHORITY GOVERNING BOARD; MEETINGS

Section 1. Membership. In accordance with Government Code section 53398.51.1(a)(1), the Authority shall be governed by a board (“Board”) comprised of three (3) Councilmembers of the City of San Diego (“City”) and two public members, all of whom are appointed by the City Council pursuant to City Council Resolution R-310938, effective February 13, 2017, and the EIFD Law. The term of office of each City Councilmember appointed to the Board shall be for one (1) year. Also, the term of office of each City Councilmember shall terminate when such member ceases to be a City Councilmember. The term of office of each public member shall be four (4) years, except that one (1) of the initial public members shall only serve for an initial term of two (2) years, in order to stagger the terms of the two public member seats on the Board.

Section 2. Compensation. Members of the Board shall not receive any compensation for serving, but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a member, if the Board determines that such expenses shall be reimbursed and there are unencumbered funds of the Authority available for such purpose.

Section 3. Regular Meetings. Regular meetings of the Authority shall be held monthly on the ~~first Monday~~fourth Thursday of each month at 10:00 a.m. in the City of San Diego Council Committee Room located in the City Administration Building, 202 C Street, 12th

Floor, San Diego, California 92101 determines there is no business to be transacted at any forthcoming meeting or meetings, the Chair shall direct the Authority Coordinator to post a notice of cancellation for such meeting or meetings not less than 72 hours prior to the scheduled start time of the meeting. The Authority Coordinator may provide notice of the cancellation of multiple meetings by posting a single notice. The Authority shall hold at least one regular meeting each year. If the date for any regular Authority meeting falls on a City holiday or during a legislative recess of the City Council, the date of the meeting shall be the next ~~Monday-Thursday~~ that is not a City holiday or during a legislative recess of the City Council.

Section 4. Special Meetings. Special meetings of the Authority may be held in accordance with the provisions of California Government Code section 54956.

Section 5. Public Meetings; Notice of Meetings. All Authority meetings shall be subject to the provisions of the Ralph M. Brown Act, Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code. Notice of Authority meetings shall be given in accordance with such law.

Section 6. Agendas. The Chair shall deliver all agenda items for each Authority meeting to the Authority Coordinator by 2:00 p.m. on the ~~Monday-Thursday~~ preceding the meeting date for listing on the meeting agenda. Any item may be set for a time certain hearing. The Chair shall identify items to be placed on the consent agenda, noticed hearing agenda, and the discussion agenda. The Authority Coordinator shall arrange the agenda in proper printed format and cause the agenda to be prepared and distributed for public notice by 10:00 a.m. each ~~Thursday preceding Tuesday preceding~~ an Authority meeting. Any and all supplemental agenda materials shall be delivered to the Authority Coordinator by 2:00 p.m. each ~~Wednesday-Tuesday~~ before an Authority meeting and shall be posted by the Authority Coordinator in accordance with California Government Code section 54954.3.

Section 7. Quorum. A majority of the Board members shall constitute a quorum for the transaction of Authority business. No action may be taken by the Authority, except upon the affirmative vote of a majority of the Board members; provided, however, that less than a quorum may adjourn a meeting to another time and place.

Section 8. Rules of Order. The rules of procedure in Robert's Rules of Order shall govern all Authority meetings, except as otherwise expressly provided in these Rules and Regulations.

Section 9. Board Vacancies. Any and all vacancies on the Board shall be filled by action of the City Council in accordance with Article II, Section 1, City Council Resolution R-310938, effective February 13, 2017, and the EIFD Law.

Section 10. No Board Member Liability for Authority Obligations. The private property of the Board members shall be exempt from execution or other liability for any debts, liabilities or obligations of the Authority and no Board member shall be liable or responsible for any debts, liabilities or obligations of the Authority.

Section 11. Indemnity by Authority. Should any Board member, officer, or employee of the Authority be sued, either alone or with others, because he or she is or was a Board member, officer, or employee of the Authority, or his or her alleged misfeasance or nonfeasance in the performance of his or her duties as a Board member, officer, or employee of the Authority, or out of any alleged wrongful act by the Authority, the Authority shall indemnify such Board member, officer, or employee of the Authority, for his or her reasonable expenses, including attorneys' fees incurred in the defense of the proceedings, if the person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

ARTICLE III

OFFICERS

Section 1. Chair. The Board shall elect a chairperson ("Chair") by voice vote at least annually. The Chair shall be a member of the City Council. At the first Authority meeting where a Chair is to be elected, the clerk of the Authority shall call the meeting to order, take the roll, and call for a motion to elect a Chair. At any Authority meeting where a Chair is to be elected, the first Board member who is also a member of the City Council that receives a majority of the votes of the Board for such office shall be the Chair, until the next annual election of a Chair. The Chair shall preside at all Authority meetings and exercise and perform such other powers and duties as may, from time to time, be assigned to the Chair by the Board or by these Rules and Regulations. The Chair shall determine the substance of all Authority meeting agendas in accordance with Article II, Section 6. The Chair shall also be the chief corporate officer of the Authority and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Authority.

Section 2. Vice Chair. The Board shall elect a Vice-Chairperson ("Vice-Chair") by voice vote at least annually, at the same time the Board elects a Chair. At any Authority meeting where a Vice-Chair is to be elected, the first Board member that receives a majority of the votes of the Board for such office shall be the Vice-Chair. In the absence or inability of the Chair to perform all of the duties of the Chair, the Vice Chair shall perform all of the duties of the Chair and shall have all the powers of and be subject to all of the restrictions upon the Chair. The Vice Chair shall have such other powers and perform such other duties as may, from time to time, be assigned to the Vice Chair by the Board or these Rules and Regulations.

Section 3. Authorized Officers. The Chair and Vice Chair, individually, are each authorized and empowered to sign any and all contracts, agreements, or instruments on behalf of and in the name of the Authority, if such contracts, agreements or instruments have been specifically authorized by Authority resolution; or if the Board has previously authorized and empowered has been authorized by Authority resolution.

Section 4. Clerk of the Authority. The clerk of the Authority shall be the City Clerk. The sole functions of clerk of the Authority shall be the official duties assigned to the clerk of the Authority by the EIFD Law and the responsibility assigned to the clerk of the Authority in Article III, Section 1.

Section 5. Authority Coordinator. The Authority Coordinator shall be a staff member of the Councilmember who is the Chair. The Authority Coordinator shall be responsible for creating, distributing and posting Authority meeting agendas and noticing Authority meetings, all at the direction of the Chair and in accordance with Article II, Section 6, and applicable law. The Authority Coordinator shall record all votes of the Board at Authority meetings and keep a record of all Authority proceedings, with the time and place of the meeting and, whether the meeting was regular or special.

Section 6. Treasurer. The City's Chief Financial Officer shall be the Authority treasurer and controller ("Treasurer"). Subject to the applicable provisions of any resolution, indenture or other instrument or proceeding authorizing or securing the issuance of bonds by the Authority (each such resolution, indenture, instrument and proceeding being referred to as an "Indenture") providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to receive, have custody of and disburse all money of the Authority, from whatever source derived.

Section 7. General Counsel. The City Attorney shall be General Counsel to the Authority.

Section 8. Elections Official. The City Clerk shall be the Authority elections official for the conduct of Authority bond authorization elections pursuant to the EIFD Law and the San Diego Municipal Code.

Section 9. Appointment of Other Officers. The Authority shall have the power to elect or appoint such other officers or employees and retain consultants, as the Authority deems necessary or desirable.

Section 10. Delegation of Authority. The Authority shall have the power, by resolution, to the extent permitted by applicable law, to delegate any of its functions to one or more Board members, officers, or agents of the Authority and cause any of said Board members, officers or agents to take any actions or sign any documents or instruments for, and in the name, and on behalf of the Authority.

Section 11. Removal of Officers. Any Authority officer may be removed, either with or without cause, by a majority of the Board members then in office, at any regular or special meeting of the Authority. Except in the case of an officer chosen by the Board, an officer may be removed by any other officer or officers upon whom such power of removal may be conferred by the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officer(s) or any Board member(s), until such time as a successor for such office has been elected or appointed, if any.

Section 12. General Authority Records. Other than the records to be maintained by the Authority Coordinator pursuant to Article III, Section 6, the records of the Authority shall be maintained by the City departments providing staff support to the Authority for the subject matter area or originating an item for the Authority.

ARTICLE IV

ACCOUNTS AND REPORTS

Section 1. Accounts. The Authority shall establish and maintain such accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee). The books and records of the Authority shall be open to inspection at all reasonable times by the City.

Section 2. Audit. The Treasurer shall cause the accounts and financial records of the Authority to be audited annually by a certified public accountant and reported in the City's ~~Comprehensive~~ Annual Comprehensive Financial Report for each year of existence of the Authority. The Treasurer shall provide a copy of the City's ~~Comprehensive~~ Annual Comprehensive Financial Report to the Authority for each year of existence of the Authority within thirty (30) calendar days after completion of such report. Additionally, after issuance of bonded indebtedness by the Authority pursuant to California Government Code section 53398.81, the Treasurer shall take all actions necessary to cause the Authority to comply with the audit and notice provisions of California Government Code section 53398.88.

ARTICLE V

GENERAL-

PROVISIONS

Section 1. Payment of Money; Signatures. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Authority and any and all securities owned by or held by the Authority requiring signature for transfer shall be signed or endorsed by the Treasurer.

Section 2. Contracts. In addition to the authorizations provided in Article III, Section 3 of these Rules and Regulations, the Authority may authorize any officer(s), agent(s), or employee(s) to sign and enter into any contract or instrument in the name of and on behalf of the Authority. Any such authority may be general or confined to specific instances. Unless so authorized by the Authority or by Article III, Section 3 of these Rules and Regulations, no officer, agent, or employee shall have any power or authority to bind the Authority to any contract or to pledge the Authority's credit or to render the Authority liable for any purpose or in any amount. In accordance with applicable law, the Authority may enter into contracts awarded competitively or on a negotiated basis, whichever the Authority determines is in the best interests of the Authority, which determination shall be final and conclusive.

Section 3. Fiscal Year. The fiscal year of the Authority shall be from July 1 to June 30.

Section 4. Amendment of Rules and Regulations. These Rules and Regulations may be amended at any time and from time to time by majority vote of the Authority.

Section 5. Dissolution. The Authority may be dissolved by a majority vote of its Board members, if at the time of such dissolution, the Authority has no outstanding indebtedness and is not a party to any outstanding contracts. Upon any dissolution of the Authority and after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the City.

These Rules and Regulations were adopted by resolution of the Authority.

May 1, 2017

Date