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RESOLUTION NUMBER R- 307706

DATE OF FINAL PASSAGE OCT. 03 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING A FINANCING PLAN FOR THE CONTIGUOUS EXPANSION, CONSTRUCTION, RECONSTRUCTION, REPLACEMENT, REHABILITATION, UPGRADE, EQUIPPING AND RELATED EXPENDITURES OF THE SAN DIEGO CONVENTION CENTER; AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO; AND DECLARING THE CITY'S OFFICIAL INTENT TO REIMBURSE ITSELF FROM PROCEEDS OF BONDED OBLIGATIONS.

WHEREAS, the City of San Diego (City) desires to expand and enhance the San Diego Convention Center (Convention Center) in order to retain, attract and accommodate large conventions in the City; and

WHEREAS, the proposed expansion of the Convention Center is referred to as the Contiguous Expansion, Construction, Reconstruction, Replacement, Rehabilitation, Upgrade, Equipping and Related Expenditures of the San Diego Convention Center (Expansion); and

WHEREAS, the total construction cost of the Expansion, exclusive of financing costs, is estimated to be approximately \$520 million; and

WHEREAS, the City desires to undertake the Expansion and has determined that it will be beneficial to finance the Expansion on a short-term basis to fund design, engineering and pre-construction and on a long-term basis to fund construction (Obligations); and

WHEREAS, the City expects to utilize the following sources of revenue to finance the Expansion: (i) revenues collected from special taxes authorized by the Convention Center Facilities District No. 2012-1, City of San Diego, County of San Diego, State of California

(CCFD) and levied by the City on taxable hotel properties within the CCFD, (ii) annual support payments from the San Diego Unified Port District (Port District) under the terms of a Support Agreement between the City and the Port District, and (iii) a not to exceed \$3.5 million annual payment from the City's General Fund; and

WHEREAS, the City is considering interim financing on a short-term basis for certain design, engineering and pre-construction costs of the Expansion to obtain the benefit of lower short-term interest costs, to accumulate special tax revenues to fund reserves, and to generate equity in the Expansion; and

WHEREAS, the City is considering implementing such interim financing through the issuance of short-term instruments authorized by the CCFD, with interest payable from special tax revenues and principal payable from special tax revenues or the proceeds of long-term bonds authorized by the CCFD; and

WHEREAS, the City is considering long-term financing to repay all or a portion of the interim financing and to finance the remaining Expansion costs through the issuance of (i) one or more series of revenue bonds authorized by the CCFD (District Revenue Bonds), secured by a pledge of special tax revenues on a senior or subordinate basis and payable from special tax revenues and the annual support payment from the Port District, and (ii) lease revenue bonds (Lease Revenue Bonds) issued by the Convention Center Expansion Financing Authority (Authority) payable from lease payments made by the City under a lease of a portion of the Convention Center from the Authority, such lease payments to be supported by the City's General Fund credit and paid from special tax revenues and the City's not to exceed \$3.5 million annual General Fund payment; and

WHEREAS, the City expects that the short-term and long-term financings will each consist of public offerings of fixed rate obligations, the terms and documentation of which (including disclosure documents) are to be approved by the Council closer to the time of each issuance; and

WHEREAS, the issuance of bonds and notes described herein will require the assistance of an outside law firm to serve as bond counsel and disclosure counsel, and the City Attorney's Office recommends that Nixon Peabody LLP be retained in that capacity; and

WHEREAS, implementation of the proposed financing plan is dependent upon a successful validation action with respect to the formation of the CCFD and the special taxes to be levied therein, final approval of the Convention Center expansion project by the Coastal Commission of the State of California, and approval by the City Council of the legal documents for the proposed bonds and notes; and

WHEREAS, the City expects to expend moneys (other than moneys derived from the issuance of Obligations), which may be from the City's General Fund or from the special tax revenues authorized by the CCFD, on expenditures relating to the costs of the Expansion prior to the issuance of the Obligations, which expenditures will be properly chargeable to a capital account under general federal income tax principles; and

WHEREAS, the City reasonably expects to reimburse certain of such capital expenditures with the proceeds of the Obligations; and

WHEREAS, the City expects that the maximum aggregate principal amount of long-term Obligations that will be issued to pay for the costs of the Expansion (and related issuance costs) will not exceed \$575 million, consistent with the Resolution of Indebtedness of the CCFD; and

WHEREAS, at the time of any such reimbursement, the City will evidence the reimbursement in a writing which identifies the allocation of the proceeds of the Obligations to the source from which they were advanced for the purpose of reimbursing any of the capital expenditures made prior to the issuance of the Obligations; and

WHEREAS, the City expects to make any reimbursement allocation no later than eighteen months after the later of (i) the date on which the earliest original expenditure is paid or (ii) the date on which the Expansion is placed in service (or abandoned), but in no event later than three years after the date on which the earliest original expenditure is paid; and

WHEREAS, the City will not, within one year of a reimbursement allocation, use the proceeds of the Obligations received in such reimbursement allocation in a manner that will result in the creation of replacement proceeds of the Obligations or another issue (*e.g.*, the City will not pledge or use the proceeds received for the payment of debt service on the Obligations or another issue, except that the proceeds of the Obligations can be deposited in a bona fide debt service fund); and

WHEREAS, this Resolution is intended to be, among other things, a “declaration of official intent” in accordance with Section 1.150-2 of the Treasury Regulations; NOW, THEREFORE,

BE IT RESOLVED by the Council of the City of San Diego as follows:

1. The statements set forth in the recitals to this Resolution are true and correct.
2. This Declaration of Intent is made for the purpose of establishing compliance with Section 1.150-2 of the Treasury Regulations, and in accordance therewith the City declares its intention to issue Obligations authorized by the CCFD in an aggregate principal amount not to

exceed \$575 million, the proceeds of which will be used to pay for the costs of the Expansion (and related issuance costs), including the reimbursement to the City for certain capital expenditures relating to the Expansion made prior to the issuance of the Obligations, provided however that this Declaration of Intent does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Expansion.

3. The Council hereby approves the financing plan set forth herein.

4. The Mayor, the Chief Operating Officer and the Chief Financial Officer, and such other officers, employees or agents of the City as may be authorized by the Mayor, the Chief Operating Officer or the Chief Financial Officer, are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions necessary or appropriate to timely and diligently implement the financing plan set forth herein.

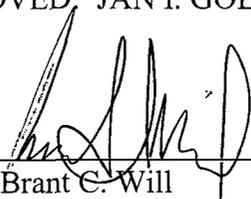
5. Nothing in this Resolution shall constitute an approval of a project, a commitment to proceed with a project, or a commitment or authorization to issue notes or bonds to finance a project.

6. All actions with respect to specific financings contemplated by the City as part of the financing plan shall be submitted to the Council for its approval.

7. The City Attorney is authorized to retain Nixon Peabody LLP to serve as bond counsel and disclosure counsel for the issuance of bonds and notes as described herein. That the Chief Financial Officer is authorized to appropriate and expend an amount not to exceed \$165,000, including \$75,000 for the notes, \$85,000 for the bonds and up to \$5,000 for out of pocket expenses to the Firm for bond and disclosure counsel services related to bonds and the notes described herein.

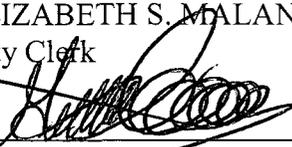
8. This Resolution shall take effect upon its adoption.

APPROVED: JAN I. GOLDSMITH, City Attorney

By  _____
Brant C. Will
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 10/1/12.

ELIZABETH S. MALAND
City Clerk

By  _____
Deputy City Clerk

Approved: 10.3.12
(date)



JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor