

RESOLUTION NUMBER R- 292697

ADOPTED ON JAN 31 2000

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT RELATING TO THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO LEASE REVENUE BONDS, SERIES 2000A AND APPROVING OTHER ACTIONS IN CONNECTION THEREWITH AND DETERMINING THAT THERE ARE SIGNIFICANT PUBLIC BENEFITS TO THE CITY OF SAN DIEGO FROM THE ISSUANCE OF SUCH BONDS, AND APPROVING AND AUTHORIZING AN AGREEMENT FOR INTERIM SERVICES RELATING TO THE BALLPARK FINANCING.

WHEREAS, on November 3, 1998, the electorate of the City of San Diego (the "City") approved Ordinance No. O-18613 (the "1998 Ordinance") which authorized the City and the Redevelopment Agency of the City of San Diego (the "Agency") to enter into a Memorandum of Understanding Concerning a Ballpark District, Construction of a Baseball Park, and a Redevelopment Project (the "MOU"), within the Centre City East (East Village) Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project; and

WHEREAS, the 1998 Ordinance provided that it was the intent of the electorate that the 1998 Ordinance and the MOU constitute the legislative acts establishing policy for the City on those matters, and provided for the ways and means for the implementation of that policy by such administrative and non-legislative acts as may be necessary and appropriate to carry out the purpose and intent of the 1998 Ordinance; and

WHEREAS, the MOU has been executed by all parties thereto; and

WHEREAS, it is now fitting to consider such actions as may be necessary and appropriate to implement the purpose and intent of the 1998 Ordinance and MOU, consistent with both the City's and Agency's obligations under California law, and the discretion lawfully vested in the City Council of the City (the "City Council" or the "Council") acting on behalf of the City and Agency; and

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WHEREAS, the City Council previously adopted Ordinance No. O-_____ (New Series) approving and authorizing the issuance and sale by the Public Facilities Financing Authority of the City of San Diego (the "Authority") of its Lease Revenue Bonds, Series 2000A (the "2000A Bonds") and approving certain other documents and actions in connection therewith, the proceeds of such 2000A Bonds to be used to finance the construction of a state-of-the-art baseball park (the "Ballpark"), a multi-story parking facility and a public park to be located adjacent to the Ballpark (collectively, the "Project"); and

WHEREAS, this Council, as a member of the Authority, took action to call a public hearing which was held by this Council on January 31, 2000, at the hour of 2:00 p.m., at the regular meeting place of the City Council, City Council Chambers, San Diego City Administration Building, 202 C Street, MS 2A, San Diego, California 92101, to consider (1) the proposed financing of the Project, to be located within the geographic boundaries of the City, by the issuance and sale by the Authority of the 2000A Bonds, and (2) whether there are any significant public benefits to the City from such proposed financing, including demonstrable savings to the City from the issuance and sale of the 2000A Bonds, such as savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs and/or employment benefits from

undertaking the Project in a timely fashion (in accordance with Section 6586 of the California Government Code); and

WHEREAS, a notice of such public hearing was duly published by the City as required by law in the San Diego Daily Transcript and the Public Record Recorder, newspapers of general circulation in the City, and copies of the proofs of publication from the San Diego Daily Transcript and the Public Record Recorder of such notice of public hearing are on file in the office of the City Clerk of the City; and

WHEREAS, on the date thereof, being the time and place set forth in the notice of such public hearing, a public hearing was duly convened by the City Council, and the City Council heard all interested persons desiring to be heard; and

WHEREAS, the City has considered the evidence of the significant public benefits to the City from such proposed financing, which evidence is summarized and attached hereto as Exhibit A, and is fully advised of the premises; and

WHEREAS, the City is authorized to undertake the actions described in this Resolution pursuant to its Charter and the Constitution and other applicable laws of the State of California;

WHEREAS, in connection with the issuance and sale of the 2000A Bonds, certain documents described below require the approval and authorization of the City Council; NOW, THEREFORE,

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

1. All of the foregoing recitals are true and correct, and the Council so finds and determines.

2. The form and content of the Contract of Purchase (the "Purchase Contract") dated the date of sale of the 2000A Bonds, among the Authority, the City and Merrill Lynch, Pierce, Fenner, and Smith Incorporated as the proposed representative of the underwriters of the 2000A Bonds (the "Representative"), a copy of which is on file in the office of the City Clerk as Document No. RR-292697-1, is hereby approved. The City Manager of the City or his specified designees, and each of them, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Purchase Contract in substantially the form presented to and considered at this meeting, with such additions and changes therein as the City Manager of the City and his specified designees, and each of them, shall require or approve as being in the best interests of the City, and as is approved as to form by the City Attorney or his specified designee, such approval to be conclusively evidenced by the execution and delivery thereof. In connection with the execution and delivery of the Purchase Contract, the City Manager of the City and his specified designees, and each of them, are further authorized to negotiate the principal amount of the 2000A Bonds to be sold pursuant to the Purchase Contract up to a maximum aggregate principal amount of not to exceed Two Hundred Ninety-Nine Million Dollars (\$299,000,000), (1) the true interest cost of the issue (a) shall not exceed the maximum interest rate permitted by law, and (b) shall, in the judgment of the financial advisor to the City and the Authority, be an acceptable interest rate given the rating, security and other terms of the issue, and (2) the maximum aggregate underwriters' discount from the principal amount of the 2000A Bonds shall not exceed 1.25% of the aggregate principal amount of the 2000A Bonds (without regard to original issue discount, if any) and the final maturity of the 2000A Bonds shall not be later than 40 years from the date of issuance thereof.

3. All actions heretofore taken by any officers, employees or agents of the City with respect to the issuance, delivery or sale of the 2000A Bonds, or in connection with or related to any of the documents referenced herein or the financing of the Project, are hereby approved, confirmed and ratified; and such other officials, employees and agents of the City as may be authorized by the City Manager are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2000A Bonds and the disbursement of proceeds thereof in accordance with this Resolution.

4. The City Council hereby finds and determines that (1) the Project is to be located within the geographic boundaries of the City, and (2) there are significant public benefits to the citizens of the City from the proposed Project financing in that there will be (a) demonstrable savings to the City from the issuance and sale of the 2000A Bonds, including savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs, and/or (b) employment benefits from undertaking the Project in a timely fashion (in accordance with Section 6586 of the California Government Code).

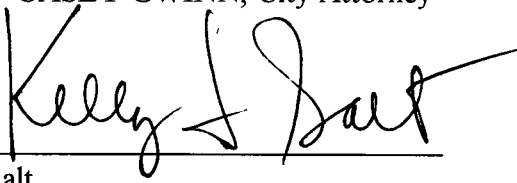
BE IT FURTHER RESOLVED, that the City Manager be and he is hereby authorized and empowered to execute, for and on behalf of said City, an agreement with Merrill Lynch, Pierce, Fenner & Smith for interim services related to the Ballpark financing, under the terms and conditions set forth in the Agreement on file in the office of the City Clerk as Document No.

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BE IT FURTHER RESOLVED, that in addition to the underwriters' discount authorized pursuant to Section 2 above, the City Auditor and Treasurer is authorized to expend an amount not to exceed \$50,000 from Fund No. 102214, Dept. 102214, Org. 200, J.O. 000212 for interim services relating to Ballpark financing incurred by the underwriters prior to the issuance of the 2000A Bonds:

BE IT FURTHER RESOLVED, that this Resolution shall take effect immediately upon its adoption.

APPROVED: CASEY GWINN, City Attorney

By 
Kelly J. Salt
Deputy City Attorney

KJS:pev
12/21/99
1/26/2000 Cor.Copy
Or.Dept:Fin.&Tech.Svcs
Aud.Cert:2000596
R-2000-757
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EXHIBIT A

BACKGROUND

The City plans to finance the ballpark project (the "Project") through the issuance of lease revenue bonds by the Public Facilities Financing Authority of the City of San Diego (the "PFFA"), a joint powers authority, the members of which are the City of San Diego and the Redevelopment Agency of the City of San Diego. Section 6586.5 of the California Government Code provides that joint powers authorities, such as the PFFA, may not issue bonds to finance a public capital improvement, such as the Project, unless two conditions are satisfied:

(1) it is reasonably expected on the date of issuance of the bonds that the public capital improvement is to be located within the geographic boundaries of one or more members of the joint powers authority; and

(2) a member of the joint powers authority within whose boundaries the public capital improvement is to be located has approved the financing of the public capital improvement and made a finding of "significant public benefits" in accordance with the criteria specified in Section 6586 of the California Government Code after a noticed public hearing.

"Significant public benefits" as defined by Section 6586 of the California Government Code include in pertinent part:

(1) Demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs.

(2) Employment benefits from undertaking the project in a timely fashion.

Therefore, in order for the PFFA to issue bonds to finance the Project within the City of San Diego, the City is required to make findings that the Project is to be located within the geographic boundaries of the City and, after a noticed public hearing is held by the City, that significant public benefits to the citizens of the City result from the financing of the Project through the issuance of bonds by a joint powers authority.

DISCUSSION

Project Within Geographic Boundaries of the City

The Project is to be located in downtown San Diego, in and around the general area bordered by Market Street to the north, Harbor Drive and Commercial Street to the south, 5th Avenue to the west, and 15th Avenue to the east. This location is within the geographic boundaries of the City. The City is a member of the PFFA, the joint powers authority proposed to issue lease revenue bonds for the financing of the Project.

“Significant Public Benefits”

Demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs. The PFFA is authorized to issue bonds to finance the Project. The City of San Diego would have to undertake a certificates of participation financing to finance the Project. The financial market is broader for bonds than it is for certificates of participation. Therefore, the City will be able to take advantage of financing the Project at a lower interest rate with bonds than it would achieve with certificates of participation. In addition, the financing structure proposed by the City to finance the Project is similar to the financing structure used to finance the San Diego Convention Center Expansion Project. The structure used to finance the San Diego Convention Center Expansion Project was validated by the California Supreme Court.

Employment benefits from undertaking the project in a timely fashion. Deloitte & Touche LLP prepared an Economic and Fiscal Impact Analysis dated September 17, 1998 for the Proposed Ballpark and Real Estate Development at the request of the City. This report included, among other things, an analysis of the impact of the construction and operation of the Project on employment within the City. The report concluded that during the construction of the Project, including the two phases of development related to the Project, approximately 11,898 direct and indirect full-time equivalent (“FTE”) jobs would be generated within the City. The report also concluded that the operation of the Project is anticipated to generate approximately 5,268 direct and indirect FTE jobs within the City. Reference should be made to the full text of the report for information on the methodology and assumptions underlying these conclusions.

**The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER**

CERTIFICATE OF UNALLOTTED BALANCE

AC 2000596
ORIGINATING DEPT. NO.: 102214

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose s forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasur and is otherwise unallotted.

Amount 50,000.00 Fund 102214

Purpose To authorize the adoption of an agreement between the City and Merrill Lynch & Company for advisory services related to the Ballpark and Redevelopment Project financing.

Date December 22, 1999 By: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
001	0	102214	102214	200	4151	000212				\$50,000.00
TOTAL AMOUNT										\$50,000.00

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract o agreement authorized by the hereto attached resolution, can be incurred without the violation of any of th provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with th requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for th purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in th Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which th same are to be drawn, and that the said money now actually in the Treasury, together with the money anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed \$ _____

Vendor _____

Purpose _____

Date _____ By: 

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
TOTAL AMOUNT										

FUND OVERRIDE