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RESOLUTION NUMBER R- 304783

DATE OF FINAL PASSAGE APR 21 2009

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENTS FOR SEWER REVENUE BONDS SERIES 2009A AND SEWER REVENUE REFUNDING BONDS SERIES 2009B; AUTHORIZING THE EXECUTION, DELIVERY AND DISTRIBUTION OF OFFICIAL STATEMENTS FOR SUCH BONDS; AUTHORIZING THE CITY ATTORNEY TO APPOINT BOND COUNSEL AND DISCLOSURE COUNSEL FOR THE SEWER REVENUE REFUNDING BONDS SERIES 2009B; AUTHORIZING REIMBURSEMENT OF CERTAIN CAPITAL EXPENDITURES; AND APPROVING CERTAIN OTHER AGREEMENTS AND ACTIONS, ALL IN CONNECTION WITH THE ISSUANCE AND SALE BY THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO OF ITS SEWER REVENUE BONDS AND ITS SEWER REVENUE REFUNDING BONDS

WHEREAS, The City of San Diego [City] and the Redevelopment Agency of the City of San Diego entered into a Joint Exercise of Powers Agreement, dated as of May 14, 1991, as amended and restated as of January 11, 1999, and as again amended and restated on October 29, 2002, establishing the Public Facilities Financing Authority of the City of San Diego [Authority], a California joint exercise of powers authority duly organized to provide financing assistance to the City; and

WHEREAS, the Authority currently has outstanding \$167,955,000 of its Sewer Revenue Bonds, Series 1993, \$265,540,000 of its Sewer Revenue Bonds, Series 1995, \$196,800,000 of its Sewer Revenue Bonds, Series 1997 A and B and \$263,400,000 of its Sewer Revenue Bonds, Series 1999 A and B [collectively, Outstanding Senior Bonds] issued pursuant to an Indenture dated as of September 1, 1993 [as amended and supplemented, the 1993 Indenture]; and

WHEREAS, the Authority currently has outstanding \$223,830,000 of its Subordinated Sewer Revenue Notes [Outstanding Subordinated Notes] issued pursuant to a Subordinate Indenture of Trust dated as of May 1, 2007, which must be repaid not later than May 15, 2009; and

WHEREAS, the City has heretofore determined in Ordinance Number O-19841 that it is in the best interests of the City to (i) refinance the Outstanding Subordinated Notes that are due for payment on May 15, 2009 through the issuance by the Authority of one or more series of Sewer Revenue Bonds [Sewer Bonds], (ii) finance additional components of the Wastewater System through the issuance by the Authority of one or more series of Sewer Bonds, (iii) refund, between now and June 30, 2010, all or a portion of the \$893,695,000 of Outstanding Senior Bonds as will, in the aggregate, create a net present value savings equal to or greater than 3% through the issuance of Sewer Revenue Refunding Bonds [Sewer Refunding Bonds], and (iv) finance a debt service reserve fund for any Sewer Refunding Bonds and a cash replacement, if necessary, of a Surety Bond currently on deposit in the debt service reserve fund under the 1993 Indenture; and

WHEREAS, to provide for the issuance, sale and payment of the Sewer Bonds and the Sewer Refunding Bonds, the City Council has heretofore authorized and approved by Ordinance Number O-19841 the issuance by the Authority of its Sewer Bonds and Sewer Refunding Bonds, a proposed form of Indenture [Indenture] between the Authority and the bond trustee named therein, a proposed form of Supplemental Indenture [Supplemental Indenture] between the Authority and the bond trustee named therein, a proposed form of Supplement to the Master Installment Purchase Agreement between the Authority and the City, proposed forms of Bond Purchase Agreements, a proposed form of Escrow Agreement, and a proposed form of Continuing Disclosure Certificate; and

WHEREAS, in order to market and sell the Sewer Bonds and Sewer Refunding Bonds, it is necessary that the Council authorize and approve the distribution of Preliminary Official Statements and the execution, delivery and distribution of Official Statements relating to the Sewer Bonds and Sewer Refunding Bonds; and

WHEREAS, there has been presented to this meeting a proposed form of Preliminary Official Statement for Senior Sewer Revenue Bonds Series 2009A and a proposed form of Preliminary Official Statement for Senior Sewer Revenue Refunding Bonds Series 2009B [collectively, the Preliminary Official Statements], copies of which are on file in the office of the

City Clerk as document number R-304783-1 and R-304783-2, which the underwriters will use in marketing the Sewer Bonds and Sewer Refunding Bonds, respectively; and

WHEREAS, to prepare the necessary documents, render the necessary legal opinions and advise the City in connection with the issuance of the Sewer Bonds Series 2009A, the City has heretofore authorized by Resolution No. R-304708 the retention of Bond Counsel and Disclosure Counsel for such Series 2009A; and

WHEREAS, to prepare the necessary documents, render the necessary legal opinions and advise the City in connection with the issuance of the Sewer Refunding Bonds Series 2009B, it is necessary to retain Bond Counsel and Disclosure Counsel for the City and the Authority for such Series 2009B; and

WHEREAS, the City expects to expend moneys (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of components of the Wastewater System prior to the issuance of the Sewer Bonds, which expenditures would 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 Sewer Bonds; and

WHEREAS, the City expects that the maximum amount of proceeds of the Sewer Bonds which will be issued to pay for the costs of components of the Wastewater System (and related issuance costs) will not exceed \$168,000,000; and

WHEREAS, at the time of the reimbursement, the City will evidence the reimbursement in a writing which identifies the allocation of the proceeds of the Sewer Bonds to the City for the purpose of reimbursing the City for the capital expenditures, if any, made prior to the issuance of the Sewer Bonds; and

WHEREAS, the City expects to make the reimbursement allocation no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure is paid or (ii) the date on which the components of the Wastewater System are placed in service (or

abandoned), but in no event later than three (3) years after the date on which the earliest original expenditure for the components of the Wastewater System is paid; and

WHEREAS, the City will not, within one (1) year of the reimbursement allocation, use the Sewer Bond proceeds received in the reimbursement allocation to pay debt service on the Sewer Bonds or any other bonds and will not place such Sewer Bond reimbursement proceeds into a debt service fund, sinking fund, escrow fund or any other fund or account the purpose of which is to pay, defease or secure the payment of the Sewer Bonds or any other bonds; and

WHEREAS, this Resolution is intended to be a "declaration of official intent" in accordance with Section 1.150-2 of the Treasury Regulations; and

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

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

Section 1. The City Council hereby finds and determines that the statements set forth above in the recitals to this Resolution are true and correct.

Section 2. The Council hereby finds that the financing and refinancing of components of the Wastewater System as set forth in the recitals to this Resolution will provide significant public benefits in accordance with the criteria specified in section 6586 of the Government Code.

Section 3. The form and content of the proposed Preliminary Official Statements with respect to the Sewer Bonds Series 2009A and Sewer Refunding Bonds Series 2009B, copies of which are on file in the office of the City Clerk as Document No. RR-304783-4 and RR-304783-7 and submitted to this meeting, are hereby approved. Any of the Chief Operating Officer or the Chief Financial Officer and each of them or any of their respective designees [each, an Authorized Signatory] are hereby severally authorized and directed, for and in the name of and on behalf of the City, to execute and deliver official statements with respect to the Sewer Bonds Series 2009A and Sewer Refunding Bonds Series 2009B [collectively,

Official Statements], in substantially the forms of the Preliminary Official Statements presented to this meeting, with such changes thereto as such Authorized Signatory executing and delivering such document may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The distribution of copies of the Preliminary Official Statements and the Official Statements to persons who may be interested in the purchase of Sewer Bonds and Sewer Refunding Bonds is hereby authorized and approved. The Authorized Signatories are, and each of them acting alone is, hereby authorized to certify to the Underwriters on behalf of the City that any Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission (except for the omission of certain information as permitted by such Rule).

Section 4. The City Attorney or his specified designee is authorized to retain Nixon Peabody LLP as bond counsel for the City and the Authority [Bond Counsel] and Hawkins Delafield & Wood LLP as disclosure counsel for the City and the Authority [Disclosure Counsel] in connection with the Sewer Refunding Bonds Series 2009B under such contracts or other arrangements as the City Attorney or his specified designee shall approve as being in the best interests of the City. Such contracts or other arrangements shall be in an amount not to exceed \$50,000 plus reasonable out-of-pocket expenses not to exceed \$5,000 for Bond Counsel and in an amount not to exceed \$65,000 plus reasonable out-of-pocket expenses not to exceed \$5,000 for Disclosure Counsel.

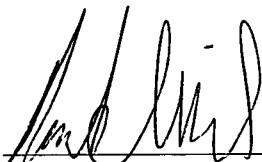
Section 5. In accordance with Section 1.150-2 of the Treasury Regulations, the City declares its intention to consummate an issuance of Sewer Bonds in a principal amount not to exceed \$168,000,000, the proceeds of which will be used to pay for the costs of the components of the Wastewater System (and related issuance costs), including the reimbursement to the City for certain capital expenditures relating to the components of the Wastewater System made prior to the issuance of the Sewer Bonds.

Section 6. All actions heretofore taken by any officers, employees or agents of the City with respect to (i) the issuance, delivery, or sale of the Sewer Bonds and Sewer Refunding Bonds, (ii) the refinancing and redemption of the Outstanding Subordinated Notes or the Outstanding Senior Bonds, (iii) Bond Counsel or Disclosure Counsel in connection with or

related to any of the documents referenced herein, or (iv) the financing or refinancing of the Wastewater System, are hereby approved, confirmed and ratified; and any Authorized Signatory and any 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, 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 evidenced by the documents referenced herein in accordance with this Resolution; provided that any funds derived from the proposed wastewater bond financings shall be restricted to benefit the Wastewater System.

Section 7. That this Resolution shall take effect immediately upon its adoption.

APPROVED: JAN GOLDSMITH, City Attorney

By:   
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Brant C. Will  
Deputy City Attorney

BCW:jdf  
03/27/09  
Or.Dept:Debt Management  
R-2009-996

I hereby certify that the foregoing Resolution was passed by the Council of The City of San Diego, at their meeting of APR 13, 2009.

ELIZABETH S. MALAND  
City Clerk

By:   
Deputy City Clerk

Approved: 4-21-09  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor