

RESOLUTION NUMBER R- **310860**

DATE OF FINAL PASSAGE DEC 16 2016

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO (I) APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A 2017 COMMERCIAL PAPER SUPPLEMENT TO AMENDED AND RESTATED MASTER INSTALLMENT PURCHASE AGREEMENT AND ONE OR MORE REIMBURSEMENT AGREEMENTS; (II) APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF THE OFFERING MEMORANDUM IN CONNECTION WITH THE ISSUANCE BY THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO OF ITS SUBORDINATED WATER REVENUE COMMERCIAL PAPER NOTES IN ONE OR MORE SERIES OR SUBSERIES; (III) AUTHORIZING THE CITY ATTORNEY TO APPOINT BOND COUNSEL AND DISCLOSURE COUNSEL; (IV) AUTHORIZING THE EXECUTION, DELIVERY AND PERFORMANCE BY THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO OF A FIFTH SUPPLEMENTAL INDENTURE, AN ASSIGNMENT AGREEMENT, AN ISSUING AND PAYING AGENCY AGREEMENT AND ONE OR MORE DEALER AGREEMENTS; (V) APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OR SUBSERIES OF THE AUTHORITY'S SUBORDINATED WATER REVENUE COMMERCIAL PAPER NOTES FROM TIME TO TIME; AND (VI) APPROVING OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the Joint Exercise of Powers Agreement, dated as of May 14, 1991, as amended and restated as of January 11, 1999, further amended and restated on October 29, 2002, and further amended and restated as of January 1, 2013, by and among The City of San Diego, California (City), the City solely in its capacity as the designated Successor Agency to the former Redevelopment Agency of the City of San Diego and the Housing Authority of the City of

San Diego (Housing Authority), establishes the Public Facilities Financing Authority of the City of San Diego (Authority), a California joint exercise of powers authority duly organized to provide financial assistance to the City; and

WHEREAS, the San Diego Facilities and Equipment Leasing Corporation (Corporation) is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (State) that was incorporated to provide financial assistance to the City; and

WHEREAS, the City desires to provide for the issuance tax-exempt governmental subordinated water revenue commercial paper notes from time to time in one or more series or subseries (Commercial Paper Notes) that are payable from subordinated installment payments secured by Net System Revenues (as defined in the herein referenced Installment Purchase Agreement) of the City's Water Utility Fund (Water Utility Fund) to (i) provide short-term financing for the design, acquisition, construction, installation, and improvement of components of the City's water system (Water System), (ii) reimburse the City for eligible expenditures in accordance with the herein described Reimbursement Resolution and (iii) pay costs of issuance incurred in connection with the issuance of Commercial Paper Notes; and

WHEREAS, to facilitate such short-term financing, the City and the Corporation propose to provide for the issuance from time to time of up to \$250,000,000 aggregate principal amount of subordinated water revenue bonds in the form of Commercial Paper Notes from time to time, in one or more series or subseries, for the purposes set forth above; and

WHEREAS, in order to effect the design, acquisition, construction and installation of improvements to the Water System, the Corporation sold components of the Water System improvement project to the City pursuant to an Amended and Restated Master Installment

Purchase Agreement, dated as of January 1, 2009, a 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, a 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, a 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012, and a 2016 Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2016 (collectively, the Installment Purchase Agreement), each by and between the City and the Corporation, pursuant to which the Corporation has agreed to sell certain improvements and additions (comprised of various components, each, a Component) to the Water System and the City has agreed from time to time to purchase certain Components as specified in certain supplements to the Installment Purchase Agreement; and

WHEREAS, in connection with the execution and delivery of each prior supplement, the Authority issued a series of its Water Revenues Bonds under an Indenture, dated as of January 1, 2009, as supplemented and amended by that certain First Supplemental Indenture, dated as of June 1, 2009, that certain Second Supplemental Indenture, dated as of June 1, 2010, that certain Third Supplemental Indenture, dated as of April 1, 2012, and that certain Fourth Supplemental Indenture, dated as of June 1, 2016 (as amended and supplemented, the Indenture), each by and between the Authority and U.S. Bank National Association, or any successor or substitute trust company or bank having trust powers, as trustee (Trustee), each with an appropriate series, lien, and purpose designation (as currently outstanding, the Outstanding Subordinated Water Revenue Bonds); and

WHEREAS, the City has installment purchase obligations in connection with the following revenue bonds: the Public Facilities Financing Authority of the City of San Diego

Subordinated Water Revenue Bonds, Refunding Series 2012A (Payable Solely From Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund), of which \$130,680,000 is currently outstanding; the Public Facilities Financing Authority of the City of San Diego Subordinated Water Revenue Bonds, Series 2016A (Payable Solely From Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund), of which \$40,540,000 is currently outstanding; and the Public Facilities Financing Authority of the City of San Diego Subordinated Water Revenue Bonds, Refunding Series 2016B (Payable Solely From Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund), of which \$493,785,000 is currently outstanding; and outstanding Senior Drinking Water State Revolving Fund loans (SRF Loans); and

WHEREAS, by Resolution Number R-309971, enacted on September 24, 2015 (Reimbursement Resolution), the City Council declared its intent to use proceeds of indebtedness to reimburse itself for eligible expenditures in accordance with section 1.150-2 of Treasury Regulations; and

WHEREAS, this Resolution will approve the execution and delivery of a Fifth Supplemental Indenture (Fifth Supplemental Indenture) in conjunction with the issuance of Commercial Paper Notes from time to time, in one or more series or subseries, which Commercial Paper Notes will be secured by a subordinate pledge of Net System Revenues; and

WHEREAS, in furtherance of the issuance of the Commercial Paper Notes under the Indenture, the Authority and U.S. Bank National Association (Issuing and Paying Agent) propose to enter into an Issuing and Paying Agency Agreement (Issuing and Paying Agency Agreement); and

WHEREAS, in order to secure the payment of the Commercial Paper Notes, the City and the Corporation propose to enter into a 2017 Commercial Paper Supplement to Amended and Restated Installment Purchase Agreement (2017 Commercial Paper Supplement) pursuant to which the Corporation will agree to sell certain Components of the Water System to the City and the City will agree to purchase such Components; and

WHEREAS, this Resolution will authorize the execution and delivery of the 2017 Commercial Paper Supplement in conjunction with the issuance of Commercial Paper Notes from time to time, in one or more series or subseries, which Commercial Paper Notes will be secured by a subordinate pledge of Net System Revenues; and

WHEREAS, the Corporation will assign all of its right, title, and interest in and to the 2017 Commercial Paper Supplement to the Authority to support the payment of debt service on the Commercial Paper Notes pursuant to an Assignment Agreement (Assignment Agreement) by and between the Corporation and the Authority; and

WHEREAS, in order to provide additional security for the Commercial Paper Notes, the City proposes to enter one or more reimbursement agreements (each, together with the related fee letter agreement, a Reimbursement Agreement) with, and deliver bank notes (each, a Bank Note) to, each Credit Provider (Credit Provider), the initial ones being Bank of the West and Bank of America, N.A., pursuant to which the Credit Provider will each issue an irrevocable direct-pay letter of credit to provide credit enhancement and liquidity support for any authorized series or subseries of the Commercial Paper Notes (each, a Commercial Paper Notes Credit Support Instrument); and

WHEREAS, the City proposes to enter into one or more dealer agreements (each, a Dealer Agreement) with a dealer (Dealer), the initial ones being Citigroup Global Markets Inc.,

Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBC Capital Markets, LLC, to serve as dealers for the Commercial Paper Notes; and

WHEREAS, pursuant to the San Diego Municipal Code, including Section 22.4108 (as amended by Ordinance No. 0-19320), the Disclosure Practices Working Group (DPWG) is required to review disclosure documents of the City and related entities, and DPWG is required to review and approve a proposed form of Offering Memorandum for the Commercial Paper Notes (Offering Memorandum) in accordance with the applicable Disclosure Controls and Procedures; and

WHEREAS, there has been presented to this meeting a proposed form of Offering Memorandum relating to the issuance by the Authority of its Commercial Paper Notes, which will be used in marketing the Commercial Paper Notes; and

WHEREAS, there has been presented to this meeting the following documents:

a. A proposed form of 2017 Commercial Paper Supplement, by and between the City and the Corporation, a copy of which 2017 Commercial Paper Supplement is on file in the Office of the City Clerk as Document No. RR-310860-1, supplementing the Installment Purchase Agreement, under which 2017 Commercial Paper Supplement the City will make Commercial Paper Subordinated Installment Payments (as defined in the 2017 Commercial Paper Supplement) to the Corporation; and

b. A proposed form of Assignment Agreement, by and between the Corporation, as assignor, and the Authority, as assignee, a copy of which Assignment Agreement is on file in the Office of the City Clerk as Document No. RR-310860-2 under which Assignment Agreement the Corporation will assign all of its right, title, and interest in and to the 2017 Commercial Paper

Supplement to the Authority to support the payment of debt service on the Commercial Paper Notes; and

c. A proposed form of Fifth Supplemental Indenture, by and between the Authority and the Trustee, a copy of which Fifth Supplemental Indenture is on file in the Office of the City Clerk as Document No. **RR-310860-3**, under which Fifth Supplemental Indenture the Authority will issue its Commercial Paper Notes and pursuant to which certain amendments will be made to the Indenture; and

d. A proposed form of Issuing and Paying Agency Agreement, by and between the Authority and the Issuing and Paying Agent, a copy of which Issuing and Paying Agency Agreement is on file in the Office of the City Clerk as Document No. **RR-310860-4**, pursuant to which the Issuing and Paying Agent will facilitate the issuance of the Commercial Paper Notes; and

e. A proposed form of Dealer Agreement, by and between the Authority and a Dealer, a copy of which Dealer Agreement is on file in the Office of the City Clerk as Document No. **RR-310860-5**, under which Dealer Agreement each Dealer will serve as dealer for the Commercial Paper Notes; and

f. A proposed form of Reimbursement Agreement, by and between the City and a Bank, a copy of which Reimbursement Agreement is on file in the Office of the City Clerk as Document No. **RR-310860-6**, under which Reimbursement Agreement each Credit Provider will issue a direct-pay letter of credit to provide credit enhancement and liquidity support for any authorized series or subseries of the Commercial Paper Notes; and

g. A proposed form of the Offering Memorandum, a copy of which Offering Memorandum is on file in the Office of the City Clerk as Document No. RR-310860-7, which Offering Memorandum will be used in marketing the Commercial Paper Notes; and

WHEREAS, a notice of public hearing concerning the adoption of this Resolution was duly published once at least five (5) days prior to such hearing in a newspaper of general circulation in the City; and

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

BE IT RESOLVED, by the City 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 City Council hereby finds that financing Components of the Water System as set forth in the recitals to this Resolution will provide significant public benefits in accordance with the criteria specified in California Government Code Section 6586.

Section 3. The City hereby authorizes and approves and requests the Authority authorize and approve the issuance of its tax-exempt governmental Subordinated Water Revenue Commercial Paper Notes from time to time, in one or more series or subseries, in an aggregate principal amount not to exceed \$250,000,000 to provide funds for financing capital improvements to the Water System and pay costs of issuance incurred in connection with the issuance of the Commercial Paper Notes, from time to time; provided that as to each such

issuance, the financing must achieve a true interest cost not to exceed the lesser of eleven percent (11%) or the maximum rate per annum permitted by law. The City also authorizes and approves the issuance of the Bank Notes to the Credit Provider, in each case payable from commercial paper subordinated installment payments to be made by the City pursuant to the 2017 Commercial Paper Supplement and the Reimbursement Agreement. The Commercial Paper Notes shall be issued at such times, with such dates, maturity dates and interest rates in such principal amounts and on such commercially reasonable terms as the officers of the Authority, in consultation the City's Chief Operating Officer, the City's Chief Financial Officer, the City's Director of the Debt Management or the City Comptroller, shall in their discretion determine to be in the best interests of the City and the Authority.

Section 4. The forms and content of the forms of the 2017 Commercial Paper Supplement, the Assignment Agreement, the Fifth Supplemental Indenture, the Issuing and Paying Agency Agreement, the Dealer Agreement and the Reimbursement Agreement (collectively, the Financing Documents) are hereby approved, and the execution, delivery and performance thereof by the City of the agreements to which it is a party is hereby approved. The Chief Operating Officer, the Chief Financial Officer of the City and each of them or any of their respective designees (each an Authorized Signatory) are hereby jointly and severally authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Financing Documents to which the City is a party, and the Authority is hereby requested to execute and deliver the Financing Documents to which it is a party, in conjunction with the issuance of Commercial Paper Notes, in one or more series or subseries, substantially in the forms submitted to this meeting, and the City Clerk is authorized to attest thereto, with such additions and changes therein as an Authorized Signatory shall determine are necessary or desirable and

approve as being in the best interests of the City, and as approved as to form by the City Attorney or his, her or their specified designee, and with such other changes that may be required by Hawkins Delafield & Wood LLP, Bond Counsel to the City (Bond Counsel), such approval to be conclusively evidenced by the execution and delivery thereof. The 2017 Commercial Paper Supplement shall specify a subordinate pledge of Net System Revenues for the Commercial Paper Notes.

Section 5. The form and content of the proposed Offering Memorandum substantially in the form presented to and considered at this meeting, are hereby approved, with such changes thereto as an Authorized Signatory shall determine are necessary and desirable and may require or approve, such approval to be conclusively evidenced by the delivery of the Offering Memorandum for release to prospective purchasers of the Commercial Paper Notes. The distribution of electronic or physical copies of the Offering Memorandum to persons who may be interested in the purchase of the Commercial Paper Notes is hereby authorized and approved.

Section 6. The City Attorney or his, her or their specified designee is authorized to retain Hawkins Delafield & Wood LLP as bond counsel and disclosure counsel for the City and the Authority in connection with the issuance of Commercial Paper Notes under such contracts or other arrangements as the City Attorney or his, her or their specified designee shall approve and believes to be in the best interests of the City. Such contract or other arrangements shall be in an amount not to exceed \$100,000.

Section 7. The City hereby acknowledges that the obligation of the City to make Commercial Paper Subordinated Installment Payments in amounts equal to the principal of and interest accrued on the Commercial Paper Notes and any related reimbursement obligations under a Commercial Paper Notes Credit Support Instrument shall be a limited obligation of the City payable solely from Net System Revenues (as defined in the Installment Purchase Agreement) and other funds provided for under the 2017 Commercial Paper Supplement and does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 8. The anticipated source of revenues for payment of the Commercial Paper Notes is the Commercial Paper Subordinated Installment Payments and the other funds provided for under the 2017 Commercial Paper Supplement and the Fifth Supplemental Indenture. The pledge of and the right of payment for the Net System Revenues that secures the related Commercial Paper Subordinated Installment Payments shall be subordinate to, and such payment may only be made after the satisfaction on an annual basis of, the Parity Obligations (as defined in the Installment Purchase Agreement) and on a parity with the payment of certain Subordinated Obligations (as defined in the Installment Purchase Agreement).

Section 9. All actions heretofore taken by any officers, employees, or agents of the City with respect to the issuance, delivery, or sale of the Commercial Paper Notes are hereby approved, confirmed and ratified; and the Chief Operating Officer, the Chief Financial Officer, the Director of the Debt Management, the City Comptroller, the City Attorney and any such other officers, employees, or agents of the City as may be authorized by the Mayor of the City, the Chief Operating Officer or the Chief Financial Officer (each a City Representative) 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, pay 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 desirable to consummate the transactions evidenced by the Financing Documents referenced herein in accordance with this Resolution and the Financing Documents approved herein and other documents authorized by this Resolution, including, without limitation, payment of necessary and appropriate fees and expenses of bond counsel, disclosure counsel, municipal advisor and other professionals retained by the City, and execute and deliver any and all certificates, agreements and other documents (including, but not limited to, from time to time the tax compliance certificates and any amendments or supplements to the Financing Documents) which they, or any of them, may deem necessary or advisable to consummate the transactions evidenced by the Financing Documents referenced herein in accordance with this Resolution; provided that any funds derived from the proposed financing of the Water System shall be restricted to benefit the Water System. In addition, any City Representative, in consultation with the Chief Financial Officer, is hereby specifically authorized to approve additions and changes to the Financing Documents authorized by this Resolution, as any City Representative shall determine are necessary or desirable and shall require or approve and that such City Representative believes to be in the best interests of the City, such determination shall be conclusively evidenced by the execution and delivery of such Financing Documents by the City; and provided further that no such addition or changes may be inconsistent with the limitations set forth in Section 4 hereof and provided further that such changes on additions are consistent with limitations in Section 3 herein. Such other officials, employees, and agents of the City as may be authorized by any Authorized Signatory are hereby are each 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 Commercial Paper Notes and the Financing Documents and other documents authorized by this Resolution, the transactions authorized hereby and evidenced by the Financings Documents and the disbursement of proceeds thereof in accordance with this Resolution. Without limiting the foregoing, the Authorized Signatories, without further action of the City Council, are hereby authorized and directed, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any amendments, supplements, restatements and replacements of the Reimbursement Agreements, to extend the term of any Commercial Paper Notes Credit Support Instrument or increase or decrease the maximum principal amount of Commercial Paper Notes supported by any Commercial Paper Notes Credit Support Instrument; provided that any such documents shall be substantially in the forms of the equivalent documents executed and delivered by an Authorized Signatory pursuant to this Resolution or pursuant to any other authorization from the City Council in conjunction with the Commercial Paper Notes. The Authorized Signatories, without further action of the City Council, are hereby authorized and directed, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any reimbursement agreements, fee letter agreements, revolving notes, direct placement revolving credit agreements or direct placement revolving notes, to provide for the delivery of additional Commercial Paper Notes Credit Support Instruments from time to time, and the Authorized Signatories, without further action of the City Council, are hereby further authorized and directed, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any amendments, supplements, restatements or replacements of any such reimbursement agreements,

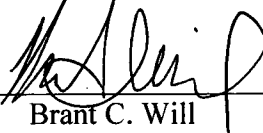
fee letter agreements or revolving notes, to extend the term of such additional Credit Support Instrument or increase or decrease the maximum principal amount of Commercial Paper Notes supported by such additional Credit Support Instrument, and to authorize any necessary designation of additional series or subseries of the Commercial Paper Notes (and any corresponding establishment of subaccounts with respect to such additional series or subseries) from time to time or any amendments, supplements, restatements or replacements of the Financing Documents to facilitate such delivery or amendment; provided that any such documents comply with the provisions of Section 3 of this Resolution or any other authorization from the City Council in conjunction with the Commercial Paper Notes. The Mayor of the City and the Chief Financial Officer of the City, without further action of the City Council, are further authorized and directed, jointly and severally, for and in the name of and on behalf of the City, to amend or supplement the Offering Memorandum from time to time and cause the distribution thereof, subject to the prior review and approval of the Offering Memorandum, as amended or supplemented, by the City's Disclosure Practices Working Group.

Section 10. The Authorized Signatories are each hereby authorized, and any one of the Authorized Signatories is hereby directed, for and in the name and on behalf of the City, to take all actions and execute any and all documents necessary or advisable and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby.

Section 11. The Chief Financial Officer is authorized to establish one or more special interest-bearing account(s) to deposit proceeds of the Commercial Paper Notes.

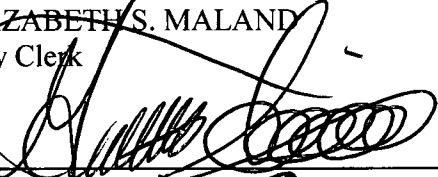
Section 12. This Resolution shall take effect immediately upon its adoption.

APPROVED: JAN I. GOLDSMITH, City Attorney

By: 
Brant C. Will
Deputy City Attorney

BCW:jdf
11/18/16
Or.Dept.: Debt Mgmt.
Doc. No.: 1395133

I hereby certify that the foregoing Resolution was passed by the City Council of The City of San Diego, at this meeting of DEC 06 2016, 2016.

ELIZABETH S. MALAND
City Clerk
By: 
Deputy City Clerk

Approved: 12/14/16
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on DEC 06 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
District 3 (Vacant)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage DEC 16 2016.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 310860