

CITY COUNCIL
CITY OF CHULA VISTA

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A SITE LEASE, LEASE AGREEMENT, INDENTURE, ESCROW AGREEMENTS, CONTINUING DISCLOSURE AGREEMENT AND BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF THE CHULA VISTA MUNICIPAL FINANCING AUTHORITY 2016 LEASE REVENUE REFUNDING BONDS, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$40,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the City of Chula Vista, California (the “City”) is a municipal corporation and chartered city duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”);

WHEREAS, the City previously financed a portion of the costs of the acquisition, construction and installation of certain capital improvements in the City, as more fully described in the proceedings for the issuance of the 2006 Certificates (defined below) (the “2006 Project”) and for the issuance of the 2010 Certificates (defined below) (the “2010 Project”);

WHEREAS, in order to accomplish such financings, the City determined to provide the funds necessary to finance and refinance the acquisition, construction and installation of the 2006 Project and the 2010 Project through the execution and delivery of the Chula Vista Public Financing Authority 2006 Certificates of Participation (Civic Center Project – Phase 2) (the “2006 Certificates”) and the City of Chula Vista 2010 Certificates of Participation (Capital Facilities Refunding Projects) (the “2010 Certificates”);

WHEREAS, the City is a member of the Chula Vista Municipal Financing Authority (the “Authority”) and the 2006 Project and the 2010 Project are located within the boundaries of the City;

WHEREAS, in 2015 the City refinanced a portion of the 2006 Project originally financed with the proceeds of the 2006 Certificates;

WHEREAS, the City desires to refinance the remaining portion of the 2006 Project originally financed with the proceeds of the 2006 Certificates and to refinance the 2010 Project previously refinanced with the proceeds of the 2010 Certificates;

WHEREAS, the City and the Authority have determined that demonstrable debt service savings in effective interest rate can be achieved by the prepayment and defeasance of the 2006 Certificates and the 2010 Certificates;

WHEREAS, on the date hereof the City Council held a public hearing regarding the refinancing of the remaining portion of the 2006 Project and the 2010 Project in all respects in accordance with Section 6586.5 of the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the “Act”);

WHEREAS, the Authority and the City have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Chula Vista Municipal Financing Authority 2016 Lease Revenue Refunding Bonds” (the “Bonds”) for the purpose of refinancing the remaining portion of the 2006 Project, the 2010 Project and the City’s related lease payments by defeasing and prepaying the 2006 Certificates and the 2010 Certificates;

WHEREAS, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Site Lease between the City and the Authority (the “Site Lease”) pursuant to which the City will lease certain real property described therein (the “Leased Assets”), subject to adjustment as described in Section 2 below) to the Authority, and a Lease Agreement between the City and the Authority (the “Lease Agreement”), pursuant to which the City will lease the Leased Assets back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which will be pledged to the owners of the Bonds by the Authority pursuant to an Indenture by and among U.S. Bank National Association (the “Trustee”), the City and the Authority (the “Indenture”) the forms of which have been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, the defeasance of the 2006 Certificates to be prepaid will be accomplished by means of an Escrow Agreement (the “2006 Escrow Agreement”) by and among U.S. Bank National Association, as escrow agent (the “Escrow Agent”), the City and the Authority, the form of which has been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, the defeasance of the 2010 Certificates to be prepaid will be accomplished by means of an Escrow Agreement (the “2010 Escrow Agreement”) by and among the Escrow Agent, the City and the Authority, the form of which has been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, the Bonds will be issued pursuant to the Act;

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Stifel, Nicolaus & Company, Incorporated to act as underwriter (the “Underwriter”) to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement by and among the City, the Authority and the Underwriter (the “Bond Purchase Agreement”) the form of which has been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) requires that, in order to be able to purchase or sell the Bonds, the underwriter thereof must have reasonably determined that the City has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the City desires to execute and deliver a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") the form of which has been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, a form of the Preliminary Official Statement for the Bonds (the "Preliminary Official Statement") has been prepared the form of which has been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, the City Council has been presented with the form of each document referred to herein (collectively, the "City Documents") relating to the refinancing contemplated hereby, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of the refinancing of a portion of the 2006 Project and the 2010 Project; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such refinancing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, the City Council of the City of Chula Vista does hereby resolve as follows:

SECTION 1. Each of the above recitals is true and correct. The City Council hereby approves the financing and refinancing described in this Resolution and further finds and determines that there are significant public benefits to the citizens of the City through the approval of the Bonds and other documents described herein pursuant to the Act and otherwise hereunder within the meaning of Section 6586(a) through (d), inclusive, of the Act, in that the delivery of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the City.

SECTION 2. The forms of the Site Lease and Lease Agreement, on file with the City Clerk, are hereby approved, and each of the Mayor of the City (the "Mayor"), the City Manager of the City (the "City Manager"), the Deputy City Manager of the City (the "Deputy City Manager") and the Director of Finance of the City (the "Director of Finance") or their designees (collectively, the "Authorized Officers"), acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Site Lease and Lease Agreement in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Site Lease and Lease Agreement shall terminate no later than May 1, 2036 (provided that such term may be extended as provided therein). The Leased Assets to be included in the Lease Agreement and the Site Lease shall be designated by the City Manager or the Deputy City Manager, or their designees, and may include all or a portion of the Leased Assets listed in the Lease Agreement and the Site Lease on file with the City Clerk, or such additional real property assets of the City as one of such officers determines is necessary in order to satisfy any legal requirements to enter into the Lease Agreement, based on the advice of bond counsel, or rating agency requirements to rate the Bonds, with such designation to be conclusively evidenced by the execution and delivery of the Site Lease and Lease Agreement by one

or more of the Authorized Officers. The City Council hereby finds and determines that the annual lease payments and additional payments due in each fiscal year under the Lease Agreement will not exceed the fair rental value of the Leased Assets during any fiscal year.

SECTION 3. The form of Indenture, on file with the City Clerk, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal amount of the Bonds shall not exceed \$40,000,000, the final maturity date of the Bonds shall be no later than May 1, 2036 and, provided, further, that such changes, insertions and omissions shall be consistent with the terms of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement.

SECTION 4. The Bond Purchase Agreement, on file with the City Clerk, is hereby approved and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the acceptance thereof set forth in the Bond Purchase Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount paid by the Underwriter) from the principal amount of the Bonds in excess of six-tenths of one percent (0.6%) of the aggregate principal amount of the Bonds; and provided, further, that the Bond Purchase Agreement shall be executed only if the net present value savings realized by the City in terms of reduced lease payments, as confirmed by the City's Municipal Advisor, is not less than five percent (5%) of the principal amount of the 2006 Certificates and the 2010 Certificates defeased and prepaid.

SECTION 5. The issuance of not to exceed \$40,000,000 aggregate principal amount of the Bonds, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby approved.

SECTION 6. The form of Preliminary Official Statement, on file with the City Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the City that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

SECTION 7. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the City, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the City.

SECTION 8. The forms of the 2006 Escrow Agreement and the 2010 Escrow Agreement, on file with the City Clerk, are hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the 2006 Escrow Agreement and the 2010 Escrow Agreement in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 9. The form of Continuing Disclosure Agreement, on file with the City Clerk, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced to the execution and delivery thereof.

SECTION 10. Selection of Professionals. Harrell & Company Advisors, LLC is hereby designated as the Municipal Advisor to the City and the Authority for the Bonds and Stradling Yocca Carlson & Rauth, a Professional Corporation is hereby designated as bond counsel and disclosure counsel for the Bonds, and the Authorized Officers are each hereby authorized and directed, jointly and severally, to execute any and all contracts for services and other documents necessary to procure the services of such firms for the execution and delivery of the Bonds.

SECTION 11. The officers, employees and agents of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, but not limited to, the execution and delivery of agreements terminating the leasehold and subleasehold interests securing the 2006 Certificates and the 2010 Certificates (including, but not limited to, the Termination Agreement for the 2010 Certificates substantially in the form on file with the City Clerk and any amendment to the site lease and the lease agreement for the 2006 Certificates to reflect the prepayment and defeasance of the 2006 Certificates). Anything to the contrary herein notwithstanding, the Director of Finance, or his designee, is authorized and directed to solicit and accept bids for bond insurance and/or reserve surety for the Bonds, provided he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and/or reserve surety and the terms thereof, are hereby authorized and approved. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

SECTION 12. This Resolution shall take effect immediately upon its passage.

Presented by

Approved as to form by

David Bilby, MSBA, CPFO
Director of Finance/Treasurer

Glen R. Googins
City Attorney