

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF CHULA VISTA APPROVING THE ISSUANCE OF THE CHULA VISTA MUNICIPAL FINANCING AUTHORITY'S LEASE REVENUE BONDS SERIES 2017A (NEW CLEAN RENEWABLE ENERGY BONDS (FEDERALLY TAXABLE) AND LEASE REVENUE BONDS SERIES 2017B (TAX-EXEMPT) AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT WITH RESPECT TO THE OFFERING AND SALE OF THE BONDS AND THE EXECUTION OF DOCUMENTS AND THE TAKING OF RELATED ACTIONS NECESSARY TO ISSUE SUCH BONDS

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 desires to acquire, construct, equip and install certain capital improvements consisting of solar energy equipment and related improvements in various City buildings and on certain real property owned by the City (together, the "Project") all of which are located in the City;

WHEREAS, the City is a member of the Chula Vista Municipal Financing Authority (the "Authority") and the Project is located within the boundaries of the City;

WHEREAS, on the date hereof the City Council held a public hearing regarding the Project and the proposed financing of the Project by the Authority 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") for purposes of determining a significant public benefit to the financing, and in accordance with Section 4217.13 of the California Government Code for purposes of entering into a facility financing contract related to the Project as described herein;

WHEREAS, the City has determined that it would be in the best interests of the City and residents of the City to approve the preparation, sale and issuance by the Authority of the "Chula Vista Municipal Financing Authority Lease Revenue Bonds Series 2017A (New Clean Renewable Energy Bonds) (Federally Taxable)" (the "Series 2017A Bonds") and the "Chula Vista Municipal Financing Authority Lease Revenue Bonds Series 2017B (Tax-Exempt)" (the "Series 2017B Bonds" and together with the Series 2017A Bonds, the "Bonds") for the purpose of financing the Project and that the issuance of the Bonds by the Authority will provide significant public benefits of the type described in the Act;

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 Property," 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 Property 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 documents have been presented to this City Council at the meeting at which this Resolution is being adopted; and

WHEREAS, following the public hearing and based on the testimony provided and supporting information provided by City staff and consultants in the staff report for this item, the City has determined that the Project consists of alternate energy equipment and is an energy conservation facility as such terms are defined in Section 4217.11 of the Government Code and the Lease Agreement constitutes a facility financing contract as such term is defined in Section 4217.11 of the Government Code meeting the requirements of Section 4217.13 of the California Government Code in that the terms of the Lease Agreement are in the best interest of the City and that the funds for the lease payments due under the Lease Agreement are projected to be available from revenues that otherwise would have been used for the purchase of electrical energy required by the City in the absence of the Project;

WHEREAS, there has been delivered to the City an appraisal (the “Appraisal”) prepared by Lea & Associates, Inc. regarding the annual fair rental value of the portion of the Leased Property known as the Chula Vista Main Library and the annual fair rental value of various City parks similar to Harvest Park, which is also proposed as a part of the Leased Property;

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 to Brandis Tallman LLC (the “Underwriter”);

WHEREAS, the City and the Authority have selected the Underwriter to underwrite and 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 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 and 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 relating to the proposed financing of the Project, and the City Council has examined and approved each document and desires to authorize and direct the execution of the documents to which the City is a party and the consummation of the financing of the 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 the financing of the Project 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 the financing of the Project 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 and each of the findings and determinations stated above is hereby adopted by the City Council. The City Council hereby approves the financing described in this Resolution and further finds and determines that having the Authority assist the City in the financing of the Project through the issuance of the Bonds pursuant to the Act will result in certain of the significant public benefits to the residents of the City of the types described in Section 6586(a) of the Act, including, but not limited to, demonstrable savings in interest rate, bond issuance and bond underwriting costs by issuing lease revenue bonds rather than certificates of participation and by combining the multiple allocations of tax credits for the Project into a single series of bonds.

SECTION 2. The forms of the Site Lease and Lease Agreement, presented to the City Council at this meeting, 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/Treasurer of the City (the "Director of Finance") and 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 December 1, 2048 (provided that such term may be extended as provided therein).

The Leased Property to be included in the Lease Agreement and the Site Lease shall be designated by the City Manager, the Deputy City Manager, or the Director of Finance/Treasurer, and may include all or a portion of the Leased Property listed in the Lease Agreement and the Site Lease on file with the City Clerk, or such other 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 the City Attorney or 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. Based on the Appraisal and other information known to the City regarding the public

benefits provided by the Leased Property, 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 Property during any fiscal year. Based on the information provided to the City Council and the findings set forth in Section 1 above, the City Council hereby determines that in addition to its general powers to enter into the Lease Agreement, the Lease Agreement also constitutes a facility financing contract which the City is authorized to execute pursuant to Section 4217.13 of the California Government Code.

SECTION 3. The form of Indenture, presented to the City Council at this meeting, 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 amount of the Series 2017A Bonds shall not exceed \$15,000,000, the aggregate amount of the Series 2017B Bonds shall not exceed \$2,000,000, the final maturity date of the Bonds shall be no later than December 1, 2048, 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 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 on the Bonds) in excess of 0.6% of the aggregate principal amount of the Bonds; and provided, further, that the Bond Purchase Agreement shall be executed only if the true interest cost of the Series 2017A Bonds does not exceed 6.0% and the true interest cost of the Series 2017B Bonds does not exceed 4.0%, as determined by the Municipal Advisor (designated in Section 9 below).

SECTION 5. Subject to the limitations set forth in Section 2 above, the issuance by the Authority 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, presented to the City Council at this meeting, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, including all changes necessary in order to make it accurate as of its date, is hereby approved, and the use of the Preliminary Official Statement, inclusive of any such revisions, 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 promulgated under the Securities Exchange Act of 1934 (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 delivery to the Underwriter. 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 form of Continuing Disclosure Agreement, presented to the City Council at this meeting, 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 9. 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 10. 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 any pre-existing leasehold, subleasehold or other interests with respect to the Leased Property. Anything to the contrary herein notwithstanding, the Director of Finance/Treasurer, or his designee, is authorized and directed to solicit and accept bids for bond insurance for the Bonds, provided he determines acceptance of the best bid will be cost effective for the City, and appropriate changes to each of the documents referenced herein to evidence such bond insurance 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 11. 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

