

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF CHULA VISTA
AUTHORIZING THE EXECUTION AND DELIVERY BY THE
CITY OF A FACILITY LEASE, SUBLEASE AGREEMENT,
PROJECT IMPLEMENTATION AGREEMENT, MUTUAL
LEASE AND SUBLEASE ENFORCEMENT AGREEMENT,
AMENDMENT NO. 1 TO THE AMENDED AND RESTATED
JOINT EXERCISE OF POWERS AGREEMENT AND BOND
PURCHASE AGREEMENT IN CONNECTION WITH THE
ISSUANCE OF CHULA VISTA BAYFRONT FACILITIES
FINANCING AUTHORITY REVENUE BONDS MAKING
REQUIRED FINDINGS UNDER GOVERNMENT CODE
SECTIONS 6586 AND 52201(B) 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 and the San Diego Unified Port District (the "Port District"), are undertaking a collaborative planning process with the community to develop a comprehensive Chula Vista Bayfront Master Plan (the "CVBMP"); and

WHEREAS, to further the objectives of the CVBMP, the City and the Port District have established the Chula Vista Bayfront Facilities Financing Authority (the "Authority"), a joint exercise of powers entity created pursuant to Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (as amended from time to time, the "Act") and the Joint Exercise of Powers Agreement, dated as of May 1, 2014, by and between the City and the Port District, as amended and restated by the Amended and Restated Joint Exercise of Powers Agreement, dated and effective as of July 25, 2019 (the "JEPA Agreement"), by and between the City and the Port District; and

WHEREAS, the City desires to assist the Authority in financing of certain public capital improvements related to the CVBMP through the issuance of one or more series of bonds of the Authority (the "Authority Bonds") pursuant to the Act; and

WHEREAS, the public capital improvements to be financed with proceeds of the Authority Bonds consist of public infrastructure improvements as described in Exhibit A hereto (the "Phase 1A Infrastructure Improvements") and an approximately 275,000 square foot convention center (the "Convention Center") (together, the "Project");

WHEREAS, the City is a member of the Authority and the Project will be located within the boundaries of the City and, as a result, the City is authorized to conduct the public hearing required by Section 6586.5 of the Act as a precondition to the issuance of the Authority Bonds;

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WHEREAS, notice of the public hearing related to the proposed financing of the Project was published in a newspaper of general circulation within the City at least five days prior to the public hearing as required by Section 6586.5 of the Act; and

WHEREAS, the City Council held a public hearing regarding the Project and the proposed financing of the Project by the Authority through the issuance of the Authority Bonds; and

WHEREAS, the City Council has determined that it would be in the best interests of the City and residents of the City to approve the financing of the Project with proceeds of the Authority Bonds and that such financing will provide significant public benefits of the type described in Section 6586 of the Act; and

WHEREAS, in order to provide a portion of the revenues needed to repay the Authority Bonds, the Port District and the Authority intend to enter into a Site Lease between the Port District, as lessor, and the Authority, as lessee (the "Site Lease") pursuant to which the Port District will lease certain real property and existing improvements described therein (together, the "Site") to the Authority, and the Authority and the City intend to enter into a Facility Lease between the Authority, as sublessor, and the City, as sublessee, (the "Facility Lease"), pursuant to which the City will sublease the Site and lease the Convention Center (together, the "Facility") from the Authority, and pay certain Lease Payments (as defined in the Facility Lease), which will be pledged to the owners of the Authority Bonds pursuant to an Indenture of Trust by and between Wilmington Trust, National Association (the "Trustee") and the Authority (the "Indenture"); and

WHEREAS, to provide the additional revenues needed to repay the Authority Bonds, concurrent with the issuance of the Authority Bonds, the Authority and the Bayfront Project Special Tax Financing District (the "Bayfront Financing District"), which has been established by the City pursuant to Chapter 3.61 of the Chula Vista Municipal Code, will enter into a Loan Agreement (the "Loan Agreement") pursuant to which the Bayfront Financing District will agree to make loan payments to the Authority which will be pledged to the Trustee under the Indenture, and the Authority and the Port District will enter into a Support Agreement (the "Support Agreement") pursuant to which the Port District will make certain payments to the Authority which will be pledged to the Trustee under the Indenture; and

WHEREAS, in furtherance of the CVBMP, the City, as sub-sublessor, and RIDA Chula Vista, LLC ("RIDA"), as sub-sublessee, will enter into a Sublease Agreement (the "Sublease Agreement") pursuant to which the City will sublease the Facility to RIDA and RIDA will operate and maintain the Facility; and

WHEREAS, to address certain interests of the City and the Port with respect to the Sublease Agreement and the Ground Lease between the Port and RIDA (the "Ground Lease") with respect to the construction of a resort hotel (the "Hotel") adjacent to the Convention Center, the City and the Port desire to enter into that certain Mutual Lease and Sublease Enforcement Agreement (the "Enforcement Agreement") and to make certain modifications to the JEPA Agreement ("Amendment No. 1 to the JEPA Agreement"); and

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WHEREAS, the Convention Center will be owned by the Authority and is to be constructed for the Authority by RIDA as further set forth in the Project Implementation Agreement (the “Project Implementation Agreement”) to be entered into by and among the Authority, the City, the Port District, RIDA and the Bayfront Financing District; and

WHEREAS, the Project Implementation Agreement will set forth certain provisions regarding the construction of the Convention Center by RIDA on behalf of the Authority and the construction of the Phase 1A Infrastructure Improvements by RIDA which will be conveyed to the City and the Port, as applicable, as described in the Project Implementation Agreement; and

WHEREAS, the Authority Bonds will be sold to J.P. Morgan Securities LLC (the “Underwriter”) pursuant to the terms of a Bond Purchase Agreement (the “Bond Purchase Agreement”) by and among the Underwriter, the City, the Port, the Authority and the Bayfront Financing District; and

WHEREAS, prior to or in connection with the issuance of the Authority Bonds, a number of documents will be executed and delivered including the Ground Lease, the Site Lease, the Facility Lease, the Sublease, the Bond Purchase Agreement, the Authority Indenture, the Loan Agreement, the Project Implementation Agreement, the Support Agreement, the Enforcement Agreement, the Amendment No. 1 to the JEPA Agreement, the Third Amended and Restated Revenue Sharing Agreement and the Amended and Restated Joint Community Facilities Agreement and any exhibits thereto, such as the Completion Guaranty (as defined in the Project Implementation Agreement) (collectively, the “Chula Vista Bayfront Documents”); and

WHEREAS, the City’s obligation to pay Lease Payments under the Facility Lease is limited to certain Lease Revenues (as defined in the Facility Lease), which include certain transient occupancy tax, property tax, and sales and use tax revenues generated by the Hotel, the Convention Center and the RV Park Lease (as defined in the Facility Lease), and an amount equal to the MSA Revenue (as defined in the Facility Lease) which is based on an amount paid to the City by the Port District pursuant to that certain Municipal Services Agreement No. 88-2012 between the City and the Port District; and

WHEREAS, the City has prepared and made available to the public prior to the date of the public hearing regarding the Project and the Authority Bonds an Economic Opportunity Report and an Economic Development Subsidy Report containing the information required by pursuant to Government Code Sections 52201(a)(2)(B) and 53083(a), respectively; and

WHEREAS, the City made the information required by Government Code Section 53083(a) available to the public in written form and on the City’s website and such information is set forth in the Economic Development Subsidy Report; and

WHEREAS, the City has held a noticed public hearing regarding the City’s Lease Payments, the Facility Lease, the Sublease, and the Project, as required by Government Code Sections 52201(a) and 53083(b); and

WHEREAS, the reports prepared and presented to the City Council and the public pursuant Government Code Sections 52201(a)(2)(B) and 53083(a) disclose that:

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- (a) The estimated value of the leasehold interest to be conveyed to RIDA pursuant to the Sublease, determined at the use and with the conditions, covenants, and development costs required by the Sublease, is \$97,057,000, consisting of the City's share of RIDA's scheduled lease payments under the Sublease, Advance Rent, and Additional Rent, as such terms are defined in the Facility Lease.
- (b) Development of the Convention Center at the Site in accordance with the Facility Lease, the Sublease and the Project Implementation Agreement qualifies as an "economic opportunity" under Government Code Section 52200.2(b) because as a result of the Convention Center development the property tax revenues to all property tax collecting entities generated by the Site at full implementation will far exceed a 15 percent increase above total property taxes generated the year prior to the City's lease acquisition of the Site. The Site currently generates no or nominal property taxes, as it is publicly-owned and only nominally improved. The estimated property tax to be generated in the first year following the opening of the Project is approximately \$2.28 million.
- (c) The Project will generate substantial benefits to the local and regional community in the form of increased tax and land lease revenues, permanent and temporary jobs, and the provision of significant public amenities and public infrastructure.
- (d) The Project is also anticipated to be the development catalyst for the CVBMP and is consistent with the policies outlined in the City's Economic Development Element of the General Plan in order to achieve its economic development goals and objectives. These policies include:
 - i. Promote economic development that fosters job availability, economic revitalization, and tax revenues.
 - ii. Pursue actions to support development of tourism in the City.
 - iii. Develop and promote various portions of the City, such as the Chula Vista Bayfront, as regional visitor destinations that could include hotels, meeting spaces, and conference facilities.
 - iv. Encourage the opportunity for employment of local residents.
- (e) The operation of the Project will serve the City and the surrounding community by providing commercial facilities that are not currently available in the community. No luxury, AAA Four Diamond (or similar) hotel currently operates in the City. Further, the City currently lacks large, luxury conference facilities similar to the Convention Center component of the proposed Project that will accommodate community events and gatherings such as high school dances, meetings of local trade organizations, fundraisers, and other community events. The nature of the Project as a high-end, luxury resort is expected to bring a demand for additional luxury facilities and services in the community, encouraging related investment and development in the City and surrounding

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areas. The development, opening, and operation of the Project will be of material benefit to the City and to the citizens of, and property owners in, the City and surrounding areas, because construction and operation of the Project will encourage and foster the economic revitalization of the City for the people in the area and the general public as a whole; provide commercial facilities and services not currently available in the City; increase tax revenues available to the City and other taxing agencies; increase sales tax revenues available to the City; increase Transient Occupancy Tax revenues available to the City; generate Additional Rent to the City; generate Parking Rent (defined in the Sublease) to the City; generate Ground Lease and Sublease lease payments, a portion of which will be retained by the City; and create jobs within the City.

WHEREAS, good faith estimates of certain information relating to the Authority Bonds are set forth in Exhibit B attached hereto as required by California Government Code Section 5852.1; such estimates were provided by Harrell & Company Advisors, LLC, the City's Municipal Advisor based on interest rates and financing assumptions provided by the Underwriter; and

WHEREAS, the City Council has been presented with the form of each document referred to above 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 be entered into by the City with respect to the financing of the Project; and

WHEREAS, the proposed approvals described herein with respect to the Project have been analyzed for compliance with the California Environmental Quality Act (CEQA) and the City has determined that the activities involved with such approvals are covered in the previously adopted Environmental Impact Report UPD#83356-EIR-65B/SCH#2005081077 related to the CVBMP, and the addendums thereto (collectively, the "Project EIR") and that the proposed City Council actions included herein are merely a step-in furtherance of the original project for which environmental review was performed and that no circumstances have arisen triggering the requirement for any supplemental or subsequent CEQA analysis as a result of the adoption of this Resolution and the actions approved herein in that: 1) no substantial changes are proposed to the project analyzed in the Project EIR and no substantial changes have occurred that require major revisions to the Project EIR due to the involvement of new significant environmental effects or an increase in severity of previously identified significant effects; 2) no new information of substantial importance has come to light that (a) shows the Project will have one or more significant effects not discussed in the Project EIR, (b) identifies significant impacts would not be more severe than those analyzed in the Project EIR, or (c) shows that mitigation measures or alternatives are now feasible that were identified as infeasible and those mitigation measures or alternatives would reduce significant impacts, and 3) no changes to mitigation measures or alternatives have been identified or are required, and, accordingly, pursuant to CEQA Guidelines §15162(b), the City Council finds that no further analysis or environmental documentation is necessary; 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

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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 undertake the actions described herein related to 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. In accordance with the provisions of Section 6586.5 of the Act, the City Council hereby approves the financing of the Project with proceeds of the Authority Bonds in an amount not to exceed \$400,000,000 and further finds and determines that (a) having the Authority assist the City in the financing of the Project through the issuance of the Authority Bonds pursuant to the Act will result in significant public benefits of the types described in Section 6586 of the Act, including, but not limited to, demonstrable savings in interest rate, bond underwriting and bond issuance costs, employment benefits from undertaking the Project in a timely fashion and more efficient delivery of local agency services to residential and commercial development in the area of the CVBMP, (b) the execution and delivery of the Facility Lease and Sublease will assist in the creation of economic opportunity, and (c) the consideration to be received by the City under the Sublease is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Sublease. The foregoing findings and determinations are based on the information set forth in the foregoing recitals and all evidence, documentation, and testimony in the record before the City Council.

SECTION 2. The forms of the Facility Lease, Sublease Agreement, Project Implementation Agreement, Enforcement Agreement, Amendment No. 1 to the JEPA Agreement and the Bond Purchase Agreement (the "City Agreements") presented to the City Council at this meeting, are hereby approved, and, subject to the limitations in the following sentence, each of the Mayor of the City (the "Mayor"), the City Manager of the City (the "City Manager"), any 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 City Agreements in substantially said forms, with such changes, ~~insertions and additions thereto as the Authorized Officer executing the same may require or approve to reflect the final terms of the sale of the Authority Bonds, to cure any ambiguity or defective provision therein, to eliminate any inconsistencies among any of the City Agreements, the Site Lease, the Ground Lease and the Authority Indenture, to respond to market conditions relevant to the marketing of the Authority Bonds as identified by the Underwriter, to facilitate the required private financing for the Hotel and Convention Center described in the City Agreements or otherwise necessary to facilitate the issuance of the Authority Bonds and the construction of the Hotel and the Project and which are not materially adverse to the interests of the City, which approval shall be based on the advice of the City Attorney, and such approval shall be conclusively evidenced by the execution and delivery thereof by an Authorized Officer, as may be made in accordance with the delegation authority provided in the following paragraph.~~ The authorization to execute the City Agreements is contingent upon the approval by the

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Authority of a resolution authorizing the issuance of the Authority Bonds and approving the City Agreements to which it is a party, and the term of the Facility Lease and Sublease Agreement shall terminate no later than June 1, 2058 (provided that such term may be extended as provided therein to a maximum of sixty-six years from the date of issuance of the Authority Bonds). Based on the cost of constructing the Convention Center, the expected useful life of the Convention Center and other information known to the City regarding the public benefits to be provided by the Facility to the City and the general public, the City Council hereby finds and determines that the Maximum Lease Payment due in each fiscal year under the Facility Lease as set forth in Exhibit C thereto will not exceed the fair rental value of the Facility in such fiscal year.

The City Council hereby delegates to the Authorized Officers the authority to make and consent to changes to one or more of the Chula Vista Bayfront Documents to facilitate the financing and construction of the Hotel, the Phase 1A Infrastructure Improvements, and the Convention Center which an Authorized Officer determines are needed (i) to eliminate any inconsistencies among any of the Chula Vista Bayfront Documents; (ii) to cure any ambiguity or defective provision in any of the Chula Vista Bayfront Documents; (iii) to respond to market conditions related to the structuring and marketing of the Authority Bonds as identified by the Underwriter, including, but not limited to, rating requirements; (iv) to reflect the final terms of the sale by the Underwriter of the Authority Bonds; and (v) to facilitate the required private financing for the Hotel and Convention Center or otherwise necessary to facilitate the issuance of the Authority Bonds and the construction of the Hotel, Phase 1A Infrastructure Improvements, and the Convention Center; provided, however that such changes shall not (x) increase the indemnification obligations of the City; (y) result in an additional contribution of funds by the City (except to a de minimis amount (not to exceed \$500,000 in total)); or (z) materially increase the obligations of the City, which changes shall be based on the advice of the City Attorney, and approved by an Authorized Officer through the Authorized Officer's execution (or as to documents to which the City is not a party, such Authorized Officer's written consent) of the Chula Vista Bayfront Documents incorporating the changes proposed, and shall be conclusively evidenced by the delivery by the City of the executed Chula Vista Bayfront Documents with the changes or its written consent to such changes, as applicable.

~~SECTION 2.~~SECTION 3. The Authorized Officers and the City Attorney are authorized to take whatever steps are necessary and appropriate for a judicial validation action to be filed pursuant to Code of Civil Procedure Section 860 et seq. to obtain a court ruling on the validity of some or all of the City Agreements, the Loan Agreement, the Support Agreement, the Authority Indenture and the Authority Bonds.

~~SECTION 3.~~SECTION 4. The Authorized Officers, and other 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 easement agreements related to the Facility, a Tax Certificate for any of the Authority Bonds and other certificates or agreements required pursuant to the terms of the Bond Purchase Agreement or by the Authority or the Port District as a condition to their consummating the transactions described

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herein related to the Project and the Authority Bonds. In addition, following the issuance of the Authority Bonds, each of the Authorized Officers, acting alone, is authorized to take any and all actions required of the City under the City Agreements including, but not limited to, executing required certificates, granting consents, filing reports and sending notices on behalf of the City. All actions heretofore taken by the Authorized Officers and other officers, employees and agents of the City with respect to the CVBMP and the matters described herein are hereby approved, confirmed and ratified.

~~SECTION 4.~~SECTION 5. This Resolution shall take effect immediately upon its passage.

Presented by

Approved as to form by

Tiffany Allen
Director of Development Services

Glen R. Googins
City Attorney

EXHIBIT A

DESCRIPTION OF PHASE 1A INFRASTRUCTURE IMPROVEMENTS

Description	
Developer's Phase 1A Infrastructure Improvements	
1	E Street (G Street to H Street)
2	G Street Connection
3	H Street (Bay Blvd to Street A)
4	H Street (Marina Pkwy to E Street)
5	H-3 Utility Corridor
6	H-3 Site Prep
7	Harbor Park (Initial)
Phase 1A Infrastructure to be Constructed by City	
8	G Street Sewer Pump Station
Phase 1A Infrastructure to be Constructed by Port	
9	S-2 Sweetwater Signature Park (Initial)

EXHIBIT B

SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Authority Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City Council of the City of Chula Vista (the "City") by Harrell & Company Advisors, LLC, the municipal advisor (the "Municipal Advisor"), based on interest rates and financing assumptions provided by J.P. Morgan Securities LLC (the "Underwriter").

Principal Amount. The Municipal Advisor has informed the City that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Authority Bonds is \$353,000,000 (the "Estimated Principal Amount").

True Interest Cost of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Authority Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Authority Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Authority Bonds, is 5.00%.

Finance Charge of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Authority Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Authority Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Authority Bonds), is \$8,821,000, of which \$3,400,000 is allocable to the Loan.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Authority Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Authority Bonds, less the finance charge of the Authority Bonds, as estimated above, and any reserves or capitalized interest on the Authority Bonds paid or funded with proceeds of the Authority Bonds, is \$286,500,000, of which \$102,600,000 is allocable to the Loan.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Authority Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay the Authority Bonds, calculated to the final maturity of the Authority Bonds, is \$832,000,000 and the annual cost to administer the Authority Bonds, not paid with the proceeds of the Authority Bonds, is \$25,000.

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The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on May 11, 2021. The actual principal amount of the Authority Bonds, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the Authority Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of the Authority Bonds being different from the Estimated Principal Amount, (c) the actual amortization of the Authority Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Authority Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of sale of the Authority Bonds and the actual principal amount of the Authority Bonds will be determined by the Authority based on various factors. The actual interest rates borne by the Authority Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Authority Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City or the Municipal Advisor.