

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION APPROVING THE ISSUANCE BY THE SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY OF NOT TO EXCEED \$250,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS (CAPITAL PROJECTS) AND \$60,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS (FORWARD REFUNDING), TO FINANCE CERTAIN PUBLIC CAPITAL IMPROVEMENTS AND THE REFUNDING OF ALL OR A PORTION OF THE OUTSTANDING SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY LEASE REVENUE BONDS (CAPITAL PROJECTS), 2009 REFUNDING SERIES A, TO PAY COSTS OF ISSUANCE OF THE BONDS, AND TO PAY CAPITALIZED INTEREST ON THE BONDS; AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF AN EIGHTH SUPPLEMENTAL TRUST AGREEMENT, A NINTH SUPPLEMENTAL TRUST AGREEMENT, A SIXTH AMENDMENT TO MASTER FACILITY LEASE, A SIXTH AMENDMENT TO MASTER SITE LEASE, BOND PURCHASE CONTRACT, FORWARD DELIVERY BOND PURCHASE CONTRACT, CONTINUING DISCLOSURE AGREEMENTS AND AN OFFICIAL STATEMENT; AUTHORIZING A LEASE FINANCING WITH THE SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY BASED ON A FINDING OF SIGNIFICANT PUBLIC BENEFIT; AND APPROVING THE TAKING OF ALL NECESSARY ACTIONS IN CONNECTION THEREWITH

WHEREAS, the County of San Mateo (the “County”) and the Community Development Commission for the County of San Mateo (the “Commission”) have heretofore entered into a Joint Exercise of Powers Agreement, dated May 15, 1993 (as amended from time to time, the “Joint Powers Agreement”), which Joint Powers Agreement creates and establishes the San Mateo County Joint Powers Financing Authority (the “Authority”);

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “JPA Law”) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits;

WHEREAS, the County has heretofore entered into a Master Site Lease (San Mateo County Health Center), dated as of April 15, 1994, between the County and the Authority (as amended, the “Master Site Lease”), for the lease of the Project and other County property, and is presently leasing the same back from the Authority pursuant to a Master Facility Lease (San Mateo County Health Center) dated as of April 15, 1994, between the Authority and the County (as amended, the “Master Facility Lease”);

WHEREAS, pursuant to a Trust Agreement dated as of April 15, 1994 (as supplemented and amended, the “Trust Agreement”), by and between the Authority and U.S. Bank National Association, as successor trustee (the “Trustee”), the Authority has heretofore issued the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (San Mateo County Health Center), 1994 Series A (the “1994 Bonds”), in the aggregate principal amount of \$124,355,000; the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 1995 Series A, in the aggregate principal amount of \$19,225,000 (the “1995 Bonds”); the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 1997 Series A, in the aggregate principal amount of \$63,205,000 (the “1997 Bonds”); the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 1999 Refunding Series A, in the aggregate principal amount of \$113,140,000 (the “1999 Bonds”); the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2001 Series A, in the aggregate principal amount of \$24,370,000 (the “2001 Series A Bonds”); the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2001 Series B, in the aggregate principal amount of \$8,520,000 (the “2001 Series B Bonds” and, together with the 2001 Series A Bonds, the “2001 Bonds”); the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2009 Refunding Series A, in the aggregate principal amount of \$115,505,000 (the “2009 Bonds”); and the San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Refunding and Capital Projects), 2013 Series A, in the aggregate principal amount of \$40,065,000 (the “2013 Bonds”) for financing and refinancing the acquisition, construction, remodeling and equipping of certain facilities for the County of San Mateo (the “Project”) and other capital improvements for the County;

WHEREAS, only portions of the 2009 Bonds and the 2013 Bonds are currently outstanding;

WHEREAS, the County now wishes to request, and it furthers the public purpose for, the Authority to assist the County in making public capital improvements, including, but not limited to, the demolition of portions of existing hospital and health facilities and the acquisition, construction and improvements of certain hospital and health facilities and office buildings within the County, such as the Medical Center Administration Building and County Office Building #3 (collectively, the “2018 Capital Improvements”) and refunding and defeasing, to the extent there are debt service savings, all or a portion of the outstanding 2009 Bonds (the “Prior Bonds”);

WHEREAS, refinancing the Prior Bonds will lower the interest rate, thereby reducing the rent payable by the County under the Master Facility Lease;

WHEREAS, Section 6586.5 of the JPA Law requires that a member of the Authority within whose boundaries the project being finance is located conduct a public hearing on the financing and following such hearing make a finding of significant public benefit as to the financing;

WHEREAS, the County, as a member of the Authority within whose boundaries the proposed 2018 Capital Improvements are located, held a public hearing on the financing on the date hereof following publication of notice of the public hearing at least five days prior hereto in a newspaper of general circulation in the County;

WHEREAS, the County desires to approve the sale and issuance by the Authority of not to exceed \$250,000,000 in aggregate principal amount of San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Capital Projects), 2018 Series A (the “2018 Series A Bonds”) pursuant to the Trust Agreement, as supplemented by an Eighth Supplemental Trust Agreement, by and between the Authority and the

Trustee (the “Eighth Supplemental Trust Agreement”), for the purpose of financing the 2018 Capital Improvements, paying costs of issuance of the 2018 Series A Bonds and paying capitalized interest on the 2018 Series A Bonds;

WHEREAS, the County desires to approve the sale and issuance by the Authority of not to exceed \$60,000,000 in aggregate principal amount of San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Forward Refunding), 2019 Series A (the “2019 Series A Bonds” and, together with the 2018 Series A Bonds, the “Bonds”) pursuant to the Trust Agreement, as supplemented by a Ninth Supplemental Trust Agreement, by and between the Authority and the Trustee (the “Ninth Supplemental Trust Agreement”), for the purpose of refunding and defeasance of all or a portion of the Prior Bonds and paying costs of issuance of the 2019 Series A Bonds;

WHEREAS, the financing will require amendments to the Master Facility Lease and the Master Site Lease to include the Medical Center Administration Building and Regional Operations Center among the properties leased to the Authority and leased back by the County, and it is convenient at this time to release the North County Satellite Health Clinic from the properties leased to the Authority and leased back by the County, and provide other terms of the financing, such action to be taken pursuant to a Sixth Amendment to Master Site Lease (the “Sixth Amendment to Site Lease”) and a Sixth Amendment to Master Facility Lease (the “Sixth Amendment to Facility Lease”), the forms of which are both on file with the Clerk of the Board of Supervisors (the “Board”);

WHEREAS, Section 5852.1 of the Government Code of the State of California requires that the Governing Board of the Authority obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of certain financing information with respect to such bonds in a meeting open to the public;

WHEREAS, in compliance with said section, the Governing Board of the Authority has obtained from the Senior Manager the required good faith estimates for the

Bonds, and such information has also been provided to this Board in connection with this agenda item, and such estimates have been made available to the general public;

WHEREAS, California Financial Services Inc. is serving as municipal advisor (the “Municipal Advisor”), Orrick, Herrington & Sutcliffe LLP is serving as bond counsel (“Bond Counsel”), and Norton Rose Fulbright US LLP is serving as disclosure counsel (“Disclosure Counsel”) to the County and Authority in connection with the financing;

WHEREAS, Barclays Capital Inc. is serving as the Senior Managing Underwriter (the “Senior Manager”) and Citigroup Global Markets, Inc. is serving as Co-Senior Manager (the “Co-Senior Manager”) to the County and the Authority in connection with the financing and will be joined by Siebert Cisneros Shank & Co. L.L.C. and Morgan Stanley & Co. LLC, firms from the County’s pre-selected underwriting pool;

WHEREAS, there have been presented to this Board the proposed forms of an Official Statement describing the Bonds, a Bond Purchase Contract for each series of the Bonds and a Continuing Disclosure Agreement for each series of the Bonds (as such terms are hereinafter defined);

WHEREAS, Senate Bill 1029 (“SB1029”) was signed by the California Governor on September 12, 2016 and places additional responsibilities on any issuer of public debt, including adopting debt management policies that meet certain criteria;

WHEREAS, in order to cause such requirement to be satisfied, the County has delivered to the Board for approval a proposed Debt Management Policy, represents that it is in compliance with SB1029 pre-issuance requirements, the Bonds will be issued in compliance with the Debt Management Policy and the County will comply with all post-issuance requirements of SB1029; and

WHEREAS, the base rental payments payable by the County under the Master Facility Lease as amended will not violate the County’s Debt Management Policy;

NOW THEREFORE, IT IS HEREBY DETERMINED AND RESOLVED by the Board of Supervisors of the County of San Mateo, as follows:

Section 1. The foregoing recitals are true and correct and this Board hereby so finds and determines.

Section 2. The Board finds that the financing will result in significant public benefit including demonstrable savings in effective interest rate costs; employment benefits from undertaking the project in a timely fashion; and more efficient delivery of County services to taxpayers;

Section 3. The Board hereby approves the issuance of the Bonds by the Authority, in an aggregate principal amount not to exceed \$250,000,000, with respect to the 2018 Series A Bonds and \$60,000,000, with respect to the 2019 Series A Bonds, to be issued in two or more series and to carry such designation as the officer executing the same determines is appropriate. The proceeds of the 2018 Series A Bonds shall be used to finance certain public capital projects, to pay costs of issuance of the 2018 Series A bonds and to pay capitalized interest on the 2018 Series A Bonds. The proceeds of the 2019 Series A Bonds shall be used to refund all or a portion of the Prior Bonds and to pay costs of issuance of the 2019 Series A bonds. The Board hereby authorizes and approves the addition of the Medical Center Administration Building and the Regional Operations Center to those properties leased to the Authority pursuant to the Master Site Lease and leased back by the County pursuant to the Master Facility Lease, if the inclusion of such property is determined to be necessary or beneficial to the financing by the County Manager, Assistant County Manager or any Deputy County Manager, the County Budget Director, or any designee of any such officer (each an "Authorized Officer") of the County. The Board further authorizes the release of the North County Satellite Health Clinic property from the leases in recognition that no more rental payments are scheduled to be paid with respect to such property under the Master Facility Lease and the continued encumbrance of such property under a prior 1993 lease financing.

Section 4. The Authorized Officers may, if it is determined to be necessary or desirable, assist the Authority in obtaining bond insurance for all or a portion of the Bonds and/or a surety bond or bonds with respect to all or a portion of the reserve requirement with respect to the Bonds and/or any and all outstanding bonds issued pursuant to the Trust Agreement.

Section 5. The proposed form of Sixth Amendment to Site Lease, on file with the Clerk of the Board, is hereby approved. The Authorized Officers are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to execute and deliver the Sixth Amendment to Site Lease in substantially said form, with such changes therein as such executing officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The maximum term of property leased under the Master Site Lease, as amended by the Sixth Amendment to

Site Lease, shall not exceed 40 years from the date of the Sixth Amendment to Site Lease.

Section 6. The proposed form of Sixth Amendment to Facility Lease, on file with the Clerk of the Board, is hereby approved. The Authorized Officers are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to execute and deliver the Sixth Amendment to Facility Lease in substantially said form, with such changes therein as such executing officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, provided that the maximum annual additional amount of base rental payable under the Master Facility Lease, as amended by the Sixth Amendment to Facility Lease, shall not exceed \$13,500,000 and the term of the Facility Lease, as amended, shall not extend beyond the end of the calendar year 2052 (except that the Facility Lease may provide for an extension of up to an additional 6 years to address an abatement event). The maximum annual amount of base rental payable under the Master Facility Lease, as amended by the Sixth Amendment to Facility Lease, shall not exceed \$27,000,000.

Section 7. The proposed forms of Continuing Disclosure Agreements (collectively, the "Continuing Disclosure Agreements"), each by and between the County and the Trustee, on file with the Clerk of the Board, are hereby approved. The Authorized Officers are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to execute and deliver the Continuing Disclosure Agreements in substantially said forms, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The proposed forms of Bond Purchase Contract and Forward Delivery Bond Purchase Contract (collectively, the "Bond Purchase Contracts") among the Authority, the County and Barclays Capital Inc., as representative of the underwriters (the "Underwriters"), on file with the Clerk of the Board, are hereby approved. The Authorized Officers are each hereby authorized and directed, acting singly, for and in the name and on behalf of the County, to accept the offer of the Underwriters to purchase the Bonds as reflected in the Bond Purchase Contracts; and to execute and deliver the Bond Purchase Contracts in substantially the form on file with the Secretary of the Authority, with such additions, deletions or changes therein as such officer determines are necessary or appropriate and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Contracts; provided, that the interest rate on the 2018 Series A Bonds shall not exceed a true interest cost of five percent (5.0%) per annum, the term of the Bonds shall not exceed thirty-four (34) years from the date of issuance, the underwriting discount (excluding any original issue discount) shall not exceed half a percent (0.5%) of the principal amount of Bonds sold, and provided further that the refunding of the Prior Bonds shall result in net present value savings of at least three percent (3.0%) of the principal amount of the refunded bonds, and that no maturity of the Prior Bonds shall be refunded if the refunding of such maturity will not produce savings in that year, and the term of the 2019 Series A Bonds will not extend beyond the term of the Prior Bonds being refunded.

Section 9. The proposed form of Official Statement relating to the Bonds (the “Official Statement”), on file with the Clerk of the Board, is hereby approved. The Authorized Officers are each hereby authorized and directed, acting singly, for and in the name of and on behalf of the County, to execute and deliver the Official Statement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby directed to distribute copies of the Official Statement to all actual purchasers of the Bonds. Distribution by the Underwriters of a Preliminary Official Statement relating to the Bonds (either in printed form or by posting electronically) is hereby approved and the Authorized Officers are each hereby authorized and directed, acting singly, to execute a certificate confirming that the Preliminary Official Statement has been “deemed final” by the County for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 10. The Eighth Supplemental Trust Agreement and the Ninth Supplemental Trust Agreement are hereby approved in substantially the forms presented to this meeting with such changes as the Authority officers executing the same may require or approve upon consultation with the Authorized Officers, the approval thereof to be evidenced by the execution and delivery of such documents.

Section 11. The Authorized Officers are hereby authorized on behalf of the County to enter into, amend, terminate, or instruct the Authority or the Trustee to enter into, amend or terminate one or more investment agreements or forward delivery agreements (hereinafter collectively referred to as the “Investment Agreements”) providing for the investment of moneys in any of the funds and accounts created under the Trust Agreement, on such terms as such officer of the County shall deem appropriate. Pursuant to Section 5922 of the Government Code of the State of California, the Board hereby finds and determines that the Investment Agreements will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreements and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Bonds or enhance the relationship between risk and return with respect to investments.

The Authorized Officers are each hereby now and in the future authorized and directed, acting singly, for and in the name and on behalf of the County, to execute and deliver, any amendments to the Master Site Lease or the Master Facility Lease or other real estate instruments to the extent which they deem necessary or beneficial to the Authority or the County, including but not limited to the release, purchase, or substitution of real property pursuant to and subject to the terms of the Master Facility Lease, the Master Site Lease and the Trust Agreement. The Authorized Officers are authorized to substitute sureties for cash in the debt service reserve fund, or to eliminate the reserve requirement if they deem it necessary or beneficial to the Authority or the County, and to approve amendments to the Trust Agreement to accommodate such actions, as permitted by the Trust Agreement.

Section 12. The County hereby represents that the proposed financing complies with the provisions of the Debt Management Policy approved by the Board at this meeting.

Section 13. Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, on behalf of the Governing Board of the Authority will be and on behalf of the County is authorized and directed to cause notices of the proposed sale and final sale of the Bonds and leases to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to Section 8855 of the Government Code.

Section 14. The officers and Supervisors of the County are hereby authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including without limitation accepting any deed of property or executing any documents necessary to clarify title or any of the foregoing which may be necessary or desirable in connection with administering the documents or any default under or amendment of such documents or additional confirmations, settlements or revisions, or approval of additional trustees, paying agents or other entities facilitating the transaction may be taken or given by the Authorized Officers without further authorization by this Board, and the Authorized Officers are each hereby authorized and directed to give such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution and the transactions contemplated hereby. The documents and Bonds authorized herein may be dated such date and the Bonds may be assigned such different series designations, as may be appropriate to indicate when the Bonds are actually sold or delivered or the nature of the Bonds.

Section 15. The Authorized Officers, are hereby authorized and directed, acting singly, to execute and deliver any Certificate of the County or Written Request of the County required to be delivered pursuant to the Trust Agreement, the Eighth Supplemental Trust Agreement, the Ninth Supplemental Trust Agreement or the Bond Purchase Contracts or otherwise as may be necessary or desirable in connection with the financing or the refunding and defeasance of the Prior Bonds, including the execution of any escrow instructions, purchase instructions for escrow securities, a letter engaging a duly licensed firm to provide a verification report, or any investment agreement or direction of investment with respect to Bond funds, which investments are hereby authorized to have terms of up to the term of the Bonds.

Section 16. This Resolution shall take effect from and after its adoption.

CLERK'S CERTIFICATE

I, Sherry Golestan, Deputy Clerk of the Board of Supervisors of the County of San Mateo, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of said County duly and regularly and legally held at the regular meeting place thereof on October 23, 2018 of which meeting all of the members of the Board of Supervisors of said County had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes:

Noes:

Absent:

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

I further certify that an agenda of said meeting was posted at least 72 hours prior to the date of the meeting in a place in the City of Redwood City, California, freely accessible to members of the public and that a short description of said resolution appeared on said agenda. Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this ____ day of _____, 2018.

Deputy Clerk of the Board of Supervisors
County of San Mateo