



City Council/
Financing Authority
Staff Report

DATE: November 16, 2011

SUBJECT: APPROVAL OF REFINANCING OF CERTAIN
OBLIGATIONS RELATING TO CONVENTION CENTER

FROM: David H. Ready, City Manager / Executive Director

BY: Thomas Wilson, Assistant City Manager

SUMMARY:

The City has financed a series of improvements to the Convention Center over the last 25 years, using Lease Revenue Bonds issued by the City of Palm Springs Financing Authority (Authority). There are currently 2 outstanding series of bonds for this purpose: the 2001 Lease Revenue Bonds and the 2004 Lease Revenue Bonds. The City and the Authority have the opportunity to refinance the 2001 Bonds at this time and save approximately \$95,000 annually for the next 14 years.

If approved, the resolutions would authorize (1) distribution of a preliminary official statement in connection with the bond sale, (2) sale of the refunding bonds on certain terms and conditions and (3) execution of various documents in connection with the bond sale by the City Manager.

RECOMMENDATION:

Acting as the City Council:

Approve Resolution No. ____ "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, APPROVING AND AUTHORIZING THE EXECUTION OF SUPPLEMENTAL SITE LEASE NO. 2, SUPPLEMENTAL TRUST AGREEMENT NO. 4 AND OTHER LEGAL DOCUMENTS WITH RESPECT TO THE CITY OF PALM SPRINGS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2011 SERIES A (CONVENTION CENTER PROJECT)

Acting as the Financing Authority Board:

Approve Resolution No. _____ "A RESOLUTION OF THE CITY OF PALM SPRINGS FINANCING AUTHORITY AUTHORIZING AND DIRECTING THE ISSUANCE AND SALE OF ITS LEASE REVENUE BONDS, 2011 SERIES A (CONVENTION CENTER PROJECT), APPROVING A PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT, SUPPLEMENTAL SITE LEASE NO. 3, SUPPLEMENTAL TRUST AGREEMENT NO. 4, SUPPLEMENTAL LEASE AGREEMENT NO. 5, BOND PURCHASE AGREEMENT AND ESCROW DEPOSIT AGREEMENT AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

STAFF ANALYSIS:

The City has financed a series of improvements to the Convention Center over the last 25 years, using Lease Revenue Bonds issued by the City of Palm Springs Financing Authority (Authority). There are currently 2 outstanding series of bonds for this purpose: 2001 Lease Revenue Bonds and 2004 Lease Revenue Bonds.

The 2001 Bonds were issued to refinance bonds issued in 1991. The 2001 Bonds mature in November 2025 and have a principal balance of \$23,540,000. The average interest rate on the outstanding 2001 Bonds is 5.0%.

The 2004 Bonds were issued to refinance bonds issued in 1997 and to finance the expansion of the convention center. The 2004 Bonds mature in November 2035 and have a principal balance of \$54,640,000. The average interest rate on the outstanding 2004 Bonds is 5.50%.

Both series of Bonds carry the City's current "A" general fund lease rating from S&P.

Beginning on November 1, 2011, the 2001 Bonds became eligible to be called for redemption on 30 days' notice to existing bondholders. Based on current interest rates – an average 4.10% -- the City can save approximately \$95,000 annually by refinancing the 2001 Bonds at this time. There are currently no savings from refunding the 2004 Bonds. This is due to their longer maturity and the length of time until their call date (2014).

The City currently leases the Convention Center facility and the north parking areas from the Authority pursuant to a lease agreement. The lease payments made by the City secure the payments on both the 2001 Bonds and the 2004 Bonds to be made by the Authority to the bondholders under a trust agreement. A refinancing of the bonds would require supplements to both the existing lease agreement and the existing trust agreement, as well as approval of other financing documents.

Further, staff is recommending that the north parking areas be released from the lien of the Bonds at this time, to provide for a potential development opportunity at that site. In order to release the property from the lien, other property will need to be substituted with an equivalent or greater value than the 7.9 acre north parking area. This is necessary to provide sufficient property value to secure the lease payments and satisfy credit rating criteria. Staff is recommending that the Victoria Park property be used for this purpose.

In order to authorize the issuance of the refunding bonds, the City Council and the Authority Board have been presented with resolutions for their consideration. The City Council resolution approves the following documents in connection with the financing:

- A Supplemental Site Lease between the City and the Authority;
- A Supplemental Lease Agreement between the City and the Authority;
- A Supplemental Trust Agreement between the City, the Authority and the Trustee (Bank of New York Mellon Trust Company);
- An Escrow Deposit and Trust Agreement between the City, the Authority and the Trustee;
- A Bond Purchase Agreement between the City, the Authority and Stone & Youngberg, a division of Stifel Nicolaus; and
- A Preliminary Official Statement

The City Council resolution also approves the distribution of the preliminary official statement relating to the Bonds.

The Authority Board resolution approves the following documents:

- A Supplemental Site Lease between the City and the Authority;
- A Supplemental Lease Agreement between the City and the Authority;
- A Supplemental Trust Agreement between the City, the Authority and the Trustee (Bank of New York Mellon Trust Company);
- An Amended Assignment Agreement between the Authority and the Trustee;
- An Escrow Deposit and Trust Agreement between the City, the Authority and the Trustee;
- A Bond Purchase Agreement between the City, the Authority and Stone & Youngberg, a division of Stifel Nicolaus; and
- A Preliminary Official Statement

The Authority Board resolution also approves the distribution of the preliminary official statement.

Both resolutions authorize the execution of the Bond Purchase Agreement by the City Manager and Authority Executive Director, within certain parameters. These parameters are: (1) the par amount of the bonds cannot exceed \$25,000,000; (2) the present value savings from refunding must be at least 4.5% of the amount of

the 2001 Bonds as certified to the City Manager by the financial advisor; and (3) the underwriters' discount cannot exceed 0.7% of the par amount of the Bonds.

The preliminary official statement was prepared by staff and the financial advisor, with input from the City's bond counsel and disclosure counsel. The City Council's review of the description of the City and the City's Financial Information contained in the preliminary official statement is requested prior to printing on or about November 21.

FISCAL IMPACT:

Staff is recommending that the City Council and Authority Board approve a refinancing that meets a threshold present value savings of at least 4.5%. This savings level would reduce the annual payments on the 2001 Bonds by approximately \$95,000 each year for the next 14 years, a total of \$1.4 million. The City's savings in the current 2011-12 Fiscal Year are estimated to be \$60,000 for the partial remaining debt service year.

The estimated bond size is \$24,100,000. The table below shows the estimated use of bond proceeds:

Redeem 2001 Bonds	\$23,694,000
Costs of Issuance	250,000
Underwriter Discount	<u>156,000</u>
Total	\$24,100,000

The savings realized are net of all costs to issue the bonds. These costs include bond counsel, disclosure counsel, financial advisor, trustee, rating fees and other fixed costs. The estimate of these costs is \$250,000, or slightly more than 1% of the bonds to be issued. The underwriters' discount is 0.7% of the bonds, which the financial advisor has negotiated on the City's behalf and is reasonable for the number of years to maturity, the bond size and the City's "A" credit rating. This is lower than the 0.719% that the City paid on the 2004 Convention Center bonds (\$62M par amount with a 30 year maturity and AAA rated).

As noted, the target effective rate for the refunding bonds is 4.10%, which results in a \$1.4 million savings. However, interest rates in the municipal bond market remain volatile, as the situation in Europe, Greece and Italy continues to unfold and data about the U.S. economy is released. Interest rates available on any given day may not produce the savings level recommended. For example, in mid-September, the effective rate on the refunding bonds would have been 4.07%. Two weeks later, the effective rate rose to 4.19%, and went as high as 4.27% during late October. On November 8, the effective rate was 4.09%.

If the City Council and Authority Board approve the resolutions, staff will price the bonds as soon as it is possible to achieve the savings goal. This might occur in early December, or it may require waiting until January. In any case, the

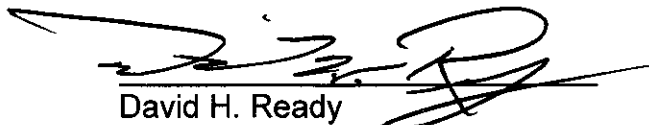
financial advisor and the underwriter will monitor market conditions until a window of opportunity is available.

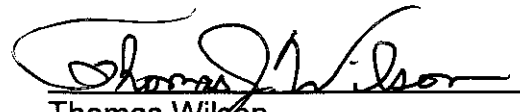
SUBMITTED:

Prepared By:


Geoffrey S. Kiehl
Director of Finance and Treasurer

Approved By:


David H. Ready
City Manager / Executive Director


Thomas Wilson
Assistant City Manager

Attachments:

Resolutions
Preliminary Official Statement
Supplemental Site Lease
Supplemental Trust Agreement
Supplemental Lease Agreement
Amended Assignment Agreement
Escrow Deposit and Trust Agreement
Bond Purchase Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS APPROVING AND AUTHORIZING THE EXECUTION OF SUPPLEMENTAL SITE LEASE NO. 3, SUPPLEMENTAL TRUST AGREEMENT NO. 4, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT, FINAL OFFICIAL STATEMENT, CONTINUING DISCLOSURE CERTIFICATE AND OTHER LEGAL DOCUMENTS WITH RESPECT TO THE CITY OF PALM SPRINGS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2011 SERIES A (CONVENTION CENTER PROJECT)

WHEREAS, the City of Palm Springs Financing Authority (the "Authority") is a Joint Powers Authority (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its power, all under and pursuant to the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) (the "Act") and the powers of such authority include the power to issue bonds for any of its corporate purposes, including the financing and refinancing of public capital improvements of benefit to the City of Palm Springs (the "City"); and

WHEREAS, the Authority and the City have entered into a Lease Agreement Relating to Convention Center Facilities by and between Authority and City dated as of April 1, 1991 (the "Lease Agreement"), whereby the Authority agreed to lease to the City; and the City agreed to lease from the Authority certain sites and the improvements thereon (the "Facilities") which are located on the Site (the "Site") described on Exhibit A to the Lease Agreement, as amended, in the manner and on the terms set forth in the Lease Agreement; and

WHEREAS, pursuant to the Lease Agreement, upon its execution and delivery, the Authority was required to deposit or cause to be deposited moneys to be credited, held and applied in accordance with a Trust Agreement Relating to Convention Center Facilities (the "1991 Trust Agreement") and for the purpose of obtaining such moneys the Authority issued its City of Palm Springs Financing Authority Lease Revenue Bonds, 1991 Series A (the "1991 Bonds") and, to secure repayment of the 1991 Bonds, the Authority assigned and transferred its rights and interests under the Lease Agreement to First Interstate Bank of California, as trustee (the "1991 Trustee"), for the benefit of the Owners of the 1991 Bonds and any Additional Bonds (as defined in the Trust Agreement) pursuant to the Assignment Agreement, dated as of April 1, 1991, between the Authority and the 1991 Trustee (the "Assignment Agreement"); and

WHEREAS, the City determined to advance refund a portion of the 1991 Bonds through the issuance by the Authority of its City of Palm Springs Financing Authority Lease Revenue Refunding Bonds, 1997 Series B (Convention Center Project) (the "1997 Bonds") and, for such purpose, the City and the Authority entered into a Supplemental Lease Agreement No. 2., dated as of October 1, 1997 (the "Supplemental Lease Agreement No. 2") and the City, the Authority and BNY Western Trust Company (the "1997" Trustee"), as successor Trustee to the 1991 Trustee, entered into Supplemental Trust Agreement No. 1, dated as of October 1, 1997 (the "Supplemental Trust Agreement No. 1"); and

WHEREAS, for the purpose of assigning certain of the Authority's interests in the Supplemental Lease Agreement No. 2 and the Supplemental Trust Agreement No. 1 to the Trustee, the Authority and the 1997 Trustee, amended the Assignment Agreement pursuant to

the First Amended Assignment Agreement, dated as of October 1, 1997, by and between the Authority and the 1997 Trustee (the "First Amended Assignment Agreement"); and

WHEREAS, the City determined to currently refund a portion of the outstanding 1991 Bonds through the issuance of the City of Palm Springs Financing Authority Lease Revenue Refunding Bonds, 2001 Series A Bonds (Convention Center Project) (the "2001 Bonds") and, for such purpose, the City and the Authority entered into Supplemental Lease Agreement No. 3, dated as of August 1, 2001 (the "Supplemental Lease Agreement No. 3") and the City, the Authority and the 1997 Trustee entered into Supplemental Trust Agreement No. 2, dated as of August 1, 2001 (the "Supplemental Trust Agreement No. 2"); and

WHEREAS, for the purpose of assigning certain of the Authority interests in Supplemental Lease Agreement No. 3 and Supplemental Trust Agreement No. 2 to the Trustee, the Authority and 1997 Trustee entered into the Second Amended Assignment Agreement, dated as of August 1, 2001 (the "Second Amended Assignment Agreement"); and

WHEREAS, the City determined to currently refund the outstanding 1997 Bonds and to expand the Convention Center facilities through the issuance of City of Palm Springs Financing Authority Lease Revenue Bonds, 2004 Series A (Convention Center Expansion Project) (the "2004 Bonds") and, for such purpose, the City and the Authority entered into Supplemental Site Lease No. 2, dated as of May 1, 2004 ("Supplemental Site Lease No. 2"), the City and the Authority entered into Supplemental Lease Agreement No. 4 ("Supplemental Lease Agreement No. 4"), dated as of May 1, 2004, between the City and the Authority and the City, the Authority and the 1997 Trustee, entered into Supplement Trust Agreement No. 3, dated as of May 1, 2004 (the "Supplemental Trust Agreement No. 3"); and

WHEREAS, for the purpose of assigning certain of the Authority's interests in Supplemental Site Lease No. 2, Supplemental Lease Agreement No. 4 and Supplemental Trust Agreement No. 3 to the Trustee, the Authority and the 1997 Trustee entered into the Third Amended Assignment Agreement, dated as of May 1, 2004 (the "Third Amended Assignment Agreement"); and

WHEREAS, the City has now determined to currently refund the outstanding 2001 Bonds through the issuance of City of Palm Springs Financing Authority Lease Revenue Refunding Bonds, 2011 Series A (Convention Center Project) (the "2011 Bonds") and, for such purpose, the City and the Authority propose to enter into Supplemental Site Lease No. 3, dated as of December 1, 2011 ("Supplemental Site Lease No. 3") and Supplemental Lease Agreement No. 5 ("Supplemental Lease Agreement No. 5"), dated as of December 1, 2011, between the City and the Authority and the City, the Authority and The Bank of New York Mellon Trust Company, N.A., Trustee, as successor Trustee to BNY Western Trust Company, propose to enter into Supplement Trust Agreement No. 4, dated as of December 1, 2011 (the "Supplemental Trust Agreement No. 4");

WHEREAS, the Authority and the Trustee also now desire, for such purpose, to amend the Third Amended Assignment Agreement to assign certain of the Authority's interests in Supplemental Site Lease No. 3, Supplemental Lease Agreement No. 5 and Supplemental Trust Agreement No. 4 to the Trustee, as provided in the Fourth Amended Assignment Agreement; and

WHEREAS, the Authority and the City propose to sell the Bonds to Stifel, Nicolaus & Company Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (the

"Underwriter"), in accordance with the bond purchase agreement in form on file with the City Clerk (the "Bond Purchase Agreement"); and

WHEREAS, the City finds and determines that it is a public purpose as set forth in the Act that the City approve and that the Authority deliver and sell the 2011 Bonds for said purpose and that there are significant public benefits arising from the taking of such action, including, but not limited to, demonstrable savings in effective interest rate, bond preparation, bond underwriting and financing costs associated with the issuance of the 2011 Bonds;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Palm Springs

SECTION 1. The above recitals are true and correct.

SECTION 2. Pursuant to the Act, the City hereby approves the issuance of the 2004 Bonds in an aggregate principal amount not to exceed \$25,000,000.

SECTION 3. The forms of the Supplemental Lease Agreement No. 5 and the Supplemental Site Lease No. 3, copies of which are on file with the City Clerk, be and are hereby approved in substantially the forms thereof on file or with such changes as may be approved by the City Manager or City Manager's designee, said execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and the City Manager or City Manager's designee be and is hereby authorized, together or alone, to execute and deliver the Supplemental Lease Agreement No. 5 and the Supplemental Site Lease No. 3 on behalf of the City.

SECTION 4. The form of the Supplemental Trust Agreement No. 4, a copy of which is on file with the City Clerk, be and is hereby approved in substantially the form thereof on file or which such changes as may be approved by the City Manager or City Manager's designee, said execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and the City Manager or City Manager's designee be and is hereby authorized, together or alone, to execute and deliver the Supplemental Trust Agreement No. 4.

SECTION 5. The form of 2011 Bonds Escrow Deposit and Trust Agreement, dated as of December 1, 2011 (the "Escrow Agreement"), by and between The Bank of New York Mellon Trust Company, N.A. as Escrow Agent, the Authority and City, a copy of which is on file with the City Clerk, be and is hereby approved in substantially the form thereof, or with such changes as may be approved by the City Manager or City Manager's designee, said officer's execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and each of said officers be and is hereby authorized to execute and deliver the Escrow Agreement.

SECTION 6. The form of Bond Purchase Agreement relating to the purchase of the 2011 Bonds is hereby approved in the form thereof on file with the City Clerk, or with such changes as may be approved by the City Manager or City Manager's designee, the execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and the City Manager or City Manager's designee is hereby authorized, together or alone, to execute and deliver said Agreement and to insert in the Bond Purchase Agreement the dollar amount which reflects the provisions of the Bond Purchase Agreement; provided, however, that (1) the aggregate principal amount of the 2011 Bonds shall not exceed \$25,000,000; and (2) the Authority shall have received from the Underwriter, prior to the sale of the 2011 Bonds, its written confirmation that the sale of the 2011 Bonds will result in a net present value saving of

not less than 4.50%, with an initial underwriter's discount (excluding original issue discount) of not more than 0.70%.

SECTION 7. The Preliminary Official Statement relating to the 2011 Bonds (the "Preliminary Official Statement"), a copy of which is on file with the City Clerk, is approved for distribution by the Underwriter, to investors who may be interested in purchasing the 2011 Bonds. The City Manager or City Manager's designee is authorized to approve the amendment of the Preliminary Official Statement, from time to time, pending distribution of the Preliminary Official Statement as shall be required to cause such Preliminary Official Statement to contain any further information necessary to accurately describe the 2011 Bonds and the City Manager or City Manager's designee is authorized to deem final the Preliminary Official Statement as of its date for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The final Official Statement relating to the 2011 Bonds, together with the Continuing Disclosure Certificate in the form attached to the final Official Statement, shall be submitted to the City Manager or City Manager's designee for approval and execution and delivery on behalf of the City.

SECTION 8. The City Manager or City Manager's designee or any other appropriate officers of City are further authorized and directed to execute such certifications, financing statements, bond purchase agreements, assignments, the official statements and instruments as are, in the opinion of Bond Counsel, necessary or appropriate to perfect the assignments set forth in the Supplemental Trust Agreement No. 4 and Supplemental Lease Agreement No. 5 and to consummate the transactions contemplated by this Resolution and provided for in the aforementioned documents.

SECTION 9. All actions heretofore taken by City or any of its officials, officers or employees in connection with the sale and delivery of the 2011 Bonds are hereby ratified; confirmed and approved.

SECTION 10. Any resolutions of the City Council adopted prior to this Resolution are, to the extent they are in consistent or conflict with this Resolution, hereby repealed and rescinded.

SECTION 11. This Resolution shall take effect and be enforceable immediately upon its adoption.

ADOPTED THIS 16th day of November, 2011.

AYES: Members

NOES: None

ABSENT: None

ATTEST:

CITY OF PALM SPRINGS FINANCING
AUTHORITY

By _____
City Clerk City Manager

REVIEWED AND APPROVED AS TO FORM _____

RESOLUTION NO. __

**A RESOLUTION OF THE CITY OF PALM SPRINGS FINANCING AUTHORITY
AUTHORIZING AND DIRECTING THE ISSUANCE AND SALE OF ITS LEASE REVENUE
REFUNDING BONDS, 2011 SERIES A (CONVENTION CENTER PROJECT), APPROVING A
PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING EXECUTION AND DELIVERY OF
AN OFFICIAL STATEMENT, SUPPLEMENTAL SITE LEASE NO. 3, SUPPLEMENTAL
TRUST AGREEMENT NO. 4, SUPPLEMENTAL LEASE AGREEMENT NO. 5, ASSIGNMENT
AGREEMENT, BOND PURCHASE AGREEMENT AND 2011 BONDS ESCROW DEPOSIT
AND TRUST AGREEMENT AND PROVIDING FOR OTHER MATTERS PROPERLY
RELATING THERETO**

WHEREAS, the City of Palm Springs Financing Authority (the "Authority") is a Joint Powers Authority (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its power, all under and pursuant to the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) (the "Act") and the powers of such authority include the power to issue bonds for any of its corporate purposes, including the financing and refinancing of public capital improvements of benefit to the City of Palm Springs (the "City"); and

WHEREAS, the Authority's Lease Revenue Bonds, 1991 Series A (Convention Center Project) (the "1991 Bonds") were sold and delivered by the Authority on April 22, 1991; and

WHEREAS, a portion of the 1991 Bonds were advance refunded with a portion of the Authority's Lease Revenue Refunding Bonds, 1997 Series B (Convention Center Project) (the "1997 Bonds"); and

WHEREAS, a portion of the 1991 Bonds were currently refunded with the proceeds of the Authority Lease Revenue Refunding Bonds, 2001 Series A (Convention Center Project) (the "2001 Bonds"); and

WHEREAS, the Authority, at the request of the City, refunded the 1997 Bonds and financed the expansion of the Convention Center facilities with the proceeds of the Authority's Lease Revenue Bonds, 2004 Series A (Convention Center Project) (the "2004 Bonds"); and

WHEREAS, the City now desires that the Authority refund the 2001 Bonds with the proceeds of the Authority's Lease Revenue Refunding Bonds, 2011 Series A (the "2011 Bonds"); and

WHEREAS, the City Council of the City has by resolution approved the issuance of the 2011 Bonds; and

WHEREAS, the Authority finds and determines that it is within its authority and public purpose that it approve the delivery and sale of the 2011 Bonds for said purposes and that there are significant public benefits arising from the taking of such action, including, but not limited to, demonstrable savings in effective interest rate, bond preparation, bond underwriting and financing costs associated with the issuance of the 2011 Bonds, as contemplated by Section 6586 of the Act; and

WHEREAS, in connection with the marketing of the 2011 Bonds, it is now necessary and desirable to approve the form of the following documents:

(a) Supplemental Trust Agreement No. 4 ("Supplemental Trust Agreement No. 4") by and among the City, the Authority and The Bank of New York Mellon Trust Company, as trustee (the "Trustee"),

(b) Supplemental Lease Agreement No. 5 Relating to Convention Center Facilities ("Supplemental Lease Agreement No. 5") between the Authority and the City;

(c) Supplemental Site Lease No. 3 ("Supplemental Site Lease No. 3") between the Authority and the City,

(d) Fourth Amended Assignment Agreement (the "Assignment Agreement") between the Authority and the Trustee,

(e) 2001 Bonds Escrow Deposit and Trust Agreement (the "Escrow Agreement"), among the Authority, the Trustee and The Bank of New York Mellon Trust Company, N.A., as escrow agent and trustee with respect to the 2001 Bonds,

(f) Bond Purchase Agreement ("Bond Purchase Agreement") among the Authority, the City and Stifel, Nicolaus & Company Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (the "Underwriter"), and

(g) Preliminary Official Statement (the "Preliminary Official Statement") relating to the sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the City of Palm Springs Financing Authority, as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. Pursuant to the Act, the Authority hereby approves of the issuance of the 2011 Bonds in an aggregate principal amount of not to exceed \$25,000,000.

SECTION 3. The forms of the Supplemental Lease Agreement No. 5, the Supplemental Site Lease No. 3 and the Assignment Agreement, copies of which are on file with the Secretary of the Authority, be and are hereby approved in substantially the forms thereof on file or with such changes as may be approved by the Executive Director or Executive Director's designee, said Executive Director or Executive Director's designee's execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and the Executive Director or Executive Director's designee be and is hereby authorized, together or alone, to execute and deliver the Supplemental Lease Agreement No. 5, the Supplemental Site Lease No. 3 and the Fourth Amended Assignment Agreement on behalf of the Authority.

SECTION 4. The form of the Supplemental Trust Agreement No. 4, a copy of which is on file with the Secretary of the Authority, be and is hereby approved in substantially the form thereof on file or with such changes as may be approved by the Executive Director or Executive Director's designee, said Executive Director or Executive Director's designee's execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and the

Executive Director or Executive Director's designee be and is hereby authorized, together or alone, to execute and deliver the Supplemental Trust Agreement No. 4.

SECTION 5. The form of Escrow Agreement, a copy of which is on file with the Secretary of the Authority, be and is hereby approved in substantially the form thereof on file, or which such changes as may be approved by the Executive Director or Executive Director's designee, said Executive Director or Executive Director's designee's execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and the Executive Director or Executive Director's designee be and is hereby authorized, together or alone, to execute and deliver the Escrow Agreement.

SECTION 6. The form of Bond Purchase Agreement relating to the purchase of the 2011 Bonds by the Underwriter, a copy of which is on file with the Secretary of the Authority, be and is hereby approved in the form thereof on file, or with such changes as may be approved by the Executive Director or Executive Director's designee, said Executive Director's or Executive Director's designee's execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and the Executive Director or Executive Director's designee be and is hereby authorized, together or alone, to execute and deliver said Agreement and to insert in the Bond Purchase Agreement the dollar amount which reflects the provisions of the Bond Purchase Agreement; provided, however, that (1) the aggregate principal amount of the 2011 Bonds shall not exceed \$25,000,000; and (2) the Authority shall have received from the Underwriter, prior to the sale of the 2011 Bonds, its written confirmation that the sale of the 2011 Bonds will result in a net present value saving of not less than 4.50%, with an initial underwriter's discount (excluding original issue discount) of no more than 0.70%.

SECTION 7. The Preliminary Official Statement relating to the 2011 Bonds is approved for distribution by the Underwriter, to investors who may be interested in purchasing the 2011 Bonds. The Executive Director or Executive Director's designee is authorized to approve the amendment of the Preliminary Official Statement, from time to time, pending distribution of the Preliminary Official Statement as shall be required to cause such Preliminary Official Statement to contain any further information necessary to accurately describe the 2011 Bonds and the Authority's Executive Director or Executive Director's designee is authorized to deem final the Preliminary Official Statement as of its date for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934 as amended. The final Official Statement relating to the 2011 Bonds shall be submitted to the Executive Director or the Executive Director's designee of the Authority for approval.

SECTION 8. The financing consultant firm of Harrell & Company Advisors, LLC, Orange, California, is hereby appointed as financial advisor to the Authority with respect to the 2011 Bonds and the law firm of Jones Hall, A Professional Law Corporation, San Francisco, California, is hereby appointed as Bond Counsel, and the law firm of Fulbright & Jaworski L.L.P., Los Angeles, California, is hereby appointed as Disclosure Counsel with respect to the 2011 Bonds, compensation and expenses for the foregoing services to be as provided in agreements on file with the City Clerk or as approved by the Executive Director or Treasurer upon delivery of the Bonds.

SECTION 9. That the Executive Director and Executive Director's designee be and are hereby each authorized to execute and deliver such certificates, requests, statements, agreements and other documents and to take such other action as may be necessary to consummate the transactions contemplated by each aforesaid Agreement.

The following documents are on file in the Office of the City Clerk:

- Preliminary Official Statement
- Supplemental Site Lease
- Supplemental Trust Agreement
- Supplemental Lease Agreement
- Amended Assignment Agreement
- Escrow Deposit and Trust Agreement
- Bond Purchase Agreement