

DRAFT

CONCEPTUAL OUTLINE OF THE PLAN OF FINANCE FOR THE CHULA VISTA BAYFRONT FACILITIES FINANCING AUTHORITY)

June 3, 2021

SECTION 1. PURPOSE

The San Diego Unified Port District ("Port District") and the City of Chula Vista ("City") have created the Chula Vista Bayfront Facilities Financing Authority ("Authority") to assist in the financing described in this Conceptual Outline of the Authority Plan of Finance (the "Conceptual Outline"). The plan (the "Plan") described in this Conceptual Outline is not an agreement and all aspects of the Plan are subject to change.

This Plan serves as a working document, the sole purpose of which is to describe the expected method of securing public financing for construction of an approximately 275,000 net usable square footage convention center ("Convention Center") and related public infrastructure ("Phase 1A Infrastructure").

SECTION 2. LIMITATIONS

This Plan is for illustration purposes only and outlines the anticipated sources of funds, the flow of funds from the Port District and the City to the Authority, the uses of funds, the debt service coverage and the cash flow relating to a financing through the issuance of revenue bonds by the Authority ("Authority Bonds"). This Plan relates solely to the issuance of the Authority Bonds and does not reflect the entirety of the contributions by the Port District or the City related to the Phase 1A Infrastructure or the Convention Center or a hotel with between 1,570 and 1,600 rooms ("Resort Hotel") to be constructed adjacent to the Convention Center.

No assurance can be given with respect to any aspect of the bond financing described in this Plan contemplating issuance of Authority Bonds. Credit ratings reflect coverage ratios which reflect economic conditions. Interest rates are subject to change based on marketing conditions at the time the Authority Bonds are priced. Changes in coverage ratios, interest rates and credit ratings prior to the completion of the financing may impact the amount of proceeds of the Authority Bonds available to fund the Convention Center and the Phase 1A Infrastructure. The decision as to when and whether to issue the Authority Bonds is a discretionary action dependent upon future legislative action by the Authority and the future legislative actions of the Port and the City (collectively, the "Public Agencies") with regard to the underlying documents.

SECTION 3. FINANCING OBJECTIVES

The overall objective is to obtain funds totaling approximately \$286,500,000 through the issuance of the Authority Bonds. The initial objectives are as follows:

- To obtain, through the issuance of the Authority Bonds, proceeds in the amount of

approximately \$21,500,000 to fund a portion of the costs of the construction of the Phase 1A Infrastructure.

- To obtain, through the issuance of the Authority Bonds, proceeds in the amount of \$265,000,000 to fund the contribution from the Public Agencies toward the costs of construction of the Convention Center.

Proceeds of the Authority Bonds will also be applied to fund a debt service reserve fund for the Authority Bonds, to fund capitalized interest and to pay costs of issuance of the Authority Bonds.

SECTION 4. PORT DISTRICT COMMITMENT

To contribute to the payment of debt service on the Authority Bonds, the Port District expects to make annual support payments ("Annual Support Payments") commencing in year 5 (unless the Convention Center is not yet complete) and continuing through the final maturity of the Authority Bonds and to make payments in an annual amount measured by the revenues received by the Port District from certain existing leases ("Other Lease Revenue Payments") which the Port District began setting aside in July 2018. The Port District will make the Annual Support Payments and the Other Lease Revenue Payments pursuant to a Support Agreement ("Support Agreement") to be entered into with the Authority. Pursuant to the Support Agreement, the Port District will make such payments to Wilmington Trust, National Association, the trustee for the Authority Bonds ("Trustee") selected by the Public Agencies. The Authority Bonds will be issued pursuant to an Indenture of Trust between the Authority and the Trustee.

SECTION 5. CITY COMMITMENT

The City expects to contribute to payment of debt service on the Authority Bonds from the following sources:

- Chula Vista Resort Vehicle Park transient occupancy tax ("TOT")
- Chula Vista Resort Vehicle Park Sales Tax
- Municipal Services Agreement Payments made to the City by the Port District
- Resort Hotel TOT
- Resort Hotel Sales Tax
- Convention Center Sales Tax
- Resort Hotel Property Tax
- Convention Center Property Tax

SECTION 6. SPECIAL TAX DISTRICT REVENUES – BAYFRONT DISTRICT

The City formed the Bayfront Project Special Tax Financing District ("Special Tax District") in 2020. It is expected that the Special Tax District will receive a loan (the "Loan") from the Authority which the Special Tax District will repay from the taxes received from an annual special tax levy. The expected amount of the Loan, which will have a fixed repayment schedule, is \$90M. Payments on the Loan will be made to the Trustee and will be applied to pay debt service on the Authority Bonds. In the event that the amount of the special taxes collected from the special tax levy exceeds the amount of the Loan payment, those excess

special taxes would be first used to make up any shortfall in special tax revenues needed to pay Loan payments in prior years, and if not needed, would be available for use on other qualified expenditures of the Special Tax District.

SECTION 7. AUTHORITY BONDS FINANCING STRUCTURE

The Authority Bonds are expected to be issued in two series, a taxable series to pay for the contribution from the Public Agencies toward the construction of the Convention Center and a tax-exempt series to pay for the construction of the Phase 1A Infrastructure not funded by other funds of the Port District and the City.

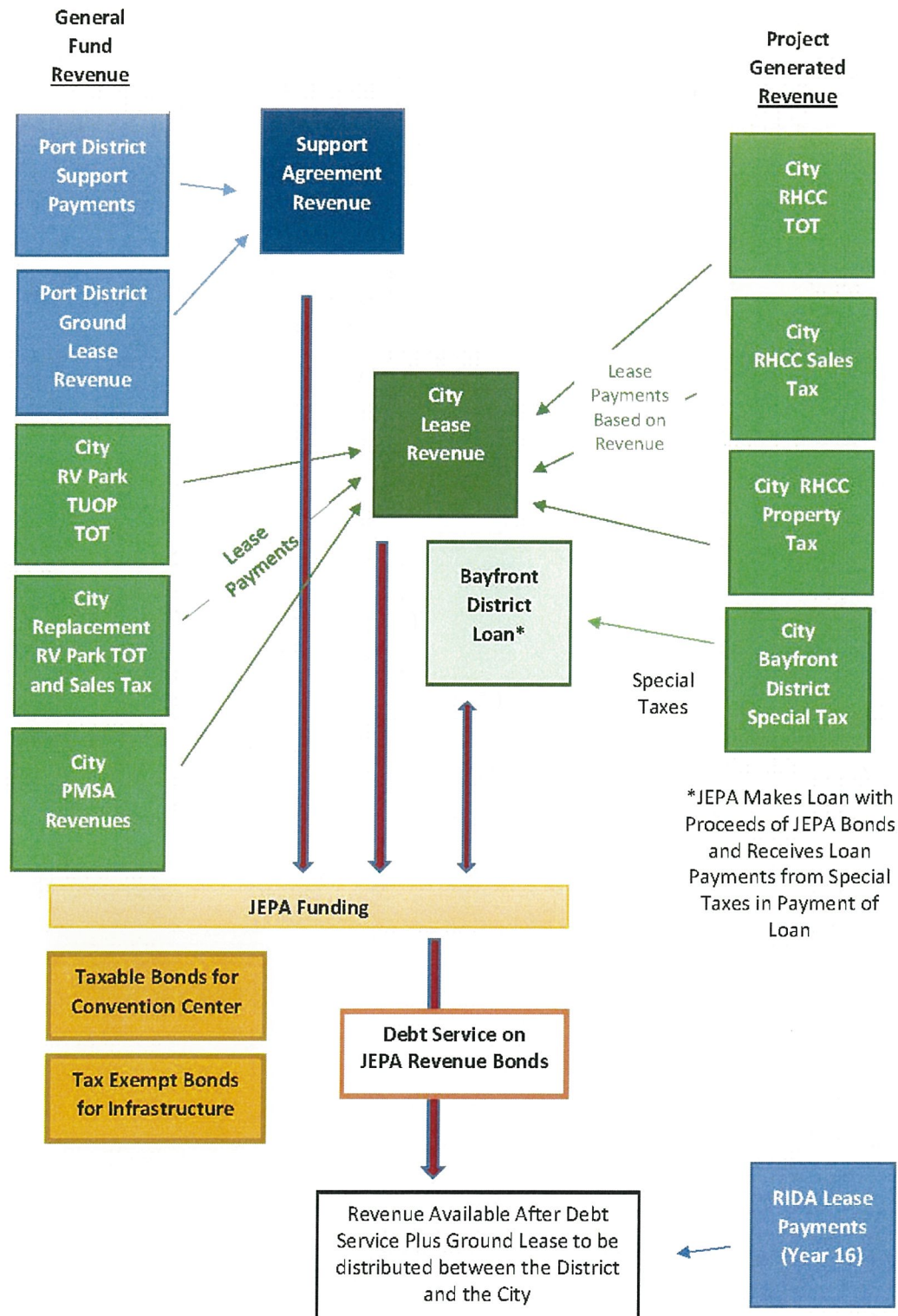
Construction Period. The construction period is expected to total 36 months for the Phase 1A Infrastructure, the Convention Center, and Resort Hotel. Construction is required to be completed in 48 months.

Capitalized Interest. Interest on the Authority Bonds is expected to be funded from bond proceeds for a period of 4 years from the date of issuance of the Authority Bonds. Additional capitalized interest may be added based on rating agency feedback and investor feedback during the marketing of the Authority Bonds.

Debt Service Reserve Fund. A debt service reserve fund is anticipated to be established and to be funded from bond proceeds in an equal to the lesser of 10% of the principal amount of the Authority Bonds issued, maximum annual debt service on outstanding Authority Bonds and 125% average annual debt service on Outstanding Authority Bonds.

Remaining Revenue. During the period when interest on the Authority Bonds is fully capitalized, it is anticipated that there will be more revenues available from the funds committed by the Port and by the City described in this Conceptual Outline than is necessary to pay current debt service on the Authority Bonds. Such revenues (the "Remaining Revenues") are expected to be deposited in a fund held by the Trustee (the "Surplus Fund"). Once the debt service on the Authority Bonds has been paid each year, it is anticipated that the balance in the Surplus Fund will be transferred by the Trustee to the Authority for application under the terms of a revenue sharing agreement (the "Revenue Sharing Agreement") entered into by the Port District, the City and the Authority. In addition to the Remaining Revenues, lease payments made by RIDA under the ground lease for the Resort Hotel, entered into by the Port District and RIDA, will be disbursed to the Port District and the City, in accordance with the Revenue Sharing Agreement.

PLAN OF FINANCE – FLOW OF FUNDS⁽¹⁾



(1) Subject to Change and Market Conditions for Financing