

DRAFT**RESOLUTION 20xx-xxx****RESOLUTION AUTHORIZING AMENDMENT TO
AMENDED AND RESTATED SUBORDINATED,
FULLY-NEGOTIABLE PROMISSORY NOTE WITH
THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY TO MODIFY THE INTEREST RATE,
WITH CONDITIONS**

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Port Act); and

WHEREAS, on June 1, 2004, the District executed and delivered an Amended and Restated Subordinated, Fully-Negotiable Promissory Note (Note) to the San Diego County Regional Airport Authority (Airport Authority) in the original principal amount of \$50MM in connection with a Settlement Agreement between the District and the Airport Authority (Settlement Agreement, District Clerk No. 47492); and

WHEREAS, under the Note, from June 1, 2004 to December 31, 2005, the interest rate on the outstanding balance was a variable interest rate equal to 1% over the prevailing daily reported prime rate; and

WHEREAS, the interest rate converted to a fixed interest rate of 5.5% on January 1, 2006 and remains the same until the maturity date on December 31, 2030; and

WHEREAS, the current balance on the Note is approximately \$26.5MM; and

WHEREAS, as a result of financial impacts resulting from the COVID-19 pandemic, and historically low interest rates in the market, staff had been seeking proposals from lenders to refinance the Note at a lower interest rate; and

WHEREAS, staff alerted the Airport Authority of the District's intent to refinance the Note with another lender at an annual rate of 3.63% and through further discussion with the Airport Authority, the Airport Authority agreed to match the interest rate offered by the proposing lender; and

WHEREAS, under the Amendment to Amended and Restated Subordinated, Fully-Negotiable Promissory Note between the District and the Airport Authority (Amendment), the annual interest rate for the remaining term of the Note will be reduced from 5.5% to 3.63% and the amortization table attached to the Note will be conformed accordingly; and

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WHEREAS, all other terms of the Note will remain the same; and

WHEREAS, the District will still be able to prepay principal on the Note at any time, in any amount and without penalty; and

WHEREAS, the proposed effective date of the Amendment is November 1, 2021; and

WHEREAS, the Board of the Airport Authority is scheduled to consider the Amendment on November 4, 2021; and

WHEREAS, staff recommends that the Board of Port Commissioners approve the Amendment to reduce costs to the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District (BPC), as follows:

That the Amendment to Amended and Restated Subordinated, Fully-Negotiable Promissory Note (Amendment) with the San Diego County Regional Airport Authority to modify the interest rate is hereby approved substantially in the form attached hereto as Exhibit A, and that the Executive Director, or his designated representative, is hereby authorized and directed to enter into the Amendment provided that the Board of the San Diego County Regional Airport Authority (Airport Authority Board) authorizes and directs an authorized representative of the San Diego Regional Airport Authority to enter into the Amendment substantially in the form attached hereto as Exhibit A.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 9th day of November 2021, by the following vote:

Exhibit A

Amendment to Amended and Restated Subordinated, Fully-Negotiable
Promissory Note Between the San Diego Unified Port District and the San Diego
County Regional Airport Authority

(to be attached.)