

**Exhibit 1 to City Council Resolution Regarding
Charter Amendment to
Require Voter Approval Prior to Issuing or Incurring Certain Debt Obligations**

SECTION 1: TEXT OF AMENDMENT TO NEWPORT BEACH CITY CHARTER

The City Charter of the City of Newport Beach is hereby amended as follows (underlining showing additions and strike-through showing deletions):

Section 1109 ~~Bonded Debt Limit~~ Limitations on Debt, Voter Approval

(a) **General Obligation Bonds**. The City shall not incur an indebtedness evidenced by general obligation bonds which shall in the aggregate exceed the sum of fifteen percent (15%) of the total assessed valuation, for purposes of City taxation, of all the real and personal property within the City.

No bonded indebtedness which shall constitute a general obligation of the City may be created unless authorized by the affirmative votes of two-thirds (2/3^{ds}) of the electors voting on such proposition at any election at which the question is submitted to the electors and unless in full compliance with the provisions of the State Constitution and of this Charter.

(b) **Debt Issuance Limit on Certificates of Participation or Lease-Revenue Bonds**. On or after January 1, 2019, the City may not issue Certificates of Participation or Lease-Revenue Bonds funded via a leaseback arrangement at an amount over fifty million dollars (\$50,000,000.00), adjusted annually beginning January 1, 2019 by the US Bureau of Labor Statistics' Final Demand—Construction Index (WPUFD43 or its successor), to fund a Single Capital Project unless the debt issuance is first authorized by the affirmative votes of at least fifty-five percent (55%) of the electors voting on such a proposition at any election at which the question is submitted to the electors. A Single Capital Project shall not be piecemealed to circumvent this voter-approved debt requirement.

(1) If Certificates of Participation or Lease-Revenue Bonds are issued for a Single Capital Project in an amount less than fifty million dollars (\$50,000,000.00, as adjusted annually per this Subsection), and further Certificates of Participation or Lease-Revenue Bonds are proposed for a separate Single Capital Project, the subsequent issuance is not subject to the voter approval requirement unless the subsequent issuance alone exceeds fifty million dollars (\$50,000,000.00, as adjusted annually per this Subsection).

(2) For purposes of this section, the following terms shall be defined as follows: (i) "City" shall mean the City Council or any entity created, controlled, or managed by the City of Newport Beach or City Council; (ii) "Certificate of Participation" shall mean a financial instrument that provides an investor a share of, or interest in, lease revenue; (iii) "Lease-Revenue Bond" shall mean a bond, note or other financial instrument secured by lease payments; and (iv) "Single Capital Project" shall mean a project where all project elements are analyzed under a single California Environmental Quality Act review.

(c) **Disaster Exemption.** The voter approval requirement in Subsection “b” above shall not apply to Certificates of Participation or Lease-Revenue Bonds that are in any way related to the funding of the design, environmental review, permitting, replacement, construction, and/or repairs to public infrastructure, the failure of which would cause material damage to the property of others, or which is damaged by a disaster that also includes: (1) a declaration by the President of the United States of a national emergency; (2) a declaration by the Governor of a state of emergency; or (3) a declaration by the City Council of a local emergency.

(d) **Refinancing Exemption.** The voter approval requirement in Subsection “b” above shall not apply to the refinancing of existing General Obligation Bonds, Certificates of Participation, Lease-Revenue Bonds, or any other debt.

SECTION 2: BALLOT DESCRIPTION

As provided in Government Code section 34458.5, the following ballot description is included in this proposed Charter Amendment measure:

CHARTER AMENDMENT (Section 1109): This Charter Amendment measure would amend City Charter Section 1109. Amended Section 1109 would require the affirmative votes of at least fifty-five percent (55%) of the electors voting on such a proposition at any election at which the question is submitted to the electors prior to issuing Certificates of Participation or Lease Revenue bonds greater than fifty million dollars (\$50,000,000.00) to finance capital projects. “Certificate of Participation” means a financial instrument that provides an investor a share of, or interest in, lease revenue. “Lease-Revenue Bond” means a bond, note or other financial instrument secured by lease payments. “Single Capital Project” means a project where all project elements are analyzed under a single California Environmental Quality Act review. This amendment does not give the City Council power to raise its compensation or that of other City officials without voter approval.

SECTION 3: SEVERABILITY

It is the intent of the people that the provisions of this Charter Amendment measure are severable and that if any provision of this Charter Amendment measure, or the application thereof to any person or circumstance, is held invalid such invalidity shall not affect any other provision or application of this Charter Amendment measure which can be given effect without the invalid provision or application.

SECTION 4: CONFLICTING MEASURES

In the event this Charter Amendment measure and another measure or measures relating to City Council vote approval requirements for the matters described herein shall appear on the same general municipal election ballot, the other measure or measures shall be deemed to be in conflict with this Charter Amendment measure. In the event that this Charter Amendment measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void. If this Charter Amendment measure is approved by the voters but superseded in whole or in part by any other conflicting measure approved by the voters at the same election, and such other conflicting measure is later found held invalid, this measure shall be self-executing and given full force and effect.

SECTION 5: EFFECTIVE DATE

This Charter Amendment measure shall become effective in the manner allowed by law.