

RESOLUTION NO. RES-2020-176

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA AUTHORIZING THE ISSUANCE AND SALE OF CITY OF SANTA ROSA WASTEWATER REVENUE BONDS, SERIES 2020A AND CITY OF SANTA ROSA WASTEWATER REVENUE REFUNDING BONDS, SERIES 2020B (FEDERALLY TAXABLE), REFINANCING OF ALL OR A PORTION OF THE OUTSTANDING CITY OF SANTA ROSA WASTEWATER REVENUE REFUNDING BONDS, SERIES 2012A, APPROVING AND AUTHORIZING, AND DIRECTING EXECUTION OF, A SUPPLEMENTAL INDENTURE OF TRUST, AN ESCROW DEPOSIT AND TRUST AGREEMENT, A BOND PURCHASE CONTRACT AND OTHER RELATED DOCUMENTS, APPROVING AN OFFICIAL STATEMENT, AND AUTHORIZING OFFICIAL ACTION

WHEREAS, the City of Santa Rosa (the “City”) previously authorized, issued and sold multiple series of its wastewater revenue bonds pursuant to an Indenture of Trust dated as of February 1, 1988 (the “Master Indenture”), by and between the City and U.S. Bank National Association (the “Trustee”), as successor trustee, and multiple supplements to the Master Indenture (the Master Indenture and such supplements being collectively referred to herein as the “Indenture”), including the City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2012A (the “Series 2012A Bonds”), issued pursuant to the Master Indenture and the Seventeenth Supplemental Indenture of Trust, dated as of May 1, 2012 (the “Seventeenth Supplemental Indenture”), in the original principal amount of \$53,240,000; and

WHEREAS, the bonds issued under the Indenture are secured by and payable from net revenues of the City’s wastewater enterprise (the “Enterprise”); and

WHEREAS, the City has determined to issue its Wastewater Revenue Bonds, Series 2020A, in the aggregate principal amount of not to exceed \$70,000,000 (the “Series 2020A Bonds”) at this time for the purpose of financing additional facilities, improvements or extensions of existing facilities within the Enterprise, or facilities, improvements or property that the City determines are of benefit to the Enterprise; and

WHEREAS, the Series 2012A Bonds are subject to optional redemption on September 1, 2022, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, without premium; and

WHEREAS, for the purpose of defeasing, paying and redeeming all or a portion of the outstanding Series 2012 Bonds, the City has determined to issue its Wastewater Revenue Refunding Bonds, Series 2020B (Federally Taxable) in the aggregate principal amount of not to exceed \$60,000,000 (the “Series 2020B Bonds”; together with the Series 2020A Bonds, the “Series 2020 Bonds”); and

WHEREAS, pursuant to Section 7.01 of the Master Indenture, the City may amend the Indenture at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then

Outstanding (exclusive of Bonds disqualified as provided in Section 7.03 of the Master Indenture) are filed with the Trustee (a “Springing Amendment”); and

WHEREAS, the Nineteenth Supplemental Indenture contained a Springing Amendment that would, among other things, upon its effectiveness, amend the Master Indenture to eliminate the requirement in Section 3.05(c)(iv) for the City to fund the Reserve Account as a condition to the issuance of Parity Bonds; and

WHEREAS, the Nineteenth Supplemental Indenture provided that such Springing Amendment would become effective at such time as the City’s Wastewater Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”) and any series of Parity Bonds issued thereafter constitute at least a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 7.03); and

WHEREAS, upon the issuance of the Series 2020 Bonds as Parity Bonds and assuming defeasance of all of the outstanding Series 2012A Bonds, the Series 2016A Bonds, the City’s Wastewater Revenue Refunding Bonds, Series 2018A (the “Series 2018A Bonds”) and the Series 2020 Bonds together will equal at least a majority in aggregate principal amount of the Bonds then Outstanding and the Springing Amendment in the Nineteenth Supplemental Indenture shall become effective on the date of issuance of the Series 2020 Bonds; and

WHEREAS, assuming defeasance of all of the outstanding Series 2012A Bonds, the City will not deposit any money or other assets into the Reserve Account in connection with the issuance of the Series 2020 Bonds it being expressly hereby declared that the Owners of the Series 2020 Bonds will have no interest in or claim to the Reserve Account or any other reserve account, and the City will provide for the release of funds in the Reserve Account related to the Series 2016A Bonds and the Series 2018A Bonds and their deposit into a project fund for the purpose of financing additional facilities, improvements or extensions of existing facilities within the Enterprise, or facilities, improvements or property that the City determines are of benefit to the Enterprise; and

WHEREAS, the Series 2020 Bonds are proposed to be issued pursuant to the Indenture and a Twenty-First Supplemental Indenture of Trust (the “Twenty-First Supplemental Indenture”), by and between the City and U.S. Bank National Association (or such other trustee determined by an Authorized Officer, as defined below); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated, as underwriter for the Series 2020 Bonds (the “Underwriter”), has proposed to submit an offer to the City to purchase the Series 2020 Bonds, and in connection therewith, Jones Hall, A Professional Law Corporation, as bond and disclosure counsel to the City, has prepared on behalf of the City an “Official Statement” describing the Series 2020 Bonds, the City, and the City’s Enterprise, and a Continuing Disclosure Certificate (which is attached to the Official Statement as an exhibit), the preliminary forms of which are on file with the City Clerk; and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the Series 2020 Bonds is set forth in Appendix A attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, the Council wishes at this time to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance and sale of the Series 2020 Bonds as herein provided.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa orders as follows:

1. Issuance of Series 2020 Bonds. The Council hereby authorizes and approves the issuance of the Series 2020 Bonds, under and pursuant to the Indenture and the Twenty-First Supplemental Indenture. The Series 2020 Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form, shall be subject to redemption, and shall otherwise be issued on the terms and conditions, all as set forth in the Twenty-First Supplemental Indenture, and in accordance with this Resolution. The Mayor, the City Manager, the Assistant City Managers and the Chief Financial Officer, shall each be considered an “Authorized Officer” hereunder. An Authorized Officer is hereby authorized and directed, for and in the name of the City, to execute the Series 2020 Bonds by his manual or facsimile signature, and the City Clerk is hereby authorized and directed to attest said signature by manual or facsimile signature and to affix the seal of the City thereon, all in accordance with the provisions of the Indenture.

The Series 2020 Bonds shall be revenue bonds, payable exclusively from the net revenues (as defined in the Indenture) of the Enterprise. Such net revenues constitute a trust fund for the security and payment of the principal or redemption price of and interest on the Series 2020 Bonds. The general fund of the City is not liable and the credit or taxing power of the City is not pledged for the payment of the principal or redemption price of and interest on the Series 2020 Bonds. The owners of the Series 2020 Bonds may not compel the exercise of the taxing power by the City or the forfeiture of its property, and the principal or redemption price of and interest on the Series 2020 Bonds are not a debt of the City within the meaning of any Constitutional limitation on indebtedness, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the net revenues of the Enterprise.

2. Twenty-First Supplemental Indenture. The Twenty-First Supplemental Indenture, in substantially the form on file with the City Clerk, and made a part hereof as though set forth in full herein, is hereby approved by the Council. An Authorized Officer is hereby authorized and directed, for and in the name of the City, to execute and deliver the Twenty-First Supplemental Indenture in such form, together with such changes, insertions and omissions as may be approved by the City Attorney, Bond Counsel, and the Authorized Officer executing the Twenty-First Supplemental Indenture, such execution to be conclusive evidence of Council’s approval; and the City Clerk is hereby authorized and directed to attest such Twenty-First Supplemental Indenture and affix the seal of the City thereto. The Council hereby authorizes the delivery and performance of the Twenty-First Supplemental Indenture.

3. Determination of Additional Bond Terms. An Authorized Officer is hereby authorized to negotiate a bond purchase contract with the Underwriter (the “Purchase Contract”) in substantially the form on file with the City Clerk, and to determine the following matters:

(a) with respect to the Series 2020A Bonds: (a) the aggregate principal amount of the Series 2020A Bonds to be issued and sold under the Twenty-First Supplemental Indenture, provided that the principal amount of the Series 2020A Bonds shall not exceed \$70,000,000; (b) the interest rate to be borne by the Series 2020A Bonds, provided that the true interest cost of the Series 2020A Bonds shall not exceed 4.50%; (c) the respective maturity dates and principal amounts of the Series 2020A Bonds of each maturity; (d) the sinking fund installments, if any, with respect to any term Series 2020A Bonds; and (e) the Underwriter's discount at which the Series 2020A Bonds are to be sold to the Underwriter, but not to exceed 0.5% of the par amount of the Series 2020A Bonds, and

(b) with respect to the Series 2020B Bonds: (a) the aggregate principal amount of the Series 2020B Bonds to be issued and sold under the Twenty-First Supplemental Indenture, provided that the principal amount of the Series 2020B Bonds shall not exceed \$60,000,000; (b) the interest rate to be borne by the Series 2020B Bonds, provided that the true interest cost of the Series 2020B Bonds shall not exceed 3.50%; (c) the respective maturity dates and principal amounts of the Series 2020B Bonds of each maturity; (d) the sinking fund installments, if any, with respect to any term Series 2020B Bonds; (e) the Underwriter's discount at which the Series 2020B Bonds are to be sold to the Underwriter, but not to exceed 0.5% of the par amount of the Series 2020B Bonds; and (f) the net present value savings achieved by the refunding of the Series 2012A Bonds, expressed as a percentage of the principal amount of the Series 2012A Bonds that are refunded, provided that such net present value savings are at least 3%.

The Purchase Contract, in substantially the form on file with the City Clerk and made a part hereof as though set forth in full herein, is hereby approved by the Council. An Authorized Officer is hereby authorized and directed, for and in the name of the City, to execute and deliver the Purchase Contract in such form, together with such changes, insertions and omissions which are approved by the City Attorney, Bond Counsel and the Authorized Officer executing such agreement and which are in accordance with the provisions of this Resolution, such execution to be conclusive evidence of this Council’s approval; and the City Clerk is hereby authorized and directed to attest such Purchase Contract, if necessary. The Council hereby approves the negotiated sale of the Series 2020 Bonds to the Underwriter pursuant to such Purchase Contract, and further hereby authorizes the Chief Financial Officer to select on or more additional investment banks to act as co-underwriters.

4. Escrow Deposit and Trust Agreement. The Escrow Deposit and Trust Agreement (“Escrow Agreement”), providing for the refunding of all or a portion of the Series 2012A Bonds, in substantially the form on file with the City Clerk, and made a part hereof as though set forth in full herein, is hereby approved by the Council. An Authorized Officer is hereby authorized and directed, for and in the name of the City, to execute and deliver the Escrow Agreement, in such form, together with such changes, insertions and omissions as may be

approved by the City Attorney, Bond Counsel, and the Authorized Officer executing the Escrow Agreement, such execution to be conclusive evidence of such approval; and the City Clerk is hereby authorized and directed to attest such Escrow Agreement and affix the seal of the City thereto, if applicable. The Council hereby authorizes the delivery and performance of the Escrow Agreement.

5. Insurance Policies; Authorized Investments. An Authorized Officer is authorized to accept, on behalf of the City, a municipal bond insurance policy insuring the Series 2020 Bonds and a debt service reserve fund policy (if needed), provided that the purchase of such policy or policies results in net savings to the City. The proceeds of the Series 2020 Bonds may be used to pay the premiums for such policies.

An Authorized Officer is further authorized to restrict Authorized Investments (as defined in the Indenture) in accordance with the terms of said policies.

6. Official Statement; Continuing Disclosure Certificate. The City Council hereby approves the preliminary Official Statement in substantially the form on file with the City Clerk. Distribution of the preliminary Official Statement by the Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, an Authorized Officer is authorized and directed, on behalf of the City, to deem the preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officer executing the same, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Series 2020 Bonds, and an Authorized Officer is authorized and directed to execute and deliver the final Official Statement for and on behalf of the City, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter the Continuing Disclosure Certificate substantially in the form appended to the final Official Statement.

7. Official Actions. The Authorized Officers and the City Clerk are each hereby separately authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Twenty-First Supplemental Indenture, the Master Indenture, the Purchase Contract, the Official Statement and this Resolution, including but not limited to a contract with an accounting firm to act as escrow verification agent with respect to the refunding of the Series 2012A Bonds. The amount of the Series 2012A Bonds defeased in connection with the issuance of the Series 2020B Bonds will determine whether the Springing Amendment will be effective following issuance of the Series 2020 Bonds, and the Authorized Officers are authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper as a result of the Springing Amendment becoming or effective or not.

8. Approval of Bond Counsel and Disclosure Counsel. The Council hereby approves the engagement of Jones Hall, A Professional Law Corporation for bond counsel and disclosure

counsel services in connection with the Series 2020 Bonds, pursuant to the legal services agreement, including any amendments, on file with the City Clerk.

9. Approval of Municipal Advisor. The Council hereby approves the engagement of PFM Financial Advisors LLC for municipal advisor services, pursuant to the professional services agreement, including any amendments, on file with the City Clerk.

10. Meanings of Capitalized Terms. Unless the context otherwise requires, all capitalized terms in this Resolution are used with the meanings assigned to them in the Master Indenture and the Twenty-First Supplemental Indenture.

11. Effective Date. This Resolution shall take effect immediately upon its adoption.

IN COUNCIL DULY PASSED this 27th day of October, 2020.

AYES: (7) Mayor Schwedhelm, Vice Mayor Fleming, Council Members Dowd, Olivares, Rogers, Sawyer, Tibbetts

NOES: (0)

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____
City Clerk

APPROVED: _____
Mayor

APPROVED AS TO FORM:

City Attorney

APPENDIX A

Government Code Section 5852.1 Disclosure

The following information consists of estimates that have been provided by the City's municipal advisor which has been represented by such party to have been provided in good faith:

Series 2020A Bonds

- (A) True Interest Cost of the Series 2020A Bonds: 3.09%
- (B) Finance Charge of the Series 2020A Bonds (Sum of all fees/charges paid to third parties): \$539,076
- (C) Net Proceeds to be Received (net of finance charges, reserves and capitalized interest, if any): \$65,431,554
- (D) Total Payment Amount Through Maturity: \$108,791,000_

Series 2020B Bonds

- (A) True Interest Cost of the Series 2020B Bonds: 2.20%
- (B) Finance Charge of the Series 2020B Bonds (Sum of all fees/charges paid to third parties): \$529,349
- (C) Net Proceeds to be Received (net of finance charges, reserves and capitalized interest, if any): \$55,795,651
- (D) Total Payment Amount Through Maturity: \$66,622,719

The foregoing estimates constitute good faith estimates only. The principal amount of the Series 2020 Bonds, the true interest cost of the Series 2020 Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Series 2020 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Series 2020 Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Series 2020 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Series 2020 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Series 2020 Bonds and the actual principal amount of Series 2020 Bonds sold will be determined by the City based on the timing of the need for proceeds of the Series 2020 Bonds and other factors. The actual interest

rates borne by the Series 2020 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2020 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.