

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ROSA APPROVING THE USE OF ONE-TIME PROPERTY TAX ADMINISTRATION FEE SETTLEMENT, ENTERPRISE, INTERNAL SERVICES AND DEBT SERVICES FUNDS TO THE PREPAYMENT OF THE CITY'S 2003 PENSION OBLIGATION REFUNDING BONDS, AUTHORIZING THE ISSUANCE OF PENSION OBLIGATION REFUNDING BONDS, APPROVING THE FORMS AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS

WHEREAS, the City of Santa Rosa (the "City") has previously elected to become a contracting member of the California Public Employees' Retirement System ("PERS"); and

WHEREAS, the Public Employees' Retirement Law (commencing with Section 20000 of the California Government Code) and contract (the "PERS Contract") between the Board of Administration of PERS and the City Council of the City (the "City Council") obligate the City to (i) make contributions to PERS to fund pension benefits for certain City employees, (ii) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (iii) appropriate funds for the foregoing purposes; and

WHEREAS, the City previously issued its City of Santa Rosa Pension Obligation Refunding Bonds (Federally Taxable), Series 2003A (Variable Rate Demand) in the original principal amount of \$20,500,000, \$14,190,000 principal amount of which remain outstanding (the "Series 2003A Bonds"), and City of Santa Rosa Pension Obligation Refunding Bonds (Federally Taxable), Series 2003B (Fixed Rate) in the original principal amount of \$30,170,000, \$24,130,000 principal amount of which remain outstanding (the "Series 2003B Bonds", and together with the Series 2003A Bonds, the "Prior Bonds"); and

WHEREAS, the Prior Bonds were issued pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), and an Indenture of Trust, dated as of July 1, 2003, between U.S. Bank National Association (the "Trustee") and the City, for the purpose of refunding all or a portion of the City's then current obligation to PERS, as evidenced by the PERS Contract, to pay the then unfunded accrued actuarial liability of the City, and a portion of the City's then current normal contribution with respect to pension benefits under the Public Employees' Retirement Law, and paying the costs of issuance of the Prior Bonds, including the underwriter's discount and any original issue discount on the Prior Bonds; and

WHEREAS, the Prior Bonds accrue interest at both a variable rate and at fixed rates, and due to the current historically low interest rate environment, it is an opportune time to refinance the Prior Bonds by issuing debt that accrues interest at historically low fixed rates; and

WHEREAS, for the purpose of refunding the Prior Bonds with bonds bearing historically low fixed rates of interest, the City desires to issue its City of Santa Rosa Pension

Obligation Refunding Bonds (Federally Taxable), Series 2013, in a principal amount of not-to-exceed \$35,000,000 (the "Bonds"); and

WHEREAS, the City has determined to appropriate funds in the amount of \$4,000,000 to the refunding of the Prior Bonds from the one-time Property Tax Administration Fee settlement, Enterprise, Internal Services and Debt Services Funds; and

WHEREAS, the Bonds will be issued under and secured by an Indenture of Trust (such Indenture of Trust, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture of Trust"); and

WHEREAS, an Escrow Deposit and Trust Agreement will provide for the deposit and application of funds derived from proceeds of the Bonds for the purpose of refunding of the Prior Bonds (such Escrow Deposit and Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement").

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

Section 1. Recitals True and Correct. The City Council does hereby find and declare that the above recitals are true and correct.

Section 2. Issuance of the Bonds. The issuance of the Bonds, on the terms and conditions contained in the Indenture of Trust, is hereby authorized and approved. The Bonds shall be dated, bear interest at the rates, and mature on the dates set forth in the Indenture. They shall also be issued in the form provided in the Indenture of Trust, as the same shall be completed in accordance with this Resolution.

Section 3. The Indenture of Trust. The Indenture of Trust, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The City Manager of the City and the Chief Financial Officer of the City (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Indenture of Trust in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture of Trust by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in the aggregate principal amount of the Bonds being greater than \$35,000,000. The City Clerk of the City is hereby authorized and directed to attest and affix the seal of the City to the Indenture of Trust for and in the name and on behalf of the City.

Section 4. Sale of the Bonds; Bond Purchase Agreement. The City Manager and the Chief Financial Officer of the City (or a designee of either officer) are hereby authorized to negotiate the Purchase Contract for the Bonds with Stifel, Nicolaus & Company, Incorporated

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(the "Underwriter") and determine the following matters with respect to the Bonds: (a) the principal amount of the Bonds to be issued and sold under the Indenture and pursuant hereto, but not to exceed the aggregate principal amount of \$35,000,000; (b) the sinking fund installments, if any, with respect to any term Bonds; (c) the Underwriter's discount at which the Bonds are to be sold to the Underwriter, but not to exceed .5% of their par amount (exclusive of original issue discount), and (d) the interest rates on the Bonds, so long as the true interest cost of the Bonds does not exceed 4.0%. The City Manager and Chief Financial Officer, or a designee of either officer, are hereby authorized and directed to execute a Bond Purchase Agreement between the City and the Underwriter, in substantially the form submitted to this meeting, so long as the limitations set forth in this Section 4 are reflected in the terms of the Bond Purchase Agreement.

Section 5. Escrow Agreement. The Escrow Agreement, 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. The City Manager, the City Clerk and the Chief Financial Officer are hereby separately 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 officers 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. The Council hereby authorizes the delivery and performance of the Escrow Agreement.

Section 6. Official Statement. The Council hereby approves the preliminary Official Statement describing the Bonds, in substantially the form submitted by the Underwriter and on file with the City Clerk, together with any changes therein or additions thereto which are approved by the City Attorney, Bond Counsel, and the officer executing said Official Statement, such execution to be conclusive evidence of approval of any such changes or additions. The Council approves, authorizes and ratifies the distribution by the Underwriter of said preliminary Official Statement to prospective purchasers of the Bonds. The Authorized Officers are hereby separately authorized and directed to execute said form of preliminary Official Statement and the form of final Official Statement for and in the name of the City.

Each Authorized Officer is hereby authorized to execute a certificate to the effect that the preliminary Official Statement is deemed "final" as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 and authorized to so deem such preliminary Official Statement final.

Section 7. City Appropriation of Funds to Refunding of Prior Bonds. The Council hereby approves an appropriation of City funds to the prepayment of the Prior Bonds in the amount of \$4,000,000, from the following sources and in the following amounts: 1) \$1,647,869 from the one-time Property Tax Administration Fee settlement; 2) \$815,000 from Enterprise and Internal Services Funds; and \$1,537,131 from Debt Services Funds.

Section 8. Additional Authority. The Authorized Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby, including specifically the delivery to the Trustee of direction

to deliver to the holders of the Prior Bonds conditional notices of redemption, in the form required by the Trustee, and execution of a contract for legal services with Jones Hall, A Professional Law Corporation, for bond counsel and disclosure counsel services and to incur any necessary expenses associated therewith.

Section 9. Ratification of Prior Actions. All actions heretofore taken by the Authorized Officers and by any other officers, employees or agents of the City with respect to the issuance of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 10. Effective Date. This Resolution shall take effect from and after the date of approval and adoption hereof.

IN COUNCIL DULY PASSED this _____ day of _____, 2013.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM:

City Attorney