

RESOLUTION NO. RES-2018-212

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA AUTHORIZING THE ISSUANCE AND SALE OF CITY OF SANTA ROSA WASTEWATER REVENUE REFUNDING BONDS, SERIES 2018A, APPROVING AND AUTHORIZING AND DIRECTING EXECUTION OF A SUPPLEMENTAL INDENTURE OF TRUST, A BOND PURCHASE CONTRACT, AN ESCROW DEPOSIT AND TRUST AGREEMENT 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 following two series of bonds:

- (i) City of Santa Rosa Wastewater Revenue Bonds, Series 2007A, which were issued pursuant to a Fifteenth Supplemental Indenture, dated as of June 1, 2007 (the “Series 2007A Bonds”); and
- (ii) City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), which were issued pursuant to a Nineteenth Supplemental Indenture, dated as of August 1, 2016, the proceeds of which Series 2016A Bonds were used, in part, to refund the portion of the Series 2007A Bonds that could be refunded with tax-exempt bonds on an advance basis; and

WHEREAS, the City has determined to issue its Wastewater Revenue Refunding Bonds, Series 2018A, in the aggregate principal amount of not to exceed \$20,000,000 (the “Series 2018A Bonds”) at this time for the purpose of defeasing and redeeming the remaining outstanding Series 2007A Bonds (the “Refunded Bonds”); and

WHEREAS, in addition, the proceeds of the Series 2018A Bonds will be used to fund the Reserve Account for the Series 2018A Bonds and pay the costs of issuing the Series 2018A Bonds; and

WHEREAS, the Series 2018A Bonds are proposed to be issued pursuant to the Indenture and a Twentieth Supplemental Indenture of Trust (the “Twentieth 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 2018A Bonds (the “Underwriter”), has proposed to submit an offer to the City to purchase the Series 2018A 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 2018A Bonds, the City, and the City’s Wastewater 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, which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Series 2018A 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 2018A 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 2018A Bonds. The Council hereby authorizes and approves the issuance of the Series 2018A Bonds, under and pursuant to the Indenture and the Twentieth Supplemental Indenture. The Series 2018A 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 Twentieth Supplemental Indenture, and in accordance with this Resolution. The Mayor, the City Manager, the Deputy City Manager 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 2018A 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 2018A Bonds are to be revenue bonds, payable exclusively from the net revenues of the City’s wastewater system (the “Wastewater System”). Such net revenues constitute a trust fund for the security and payment of the principal or redemption price of and interest on the Series 2018A 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 2018A Bonds. The owners of the Series 2018A 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 2018A 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 Wastewater System.

2. Twentieth Supplemental Indenture. The Twentieth 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 Twentieth 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 Twentieth Supplemental Indenture, such execution to be conclusive evidence of Council’s approval; and the City Clerk is hereby authorized and directed to attest such Twentieth Supplemental Indenture and affix the seal of the City thereto. The Council hereby authorizes the delivery and performance of the Twentieth 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 with respect to the Series 2018A Bonds: (a) the aggregate principal amount of the Series 2018A Bonds to be issued and sold under the Twentieth Supplemental Indenture, but not to exceed the principal amount of \$20,000,000; (b) the interest rate to be borne by the Series 2018A Bonds, provided that the true interest cost of the Series 2018A Bonds shall not exceed 4.0%; (c) the respective maturity dates and principal amounts of the Series 2018A Bonds of each maturity; (d) the sinking fund installments, if any, with respect to any term Series 2018A Bonds; (e) the Underwriter's discount at which the Series 2018A Bonds are to be sold to the Underwriter, but not to exceed 0.6% of the par amount of the Series 2018A Bonds; and (f) the net present value savings achieved by the refunding of the Refunded Bonds, expressed as a percentage of the principal amount of the Refunded 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 2018A Bonds to the Underwriter pursuant to such Purchase Contract.

4. Escrow Agreement. The Escrow Deposit and Trust Agreement (“Escrow Agreement”), providing for the refunding of the Refunded 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 2018A 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 2018A 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.

An Authorized Officer is authorized to accept an amendment of any municipal bond insurance policies or debt service reserve fund policies related to outstanding revenue bonds under the Indenture in order to correct any errors or ambiguities therein.

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 2018 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 Twentieth Supplemental Indenture, the Master Indenture, the Purchase Contract, the Escrow Agreement, the Official Statement and this Resolution.

8. 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 Twentieth Supplemental Indenture.

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

IN COUNCIL DULY PASSED this 27th day of November, 2018.

AYES: (6) Mayor Coursey, Vice Mayor Rogers, Council Members, Olivares, Sawyer
Schwedhelm, Tibbetts

NOES: (0)

ABSENT: (1) Council Member Combs

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:

- (A) True Interest Cost of the Series 2018A Bonds: 3.111566%
- (B) Finance Charge of the Series 2018A Bonds (Sum of all fees/charges paid to third parties): \$326,570.74
- (C) Net Proceeds to be Received (net of finance charges, reserves and capitalized interest, if any): \$18,023,309.43
- (D) Total Payment Amount Through Maturity: \$23,152,259.17

The foregoing estimates constitute good faith estimates only. The principal amount of the Series 2018A Bonds, the true interest cost of the Series 2018A 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 2018A Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Series 2018A Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Series 2018A 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 2018A 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 2018A Bonds and the actual principal amount of Series 2018A Bonds sold will be determined by the City based on the timing of the need for proceeds of the Series 2018A Bonds and other factors. The actual interest rates borne by the Series 2018A Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2018A 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.