

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA AUTHORIZING THE EXECUTION, SALE AND DELIVERY OF CERTIFICATES OF PARTICIPATION, AUTHORIZING AND DIRECTING EXECUTION OF RELATED LEASE FINANCING DOCUMENTS, APPROVING A PURCHASE CONTRACT AND AN OFFICIAL STATEMENT, AND AUTHORIZING OFFICIAL ACTIONS

WHEREAS, the City of Santa Rosa (the “City”) is a charter city organized under the Constitution and the laws of the State of California; and

WHEREAS, Public Property Financing Corporation of California, a California non-profit public benefit corporation (the “Corporation”) has been formed under and pursuant to the laws of the State of California and is authorized to provide financial assistance to the City in financing the acquisition and improvement of public buildings, equipment and facilities, among other things; and

WHEREAS, on April 19, 2016, the City Council adopted Resolution No. 28772 appropriating \$4,533,752 from the General Fund unassigned fund balance to the Courthouse Square Reunification Project (the “Project”) account in order to approve the construction contract and proceed with Project construction; and

WHEREAS, the City intends to use the funds described in the previous paragraph for other purposes and wishes to rescind the appropriation of such funds and instead wishes to finance a portion of the Project costs in the amount of \$4,200,000; and

WHEREAS, for the purpose of financing the acquisition and improvement of two buildings, the City previously caused execution and delivery of the \$9,960,000 initial principal amount City of Santa Rosa Certificates of Participation (Building Acquisition Project) (the “2007 COPs”) pursuant to a Trust Agreement, dated as of June 1, 2007 (the “2007 Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “2007 Trustee”), the City and the Santa Rosa Public Financing Authority (the “Authority”); and

WHEREAS, the 2007 COPs represent undivided fractional interests in lease payments (the “2007 Lease Payments”) made by the City for the use and occupancy of the real property and improvements constituting the Circadian Fire Station and the Rincon Valley Library pursuant to a Lease Agreement, dated as of June 1, 2007 (the “2007 Lease Agreement”), by and between the City and the Authority; and

WHEREAS, in order to take advantage of prevailing market conditions and realize savings for the benefit of the City, the City wishes to refinance its lease payment obligation under the 2007 Lease Agreement and to cause the prepayment of the 2007 COPs; and

WHEREAS, to finance a portion of the Project costs and refinance the 2007 lease payment obligation, the City wishes to cause the execution and delivery of the 2016 Certificates of Participation (Courthouse Square Project and 2007 Lease Refinancing) (the “Certificates”); and

WHEREAS, the City has proposed to lease the land and improvements constituting the Rincon Valley Library, Circadian Fire Station and Fire Station #5 (the “Leased Property”) to the Corporation under a Site and Facilities Lease, by and between the City and the Corporation (the “Site and Facilities Lease”), and the Corporation has proposed to lease the Leased Property back to the City under a Lease Agreement, by and between the City and the Corporation (the “Lease Agreement”), in consideration of the payment by the City of semi-annual lease payments; and

WHEREAS, the Corporation proposes to assign its right to receive such lease payments to a trustee (the “Trustee”) to be determined by the Chief Financial Officer, under an Assignment Agreement (the “Assignment Agreement”), by and between the Corporation and the Trustee, and in consideration of such assignment the Trustee will execute and deliver the Certificates, each evidencing a direct, undivided fractional interest in such lease payments, in accordance with a Trust Agreement (the “2016 Trust Agreement”), by and among the City, the Corporation and the Trustee; and

WHEREAS, there has been submitted to this City Council a form of the following documents: (i) the Lease Agreement, (ii) the Site and Facilities Lease, (iii) the 2016 Trust Agreement, (iv) a Certificate Purchase Contract (the “Purchase Agreement”), by and between the City and Raymond James & Associates, Inc., the underwriter of the Certificates (the “Underwriter”), (v) an Escrow Deposit and Trust Agreement, by and between the City and the 2007 Trustee, as escrow bank (the “Escrow Agreement”) and (vi) a Preliminary Official Statement.

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

Section 1. Recitals. All of the recitals herein are true and correct and this City Council so finds.

Section 2. Approval of Financing. The City Council approves the financing plan outlined above as being in the public interest, for the common benefit and necessary and proper for the City’s purpose. To that end, the City Council approves each of the following financing documents in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable and approved by the City Manager, Deputy City Manager or the Chief Financial Officer (each, an “Authorized Officer”) subject to approval as to form by the City Attorney, whose execution thereof shall be conclusive evidence of such approval:

- Site and Facilities Lease, whereby the City leases the Leased Property to the Corporation in consideration of an up-front rental payment that the City will apply to refinance the 2007 COPs and finance a portion of the Project costs.

- Lease Agreement, whereby the Corporation leases the Leased Property back to the City and the City agrees to pay semi-annual lease payments as rental for the Leased Property, which lease payments are equal to the principal and interest requirements of the financing.
- 2016 Trust Agreement, whereby the Trustee agrees to execute and deliver the Certificates and to apply the proceeds of the Certificates to refinance the 2007 COPs and finance a portion of the Project costs.
- Purchase Agreement, specifying the terms and conditions upon which the Certificates are to be sold to the Underwriter.
- Escrow Agreement, relating to the use of proceeds of the Certificates and other moneys related to the 2007 COPs to refinance the 2007 Lease Agreement and the 2007 COPs.

Each of the Authorized Officers is hereby authorized and directed on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of each of the foregoing documents. The schedule of lease payments attached to the Lease Agreement shall correspond to the payments of principal and interest represented by the Certificates, to be determined upon the sale thereof as set forth in Section 3.

The Chief Financial Officer is hereby authorized and directed to select a bank to act as Trustee after undertaking a competitive review process and consulting with the City's financial advisor and bond counsel.

Section 3. Execution and Delivery of Certificates. The Council hereby authorizes the execution and delivery of the Certificates, and the sale of the Certificates to the Underwriter pursuant to the Purchase Agreement, in the aggregate principal amount of not to exceed \$15,000,000. The true interest cost of the Certificates may not exceed 4.0% and the underwriter's discount may not exceed 0.75% of the principal amount of the Certificates. Certificates shall only be used to refinance the 2007 Lease Agreement and the 2007 COPs if the net present value savings as a result of the execution and delivery of the Certificates is equal to at least 3% of the outstanding principal amount of the 2007 COPs.

Section 4. Official Statement. The Council hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Certificates, in the form on file with the City Clerk. The Underwriter is hereby authorized to distribute the Preliminary Official Statement in connection with the sale of the Certificates. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the purchaser of the Certificates a certificate deeming the Preliminary Official Statement to be nearly final as of its date, (b) approve any changes in or additions to cause such Preliminary Official Statement to be put in final form, and (c) authorize distribution of the final Official Statement to the purchasers of the Certificates, and (d) execute said final Official Statement for and in the name and on behalf of the City.

Section 5. Appointment of Professionals. For purposes of this financing, the City Council hereby approves the selection of Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel, and Public Financial Management, as financial advisor. Each Authorized Officer is authorized to execute a professional services agreement with such firms in connection with the proposed financing, and the execution of such agreements by an Authorized Officer shall be conclusive evidence of such approval.

Section 6. Official Actions. Each Authorized Officer is authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution, including but not limited to a continuing disclosure undertaking, and the City Clerk is authorized to take such actions and execute such documents as determined to be necessary by an Authorized Officer and the City's bond counsel for this financing. Each Authorized Officer, after consulting with the City's bond counsel and financial advisor for this financing, is authorized to identify alternative assets to serve as Leased Property under the Site and Facilities Lease and the Lease Agreement. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 7. Rescind Prior Appropriation. Effective upon the closing of the financing, the City Council does hereby rescind the appropriation of \$4,533,752 from the General Fund unassigned fund balance as authorized in Resolution No. 27882, appropriate \$4,200,000 from debt proceeds into JL key 17390, and directs repayment to the General Fund from proceeds of the Certificates of any amounts that may have been expended on Project costs from moneys appropriated by Resolution No. 27882.

Section 8. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

IN COUNCIL DULY PASSED this _____ day of _____, 2016.

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST: _____ APPROVED: _____
Interim City Clerk Mayor

APPROVED AS TO FORM:

Interim City Attorney