

RESOLUTION NO. RES-2021-181

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF PENSION OBLIGATION BONDS TO REFINANCE THE OUTSTANDING OBLIGATIONS OF THE CITY TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, APPROVING AN INDENTURE OF TRUST, AUTHORIZING A JUDICIAL VALIDATION ACTION AND APPROVING AND DIRECTING RELATED MATTERS

WHEREAS, the City of Santa Rosa (the "City") is a contracting member of the California Public Employees' Retirement System ("PERS"), and as such the City is obligated to make certain payments to PERS (the "PERS Obligations"); and

WHEREAS, the City is authorized under 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"), to issue its bonds for the purpose of refunding certain outstanding obligations of the City, including the PERS Obligations; and

WHEREAS, in order to refund the PERS Obligations and thereby realize interest savings, the City proposes at this time to authorize the issuance of one or more series of its bonds from time to time under the Bond Law for the purpose of refinancing the PERS Obligations in whole or in part; and

WHEREAS, the City Council further wishes at this time to authorize the institution of judicial proceedings to determine the validity thereof; and

WHEREAS, in accordance with Government Code Section 5852.1, the City Council has obtained and disclosed the information set forth in Exhibit A hereto with respect to the initial series of the Bonds authorized herein.

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

1. Recitals. The foregoing recitals are true and correct.
2. Authorization of Bonds. The City Council hereby authorizes the issuance of one or more series of bonds from time to time under the Bond Law for the purpose of refinancing the PERS Obligations of the City which are due and owing to PERS at the time of such issuance (collectively, the "Bonds"); provided, however, that the principal amount of any series of Bonds issued hereunder shall not at the time of issuance of any such series of Bonds exceed the aggregate amount of the unfunded accrued actuarial liability and the normal cost for the then-current fiscal year represented by the PERS Obligations as of such time of issuance, as reported to the City by PERS, plus an amount required to pay all costs of issuing such Bonds (including, but not limited to, underwriter's discount and original issue discount, if any).

Any bonds issued under the Bond Law to refund Bonds shall constitute Bonds as defined in this Resolution.

3. Material Provisions of Bonds. Each series of Bonds shall be issued under an Indenture of Trust (the “Bond Indenture”) between the City and a corporate trustee identified by the City Manager, as trustee (the “Trustee”), which the City Council hereby approves in substantially the form on file with the City Clerk, and attached to this resolution as Exhibit B, together with any changes therein or additions thereto deemed advisable by the Mayor, the City Manager, the Assistant City Managers and the Chief Financial Officer (each, an “Authorized Officer”). An Authorized Officer, acting alone, is hereby authorized and directed for and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, if applicable, the final form of Bond Indenture. The execution of a Bond Indenture by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. The Bonds shall be subject to the following limitations:

- (a) Each series of Bonds shall mature over a term not exceeding 35 years from the date of their original issuance.
- (b) Interest on each series of Bonds will be calculated at a fixed rate, which shall not exceed the maximum rate of interest permitted by law.
- (c) Principal of and interest and redemption premiums (if any) on the Bonds shall be payable from the General Fund of the City and from any other source of legally available funds of the City. The Bonds shall not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation.
- (d) Principal of and interest and redemption premiums (if any) on the Bonds shall be secured by a lien and security interest in all right, title and interest of the funds and accounts provided for in the Indenture.
- (e) Proceeds of each series of the Bonds, except to the extent required to pay the costs of issuing and underwriting such Bonds, shall be deposited with the Trustee and applied to refinance the PERS Obligations of the City in whole or in part.

4. Sale of the Bonds; Engagement of Underwriter. In connection with the issuance and sale of the Bonds, the City Council hereby authorizes the City Manager to select one or more underwriters to purchase the Bonds (collectively, the “Underwriter”).

5. Financing Team for the Initial Series of Bonds. The City Council hereby approves the following members of the financing team for the issuance of the initial series of Bonds:

- (a) Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the City,
- (b) PFM Financial Advisors LLC, as Municipal Advisor to the City, and

(c) Urban Futures, Inc., as Pension Advisor to the City.

The City Council hereby authorizes and directs an Authorized Officer to execute a professional services agreement with Jones Hall, in substantially the form on file with the City Clerk.

6. Institution of Judicial Validation Proceedings. The City Council hereby authorizes the filing of an action to determine the validity of the Bonds, the form of the Bond Indentures and related matters in the Superior Court of Sonoma County, under the provisions of Sections 860 et seq. of the Code of Civil Procedure of the State of California.

Bond Counsel is hereby directed, in concert with the City Attorney, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds, the form of the Bond Indentures and related matters.

7. Approval of Additional Documents. Upon completion of the validation action authorized under Section 6, and from time to time, the City staff shall cause the following to be submitted to the City Council for final approval of each series of Bonds, as applicable: (i) one or more bond purchase agreements with the Underwriter(s) providing for the purchase and sale of such Bonds, (ii) a Preliminary Official Statement relating to one or more series of the Bonds, to be prepared by the City's Disclosure Counsel, and (iii) such other agreements and documents as are necessary or convenient to implement the issuance, sale and delivery of one or more series of Bonds from time to time.

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

IN COUNCIL DULY PASSED this 26th day of October, 2021.

AYES: (6) Mayor C. Rogers, Vice Mayor N. Rogers, Council Members Alvarez, Fleming, Sawyer, Tibbetts

NOES: (0)

ABSENT: (1) Council Member Schwedhelm

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
Assistant City Attorney

Exhibit A - Government Code Section 5852.1 Disclosure
Exhibit B – Indenture of Trust