

RESOLUTION 2017-127

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO, CALIFORNIA, APPROVING THE ISSUANCE OF LEASE REVENUE BONDS SERIES 2017 BY THE CITY OF SAN PABLO JOINT POWERS FINANCING AUTHORITY; AUTHORIZING AND APPROVING A FIRST AMENDMENT TO SITE AND FACILITY LEASE, A FIRST AMENDMENT TO LEASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, A FINAL OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND A BOND PURCHASE AGREEMENT; DECLARING ITS INTENTION TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF DEBT; APPROVING FINANCING TEAM MEMBERS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of San Pablo, California (the "City") and the Redevelopment Agency of the City of San Pablo, now the San Pablo Local Successor Agency, have heretofore entered into that certain Joint Exercise of Powers Agreement, dated as of December 8, 1993, establishing the City of San Pablo Joint Powers Financing Authority (the "Authority") for the purpose, among other things, of issuing its bonds to be used to provide financing and refinancing for public capital improvements of the City; and

WHEREAS, the City desires to finance the construction and improvement of a new city hall building for the City (the "Project") and/or other public capital improvements; and

WHEREAS, the City has requested that the Authority issue its Lease Revenue Bonds Series 2017 (the "Series 2017 Bonds") in an aggregate principal amount not to exceed \$15,000,000 to finance the Project; and

WHEREAS, certain capital expenditures with respect to the Project (each, an "Original Expenditure") are expected to be paid by the City initially out of funds other than the proceeds of the Series 2017 Bonds; and

WHEREAS, under section 1.150-2 of the Treasury Regulations (the "Treasury Regulations") promulgated under the Internal Revenue Code of 1986 (the "Code"), an allocation of proceeds of an issue of bonds to the reimbursement of an Original Expenditure generally will be respected for purposes of sections 141-150 of the Code (pertaining to tax-exempt municipal bond financing) only if, no later than sixty (60) days following the initial payment of that Original Expenditure, the actual issuer of the bonds has declared its "official intent" that the payment of Original Expenditures be reimbursed out of proceeds of the bonds; and

WHEREAS, the City desires to facilitate the allocation of proceeds of the Series 2017 Bonds to the reimbursement of Original Expenditures for the Project; and

WHEREAS, the Series 2017 Bonds are to be issued pursuant to a First Supplemental Indenture (the "First Supplemental Indenture"), supplementing the Indenture, dated as of March 1, 2015 (together, the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, the trustee (the "Trustee"), and pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"); and

WHEREAS, the City has heretofore held a noticed public hearing pursuant to Section 6586.5(a)(2) of the Act; and

WHEREAS, it is proposed that the Series 2017 Bonds be sold on a negotiated basis in accordance with the terms and provisions of a bond purchase agreement among the Authority, the City and an underwriter to be named therein for the Series 2017 Bonds (the "Bond Purchase Agreement"), the proposed form of which is on file with the City Clerk of the City; and

WHEREAS, it is proposed that the City and the Authority enter into a First Amendment to Site and Facility Lease (the "First Amendment to Site Lease"), amending the Site and Facility Lease, dated as of March 1, 2015 (together, the "Site Lease"), by and between the City and the Authority, the proposed form of which is on file with the City Clerk of the City, pursuant to which the City will lease property of the City as an Authorized Officer (defined hereafter) shall designate (the "Leased Property") to the Authority; and

WHEREAS, it is proposed that the City and the Authority enter into a First Amendment to Lease Agreement (the "First Amendment to Lease Agreement"), amending the Lease Agreement, dated as of March 1, 2015 (together, the "Lease"), by and between the Authority and the City, pursuant to which City will lease back the Leased Property from the Authority, the proposed form of which is on file with the City Clerk of the City; and

WHEREAS, under the Lease, the City will be obligated to make lease payments to the Authority, which the Authority will use to pay debt service on the Series 2017 Bonds; and

WHEREAS, to fulfill the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), the City will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), with respect to the Series 2017 Bonds, whereby the City will agree to provide annual disclosure reports and notices of certain enumerated events pursuant to the Rule; and

WHEREAS, there have been presented at this meeting the proposed forms of the following documents:

- a) the First Amendment to Site Lease;
- b) the First Amendment to Lease;
- c) the Continuing Disclosure Agreement;
- d) the Preliminary Official Statement; and
- e) the Bond Purchase Agreement;

WHEREAS, the City Council has reviewed the above-referenced documents related to the issuance of the Series 2017 Bonds, which documents are on file with the City Clerk of the City of San Pablo.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN PABLO HEREBY DETERMINES, FINDS, AND RESOLVES AS FOLLOWS:

Section 1. Approval of Recitals. City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Public Benefit. City Council hereby finds and determines that the issuance of the Series 2017 Bonds will result in significant public benefits within the contemplation of Section 6586 of the Act.

Section 3. Approval of Bonds. City Council hereby approves the issuance by the Authority of the Series 2017 Bonds. The Series 2017 Bonds are hereby approved to finance the Project and/or other public capital improvements.

Section 4. Approval of First Amendment to Site and Facility Lease. The First Amendment to Site Lease, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any one of the Mayor, the Vice Mayor in the Mayor's absence, the City Manager of the City, the Finance Director of the City, or their respective designees (each, an "Authorized Officer"), is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the First Amendment to Site Lease in substantially the form on file, with such revisions, amendments and completions as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution. Any Authorized Officer is hereby authorized to designate Leased Property under the Site Lease.

Section 5. Approval of the First Amendment to Lease Agreement; Authorization Regarding Release of Leased Property. The First Amendment to Lease Agreement, in substantially the form on file with the City Clerk of the City and

presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the First Amendment to Lease Agreement in substantially the form on file, with such revisions, amendments and completions as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution. Once the Project is substantially completed, each Authorized Officer is hereby authorized and directed to take all necessary or advisable steps to release the old city hall property and the improvements thereon from the leasehold of the Leased Property under the Lease.

Section 6. Approval of the Preliminary Official Statement and the Official Statement. The Preliminary Official Statement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved with such revisions, amendments and completions as may be approved by an Authorized Officer in order to make the Preliminary Official Statement final as of its date, except for the omission of certain information, as permitted by the Rule. Any Authorized Officer is authorized and directed, for and in the name and on behalf of the City, to execute and deliver a certificate relating to the finality of the Preliminary Official Statement under the Rule. Any Authorized Officer is authorized and directed, for and in the name and on behalf of the City, to execute and deliver the final Official Statement in substantially the form hereby approved, with such additions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Approval of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in substantially the form on file, with such revisions, amendments and completions as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 8. Approval of Bond Purchase Agreement. The City hereby authorizes and directs that the Series 2017 Bonds be sold on a negotiated basis to an underwriter to be selected by an Authorized Officer. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to undertake all appropriate steps to implement the sale of the Series 2017 Bonds. The total principal amount of the Series 2017 Bonds shall not exceed \$15,000,000. The true interest cost for the Series 2017 Bonds shall not exceed 6.0% per annum and the Underwriter's discount or fee (excluding any original issue discount) shall not exceed 1.00% of the original principal amount of the Series 2017 Bonds. The

Bond Purchase Agreement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Agreement, with such additions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 9. Declaration of Intention to Reimburse Certain Expenditures. The City hereby declares its reasonable official intent that the Series 2017 Bonds be issued in an aggregate maximum principal amount not to exceed \$15,000,000, the proceeds of which are to be applied, in part, to the reimbursement of Original Expenditures. The City recognizes that under section 1.150-2 of the Treasury Regulations, the allocation of proceeds of an issuance of Series 2017 Bonds to an Original Expenditure (other than to certain *de minimis* or preliminary expenditures described in section 1.150-2(f) of the Treasury Regulations) will be respected only if (i) the Original Expenditure was paid not earlier than sixty (60) days prior to the adoption of this Resolution and (ii) the allocation of proceeds of that issuance of Series 2017 Bonds to such Original Expenditure is made not later than the later of (a) eighteen (18) months after the date of initial payment of the Original Expenditure or (b) eighteen (18) months after the date upon which the Project is placed in service or abandoned, but in no event more than three (3) years after the date of initial payment of that Original Expenditure. This Resolution is adopted solely for the purpose of establishing compliance with the requirements of section 1.150-2 of the Treasury Regulations. This Resolution does not obligate the City to make any expenditure or proceed with any Project or obligate any entity to issue the Series 2017 Bonds.

Section 10. Approval of Financing Professionals. The City hereby approves Steven Gortler, as Municipal Advisor to the City, Stifel, Nicolaus & Company, Incorporated, as Underwriter for the Series 2017 Bonds, and the law firm of Norton Rose Fulbright US LLP, as Bond Counsel and Disclosure Counsel, each in accordance with separate agreements on file with the City. The City Manager is hereby authorized and directed, for and in the name and on behalf of the City, to execute the agreements with these financing team members.

In addition, the City Manager is authorized to amend the existing agreement with Jarvis Fay for specialized legal services related to the City Hall project for an additional \$50,000 for a total contract amount not to exceed \$100,000. Special Counsel Murphy & Associates shall be paid under the existing agreement with the City.

Section 11. Official Actions. Each Authorized Officer, the City Clerk and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, with the concurrence of the City Attorney, to do any and all things and take any and all other actions, including the publication of any notices

necessary or desirable in connection with the sale of the Series 2017 Bonds, procurement of municipal bond insurance and/or a reserve surety, and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, terminations, warrants and other documents, which they, or any of them, deem necessary or advisable to consummate the lawful issuance and sale of the Series 2017 Bonds and the consummation of the transactions as described herein.

Section 12. Ratification. All actions heretofore taken by any Authorized Officer or any officer, employee or agent of the City with respect to the issuance, delivery and sale of the Series 2017 Bonds or in connection with or related to any of the agreements referred to herein, are hereby approved, confirmed and ratified.

Section 13. Effective Date. This Resolution shall become effective immediately upon adoption.

Section 14. Certification. The City Clerk shall certify to the adoption of this Resolution. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by a Deputy City Clerk with the same force and effect as if performed by the City Clerk hereunder.

PASSED and ADOPTED this 19th day of June 2017, by the following vote:

AYES:	COUNCILMEMBERS:	Cruz, Kinney, Morris, Calloway and Valdez
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None
ABSTAIN:	COUNCILMEMBERS:	None

ATTEST:

APPROVED:

/s/ Ted J. Denney
Ted J. Denney, City Clerk

/s/ Cecilia Valdez
Cecilia Valdez, Mayor

STATE OF CALIFORNIA)
) ss
COUNTY OF CONTRA COSTA)

I, Ted J. Denney, City Clerk of the City of San Pablo, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the City Council held on the 19th day of June 2017, by the following vote:

AYES:	COUNCILMEMBERS:	Cruz, Kinney, Morris, Calloway and Valdez
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None
ABSTAIN:	COUNCILMEMBERS:	None

/s/ Ted J. Denney
Ted J. Denney, City Clerk