

RESOLUTION NO. 2019-0303

Adopted by the Sacramento City Council

July 23, 2019

Authorizing the Issuance and Sale of Assessment Revenue Bonds in a Principal Amount Not Exceeding \$55,000,000 to Finance an Additional Ballroom in the Sacramento Convention Center and Other Capital-Improvement Projects; and Approving Related Documents and Official Actions

BACKGROUND

- A. The City of Sacramento is a charter city organized under the California Constitution and as such has the right and power to make and enforce all laws and regulations in respect of municipal affairs in accordance with, and as more particularly provided in, sections 3, 5 and 7 of article XI of the California Constitution and section 10 of the City Charter.
- B. Under its charter powers and the Property and Business Improvement District Law of 1994 (California Streets and Highways Code sections 36600 through 36671) (the "PBID Law"), the City Council formed Sacramento Tourism Infrastructure District No. 2018-04 (the "District").
- C. Under the PBID Law, as augmented by City Code section 3.92.055 (the "STID Revenue Bond Law"), and under the Management District Plan adopted by the City Council in connection with the formation of the District (the "Management District Plan"), the City is authorized to pledge the assessments levied and collected on lodging businesses within the District (the "Assessments") to the payment of one or more series of bonds, notes, loans, interim certificates, debentures, installment-purchase agreements, leases, or other obligations the City issues or incurs to pay directly for authorized purposes or to reimburse the City for amounts paid from transient-occupancy-tax or other sources toward bonds, notes, loans, interim certificates, debentures, installment-purchase agreements, leases, or other obligations (collectively, the "STID Obligations").
- D. On October 30, 2018, in accordance with the City's charter powers, the STID Revenue Bond Law, and Resolution No. 2018-0420, the City Council authorized the issuance or incurrence of STID Obligations in an amount not exceeding \$80,000,000.
- E. The City desires to finance the costs of capital-improvement projects authorized by the Management District Plan and STID Revenue Bond Law, consisting of the construction of an additional ballroom in the Sacramento Convention Center and other improvements authorized under the Management District Plan (the "Project").

- F. The City desires to issue revenue bonds secured by the Assessments, as more particularly described in the Indenture identified in section 3 below and in a maximum aggregate principal amount not exceeding \$55 million, for the purposes of financing, on a long-term basis, the costs associated with the Project; establishing a debt-service reserve, if necessary; and paying all costs incurred in connection with the authorization, issuance, sale, and delivery of the bonds (the “2019 Bonds”). The 2019 Bonds will be the first series of STID Obligations to be issued or incurred by the City.
- G. The staff report accompanying this resolution contains the information that Government Code section 5852.1 requires the City Council to obtain and disclose in a public meeting before authorizing the issuance of the 2019 Bonds.
- H. The City Council is fully advised in this matter.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds that the statements in the Background are true.
- Section 2. To provide funds for the Project, the City Council hereby authorizes the issuance of the 2019 Bonds in accordance with the PBID Law, as augmented by STID Revenue Bond Law; the Management District Plan; and the City’s power over municipal affairs under its charter.
- Section 3. The Bonds are to be issued under an Indenture of Trust between the City and U.S. Bank National Association, as trustee (the “Trustee”), in substantially the form on file with the City Clerk (the “Indenture”).
 - (a) The 2019 Bonds must be subject to the following limitations:
 - (1) Interest on the 2019 Bonds must be calculated at a fixed rate, which may not exceed the maximum rate of interest permitted by law.
 - (2) Principal of, and interest and redemption premium (if any) on, the 2019 Bonds must be payable solely from the Assessments that are pledged as security for the 2019 Bonds, as described in the Indenture as executed and delivered. The 2019 Bonds may not constitute an obligation of the City’s general fund.
 - (3) Except to the extent required to pay the costs of the authorization, issuance, sale, and delivery of the 2019 Bonds and except to the extent required to fund a reserve for the 2019 Bonds and pay capitalized interest on the 2019 Bonds, the proceeds of the 2019

Bonds must be applied for the sole purpose of financing the Project.

- (b) Subject to the limitations in section 3(a), the City Council hereby authorizes and directs the City Treasurer to execute and deliver the Indenture on the City's behalf, in substantially the form on file with the City Clerk and with any changes the City Treasurer approves with the concurrence of the City Attorney or her designee (the "City Attorney").

Section 4. The City Council hereby approves the sale of the 2019 Bonds on a negotiated basis in accordance with a Bond-Purchase Agreement between the City and Morgan Stanley & Co. LLC, as underwriter (the "Underwriter"), in substantially the form on file with the City Clerk.

Section 5. The City Council hereby authorizes and directs the City Treasurer to accept an offer from the Underwriter to purchase the 2019 Bonds, subject to the following limitations: the true interest cost of the 2019 Bonds (taking into account any original-issue discount or original-issue premium on the sale of the 2019 Bonds) must not exceed 5.00%, and the maximum amount of Underwriter's discount on the sale of the 2019 Bonds must not exceed 1.00% of the par amount of the 2019 Bonds. Subject to these limitations, the City Council hereby authorizes and directs the City Treasurer to execute and deliver the Bond-Purchase Agreement on the City's behalf, in substantially the form on file with the City Clerk and with any changes the City Treasurer approves with the concurrence of the City Attorney.

Section 6. The City Council hereby authorizes the City Treasurer to take all actions necessary or desirable to obtain a municipal-bond insurance policy or a reserve-account-surety policy, or both, if he determines that doing so will reduce the true interest cost of issuing the 2019 Bonds.

Section 7. The City Council hereby approves the preliminary Official Statement describing the City, the District, the 2019 Bonds, and the security and sources of payment therefore, in substantially the form on file with the City Clerk. The Underwriter's distribution of the preliminary Official Statement is hereby approved. The City Council hereby authorizes and directs the City Treasurer, on the City's behalf and before the distribution of the preliminary Official Statement, to deem the preliminary Official Statement "final" within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The final Official Statement, which may include any changes the City Treasurer considers advisable and any information permitted to be excluded from the preliminary Official Statement by the Rule, is hereby approved for delivery to the purchasers of the 2019 Bonds. The City Treasurer is hereby authorized and directed to execute and deliver the

final Official Statement on the City's behalf, to deliver to the Underwriter a certificate with respect to the accuracy of the information set forth in the final Official Statement, and to execute on the City's behalf and deliver to the Underwriter a Continuing Disclosure Certificate substantially in the form appended to the final Official Statement and with any changes the City Treasurer approves with the concurrence of the City Attorney.

- Section 8. The City Council hereby authorizes and directs the City Attorney to execute and deliver on the City's behalf, in substantially the forms on file with the City Clerk and with any changes the City Attorney approves, the Supplement No. 4 to Agreement for Legal Services with Jones Hall, A Professional Law Corporation; and the Disclosure-Counsel Agreement with Stradling Yocca Carlson & Rauth, A Professional Corporation.
- Section 9. The Mayor, the City Manager, the City Treasurer, the City Attorney, the City Clerk, and any and all other officers of the City are hereby authorized and directed, on the City's behalf, to do any and all things and take any and all actions, that they, or any of them, consider necessary or advisable to implement the issuance, sale, and delivery of the 2019 Bonds. Whenever in this resolution any officer of the City is directed to execute or attest any document or take any other action, that execution, attestation, or action may be taken on behalf of that officer by any person he or she designates to act on his or her behalf if the officer is absent or unavailable.
- Section 10. This resolution takes effect when adopted.

Adopted by the City of Sacramento City Council on July 23, 2019, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, and Schenirer

Noes: None

Abstain: None

Absent: Member Warren and Mayor Steinberg

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2019.08.07 08:44:26 -07'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.