

RESOLUTION NO. 2019-0071

Adopted by the Sacramento City Council

March 5, 2019

Authorizing the Issuance and Sale of City of Sacramento Wastewater Revenue Bonds to Finance the Costs of Capital Improvements to the City's Wastewater System; Approving the Official Statement Related to the Bonds; Approving the Forms of Related Financing Documents; Authorizing the City Treasurer or the City Treasurer's Designee to Approve, Execute, and Deliver the Related Financing Documents; and Authorizing Certain Other Actions in Connection with the Bonds and the Financing

BACKGROUND

- A. The City of Sacramento is a municipal corporation duly organized and existing under the Sacramento City Charter (the "Charter") and the California Constitution.
- B. Under sections 3, 5, and 7 of article XI of the California Constitution and section 10 of the Charter, the City is authorized to make and enforce all laws and regulations concerning municipal affairs and certain other matters.
- C. Under section 119 of the Charter, the City is expressly authorized to issue revenue bonds for any lawful purpose and to adopt a procedural ordinance prescribing the terms and conditions for issuance of revenue bonds.
- D. Acting in accordance with its authority, the City Council has enacted the Enterprise Revenue Bond Law, codified as chapter 3.152 of the Sacramento City Code (the "Law"), to authorize and establish the procedures for the City's issuance of revenue bonds to finance and refinance capital-improvement costs for the City's enterprises.
- E. The City owns and operates facilities for the provision of wastewater service, all of which are included in and compose the City's wastewater-enterprise system (the "Wastewater System").
- F. The City is empowered by the Law to issue its bonds for the purpose of financing the costs of capital improvements to the Wastewater System.

- G. In connection with the issuance of bonds to finance the costs of capital improvements to the Wastewater System, the City and U.S. Bank National Association, as trustee, entered into an indenture (the “Indenture”).
- H. The City’s Department of Utilities has identified for FY2019-/23 a Wastewater CIP need of approximately \$59 million, a portion of which is expected to be funded from the proceeds of wastewater-revenue bonds.
- I. In accordance with the Law, the City Council has determined to issue one or more series of City of Sacramento Wastewater Revenue Bonds under the Indenture (the “Series 2019 Bonds”), in the aggregate principal amount not to exceed \$35 million, to (1) finance the costs of capital improvements to the Wastewater System; (2) fund a debt-service-reserve fund, if so determined by the Authorized Representative (defined in section 3(a) below); and (3) fund the costs of issuance for the Series 2019 Bonds.
- J. In furtherance of the City’s issuance of the Series 2019 Bonds, forms of the following documents have been filed with the City Clerk for the City Council’s consideration and approval:
 - 1. A Second Supplemental Indenture (the “Supplemental Indenture”) providing for the issuance of the Series 2019 Bonds under the Indenture and specifying certain terms of the Series 2019 Bonds.
 - 2. A Bond Purchase Agreement (the “Bond Purchase Agreement”) under which, among other things, the City agrees to sell, and the underwriter of the Series 2019 Bonds named in the Bond Purchase Agreement (the “Underwriter”) agrees to purchase, the Series 2019 Bonds.
 - 3. A preliminary form of an Official Statement (the “Official Statement”) describing the Series 2019 Bonds and matters relating to them.
 - 4. A Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), under which the City agrees to provide ongoing disclosure for the Series 2019 Bonds.
 - 5. An Agreement for Bond-Counsel Services with Orrick, Herrington & Sutcliffe LLP (the “Bond-Counsel Agreement”).

- K. The Series 2019 Bonds will be limited obligations of the City secured by a pledge of, and payable solely from, the net revenues of the Wastewater System and the other collateral pledged under the Indenture, subject to the application of the net revenues of the Wastewater System and the other collateral for the purposes set forth in the Indenture and on the terms and conditions set forth in the Indenture. The City's General Fund is not liable for, and neither the City's credit nor its taxing power is pledged for, the payment of the Series 2019 Bonds.

- L. All acts, conditions, and things required by the Law, the Charter, and the Constitution and laws of the State of California to exist, to have happened, and to have been performed before and in connection with the issuance of the Series 2019 Bonds and the consummation of the financing hereby authorized do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the City is now duly authorized and empowered, in accordance with every requirement of law, to authorize the issuance of the Series 2019 Bonds and to authorize the execution and delivery of the Supplemental Indenture, the Bond Purchase Agreement, the Official Statement, and the Continuing Disclosure Certificate for the purposes, in the manner, and upon the terms provided.

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 paragraphs A through L of the Background are true.

- Section 2. The City's issuance of the Series 2019 Bonds, in an aggregate principal amount not to exceed \$35 million and in accordance with the Indenture and the Supplemental Indenture as finally executed and delivered, is hereby authorized and approved.

- Section 3. The proposed form of Supplemental Indenture on file with the City Clerk and its terms and conditions are hereby approved. The structure, date, maturity date or dates (the final maturity to be not later than September 1, 2049), fixed interest rates, interest-payment dates, forms, registration privileges, place or places of payment, terms of redemption, number, and other terms of the Series 2019 Bonds will be as provided in the Indenture and the Supplemental Indenture as finally executed and delivered.

- (a) The City Treasurer or the City Treasurer's designee (the "Authorized Representative") is hereby authorized and directed to execute and deliver the Supplemental Indenture on the City's behalf, in substantially the form on file with the City Clerk and with any changes the Authorized Representative approves with the concurrence of the City Attorney or the City Attorney's designee (the "City Attorney"), with approval to be conclusively evidenced by the execution and delivery thereof.
- (b) The Series 2019 Bonds are to be executed by the manual or facsimile signature of the Authorized Representative and must be in the form set forth in, and must otherwise be in accordance with, the Supplemental Indenture. When the Series 2019 Bonds are so executed, the Authorized Representative shall deliver them to the Trustee (as defined in the Indenture). The Trustee shall then authenticate the Series 2019 Bonds and deliver them to the Underwriter in accordance with written instructions the Authorized Representative signs on the City's behalf, and the Authorized Representative is hereby authorized and directed to sign the instructions and deliver them to the Trustee. The instructions are to provide for the delivery of the Series 2019 Bonds to the Underwriter in accordance with the Bond Purchase Agreement upon payment by the Underwriter of the purchase price for the Series 2019 Bonds.

Section 4. The proposed form of the Bond Purchase Agreement on file with the City Clerk is hereby approved. The Authorized Representative is hereby authorized and directed to do the following on the City's behalf:

- (a) to sell the Series 2019 Bonds to the Underwriter as required by the Bond Purchase Agreement, with a true interest cost not to exceed 4.50% and with the Underwriter's compensation not to exceed 0.75% of the principal amount of the Series 2019 Bonds; and
- (b) to execute and deliver the Bond Purchase Agreement, in substantially the form on file with the City Clerk, with any changes the Authorized Representative approves with the City Attorney's concurrence, with approval to be conclusively evidenced by the execution and delivery thereof.

- Section 5. The proposed form of Official Statement on file with the City Clerk is hereby approved. The Authorized Representative is hereby authorized and directed to execute and deliver to the Underwriter, on the City's behalf, a certificate deeming the preliminary Official Statement, in substantially the form on file with the City Clerk and with any changes the Authorized Representative approves in the interest of the City with the City Attorney's concurrence, to be final within the meaning of Securities Exchange Commission Rule 15c2-12. The Underwriter is hereby authorized to distribute the Official Statement in preliminary and final forms. The Authorized Representative is hereby authorized and directed to execute and deliver the final form of the Official Statement on the City's behalf, in substantially the form on file with the City Clerk and with any changes the Authorized Representative approves with the City Attorney's concurrence, with approval to be conclusively evidenced by the execution and delivery thereof.
- Section 6. The proposed form of the Continuing Disclosure Certificate on file with the City Clerk is hereby approved. The Authorized Representative is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate on the City's behalf, in substantially the form on file with the City Clerk and with any changes the Authorized Representative approves with the City Attorney's concurrence, with approval to be conclusively evidenced by the execution and delivery thereof.
- Section 7. The proposed form of the Bond-Counsel Agreement on file with the City Clerk is hereby approved. The City Attorney is hereby authorized and directed to execute and deliver the Bond-Counsel Agreement on the City's behalf, in substantially the form on file with the City Clerk and with any changes the City Attorney approves, with approval to be conclusively evidenced by the execution and delivery thereof.
- Section 8. All approvals, consents, directions, notices, orders, requests, and other similar actions permitted or required by any of the documents authorized by this resolution, whether given or taken before or after the issuance of the Series 2019 Bonds, may be given or taken by the Authorized Representative without further authorization or direction by the City Council. These permitted or required actions include but are not limited to amending the documents authorized by this resolution and amending any other agreement related to the Series 2019 Bonds; investing the proceeds of the Series 2019 Bonds; adding, substituting, or replacing underwriters; entering into agreements with paying agents; and removing or replacing

the Trustee. The Authorized Representative is hereby authorized and directed to give any approval, consent, direction, notice, order, or request and to take any other actions and execute any other documents that the Authorized Representative deems necessary or desirable, in his or her discretion, to further the purposes of this resolution.

Section 9. The Authorized Representative and each other appropriate officer of the City, each acting alone, are authorized and directed (a) to execute and deliver on the City's behalf any and all agreements, certificates, documents, and instruments, including but not limited to signature certificates, no-litigation certificates, disclosure certificates, tax certificates, letters of representation relating to book-entry registration, certificates concerning the representations in the Bond Purchase Agreement, certificates concerning the contents of the Official Statement, and certificates and contracts for rebate compliance services; and (b) to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions the City Council has approved in this resolution. The Authorized Representative may appoint in writing a designee to perform any of the actions the Authorized Representative may take under this resolution.

Section 10. The Authorized Representative is hereby authorized to do any or all of the following if he or she determines that it will be advantageous to the City:

- (a) to purchase municipal-bond insurance or other credit enhancement for some or all of the Series 2019 Bonds;
- (b) to determine whether some or all of the Series 2019 Bonds will be secured by any reserve fund and whether some or all of the Series 2019 Bonds will be Participating Bonds (as defined in the Indenture);
- (c) to purchase one or more reserve-fund surety policies or other credit instruments for the benefit of any reserve fund established for the Series 2019 Bonds or any portion of the Series 2019 Bonds;
- (d) to obtain a rating or ratings on all or a portion of the Series 2019 Bonds and take any other actions that may be necessary to obtain the rating or ratings;

- (e) to negotiate the terms of a commitment for the municipal-bond insurance policy or other credit enhancement and for the reserve-fund surety policies or other credit instruments; and
- (f) to negotiate and approve, with the concurrence of the City Attorney, any covenants of the City or changes to the proposed forms of the Supplemental Indenture, Bond Purchase Agreement, Official Statement, and Continuing Disclosure Certificate that may be necessary or appropriate to purchase a municipal-bond insurance policy or other credit enhancement, to provide for some or all of the Series 2019 Bonds to be secured by a reserve fund, to purchase reserve-fund surety policies or other credit instruments, or to obtain a rating or ratings on all or a portion of the Series 2019 Bonds.

Section 11. All actions previously taken by the City Council, the Authorized Representative, or any other officers, agents, or employees of the City with respect to the issuance of the Series 2019 Bonds and the other transactions contemplated by this resolution and by the Official Statement are hereby ratified, confirmed, and approved.

Section 12. This resolution takes effect when adopted.

Adopted by the City of Sacramento City Council on March 5, 2019, by the following vote:

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

Noes: None

Abstain: None

Absent: None

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2019.03.07 11:57:01
-08'00'

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.