

**RESOLUTION NO. \_\_\_\_\_ (N.C.S.)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALINAS AUTHORIZING AND APPROVING THE ISSUANCE OF WASTEWATER REVENUE REFUNDING BONDS; APPROVING THE INDENTURE OF TRUST PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED, A DISCLOSURE DOCUMENT, A BOND PURCHASE CONTRACT, A CONTINUING DISCLOSURE CERTIFICATE, AN ESCROW AGREEMENT AND OTHER DOCUMENTS IN CONNECTION WITH SUCH BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO**

WHEREAS, the City of Salinas (the “City”), located in Monterey County, California, is a chartered city (a public body, corporate and politic) that is duly created, established and authorized to transact business and exercise its powers under and pursuant to its City Charter and the Constitution of the State of California; and

WHEREAS, the City Council of the City previously adopted Ordinance No. 2327 on April 14, 1998, pursuant to which Division 2 of Chapter 10, which is known the Salinas Municipal Facilities Revenue Bond Code (the “Code”), was added to the City’s Municipal Code; and

WHEREAS, pursuant to the Code, the City is authorized to issue revenue bonds for its municipal wastewater collection system (the “Wastewater System”); and

WHEREAS, pursuant to the Code, the City previously issued its Sanitary Sewer System Revenue Bonds, Series 2012 (the “2012 Bonds”), which are currently outstanding in the aggregate principal amount of \$14,645,000, in order to finance and refinance certain capital improvements of the Wastewater System (collectively, the “Prior Project”); and

WHEREAS, the City is authorized pursuant to the Code to issue bonds to refund the outstanding 2012 Bonds; and

WHEREAS, the City desires to provide for the issuance of its Wastewater Revenue Refunding Bonds, Series 2020A (with such changes to such name as an Authorized Officer (as such term is defined herein) may approve, the “Bonds”) payable from the Net Revenues of the Wastewater System for the purposes of refinancing the Prior Project and refunding the 2012 Bonds, paying costs of issuance of the Bonds and, if necessary, funding a deposit to (or procuring a letter of credit, insurance policy or other facility (each, a “reserve surety”) to provide for the funding of) a reserve fund for the Bonds; and

WHEREAS, the Bonds are to be issued under and pursuant to an Indenture of Trust, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (such Indenture of Trust in the form on file with the City Clerk, with such changes, insertions and deletions as are made pursuant to this Resolution, the “Indenture”); and

WHEREAS, the Bonds are to be secured by Revenues of the Wastewater System to the extent set forth in the Indenture; and

WHEREAS, Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), has submitted a proposal to purchase the Bonds in the form of a Bond Purchase Contract (such Bond Purchase Contract, in the form on file with the City Clerk, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Purchase Contract”); and

WHEREAS, in connection with the offering and sale of the Bonds there has been prepared a disclosure document in the form of a Preliminary Official Statement (such Preliminary Official Statement in the form on file with the City Clerk, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Preliminary Official Statement”); and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), requires that, in order to be able to purchase or sell the Bonds, the Underwriter must have reasonably determined that an obligated person has undertaken in a written agreement or contract for the benefit of the owners of the Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement of Rule 15c2-12 to be satisfied, the City desires to execute a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form on file with the City Clerk, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”); and

WHEREAS, in order to effect the refunding of the 2012 Bonds, the City desires to enter into an Escrow Agreement (2012 Bonds) with The Bank of New York Mellon Trust Company, N.A., as trustee for the 2012 Bonds and escrow agent (such Escrow Agreement (2012 Bonds), in the form on file with the City Clerk, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Escrow Agreement”); and

WHEREAS, in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature), which added Section 5852.1 to the California Government Code, the City has obtained from the Underwriter required good faith estimates relating to the Bonds, and such estimates are disclosed and set forth in Exhibit A hereto; and

WHEREAS, the City Council has been presented with the form of each document that is referred to herein relating to the refinancing that is contemplated hereby, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refinancing; and

WHEREAS, all acts, conditions and things that are required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the refinancing that are authorized hereby 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, pursuant to each and every requirement of law, to consummate such refinancing and financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salinas as follows:

**Section 1.**     Recitals. Each of the above recitals is true and correct and is adopted by the City Council.

**Section 2.**     Approval of Indenture. The Indenture, in substantially the form on file with the City Clerk, and made a part hereof as though set forth in full herein, is hereby approved. Each of the Mayor, the Mayor Pro Tem, the City Manager, the Finance Director and the City Clerk, or the written designee of one of the foregoing (the “Authorized Officers”), acting singly, is hereby authorized to execute and deliver the Indenture, in the name of and on behalf of the City, in substantially the form attached hereto, with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Indenture, said execution being conclusive evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

**Section 3.**     Approval of Bonds. Subject to the limitations specified in this Resolution, the issuance of the Bonds on the terms and conditions set forth in the Indenture is hereby authorized and approved. The aggregate principal amount of the Bonds shall not exceed \$16,500,000. The Bonds will be dated as provided in, will bear interest at the rates provided in, will mature on the date or dates provided in, will be issued in the form provided in, will have the sinking fund installments specified in, will be subject to redemption as provided in, and will have such other terms as shall be provided in, the Indenture as the same is completed as provided in this Resolution. The net proceeds received from the sale of the Bonds shall be applied to such purposes as are set forth in the recitals to this Resolution in the manner provided in the Indenture.

**Section 4.**     Approval of Bond Purchase Agreement. The Purchase Contract, in substantially the form on file with the City Clerk, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the Purchase Contract, in the name of and on behalf of the City, in substantially the form attached hereto, with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Purchase Contract, said execution being conclusive evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

The Authorized Officer executing the Purchase Contract is hereby authorized to determine the purchase price to be paid for the Bonds under the Purchase Contract; provided, however, that the aggregate Underwriter’s discount (not including original issue discount) for the Bonds shall be not more than 1% of the aggregate principal amount of the Bonds, and provided that the issuance of the Bonds shall result in aggregate net present value debt service savings of at least 3% compared to debt service on the 2012 Bonds. The sale of the Bonds to the Underwriter on the terms and conditions contained in the Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

**Section 5.**     Approval of Official Statement. The Preliminary Official Statement, in substantially the form on file with the City Clerk, and made a part hereof as though set forth in full herein, is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to cause the Preliminary Official Statement to be delivered to the Underwriter, in substantially the form on file with the City Clerk, with such changes, insertions and deletions as may be approved by the Authorized Officer delivering the Preliminary Official Statement (including without limitation the insertion of the proposed terms of the Bonds), said delivery being conclusive evidence of such approval. The use of the Preliminary Official Statement in connection with the offering and sale of the Bonds by the Underwriter, including delivery of the Preliminary Official Statement in electronic

form, is hereby authorized and approved. Each of the Authorized Officers, acting singly, is hereby authorized to determine that the Preliminary Official Statement is deemed final for purposes of Rule 15c2-12.

The preparation and delivery to the Underwriter of a final Official Statement (the “Official Statement”) relating to the Bonds, and its use by the Underwriter in connection with the offering and sale of the Bonds, including delivery of the Official Statement in electronic form, is hereby approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Official Statement (including without limitation the insertion of the final terms of the Bonds), said execution being conclusive evidence of such approval. Each of the Authorized Officers, acting singly, is hereby authorized to execute the Official Statement, in the name and on behalf of the City, and thereupon to cause the Official Statement to be delivered to the Underwriter. Each of the Authorized Officers, acting singly, is hereby authorized to approve and execute any amendment or supplement to the Official Statement contemplated by the Purchase Contract, in the name and on behalf of the City, and thereupon to cause such amendment or supplement to be delivered to the Underwriter.

**Section 6.** Approval of Continuing Disclosure Certificate. The Continuing Disclosure Certificate, in substantially the form on file with the City Clerk, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the Continuing Disclosure Certificate, in the name of and on behalf of the City, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Continuing Disclosure Certificate, said execution being conclusive evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

**Section 7.** Approval of Escrow Agreement. The Escrow Agreement, in substantially the form on file with the City Clerk, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the Escrow Agreement, in the name of and on behalf of the City, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Escrow Agreement, said execution being conclusive evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

**Section 8.** Bond Insurance. The Authorized Officers are each hereby authorized to evaluate whether the purchase of municipal bond insurance and/or a reserve surety for the Bonds will result in a net debt service savings with respect to Bonds and, if so, to arrange for the purchase of such municipal bond insurance and/or reserve surety. The Authorized Officers are each hereby authorized to solicit bids from municipal bond insurers, to select an insurer to provide municipal bond insurance with respect to the Bonds and/or a reserve surety, if applicable, and to execute and negotiate any agreements that are necessary in connection with the procurement of such municipal bond insurance and/or reserve surety, provided that such municipal bond insurance policy and/or reserve surety provides debt service savings or other benefits to the proposed transaction, as determined by the Authorized Officers. The City’s execution of an insurance commitment shall be conclusive evidence of such determination. Each of the above-referenced officers is hereby authorized to direct Stradling Yocca Carlson & Rauth, Bond Counsel to the City, and/or the City Attorney to make any necessary revisions to the legal documents to effectuate the procurement of municipal bond insurance and/or a reserve surety.

**Section 9.** Further Action. The Authorized Officers are hereby authorized, empowered and directed, individually, to execute such other documents in addition to those enumerated herein and to take such other actions as each deems necessary or advisable in order to consummate the issuance of the Bonds and the refunding of the 2012 Bonds (including, but not limited to, executing escrow or redemption notices and/or instructions to be delivered in connection with the refunding of the 2012 Bonds). Such actions heretofore taken by the Authorized Officers or their designees are hereby ratified, confirmed and approved.

**Section 10.** Special Services. Each of the Authorized Officers is authorized to provide for all services necessary to effect the matters that are described in this Resolution. Such services shall include, but not be limited to, legal services, trustee services, escrow verification services and any other services that are deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services and to enter into agreements as needed to engage such consultants.

**Section 11.** Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 1st day of December 2020, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

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Christie Cromeenes, Mayor Pro Tem

ATTEST:

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Patricia M. Barajas, City Clerk

## EXHIBIT A

### GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Stifel, Nicolaus & Company, Incorporated, the Underwriter of the Bonds.

Principal Amount. The Underwriter has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the principal amount of the Bonds is \$15,150,000 (the "Estimated Principal Amount").

True Interest Cost. The Underwriter has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 2.90%.

Finance Charge of the Bonds. The Underwriter has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$350,000.

Amount of Proceeds to be Received. The Underwriter has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$16,180,000.

Total Payment Amount. The Underwriter has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$20,415,000.

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on a variety of factors. Market interest rates are affected by economic and other factors beyond the control of the City.