

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SALINAS ESTABLISHING PARAMETERS FOR THE PUBLIC
LEASEBACK TO FINANCE COSTS OF DEVELOPING AND
CONSTRUCTING A NEW PUBLIC SAFETY BUILDING, AS
AUTHORIZED BY ORDINANCE NO. 2601, AND
AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN
CONNECTION THEREWITH.**

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

WHEREAS, by Ordinance No. 2601, adopted on March 6, 2018, the City has authorized a public leaseback to finance costs of developing and constructing a new public safety building (the “Project”), and, in connection with the public leaseback, the City has approved the issuance of lease revenue bonds by Salinas Public Facilities Inc. (the “Bonds”) in accordance with the Internal Revenue Code of 1986, as amended; and

WHEREAS, the City Council now wishes to establish certain parameters for the public leaseback and to delegate to certain City officers the authority to approve and execute final forms of a continuing disclosure certificate and certain leaseback documents following the public sale of the Bonds, as provided for in Ordinance No. 2601, and to approve a preliminary official statement relating to the Bonds;

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

Section 1. Definitions. Except as otherwise defined herein, capitalized terms used in this resolution have the meanings given those terms in Ordinance No. 2601.

Section 2. Approval of Leaseback Agreements. The forms of the Project Lease and Ground Lease now on file with the City Clerk are hereby approved, and the Mayor, the City Manager, the Finance Director, and the City Clerk (the “Authorized Officers”), or their designees, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Project Lease and the Ground Lease in substantially those forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that terms of the Ground Lease and Project Lease must be consistent with the following parameters:

- the Ground Lease may terminate no later than January 1, 2036, subject to provisions for extension as provided therein;
- the Project Lease may terminate no later than January 1, 2036, subject to provisions for extension as provided therein;
- the principal components of lease payments under the Project Lease may not exceed a total of \$60,000,000;

- the true interest cost applicable to the interest components of lease payments under the Project Lease may not exceed 4.50%; and
- the underwriter's discount on the Bonds may not exceed 1.50% of the total principal component of lease payments under the Project Lease.

Section 3. Sale of the Bonds. In accordance with California Government Code § 5808, the Bonds will be sold by competitive bid. The City Council hereby approves: (a) the appointment of Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel and disclosure counsel to the City in connection with the issuance of the Bonds, and (b) Stifel, Nicolaus & Company, Incorporated, as municipal advisor to the City in connection with the sale of the Bonds. The Authorized Officers are authorized to execute contracts with respect to such services so long as any payment thereunder is contingent upon the successful consummation of the transactions contemplated hereby.

Section 4. Preliminary Official Statement. The preparation and distribution for competitive sale of the Preliminary Official Statement, in substantially the form attached hereto, is hereby approved. The Authorized Officers are hereby authorized to make such changes, insertions and omissions as may be recommended by the City Attorney or bond counsel and the Authorized Officers are hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement. The Authorized Officers are hereby authorized and directed to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions as may be recommended by the City Attorney or bond counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 5. Approval of Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate relating to the Bonds now on file with the City Clerk is hereby approved, and Authorized Officers, or their designees, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate in substantially that form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. General Authorization; Prior Acts. The officers, employees and agents of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, including but not limited to procuring title insurance for the property that is the subject of the Ground Lease and the Project Lease, executing title instructions related to such leases and executing security documents related to such leases, such as subordination, non-disturbance, estoppel and similar agreements. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 7. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 15th day of May, 2018, by the following vote:

AYES:

NOES:

ABSENT:

Joe Gunter, Mayor

ATTEST:

Patricia Barajas, City Clerk