

RESOLUTION ____-2021

RESOLUTION OF THE FORT BRAGG CITY COUNCIL APPROVING A LEASE FINANCING AND THE ISSUANCE AND SALE OF LEASE REVENUE BONDS BY THE CITY OF FORT BRAGG JOINT POWERS FINANCING AUTHORITY TO REFINANCE SOME OR ALL OF THE CITY'S UNFUNDED ACCRUED ACTUARIAL LIABILITY OWED TO CALPERS AND RAISE FUNDS FOR OTHER PURPOSES, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

RESOLVED, by the City Council (the "Council") of the City of Fort Bragg (the "City"), that:

WHEREAS, the City desires to refinance some or all of the unfunded accrued actuarial liability (UAL) owed by the City to the California Public Employees' Retirement System and to raise funds for other authorized purposes of the City, anticipated to consist of expenditures with respect to the South Mill Site (collectively, the "Project"); and

WHEREAS, the City of Fort Bragg Joint Powers Financing Authority (the "Authority") was formed to, among other things, assist the City with financing public capital improvements and working capital, including the Project; and

WHEREAS, in order to provide financing for the Project, the City has agreed to lease certain real property, consisting of: (a) the City's City Hall located at 416 N. Franklin Street in the City, and (b) the City's Police Department Building located at 250 Cypress Street in the City (together, the "Leased Property"), to the Authority as provided in a Site Lease, as defined herein; and

WHEREAS, in order to fund its payment obligation under the Site Lease, the Authority proposes to issue and sell its 2021 Lease Revenue Bonds (Federally Taxable) (the "Bonds") under Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"); and

WHEREAS, in order to secure the payments of principal and interest on the Bonds, the Authority proposes to lease the Leased Property back to the City under a Lease Agreement (the "Lease Agreement"), under which the City is obligated to pay semiannual lease payments as rental for the Leased Property, and the Authority will assign substantially all of its rights under the Lease Agreement to U.S. Bank National Association, as trustee for the Bonds; and

WHEREAS, to provide for development of the most favorable debt structure for the City and to ensure the most favorable reception in the marketplace for the Bonds,

the City has requested the Authority to sell the Bonds through a negotiated sale pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement") between the Authority, the City and Oppenheimer & Co. Inc., as underwriter (the "Underwriter"); and

WHEREAS, for purposes of the sale of the Bonds, the City has caused to be prepared an Official Statement describing the Bonds, the preliminary form of which is on file with the City Clerk and the Council, with the aid of their staff, have undertaken such review of the Official Statement as hereinafter described as is necessary to assure proper disclosure of all material facts relating to the Bonds that are within the personal knowledge of Council members and the staff; and

WHEREAS, as required by Section 6586.5 of the California Government Code, the City has caused publication of a notice of a public hearing on the financing of the public capital improvements included within the Project once at least five (5) days prior to the hearing in a newspaper of general circulation in the City; and

WHEREAS, the Council held a public hearing at which all interested persons were provided the opportunity to speak on the subject of financing such public capital improvements and refunding of the UAL; and

WHEREAS, in accordance with Government Code Section 5852.1, the following information has been obtained and disclosed in the staff report for the Council action set forth herein: (i) the estimated true interest cost of the Bonds, (ii) the estimated finance charge of the Bonds, (iii) the estimated proceeds of the Bonds expected to be received, net of proceeds for finance charges in (ii) above to be paid from the principal amount of the Bonds, and (iv) the estimated total payment amount of the Bonds; and

WHEREAS, the Council wishes at this time to approve all proceedings of the City relating to the foregoing.

NOW, THEREFORE, IT IS HEREBY ORDERED AND DETERMINED as follows:

Section 1. The Council hereby approves the issuance of the Bonds by the Authority under the Bond Law in a maximum principal amount not to exceed \$11,750,000, for the purpose of financing the Project. The Council hereby finds that issuance of the Bonds by the Authority for the purpose of financing the Project will result in significant public benefits of the type described in Section 6586 of the California Government Code, including, but not limited to, a more efficient delivery of City services to residential and commercial developments within the City and demonstrable savings in effective interest rate, bond preparation, bond underwriting and/or bond issuance costs.

Section 2. The Council hereby approves each of the following agreements required for the issuance and sale of the Bonds, in substantially the respective forms on file with the City Clerk together with any changes therein or additions thereto deemed

advisable by the Mayor, City Manager or his or her designee (each, an “Authorized Officer”), whose execution thereof shall be conclusive evidence of the approval of any such changes or additions. An Authorized Officer is hereby authorized and directed for and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of each such agreement, as follows:

- Site Lease, between the City as lessor and the Authority as lessee, under which the City leases the Leased Property to the Authority in consideration of the payment of an upfront amount which will be applied by the City to the Project;
- Lease Agreement, between the Authority as lessor and the City as lessee, under which the Authority leases the Leased Property back to the City and the City agrees to pay semiannual lease payments to provide revenues with which to pay principal of and interest on the Bonds when due; and
- Continuing Disclosure Certificate, to be executed by the City for the purpose of providing annual financial information and notice of certain enumerated events to holders and beneficial owners of the Bonds.

Section 3. The Council hereby approves the negotiated sale of the Bonds by the Authority to the Underwriter. The Bonds shall be sold pursuant to the terms and provisions of the Bond Purchase Agreement among the Authority, the City and the Underwriter in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer. The true interest cost of the Bonds shall not exceed 3.90% and the Underwriter’s discount shall not exceed 0.5575%.

Section 4. The Council hereby approves the preliminary Official Statement describing the Bonds in substantially the form on file with the City Clerk. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to said preliminary Official Statement, and to execute an appropriate certificate stating the City’s determination that the preliminary Official Statement (together with any changes therein or additions thereto) has been deemed nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934. Distribution of the preliminary Official Statement by the Underwriter is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Council hereby authorizes the distribution of the final Official Statement by the Underwriter. The final Official Statement shall be executed on behalf of the City by an Authorized Officer.

Section 5. The firm of NHA Advisors LLC is hereby retained as municipal advisor to the City in connection with the issuance and sale of the Bonds by the Authority. An

Authorized Officer is authorized to execute an agreement with said firm in a form as approved by an Authorized Officer, as necessary.

Section 6. The firm of Jones Hall, A Professional Law Corporation, is hereby retained as bond counsel and disclosure counsel to the City in connection with the issuance and sale of the Bonds by the Authority. An Authorized Officer is authorized to execute an agreement with said firm in a form as approved by an Authorized Officer, as necessary.

Section 7. The Authorized Officers, the City Attorney, the City Clerk and all other officers of the City are each authorized and directed on behalf of the City to make any and all leases, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance or termination, warrants and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. An Authorized Officer may revise the identity of the Leased Property (including by adding thereto) as necessary in order to accomplish the purposes of this Resolution. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 8. This Resolution shall take effect immediately upon its passage and adoption.

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The above and foregoing Resolution was introduced by Councilmember _____, seconded by Councilmember _____, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 12th day of October, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSED:

BERNIE NORVELL
Mayor

ATTEST:

June Lemos, CMC
City Clerk