

RESOLUTION NO. 86-22

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND
AUTHORIZING THE ISSUANCE OF ITS TAXABLE PENSION REFUNDING BONDS,
SERIES 2022, TO REFUND CERTAIN OUTSTANDING TAXABLE PENSION
FUNDING BONDS OF THE CITY, APPROVING THE FORM AND AUTHORIZING
THE EXECUTION OF A FIRST SUPPLEMENTAL INDENTURE, AND APPROVING
AND DIRECTING OTHER MATTERS RELATED THERETO**

WHEREAS, the City of Richmond (the "City") is a contracting member of the California Public Employees' Retirement System (the "System"), and as such the City is obligated to make certain payments to the System (the "PERS Obligation"); and

WHEREAS, pursuant to Resolution No. 35-05, adopted by the City Council of the City (the "City Council") on March 29, 2005 (the "2005 Authorizing Resolution"), the City Council authorized, among other things, the issuance by the City of pension funding bonds (the "Series 2005 Bonds") for the purpose of refunding its PERS Obligation and additional pension funding bonds in the future from time to time for similar purposes ("Additional Bonds"), and interest rate swaps or swaptions (collectively, the "Swap Agreements") in connection with any such bonds pursuant to Section 5922 of the California Government Code for the purpose of lowering the cost of borrowing; and

WHEREAS, pursuant to the 2005 Authorizing Resolution, the City Council also authorized the institution of a proceeding for judicial validation of the Series 2005 Bonds, the Additional Bonds, the Indenture and the Swap Agreements therefor in the Superior Court of Contra Costa County, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure (the "Validation Proceeding");

WHEREAS, a default judgment was entered in the Validation Proceeding on May 25, 2005, to the effect that, among other things, the Series 2005 Bonds, the Additional Bonds, the Indenture, and the Swap Agreements are valid and legal obligations of the City; and

WHEREAS, for the purpose of refunding a portion of the City's PERS Obligation, the City subsequently issued the Series 2005 Bonds in three separate series bonds as follows: (i) City of Richmond Taxable Pension Funding Bonds, Series 2005A (the "Series 2005A Bonds"), in the initial principal amount of \$26,530,000, (ii) City of Richmond Taxable Pension Funding Bonds, Series 2005B-1 (the "Series 2005B-1 Bonds"), in the initial principal amount of \$47,061,960, and (iii) City of Richmond Taxable Pension Funding Bonds, Series 2005B-2 (the "Series 2005B-2 Bonds"), in the initial principal amount of \$47,061,960; and

WHEREAS, the City issued the Series 2005 Bonds pursuant to an Indenture, dated as of November 1, 2005 (the "Original Indenture"), by and between the City and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee") (capitalized terms used but not defined herein have the meanings given to such terms in the Original Indenture); and

WHEREAS, the Series 2005A Bonds matured in full on August 1, 2013, and are no longer outstanding; and

WHEREAS, the Series 2005B-1 Bonds are outstanding in the principal amount of \$17,899,000, have a final maturity date of August 1, 2023, and bear interest at a variable rate; and

WHEREAS, the Series 2005B-2 Bonds were issued as Convertible Auction Rate Securities, are accreting interest (with a full accretion date of August 1, 2023, at which time the full accreted principal amount thereof will be \$127,968,000), and have a final maturity date of August 1, 2034; and

WHEREAS, in an effort to lower the cost of borrowing of the Series 2005B-1 Bonds and the Series 2005B-2 Bonds (collectively, the "Series 2005B Bonds") and in compliance with Section 5922 of the California Government Code, the City entered into an interest rate swap pursuant to an ISDA Master Agreement, together with the schedule and confirmations thereto (the "2016 Swap Agreement"), between the City and the Royal Bank of Canada ("RBC"),

pursuant to which the variable rate of interest on the Series 2005B Bonds was exchanged for a fixed rate of interest; and

WHEREAS, the portion of the 2016 Swap Agreement relating to the Series 2005B-2 Bonds is subject to mandatory termination on August 1, 2023; and

WHEREAS, the Original Indenture provides that the City may at any time issue Additional Bonds (in addition to the Series 2005 Bonds) on a parity with the Series 2005 Bonds for the purpose, among others, of refunding any outstanding Series 2005 Bonds, including payment of all costs incidental to or connected with such refunding, upon compliance with the procedure set forth in Article III of the Original Indenture; and

WHEREAS, the City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), to issue its bonds for the purpose of refunding certain outstanding obligations of the City, including all or a portion of the outstanding Series 2005B Bonds and paying the Termination Fee; and

WHEREAS, the City has determined that it is in the best interest of the City and the public to refund all or a portion of the outstanding Series 2005B Bonds, terminate the 2016 Swap Agreement with respect to all or a portion of the Series 2005B Bonds and pay the related termination fee (the “Termination Fee”) in connection with the termination of the 2016 Swap Agreement for such bonds (the “Termination”), and therefore the City Council desires to authorize the issuance of its Taxable Pension Refunding Bonds, Series 2022 (the “Series 2022 Bonds”) to (i) refund all or a portion of the outstanding Series 2005B Bonds, (ii) pay the Termination Fee, and (iii) pay all other related costs of issuing the Series 2022 Bonds; and

WHEREAS, the City has levied and continues to levy an ad valorem property tax override at a rate of 0.14% of the assessed value of all taxable property within the City (the “Pension Tax Override”) to pay for pension obligations of the City approved by the voters prior to July 1, 1978 as permitted under Section 1(b)(1) of Article XIII A of the California Constitution; and

WHEREAS, pursuant to Section 5451 of the Government Code of the State of California, one or more of the Series 2022 Bonds may be secured by a pledge of, and lien and security interest in, all of the City’s rights, title and interest in all or a portion of the Pension Tax Override Revenues pursuant to the Original Indenture as amended and supplemented by the hereinafter defined First Supplemental Indenture, subject to the limitations set forth herein; and

WHEREAS, to provide for the issuance and the terms of the Series 2022 Bonds, the City proposes to enter into a First Supplemental Indenture with the Trustee, supplementing and amending the Original Indenture (the “First Supplemental Indenture”); and

WHEREAS, the City Council desires to (i) authorize the issuance of the Series 2022 Bonds and the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance of the Series 2022 Bonds, and (ii) direct City staff to return to the City Council for final approval of the Series 2022 Bonds and related documents at a future date; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, certain financial information relating to the Series 2022 Bonds is attached hereto as Appendix A, and such information has been disclosed and made public; and

WHEREAS, the City Council previously approved a Debt Management Policy for the City that complies with Government Code Section 8855, and an Interest Rate Swap Policy (the “Swap Policy”); and

WHEREAS, the Series 2022 Bonds will be in compliance with the Debt Management Policy and the Swap Policy.

NOW, THEREFORE, the City Council of the City of Richmond resolves as follows:

Section 1. The foregoing recitals are true and correct and this City Council hereby so finds and determines.

Section 2. The Series 2022 Bonds to refund all or a portion of the outstanding Series 2005B Bonds, pay the Termination Fee and pay all other related costs of issuing the Series 2022 Bonds on the terms and conditions set forth herein, and the other actions contemplated hereby, are in the best interests of the City.

Section 3. The City Council hereby authorizes the issuance of the Series 2022 Bonds by the City under the Bond Law in one or more series in the aggregate principal amount of not to exceed \$170,000,000 to refund all or a portion of the outstanding Series 2005B Bonds, pay the Termination Fee and pay all other related costs of issuing the Series 2022 Bonds; provided, however, that (a) the Series 2022 Bonds shall be issued as fixed rate bonds, (b) the Series 2022 Bonds shall mature not later than 30 years from the date of issuance thereof, (c) the portion of the Series 2022 Bonds allocable to the Termination Fee shall be payable solely from the General Fund of the City, and (d) upon consultation with the City Attorney and Jones Hall, A Professional Law Corporation, as Bond Counsel (“Bond Counsel”), the Series 2022 Bonds may be secured by a pledge of, and lien and security interest in, all of the City’s rights, title and interest in all or a portion of the Pension Tax Override Revenues pursuant to Section 5451 of the California Government Code to the extent set forth in the First Supplemental Indenture. Without limiting the foregoing, the Series 2022 Bonds shall be dated, shall bear interest at the rates set forth in the First Supplemental Indenture, shall mature on the date or dates, shall be issued in the form and shall be as otherwise provided in the First Supplemental Indenture. It is the intent of the City that the interest on each series of Series 2022 Bonds be subject to all applicable federal income taxation. In compliance with the City’s Debt Management Policy and Swap Policy, the City shall not enter into any interest rate swap agreements in connection with the execution and delivery of the Series 2022 Bonds.

The obligations of the City under the Series 2022 Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The Series 2022 Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation, except with respect to the Pension Tax Override to the extent set forth in the Original Indenture as amended by the First Supplemental Indenture. Neither the Series 2022 Bonds nor the obligation of the City to make payments on the Series 2022 Bonds constitutes an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Section 4. The City Council hereby approves the First Supplemental Indenture in substantially the form presented to this meeting, with such changes, insertions and omissions as the Mayor, the City Manager, the Assistant City Manager, the Finance Director, and such other officers of the City as the Mayor or the City Manager may designate (each, an “Authorized Officer”), each acting alone, executing the same may, upon consultation with City Attorney and Bond Counsel, require or approve, such requirement or approval to be conclusively evidenced by the execution of the First Supplemental Indenture by such Authorized Officer. The City Clerk is authorized and directed to attest to the First Supplemental Indenture.

Section 5. The City Council hereby authorizes the Authorized Officers: (i) to solicit bids for a municipal bond insurance policy and/or reserve insurance policy for any series of Series 2022 Bonds; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policy or policies with a municipal bond insurer; and (iv) if it is determined that the policy or policies will result in net debt service savings on any such series of Series of 2022 Bonds, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of such bonds.

Section 6. The Termination is hereby approved and the City Council hereby authorizes the payment of the Termination Fee from the proceeds of the Series 2022 Bonds. Each Authorized Officer, acting alone, is hereby authorized to negotiate the terms of the Termination and the Termination Payment with RBC.

Section 7. The City Council hereby directs City staff to cause the following to be submitted to the City Council for final approval of the Series 2022 Bonds at a future date: (i) an agreement for the purchase of one or more series of Series 2022 Bonds by the underwriters or other purchasers thereof; (ii) if it is determined that the Series 2022 Bonds are to be sold through a public offering, a Preliminary Official Statement relating to the Series 2022 Bonds, to be prepared by Best, Best & Krieger LLP, the City’s disclosure counsel; (iii) the final form of the

First Supplemental Indenture; (iv) a termination agreement with respect to the 2016 Swap Agreement; and (v) such other agreements and documents as are necessary or convenient to implement the issuance, sale and delivery of one or more series of the Series 2022 Bonds. All actions heretofore taken by Authorized Officers and by any other officers, employees or agents of City with respect to the issuance of the Series 2022 Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 8. This Resolution shall take effect immediately upon its passage and adoption. Adoption of this Resolution is intended to start the 60 day period provided for in Section 863 of the California Code of Civil Procedure for an interested person to bring an action to determine the validity of the matters approved herein, including, but not limited to, the validity of the First Supplemental Indenture and the Series 2022 Bonds, and the legality and validity of this Resolution, the use of the proceeds of the Series 2022 Bonds, the pledge of all or a portion of the Pension Tax Override Revenues as security for the Series 2022 Bonds, and the payment of the principal of, and interest on, the Series 2022 Bonds.

I certify that the foregoing resolution was passed and adopted by the City Council of the City of Richmond at a regular meeting thereof held June 21, 2022, by the following vote:

AYES:	Councilmembers Bates, Jimenez, Johnson III, McLaughlin, Willis, Vice Mayor Martinez, and Mayor Butt.
NOES:	None.
ABSTENTIONS:	None.
ABSENT:	None.

PAMELA CHRISTIAN

 CLERK OF THE CITY OF RICHMOND
 (SEAL)

Approved:

THOMAS K. BUTT
 Mayor

Approved as to form:

DAVE ALESHIRE
 Interim City Attorney

State of California	}	
County of Contra Costa	}	: ss.
City of Richmond	}	

I certify that the foregoing is a true copy of **Resolution No. 86-22**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on June 21, 2022.



 Pamela Christian, Clerk of the City of Richmond

APPENDIX A

REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

The good faith estimates set forth herein are provided with respect to the Series 2022 Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by NHA Advisors, LLC, the City's Municipal Advisor, with the assistance of Loop Capital Markets LLC and Hilltop Securities Inc., as the underwriters of the Series 2022 Bonds.

Principal Amount. The Municipal Advisor has informed the City that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Series 2022 Bonds to be sold is \$155,755,000 (the "Estimated Principal Amount").

True Interest Cost of the Series 2022 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2022 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 Series 2022 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 Series 2022 Bonds, is 4.72%.

Finance Charge of the Series 2022 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2022 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 Series 2022 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2022 Bonds), is \$1,165,902. Such fees and charges include fees for bond and disclosure counsel, municipal advisor, printing, and underwriting.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2022 Bonds, 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 from the sale of the Series 2022 Bonds, less the finance charge of the Series 2022 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Series 2022 Bonds, is \$154,589,098.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2022 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 to pay debt service on the Series 2022 Bonds, plus the finance charge for the Series 2022 Bonds, as described above, not paid with the proceeds of the Series 2022 Bonds, calculated to the final maturity of the Series 2022 Bonds, is \$222,797,145.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Series 2022 Bonds issued and sold, the true interest cost thereof, 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 Series 2022 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 Series 2022 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 Series 2022 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the financing plan, delays in the financing, or a combination of such factors. The actual date of sale of the Series 2022 Bonds and the actual principal amount of Bonds sold will be determined by the City based on the timing of the need for proceeds of the Series 2022 Bonds and other factors. The actual interest rates borne by the Series 2022 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2022 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.