

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND AUTHORIZING THE SALE OF ITS TAXABLE PENSION REFUNDING BONDS, SERIES 2022 TO REFUND CERTAIN OUTSTANDING TAXABLE PENSION FUNDING BONDS OF THE CITY, APPROVING AN OFFICIAL STATEMENT FOR SUCH BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE AND ESCROW AGREEMENTS IN CONNECTION THEREWITH, APPROVING AN INTERFUND LOAN TO DEFEASE ITS OUTSTANDING TAXABLE LIMITED OBLIGATION PENSION BONDS, 1999 SERIES A, AND APPROVING AND DIRECTING RELATED MATTERS

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");

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;

WHEREAS, pursuant to the 2005 Authorizing Resolution, the City Council also authorized the institution of, and the City commenced, 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 in the matter entitled *City of Richmond v. All Persons Interest in the Matter, et. al*, Case No. 05-0063, 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;

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 \$41,403,172.50;

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);

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

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;

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;

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, following earlier swaps, into two interest rate swaps pursuant to an ISDA Master Agreement, together with the schedules and confirmations thereto (collectively, 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;

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

WHEREAS, the Original Indenture provides that the City may at any time issue Additional 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;

WHEREAS, the City has determined that it is in the best interest of the City and the public to refund all of the outstanding Series 2005B Bonds, terminate the 2016 Swap Agreement and pay the related termination fee or payment (the "Termination Fee") in connection with the termination of the 2016 Swap Agreement for such bonds (the "Termination");

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;

WHEREAS, to that end, pursuant to Resolution No. 86-22, adopted by the City Council on June 21, 2022 (the "Resolution Authorizing Issuance of Series 2022 Bonds"), the City Council, among other things, authorized the issuance by the City 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;

WHEREAS, Loop Capital Markets LLC and Hilltop Securities Inc. (collectively, the “Underwriters”) have proposed to purchase and underwrite the Series 2022 Bonds and have presented to the City a form of Bond Purchase Agreement for the Series 2022 Bonds, to be entered into by the City and the Underwriters (the “Bond Purchase Agreement”);

WHEREAS, in order to effect a public sale of the Series 2022 Bonds to the Underwriters, the City is required under federal securities laws and regulations to prepare a preliminary official statement (the “Preliminary Official Statement”) disclosing material information about the City and the Series 2022 Bonds;

WHEREAS, the form of Preliminary Official Statement has been prepared by the City with the assistance of Best Best & Krieger LLP, the City’s disclosure counsel (“Disclosure Counsel”);

WHEREAS, a form of Escrow Deposit and Trust Agreement (the “Escrow Agreement (Series 2005 Bonds)”) has been prepared and presented to this meeting, to be entered into by the City and U.S. Bank Trust Company, National Association, as escrow bank and trustee of the Series 2005 Bonds, in connection with the refunding of the Series 2005 Bonds, has been prepared and presented to this meeting;

WHEREAS, the City previously issued its City of Richmond Taxable Limited Obligation Pension Bonds, 1999 Series A (the “Series 1999 Bonds”), which are outstanding in the principal amount of \$2,725,000;

WHEREAS, the Series 1999 Bonds are not subject to optional redemption prior to maturity;

WHEREAS, in an effort to improve the credit quality of the Series 2022 Bonds, the City desires to defease all of the outstanding Series 1999 Bonds with funds on hand of the City and, to that end, a form of Escrow Deposit and Trust Agreement (the “Escrow Agreement (Series 1999 Bonds)”) and together with the Escrow Agreement (Series 2005 Bonds), the “Escrow Agreements”) has been prepared and presented to this meeting, to be entered into by the City and U.S. Bank Trust Company, National Association, as escrow bank and trustee of the Series 1999 Bonds, in connection with the defeasance of all of the outstanding Series 1999 Bonds;

WHEREAS, the City Council wishes at this time to (i) confirm its actions in the Resolution Authorizing Issuance of Series 2022 Bonds, including without limitation, the authorization of the issuance of the Series 2022 Bonds and approval of a First Supplemental Indenture between the City with the Trustee, supplementing and amending the Original Indenture (the “First Supplemental Indenture”), (ii) approve the sale of the Series 2022 Bonds, (iii) approve the forms of the Preliminary Official Statement, the Bond Purchase Agreement and the Escrow Agreements, and (iv) authorize the Authorized Officers to cause one or more interfund loans to be made to the Secured Pension Override Fund of the City in the amount not to exceed \$2,580,000 for deposit into the Escrow Agreement (Series 1999 Bonds) to effect the defeasance of all of the outstanding Series 1999 Bonds;

WHEREAS, pursuant to Government Code Section 5852.1, the City disclosed certain financial information relating to the Series 2022 Bonds in Appendix A to the Resolution Authorizing Issuance of Series 2022 Bonds;

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 City Council hereby confirms its actions in the Resolution Authorizing Issuance of Series 2022 Bonds, including without limitation, (i) authorizing the issuance of the Series 2022 Bonds in the aggregate principal amount of not to exceed \$170,000,000 to refund all of the outstanding Series 2005B Bonds, pay the Termination Fee and pay all other related costs of issuing the Series 2022 Bonds subject to the conditions set forth in Section 3 of the Resolution Authorizing Issuance of Series 2022 Bonds, (ii) approving a form of the First Supplemental Indenture in the form presented 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 the City Attorney and Jones Hall, A Professional Law Corporation, as Bond Counsel (“Bond Counsel”), require or approve as further provided in Section 4 of the Resolution Authorizing Issuance of Series 2022 Bonds, and (iii) approving the Termination, authorizing the payment of the Termination Fee from the proceeds of the Series 2022 Bonds, and authorizing each Authorized Officer, acting alone, to negotiate the terms of the Termination and the Termination Payment with RBC; provided, however, that the Series 2022 Bonds shall mature no later than 2044. 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.

Section 3. The City Council hereby approves the Preliminary Official Statement in substantially the form presented to this meeting, together with such changes, insertions and omissions as an Authorized Officer, acting alone, may, upon consultation with Disclosure Counsel, require or approve. The Authorized Officers, each acting alone, are hereby authorized and directed to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”) deeming the Preliminary Official Statement final under the Rule, except for the omission of information as permitted by the Rule. The Authorized Officers, each acting alone, are hereby authorized to execute the final Official Statement in substantially the form of the Preliminary Official Statement, with such additions thereto and changes therein as any Authorized Officer shall deem necessary, desirable or appropriate upon consultation with Disclosure Counsel, and the execution of the final Official Statement by the City shall be conclusive evidence of the approval of any such additions and changes. The City Council hereby authorizes the distribution of the Preliminary Official Statement and the final Official Statement. The final Official Statement shall be executed in the name and on behalf of the City by an Authorized Officer. The Underwriters are directed to deliver copies of the final Official Statement to all actual initial purchasers of the Series 2022 Bonds. The City Council hereby also approves the Continuing Disclosure Certificate in the form appended to the Preliminary Official Statement, with such additions thereto and changes therein as any Authorized Officer shall deem necessary, desirable or appropriate upon consultation with

Disclosure Counsel, and the execution thereof by the City shall be conclusive evidence of the approval of any such additions and change.

Section 4. The City Council hereby approves the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, insertions and omissions as an Authorized Officer, acting alone, may, upon consultation with Bond Counsel, require or approve, such requirement or approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that the Underwriters' discount shall not exceed 0.51% of the principal amount of the Series 2022 Bonds. The City Council hereby authorizes the delivery and performance of the Bond Purchase Agreement by the City.

Section 5. The City Council hereby approves the Escrow Agreements in substantially the forms presented to this meeting, together with such changes, insertions and omissions as an Authorized Officer, acting alone, may, upon consultation with Bond Counsel, require or approve, such requirement or approval to be conclusively evidenced by the execution of the Escrow Agreements by such Authorized Officer.

Section 6. The City Council hereby authorizes the Authorized Officers, each acting alone, to cause one or more interfund loans to be made to the Secured Pension Override Fund of the City in the amount not to exceed \$2,580,000 (collectively, the "Interfund Loan") from such funds and accounts of the City as shall be approved by the City Manager. The Authorized Officers shall further be authorized to cause the proceeds of the Interfund Loan to be deposited with U.S. Bank Trust Company, National Association, as escrow agent for the 1999 Bonds, to defease the outstanding Series 1999 Bonds in accordance with the terms of the Escrow Agreement (Series 1999 Bonds). The Interfund Loan shall not bear interest and shall be repaid by no later than June 30, 2024 with proceeds of the Pension Tax Override received by the City to the extent available therefore under the terms of the Original Indenture as supplemented and amended by the First Supplemental Indenture.

Section 7. The Authorized Officers are each hereby authorized, acting alone, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Series 2022 Bonds, the refunding of the Series 2005 Bonds, the defeasance of the Series 1999 Bonds, and the consummation of the transactions as described herein, including without limitation, procurement of one or more municipal bond insurance policies and/or debt service reserve policies, if any, for the 2022 Bonds, in whole or in part, and such documents, assignments, refunding instructions, certificates, termination agreements (including one or more termination agreements with respect to the 2016 Swap Agreement and one or more letters terminating all prior instructions or directions given by the City to the County of Contra Costa (the "County") to transfer property taxes due to the City to the trustee for the 2005 Bonds), and other agreements as may be required by the First Supplemental Indenture, the Bond Purchase Agreement, or any other document executed in connection with the issuance and delivery of the Series 2022 Bonds. Any authority delegated under this Resolution to a specified official (including officials acting in these positions on an interim basis) may also be exercised by the specified official's authorized designee.

Section 8. All actions heretofore taken by any officer, agent or consultant of the City with respect to the Series 2022 Bonds, the First Supplement Indenture and the other agreements referred to herein, or in connection with or related to any of the agreements referred to herein are hereby ratified, confirmed and approved.

Section 9. This Resolution shall take effect immediately upon its passage and adoption.

I certify that that the foregoing Resolution passed and adopted by the City Council of the City of Richmond, at a regular meeting held on July 26, 2022, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Pamela Christian
City Clerk

Approved:

Thomas K. Butt
Mayor

Approved as to form:

David J. Aleshire
City Attorney