

RESOLUTION NO. CC-2106-065

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING THE ISSUANCE OF LEASE REVENUE BONDS SERIES 2021A (FEDERALLY TAXABLE) BY THE REDONDO BEACH COMMUNITY FINANCING AUTHORITY; AUTHORIZING AND APPROVING A SITE AND FACILITY LEASE, A LEASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, A FINAL OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT, A BOND PURCHASE AGREEMENT; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Redondo Beach, California (the "City") and the Redondo Beach Parking Authority, have previously entered into a Joint Exercise of Powers Agreement, dated as of July 2, 2012, establishing the Redondo Beach Community Financing Authority (the "Authority") for the purpose, among other things, of assisting the City by issuing bonds and other obligations for authorized purposes; and

WHEREAS, the City is obligated by the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"), to make payments relating to pension benefits accruing to the California Public Employees' Retirement System's ("CalPERS") members, including the City; and

WHEREAS, the City is obligated specifically to make certain payments to CalPERS in respect of current and retired public safety employees and miscellaneous employees under the pension programs of CalPERS that amortize such obligations over a fixed period of time (collectively, the "CalPERS Obligation"); and

WHEREAS, the CalPERS Obligation is evidenced by a contract or contracts with CalPERS with respect to public safety employees and miscellaneous employees of the City, as heretofore and hereafter amended from time to time (collectively, the "CalPERS Contract"); and

WHEREAS, the City desires that the Authority issue its Lease Revenue Bonds, Series 2021A (Federally Taxable) (the "2021A Bonds") for the purposes of funding: (i) all or a portion of its CalPERS Obligation and (ii) costs of issuing the 2021A Bonds; and

WHEREAS, the 2021A Bonds are to be issued pursuant to an Indenture (the "Indenture"), by and between the Authority and U.S. Bank National Association (the "Trustee"), and pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"); and

WHEREAS, it is proposed that the 2021A Bonds be sold on a negotiated basis in accordance with the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") among the Authority, the City and Stifel, Nicolaus & Company, Incorporated and Ramirez & Co., Inc., as underwriters for the 2021A Bonds (the "Underwriters"), the proposed form of which is on file with the City Clerk of the City; and

WHEREAS, it is proposed that the City and the Authority enter into a Site and Facility Lease (the "Site Lease"), by and between the City and the Authority, the proposed form of which is on file with the City Clerk of the City, pursuant to which the City will lease property of the City as an Authorized Officer (defined hereafter) shall designate, expected to constitute a portion of roads and streets owned by the City and available for lease (the "Leased Property") to the Authority; and

WHEREAS, it is proposed that the City and the Authority enter into a Lease Agreement (the "Lease"), by and between the Authority and the City, pursuant to which City will lease back the Leased Property from the Authority, the proposed form of which is on file with the City Clerk of the City; and

WHEREAS, under the Lease, the City will be obligated to make lease payments to the Authority, which the Authority will use to pay debt service on the 2021A Bonds; and

WHEREAS, to fulfill the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), the City will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), with respect to the 2021A Bonds, whereby the City will agree to provide annual disclosure reports and notices of certain enumerated events pursuant to the Rule; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the governing body of a public body obtain prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, there have been presented at this meeting the proposed forms of the following documents:

- a) the Site Lease;
- b) the Lease;
- c) the Continuing Disclosure Agreement;

- d) the Preliminary Official Statement; and
- e) the Bond Purchase Agreement;

WHEREAS, the City Council has reviewed the above-referenced documents related to the issuance of the 2021A Bonds, which documents are on file with the City Clerk of the City of Redondo Beach;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH HEREBY DETERMINES, FINDS, AND RESOLVES AS FOLLOWS:

Section 1. Approval of Recitals. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Public Benefit. The City Council hereby finds and determines that the issuance of the 2021A Bonds will result in significant public benefits within the contemplation of Section 6586 of the Act.

Section 3. Approval of Bonds. The City Council hereby approves the issuance by the Authority of the 2021A Bonds. The 2021A Bonds are hereby approved for the purposes of funding: (i) all or a portion of its CalPERS Obligation and (ii) costs of issuing the 2021A Bonds.

Section 4. Approval of Site Lease. The Site Lease, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. The Mayor or his designee, as approved by the City Attorney (each, an "Authorized Officer"), is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Site Lease in substantially the form on file, with such revisions, amendments and completions as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution. Any Authorized Officer is hereby authorized to designate Leased Property under the Site Lease.

Section 5. Approval of the Lease. The Lease, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Lease in substantially the form on file, with such revisions, amendments and completions as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 6. Approval of the Preliminary Official Statement and the Official Statement. The Preliminary Official Statement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved with such revisions, amendments and completions as may be approved by an Authorized Officer in order to make the Preliminary Official Statement final as of its date,

except for the omission of certain information, as permitted by Section 240.15c2- 12(b)(1) of Title 17 of the Code of Federal Regulations (the "Rule"). Any Authorized Officer is authorized and directed, for and in the name and on behalf of the City, to execute and deliver a certificate relating to the finality of the Preliminary Official Statement under the Rule. Any Authorized Officer is authorized and directed, for and in the name and on behalf of the City, to execute and deliver the final Official Statement in substantially the form hereby approved, with such additions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Approval of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in substantially the form on file, with such revisions, amendments and completions as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 8. Approval of Bond Purchase Agreement. The City hereby authorizes and directs that the 2021A Bonds be sold on a negotiated basis to the Underwriters. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to undertake all appropriate steps to implement the sale of the 2021A Bonds. The total principal amount of the 2021A Bonds shall not exceed \$240,000,000. The true interest cost for the 2021A Bonds shall not exceed 3.75% per annum and the Underwriters' discount or fee (excluding any original issue discount) shall not exceed 4.50% of the original principal amount of the 2021A Bonds. The final maturity of the Bonds shall not exceed 30 years. The Bond Purchase Agreement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Agreement, with such additions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 9. Good Faith Estimates. In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the 2021A Bonds, (b) the sum of all fees and charges paid to third parties with respect to the 2021A Bonds, (c) the amount of proceeds of the 2021A Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the 2021A Bonds, and (d) the sum total of all debt service payments on the 2021A Bonds calculated to the final maturity of the 2021A Bonds plus the fees and charges paid to third parties not paid with the proceeds of the 2021A Bonds.

Section 10. Official Actions. Each Authorized Officer, the City Clerk and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, with the concurrence of the City Attorney, to do any and all things and take any and all other actions, including the publication of any notices necessary or desirable in connection with the sale of the 2021A Bonds, procurement of municipal bond insurance and/or a reserve surety, if necessary or desirable, the addition of capitalized interest, if necessary or desirable, and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, terminations, warrants and other documents, which they, or any of them, deem necessary or advisable to consummate the lawful issuance and sale of the 2021A Bonds and the transactions as described herein.

Section 11. Approval of Certain Financing Team Members. The City Council has approved the appointment of Norton Rose Fulbright US LLP to provide Bond Counsel and Richards, Watson & Gershon, A Professional Corporation, to provide Disclosure Counsel services in connection with the 2021A Bonds and hereby approves Kosmont Transactions Services, Inc., as Municipal Advisor in connection with the 2021A Bonds, and Stifel, Nicolaus & Company Incorporated and Samuel A. Ramirez & Co., Inc., as Underwriters in connection with the 2021A Bonds. The Mayor is hereby authorized and directed to execute the services agreements with these financing team members as applicable.

Section 12. Ratification. All actions heretofore taken by any Authorized Officer or any officer, employee or agent of the City with respect to the issuance, delivery and sale of the 2021A Bonds or in connection with or related to any of the agreements referred to herein, are hereby approved, confirmed and ratified.

Section 13. Effective Date. This Resolution shall become effective immediately upon adoption.

Section 14. Certification. The City Clerk shall certify to the adoption of this Resolution. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by a Deputy City Clerk with the same force and effect as if performed by the City Clerk hereunder.

PASSED, APPROVED AND ADOPTED this 15th day of June, 2021.

William C Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2106-065 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 15th day of June, 2021, and thereafter signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Kosmont Transactions Services, Inc. with respect to the bonds (the "2021A Bonds") approved in the Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the 2021A Bonds:

1. *True Interest Cost of the 2021A Bonds.* Assuming an aggregate principal amount of \$237,545,000 of the 2021A Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2021A 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 2021A Bonds, is 3.5069%.

2. *Finance Charge of the 2021A Bonds.* Assuming an aggregate principal amount of \$237,545,000 of the 2021A Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the 2021A Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2021A Bonds), is as follows:

a)	Underwriters' Discount	\$1,068,952.50
b)	Bond Counsel and Disbursements	146,800.00
c)	Disclosure Counsel and Disbursements	45,000.00
d)	Municipal Advisor and Disbursements	135,000.00
e)	Rating Agency	125,000.00
f)	Other Expenses	<u>48,200.00</u>
Total		\$1,568,952.50

3. *Amount of Proceeds to be Received.* Assuming an aggregate principal amount of \$237,545,000 of the 2021A Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the 2021A Bonds less the finance charge of the 2021A Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the 2021A Bonds, is \$230,003,520.22.

4. *Total Payment Amount.* Assuming an aggregate principal amount of \$237,545,000 of the 2021A Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the 2021A Bonds plus the finance charge of the 2021A Bonds described in paragraph 2 above not paid with the proceeds of the 2021A Bonds, calculated to the final maturity of the 2021A Bonds, is \$375,822,272.28.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of 2021A Bond sales, the amount of 2021A Bonds sold, the amortization of the 2021A Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of 2021A Bonds sold will be determined by the Authority based on need for project funds and other factors. The actual interest rates at which the 2021A Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the 2021A Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the City's and the Authority's control. The City and the Authority have approved the issuance of the 2021A Bonds with a maximum true interest cost of 3.75%.

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