

## RESOLUTION NO. 20-015

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING THE ISSUANCE OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE CITY OF CARSON, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND BOND PURCHASE AGREEMENT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS AND APPROVING ADDITIONAL ACTIONS RELATED THERETO

**WHEREAS**, the City of Carson (the "City") has previously adopted a retirement plan pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law") and elected to become a contracting member of the California Public Employees' Retirement System ("PERS");

**WHEREAS**, the Retirement Law and the contract (the "PERS Contract") between the Board of Administration of PERS and the City Council of the City (the "City Council") obligates the City to (i) make contributions to PERS to fund pension benefits for certain City employees, (ii) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (iii) appropriate funds for the foregoing purposes;

**WHEREAS**, the City desires to authorize the issuance of its City of Carson 2020 Taxable Pension Obligation Bonds (the "Bonds") pursuant to 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"), in a maximum principal amount not to exceed that required for the purpose of refunding all or a portion of the City's then-current fiscal year obligation to PERS pursuant to the PERS Contract, to pay all or a portion of the unfunded accrued actuarial liability of the City (the "Unfunded Liability") with respect to pension benefits under the Retirement Law and the PERS Contract, and to pay the costs of issuance of such Bonds, including the underwriter's discount;

**WHEREAS**, the City expects that the need may arise in the future to issue additional refunding bonds (the "Additional Bonds") pursuant to the Bond Law to amortize the then existing accrued and Unfunded Liability of the City to PERS as required by the Retirement Law and the PERS Contract and to fund all or a portion of the normal contributions required by the PERS Contract (the "Contributions");

**WHEREAS**, the Bonds will be issued under and secured by a Trust Agreement (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to

herein as the "Trust Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

**WHEREAS**, pursuant to California Code of Civil Procedure Section 860 et seq., and California Government Code Section 53511, the City has determined the advisability of filing an action to determine the validity of the Bonds, the Additional Bonds and the Trust Agreement, and the actions proposed to be taken in connection therewith;

**WHEREAS**, in compliance with Senate Bill 450 approved on October 9, 2017, adding California Government Code Section 5852.1, the City has obtained from its municipal advisor the required good faith estimates of the following information (a) the true interest cost of the bonds, (b) the finance charge of 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, (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;

**WHEREAS**, such good faith estimates are disclosed and set forth in Exhibit A attached hereto and incorporated herein; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

**WHEREAS**, the Council hereby determines in accordance with its Debt Management Policy that it is in the best interests of the City, prudent in the management of its fiscal affairs and debt and therefore in furtherance of its public purposes to undertake the financing described herein,

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Carson as follows:

**Section 1.** The City Council does hereby find and declare that the above recitals are true and correct.

**Section 2.** The issuance of the Bonds on the terms and conditions set forth and subject to the limitations specified in, the Trust Agreement, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form and shall have terms as provided in the Trust Agreement, as the same shall be completed in accordance with this Resolution.

**Section 3.** The Trust Agreement, in the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. The Mayor of the City, or such member of the City Council as the Mayor may designate, the City Manager of the City and his/her authorized designees and the Finance Director (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Trust Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer. The City Clerk of the City or any designated assistant or deputy is hereby authorized and directed to attest the Trust Agreement for and in the name and on behalf of the City.

**Section 4.** The City hereby authorizes and approves the issuance of Additional Bonds pursuant to the Bond Law, as authorized by the Trust Agreement, from time to time, to refund all or a portion of the Unfunded Liability and the City's obligation to PERS pursuant to the PERS Contract for the then-current fiscal year, provided that the City Manager, or his designee, first certifies to the Council in writing that such actions will result in cost savings to the City. The City authorizes any one of the Authorized Officers, or their designees, to execute and deliver one or more other trust agreements and/or one or more supplemental agreements supplementing or amending the Trust Agreement and providing for the issuance of Additional Bonds (each an "Additional Trust Agreement"); provided, however, that (i) each series of Additional Bonds shall be in a principal amount not to exceed the sum of the Unfunded Liability of the City to PERS under the PERS Contract and the Retirement Law remaining unpaid on the date of issuance of such Additional Bonds, the obligation to PERS for the current fiscal year pursuant to the PERS Contract and the costs of issuing the Additional Bonds, (ii) the stated interest rate on the Additional Bonds shall not exceed the discount rate assumed by PERS with respect to the amortization of the Unfunded Liability at the time such Additional Bonds are issued, and (iii) the Additional Bonds issued pursuant to such Additional Trust Agreement shall mature not later than 30 years from the date of their issuance.

Each Unfunded Liability refunded by the Bonds and each series of Additional Bonds pursuant to the Trust Agreement and each Additional Trust Agreement constitutes an obligation imposed by law, pursuant to the Constitution and laws of the State of California and the Retirement Law, and an obligation of the City not limited as to payment from any special source of funds. The Unfunded Liability refunded by the Bonds pursuant to the Trust Agreement and each series of Additional Bonds pursuant to an Additional Trust Agreement shall not, however, constitute an obligation of the City for which the City is obligated or permitted to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation.

**Section 5.** The form of the Bond Purchase Agreement (the "Purchase Agreement") by and between the City and Cabrera Capital Markets, Inc., as lead underwriter, and Piper Sandler & Co. (collectively, the "Underwriter") presented to this meeting and on file with the Clerk and the sale of the Bonds to the Underwriter pursuant thereto upon the terms and conditions set forth therein is hereby approved, and subject

to such approval and subject to the provisions hereof, the Authorized Officers are each hereby authorized and directed to evidence the City's acceptance of the offers made by the Purchase Agreement by executing and delivering the Purchase Agreement in said form with such changes therein as the Authorized Officer or Authorized Officers executing the same may approve and such matters as are authorized by this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof by any one of the Authorized Officers.

**Section 6.** The Authorized Officers are each authorized, on behalf of the City, to establish and determine (i) the final principal amount of the Bonds, provided the aggregate initial principal amount of the Bonds shall not be greater than the lesser of (a) \$115,000,000 or (b) sum of the City's then-current fiscal year obligation to PERS as evidenced by the PERS Contract and the Unfunded Liability as calculated by PERS or other actuary selected by the Authorized Officer, together with the costs of issuing the Bonds as approved by such Authorized Officer, (ii) the final interest rates on various maturities of the Bonds, provided that the net present value savings achieved through refunding the Unfunded Liability by issuing the Bonds shall be at least 10% of the Unfunded Liability, that the maturity date of the Bonds shall not be later than the last date through which PERS has determined for the amortization of the Unfunded Liability of the City in accordance with its current procedures and that the true interest cost shall not exceed 4.5%; and (iii) the Underwriter's discount for the purchase of the Bonds, not to exceed 0.7% of the principal amount of the Bonds. The net present value savings shall be calculated by comparing present value of the payments required to amortize the Unfunded Liability at the discount rate assumed by PERS to the present value of the principal and interest payments on the Bonds. The officer or officers designated in this section shall also determine with respect to the Bonds that the Bonds, including principal (representing amounts paid to the pension fund), interest and costs of issuance, are not more costly than the regular pension costs funded or refunded over the remaining life of the Unfunded Liability.

**Section 7.** The Authorized Officers, and their respective designees are hereby authorized to negotiate and execute an insurance policy and debt service reserve fund insurance policy for the Bonds (and such other agreements that may be required by the insurer in connection therewith) if it is determined that the policies will result in interest rate savings for the City, and to pay the insurance premium of such policies from the proceeds of the issuance and sale of the Bonds.

**Section 8.** The Authorized Officers are each authorized to execute contracts with Nixon Peabody, LLP, Disclosure Counsel to the City, with Harrell & Company Advisors, LLC, and with Kosmont Transactions Services, Inc. each to serve as Co-Municipal Advisors to the City, which contracts shall be in substantially the form on file with the City Clerk, together with such changes as may be approved by the City Manager, the City Attorney, or their designee, which changes shall be deemed approved by the execution and delivery of such contract by the Mayor or City Manager. Aleshire & Wynder LLP shall serve as Bond Counsel to the City at its hourly rate in accordance with its contract with the City.

**Section 9.** In order to determine the validity of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements, and the actions authorized hereby to be taken in connection therewith, the City Council hereby authorizes the City Attorney and Bond Counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements in the Superior Court of Los Angeles County, under and pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure and California Government Code Section 53511. The City Council further authorizes the Authorized Officers and all other officers, employees and agents of the City to take any and all actions, including the execution and delivery or appropriate documentation, as may be required to conclude such judicial validation proceedings.

**Section 10.** The Authorized Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby, including, but not limited to, the preparation of an Official Statement (and a Preliminary Official Statement) for use in connection with the offering and sale of the Bonds, the execution and delivery of a continuing disclosure undertaking and the execution and delivery of any documents required by PERS in order to complete the issuance of the Bonds.

**Section 11.** All actions heretofore taken by the Authorized Officers and by any other officers, employees or agents of the City with respect to the issuance of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

**Section 12.** This Resolution shall be effective immediately upon its adoption.

**Section 13.** The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Carson, California, at a meeting held on the 14th day of January, 2020.

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Mayor, Albert Robles

ATTEST:

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City Clerk Donesia Gause-Aldana

APPROVED AS TO FORM:

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City Attorney Sunny K. Soltani

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES )ss.  
CITY OF CARSON )

I, Donesia Gause-Aldana, City Clerk of the City of Carson, California, do hereby certify that the whole number of members is five; that the foregoing resolution, being Resolution No. 20-XXX was duly and regularly adopted by said City at a regular meeting duly and regularly held on the \_\_\_\_ day of \_\_\_\_\_ 2020, and that the same was passed and adopted by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

By: \_\_\_\_\_  
City Clerk

## EXHIBIT A

### SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Harrell & Company Advisors and reviewed by Kosmont Transactions Services, Inc. (together, the City's "Municipal Advisor").

*Principal Amount.* The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$108,300,000 (the "Estimated Principal Amount").

*True Interest Cost of the Bonds.* The Municipal Advisor has informed the City that, assuming that the respective Estimated Principal Amount of the Bonds are 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 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 Bonds, is 3.61%.

*Finance Charge of the Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds are 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 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$1,191,000.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds are sold, 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 by the City for sale of the Bonds, less the finance charge of the Bonds, as estimated above, paid or funded with proceeds of the Bonds, is \$107,109,000.

*Total Payment Amount.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds are 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 the City will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the respective proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$158,786,000 and the sum of annual ongoing costs to administer the Bonds not paid with proceeds of the Bonds is \$105,000.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on December 16, 2019. The actual principal amount of the 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 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the respective Estimated Principal Amount, (c) the actual amortization of the 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 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on various factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 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.