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RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
RIALTO AUTHORIZING THE ISSUANCE AND DELIVERY OF
PENSION OBLIGATION BONDS TO REFUND CERTAIN
OUTSTANDING PENSION FUND OBLIGATIONS OF THE CITY
TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT
SYSTEM, APPROVING THE FORM OF AND AUTHORIZING THE
EXECUTION AND DELIVERY OF A TRUST AGREEMENT,
AUTHORIZING A VALIDATION ACTION, AND OTHER
MATTERS RELATING THERETO**

WHEREAS, the City of Rialto, California (the "City") is a municipal corporation and a general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California; 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; and

WHEREAS, the Pension 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 is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") to issue bonds for the purpose of refunding any evidence of indebtedness of the City; and

WHEREAS, the City desires to approve the issuance of one or more series of bonds (collectively, the "Pension Obligation Bonds") for the purpose of refunding obligations under the CalPERS Contract, subject to favorable market conditions and subsequent City Council approval of a preliminary official statement, a bond purchase agreement and a continuing disclosure undertaking and the retention of an underwriter(s) should the City determine to deliver Pension Obligation Bonds following the validation process authorized hereby; and

1 **WHEREAS**, there is on file with the City Council the proposed form of Trust Agreement (the
2 “Trust Agreement”) to be entered into between the City and a trustee to be named therein (the “Trustee”),
3 relating to the Pension Obligation Bonds and Additional Bonds, including the form of bonds attached
4 thereto as an exhibit.

5 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RIALTO DOES HEREBY**
6 **FIND, DETERMINE, AND RESOLVE AS FOLLOWS:**

- 7 1. The City Council hereby finds and determines that the foregoing recitals are true and correct.
- 8 2. The City Council hereby finds and declares that the issuance of the Pension Obligation Bonds to
9 refund Pension Obligations of the Miscellaneous Plan (ID 7037905700) and the Safety Plan (ID
10 7037905700), and the other actions contemplated by this Resolution are in the best interests of the
11 City.
- 12 3. The Pension Obligation Bonds will be in substantially the form attached to the Trust Agreement,
13 with such changes therein, deletions therefrom and additions thereto as the City Manager may
14 approve in a form approved by the City Attorney, such approval to be conclusively evidenced by
15 the execution and delivery of the Pension Obligation Bonds. The Pension Obligation Bonds will
16 be issued as current interest fixed rate bonds and bear such series and subseries designations as
17 necessary or convenient. The aggregate initial principal amount of the Pension Obligation Bonds
18 may not exceed (i) the lesser of \$150,000,000 or (ii) the amount of the Pension Obligation (as
19 confirmed by the System) remaining unpaid on the Safety Plan and Miscellaneous Plan described
20 above on the date of issuance of the Pension Obligation Bonds, plus an additional amount to pay
21 costs of issuance of the Pension Obligation Bonds, original issue discount, if any, and
22 underwriter’s discount on the Pension Obligation Bonds. The Underwriter’s discount, excluding
23 original issue discount, may not exceed 0.75% of the aggregate principal amount of the initial
24 series of Pension Obligation Bonds. The maximum all-in true interest cost with respect to the
25 Pension Obligation Bonds may not exceed 4.50% per annum. The Pension Obligation Bonds will
26 mature not later than 30 years following their date of issuance.
- 27 4. The Pension Obligation Bonds constitute an obligation imposed by law, pursuant to the California
28 Constitution and the laws of the State of California, including the Retirement Law. Payment of the

- 1 principal of and interest on the Pension Obligation Bonds is not limited to any special source of
2 funds and is payable from any legally available moneys or funds of the City.
- 3 5. The proposed form of Trust Agreement, between the City and the Trustee, on file with the City
4 Clerk, is approved. The Mayor, the City Manager, the Director of Finance and the City Clerk (the
5 “Authorized Representatives”) are each hereby authorized and directed, severally, or any such
6 officer’s designee, for and on behalf of the City, to execute and deliver the Trust Agreement,
7 substantially in the form on file with the City Clerk, with such changes therein, deletions therefrom
8 and additions thereto (including, without limitation, changes, deletions and additions as may be
9 required by a municipal bond insurer, if any) as such Authorized Representative approves, such
10 approval to be conclusively evidenced by the execution and delivery of the Trust Agreement.
- 11 6. If an Authorized Representative determines that it will be advantageous to the City to purchase
12 municipal bond insurance or secure other credit or liquidity enhancement with respect to some or
13 all of the Pension Obligation Bonds, such Authorized Representative or designee is authorized to
14 do so upon determining that such purchase is in the best interest of the City.
- 15 7. The Authorized Representatives of the City are, and each of them is, authorized and directed to do
16 any and all things, including bringing a validation action under Section 860 et seq. of the California
17 Code of Civil Procedure and to take any and all actions (including any required publications of
18 summons or other notice) and execute and deliver any and all documents which they or any of
19 them deem necessary or advisable to consummate the transactions contemplated by this Resolution
20 and the Trust Agreement and otherwise to carry out, give effect to and comply with the terms and
21 intent of this Resolution and the Trust Agreement.
- 22 8. Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”)
23 requires that the governing body of a public body obtain from an underwriter, financial advisor or
24 private lender and disclose, before authorizing the issuance of bonds with a term of greater than
25 13 months, certain good faith cost estimates. Set forth in attached Exhibit A, which is incorporated
26 by reference, are good faith estimates of: (a) the true interest cost of the Pension Obligation Bonds,
27 (b) the sum of all fees and charges paid to third parties with respect to the Pension Obligation
28 Bonds, (c) the amount of proceeds of the Pension Obligation Bonds expected to be received net of
the fees and charges paid to third parties, and (d) the sum total of all debt service payments on the

1 Pension Obligation Bonds calculated to the final maturity of the Pension Obligation Bonds, plus
2 the fees and charges paid to third parties not paid with the proceeds of the Pension Obligation
3 Bonds.

4 9. Each Authorized Representative and all other officers of the City are authorized and directed, for
5 and in the name and on behalf of the City to do any and all things and take any and all other actions,
6 including the publication of any notices necessary or desirable in connection with the sale of the
7 Pension Obligation Bonds and execution and delivery of any and all assignments, certificates,
8 requisitions, agreements, notices, consents, instruments and other documents, which they, or any
9 of them, deem necessary or advisable to consummate the issuance and sale of the Pension
10 Obligation Bonds and the consummation of the transactions as described herein.

11 10. All actions heretofore taken by any Authorized Representative or any officer, employee or agent
12 of the City with respect to the issuance, delivery and sale of the Pension Obligation Bonds or in
13 connection with or related to any of the agreements referred to herein, are hereby approved,
14 confirmed and ratified.

15 11. This Resolution may be executed with electronic signatures in accordance with Government Code
16 of the State of California §16.5. Such electronic signatures will be treated in all respects as having
17 the same effect as an original signature.

18 12. The Mayor, or presiding officer, is hereby authorized to affix their signature to this Resolution
19 signifying its adoption by the City Council of the City of Rialto, and the City Clerk, or their duly
20 appointed deputy, is directed to attest thereto.

21 13. This Resolution becomes effective immediately upon adoption.

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PASSED APPROVED AND ADOPTED this ____ day of _____, 2021.

Deborah Robertson, Mayor

ATTEST:

BARBARA McGEE, City Clerk

APPROVED AS TO FORM:

ERIC VAIL, City Attorney

1 **STATE OF CALIFORNIA**)
2 **COUNTY OF SAN BERNARDINO**) ss
3 **CITY OF RIALTO**)

4 I, Barbara McGee, City Clerk of the City of Rialto, do hereby certify that the foregoing
5 Resolution No. ____ was duly passed and adopted at a regular meeting of the City Council of the City of
6 Rialto held on the ____ day of _____, 2021.

7 Upon motion of Council Member _____, seconded by Council Member _____,
8 the foregoing Resolution No. ____ was duly passed and adopted.

9 Vote on the motion:

10 AYES:

11 NOES:

12 ABSENT:

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14 IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of the City of
15 Rialto this ____ day of _____, 2021.

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18 BARBARA McGEE, CITY CLERK
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EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from the NHA Advisors LLC with respect to the Pension Obligation Bonds approved in the attached 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 Pension Obligation Bonds:

1. *True Interest Cost of the Pension Obligation Bonds.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$104,260,000.00 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 Pension Obligation 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 Pension Obligation Bonds, is 3.1056%.

2. *Finance Charge of the Pension Obligation Bonds.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$104,260,000.00 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 Pension Obligation Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Pension Obligation Bonds), is \$879,550.00 as follows:

<u>Cost of Issuance</u>	<u>Estimated Amounts</u>
Bond Counsel	\$ 75,000.00
Disclosure Counsel	43,000.00
Validation (first phase fixed at \$5,000 by agreement)	28,000.00
Municipal Advisor	109,000.00
Trustee	4,000.00
Trustee's Counsel	2,500.00
Printer	2,500.00

Rating Agency	69,250.00
Miscellaneous	25,000.00
Underwriter	521,300.00
Total	<hr/> \$879,550.00

3. *Amount of Proceeds to be Received.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$104,260,000.00 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 Pension Obligation Bonds less the finance charge of the Pension Obligation Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Pension Obligation Bonds, is \$103,380,450.00.

4. *Total Payment Amount.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$104,260,000.00 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 Pension Obligation Bonds plus the finance charge of the Pension Obligation Bonds described in paragraph 2 above not paid with the proceeds of the Pension Obligation Bonds, calculated to the final maturity of the Pension Obligation Bonds, is \$147,526,294.65.

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 Pension Obligation Bond sales, the amount of Pension Obligation Bonds sold, the amortization of the Pension Obligation Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Pension Obligation Bonds sold will be determined by the Authority based on need for project funds and other factors. The actual interest rates at which the Pension Obligation Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Pension Obligation Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic

1 and other factors beyond the City's and the Authority's control. The City and the Authority have approved
2 the execution and delivery of the Pension Obligation Bonds with a maximum all-in true interest cost not
3 to exceed 4.50% per annum.
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