

Resolution No.

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING ENTRANCE INTO, AND APPROVING THE FORMS OF, A WIFIA LOAN AGREEMENT AND AN INSTALLMENT PURCHASE CONTRACT FOR THE WASTEWATER SYSTEM IN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$108,000,000; AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH

The City owns and operates a wastewater system (the “Wastewater System”) and is undertaking a large-scale improvement project for the Wastewater System known as the Regional Wastewater Control Facility Modifications Project (the “Project”); and

The City desires to finance the costs of the Project from a variety of sources, including a loan from the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”), which loan shall be evidenced by a WIFIA Loan Agreement, by and among the City, the Stockton Public Financing Authority (the “Authority”) and the WIFIA Lender (the “WIFIA Loan Agreement”); and

To provide funds for the portion of the Project to be financed pursuant to the WIFIA Loan Agreement, the City desires to enter into an Installment Purchase Contract with the Authority (the “2020 Installment Purchase Contract”), and the City desires that the Authority issue its Wastewater Revenue Bond, Series 2020 (the “2020 Bond”) to the WIFIA Lender pursuant to an Indenture by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “2020 Indenture”); and

The 2020 Installment Payments payable by the City to the Authority pursuant to the 2020 Installment Purchase Contract and the 2020 Additional Payments (including the WIFIA Other Payments) payable by the City pursuant to the 2020 Installment Purchase Contract will be secured by an assignment, irrevocable pledge of and lien on and security interest in all of the Net System Revenues of the Wastewater System on a parity basis with certain obligations previously incurred by the City for the Wastewater System, consisting of the City’s obligations under installment purchase contracts securing the \$69,440,000 initial principal amount of Stockton Public Financing Authority Wastewater Revenue Refunding Bonds, Series 2014, and the \$118,510,000 Stockton Public Financing Authority Wastewater Bond Anticipation Notes, Series 2019; and

The information required to be obtained and disclosed by Government Code 5852.1 with respect to the financing is set forth in the staff report accompanying this Resolution; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

Section 1. The financing of a portion of the cost of the Project through the entrance by the City into the WIFIA Loan Agreement in an aggregate principal amount not to exceed \$108,000,000, on the terms and conditions set forth in and subject to the limitations specified in the WIFIA Loan Agreement, is hereby approved. The form of WIFIA Loan Agreement (Exhibit 1 to the resolution) is hereby approved with such revisions, amendments and completions as shall be approved by the City Manager or his or her designee (each, an "Authorized Officer"), with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof. The WIFIA Loan Agreement is authorized to be executed and delivered for, in the name of, and on behalf of, the City by the signature of an Authorized Officer, and attested to by the City Clerk or his or her designee (the "City Clerk").

Section 2. The form of the 2020 Installment Purchase Contract (Exhibit 2 to the resolution) is hereby approved with such revisions, amendments and completions as shall be approved by an Authorized Officer, with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the aggregate principal amount of the 2020 Installment Payments payable under the 2020 Installment Purchase Contract shall not exceed the aggregate principal amount of the WIFIA Loan Agreement described above. The City will grant to the Authority pursuant to the 2020 Installment Purchase Contract a lien on and a security interest in and pledge of all Net System Revenues to secure the payment of the 2020 Installment Payments and any Parity Obligations as provided in the 2020 Installment Purchase Contract, and the Net System Revenues shall not be used for any other purpose while any 2020 Installment Payments or any Parity Obligations remain unpaid; provided, that out of the Net System Revenues there may be apportioned such sums for such purposes as are expressly permitted by the 2020 Installment Purchase Contract. This lien, security interest, and pledge will constitute an exclusive lien on the Net System Revenues for the payment of the 2020 Installment Payments and any Parity Obligations in accordance with the terms of the 2020 Installment Purchase Contract (subject to the incurrence of Parity Obligations in accordance with the 2020 Installment Purchase Contract). This lien, security interest, and pledge set forth in the 2020 Installment Purchase Contract is hereby expressly authorized and shall become effective immediately upon the execution and delivery of the 2020 Installment Purchase Contract without further notice or action. The assignment by the Authority of the 2020 Installment Purchase Contract and any rights thereunder to the Trustee in connection with the issuance of the 2020 Bond is hereby expressly authorized and shall become effective immediately upon the execution and delivery of the 2020 Indenture without further notice or action.

Section 3. All actions heretofore taken by any Authorized Officer or any other officers, employees, or agents of the City in connection with, or related to, any of the documents referenced herein, are hereby approved, confirmed, and ratified. The Authorized Officers are each hereby authorized and directed, for and in the name and on

behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which they may deem necessary or advisable to consummate the execution and delivery of the WIFIA Loan Agreement, the term sheet related thereto, the 2020 Installment Purchase Contract, and the other purposes of this Resolution. Without limiting the foregoing, the Chief Financial Officer of the City shall be an Authorized Officer and authorized to sign any and all documents described herein.

Section 4. In connection with the financing transaction contemplated by this Resolution, the City hereby ratifies and approves the appointment of Del Rio Advisors, LLC as Municipal Advisor, and Jones Hall, A Professional Law Corporation, as Bond Counsel.

Section 5. Resolution No. 2019-07-30-1402-02 adopted by the City Council on July 30, 2019 is hereby rescinded in its entirety effective immediately upon the adoption of this Resolution.

Section 6. This Resolution shall take effect immediately upon its adoption.

Section 7. The City Manager is hereby authorized to take whatever actions are necessary and appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, AND ADOPTED September 29, 2020.

MICHAEL D. TUBBS
Mayor of the City of Stockton

ATTEST:

ELIZA R. GARZA, CMC
City Clerk of the City of Stockton