

Resolution No.

STOCKTON PUBLIC FINANCING AUTHORITY

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF WASTEWATER REVENUE BOND, SERIES 2020 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$108,000,000; AUTHORIZING ENTRANCE INTO, AND APPROVING THE FORMS OF, A WIFIA LOAN AGREEMENT, AN INSTALLMENT PURCHASE CONTRACT AND AN INDENTURE FOR THE WASTEWATER SYSTEM RELATED THERETO; AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH

The City of Stockton (the “City”) and the former Redevelopment Agency of the City of Stockton entered into a Joint Exercise of Powers Agreement, dated as of June 18, 1990 (the “Joint Powers Agreement”), establishing the Stockton Public Financing Authority (the “Authority”) to, among other things, assist the City with the financing of public capital improvements; and

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 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 (the “2020 Indenture”) by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”); 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

Amounts payable by the Authority under the WIFIA Bond will be secured by an assignment, irrevocable pledge of and lien on and security interest in all Revenues (consisting primarily of all 2020 Installment Payments) received by the Authority and all money on deposit in the accounts and funds established under the 2020 Indenture; 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; and

The Authority desires that the 2020 Bond be issued, sold and delivered to the WIFIA Lender in connection with the entrance by the City and the Authority into the WIFIA Loan Agreement and that all related actions necessary or desirable in connection with the foregoing be authorized and approved; now, therefore,

BE IT RESOLVED BY THE STOCKTON PUBLIC FINANCING AUTHORITY, AS FOLLOWS:

Section 1. Assisting the City with the financing of a portion of the cost of the Project through the entrance by the Authority 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 Executive Director or his or her designee (each, an "Authorized Officer"), with the advice of counsel to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The WIFIA Loan Agreement is authorized to be executed and delivered for and in the name of and on behalf of the Authority by the signature of an Authorized Officer, and attested to by the Secretary of the Authority or his or her designee (the "Secretary").

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 Authority, 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.

Section 3. The form of 2020 Indenture (Exhibit 3 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 Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The 2020 Indenture is authorized to be executed and delivered for and in the name of and on behalf of the

Authority by the signature of an Authorized Officer and attested to by the Secretary. All Revenues received by the Authority and all money on deposit in the accounts and funds established under the 2020 Indenture will be assigned pursuant to the 2020 Indenture by the Authority to the Trustee for the benefit of the holder(s) of the 2020 Bond, and will be irrevocably pledged pursuant to the 2020 Indenture to the payment of the interest on and principal of and redemption premiums, if any, on the 2020 Bond as provided in the 2020 Indenture, and the Revenues shall not be used for any other purpose while any of the 2020 Bond remain Outstanding; provided, that out of the Revenues there may be applied such sums for such purposes as are permitted under the 2020 Indenture. This pledge shall constitute a first and exclusive pledge of and charge and lien upon the Revenues and all money on deposit in the accounts and funds established under the 2020 Indenture for the payment of the interest on and principal of and redemption premiums, if any, on the 2020 Bond in accordance with the terms of the 2020 Indenture and the 2020 Bond. This pledge shall become effective immediately upon the execution and delivery of the 2020 Indenture without further notice or action. The Authority will irrevocably pledge and grant pursuant to the 2020 Indenture a lien on and a security interest in the 2020 Installment Payment Fund and such money to the Trustee for the benefit of the Holders. This pledge shall become effective immediately upon the execution and delivery of the 2020 Indenture without further notice or action.

Section 4. The issuance of the 2020 Bond to the WIFIA Lender on the terms and conditions set forth in, and subject to the limitations specified in, the WIFIA Loan Agreement and the 2020 Indenture is hereby authorized and approved. The 2020 Bond is authorized to be executed and delivered for and in the name of and on behalf of the Authority by an Authorized Officer and attested to by the Secretary.

Section 5. All actions heretofore taken by any Authorized Officer or any other officers, employees or agents of the Authority with respect to the issuance, delivery or sale of the 2020 Bond, or 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 Authority, 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, the 2020 Indenture and the other purposes of this Resolution. Without limiting the foregoing, the Treasurer of the Authority shall be an Authorized Officer and authorized to sign any and all documents described herein.

Section 6. In connection with the financing transaction contemplated by this Resolution, the Authority hereby ratifies and approves the appointment of Del Rio Advisors, LLC as Municipal Advisor, and Jones Hall, A Professional Law Corporation, as Bond Counsel.

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Section 7. This Resolution shall take effect immediately upon its adoption.

Section 8. The Authorized Officers, each acting alone, are authorized to take such other actions as are necessary and appropriate to carry out the purpose and intent of this Resolution

PASSED, APPROVED, AND ADOPTED September 29, 2020.

MICHAEL D. TUBBS, Chair
Stockton Public Financing Authority

ATTEST:

ELIZA R. GARZA, Secretary
Stockton Public Financing Authority