

Resolution No.

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE 2018 INSTALLMENT PURCHASE CONTRACTS, ONE OR MORE BOND PURCHASE CONTRACTS, A CONTINUING DISCLOSURE CERTIFICATE AND AN OFFICIAL STATEMENT RELATING TO AN INSTALLMENT PURCHASE REFINANCING AND APPROVING 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 establishing the Stockton Public Financing Authority (the "Authority"), a California joint exercise of powers entity duly organized to provide financial assistance to the City; and

The City and the California Statewide Communities Development Authority ("CSCDA") previously entered into an Installment Purchase Agreement, dated as of May 1, 2002 (the "2002 Installment Purchase Agreement"), whereby CSCDA agreed to sell certain improvements to the City's water system (the "2002 Water Project") to the City and the City agreed to purchase such improvements from CSCDA for the purpose of financing and refinancing the 2002 Water Project; and

In connection with the 2002 Installment Purchase Agreement, CSCDA issued its Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2002A (the "2002 Bonds") pursuant to an Indenture, dated as of May 1, 2002, between CSCDA and MUFG Union Bank, N.A. (formerly Union Bank of California, N.A.), as trustee, for the purpose, among others, of financing and refinancing the 2002 Water Project; and

The City and the Authority previously entered into an Installment Purchase Agreement, dated as of November 1, 2005 (the "2005 Installment Purchase Agreement"), whereby the Authority agreed to sell certain improvements to the City's water system (the "2005 Water Project") to the City and the City agreed to purchase such improvements from the Authority for the purpose of financing the 2005 Water Project; and

In connection with the 2005 Installment Purchase Agreement, the Authority issued its 2005 Water Revenue Bonds, Series A (Water System Capital Improvement Projects) (the "2005 Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2005, between the Authority and Wells Fargo Bank National Association, as trustee, for the purpose of financing the 2005 Water Project; and

The City and the Authority previously entered into a 2009 Installment Purchase Contract, dated as of August 1, 2009 (the "2009 Installment Purchase Contract" and, together with the 2002 Installment Purchase Agreement and the 2005 Installment

Purchase Agreement, the “Prior Installment Purchase Agreements”), whereby the Authority agreed to sell certain improvements to the City’s water system (the “2009 Water Project” and, together with the 2002 Water Project and the 2005 Water Project, the “Prior Water Projects”) to the City and the City agreed to purchase such improvements from the Authority for the purpose of financing the 2009 Water Project; and

In connection with the 2009 Installment Purchase Contract, the Authority issued its Water Revenue Bonds, Taxable Build America Bonds Series 2009B (Delta Water Supply Project) (the “2009B Bonds”) pursuant to a 2009 Indenture, dated as of August 1, 2009, between the Authority and Wells Fargo Bank National Association, as trustee, for the purpose of financing a portion of the 2009 Water Project; and

The City now desires to refinance the Prior Water Projects by refunding the obligations of the City under the Prior Installment Purchase Agreements, and the Authority has determined to assist the City in the foregoing by refunding the City’s remaining obligations under the Prior Installment Purchase Agreements and thereby refunding a portion of the outstanding 2002 Bonds, all of the outstanding 2005 Bonds and all of the outstanding 2009B Bonds; and

To provide funds for the refinancing of the Prior Water Projects, the Authority desires to issue bonds designated as its Water Revenue Refunding Bonds, Series 2018 (the “2018 Bonds”); and

In order to provide for the authentication and delivery of the 2018 Bonds, to establish and declare the terms and conditions upon which the 2018 Bonds are to be issued and secured and to secure the repayment thereof, it is proposed that the Authority and Wells Fargo Bank National Association (the “Trustee”) enter into one or more 2018 Indentures (the “Indentures”); and

In order to implement the foregoing, the City and the Authority propose to enter into one or more 2018 Installment Purchase Contracts (the “2018 Installment Purchase Contracts”); and

Under the 2018 Installment Purchase Contracts, the City will be obligated to make installment payments to the Authority for the refinancing of the Prior Water Projects; and

To facilitate compliance by Citigroup Global Markets, Inc. and RBC Capital Markets, LLC, as underwriters for the 2018 Bonds (collectively, the “Underwriters”) with the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), it is proposed that the City execute a Continuing Disclosure Certificate (as defined below); now, therefore,

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

Section 1. The method of refinancing the Prior Water Projects through the issuance by the Authority of the 2018 Bonds in the aggregate principal amount of not to exceed \$165,000,000, is hereby approved. The 2018 Bonds may be sold and issued in such series as may be necessary or desirable to effectuate the purposes of this Resolution.

Section 2. The form of the Indentures (attached as Exhibit 1), a copy of which is on file in the office of the City Clerk or the designee thereof (the "City Clerk") and submitted to this meeting, is hereby approved. The Authority and the Trustee are hereby authorized and directed to enter into the Indentures as contemplated herein.

Section 3. The form of the 2018 Installment Purchase Contracts (attached as Exhibit 2), a copy of which is on file in the office of the City Clerk and submitted to this meeting, is hereby approved. The Mayor, the City Manager, any Deputy City Manager, and the Chief Financial Officer and the designees of any of them (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed, for and in the name of and on behalf of the City, to execute the 2018 Installment Purchase Contracts, and the City Clerk is authorized to attest thereto, with such additions and changes therein as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the City, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the installment payments to be contained in the 2018 Installment Purchase Contracts shall be determined or approved by the Chief Financial Officer or the designee thereof (the "Chief Financial Officer") upon the sale of the 2018 Bonds, but the principal portions thereof shall not exceed \$165,000,000 in aggregate principal amount and the final installment payments shall be due not later than 2039.

Section 4. The form of one or more Bond Purchase Contracts (attached as Exhibit 3) relating to the sale of the 2018 Bonds (the "Bond Purchase Contracts"), among the Underwriters, the Authority and the City, a copy of which is on file in the office of the City Clerk and submitted to this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Contracts, and the City Clerk is authorized to attest thereto, with such additions and changes therein as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the City, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the true interest cost for the 2018 Bonds shall not exceed 4.50% and the Bond Purchase Contracts shall provide for an aggregate underwriter's discount of not more than 0.75% of the principal amount of the 2018 Bonds.

Section 5. The form of the preliminary official statement (attached as Exhibit 4) relating to the 2018 Bonds (the "Preliminary Official Statement"), a copy of which is on file in the office of the City Clerk and submitted to this meeting, is hereby approved, with

such additions and changes as may be approved, with the advice of counsel, by any Authorized Officer. The Authorized Officers, each acting alone, are hereby authorized on behalf of the City to certify that the Preliminary Official Statement is deemed "final" for the purposes of the Rule (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver to the City and the Underwriters a final Official Statement (the "Official Statement") in substantially the form of the Preliminary Official Statement, with such additions and changes as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the City, such approval to be conclusively evidenced by the execution of said Official Statement. The printing, delivery and distribution of the Preliminary Official Statement and the Official Statement is hereby approved, and the Underwriters are hereby authorized to distribute copies of the Preliminary Official Statement and the Official Statement to persons who may be interested in the purchase of the 2018 Bonds and is directed to deliver copies of the Official Statement to all purchasers of the 2018 Bonds.

Section 6. The form of the Continuing Disclosure Certificate (the "Disclosure Certificate"), relating to the 2018 Bonds, a copy of which is attached to the Preliminary Official Statement on file in the office of the City Clerk and submitted to this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Disclosure Certificate, and the City Clerk is authorized to attest thereto, with such additions and changes therein as the Authorized Officer executing the same shall approve, with the advice of counsel, as being in the best interests of the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions and execute any and all documents and approve any changes to the forms of the documents approved by this resolution necessary or advisable to arrange for the insuring of all or a portion of the 2018 Bonds or to obtain a debt service reserve fund insurance policy or surety bond, or to obtain any other form of credit enhancement or debt service reserve fund facility, if, upon the advice of the City's financial advisors, such insurance, surety bond, other credit enhancement or other reserve fund facility will result in a lower true interest cost for the 2018 Bonds.

Section 8. All actions heretofore taken by any officers, employees or agents of the City with respect to the issuance, delivery or sale of the 2018 Bonds, or in connection with or related to any of the documents referenced herein or the refinancing of the Prior Water Projects, are hereby approved, confirmed and ratified; and the Authorized Officers are 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 (including but not limited to a Tax Certificate and Agreement and escrow agreements), which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2018 Bonds and the disbursement of proceeds thereof in accordance with this Resolution.

Section 9. In connection with the 2018 Bonds, the City hereby appoints and retains Del Rio Advisors, LLC as Municipal Advisor; Schiff Hardin LLP as Disclosure Counsel; and Orrick, Herrington & Sutcliffe LLP as Bond Counsel. Citigroup Global Markets, Inc. and RBC Capital Markets, LLC are appointed as Underwriters for the 2018 Bonds.

Section 10. This Resolution shall take effect immediately upon its adoption.

The Authorized Officers, each acting alone, are authorized to take such other actions as are appropriate, including appropriation of up to \$1.6 million for costs related to the issuance, to carry out the intent of this Resolution.

PASSED, APPROVED AND ADOPTED October 16, 2018.

MICHAEL D. TUBBS
Mayor of the City of Stockton

ATTEST:

CHRISTIAN CLEGG, Deputy City Manager/
Interim City Clerk of the City of Stockton