

RESOLUTION NO. 20-0016

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF BONDS PURSUANT TO THE PROVISIONS OF THE IMPROVEMENT BOND ACT OF 1915 FOR CITY OF MANHATTAN BEACH ASSESSMENT DISTRICT NO. 19-04 AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of Manhattan Beach ("City") has taken proceedings under the Municipal Improvement Act of 1913, Division 12 of the California Streets and Highways Code ("Code"), for the formation of City of Manhattan Beach Assessment District No. 19-04 ("Assessment District") and has confirmed an assessment in the amount of Seven Million Two Hundred Fifty Five Thousand Dollars and 00/100 (\$7,255,000), which assessment and a related diagram were recorded in the office of the City's Public Works Director, acting as the Superintendent of Streets;

WHEREAS, a notice of assessment, as prescribed in Code Section 3114, will be recorded with the County Recorder of the County of Los Angeles, State of California, whereupon the assessment will attach as a lien upon the property assessed within the Assessment District as provided in Section 3115 of the Code;

WHEREAS, said proceedings provide that bonds ("Bonds") will be issued pursuant to the Improvement Bond Act of 1915, Division 10 of the Code ("Act") to represent and be secured by the unpaid assessments on the parcels within the Assessment District;

WHEREAS, the City Council desires to delegate to the City Manager the authority to determine the amount of unpaid assessments upon the security of which such Bonds are to be issued in an amount not to exceed the unpaid assessments;

WHEREAS, it is necessary and desirable that the City sell the Bonds to be issued to represent a portion of the unpaid assessments and that the Bonds be issued primarily to finance the undergrounding of utilities within the Assessment District;

WHEREAS, there has been presented to the City Council the forms of a Fiscal Agent Agreement between the City and U.S. Bank National Association, as Fiscal Agent ("Fiscal Agent Agreement"), a Continuing Disclosure Certificate, to be executed by the City in connection with the issuance of the Bonds ("Continuing Disclosure Certificate"), a Bond Purchase Agreement to be entered into between the City and BofA Securities, Inc. ("Underwriter"), as the purchaser of the Bonds ("Bond Purchase Agreement"), and the form of a Preliminary Official Statement for the Bonds ("Preliminary Official Statement"); and

WHEREAS, the City desires to approve the forms of the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Bond Purchase Agreement; to authorize the issuance of the Bonds and the sale thereof to the Underwriter on the terms approved

hereby; to authorize the provision of the Preliminary Official Statement to prospective purchasers of the Bonds and to authorize the officers of the City to take all actions required for the issuance of the Bonds;

NOW, THEREFORE, the City Council of the City of Manhattan Beach resolves as follows:

Section 1. The recitals provided in this resolution are true and correct and are incorporated into the operative part of this resolution.

Section 2. The Fiscal Agent Agreement is approved in substantially the form presented to the City Council. The Mayor, the City Manager, the Finance Director, acting as Treasurer of the Assessment District, and the Director of Public Works, and their written designee(s) ("Authorized Officers"), is authorized and directed to execute, and the City Clerk, or his or her written designee(s), is authorized to attest to, the Fiscal Agent Agreement substantially in the form approved with such additions thereto and changes therein as the officer or officers executing the Fiscal Agent Agreement deem necessary to cure any ambiguity or defect therein, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions of the Bonds, or to conform any provisions therein to the Bond Purchase Agreement and the Official Statement, or as required by the City Attorney, and the City's Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"). Approval of such changes shall be conclusively evidenced by the execution and delivery of the Fiscal Agent Agreement by one or more Authorized Officers.

Section 3. Bonds in an aggregate principal amount not to exceed Seven Million Two Hundred Fifty Five Thousand Dollars and 00/100 (\$7,255,000) representing at least a portion of the amount of the unpaid assessments as determined by the City Manager shall be issued pursuant to the provisions of the Act upon the security of unpaid assessments levied within the Assessment District and as set forth in the Fiscal Agent Agreement. The Bonds shall be dated, be in such aggregate principal amount, bear interest at such rates, and mature on such dates and in such amounts as are set forth in the Bond Purchase Agreement upon the execution and delivery thereof in accordance with Section 7 below. The Bonds shall be issued substantially in the form of bonds set forth in the Act, except as such form may vary from the terms and conditions set forth in this Resolution and the Fiscal Agent Agreement. The principal amount of the Bonds to be sold will be determined by the City Manager, the Finance Director, the Director of Public Works, or their designee(s).

Neither the faith and credit nor the taxing power of the City, the County of Los Angeles, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. The City is not obligated to advance available funds from the City treasury to the Redemption Fund in the event of a delinquency in the payment of an assessment installment or installments. The Bonds are not general obligations of the City; they are limited obligations payable solely from the funds specified in the Act and the Fiscal Agent Agreement.

The Bonds are being issued in compliance with the City's Debt Management Policy. In addition, in accordance with Government Code section 5852.1, this City Council has been presented with certain Good Faith Estimates for the Bonds, which Good Faith Estimates are set forth in Exhibit A attached hereto and incorporated herein by reference.

Section 4. The provisions of Part 11.1 (commencing with Section 8760) of the Act, providing an alternative procedure for the division of land and the Bonds, shall apply.

Section 5. The Continuing Disclosure Certificate is approved in substantially the form presented to the City Council; and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute the Continuing Disclosure Certificate substantially in the form hereby approved, with such additions thereto and changes therein, including the selection of an alternate Dissemination Agent from time to time, as may be approved by the Authorized Officer executing such agreement or required by the City Attorney or Bond Counsel, such approval or requirement to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 6. The form of the Preliminary Official Statement presented at this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the City Manager, the Finance Director or the Director of Public Works, or the written designee of either, to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as amended, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the City Manager, or his written designee, to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution by one of the Authorized Officers.

Section 7. Subject to Section 3 hereof, the sale of the Bonds to the Underwriter is hereby approved provided that (a) the Underwriter's discount, exclusive of original issue discount, shall not exceed 1.00% of the original aggregate principal amount of the Bonds, (b) the interest rates on the Bonds shall not exceed five percent (5.0%) per annum, and (c) the final principal amounts, discount and interest rates for the Bonds shall have been approved by the City Manager, the Finance Director, acting as Treasurer, or the Director of Public Works; and, subject to such approval, any one of the Authorized Officers is hereby authorized and directed to evidence the City's acceptance of the offer made by executing and delivering to the Underwriter a Bond Purchase Agreement substantially in the form hereby approved with such additions thereto and changes therein as may be approved by the Authorized Officer executing the agreement, or required by

City Attorney or Bond Counsel, such approval or requirement to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement.

Section 8. The Fiscal Agent is hereby authorized and directed to authenticate the Bonds and to deliver them to The Depository Trust Company on behalf of the Underwriter upon payment of the purchase price thereof.

Section 9. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale and delivery of the Bonds and otherwise to effectuate the purposes of this resolution; and any actions previously taken by such officers for these purposes are hereby ratified and confirmed.

Section 10. Any action authorized or directed in this resolution to be taken or performed by an Authorized Officer may be taken or performed by their designee with the same force and effect as if taken or performed by such Authorized Officer.

Section 11. If any section, subsection, sentence, clause or phrase of this resolution is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this resolution. The City Council hereby declares that it would have passed this resolution and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 12. The City Council finds the adoption of this resolution is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

Section 13. This Resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting the resolution.

ADOPTED on February 18, 2020.

AYES:

NOES:

ABSENT:

ABSTAIN:

NANCY HERSMAN
Mayor

ATTEST:

LIZA TAMURA
City Clerk

EXHIBIT A
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 KNN Public Finance (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 **\$6,470,000.00** (the "Estimated Principal Amount"), which excludes approximately **\$497,501.05** of net premium estimated to be generated based on current market conditions. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for the bonds is higher than the face value of such bonds.

True Interest Cost of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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 **1.93%**.

Finance Charge of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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 **\$691,708**.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is **\$5,997,301**.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is 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 proceeds of the Bonds, calculated to the final maturity of the Bonds, is **\$8,435,173**.