

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING AND AUTHORIZING THE EXECUTION OF DOCUMENTS AND APPROVING RELATED ACTIONS IN CONNECTION WITH THE ISSUANCE BY THE CITY OF SAN JOSE FINANCING AUTHORITY OF TAXABLE LEASE REVENUE BONDS, SERIES 2020B (ICE CENTRE PROJECT) IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$155,000,000

WHEREAS, the City of San José (the “City”) and the Redevelopment Agency of the City of San José (the “Former Agency”) have heretofore entered into a Joint Exercise of Powers Agreement establishing the City of San José Financing Authority (the “Authority”) for the purpose, among others, of having the Authority issue its bonds to finance and refinance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, the Former Agency, as of February 1, 2012, has been dissolved and the City has become the successor agency of the Former Agency pursuant to Part 1.85 of Division 24 of the California Health and Safety Code and per California Health and Safety Code Section 34178(b)(3), the joint exercise of powers agreement establishing the Authority remains in effect; and

WHEREAS, the Authority has heretofore determined to adopt and implement a program under which the Authority will provide financing for certain public capital improvements for the City; and

WHEREAS, the Authority previously issued its Taxable Lease Revenue Bonds, Series 2008E (Ice Centre Refunding Project) (the “Original 2008E Bonds”) pursuant to an Indenture of Trust dated as of July 1, 2008, as supplemented on October 1, 2010 (as so supplemented, the “Original 2008E Indenture”), for the purpose of refinancing the City’s acquisition and construction of an ice skating facility center, consisting of four ice skating rinks and related facilities, which is currently commonly known as the Solar4America Ice at San José (the “Ice Centre”); and

WHEREAS, the Authority subsequently re-designated the Original 2008E Bonds as its Taxable Lease Revenue Bonds, Series 2008E-1 (Ice Centre Refunding Project) (the “Series 2008E-1 Bonds”) and its Taxable Lease Revenue Bonds, Series 2008E-2 (Ice Centre Refunding Project) (the “Series 2008E-2 Bonds” and together with the Series 2008E-1 Bonds, the “2008E Bonds”); and

WHEREAS, the Original Indenture was amended and restated pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 2013 (the “2008E Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee for the purpose of converting the interest rate on the 2008E Bonds; and

WHEREAS, the 2008E Bonds are subject to optional redemption on any Interest Payment Date (as defined in the 2008E Indenture) at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the redemption date, without premium, and the Authority and the City wish to refund the outstanding 2008E Bonds; and

WHEREAS, the City also wishes to finance the acquisition and construction of public improvements (the “Ice Centre Expansion Project”) of benefit to the City, including two additional ice rinks and related facilities at the Ice Centre; and

WHEREAS, to refund the outstanding 2008E Bonds and finance the Ice Centre Expansion Project, the City has proposed to lease to the Authority certain real property and improvements, initially consisting of the Ice Centre, including land and improvements (the “Leased Property”), under a Site Lease, by and between the City and the Authority in consideration of the payment by the Authority of an upfront rental payment which is sufficient to provide funds for the refunding of the 2008E Bonds and the acquisition and construction of the Ice Centre Expansion Project; and

WHEREAS, in order to raise funds for such purposes, the Authority proposes to issue its City of San José Financing Authority Taxable Lease Revenue Bonds, Series 2020B (Ice Centre Project) in the aggregate principal amount not to exceed \$155,000,000 (the “2020B Bonds”) under Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the “Bond Law”); and

WHEREAS, in order to provide revenues which are sufficient to enable the Authority to pay debt service on the 2020B Bonds, the Authority proposes to lease the Leased Property back to the City under a Lease Agreement (the “Lease Agreement”), under which the City has agreed to pay semiannual lease payments as the rental for the Leased Property, and the Authority will assign substantially all of its rights under the Lease Agreement to Wilmington Trust, National Association, as trustee (the “Trustee” for the 2020B Bonds; and

WHEREAS, the Authority and the City propose to sell the 2020B Bonds to BofA Securities, Inc., J.P. Morgan Securities, LLC, and U.S. Bancorp Investments, Inc. (collectively, the “Underwriters”), pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”); and

WHEREAS, pursuant to Government Code Section 5852.1 which became effective on January 1, 2018, by the enactment of Senate Bill 450, certain financial information relating to the 2020B Bonds has been prepared by the City's municipal advisor and is attached to this Resolution as Exhibit A, and such information has been disclosed and made public; and

WHEREAS, the City Council has held a duly noticed public hearing in accordance with Section 6586.5 of the California Government Code, and has considered whether the financing of the Ice Centre Expansion Project by the issuance of 2020B Bonds will result in significant public benefits accruing from such financing; and

WHEREAS, both the City's Debt Management Policy and Section 4.34.200 of the City's Municipal Code require the affirmative vote of two-thirds of the members of the City Council (8 votes) to approve the issuance of lease revenue bonds to finance the improvement of real property, as is the case with the 2020B Bonds, which will fund the Ice Centre Expansion Project; and

WHEREAS, the City Council has duly considered such transactions and wishes at this time to approve certain matters relating to said transactions in the public interest of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE AS FOLLOWS:

Section 1. Findings and Determinations. The City Council has duly noticed and held a public hearing with respect to the approval by the City Council of the financing to be undertaken by the Authority for the City pursuant to the issuance and delivery of the 2020B Bonds to provide funding for the Ice Centre Expansion Project, and with respect to the significant public benefit to the City of such financing in accordance with the criteria specified in Section 6586 of the California Government Code. Based on the information provided to the City Council, the City Council approves the financing to be provided by the issuance and delivery of the 2020B Bonds, and the City Council further determines that there will be significant public benefits accruing to its members from such financing within the contemplation of Section 6586 of the California Government Code.

Section 2. Issuance and Sale of 2020B Bonds. The City Council hereby approves the sale of the 2020B Bonds under the Bond Law in the principal amount not to exceed \$155,000,000, by negotiation with the Underwriters. The proposed form of Bond Purchase Agreement in substantially the form posted to the agenda webpage for this meeting is hereby approved, and any of the City Manager, the Director of Finance, the Assistant Director of Finance, or the Deputy Director of Finance responsible for managing the City's debt program (each an "Authorized Officer" and, collectively, the

“Authorized Officers”), 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 Agreement in substantially said form, with any additions thereto (including the insertion of the maturity dates, principal amounts and interest rates of the 2020B Bonds) and changes therein as any of the Authorized Officers shall deem necessary, desirable or appropriate upon consultation with the City Attorney, the execution of which by an Authorized Officer shall be conclusive evidence of the approval of any such additions and changes, provided that the amount of Underwriters’ discount for the 2020B Bonds shall not exceed 0.4% of the par amount thereof, and the final maturity of the 2020B Bonds shall be no later than June 1, 2051. The City Council hereby authorizes the performance by the City of its obligations under the Bond Purchase Agreement.

Section 3. Approval of Related Financing Agreements. The City Council hereby approves each of the following agreements required for the issuance and sale of the 2020B Bonds, in substantially the respective forms posted to the agenda webpage for this meeting, and each Authorized Officer, acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver, and the City Clerk is hereby authorized and directed to attest, as applicable, the following agreements in substantially said forms, with any additions thereto and changes therein as any of the Authorized Officers shall deem necessary, desirable or appropriate upon consultation with the City Attorney, the execution of which by an Authorized Officer shall be conclusive evidence of the approval of any such additions and changes:

- Site Lease, between the City, as lessor, and the Authority, as lessee, under which the City leases the Leased Property to the Authority in consideration of the payment of an amount which will be applied to refund the 2008E Bonds and fund the acquisition, and fund construction of the Ice Centre Expansion Project.
- Lease Agreement, between the Authority, as lessor, and the City, as lessee, under which the Authority leases the Leased Property back to the City and the City agrees to pay semiannual lease payments which are sufficient to provide revenues with which to pay principal of and interest on the 2020B Bonds when due.
- Continuing Disclosure Certificate, to be executed by the City for the purpose of providing continuing disclosure to owners of the 2020B Bonds.

Section 4. Official Statement. The City Council hereby approves the proposed form of preliminary official statement with respect to the 2020B Bonds (the “Preliminary Official Statement”) in substantially the form posted to the agenda webpage for this meeting with such additions thereto or changes therein as any of the Authorized Officers, acting alone, shall deem necessary, desirable or appropriate upon consultation

with the City Attorney. The Authorized Officers are hereby authorized and directed, for and on behalf of the City, to execute all certificates necessary to deem final the Preliminary Official Statement as of its date, with the exception of certain final pricing and related information. The Preliminary Official Statement with such changes therein relating to the sale of the 2020B Bonds as any of the Authorized Officers shall deem necessary, desirable or appropriate upon consultation with the City Attorney shall hereinafter be referred to as the "Official Statement." The Authorized Officers are hereby authorized and directed, each acting alone for and on behalf of the City, to execute and deliver the Official Statement with such additions thereto or changes therein. The use and distribution of said Preliminary Official Statement and use and distribution of the Official Statement in connection with the sale of the 2020B Bonds is hereby ratified and approved. The execution of the Official Statement by an Authorized Officer shall be conclusive evidence of the approval of any such additions and changes to such document.

Section 5. Municipal Bond Insurance/Debt Service Reserve Policy. The Authorized Officers, each acting alone, are hereby authorized to take such actions as are necessary or advisable to obtain a municipal bond insurance policy and debt service reserve policy for the 2020B Bonds if it is determined, upon consultation with the Underwriters and the municipal advisor to the City, that such municipal bond insurance policy and/or debt service reserve policy will reduce the true interest costs with respect to the 2020B Bonds or otherwise facilitate the issuance of the 2020B Bonds.

Section 6. Official Actions. The Authorized Officers are each hereby authorized, acting alone, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the 2020B Bonds, the refunding of the 2008E Bonds, and the consummation of the transactions as described herein, including without limitation, such documents, assignments, refunding instructions, certificates, termination agreements, escrow agreements and other agreements as may be required by the Indenture, the Lease Agreement, the Bond Purchase Agreement, or any other document executed in connection with the issuance and delivery of the 2020B Bonds.

Any authority delegated under this Resolution to a specified official (including officials acting in these positions on an interim basis) may also be exercised by the specified official's authorized designee.

ADOPTED this ____ day of _____, 2020, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

EXHIBIT A

REQUIRED GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the 2020B Bonds: 3.27%.
2. Finance charge for the 2020B Bonds, being the sum of all fees and charges paid to third parties (Costs of Issuance of approximately \$1,143,794.00 plus estimated underwriter's compensation of \$588,960.00): \$1,732,754.00.
3. Amount of proceeds of the 2020B Bonds expected to be received by the Authority, net of proceeds for Costs of Issuance described in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the proceeds of the 2020B Bonds: \$128,358,467.68.
4. Total payment amount for the 2020B Bonds, being the sum of (a) debt service to be paid on the 2020B Bonds to final maturity, plus (b) any financing costs not paid from proceeds of the 2020B Bonds: \$237,642,888.94.

**All amounts and percentages are estimates, and are made in good faith by the City based on information available as of the date of adoption of this Resolution. Estimates include certain assumptions regarding taxable rates available in the bond market at the time of pricing the 2020B Bonds.*