

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9319-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A GROUND LEASE, LEASE AGREEMENT, INDENTURE, ESCROW AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF GARDEN GROVE PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2015A, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$28,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the City of Garden Grove, California (the "City") is a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State");

WHEREAS, the City previously financed a portion of the costs of the acquisition, construction and installation of certain real property and other capital improvements as set forth in the 2002 Lease Agreement described below (the "2002 Project");

WHEREAS, in order to accomplish such financing, the City determined to provide the funds necessary to finance the acquisition, construction and installation of the 2002 Project through its City of Garden Grove Certificates of Participation Series A of 2002 (2002 Financing Project) (the "2002 Certificates"), payable from certain lease payments to be made by the City under a Lease/Purchase Agreement with the Garden Grove Public Financing Authority (the "Authority") (the "2002 Lease Agreement");

WHEREAS, the Authority is a joint exercise of powers agency duly organized and existing under the laws of the State, including the Marks-Roos Local Bond Pooling Act of 1989, as amended (the "Act");

WHEREAS, the City desires to refinance all or a portion of the 2002 Project originally financed with the proceeds of the 2002 Certificates;

WHEREAS, in addition, the City desires to finance the acquisition and/or construction of various "public capital improvements" within the meaning of the Act (defined below) consisting of a fire station, police building renovations or other capital improvements listed on the City's 5-year capital improvement plan, all of which are or shall be located within the boundaries of the City and collectively constitute the "2015 Project;"

WHEREAS, the Authority and the City have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the "Garden Grove Public Financing Authority Lease Revenue Bonds,

Series 2015A" (the "Bonds") for the purpose of financing the 2015 Project and refinancing the 2002 Certificates;

WHEREAS, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Ground Lease between the City and the Authority (the "Ground Lease") pursuant to which the City will lease certain real property (which real property shall consist of assets generally described as the Garden Grove Community Center property, inclusive of the Senior Center and Police Annex, and Garden Grove Park, subject to adjustment as described in Section 2 below) ("Leased Assets") to the Authority, and a Lease Agreement between the City and the Authority (the "Lease Agreement"), pursuant to which the City will lease the Leased Assets back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which are pledged to the owners of the Bonds by the Authority pursuant to an Indenture of Trust by and between U.S. Bank National Association (the "Trustee") and the Authority (the "Indenture");

WHEREAS, the City and the Authority have determined that debt service savings can be achieved by the prepayment and defeasance of the 2002 Certificates;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance the 2015 Project and refinance the 2002 Project originally financed with the proceeds of the 2002 Certificates through the offering and sale of the Bonds;

WHEREAS, the defeasance of the 2002 Certificates to be prepaid will be accomplished by means of an Escrow Agreement (the "Escrow Agreement") by and between U.S. Bank National Association, as escrow agent ("Escrow Agent") and the City, the form of which has been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, the Bonds will be issued pursuant to the Act and the 2002 Project and the 2015 Project are eligible to be refinanced and financed, respectively, pursuant to the Act;

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Samuel A. Ramirez & Co., Incorporated and Mesirow Financial, Incorporated, to act as co-underwriters ("Underwriter") to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement");

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the underwriter thereof must have reasonably determined that the City has undertaken in a written agreement or contract for the benefit of the holders of the

Bonds to provide disclosure of certain financial information and certain events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the City desires to execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") has been prepared;

WHEREAS, the City is a member of the Authority and the 2015 Project and the 2002 Project are located within the boundaries of the City;

WHEREAS, the City has prior to the consideration of this Resolution held a Public Hearing on the refinancing of the 2002 Certificates with the proceeds of the issuance of the Bonds in accordance with Section 6586.5 of the Act, which hearing was held at 12732 Main Street, Garden Grove, California on September 22, 2015;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such Public Hearing was published once at least ten days prior to the hearing in an adjudicated local newspaper of general circulation in the City;

WHEREAS, the issuance of the 2015 Bonds is not a "project" within the meaning of the California Environmental Quality Act ("CEQA"), specifically CEQA Guidelines Section 15378, and thus is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3);

WHEREAS, the City Council has been presented with the form of each document referred to herein relating to the refinancing contemplated hereby, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refinancing; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such refinancing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, as follows:

Section 1. Each of the above recitals is true and correct. Following a duly noticed and conducted Public Hearing, the City Council hereby further finds and determines that there are significant public benefits to the citizens of the City through

the use of the Act to assist the City with respect to the subject matter hereof through the approval of the issuance of the Bonds and otherwise hereunder within the meaning of Section 6586(a)-(d), inclusive, of the Act, in that the issuance of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the City.

Section 2. The forms of the Ground Lease and Lease Agreement, on file with the City Clerk, are hereby approved, and the Mayor of the City, or such other member of the City Council as the Mayor may designate, the City Manager of the City and the Finance Director of the City (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Ground Lease and Lease Agreement in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Ground Lease and Lease Agreement shall terminate no later than December 1, 2045, (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest components of the Base Rental Payments shall not exceed 5.0% per annum. In the event that it is determined by the City Manager, or his designee, that there are limitations or restrictions on the ability of the City to lease or sublease any portion of the Leased Assets as contemplated by the Ground Lease and Lease Agreement, the City Manager, or his designee, may designate other or additional real property of the City to be leased or subleased pursuant to the Ground Lease and Lease Agreement, with such designation to be conclusively evidenced by the execution and delivery of the Ground Lease and Lease Agreement by one or more of the Authorized Officers.

Section 3. The form of Indenture, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Bonds shall not exceed \$28,000,000, the final maturity date of the Bonds shall be no later than December 1, 2045 and the true interest cost applicable to the Bonds shall not exceed 5.00% per annum, and, provided, further, that such changes, insertions and omissions shall be consistent with the terms of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement.

Section 4. The Bond Purchase Agreement, on file with the City Clerk, is hereby approved and the Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the acceptance thereof set forth in the Bond Purchase Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the

execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount paid by the Underwriter) from the principal amount of the Bonds in excess of thirty-five hundredths of one percent (0.35%) of the aggregate principal amount of the Bonds.

Section 5. The issuance of not to exceed \$28,000,000 aggregate principal amount of the Bonds, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby approved.

Section 6. The form of Preliminary Official Statement, on file with the City Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the City that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Bonds a reasonable number of copies of the Preliminary Official Statement.

Section 7. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the City, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the City.

Section 8. The form of Escrow Agreement, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Escrow Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The form of Continuing Disclosure Certificate, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes,

insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced to the execution and delivery thereof.

Section 10. The officers, employees and agents of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, but not limited to, the execution and delivery of agreements terminating the leasehold and subleasehold interests of the City and the Authority securing the 2002 Certificates. Specifically and without limiting the foregoing, the Finance Director is authorized and directed to solicit and accept bids for bond insurance and/or reserve surety for the Bonds, provided he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and/or reserve surety and the terms thereof, are hereby authorized and approved. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 11. This Resolution shall take effect from and after its date of adoption.

Adopted this 22<sup>nd</sup> day of September 2015.

ATTEST:

/s/ STEVEN R. JONES  
MAYOR PRO TEM

/s/ KATHLEEN BAILOR, CMC  
CITY CLERK

STATE OF CALIFORNIA )  
COUNTY OF ORANGE ) SS:  
CITY OF GARDEN GROVE)

I, KATHLEEN BAILOR, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California, at a meeting held on the 22<sup>nd</sup> day of September 2015, by the following vote:

AYES: COUNCIL MEMBERS: (4) BEARD, BUI, PHAN, JONES  
NOES: COUNCIL MEMBERS: (0) NONE  
ABSENT: COUNCIL MEMBERS: (1) NGUYEN

/s/ KATHLEEN BAILOR, CMC  
CITY CLERK