

RESOLUTION NO. 44-2023

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFICA
APPROVING THE RECEIPT OF FUNDS FROM THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK IN THE
MAXIMUM PRINCIPAL AMOUNT OF \$21,000,000 TO FINANCE
WASTEWATER SYSTEM IMPROVEMENTS, SECURED BY A PLEDGE OF A
LIEN ON NET REVENUES OF THE WASTEWATER SYSTEM AND,
AUTHORIZING THE ENGAGEMENT OF JONES HALL, A PROFESSIONAL
LAW CORPORATION, TO SERVE AS BOND COUNSEL AND AUTHORIZING
THE EXECUTION AND DELIVERY OF A RELATED INSTALLMENT SALE
AGREEMENT AND APPROVING RELATED MATTERS AND OFFICIAL
ACTIONS**

WHEREAS, the City of Pacifica (the "City") owns and operates a system for the collection, treatment and disposal of wastewater within the service area of the City (the "Wastewater System"), and the City is proceeding to acquire and construct additional improvements to the Wastewater System consisting generally of the rehabilitation and replacement of the Lower Linda Mar wastewater collection systems and the replacement of an Ultraviolet Disinfection System (the "Projects"); and

WHEREAS, in order to provide financing for the Projects, the City has proposed to enter into an Installment Sale Agreement (the "Installment Sale Agreement") with the California Infrastructure And Economic Development Bank (the "Infrastructure Bank"), under which the Infrastructure Bank will agree to provide financing in the amount of not to exceed \$21 million the proceeds of which will be applied to acquire and construct the Projects, and under which the Infrastructure Bank will agree to sell the completed Projects to the City in exchange for periodic installment payments as the purchase price of the completed Projects (the "Installment Payments"); and

WHEREAS, the Installment Payments will be payable from and secured by a pledge and lien on the net revenues received by the City from the Wastewater System, on a parity with the obligations of the City under an Installment Sale Agreement dated August 27, 2012, between the City and the City of Pacifica Financing Authority (the "Authority"), the City of Pacifica 2014 Wastewater Revenue Refunding Bonds and the obligations of the City under an Installment Sale Agreement dated as of June 1, 2017, between the Authority and the City (collectively, the "Prior Wastewater System Obligations"); and

WHEREAS, in accordance with Government Code Section 5852.1, the City has obtained and wishes to disclose certain financial information relating to the execution and delivery of the Installment Sale Agreement as set forth in Appendix A hereto; and

WHEREAS, the execution and delivery of the Installment Sale Agreement will be in compliance with the Debt Issuance and Management Policy which has been adopted by the City; and

WHEREAS, the City Council wishes at this time to approve and authorize the execution and delivery of the Installment Sale Agreement and all related agreements and official actions, for the purpose of providing funds to finance the cost of the Projects in furtherance of the public purposes of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pacifica as follows:

Section 1. Recitals. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of Financing. The City Council hereby approves the receipt of funds from the Infrastructure Bank in the maximum principal amount of \$21 million for the purpose of providing financing for the Projects. Such financing shall be accomplished pursuant to the Installment Sale Agreement which is approved pursuant to Section 3.

Section 3. Approval of Installment Sale Agreement. The City Council hereby approves the Installment Sale Agreement between the City and the Infrastructure Bank, in substantially the form on file with the City Clerk together with any minor changes therein or additions thereto deemed advisable by the City Manager, the Finance Director and/or the City Attorney, or the written designee of any of them (each, a "City Representative"), whose execution thereof shall be conclusive evidence of the approval of any such changes or additions. A City Representative is hereby authorized and directed for and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Installment Sale Agreement.

Section 4. Pledge of Net Revenues of Wastewater System. As provided in the Installment Sale Agreement, the City shall be obligated to pay the Installment Payments which are due thereunder from the net revenues of the Wastewater System. The Installment Payments shall be secured by a pledge of and lien on the net revenues of the Wastewater System on a parity with the Prior Wastewater System Obligations. A City Representative is hereby authorized and directed to execute and deliver to the Infrastructure Bank all certifications and other documents as may be required to evidence such pledge of and lien on the net revenues of the Wastewater System.

Section 5. Engagement of Bond Counsel. The City Council hereby approves the engagement of Jones Hall, A Professional Law Corporation, to serve as bond counsel to the City in connection with the execution and delivery of the Installment Sale Agreement and the financing of the Projects as described in this Resolution. Said firm shall be engaged pursuant to the agreement with the City in the form on file with the City Clerk, which a City Representative is hereby authorized and directed to execute on behalf of the City. As provided in said agreement, compensation to Bond Counsel shall be contingent upon the successful execution and delivery of the Installment Sale Agreement and the financing of the Projects.

Section 6. Official Actions. The City Representatives are hereby authorized and directed, for and on behalf of the City, to do any and all things and take any and all actions and execute any and all certificates, agreements, and other documents, and to take any and all other actions, in furtherance of and consistent with the transactions contemplated by this Resolution. All actions previously taken by the City with respect to the transactions contemplated by this Resolution are hereby approved, confirmed and ratified.

Section 7. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

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PASSED AND ADOPTED at a regular meeting of the City Council of the City of Pacifica, California, held on the 8th day of May, 2023, by the following vote:

AYES, Councilmembers: *Beckmayer, Bier, Bigstycck, Botes, Vaterlaus.*

NOES, Councilmembers: *n/a*

ABSENT, Councilmembers: *n/a*

ABSTAIN, Councilmembers: *n/a*

Tygarjas Twyrls Bigstycck

Tygarjas Twyrls Bigstycck, Mayor

ATTEST:

Sarah Coffey

Sarah Coffey, City Clerk

APPROVED AS TO FORM:

Michelle Kenyon

Michelle Kenyon, City Attorney

EXHIBIT A

**REQUIRED DISCLOSURES PURSUANT TO
GOVERNMENT CODE SECTION 5852.1**

1. True Interest Cost of the Installment Payments (Estimated): 4.36%.
2. Finance charge of the Installment Sale Agreement and the Credit Agreement, being the sum of all fees and charges paid to third parties, in the amount of approximately \$50,000.
3. Proceeds of the Installment Sale Agreement and the Credit Agreement expected to be received by the City, net of proceeds for finance charges in (2) above (Estimated): \$20,950,000. No portion of such proceeds will be applied to pay capitalized interest on the Installment Payments or to establish a reserve fund for the Installment Payments.
4. Total Installment Payments to be paid to final maturity (Estimated): \$37,340,191.

**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 the final terms and provisions of the Installment Sale Agreement.*