

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2018

A RESOLUTION APPROVING AN INSTALLMENT SALE AGREEMENT
AND APPROVING FINAL FORM OF FINANCING DOCUMENTS
AND OFFICIAL ACTIONS

WHEREAS, the City of Mountain View operates an enterprise system for the collection, transmission, treatment, and disposal of wastewater within the service area of the City (the "Wastewater System"); and

WHEREAS, the City owns and operates facilities and property for the collection and transmission of wastewater; and

WHEREAS, the City transmits its wastewater for treatment to a system of transmission, treatment, and disposal of wastewater (the "Joint System") owned and administered by the City of Palo Alto; and

WHEREAS, the Joint System is governed by an agreement entitled "Basic Agreement Between the City of Palo Alto, the City of Mountain View and the City of Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System," dated October 10, 1968 (the "Basic Agreement"), which Basic Agreement has been previously supplemented and amended (as the Basic Agreement has been supplemented or amended, the "Joint Agreement"):

(i) "Addendum No. 1 to Basic Agreement between the City of Palo Alto, the City of Mountain View and the City of Los Altos," dated December 5, 1977;

(ii) "Addendum No. 2 to Basic Agreement between the Cities of Palo Alto, Mountain View, and Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System," dated January 14, 1980;

(iii) "Addendum No. 3 to an Agreement by and between the Cities of Palo Alto, Mountain View and Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System," dated April 9, 1985;

(iv) "An Industrial Waste Control and Pretreatment Enforcement Agreement by and between the City of Palo Alto and the City of Mountain View, A Contributing Jurisdiction, Supplemental to the Basic Agreement dated October 10, 1968, as amended," dated October 31, 1989;

(v) "Addendum No. 4 to the Agreement by and between the Cities of Mountain View, Los Altos, and Palo Alto," dated May 30, 1991;

(vi) "Addendum No. 5 to Basic Agreement between the Cities of Palo Alto, Mountain View and Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System," dated July 31, 1992;

(vii) "Addendum No. 6 to Basic Agreement between the City of Palo Alto, the City of Mountain View and the City of Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System," dated March 16, 1998 (the "Sixth Addendum");

(viii) "Addendum No. Seven to the Basic Agreement between the City of Palo Alto, the City of Mountain View and the City of Los Altos for the Acquisition, Construction and Maintenance of a Joint Sewer System," dated April 15, 2009; and

(ix) Addendum No. Eight to the Basic Agreement between the City of Palo Alto, the City of Mountain View and the City of Los Altos for the Acquisition, Construction and Maintenance of a Joint Sewer System," dated October 17, 2016; and

WHEREAS, the City is entitled to a portion of the capacity of the Joint System under the Joint Agreement; and

WHEREAS, the City wishes to finance the acquisition and installation of improvements consisting of the projects listed on Appendix A (the "Project"); and

WHEREAS, to accomplish the financing for the Project, it is necessary for the City to enter into certain installment sale agreement financing documents; and

WHEREAS, the City's installment payment obligation under the installment sale agreement financing documents will be secured by a pledge of net revenues of the Wastewater System on a parity basis with the City's obligation under the Joint Agreement to pay its proportionate share of debt service on obligations incurred by the City of Palo Alto to finance the Joint System; and

WHEREAS, there has been presented to the City Council for approval that certain Installment Sale Agreement by and between the City, as purchaser, and the City of Mountain View Capital Improvements Financing Authority (the "Financing Authority"), as seller (the "Installment Sale Agreement"), pursuant to which the City will make installment payments to the Financing Authority for the purchase price of the Project; and

WHEREAS, concurrently with the execution of the Installment Sale Agreement, the Financing Authority will enter into an Assignment Agreement (the "Assignment Agreement") by and between the Financing Authority, as assignor, and Opus Bank (the "Assignee"), as assignee, pursuant to which the Financing Authority will assign to the Assignee substantially all of the Financing Authority's rights, title, and interest under the Installment Sale Agreement; and

WHEREAS, in connection therewith, it is in the public interest and for the common benefit and municipal purpose that the City authorize and direct execution of the Installment Sale Agreement and certain other financing documents in connection therewith; and

WHEREAS, pursuant to Government Code Section 5852.1, which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Installment Payments is set forth in Appendix B, attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, United States Income Tax Regulations Section 1.150-2 provides generally that proceeds of tax-exempt obligations are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such obligations unless certain procedures are followed, one of which is a requirement that prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the City declares its official intent to reimburse expenditures related to the acquisition and construction of the Project; and

WHEREAS, the documents below specified have been filed with the City, and the members of the City Council, with the aid of its staff, have reviewed said documents;

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

Section 1. Installment Sale Agreement. The City Council hereby approves the Installment Sale Agreement relating to the financing of the Project, between the City and the Financing Authority, in the form thereof on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager or the Finance and Administrative Services Director (each, an "Authorized Officer"); provided that the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions; provided, further, that the purchase price to be funded by the Assignee shall not exceed Ten Million One Hundred Thousand Dollars (\$10,100,000). An Authorized Officer is hereby authorized and

directed for and in the name 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 2. Assignment by Financing Authority. The City Council hereby approves the assignment by the Financing Authority of its rights under the Installment Sale Agreement, including the right to receive the Installment Payments, to the Assignee. Such assignment shall be made pursuant to an Assignment Agreement between the Financing Authority and the Assignee in substantially the form on file with the City Clerk, which the City Council hereby approves.

Section 3. Official Actions. The City hereby declares that it reasonably expects: (i) to pay certain costs of acquiring and constructing the Project prior to the date of execution and delivery of the Installment Sale Agreement; and (ii) to use a portion of the proceeds of the financing for reimbursement of Project costs that are paid before the date of execution and delivery of the Installment Sale Agreement.

Section 4. Official Actions. The Mayor, the City Manager, the Finance and Administrative Services Director, the City Clerk, and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants, and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning, or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 5. Engagement of Professional Services. In connection with the Installment Sale Agreement, the City Council hereby approves the engagement of bond counsel services with the firm of Jones Hall, A Professional Law Corporation, and municipal advisor services with the firm of Public Financial Management. The Finance and Administrative Services Director or the City Attorney is hereby authorized and directed to execute an agreement with each of such firms.

Section 6. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Section 7. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

SN/2/RESO
541-10-23-18r

Appendices: A. Project Description
B. Government Code Section 5852.1 Disclosure

PROJECT DESCRIPTION

Middlefield Road Sewer Replacement
Interceptor Force Trunk Main Rehabilitation
San Antonio Sewer Improvements
Long-Term Sewage Pump Station Repairs
Water/Sewer Main Replacement Crossing Highway 101
Such other projects identified by the City Manager

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541-10-23-18AppA

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's municipal advisor which has been represented by such party to have been provided in good faith:

- (A) True Interest Cost of the Installment Payments: 2.93%
- (B) Finance Charge of the Installment Payments (Sum of all fees/charges paid to third parties): \$53,500.00
- (C) Net Proceeds to Be Received (net of finance charges, reserves and capitalized interest, if any), assuming the entire authorized amount is drawn the City: \$10,046,500.00
- (D) Total Payment Amount through Maturity, assuming the entire authorized amount is drawn the City: \$12,650,651.50

The foregoing estimates constitute good-faith estimates only. The estimates reflect an assumption that the financing proceeds will be drawn by the City in 10 installments through May 1, 2020. The principal component of the Installment Payments, the true interest cost of the Installment Payments, the finance charges thereof, the amount of proceeds received therefrom, and total payment amount with respect thereto may differ from such good-faith estimates due to: (a) the actual date of the closing being different than the date assumed for purposes of such estimates; (b) the actual principal component of the Installment Payments being different from the estimated amount used for purposes of such estimates; (c) the schedule on which the City draws financing proceeds and the actual amortization of the principal component of the Installment Payments being different than the schedule and amortization assumed for purposes of such estimates; (d) the actual interest rate applicable to the Installment Payments being different than that estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors. The actual closing date and the actual principal component of the Installment Payments will be determined by the City based on the timing of the need for proceeds of the financing and other factors. The actual interest rates applicable to the Installment Payments will depend on market interest rates on the closing date. The actual amortization of the principal component of the Installment Payments will also depend, in part, on the interest rate applicable to the Installment Payments. Market interest rates are affected by economic and other factors beyond the control of the City.