RESOLUTION NO. 2018-17

A RESOLUTION AUTHORIZING AND DIRECTING THE SALE OF NOT TO EXCEED $30,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF BELL GENERAL OBLIGATION REFUNDING BONDS, SERIES 2018A AND SERIES 2018B (FEDERALLY TAXABLE), AND LEVYING AN AD VALOREM TAX WITH RESPECT THERETO; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, TWO PAYING AGENT AGREEMENTS AND A PRELIMINARY OFFICIAL STATEMENT; AUTHORIZING EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT; DISCLOSING CERTAIN INFORMATION REQUIRED BY SENATE BILL 450; APPROVING A DEBT POLICY; AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Bell, California (the “City”) is a charter city duly organized and existing under the Constitution and laws of the State of California; and

WHEREAS, the provisions of Article 4.5 (commencing with section 53506) of Division 2 of Title 5 of the California Government Code (the “Bond Law”) empower the City to issue general obligation bonds which are authorized by two-thirds of the qualified electors of the City; and

WHEREAS, at a special municipal election held on November 4, 2003, more than two-thirds of the qualified electors of the City authorized the issuance by the City of its general obligation bonds in an amount not to exceed $70,000,000 to finance various public capital improvements in the City; and

WHEREAS, on November 18, 2004 the City issued and delivered its General Obligation Bonds (Election of 2003), Series 2004 (the “2004 Bonds”) in the aggregate principal amount of $15,000,000 to finance the acquisition and construction and/or improvement of certain public facilities within the City; and

WHEREAS, on September 6, 2007 the City issued and delivered its General Obligation Bonds (Election of 2003), Series 2007 (the “2007 Bonds”) in the aggregate principal amount of $35,000,000 to finance the acquisition and construction and/or improvement of certain public facilities within the City; and

WHEREAS, the City has determined to issue its General Obligation Refunding Bonds, Series 2018A and Series 2018B (Federally Taxable) in an aggregate principal amount not to exceed $30,000,000 to refund all or a portion of the outstanding 2004 Bonds and/or the outstanding 2007 Bonds; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the governing body of a public body obtain prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds,
and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

NOW, THEREFORE, BE IT RESOLVED as follows:

Section 1. Conditions Precedent. All conditions, things and acts required by law to exist, to happen and to be performed precedent to and in connection with the issuance of the City of Bell General Obligation Refunding Bonds, Series 2018A (the "2018A Bonds") and City of Bell General Obligation Refunding Bonds, Series 2018B (Federally Taxable) (the "2018B Bonds" and, together with the 2018A Bonds, the "Bonds"), exist, have happened and have been performed in due time, form and manner, in accordance with applicable law, and are now authorized pursuant to applicable law to incur indebtedness in the manner and form provided in this Resolution, as may be supplemented from time to time.

Section 2. Findings. The City Council of the City of Bell (the "City Council") hereby finds and determines that a negotiated sale of the Bonds is necessary and appropriate to access the municipal market in an efficient manner to achieve debt service savings.

Section 3. Issuance of Bonds. The City Council hereby authorizes the issuance of the Bonds, in an aggregate principal amount of not to exceed $30,000,000 on a negotiated basis, subject to the terms and conditions set forth in the Bond Purchase Agreement and to the following:

(a) The 2018A Bonds shall not have a true interest cost in excess of 4.75%. The 2018B Bonds shall not have a true interest cost in excess of 5.75%. For purposes of this paragraph, true interest cost means that nominal annual interest rate which, when compounded semiannually and used to discount all payments of principal and interest payable on the bonds to the dated date of such bonds results in an amount equal to the principal amount of such bonds plus the amount of any premium offered (disregarding for the purposes of the calculation the accrued interest to the date of delivery of the Bonds); and

(b) The underwriter's discount at which the Bonds may be sold shall not exceed 0.55% of the principal amount thereof.

Section 4. Good Faith Estimates. In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the 2018A Bonds and the 2018B Bonds, (b) the sum of all fees and charges paid to third parties with respect to the 2018A Bonds and the 2018B Bonds, (c) the amount of proceeds of the 2018A Bonds and the 2018B Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the 2018A Bonds and the 2018B Bonds, and (d) the sum total of all debt service payments on the 2018A Bonds and the 2018B Bonds calculated to the final maturity of the 2018A Bonds and the 2018B Bonds plus the fees and charges paid to third parties not paid with the proceeds of the 2018A Bonds and the 2018B Bonds.

Section 5. Form of Bonds. The form of the 2018A Bonds and the 2018B Bonds, in substantially the form attached as Exhibit A to the applicable Paying Agent Agreement described below, is approved and adopted. The Mayor of the City, or his designee (the "Mayor") is authorized and directed to approve and to execute the Bonds by manual or facsimile signature, and the City Clerk is authorized and directed to attest, by manual signature and to
cause the seal of the City to be reproduced or impressed on the Bonds, if applicable, with such changes, additions, amendments or modifications made in accordance with the provisions hereof. The Bonds may be issued on a taxable or tax-exempt basis, depending on advice from Bond Counsel, at the election of the Mayor, as evidenced conclusively by the execution and delivery of the Bonds.

Section 6. **Paying Agent Agreements.** The form of each Paying Agent Agreement (the "Paying Agent Agreements" and each a "Paying Agent Agreement") by and between the City and ZB, National Association dba Zions Bank, or such other paying agent selected by the City Manager of the City (the "City Manager") named therein (the "Paying Agent") in substantially the forms filed with the City Clerk, are approved and adopted. The Mayor, or his designee, the Mayor Pro Tem, or the City Manager, or his designee, is authorized and directed to approve by manual signature each Paying Agent Agreement in substantially such form, with such changes, additions, amendments or modifications which are approved by the Mayor, or his designee, the Mayor Pro Tem, or the City Manager, or his designee, such approval to be evidenced conclusively by such execution.

Section 7. **Tax Levy.** For the purpose of paying the principal of and interest on the Bonds, the City at the time of fixing the general tax levy shall continue to fix, and in the manner provided for such general tax levy, levy and collect annually each year an *ad valorem* tax in an amount sufficient to pay the principal of and interest on the Bonds when due, or in a lesser amount if provision for their payment has otherwise been made in accordance with the applicable Paying Agent Agreement, until all outstanding Bonds have been paid; provided, however, that if the City Council expects to sell any Bonds at such time that the principal of or interest on such Bonds will become due before the proceeds of a tax levied after such sale would be available to pay such principal or interest, the City, at the time of fixing the annual tax levy, may levy a tax in an amount sufficient to pay that portion of the principal of and interest on the Bonds that it expects will become due before the proceeds of the next succeeding tax levy will be available. Such tax shall be in addition to all other taxes levied for City purposes and shall be collected at the same time and in the same manner as other taxes of the City are collected. Pursuant to this Resolution, the City pledges as security for the 2018A Bonds and the 2018B Bonds and the interest thereon, and the Treasurer of the City (the "Treasurer") is hereby directed to transfer the proceeds of such tax described in this Section 7 to the Paying Agent as provided in each Paying Agent Agreement.

Section 8. **Bond Purchase Agreement.** The form of Bond Purchase Agreement (the "Bond Purchase Agreement") between the City and Stifel, Nicolaus & Company, Incorporated, as underwriter for the Bonds in substantially the form filed with the City Clerk, is approved and adopted. The Mayor, or his designee, the Mayor Pro Tem, or the City Manager, or his designee, is authorized and directed to approve by manual signature the Bond Purchase Agreement in substantially such form, with such changes, additions, amendments or modifications, which are approved by the Mayor, or his designee, the Mayor Pro Tem, or the City Manager, or his designee, such approval to be evidenced conclusively by such execution.

Section 9. **Continuing Disclosure Agreements.** The form of each Continuing Disclosure Agreement (the "Continuing Disclosure Agreements" and each a "Continuing Disclosure Agreement") by and between the City and a dissemination agent to be named therein, in substantially the form filed with the City Clerk, are approved and adopted. The Mayor, his designee, or the Mayor Pro Tem, or the City Manager, or his designee, is authorized and directed to approve by manual signature the Continuing Disclosure Agreements in substantially such forms, with such changes, additions, amendments or modifications, which are approved by
the Mayor, or his designee, the Mayor Pro Tem, or the City Manager, or his designee, such approval to be evidenced conclusively by such execution.

Section 10. Preliminary Official Statement. The City Manager is authorized and directed, to cause there to be prepared a preliminary official statement for the Bonds authorized by this Resolution. The form of proposed preliminary official statement (the “Preliminary Official Statement”), in substantially the form presented to the City Council, and filed with the City Clerk, is approved and adopted with such changes, additions, amendments or modifications as may be made in accordance with the provisions hereof. The City Manager is authorized to cause the distribution of a Preliminary Official Statement for the Bonds, deemed final for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, and the City Manager, or his designee, is authorized to execute a certificate to that effect. The City Manager, or his designee, is authorized and directed to sign a final Official Statement for the Bonds. The City Manager, or his designee, is authorized and directed to cause to be delivered to prospective purchasers of the Bonds copies of the Preliminary Official Statement and the final Official Statement.

Section 11. Debt Policy. The Debt Policy on file with the City Clerk is hereby approved and adopted.

Section 12. Modification to Documents. Any City official authorized by this Resolution to execute any document is further authorized, to approve and make such changes, additions, amendments or modifications to the document or documents the official is authorized to execute as may be necessary or advisable. The approval of any change, addition, amendment or modification to any of such documents shall be evidenced conclusively by the execution and delivery of such document.

Section 13. General Authority. The Mayor, the Mayor Pro Tem, the City Manager, the City Clerk and any other official of the City and their duly authorized designees, deputies and agents are authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents including, without limitation, escrow agreements, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds, and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

Section 14. Ratification. All actions heretofore taken by the officials, employees and agents of the City with respect to the sale and issuance of the 2018A Bonds and the 2018B Bonds are approved, confirmed and ratified.

PASSED, APPROVED AND ADOPTED at a regular meeting held on the 28th day of March 2018.

[Signature]
Fidencio J. Gallardo, Mayor
CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Angela Bustamante, City Clerk of the City of Bell, certify that Resolution No. 2018-17 was adopted by the City Council of the City of Bell at a regular meeting thereof, held on the 28th day of March 2018, by the following vote:

AYES: Councilmembers Romero, Saleh, Valencia, Vice-Mayor Quintana and Mayor Gallardo

NOES: None

ABSTAIN: None

ABSENT: None

Angela Bustamante, City Clerk
EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from the Municipal Advisor with respect to the bonds approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the 2018A Bonds and the 2018B Bonds:

1. **True Interest Cost.** Assuming an aggregate principal amount of $9,350,000 of the 2018A Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2018A 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 2018A Bonds, is 3.33%.

Assuming an aggregate principal amount of $15,375,000 of the 2018B Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2018B 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 2018B Bonds, is 4.43%.

2. **Finance Charges.** A good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018A Bonds</th>
<th>2018B Bonds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Underwriter’s Discount</td>
<td>$ 51,425</td>
<td>$ 84,565</td>
<td>$135,990</td>
</tr>
<tr>
<td>b) Credit Enhancement</td>
<td>121,745</td>
<td>200,200</td>
<td>321,945</td>
</tr>
<tr>
<td>c) Bond Counsel and Disbursements</td>
<td>32,400</td>
<td>32,400</td>
<td>64,800</td>
</tr>
<tr>
<td>d) Disclosure Counsel and Disbursements</td>
<td>19,000</td>
<td>19,000</td>
<td>38,000</td>
</tr>
<tr>
<td>e) Municipal Advisor and Disbursements</td>
<td>31,000</td>
<td>31,000</td>
<td>62,000</td>
</tr>
<tr>
<td>f) Rating Agency</td>
<td>8,900</td>
<td>14,600</td>
<td>23,500</td>
</tr>
<tr>
<td>g) Other Expenses</td>
<td>15,000</td>
<td>15,000</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$279,470</td>
<td>$396,765</td>
<td>$676,235</td>
</tr>
</tbody>
</table>

*Including the cost of underwriter’s counsel, regulatory fees and other costs.

3. **Amount of Proceeds to be Received.** Assuming an aggregate principal amount of $9,350,000 of the 2018A Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the 2018A Bonds less the finance charge of the 2018A Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the 2018A Bonds, is $10,395,000. Such proceeds will be used to refund and defease the 2007 Bonds.
Assuming an aggregate principal amount of $15,375,000 of the 2018B Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the 2018B Bonds less the finance charge of the 2018B Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the 2018B Bonds, is $14,980,000.

4. **Total Payment Amount.** Assuming an aggregate principal amount of $9,350,000 of the 2018A Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the 2018A Bonds plus the finance charge of the 2018A Bonds described in paragraph 2 above, calculated to the final maturity of the 2018A Bonds, is $13,990,000.

Assuming an aggregate principal amount of $15,375,000 of the 2018B Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the 2018B Bonds plus the finance charge of the 2018B Bonds described in paragraph 2 above not paid with the proceeds of the 2018B Bonds, calculated to the final maturity of the 2018B Bonds, is $23,890,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of 2018B Bond sales, the amount of 2018B Bonds sold, the amortization of the 2018B Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of 2018B Bonds sold will be determined by the Authority based on need for escrow funds and other factors. The actual interest rates at which the 2018B Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the 2018B Bonds will also depend, in part, on market interest rates at the time of sale; provided, however that the final maturity of the 2018B Bonds shall not exceed the final maturity of the 2007 Bonds. Market interest rates are affected by economic and other factors beyond the City's control. The City has approved the issuance of the 2018A Bonds with a maximum true interest cost of 4.75%. The City has approved the issuance of the 2018B Bonds with a maximum true interest cost of 5.75%.