

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. \_\_\_\_-22

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AUTHORIZING THE ISSUANCE OF BONDS TO REFUND AND PREPAY CERTAIN PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT AND BOND PURCHASE AGREEMENT, AUTHORIZING JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS, AND APPROVING ADDITIONAL ACTIONS RELATED THERETO

WHEREAS, the City of Garden Grove (the "**City**"), a municipal corporation and general law city that is duly organized and existing under the Constitution and laws of the State of California, has previously adopted a retirement plan pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "**Retirement Law**"), and elected to become a contracting member of the California Public Employees' Retirement System ("**PERS**");

WHEREAS, the Retirement Law and the contract (as amended, the "**PERS Contract**") effective January 12, 1974, between the Board of Administration of PERS and the City Council of the City (the "**City Council**") obligate the City: (i) to make contributions to PERS to fund pension benefits for certain City employees; (ii) to make payments towards the unfunded actuarial liability with respect to such pension benefits under the Retirement Law and the PERS Contract (the "**Unfunded Liability**"); and (iii) to appropriate funds for the foregoing purposes;

WHEREAS, the City desires to authorize the issuance of its City of Garden Grove Taxable Pension Obligation Bonds (the "**Bonds**") pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "**Bond Law**"), in a maximum principal amount not to exceed that which is required to refund the Unfunded Liability, to prepay all or a portion of the City's annual required retirement contribution that is due and payable to PERS within 18 months of the issuance of the Bonds (the "**Current Obligation**"), to pay capitalized interest on the Bonds and to pay the costs of issuance of such Bonds, including the underwriter's discount and any original issue discount on such Bonds;

WHEREAS, the City expects that the need may arise in the future to issue additional refunding bonds (the "**Additional Bonds**") pursuant to the Bond Law to refinance all or a portion of the then outstanding Unfunded Liability and to fund the Current Obligation;

WHEREAS, the Bonds will be issued under and secured by a Trust Agreement (such Trust Agreement, in substantially the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "**Trust Agreement**") by and between the City and U.S. Bank Trust Company, National Association, as trustee;

WHEREAS, the City has determined the advisability of filing an action to determine the validity of the Bonds, the Additional Bonds and the Trust Agreement, and the actions proposed to be taken in connection therewith;

WHEREAS, in compliance with Section 5852.1 of the Government Code of the State of California, the City has obtained from its Municipal Advisor the required good faith estimates and such estimates are disclosed and set forth in Exhibit A;

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 the financing 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 financing 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. The City Council hereby finds and determines that the above recitals are true and correct.

Section 2. The City Council hereby authorizes and approves the issuance of the Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form and shall have terms as provided in the Trust Agreement, as the same shall be completed in accordance with this Resolution. The title of the Bonds may be changed to reflect the year in which the Bonds are issued, and to reflect the appropriate series designation, as directed by the City Manager of the City.

Section 3. The City Council hereby approves and authorizes the execution of the Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein. The Mayor, the Mayor Pro Tempore, the City Manager, the Assistant City Manager and the Finance Director of the City and their authorized designees (the "**Authorized Officers**") are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Trust Agreement in substantially the form presented to this meeting, 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 Trust Agreement by such Authorized Officer. The City Clerk of the City is hereby authorized and directed to attest the Trust Agreement for and in the name and on behalf of the City.

Section 4. The City Council hereby authorizes and approves the issuance of Additional Bonds pursuant to the Bond Law, as authorized by the Trust Agreement, from time to time, to refund all or a portion of the Unfunded Liability and fund the Current Obligation, provided that the City Manager, or his or her designee, first certifies to the City Council in writing that such actions will result in anticipated cost savings to the City. The City Council authorizes any one of the Authorized Officers, or their designees, to execute and deliver one or more other trust agreements and/or one or more supplemental agreements supplementing

or amending the Trust Agreement and providing for the issuance of Additional Bonds (each an “**Additional Trust Agreement**”); provided, however, that: (i) each series of Additional Bonds shall be in a principal amount not to exceed the sum of: (1) the Unfunded Liability of the City to PERS under the PERS Contract and the Retirement Law remaining unpaid on the date of issuance of such Additional Bonds; (2) the Current Obligation; and (3) the costs of issuing the Additional Bonds; (ii) the issuance of each series of Additional Bonds results in net present value savings to the City, as determined by an Authorized Officer at the time that each series of such Additional Bonds are issued; and (iii) the Additional Bonds shall not mature later than the last date through which PERS has determined for the amortization of the Unfunded Liability of the City in accordance with its current procedures.

Each Unfunded Liability refunded and Current Obligation funded by the Bonds and each series of Additional Bonds pursuant to the Trust Agreement and each Additional Trust Agreement constitutes an obligation imposed by law pursuant to the Constitution and laws of the State of California and an obligation of the City not limited as to payment from any special source of funds. The Unfunded Liability refunded and Current Obligation funded by the Bonds pursuant to the Trust Agreement and each series of Additional Bonds pursuant to an Additional Trust Agreement shall not, however, constitute an obligation of the City for which the City is obligated or permitted to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation.

Section 5. The City Council hereby approves the form of the Bond Purchase Agreement (the “**Bond Purchase Agreement**”) presented to this meeting and on file with the Clerk and the sale of the Bonds to Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) pursuant thereto upon the terms and conditions set forth therein, and subject to such approval and the provisions hereof, the Authorized Officers, acting alone, are each hereby authorized and directed to evidence the City’s acceptance of the offers made by the Bond Purchase Agreement by executing and delivering the Bond Purchase Agreement in substantially said form, with any additions thereto (including the insertion of the maturity dates, principal amounts, interest rates and redemption provisions of the Bonds) and changes therein as any of the Authorized Officers executing the same may approve and such matters as are authorized by this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof by any one of the Authorized Officers.

Section 6. The City Council hereby authorizes the Authorized Officers, on behalf of the City, to establish and determine: (i) the final principal amount of the Bonds, provided that the aggregate initial principal amount of the Bonds shall not be greater than the lesser of: (a) \$340,000,000; or (b) the sum of the City’s Unfunded Liability and Current Obligation as calculated by PERS or another actuary selected by the Authorized Officer, together with the costs of issuing the Bonds as approved by such Authorized Officer; (ii) the final interest rates on various maturities of the Bonds, provided that the issuance of the Bonds results in net present value savings to the City as determined by an Authorized Officer at the time that the Bonds are sold and that the maturity date of the Bonds shall not be later than the last date through which PERS has determined for the amortization of the Unfunded Liability of the City in accordance with its current procedures; and (iii) the Underwriter’s discount for the purchase of the Bonds, not to exceed 0.35% of the principal amount of the Bonds.

Section 7. The City Council hereby authorizes the Authorized Officers to negotiate and execute an insurance policy and/or a debt service reserve fund insurance policy for the

Bonds (and such other agreements that may be required by the insurer in connection therewith) if it is determined that the policies will result in interest rate savings for the City, and to pay the insurance premium of such policies from the proceeds of the issuance and sale of the Bonds.

Section 8. The City Council hereby appoints U.S. Bank Trust Company, National Association to act as trustee under the Trust Agreement.

Section 9. In order to determine the validity of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements, and the actions authorized hereby to be taken in connection therewith, the City Council hereby authorizes the City Attorney, in concert with Stradling Yocca Carlson & Rauth, Bond Counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds, the Additional Bonds, the Trust Agreement and the Additional Trust Agreements in the Superior Court of Orange County, under and pursuant to the provisions of Section 860 *et seq.* of the California Code of Civil Procedure. The City Council further authorizes the Authorized Officers and all other officers, employees and agents of the City to take any and all actions, including the execution and delivery of appropriate documentation, as may be required to conclude such judicial validation proceedings.

Section 10. The City Council hereby authorizes and directs the Authorized Officers, and each of them, to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby, including, but not limited to, the preparation of an Official Statement (and a Preliminary Official Statement) for use in connection with the offering and sale of the Bonds, the execution and delivery of a continuing disclosure undertaking, and the execution and delivery of any documents required by PERS in order to complete the issuance of the Bonds or Additional Bonds, the refunding of the Unfunded Liability and the funding of the Current Obligation.

Section 11. The City Council hereby approves, confirms and ratifies all actions heretofore taken by the Authorized Officers and by any other officers, employees or agents of the City with respect to the issuance of the Bonds, or in connection with or related to any of the agreements or documents referenced herein.

Section 12. In accordance with Section 5852.1 of the Government Code of the State of California, the City has obtained from Fieldman, Rolapp & Associates, Inc., the City's Municipal Advisor, required good faith estimates relating to the Bonds, and such estimates are disclosed and set forth in Exhibit A.

Section 13. This Resolution shall take effect from and after its date of adoption.

Adopted this 8th day of March, 2022.

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MAYOR

ATTEST:

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CITY CLERK

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

I, Teresa Pomeroy, CMC, 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 regular meeting held on the 8th day of March, 2022.

AYES: COUNCIL MEMBERS:  
NOES: COUNCIL MEMBERS:  
ABSENT: COUNCIL MEMBERS:

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CITY CLERK

## EXHIBIT A

### GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

In compliance with Section 5852.1 of the California Government Code, the following information consists of estimates that have been provided by Fieldman, Rolapp & Associates, Inc., the City's Municipal Advisor, in connection with the Bonds (the "**Municipal Advisor**") and has been represented by such party to have been provided in good faith:

(A) *Principal Amount.* The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$328,780,000 (the "Estimated Principal Amount").

(B) *True Interest Cost of the Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the initial true interest cost in aggregate of the 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 Bonds, is 3.88%. This estimate is based on an initial Finance Charge of the Bonds as described below.

(C) *Finance Charge of the Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$1,341,065.

(D) *Amount of Proceeds to be Received.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$327,438,935.

(E) *Total Payment Amount.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$484,588,154.

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, 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 sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such

estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those 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 date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on a variety of factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.