

**HERMOSA BEACH PUBLIC FINANCING AUTHORITY  
RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERMOSA  
BEACH PUBLIC FINANCING AUTHORITY AUTHORIZING THE  
ISSUANCE AND SALE OF REFUNDING LEASE REVENUE BONDS TO  
REFUND OUTSTANDING 2015 LEASE REVENUE BONDS, AND  
APPROVING RELATED DOCUMENTS AND ACTIONS**

**Section 1. Recitals.**

In order to raise the funds required to make payments due under a Settlement Agreement and Release dated as of March 2, 2012, between MacPherson Oil Company, Windward Associates, E & B Natural Resources Management Corporation and the City of Hermosa Beach (the "City"), the Hermosa Beach Public Financing Authority (the "Authority") has previously issued its Hermosa Beach Public Financing Authority 2015 Lease Revenue Bonds in the aggregate principal amount of \$11,600,000 (the "2015 Bonds").

The 2015 Bonds are secured by a pledge of lease payments which are made by the City as rental for certain property consisting generally of the land and improvements which constitute the existing civic center of the City (the "Leased Property"), under a Lease Agreement dated as of August 1, 2015.

The 2015 Bonds are subject to redemption at the option of the Authority on November 1, 2020, at a redemption price equal to 100% of the principal amount thereof together with accrued interest thereon to the redemption date, without premium.

The City and the Authority have determined that it is in their best interests to refund the 2015 Bonds, and in order to provide funds for that purpose the City has requested the City to authorize the issuance and sale of its 2020 Refunding Lease Revenue Bonds in the aggregate principal amount of not to exceed \$10,000,000 (the "Refunding Bonds") under 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 "Refunding Bond Law").

The Authority has been organized as a joint exercise of powers authority for the purpose of providing financial assistance to the City and is authorized to issue the Refunding Bonds for the purposes set forth in this Resolution, and the Board of Directors of the Authority wishes to authorize the issuance and sale of the Refunding Bonds and to approve all related documents and proceedings to which it is a party.

The City Council of the City has previously approved a Debt Management Policy which complies with Government Code Section 8855 and which by its terms is also applicable to the Authority, and the Board of Directors hereby determines that the Authority is subject to such Debt Management Policy and that the issuance of the Refunding Bonds will be in compliance therewith.

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 Refunding

Bonds is set forth in Appendix A attached to this Resolution, and such information is hereby disclosed and made public.

**Section 2. Authorization of Refunding Bonds.** The Board of Directors hereby authorizes the issuance of the Refunding Bonds under the Refunding Bond Law, for the purpose of providing funds to refund the 2015 Bonds and thereby realize debt service savings to the City.

**Section 3. Approval of Related Financing Agreements.** The Board of Directors hereby approves each of the following agreements relating to the issuance and sale of the Refunding Bonds, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions. The Executive Director is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary of the Authority is hereby authorized and directed to attest to, the final form of each such agreement:

- Indenture of Trust, between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), setting forth the terms and provisions relating to the Refunding Bonds.
- Amended and Restated Site Lease, between the City as lessor and the Authority as lessee of the Leased Property, under which the City and the Authority amend and restate the site lease relating to the 2015 Bonds for the purpose of incorporating the terms and provisions relating to the Refunding Bonds;
- Amended and Restated Lease Agreement, between the Authority as lessor and the City as lessee of the Leased Property, under which the City and the Authority amend and restate the lease agreement relating to the 2015 Bonds for the purpose of incorporating the terms and provisions relating to the Refunding Bonds, including for the purpose of reducing the schedule of lease payments for the Leased Property to reflect the debt service savings which are realized as a result of the issuance of the Refunding Bonds and the refunding of the 2015 Bonds;
- Assignment Agreement, between the Authority and the Trustee, whereby the Authority assigns certain of its rights under the Amended and Restated Lease Agreement to the Trustee for the benefit of the owners of the Refunding Bonds, and which terminates the assignment previously made for the security of the 2015 Bonds; and
- Escrow Agreement, among the Authority, the City and U.S. Bank National Association, as escrow agent, providing the terms and provisions relating to the refunding and redemption of the 2015 Bonds.

**Section 4. Authorization to Obtain Municipal Bond Insurance.** The Board of Directors hereby directs the Finance Director to determine whether it is feasible and in the best interests of the Authority to obtain municipal bond insurance for the Refunding Bonds. If the Finance Director determines that it is in the best interests of the Authority to obtain

such insurance, the Financial Director is authorized to accept a commitment from a municipal bond insurer to issue such insurance, in the name and on behalf of the Authority.

**Section 5. Sale of Refunding Bonds.** The Board of Directors hereby approves the sale of the Refunding Bonds by the Authority on a negotiated basis to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Refunding Bonds shall be sold to the Underwriter pursuant to the Bond Purchase Agreement among the Authority, the City and the Underwriter in substantially the form on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director or the Finance Director (each, an "Authorized Officer"), and execution of the final form of the Bond Purchase Agreement by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. The Finance Director is hereby authorized to approve an offer from the Underwriter to purchase the Refunding Bonds, provided that the amount of Underwriter's discount for the Refunding Bonds shall be not more than 0.8% of the par amount thereof, and the true interest cost of the Refunding Bonds shall not exceed 2.25% per annum. An Authorized Officer is hereby authorized and directed to execute the final form of the Bond Purchase Agreement in the name and on behalf of the Authority.

**Section 6. Official Statement.** The Board of Directors hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Refunding Bonds in the form on file with the Secretary of the Authority. An Authorized Officer is individually authorized, at the request of the Underwriter, to execute an appropriate certificate affirming the Board of Directors' determination that the Preliminary Official Statement has been deemed final within the meaning of such Rule. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board of Directors hereby authorizes the distribution of the Final Official Statement by the purchaser of the Refunding Bonds. The Final Official Statement shall be executed in the name and on behalf of the Authority by an Authorized Officer.

**Section 7. Official Actions.** The President, the Executive Director, the Assistant Treasurer, the Secretary, the Authority Attorney and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all leases, 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 Authority 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 if such officer is absent or unavailable.

**Section 8. Effective Date.** This Resolution shall take effect immediately upon its passage and adoption.

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**PASSED AND ADOPTED** by the Board of Directors of the Hermosa Beach Public Financing Authority at a regular meeting held on September 22, 2020, by the following vote:

AYES:

NOES:

ABSENT:

Attest:

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President

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Secretary

## APPENDIX A

### REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the Refunding Bonds (Estimated): 1.75%
2. Finance charge of the Refunding Bonds in the estimated amount of \$228,000, being the sum of all fees and charges paid to third parties (consisting of costs of issuance in the estimated amount of \$170,000 and underwriter's compensation in the estimated amount of \$58,000).
3. Proceeds of the Refunding Bonds expected to be received by the Authority, net of proceeds for Costs of Issuance in (2) above to paid, capitalized interest and reserves (if any) from the principal amount of the Refunding Bonds (Estimated): \$7,928,000.
4. Total Payment Amount for the Refunding Bonds, being the sum of all debt service to be paid on the Refunding Bonds to final maturity (Estimated): \$11,025,000.

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*\*All amounts and percentages are estimates, and are made in good faith by the Authority and the District based on information available as of the date of adoption of this Resolution. Estimates include certain assumptions regarding tax-exempt rates available in the bond market at the time of pricing the Refunding Bonds.*