

**CITY OF HERMOSA BEACH
RESOLUTION NO. 20-XXXX**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA
BEACH APPROVING THE ISSUANCE AND SALE OF REFUNDING
LEASE REVENUE BONDS BY THE HERMOSA BEACH PUBLIC
FINANCING AUTHORITY 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 City Council has previously approved a Debt Issuance and Management Policy which complies with Government Code Section 8855, and the issuance of the Refunding Bonds will be in compliance with said policy.

The City Council wishes to authorize the issuance and sale of the Refunding Bonds by the Authority and to approve all related documents and proceedings to which it is a party.

Section 2. Authorization of Bonds. The City Council hereby authorizes the issuance of the Refunding Bonds by the Authority 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 City Council 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 City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions. The City Manager 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 to, the final form of each such agreement:

- 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; 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. Sale of Refunding Bonds; Approval of Bond Purchase Agreement. The City Council 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 a Bond Purchase Agreement among the Authority, the City and the Underwriter in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager 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 Bonds shall be not more than 0.80% 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 City.

Section 5. Official Statement. The City Council 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 City Clerk. An Authorized Officer is individually authorized, at the request of the Underwriter, to execute an appropriate certificate affirming the City Council's 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 City Council 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 City by an Authorized Officer.

Section 6. Official Actions. The Mayor, the City Manager, the Finance 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 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 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 7. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

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PASSED AND ADOPTED by the City Council of the City of Hermosa Beach at a regular meeting held on September 22, 2020, by the following vote:

AYES:

NOES:

ABSENT:

Attest:

Mayor

City Clerk