

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY OF SANTA BARBARA AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF AN INSTALLMENT SALE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION WITH THE EXECUTION, AUTHENTICATION AND DELIVERY OF SANTA BARBARA FINANCING AUTHORITY SEWER REVENUE BONDS, SERIES 2016 (PAYABLE SOLELY FROM INSTALLMENT PAYMENTS SECURED BY NET SYSTEM REVENUES OF THE WASTEWATER FUND OF THE CITY OF SANTA BARBARA), AND AUTHORIZING RELATED ACTIONS.

WHEREAS, the City of Santa Barbara (the “City”) and the former Redevelopment Agency of the City of Santa Barbara have heretofore entered into a Joint Exercise of Powers Agreement, dated April 1, 2002, establishing the Santa Barbara Financing Authority (the “Authority”) for the purpose of issuing its bonds to provide financing and refinancing for, among other things, public capital improvements of public entities, including the City;

WHEREAS, in 2004 the City requested the Authority to assist it in financing the costs of certain improvements and facilities (the “Improvements”) which constitute part of the sewer collection, treatment and disposal facilities of the sanitation enterprise of the City (the “Wastewater System”);

WHEREAS, for the purpose of providing funds for the financing of the Improvements the Authority issued its Santa Barbara Financing Authority Sewer Revenue Bonds, Series 2004, in the aggregate principal amount of \$20,410,000 of which \$12,925,000 is currently Outstanding (the “Series 2004 Bonds”) pursuant to an Indenture, dated as of July 1, 2004, by and between the Authority and U.S. Bank National Association, as trustee, payable from installment payments made by the City under the Master Installment Sale Agreement, dated as of July 1, 2004, as supplemented and amended by the 2004 Supplement, by and between the Authority and the City (the “Prior Installment Sale Agreement”);

WHEREAS, in order to refinance the Improvements (the “2016 Sewer Refunding Project”), the City will sell the Improvements to the Authority, and the Authority will sell the Improvements back to the City, pursuant to an Installment Sale Agreement (the “Installment Sale Agreement”) between the City and the Authority;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to accomplish the 2016 Sewer Refunding Project through the execution and delivery, pursuant to a Trust Agreement (the “Trust Agreement”), by and between U.S. Bank National Association, as trustee (the “Trustee”) and the Authority, of Santa Barbara Financing Authority Sewer Revenue Refunding Bonds, Series 2016 (the “Bonds”) payable from Installment Payments (“Installment Payments”) payable

under the Installment Sale Agreement and secured by Net System Revenues of the Wastewater Fund, all as more fully described in the Installment Sale Agreement;

WHEREAS, all rights to receive the Installment Payments, and the interest thereon, will be assigned without recourse by the Authority to the Trustee pursuant to the Trust Agreement;

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, the Trustee will authenticate and deliver the Bonds;

WHEREAS, the City Council of the City (the “City Council”) has determined that securing the timely payment of the principal and interest on the Bonds by obtaining a bond insurance policy with respect thereto could be economically advantageous to the City;

WHEREAS, it is contemplated that the Bonds will be sold by competitive bid pursuant to an Official Notice of Sale (the “Official Notice of Sale”), pursuant to which an underwriter (the “Underwriter”) will purchase the Bonds by competitive bid for resale to the public pursuant to an Official Statement as permitted therein and in connection therewith a Notice of Intention to Sell Bonds (the “Notice of Intention”) shall be published; and

WHEREAS, the City wishes to approve the form and authorize the execution and delivery of the Installment Sale Agreement, the Trust Agreement and the Continuing Disclosure Agreement; and

WHEREAS, the City Council has been presented with the form of each document referred to herein relating to the financing contemplated hereby and has examined and approves each such document and desires to authorize and direct the execution thereof and the consummation of such financing;

NOW, THEREFORE, the City Council of the City of Santa Barbara does ordain as follows:

Section 1. All of the recitals herein contained are true and correct and the City Council so finds.

Section 2. The form and content of the Installment Sale Agreement, a copy of which is on file with the City Clerk (the “Clerk”) is hereby approved, and the City Administrator of the City, the Finance Director of the City, the Public Works Director of the City, the City Attorney or the Assistant city Attorney or his or her designee (each, an “Authorized Officer”), is each hereby severally authorized, for and in the name and on behalf of the City, to execute and deliver the Installment Sale Agreement substantially in such form but with such additions and changes therein as such Authorized Officer shall approve as being in conformance with the interests of the City and approved as to form by the City Attorney or the Assistant City Attorney, such approval to be conclusively evidenced by such execution and delivery of the Installment Sale Agreement by such Authorized Officer with such additions or changes.

Section 3. The execution, authentication and delivery of Bonds in an aggregate amount not to exceed \$13,500,000, payable in the years and in the amounts, and evidencing

interest as specified in the Trust Agreement as finally executed, are hereby authorized and approved; provided that (i) the aggregate principal amount of Bonds shall not exceed \$13,500,000, (ii) the maturity of the Bonds shall not exceed May 15, 2029, (iii) the true interest cost with respect to the Bonds shall not exceed 4.0% per annum and (iv) there shall be present value savings with respect to the refunding of the Bonds of at least 3% of the principal amount of the Series 2004 Bonds refunded using the yield on the Bonds as the discount rate.

Section 4. The publication of a Notice of Intention in a financial publication generally circulated throughout the state or reasonably expected to be disseminated among prospective bidders for the securities at least 5 days prior to the sale of the Bonds, in accordance with Section 53692 of the Government Code of the State of California is hereby authorized.

Section 5. The Authorized Officers are each hereby severally authorized to apply for municipal bond insurance for the Bonds and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest component savings with respect to the Bonds resulting from the purchase of such insurance. The Authorized Officers are each hereby severally authorized, for and in the name and on behalf of the City, to execute and deliver a contract for such insurance if such contract is deemed by the Authorized Officer executing the same to be in the best interests of the City, such determination to be conclusively evidenced by an Authorized Officer's execution and delivery of such contract.

Section 6. The form and content of a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") on file with the Clerk, under which the City will agree to file annual reports and certain event disclosure reports in accordance with the Rule, are hereby approved and any one of the Authorized Officers is hereby severally authorized, for and in the name of and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in substantially the form presented to and considered at this meeting, with such additions and changes therein as the executing Authorized Officer shall approve as being in conformance with the interests of the City, and as approved as to form by the City Attorney or the Assistant City Attorney, such approval to be conclusively evidenced by an Authorized Officer's execution and delivery of the Continuing Disclosure Agreement, with such additions or changes.

Section 7. The officers and employees of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Ordinance. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 8. The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Council hereby orders that, in lieu of the publication of this Ordinance once in the official newspaper of the City within 15 days after its adoption, this Ordinance shall be published by title only once in the official newspaper of the City within 15 days after its adoption, provided that the full text shall be available to the public at the City Clerk's Office, and such publication by title only shall so state. This Ordinance shall become effective 30 days from and after the date of its adoption.

PASSED AND ADOPTED by the City Council of the City of Santa Barbara at a regular meeting of said City Council on October 11, 2016, by the following vote of said City Council:

Ayes:

Noes:

Absent:

Abstain:

Mayor

ATTEST:

City Clerk Services Manager

[ATTACH CERTIFICATE OF CITY CLERK]