

RESOLUTION NO. 6173

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MAYWOOD  
AUTHORIZING THE ISSUANCE AND DELIVERY OF PENSION  
OBLIGATION BONDS TO REFUND CERTAIN OUTSTANDING  
PENSION FUND OBLIGATIONS OF THE CITY TO THE CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM, APPROVING THE  
FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY  
OF A TRUST AGREEMENT, AUTHORIZING A VALIDATION  
ACTION, AUTHORIZING CERTAIN PROFESSIONALS, AND OTHER  
MATTERS RELATING THERETO**

**WHEREAS**, the City of Maywood, California (the "City") is a municipal corporation and a general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California.

**WHEREAS**, on March 5, 1974 the voters of the City approved an initiative to pay for the obligation of the City to participate in the State of California retirement system, now the California Public Employees' Retirement System (the "System"), and the results of such regular general municipal election were confirmed by Resolution No. 2670; and

**WHEREAS**, the City is obligated by the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"), to make payments to the System relating to pension benefits accruing to the System's members.

**WHEREAS**, the City is obligated specifically to make certain payments to the System in respect of current and retired employees under the pension programs of the System that amortize such obligations over a fixed period of time (the "Pension Obligation").

**WHEREAS**, the Pension Obligation is evidenced by contracts with the System with respect to employees of the City, as heretofore and hereafter amended from time to time (collectively, the "CalPERS Contract").

**WHEREAS**, since 1974, the City Council has annually set an *ad valorem* property tax rate for the purpose of providing revenue to pay all or a portion of the Pension Obligation of the City under the CalPERS Contract; and

**WHEREAS**, once the property tax rate is established for the fiscal year, the City reports the rate to the Los Angeles County Auditor-Controller to place the tax (the "Retirement Tax") on the property tax roll of the County; and

**WHEREAS**, the Retirement Tax rate is currently set at \$0.10 per one hundred dollars of assessed value; and

**WHEREAS**, The City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California to issue bonds for the purpose of refunding any evidence of indebtedness of the City.

**WHEREAS**, The City desires to approve the issuance of one or more series of bonds (the "Pension Obligation Bonds") for the purpose of refunding all or a portion of the Pension Obligation under the CalPERS Contract, subject to favorable market conditions and subsequent City Council approval of a preliminary official statement, a bond purchase agreement and a continuing disclosure undertaking, should the City determine to deliver Pension Obligation Bonds following the validation process authorized hereby.

**WHEREAS**, There is on file with the City Council the proposed form of Trust Agreement (the "Trust Agreement") to be entered into between the City and a trustee to be named therein (the "Trustee"), relating to the Pension Obligation Bonds and Additional Bonds, including the form of bonds attached thereto as an exhibit.

**NOW, THEREFORE, THE CITY COUNCIL FOR THE CITY OF MAYWOOD DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The City Council hereby finds and declares that the issuance of the Pension Obligation Bonds to

refund Pension Obligations of the Miscellaneous Plan (CalPERS ID 4191618335) and the Safety Plan (CalPERS ID 4191618335), and the other actions contemplated by this Resolution are in the best interests of the City.

**SECTION 2.** The proposed form of Trust Agreement, between the City and the Trustee, on file with the City Clerk, is approved. The Mayor, (or in his absence, the Mayor Pro Tem) and the City Clerk are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the City, to execute and deliver the Trust Agreement, substantially in the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto (including, without limitation, changes, deletions and additions as may be required by a municipal bond insurer, if any) as the Mayor, (or in his absence, the Mayor Pro Tem) approves, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement.

**SECTION 3.** This City Council hereby authorizes and approves the assignment and pledge of revenues from the Retirement Tax to owners of one or more series of the Pension Obligation Bonds as the City Manager deems necessary or desirable, and the issuance, sale and delivery of such Pension Obligation Bonds. The Pension Obligation Bonds will be in substantially the form attached to the Trust Agreement, with such changes therein, deletions therefrom and additions thereto as the City Manager may approve in a form approved by the City Attorney, such approval to be conclusively evidenced by the execution and delivery of the Pension Obligation Bonds. The Pension Obligation Bonds will be issued as current interest fixed rate bonds and bear such series and subseries designations as necessary or convenient. The aggregate initial principal amount of the Pension Obligation Bonds may not exceed (i) the lesser of \$22,000,000 or (ii) the amount of the Pension Obligation (as confirmed by the System) remaining unpaid on the Safety Plan and Miscellaneous Plan described above on the date of issuance of the Pension Obligation Bonds, plus an additional amount to pay costs of issuance of the Pension Obligation Bonds, original issue discount, if any, and underwriter's discount on the Pension Obligation Bonds. The Underwriter's discount, excluding original issue discount, may not exceed 1.25% of the aggregate principal amount of the initial series of Pension Obligation Bonds. The maximum true interest cost with respect to the Pension Obligation Bonds may not exceed 5.5% per annum. The Pension Obligation Bonds will mature not later than 30 years following their date of issuance.

**SECTION 4.** The Pension Obligation Bonds shall constitute an obligation imposed by law, pursuant to the Constitution and the laws of the State of California, including the Retirement Law. Payment of the principal of and interest on the Pension Obligation Bonds is not limited to any special source of funds and shall be payable from any legally available moneys or funds of the City, including, as applicable, revenues from the Retirement Tax.

**SECTION 5.** If the Mayor (or in his absence, the Mayor Pro Tem), the City Manager, or Director of Finance (each an "Authorized Representative") determines that it will be advantageous to the City to purchase municipal bond insurance/surety or secure other credit or liquidity enhancement with respect to some or all of the Pension Obligation Bonds, such Authorized Representative or designee is authorized to do so upon determining that such purchase is in the best interest of the City.

**SECTION 6.** The Authorized Representatives of the City are, and each of them is, authorized and directed to do any and all things, including bringing a validation action under Section 860 *et seq.* of the California Code of Civil Procedure and to take any and all actions (including any required publications of summons or other notice) and execute and deliver any and all documents which they or any of them deem necessary or advisable to consummate the transactions contemplated by this Resolution and the Trust Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution and the Trust Agreement.

**SECTION 7.** 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 from an underwriter, financial advisor or private lender and disclose, before authorizing the issuance of bonds with a term of greater than 13 months, certain good faith cost estimates. Set forth in attached Exhibit A, which is incorporated by reference, are good faith estimates of: (a) the true interest cost of the Pension Obligation Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Pension Obligation Bonds, (c) the amount of proceeds of the Pension Obligation Bonds expected to be received net of the fees and charges paid to third parties, and (d) the sum total of all debt service payments on the Pension Obligation Bonds calculated to the final maturity of the Pension Obligation Bonds, plus the fees and charges paid to third parties not paid with the proceeds of the Pension Obligation Bonds.

**SECTION 8.** In connection with the Pension Obligation Bonds, the City Council hereby approves the appointment of Norton Rose Fulbright US LLP to perform bond counsel services, including the preparation of validation papers, Nixon Peabody LLP to perform disclosure counsel services, Kosmont Transactions Services, Inc., to perform Municipal Advisor services, and Raymond James & Associates, Inc., as underwriter. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed to execute services agreements as applicable with these financing team members.

**SECTION 9.** Each Authorized Representative and all other officers of the City 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 other actions, including to obtain municipal bond insurance and/or a reserve surety and the publication of any notices necessary or desirable in connection with the validation and sale of the Pension Obligation Bonds and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments and other documents, which they, or any of them, deem necessary or advisable to consummate the issuance and sale of the Pension Obligation Bonds and the consummation of the transactions as described herein.

**SECTION 10.** All actions heretofore taken by any Authorized Representative or any officer, employee or agent of the City with respect to the issuance, delivery and sale of the Pension Obligation Bonds or in connection with or related to any of the agreements referred to herein, are hereby approved, confirmed and ratified.

**SECTION 11.** This Resolution may be executed with electronic signatures in accordance with Government Code of the State of California §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature.

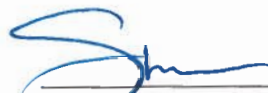
**SECTION 12.** The Mayor, or presiding officer, is hereby authorized to affix their signature to this Resolution signifying its adoption by the City Council of the City of Maywood, and the City Clerk, or their duly appointed deputy, is directed to attest thereto

**SECTION 13.** This Resolution becomes effective immediately upon adoption.

**PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF MAYWOOD THIS 28<sup>th</sup> DAY OF APRIL 2021.**

  
Ricardo Lara, Mayor

ATTEST:

  
Flor Aguiluz, City Clerk  
*Shirley Guindones, Deputy City Clerk*

APPROVED AS TO FORM:

  
Roxanne Diaz, City Attorney

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES )  
CITY OF MAYWOOD )


I, Flor Aguiluz, City Clerk of the City Council of the City of Maywood, do hereby certify that foregoing Resolution No. 6173 was duly passed and adopted by the City Council of the City of Maywood, at a regular meeting of the City Council held on the 28<sup>th</sup> day of April, 2021 by the following roll call vote, to wit:

AYES: DE LA RIVA, GARCIA, TORRES, MARQUEZ, LARA

NAYES:

ABSENT:

ABSTAINED:

  
\_\_\_\_\_  
Flor Aguiluz, City Clerk  
Shirley Quinones, Deputy City Clerk

## EXHIBIT A

### GOOD FAITH ESTIMATES

The following information was obtained from Kosmont Transactions Services, Inc. with respect to the Pension Obligation 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 Pension Obligation Bonds:

1. *True Interest Cost of the Pension Obligation Bonds.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$18,530,000 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 Pension Obligation 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 Pension Obligation Bonds, is 4.3726%.

2. *Finance Charge of the Pension Obligation Bonds.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$18,530,000 are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Pension Obligation Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Pension Obligation Bonds), is \$587,125 as follows:

<u>Cost of Issuance</u>	<u>Estimated Amounts</u>
Bond Counsel	\$78,000
Validation	25,000
Disclosure Counsel	45,000
City Attorney	25,000
Municipal Advisor	65,000
Trustee & Trustee's Counsel	7,500
Printer & Marketing	10,000
Rating Agency	50,000
Miscellaneous	50,000
Underwriter	231,625
<b>Total</b>	<b>\$587,125</b>

3. *Amount of Proceeds to be Received.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$18,530,000 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 City for sale of the Pension Obligation Bonds less the finance charge of the Pension Obligation Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Pension Obligation Bonds, is \$17,942,875.

4. *Total Payment Amount.* Assuming an aggregate principal amount of Pension Obligation Bonds of \$18,530,000 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 City will make to pay debt service on the Pension Obligation Bonds plus the finance charge of the Pension Obligation Bonds described in paragraph 2 above not paid with the

proceeds of the Pension Obligation Bonds, calculated to the final maturity of the Pension Obligation Bonds, is \$30,223,456.

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 Pension Obligation Bond sales, the amount of Pension Obligation Bonds sold, the amortization of the Pension Obligation Bonds sold, whether or not a municipal bond insurance policy will be available for purchase by the City, and market interest rates at the time of each sale. The date of sale and the amount of Pension Obligation Bonds sold will be determined by the City based on the amount required to pay off the Pension Debt, and other factors. The actual interest rates at which the Pension Obligation Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Pension Obligation Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the City's control. The City has approved the execution and delivery of the Pension Obligation Bonds with a maximum all-in true interest cost not to exceed 5.5% per annum.