

RESOLUTION R2020-\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, APPROVING THE BORROWING OF FUNDS TO PAY GENERAL FUND OBLIGATIONS FOR FISCAL YEAR 2020-21, THE ISSUANCE AND SALE OF A NOTE (WHICH MAY BE REFERRED TO AS A TAX AND REVENUE ANTICIPATION NOTE, OR "TRAN") IN AN AMOUNT NOT TO EXCEED \$15,000,000, THE EXECUTION AND DELIVERY OF A NOTE PURCHASE AGREEMENT, AND OTHER RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City Council wishes to borrow money from U.S. Bank National Association ("U.S. Bank") pursuant to Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law") to satisfy obligations payable from the General Fund of the City (the "General Fund");

WHEREAS, the City further wishes to approve a Note Purchase Agreement (the "Note Purchase Agreement") with U.S. Bank, pursuant to which the City would have the right to issue and U.S. Bank would be obligated to purchase, on the conditions set forth therein, a note (the "Note") that would be repaid by the City with taxes, income, revenue, cash receipts and other moneys to be received by the City for the General Fund during or allocable to the applicable fiscal year of the City beginning July 1, 2020 and ending June 30, 2021 (the "Fiscal Year"); and

WHEREAS, subject to the maximum amount set forth in Section 2, the outstanding principal amount of the Note may increase from time to time at the request of the City as Advances (as defined in the Note Purchase Agreement) are made according to the procedures set forth in the Note Purchase Agreement;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

2. The City Council hereby approves the issuance of the Note in an aggregate principal amount not to exceed \$15,000,000. The City Council hereby finds and determines that the principal amount of the Note, when added to the interest payable thereon, will not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue, cash receipts and other moneys of the City for the

## **ATTACHMENT 1**

General Fund attributable to the Fiscal Year, and available for the payment of the Note and the interest thereon (as hereinafter provided). The City Council hereby directs that the Note shall be issued for purchase by U.S. Bank, upon certain conditions set forth, and as further described, in the Note Purchase Agreement. The City Council hereby authorizes the delivery of the Note to U.S. Bank upon the effectiveness of the Note Purchase Agreement.

3. The City Council hereby authorizes and directs the City Manager or such other official of the City as may be designated by the City Manager (each, an "Authorized Officer"), to execute the Note by manual or facsimile signature, and the City Council hereby authorizes and directs the City Clerk to countersign the same by manual or facsimile signature. The City Council hereby determines that the Note shall be in the form attached to the Note Purchase Agreement, together with such other additions or changes as are approved by an Authorized Officer. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery of the Note.

4. The City Council hereby approves the Note Purchase Agreement. The City Council hereby authorizes and directs an Authorized Officer to execute the Note Purchase Agreement on behalf of the City and the City Council further hereby authorizes and directs the City Clerk to attest thereto. The City Council hereby determines that the Note Purchase Agreement shall be in substantially the form on file with the City Clerk, together with such additions or changes as are approved by an Authorized Officer. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery by an Authorized Officer of the Note Purchase Agreement.

5. An Authorized Officer is further authorized and directed to make, execute and deliver such certificates, agreements and other closing documents as are necessary to consummate the transactions contemplated by this Resolution.

6. The City Council hereby directs that the proceeds of the Advances against the Note shall be deposited in a segregated account in the General Fund and used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund.

7. The City Council hereby pledges, as security for the City's obligation to pay principal of and interest on the Note and the other amounts due and payable by the City pursuant to the Note Purchase Agreement, the taxes, income, revenue, cash receipts and other moneys that are received by the City for the General Fund for the Fiscal Year and that are generally available for the payment of current expenses and other obligations of the City (the "Revenues") in an amount equal to the principal of and interest on the Note plus all other amounts due and payable by the City pursuant to the Note Purchase Agreement (collectively, the "Pledged Revenues"). The pledge is valid and binding in accordance with the terms of this Resolution. The Pledged Revenues shall immediately be subject to the pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the Pledged Revenues and be effective, binding, and enforceable against the City, its successors, purchasers of the Pledged Revenues,

## **ATTACHMENT 1**

creditors, and all others asserting the rights therein, to the extent set forth herein, and in accordance with this Resolution, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act.

8. To the extent not so paid from the Pledged Revenues, the Note shall be paid from any other moneys of the City lawfully available therefor, including moneys designated as part of the City's Unassigned Fund Balance as of June 30, 2021.

9. The City Council hereby determines that the Note shall have the following terms:

(a) The Note shall be dated the date of initial delivery, shall mature no later than June 30, 2021 and shall be payable as provided therein.

(b) An Authorized Officer is hereby authorized to determine the maximum principal amount of the Note and the interest rate to be paid under the Note Purchase Agreement, provided that the maximum principal amount shall not exceed the amount set forth in Section 2 and the maximum interest rate shall not exceed 12% (except as provided in the Note Purchase Agreement).

(c) The interest payable on the Note will be subject to federal income taxation.

(d) Both the principal of and interest on the Note shall be payable in lawful money of the United States of America, as described below.

(e) The Note shall be issued as a single note in a fully-registered, physical form, without coupons.

(f) The Note shall be subject to mandatory prepayment prior to maturity as set forth in the Note Purchase Agreement and the Note.

(g) The Note shall be eligible to be transferred by U.S. Bank as provided in the Note Purchase Agreement.

(h) If the Note shall become mutilated, the City, at the expense of the owner of the Note, shall execute and deliver a new Note of like maturity and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender to the City Clerk of the Note so mutilated. Every mutilated Note so surrendered to the City Clerk shall be canceled and delivered to, or upon the order of, the City. If the Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to the City and indemnity satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a new Note in lieu of and in substitution for the Note so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Note and of the expenses which may be incurred by the City.

## ATTACHMENT 1

10. The City shall act as the paying agent for the Note. The City Council hereby directs the City Clerk to keep or cause to be kept sufficient books for the registration of the Note. The City Council hereby directs the Finance Director to (i) receive all disbursements of Advances (as defined in the Note Purchase Agreement) from U.S. Bank and (ii) pay U.S. Bank all amounts due under the Note Purchase Agreement from time to time.

11. The City Council hereby covenants and warrants that its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the prompt collection and enforcement of the taxes, income, revenue, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution.

12. In connection with the issuance and sale of the Note, the City hereby ratifies the engagement of KNN Public Finance as Municipal Advisor and approves Jones Hall, A Professional Law Corporation, as Bond Counsel. The City Attorney is hereby directed and authorized to negotiate and execute an agreement with Bond Counsel.

13. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 4<sup>th</sup> day of August, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: \_\_\_\_\_  
Tiffany Carranza  
City Clerk

Approved as to Form:

\_\_\_\_\_  
Michael W. Barrett  
City Attorney