



County of Sonoma

State of California

Date: August 13, 2024

Item Number: 2024-0599

Resolution Number: _____

4/5 Vote Required

Resolution Of The Board Of Supervisors Of The County Of Sonoma, State Of California, Approving, Authorizing and Directing Execution of Leases and Certain Financing Documents in Connection With 2024 Certificates of Participation (Energy Resiliency Projects)

Whereas, the County of Sonoma, a political subdivision of the State of California (the "County"), has determined that it is in the best interests of the County at this time to finance certain energy conservation measures and upgrades at multiple County facilities, including LED lighting and controls facilities, water conservation facilities, water heating facilities, solar photovoltaic energy generation facilities, and battery energy storage facilities (collectively, the "Project"), and

Whereas, in order to provide funds for such purpose the County proposes to lease the real property and improvements consisting of (i) the Fleet Services Operations building located at 709 Russell Avenue in Santa Rosa, (ii) the Valley of the Moon Children's Home located at 100 Children's Circle and 112 Children's Circle in Santa Rosa, and (iii) the Family Justice Center located at 2755 Mendocino Avenue in Santa Rosa (collectively, the "Leased Property"), to the County of Sonoma Public Financing Corporation (the "Corporation") pursuant to a Site Lease (the "Site Lease") by and between the County as lessor and the Corporation as lessee, and the Corporation proposes to sublease the Leased Property back to the County pursuant to a Lease Agreement (the "Lease") by and between the Corporation as sublessor and the County as sublessee; and

Whereas, the funds necessary to fund the Project will be derived from the proceeds of certificates of participation captioned "County of Sonoma 2024 Certificates of Participation (Energy Resiliency Projects)" (the "Certificates") each evidencing a direct, undivided fractional interest in the lease payments ("Lease Payments") to be paid by the County under the Lease; and

Whereas, the Certificates will be executed and delivered under a Trust Agreement (the "Trust Agreement") by and among the County, the Corporation and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as trustee thereunder; and

Whereas, the Board of Supervisors (the "Board") in a duly noticed and regularly convened public meeting did discuss, consider, and deliberate as to this borrowing matter, in accordance with Section 53635.7 of the Government Code, and as to the proposed leasing, in accordance with Sections 25526.6 and 25350 of the Government Code; and

Whereas, the Board has been presented with the proposed form of the Site Lease, the Lease, the Trust Agreement, the Preliminary Official Statement pursuant to which the Certificates will be offered to potential investors, the Official Notice of Sale or Certificate Purchase Agreement pursuant to which the Certificates will be sold to the underwriter thereof, and the Continuing Disclosure Certificate relating to the Certificates, and the Board has examined and approved the proposed form of each document, and desires to delegate to the Authorized Officials (as hereinafter defined) the authority to amend, complete and execute each such document, and

Whereas, in accordance with Government Code Section 5852.1, the County has obtained and wishes to disclose the information set forth in Appendix A hereto; and

Whereas, the Board wishes at this time to authorize all proceedings relating to the issuance and sale of the Certificates for the purpose of financing the Project and the obligations of the County with respect thereto;

Now, Therefore, Be It Resolved, by the Board as follows:

Section 1. Recitals. The County hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the County and that the statements, findings and determinations of the County set forth above and in the preambles of the documents approved herein are true and correct.

Section 2. Approval of Financing Plan and Approval of Leasing. The Board hereby approves the financing plan as recited above for the purpose of providing funds to finance the Project; provided that the aggregate original principal amount of the Certificates shall not exceed \$34,000,000.

The Board hereby finds and declares that the proposed Site Lease, by and between the County and the Corporation, under which the County will lease the Leased Property to the Corporation, is in the public interest and that the use of the Leased Property under the Site Lease will not substantially conflict or interfere with County use, in accordance with Government Code Section 25526.6.

Section 3. Approval of Financing Documents. The Board hereby authorizes and approves each of the following financing documents, in substantially the respective forms attached to this Board item, together with any changes therein or additions thereto deemed advisable by the County Executive, the Assistant County Administrator, the Auditor-Controller-Treasurer-Tax Collector, and the Assistant Auditor-Controller-Treasurer-Tax Collector (each an "Authorized Official"), whose execution thereof shall be conclusive evidence of such approval:

a. the Site Lease, by and between the County and the Corporation, under which the County leases the Leased Property to the Corporation in consideration of the agreement by the Corporation to provide funds sufficient to finance the Project through the execution and delivery of the Certificates;

b. the Lease Agreement, by and between the Corporation and the County, under which the Corporation leases the Leased Property back to the County and under which the County agrees to pay semiannual Lease Payments calculated at fixed rates of interest; and

c. the Trust Agreement, by and among the Corporation, the County and the Trustee, providing the terms and conditions for the execution and delivery of the Certificates and the delivery of the proceeds thereof.

Each Authorized Official is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the foregoing documents in substantially said forms, with such changes therein as such Authorized Official may require or approve with the approval of counsel; provided, however, that the term of the Lease Agreement shall not extend beyond April 1, 2044 (except for an extension in the event of nonpayment of Lease Payments), the original aggregate principal amount of the Certificates shall not exceed \$34,000,000, and the true interest cost with respect to the Certificates shall not exceed 5%. The Board hereby authorizes the performance by the County of its obligations under the foregoing documents.

The Certificates may be executed and delivered in one or more series, and any series may be issued on a federally taxable basis pursuant to Government Code Section 5900 et seq. If multiple series of the Certificates are executed and delivered, each Authorized Official is hereby authorized to give unique series designations to each such series as may be necessary or appropriate.

Section 4. Sale of Certificates.

a. The Certificates shall be sold by competitive sale, subject to the limitations set forth in Section 3 of this Resolution, pursuant to the Official Notice of Sale relating to the Certificates (the "Official Notice of Sale"), in substantially the form attached to this Board item, which is hereby approved.

Jones Hall, A Professional Law Corporation, as special counsel to the County, is hereby authorized and directed to cause a Notice of Intention to Sell Certificates, in form and substance acceptable to said firm, to be published once in The Bond Buyer in accordance with Section 53692 of the Government Code.

b. Notwithstanding the provisions of subsection (a) above, the Certificates may be sold on a negotiated sale basis, upon: (i) the determination by KNN Public Finance, LLC, the County's municipal advisor (the "Municipal Advisor") that the municipal credit markets are not, at the time scheduled for the sale of the Certificates, in the judgment of the Municipal Advisor, conducive to a successful competitive sale of

the Certificates; and (ii) an Authorized Official's concurrence with the conclusion of the Municipal Advisor. In such event, the Certificates may be sold on a negotiated basis, to the firm selected by the Municipal Advisor through a competitive selection process and determined to provide best value to the County, pursuant to a contract of purchase, between the County and the underwriting firm so selected to purchase the Certificates, in substantially the form attached to this Board item (the "Contract of Purchase"), and any Authorized Official is hereby authorized and directed to execute the Contract of Purchase on behalf of the County; provided, however, that the principal amount and true interest cost with respect to the Certificates shall not exceed the maximum amounts set forth in Section 3 above, and the underwriter's discount shall not exceed 1.0% of the original aggregate principal amount of the Certificates.

Section 5. Preliminary and Final Official Statement. The Board hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the preliminary Official Statement describing the Certificates in substantially the form attached to this Board item. Any Authorized Official is hereby authorized, at the request of the Underwriter, to execute an appropriate certificate stating the Board's determination that the preliminary Official Statement has been deemed nearly final within the meaning of such Rule. Distribution of the preliminary Official Statement to potential purchasers of the Certificates is hereby approved. Each Authorized Official 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 any Authorized Official shall be conclusive evidence of approval of any such changes and additions. The Board hereby authorizes the distribution of the final Official Statement by the underwriter of the Certificates. The final Official Statement shall be executed in the name and on behalf of the County by an Authorized Official.

Section 6. Continuing Disclosure Certificate. The Board hereby authorizes and approves the form of the Continuing Disclosure Certificate in the form attached as an appendix to the Preliminary Official Statement attached to this Board item, and any Authorized Official is hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as an Authorized Official may approve, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Official.

Section 7. Professionals Appointed. The selection of KNN Public Finance, LLC, as municipal advisor to the County, and Jones Hall, A Professional Law Corporation, as special counsel and disclosure counsel to the County, in connection with the execution and delivery of the Certificates and the other documents authorized to be delivered in connection therewith, is hereby confirmed.

Section 8. Official Actions. Each Authorized Official and all other officers of the County are each authorized and directed in the name and on behalf of the County to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, certificates of acceptance of property conveyed to the County, certificates of termination relating to prior lease financings, and other documents, which they or any of them

might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved pursuant to this Resolution, each in form approved by counsel, including without limitation any documents needed to obtain a municipal bond rating with respect to the Certificates and to procure municipal bond insurance for the Certificates. Whenever in this Resolution any officer of the County 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. Any actions previously taken by any officers and employees of the County upon consultation with counsel in connection with the offering, sale, execution and delivery of the Certificates and the other actions contemplated by this Resolution are hereby ratified and confirmed.

Section 9. This resolution shall take effect immediately upon its passage.

Supervisors:

Gorin:

Coursey:

Gore:

Hopkins:

Rabbitt:

Ayes:

Noes:

Absent:

Abstain:

So Ordered.

APPENDIX A
Government Code Section 5852.1 Disclosure

The following information consists of estimates with respect to the execution and delivery of the Certificates that have been provided by KNN Public Finance, LLC, the municipal advisor to the County, which have been represented by them to have been provided in good faith:

(A) True interest cost: 3.696931%

(B) Finance charge (sum of all fees/charges paid to third parties): \$433,950.00

(C) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): \$28,226,572

(D) Total gross payment amount through maturity: \$42,956,908.33

The foregoing estimates constitute good faith estimates only. Actual amounts and other items described above may differ from such good faith estimates due to (a) the actual date of the execution and delivery of the Certificates being different than the date assumed for purposes of such estimates, (b) the actual principal components of the Certificates being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the principal components of the Certificates being different than the amortization assumed for purposes of such estimates, (d) other market conditions, or (d) alterations in the County's financing plan, or a combination of such factors. The actual date of execution and delivery of the Certificates and the actual principal components of the Certificates payable thereunder will be determined by the County based on the timing of the need for proceeds thereof and other factors. The actual interest rates borne by the principal components of the Certificates will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the County.