



# City of Richmond

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## Legislation Text

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**File #:** RES. 2023-R045, **Version:** 1

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To authorize the issuance of public utility revenue refunding bonds of the City of Richmond, Virginia in the maximum principal amount of up to \$600,000,000 to refund all or portions of certain public utility revenue bonds previously issued by the City, and to authorize the Director of Finance, with the approval of the Chief Administrative Officer, for and on behalf of the City, to sell such refunding bonds for such purposes, providing for the form, details and payment of such bonds and approving the form of the supplemental indenture of trust.

WHEREAS, the Public Finance Act of 1991, Sections 15.2-2600 et seq. of the *Code of*

*Virginia* of 1950, as amended (the “Public Finance Act”), permits the issuance of bonds, when authorized by the Council of the City (the “Council”) of Richmond, Virginia (the “City”), at one time or from time to time, in order to finance the cost of capital improvement projects and to refund bonds previously issued for such purposes; and

WHEREAS, the City previously issued its Public Utility Revenue and Refunding Bonds, Series 2016A, in the original principal amount of \$502,260,000 (the “Series 2016A Bonds”) and its Public Utility Revenue Refunding Bonds, Series 2020B (Federally Taxable), in the original principal amount of \$180,000,000 (the “Series 2020B Bonds”, and together with the Series 2016A Bonds, the “Prior Bonds”) pursuant to ordinances and resolutions duly adopted by the Council; and

WHEREAS, the Council has determined that current market conditions will enable the City to achieve debt service savings by refunding the Prior Bonds or certain portions thereof; and

WHEREAS, the Council desires to provide that all or a portion of the public utility revenue refunding bonds authorized by this resolution may be issued as Bonds (the “Bonds”); and

WHEREAS, the refunding of the Series 2016A Bonds will be accomplished through the initial issuance of one or more new series of taxable public utility revenue refunding Bonds of the City (the “Taxable Refunding Bonds”), the proceeds of which will be used to pay the principal of, premium, if any, and accrued

interest on the Series 2016A Bonds or portions thereof to be refunded, which Taxable Refunding Bonds will later be exchanged and refunded through the issuance of one or more new series of tax-exempt public utility revenue refunding Bonds of the City (the “Tax-Exempt Refunding Bonds”), the proceeds of which will be used to pay the principal of, premium, if any, and accrued interest on the Taxable Refunding Bonds; and

WHEREAS, the refunding of the Series 2020B Bonds will be accomplished through the issuance of one or more new series of public utility revenue refunding Bonds of the City, the proceeds of which will be used to pay the principal of, premium, if any, and accrued interest on the Series 2020B Bonds or portions thereof to be refunded; and

WHEREAS, it is the consensus of the Council that the City should authorize the issuance and sale of either tax-exempt or taxable public utility revenue refunding bonds or both, in one or more series, in the maximum principal amount of \$600,000,000 (the “Bonds”) to refund all or certain portions of the Prior Bonds, which authorization shall include the later issuance of the Tax-Exempt Refunding Bonds in exchange for the Taxable Refunding Bonds, to satisfy certain reserve fund requirements and to pay the costs of issuing such bonds and related costs; and

WHEREAS, there have been presented to this meeting a draft of a Supplemental Indenture of Trust (the “Supplemental Indenture of Trust”) between the City and U.S. Bank National Association, as trustee (the “Trustee”), providing for the issuance, security and form of the Bonds, pursuant to a Master Indenture of Trust dated as of April 1, 1998, between the City and U.S. Bank National Association (successor Trustee to Crestar Bank and SunTrust Bank), as trustee, as previously supplemented and amended (the “Master Indenture” and together with the Supplemental Indenture of Trust, the “Indenture of Trust”); and

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

§ 1. The issuance of the Bonds, as either tax-exempt or taxable, is authorized in the maximum

principal amount of up to \$600,000,000 is authorized for the purpose of (a) refunding selected maturities or portions of maturities of the Prior Bonds, (b) satisfying certain reserve fund requirements and (c) paying the costs incurred in connection with issuing the Bonds and related costs. The Bonds may be issued in one or more series of Bonds and the refunding of the Series 2016A Bonds will be accomplished through the initial issuance of the Taxable Refunding Bonds, which Taxable Refunding Bonds will later be exchanged and refunded through the issuance of the Tax-Exempt Refunding Bonds. The initial issuance of the Taxable Refunding Bonds and later issuance of the Tax-Exempt Refunding Bonds are hereby approved by this resolution.

§ 2. The City elects to issue the Bonds under the Indenture of Trust pursuant to the terms of the Public Finance Act and the City Charter, to the extent required by the Public Finance Act. The Bonds shall be designated “Public Utility Revenue Refunding Bonds” or “Public Utility Revenue Refunding Bonds (Federally Taxable)”, as appropriate, and may be combined with the issuance of general obligation bonds for public improvements and designated “Public Utility Revenue and Refunding Bonds”, as appropriate, and may also include such other term or terms as part of their designation as the officers herein authorized deem appropriate, and shall contain an appropriate series designation and may also include such other term or terms as part of their designation as determined by the officers charged herein with issuing the Bonds. The Bonds shall be secured by Net Revenues of the System (both as defined in the Master Indenture) equally and ratably and on a parity basis with the outstanding principal amount of the City’s public utility revenue bonds previously issued and currently outstanding under the Master Indenture and supplements thereto, and any other obligations secured by a senior pledge of such Net Revenues. The Bonds shall be limited obligations of the City, the principal of, premium, if any, and interest on which shall be paid solely from Net Revenues and from other funds that are or may be pledged for such purpose under the Indenture of Trust, and nothing in the Bonds or the Indenture of Trust shall be deemed to create or constitute an indebtedness of or a pledge of the

faith and credit of the Commonwealth of Virginia or of any political subdivision thereof, including the City.

§ 3. The Director of Finance of the City (the “Director of Finance”) is authorized and directed to select the principal maturities of the Prior Bonds or portions of such maturities to be refunded and to cause to be called for optional redemption any such maturity or portion thereof to be redeemed prior to its stated maturity and to fix the redemption date therefor and provide notice thereof in accordance with the provisions of such bonds and as contemplated by the Master Indenture. Such selections shall be based upon levels of debt service savings as the Director of Finance deems to be sufficient in her opinion to warrant refunding, and such selections may also be selected for the purpose of restructuring debt service payments whether or not any savings are achieved from such restructuring, provided the Director of Finance determines such restructuring will achieve other efficiencies in the management or timing of the servicing of the City’s debt. In connection with the refunding herein authorized, the Director of Finance is authorized to retain the services of independent consultants to provide verification reports (the “Verification Agent”) on aspects of the refunding to the extent useful and customary in similar transactions and is further authorized to retain the services of one or more escrow agents (the “Escrow Agent”) to the extent needed to hold portions of the proceeds of such Bonds and other funds as needed pending their application to refund the Prior Bonds or portions thereof selected to be refunded.

§ 4. The Bonds shall be in registered form and shall be designated by title, date and series, bear interest from their date, be payable on the payment dates, be issued in the denomination, and mature at such time or times not exceeding 40 years from their date and in amounts as either serial or term bonds, or both, with sinking fund payments, if any, all as determined by the Director of Finance, with the approval of the Chief Administrative Officer of the City (the “Chief Administrative Officer”) and provided for in the Supplemental Indenture of Trust.

§ 5. The Bonds may be subject to redemption prior to maturity at the option of the City on or after

dates, if any, determined by the Director of Finance, with the approval of the Chief Administrative Officer. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized and directed to approve such optional redemption provisions for the Bonds as such officer or officers determine to be in the best interest of the City. Any term bonds may be subject to mandatory sinking fund redemption as determined by the Director of Finance, with the approval of the Chief Administrative Officer.

§ 6. The Council hereby approves the following terms of the sale of the Bonds. The Bonds may be sold all at one time in a single transaction or in two or more separate sales transactions as may be determined by the Director of Finance, with the approval of the Chief Administrative Officer. The Bonds shall be sold by competitive bid or by negotiation with one or more underwriters or other purchasers, who need not be the same if the Bonds are sold in separate sales transactions, as the Director of Finance may determine pursuant to the Public Finance Act, at such prices as the Director of Finance, with the approval of the Chief Administrative Officer, shall determine to be in the best interest of the City, provided that in no event shall (i) the net interest cost of the Bonds, after taking into account any premium or discount on the Bonds, exceed 8% per year; (ii) the sale price of the Bonds to the underwriters, excluding any original issue discount, be less than 97% of the aggregate principal amount thereof, and (iii) the final maturity of the Bonds be later than 40 years from their dated date. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized to negotiate and acquire credit enhancement for the Bonds, or other Bond anticipation financing or a portion thereof. The Director of Finance, with the approval of the Chief Administrative Officer, is also authorized to enter into contracts with respect to the Bonds, including those commonly known as interest rate swap agreements and contracts providing for payments based on levels of, or changes in, interest rates, for the purpose of placing the Bonds on the interest rate, cash flow or other basis desired by such officers, to the extent and in the manner permitted by Section 15.2-2626 of the Public Finance Act; provided that the form of such contract or arrangement shall have been previously approved by resolution or resolutions hereafter

adopted by the Council. This resolution is intended to grant to the Director of Finance and the Chief Administrative Officer full and complete authority to finalize the terms of the Bonds and to provide for their issuance under the Indenture of Trust consistent with the requirements of this resolution, the Public Finance Act, the Charter and the Constitution and other laws of the Commonwealth of Virginia. The Director of Finance is authorized to negotiate, execute and deliver one or more bond purchase agreements with the underwriters or other purchasers of the Bonds if the Bonds are sold by negotiation, including agreements contemplating the then current sale coupled with a future or forward delivery of all or certain of the Bonds if the Director of Finance deems any such arrangement advantageous to the City. A copy of any such purchase agreement shall be filed with the City Clerk. If the Bonds are sold by competitive bid, the Director of Finance shall file a certificate following the award of the Bonds setting forth the final terms of the Bonds with the City Clerk. In connection with the obtaining of any credit line, credit enhancement, interest rate swap or similar agreements, the Director of Finance, with the approval of the Chief Administrative Officer, is authorized to include in the borrowing the cost of obtaining such credit line, credit enhancement, interest rate swap or similar agreements. The actions of the Director of Finance in selling the Bonds, together with the approvals herein required of the Chief Administrative Officer, shall be conclusive, and no further action shall be necessary on the part of the Council.

§ 7. The Supplemental Indenture of Trust in substantially the form attached to this Resolution and marked Attachment A is hereby approved. The Director of Finance, with the approval of the Chief Administrative Officer, is hereby authorized to execute one or more Supplemental Indenture of Trusts in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Director of Finance, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Bonds shall be issued and sold to the underwriters for the Bonds in accordance with the conditions of issuance set forth in the Master Indenture of Trust and the Supplemental

Indenture of Trust.

§ 8. The Bonds shall be prepared in accordance with the Master Indenture of Trust and the Supplemental Indenture of Trust, shall be signed by the manual or facsimile signatures of the Chief Administrative Officer and the Director of Finance. The City's seal shall be affixed thereto or a facsimile to be printed thereon and attested by the manual or facsimile signature of the City Clerk and delivered to the Trustee for authentication in accordance with the terms of the Master Indenture and the Supplemental Indenture. The Bonds so executed and authenticated are to be delivered to the underwriters for the Bonds upon payment therefor.

§ 9. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized to negotiate and acquire credit enhancement for the Bonds or a portion thereof and to acquire a surety bond or other form of insurance to satisfy any reserve fund requirements. In connection with the obtaining of any credit enhancement, surety bond or other form of insurance, the Director of Finance, with the approval of the Chief Administrative Officer, is authorized to pay the cost of obtaining such credit enhancement, surety bond or other form of insurance from proceeds of the Bonds.

§ 10. The Director of Finance is authorized and directed to execute one or more escrow deposit agreements (the "Escrow Agreement") between the City and an Escrow Agent, appointed by the Director of Finance with the approval of the Chief Administrative Officer, providing for the deposit and investment of a portion of the Bond proceeds, together with other funds to the extent needed, for the refunding of the Prior Bonds selected for redemption or payment at maturity. The Escrow Agreement shall be in form approved by the Director of Finance in collaboration with the City Attorney. The execution thereof by the Director of Finance shall constitute conclusive evidence of the Director of Finance's approval of such agreement. The Escrow Agreement shall provide for the irrevocable deposit of a portion of the Bond proceeds thereunder, together with other funds to the extent needed, which shall be sufficient, when invested in obligations that are

permissible investments for public sinking funds pursuant to Section 2.2-4500 of the *Code of Virginia* of 1950, as amended, together with interest earnings thereon, to provide for payment of principal of and premium, if any, and interest on the Prior Bonds being redeemed or paid at maturity.

§ 11. The Chief Administrative Officer and the Director of Finance are authorized and directed to have prepared and distributed, in accordance with standard practices of municipal securities, one or more Preliminary Official Statements of the City describing the Bonds as authorized herein. The Director of Finance shall make such completions, omissions, insertions and changes in such Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement. The City shall arrange for the delivery to the underwriters for the Bonds of a reasonable number of copies of the final Official Statement, within seven business days after the date the Bonds have been sold, for delivery to each potential investor requesting a copy of the final Official Statement and to each person to whom such underwriter and members of the underwriting group initially sell the Bonds.

§ 12. The Director of Finance is authorized, on behalf of the City, to deem such Preliminary Official Statement and such Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), except for the omission in such Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to the Rule. The distribution of such Preliminary Official Statement and such Official Statement in final form shall be conclusive evidence that each has been deemed final as of its date by the City, except for the omission in such Preliminary Official Statement of such pricing and other information.

§ 13. The Director of Finance is hereby authorized and directed to execute continuing disclosure agreement setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary to assist the underwriters for the Bonds in complying with the provisions of the Rule promulgated by the SEC. Such continuing disclosure agreement shall be in the form approved by the

Director of Finance, in collaboration with the City Attorney and the City's bond counsel, the execution thereof by the Director of Finance to constitute conclusive evidence of the Director of Finance's approval of such continuing disclosure agreement.

§ 14. All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the refunding or redemption of the portions of the Prior Bonds are approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds and the refunding or redeeming of the Prior Bonds, including, but not limited to, (a) entering into contracts and arrangements to provide credit enhancement, a surety bond, or insurance for all or a portion of the Bonds and for the investment of the proceeds of the Bonds, (b) performance of the City's obligations under the Escrow Agreement, and (c) entering into any arrangements as required or appropriate with a Verification Agent and paying all costs related to any of the activities herein authorized. The authorization granted herein to the Director of Finance, the Chief Administrative Officer and the City Attorney shall apply equally to any person serving in such capacity on an interim or acting basis pending a permanent appointment to any such office.

§ 15. The City Clerk, with the assistance of the City Attorney, is authorized and directed to see to the immediate filing of a certified copy of this resolution in the Circuit Court of the City of Richmond and is directed to make a copy of this resolution continuously available for inspection by the general public during normal business hours at the City Clerk's office from the date of adoption hereof through the date of the issuance of the Bonds.

§ 16. This resolution shall be in force and effect upon adoption, and any and all resolutions in conflict with the provisions hereof are repealed.