

RESOLUTION OF THE CITY COUNCIL

No. 261

Approved July 14, 2022

RESOLUTION AUTHORIZING THE CITY OF PROVIDENCE TO FINANCE A CONTRIBUTION TOWARDS THE UNFUNDED PENSION LIABILITY OF THE EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF PROVIDENCE BY THE ISSUANCE OF BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$515,000,000

RESOLVED, That:

SECTION 1. In accordance with the vote of the electors of the City of Providence (the "City") at the election held on June 7, 2022 at which the electors approved the issuance of not more than \$515,000,000 general obligation bonds, an amount not to exceed \$515,000,000, is hereby appropriated to finance a contribution towards the unfunded pension liability of the employee retirement system.

SECTION 2. Pursuant to Chapter 28 and Chapter 29 of the Local Acts of 2022 (the "Enabling Acts") the Mayor and City Treasurer be and hereby are authorized to issue on behalf of the City, an amount not exceeding Five Hundred Fifteen Million (\$515,000,000) general obligation bonds of the City in order to meet the foregoing appropriation.

SECTION 3. The manner of sale, amount, denominations, maturities, conversion or registration privileges, interest rates, medium of payment, and other terms, conditions and details of the bonds may be fixed by the officers authorized to sign the bonds, provided however, that the bonds shall be sold at a "true interest cost", as defined in the Enabling Acts, not in excess of four and nine tenths percent (4.9%) and shall otherwise comply with the terms, conditions and details set forth in the Enabling Acts.

SECTION 4. Pending the issuance of the bonds under Section 2 hereof, the City Treasurer, at the written direction of the City Council, may expend funds from the general treasury of the City or other monies on hand for the purposes specified in the Enabling Acts. Any advances made under this section shall be repaid without interest from the proceeds of the bonds issued hereunder or from the proceeds of applicable federal or state assistance or from other available funds.

SECTION 5. The Mayor and City Treasurer are also authorized, empowered and directed, on behalf of the City, to: (i) execute, acknowledge and deliver any and all other documents, certificates or instruments necessary to effectuate such borrowing, including, without limitation, a Preliminary Official Statement, a final Official Statement, all in such form and with such provisions as such officer shall deem advisable; (ii) amend, modify or supplement the bonds and any and all other documents, certificates or instruments at any time and from time to time, in such manner and for such purposes as such officers shall deem necessary, desirable or advisable; (iii) do and perform all such other acts and things deemed by such officers to be necessary, desirable or advisable with respect to any matters contemplated by this resolution in order to effectuate said borrowing and the intent hereof.

SECTION 6. The Director of Finance is authorized to take all actions necessary to comply with federal tax and securities laws including Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule") and to execute and deliver a Continuing Disclosure Certificate in connection with the bonds in the form as shall be deemed advisable by the Director of Finance in order to comply with the SEC Rule. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, as it may be amended from time to time. Notwithstanding any other provision of this resolution or the bonds, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any bondholder may take such actions as may be necessary and

appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section and under the Continuing Disclosure Certificate.

SECTION 7. In accordance with the Enabling Acts, the City Council hereby authorizes the establishment of a contingency reserve fund (the "CRF"), which shall be separate from any other reserve or fund of the City. The CRF may be funded with proceeds of the bonds, and in addition shall be funded by payments, subject to appropriation of funds, of amounts equal to the dollar amount computed by subtracting the City's annual payments of principal and interest on the bonds from the amount of \$93.6 million dollars, which is the City's actuarially determined contribution for the fiscal year ended June 30, 2022, until the balance of the CRF reaches \$51.5 million. Amounts in the CRF shall be invested by the City Board of Investment Commissioners established pursuant to section 815 of the City's Home Rule Charter in investments which are legal for investment by the State Investment Commission pursuant to chapter 10 of title 35 of the Rhode Island General Laws, or in one or more investment pools established pursuant to chapter 10.2 of title 35 of the Rhode Island General Laws. Thereafter, the City shall, subject to appropriation of funds, maintain a balance in the CRF equal to the lesser of \$51.5 million or ten percent (10%) of the outstanding principal balance of the bonds (the "CRF Reserve Requirement"). In accordance with the Enabling Acts, amounts in the CRF are permitted to be applied only to make contributions to the retirement system, to pay principal and interest on the bonds, and to redeem bonds.

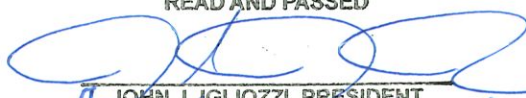
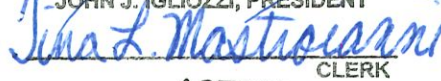
SECTION 8. To the extent that the Mayor and the City Treasurer determine, after consultation with the City's municipal financial advisor and the underwriters of the bonds, that there will be a financial benefit to the City in escrowing or segregation of City taxes as permitted by the Enabling Acts, the City Council hereby authorizes that a portion of the City's general real property taxes, tangible property taxes and motor vehicle excise taxes (if any), may be escrowed, segregated or separately deposited for the payment of principal and interest on the bonds, making contributions to the retirement system and making deposits to the CRF described in Section 8 of this resolution. The Mayor and the City Treasurer are hereby authorized to enter into escrow agreements, intercept arrangements, and other banking arrangements to effectuate the intent of this Section. The Tax Assessor is authorized to include provisions for allocation of such general taxes in tax bills. This Section 8 does not authorize any new or special taxes, but rather, the escrow or segregation of general taxes authorized under existing law.

SECTION 9. As required by the Enabling Acts, the sum of ten million dollars (\$10,000,000) is hereby appropriated to fund a deposit into one or more restricted and segregated accounts to be held in trust by the City Director of Finance, together with any income accruing thereon, to be applied solely for the purpose of funding employee benefit plans that provide post-employment benefits other than pensions ("OPEB") and expenses of the plans. As required by the Enabling Acts, not later than July 1, 2023, the City Board of Investment Commissioners shall, and is hereby authorized to, enter into one or more formal OPEB trust arrangements. Pending the establishment of the formal OPEB trust arrangements, the City Director of Finance may disburse not more than 5% of the monies held in the segregated account or accounts to reimburse the City for current or past OPEB payments, to pay healthcare providers or premiums directly, to reimburse or pay eligible plan participants, or to pay for expenses of the plans.


SECTION 10. This resolution shall take effect upon its passage.

IN CITY COUNCIL

JUL 07 2022
READ AND PASSED


JOHN J. IGLIOZI, PRESIDENT

CLERK
ACTING

I HEREBY APPROVE.



Mayor
Date: 7/14/22