

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA,
MAKING CERTAIN FINDINGS AND DETERMINATIONS
AND TAKING CERTAIN ACTIONS RELATED TO ALIGNING
EXISTING RESERVES OF THE ELECTRIC UTILITY WITH THE
CITY'S CURRENT BUDGET AND FISCAL POLICIES FOR
UTILITY FUNDS RESERVES**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, as set forth in the City's biennial budget, the City has established certain budget and fiscal policies for the maintenance of reserves in the City Utilities Funds, including the following (i) operations and maintenance reserve, (ii) infrastructure reserve, (iii) rate stabilization reserve, and (iv) special projects reserve (the "Current City Utility Funds Reserve Policies");

WHEREAS, as more fully described below, the Electric Utility has established and maintains certain funds and cash reserves pursuant to previously adopted policies and actions and in accordance with its Electric Revenue Bond Indenture (as hereinafter defined);

WHEREAS, pursuant to Resolution No. 6106 adopted by the City Council on January 16, 1996, the City Council has previously approved the establishment of a separate account in the Electric Utility of the City, known as the "Rate Stabilization Fund Reserve;"

WHEREAS, pursuant to motion made, seconded and unanimously carried on September 4, 2001, the City Council has previously approved a cash balances policy for the Electric Utility to maintain a minimum of \$65 million in the Electric Utility Operating Cash;

WHEREAS, pursuant to motion made, seconded and unanimously carried on December 14, 2004, the City Council has previously approved the establishment of a DVR Plant Operations Reserve for the Electric Utility in an amount up to \$4,120,000 to provide a reserve for the handling of circumstances requiring immediate action to prevent or minimize downtime of the Donald Von Raesfeld Power Plant;

WHEREAS, pursuant to the City's Subordinated Electric Revenue Bond Indenture, originally dated as of March 1, 1998 and subsequently amended and restated as the Amended and

Restated Electric Revenue Bond Indenture, dated as of March 1, 2011 (the “Electric Revenue Bond Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, under which the City’s electric revenue bonds (“City Electric Bonds”) are issued, the City has established, as a continuation (and in replacement) of the Rate Stabilization Fund Reserve created by Resolution No. 6106, the City of Santa Clara Electric Utility Rate Stabilization Fund (the “Electric Utility Rate Stabilization Fund”);

WHEREAS, pursuant to the Electric Revenue Bond Indenture, the City is obligated maintain the Electric Utility Rate Stabilization Fund so long as any City Electric Bonds remain outstanding;

WHEREAS, pursuant to Resolution No. 10-7806 adopted by the City Council on December 7, 2010, the City Council authorized the transfer of the then-existing balance of the Cost Reduction Fund of the Electric Utility to the Electric Utility Rate Stabilization Fund as a subaccount of such Electric Utility Rate Stabilization Fund, which subaccount is no longer needed to be maintained within said fund;

WHEREAS, the Electric Revenue Bond Indenture allows for amounts on deposit in the Electric Utility Rate Stabilization Fund to be utilized as “Adjusted Net Revenues” of the Electric Utility for purposes of satisfying the rate covenant of the City under the Electric Revenue Bond Indenture in connection with City Electric Bonds, which provides flexibility to the City in the timing and amount of Electric Utility rate increases; and,

WHEREAS, in light of the Current City Utility Funds Reserve Policies and in order to maintain continuity in the composition of the Electric Utility Rate Stabilization Fund for purposes of the Electric Revenue Bond Indenture, it is necessary and desirable for the City to take certain actions and to make certain findings and determinations with respect thereto and to its prior reserve policies.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the cash balances policy for the Electric Utility to maintain a minimum of \$65 million

in the Electric Utility Operating Cash established by action of the City Council on September 4, 2001 is hereby rescinded and replaced by the operations and maintenance reserve provided for in the Current City Utility Funds Reserves Policies, and

2. That the DVR Plant Operations Reserve established by action of the City Council on December 8, 2004 is hereby discontinued and replaced by the infrastructure reserve provided for in the Current City Utility Funds Reserves Policies, and

3. That the maintenance of a subaccount within the Electric Utility Rate Stabilization Fund known and referred to as the Cost Reduction Subaccount, as permitted by Resolution No. 10-7806 of the City Council adopted on December 7, 2010, is hereby discontinued, and

4. That the operations and maintenance reserve and the rate stabilization reserve of the Electric Utility provided for in the Current City Utility Funds Reserves Policies are and shall be maintained as unrestricted funds of the Electric Utility available for the purposes of, among other things, paying operating expenses and debt service costs of the Electric Utility, and

5. That the operations and maintenance reserve and the rate stabilization reserve of the Electric Utility provided for in the Current City Utility Funds Reserves Policies shall be held as, and shall together comprise, the Electric Utility Rate Stabilization Fund established under the City's Electric Revenue Bond Indenture, and

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6. Effective date. This resolution shall become effective July 1, 2022.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2022, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____
NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference: None