

## **RESOLUTION NO. 2024-080**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA AUTHORIZING THE ISSUANCE OF BONDS OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD) (IMPROVEMENT AREA NO. 2) DESIGNATED 2024 SPECIAL TAX BONDS, APPOINTING A FISCAL AGENT, APPROVING A FISCAL AGENT AGREEMENT AND PURCHASE CONTRACT AND AUTHORIZING NEGOTIATION OF TERMS OF THE SALE OF SAID BONDS, APPROVING A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING PREPARATION OF A FINAL OFFICIAL STATEMENT AND APPROVING A CONTINUING DISCLOSURE CERTIFICATE AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS**

**WHEREAS**, Community Facilities District 2018-1 (Bedford) of the City of Corona, County of Riverside, State of California (the “District”) and Improvement Area No. 2 therein (“Improvement Area No. 2”) was established on June 20, 2018 by adoption by the City Council (the “City Council”) of the City of Corona (the “City”) of Resolution No. 2018-035; and

**WHEREAS**, on June 20, 2018, the City Council also adopted Resolution No. 2018-036 determining the necessity for the District to incur bonded indebtedness for Improvement Area No. 2 in an aggregate principal amount not to exceed \$26,000,000; and

**WHEREAS**, on June 20, 2018, consolidated special elections were held within the District and Improvement Area No. 2 and there was submitted to the qualified voters of Improvement Area No. 2, among other propositions, the proposition of whether a bonded indebtedness in an aggregate principal amount not to exceed \$26,000,000 should be incurred by and for the District for Improvement Area No. 2 for the purpose of financing certain public facilities for the benefit of the District (the “Facilities”), and more than two-thirds of the votes cast in said consolidated special elections were cast in favor of incurring such bonded indebtedness, and the District was thereby authorized to issue bonds for Improvement Area No. 2 in an aggregate principal amount not to exceed \$26,000,000 for the purposes set forth in said proposition; and

**WHEREAS**, in connection therewith, the City, acting on behalf of the District, and Arantine Hills Holdings L.P. entered into that certain Funding and Acquisition Agreement, dated as of July 1, 2018, as amended by that certain First Amendment to Funding and Acquisition Agreement, dated as of November 1, 2023 (together, the “Funding and Acquisition Agreement”), with respect to the District; and

**WHEREAS**, the parties to the Funding and Acquisition Agreement now desire to enter into a second amendment thereto, the form of which has been presented at this meeting and is on file with the City Clerk (the “Second Amendment”); and

**WHEREAS**, the City Council has determined that it is necessary that bonds of the District designated “Community Facilities District No. 2018-1 (Bedford) (Improvement Area

No. 2) of the City of Corona 2024 Special Tax Bonds” be issued in one or more series in an aggregate principal amount which shall not exceed \$26,000,000 (the “Bonds”) to finance the Facilities; and

**WHEREAS**, payment of the principal of and interest on the Bonds will be secured by special taxes to be levied on parcels of taxable property in Improvement Area No. 2 (the “Special Taxes”); and

**WHEREAS**, pursuant to Section 53345.8 of the California Government Code, the City Council, as the legislative body of the District, may sell bonds of the District for Improvement Area No. 2 only if it determines prior to the sale of such bonds that the value of the real property that would be subject to the Special Tax to pay debt service on the bonds will be at least three (3) times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311, *et seq.*) (the “Act”) on property within the Improvement Area No. 2 of the District or a special assessment levied on property within Improvement Area No. 2 of the District; and

**WHEREAS**, pursuant to and the Goals and Policies of the City, the City has increased said ratio, whereby the City Council, as the legislative body of the District, may sell bonds of the District for Improvement Area No. 2 only if it determines prior to the sale of such bonds that the value of the real property that would be subject to the Special Tax to pay debt service on the bonds will be at least four (4) times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Improvement Area No. 2 of the District or a special assessment levied on property within Improvement Area No. 2 of the District; and

**WHEREAS**, the appraised value of the taxable property within Improvement Area No. 2 of the District, based upon the appraisal prepared by Kitty Siino & Associates, Inc. (the “Appraiser”), and as set forth in the report of the Appraiser, dated July 15, 2024 (the “Appraisal”), is \$251,982,896 as of May 24, 2024; and

**WHEREAS**, if the Bonds are issued and sold in an aggregate principal amount that does not exceed \$26,000,000, the appraised value of the taxable property in Improvement Area No. 2 of the District, as set forth in the Appraisal, will be more than four (4) times such principal amount of the Bonds, and there are no other special tax or assessment bonds of the District; and

**WHEREAS**, there has been presented to the City Council a form of Purchase Contract (the “Purchase Contract”) whereby Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has offered to purchase the Bonds from the City, and a form of Preliminary Official Statement relating to the Bonds, the terms thereof, and the security of the Bonds; and

**WHEREAS**, there has also been presented to the City Council a form of Fiscal Agent Agreement (the “Fiscal Agent Agreement”) with respect to the Bonds to be executed and delivered by the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”), whereby the Fiscal Agent will authenticate and deliver the Bonds and perform certain other duties; and

**WHEREAS**, there has also been presented to the City Council a form of Continuing Disclosure Certificate to be executed and delivered by the City, for the benefit of the owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission, as amended (the “Rule”); and

**WHEREAS**, pursuant to Government Code Section 5852.1, the City Council has obtained from CSG Advisors Incorporated, its Municipal Advisor (the “Municipal Advisor”), certain good faith estimates of (a) the true interest cost of the Bonds, (b) the finance charge of the Bonds, (c) the amount of proceeds received for the sale of the Bonds, less the finance charge and any reserves or capitalized interest paid or funded with the proceeds of the Bonds, and (d) the total payment amount calculated to the final maturity of the Bonds, and such estimates are disclosed and set forth in Exhibit A attached hereto; and

**WHEREAS**, the City Council has considered the forms of the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Purchase Contract and the Preliminary Official Statement and has determined that it is in the best interest of the owners of property in and the future residents of Improvement Area No. 2 that the City Council authorize the issuance and sale of the Bonds and the execution and delivery of said agreements and approve and authorize the distribution of the Preliminary Official Statement subject to the conditions hereinafter contained.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AS FOLLOWS:**

**Section 1. Findings.** The City Council finds (a) that the preceding recitals are true and correct, (b) that the sale of the Bonds at private sale, without advertising for bids, will result in a lower overall cost to the District, and (c) that if the Bonds are issued and sold in one or more series in an aggregate principal amount that does not exceed \$26,000,000, the value of the parcels of real property within Improvement Area No. 2 of the District which will be subject to the levy of the Special Taxes to pay the principal of and interest on the Bonds, based on the appraised value of such parcels as determined by the Appraiser and as set forth in the Appraisal, *i.e.*, \$251,982,896, will be more than four (4) times the principal amount of such Bonds and all other outstanding bonds that are secured by Special Taxes that are to be levied on such parcels or special assessments that have been levied on such parcels.

**Section 2. Authorization of the Issuance of the Bonds.** The City Council authorizes the issuance and sale of the Bonds in one or more series, on a taxable and/or tax-exempt basis, in an aggregate principal amount which shall not exceed \$26,000,000. The Mayor, the City Manager and the Finance Director (each, an “Authorized Representative”) are authorized and directed to take all steps and actions which are necessary to accomplish the issuance, sale, and delivery of the Bonds pursuant to the authorization given by and the conditions specified in this Resolution. The Mayor and the City Clerk of the City are authorized to execute the Bonds for and on behalf of the City and the District by their manual or facsimile signatures. The Bonds shall be dated as of their date of delivery pursuant to the Purchase Contract.

**Section 3. Approval of Fiscal Agent Agreement.** The form of Fiscal Agent Agreement, which provides generally for (i) the authentication and delivery by the Fiscal Agent

of the Bonds, (ii) the establishment and administration by the Fiscal Agent of certain funds and accounts for the benefit of the City and the owners of the Bonds, (iii) the payment by the Fiscal Agent of the principal of and interest on the Bonds from the Special Tax Revenues (as defined therein), and (iv) the performance of other duties by the Fiscal Agent, is hereby approved in the form provided to the City Council at the meeting at which this Resolution is adopted, and the Authorized Representatives are each individually authorized to execute and deliver, on behalf of the City and District, such Fiscal Agent Agreement with respect to the Bonds.

**Section 4. Approval of Preliminary Official Statement; Preparation of Final Official Statement.** The Preliminary Official Statement is hereby approved, and the City Manager or the Finance Director are each authorized to consent to and assist in the preparation of such modifications thereto as may be specified by Best Best & Krieger LLP, bond counsel to the City (“Bond Counsel”), Stradling Yocca Carlson & Rauth, disclosure counsel to the City (“Disclosure Counsel”) and CSG Advisors Incorporated, the City’s municipal advisor (the “Municipal Advisor”). The City Manager or the Finance Director are each authorized to determine, with the assistance of Bond Counsel, Disclosure Counsel and the Municipal Advisor, when the Preliminary Official Statement is to be deemed final within the meaning of the Rule and to deliver a certificate to that effect to the Underwriter. The Underwriter is authorized to distribute the Preliminary Official Statement as approved hereby, or as modified with the consent of the City Manager or the Finance Director to prospective purchasers of the Bonds. The City Manager or the Finance Director and the Municipal Advisor are authorized to participate in the preparation of the Final Official Statement, based on the Preliminary Official Statement, and such modifications thereto as may be agreed to by Bond Counsel, Disclosure Counsel, the Municipal Advisor and the Underwriter. The City Manager or the Finance Director are each authorized to sign the Final Official Statement on behalf of the City and the District.

**Section 5. Appointment of Professionals.** The City Council hereby authorizes and approves the following professionals to provide services in connection with the issuance of the Bonds:

(a) **Fiscal Agent.** The Bank of New York Mellon Trust Company, N.A. is appointed as Fiscal Agent pursuant to the Fiscal Agent Agreement and to take any and all action provided therein to be taken by the Fiscal Agent;

(b) **Municipal Advisor.** CSG Advisors Incorporated (“CSG”) is hereby appointed to provide municipal advisory services;

(c) **Bond Counsel.** Best Best & Krieger LLP is hereby appointed as bond Counsel in connection with the issuance of the Bonds;

(d) **Special Tax Consultant.** Spicer Consulting Group, LLC is hereby appointed as Special Tax Consultant in connection with the issuance of the Bonds;

(e) **Disclosure Counsel.** Stradling Yocca Carlson & Rauth is hereby appointed as Disclosure Counsel in connection with the issuance of the Bonds; and

(f) **Underwriter.** Stifel Nicolaus & Company, Incorporated is hereby selected as the underwriter (the “Underwriter”) for the Bonds.

**Section 6. Sale of Bonds; Purchase Contract.** The City Council approves and authorizes the issuance and sale of the Bonds by negotiation with the Underwriter pursuant to the Purchase Contract between the City and the Underwriter in the form presented to the City Council at the meeting at which this Resolution is adopted, together with any changes therein or additions thereto which are deemed advisable by the City Manager or the Finance Director upon consultation with Bond Counsel and the Municipal Advisor.

The City Manager or the Finance Director are each authorized and directed to execute and deliver the final form of the Purchase Contract on behalf of the City and the District upon the submission of an offer by the Underwriter to purchase the Bonds, which offer is acceptable to the City Manager or the Finance Director and is consistent with the requirements of this Resolution; provided that the true interest cost on the Bonds shall not exceed seven percent (7.00%); the purchase price to be paid by the Underwriter for the purchase of the Bonds shall not be less than an amount equal to one and one-half percent (1.5%) (exclusive of original issue discount) of the aggregate principal amount of the Bonds; and the last maturity of the Bonds shall be paid and redeemed no later than September 1, 2055. The Purchase Contract may provide that the maturities of the Bonds be sold as taxable Bonds or tax-exempt Bonds.

When the City Manager or the Finance Director has negotiated the Purchase Contract with the Underwriter within the parameters specified above and when the other terms and conditions of the Purchase Contract are satisfactory to the City Manager or the Finance Director and Bond Counsel, the City Manager or the Finance Director is authorized to execute and deliver the Purchase Contract to the Underwriter on behalf of the City and the District.

**Section 7. Accountability Measures.** Pursuant to Section 53410 of the California Government Code, the issuance of and sale of the Bonds is subject to the following accountability measures:

(a) The proceeds of the Bonds shall be applied only for the specific purposes identified in the propositions regarding the authorization of the District incurring bonded indebtedness for Improvement Area No. 2 which the qualified electors of Improvement Area No. 2 of the District approved in the election held on June 20, 2018;

(b) Except as otherwise provided in the Fiscal Agent Agreement, the proceeds of the sale of the Bonds shall be deposited in the funds and accounts established pursuant to the Fiscal Agent Agreement and the proceeds deposited in each such fund or account shall be expended as provided in the Fiscal Agent Agreement with respect to each such fund or account; and

(c) The Finance Director shall file a report with the City Council at least once in each calendar year, beginning in 2025, which shall contain the information required by Section 53411 of the California Government Code with respect to the expenditure of the proceeds of the sale of the Bonds and the status of the construction and acquisition of the public facilities comprising the Project (as defined in the Fiscal Agent Agreement).

**Section 8. Findings Regarding the Levy and Rates of Special Taxes.** The City Council finds that the City will covenant in the Fiscal Agent Agreement, for the benefit of the owners of the Bonds, that it will not initiate proceedings under the Act to reduce the Maximum

Special Tax rates on then existing Developed Property (as defined in the Fiscal Agent Agreement) in Improvement Area No. 2 below the amounts which are necessary to provide Special Tax Revenues in an amount equal to estimated Administrative Expenses for the then current Fiscal Year plus an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Outstanding Bonds. The City Council further finds and determines that any reduction or limitation of the Special Tax rates below the Maximum Rates would interfere with the timely retirement of the Bonds.

**Section 9. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate is approved in the form submitted to the City Council at the meeting at which this Resolution is adopted, and the City Manager or the Finance Director is authorized to execute and deliver said certificate on behalf of the City.

**Section 10. Approval of Amendment to Funding and Acquisition Agreement.** The Second Amendment is hereby approved in the form submitted at this meeting at which this Resolution is adopted and an Authorized Representative is authorized to execute and deliver, and the City Clerk is authorized to attest, the Second Amendment on behalf of the City, for itself and on behalf of the District. The Authorized Representative is hereby authorized to consent to any such additions and modifications to the Second Amendment as may be necessary to effectuate its purposes.

**Section 11. Modifications.** The approval of the Fiscal Agent Agreement, the Continuing Disclosure Certificate, and the Purchase Contract given by this Resolution shall apply to any modification or amendment after the execution thereof which is agreed upon and approved by Bond Counsel, the Municipal Advisor, and the City Manager or the Finance Director as being necessary to carry out the provisions thereof and the authorization and direction provided in this Resolution.

**Section 12. Further Action.** The Authorized Representatives are authorized to take any and all action which is directed by Bond Counsel with respect to the execution and delivery of the Fiscal Agent Agreement, the Continuing Disclosure Certificate, and the Purchase Contract and the issuance, sale and delivery of the Bonds, that, in the opinion of Bond Counsel, is necessary in order for the authorization and direction provided in this Resolution to be carried out. All actions heretofore taken by an Authorized Representative and the other officers and agents of the City, acting for and on behalf of the City or the District, with respect to the sale and issuance of the Bonds are hereby approved, confirmed, and ratified, and the Authorized Representatives, acting for and on behalf of the City or the District, as applicable, are each hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements, contracts, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with the Act, this Resolution, the Fiscal Agent Agreement, the Purchase Agreement, the Continuing Disclosure Certificate and any certificate, agreement, contract, and other document described in the documents herein approved.

**Section 13. Conditions of Approval.** The approvals, authorization and direction given by this Resolution are conditioned upon the satisfaction of the requirements of Section 6 hereof with respect to the issuance and sale of the Bonds. The officers of the City designated above

shall not take any action with respect to the execution and delivery of the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Purchase Contract or the issuance, sale and delivery of the Bonds unless and until such conditions are satisfied; provided, however, that upon satisfaction of such conditions, this Resolution shall be fully effective and shall be carried out by such officers without further approval or action of the City Council.

**Section 14.** **Effective Date.** The Mayor shall sign this Resolution and the City Clerk shall attest thereto, and this Resolution shall take effect and be in force on the date of its adoption.

**PASSED, APPROVED AND ADOPTED** this 7<sup>th</sup> day of August, 2024.

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Mayor of the City of Corona, California

**ATTEST:**

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City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 7<sup>th</sup> day of August, 2024, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this \_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
City Clerk of the City of Corona



## **EXHIBIT A**

### **GOOD FAITH ESTIMATES**

The good faith estimates set forth herein are provided with respect to the Bonds authorized by this Resolution. Such good faith estimates have been provided to the City by CSG Advisors Incorporated (the “Municipal Advisor”), based on the financing plan, and projected market conditions and preliminary sizing, as of June 11, 2024, prepared by Stifel, Nicolau & Company, Incorporated, as underwriter for the Bonds.

**Estimated Principal Amount.** The Municipal Advisor has informed the City that, based on the financing plan and projected market conditions, the good faith estimate of the aggregate principal amount of the Bonds is \$26,000,000 (the “Estimated Principal Amount”), which does not include approximately \$238,000 of net original issue premium estimated to be generated based on current market conditions. Net original issue premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of such bonds. Such Estimated Principal Amount and such estimated net original issue premium amount would produce approximately \$26,238,000 of gross proceeds.

**True Interest Cost.** The Municipal Advisor has informed the City that the good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 5.21%.

**Finance Charge.** The Municipal Advisor has informed the City that the good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties for costs in connection with the issuance and sale of the Bonds (the “Finance Charge”), is \$625,000.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the City that the good faith estimate of the amount of proceeds of the Bonds expected to be received by the District, less the Finance Charge, and any reserves or capitalized interest paid or funded with the proceeds of the Bonds, is \$23,288,000.

**Total Payment Amount.** The Municipal Advisor has informed the City that the good faith estimate of the total payment amount, which means the sum total of all principal and interest payments made for the Bonds, plus the Finance Charge, not paid with the proceeds of the financing, calculated to the final maturity of the Bonds, is \$55,785,000.

The estimates above may differ from the actual amounts due to (a) the actual dated date of the Bonds being different from the date assumed for purposes of such estimates, (b) the actual aggregate principal amount of the Bonds being different from the Estimated Principal Amount, (c) the actual interest rates on the Bonds being different from the estimated interest rates at the time of preparation of these good faith estimates, (d) the actual amortization of the debt service on the Bonds being different from the amortization assumed for purposes of such estimates, (e) other market conditions, or (f) alterations in the City’s financing plan, or a combination of such factors. The actual dated date of the Bonds and the actual aggregate principal amount of the Bonds will be determined by the City based on market conditions and other factors.