

RESOLUTION NO. 2023-001

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CORONA UTILITY AUTHORITY AUTHORIZING THE ISSUANCE OF ITS WATER REVENUE REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$23,000,000 IN CONNECTION WITH THE REFINANCING OF CERTAIN IMPROVEMENTS TO THE WATER ENTERPRISE OF THE CORONA UTILITY AUTHORITY, AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, AUTHORIZING THE SALE OF THE BONDS, APPROVING A PURCHASE CONTRACT AND AN OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF RELATED DOCUMENTS

WHEREAS, the Corona Utility Authority (the “Authority”) has been formed pursuant to that certain Joint Exercise of Powers Agreement (the “Agreement”) by and between the City of Corona (the “City”) and the Redevelopment Agency of the City of Corona, and is authorized under said Agreement and under the laws of the State of California to finance the acquisition and construction of water enterprise improvements; and

WHEREAS, under Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”) the Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations, and to provide financing and refinancing for public capital improvements of the Water Enterprise (as defined in the Indenture); and

WHEREAS, the Authority has previously issued its Corona Utility Authority 2012 Water Revenue Bonds (Water Projects) in the aggregate principal amount of \$35,880,000 (the “2012 Bonds”), for the purpose of financing and refinancing capital facilities to the Water Enterprise; and

WHEREAS, the Authority has determined that it will achieve a net present value savings from defeasing and redeeming the 2012 Bonds; and

WHEREAS, for the purpose of refinancing the 2012 Bonds, the Authority has determined to issue its Corona Utility Authority 2023 Water Revenue Refunding Bonds (Water Projects) in the aggregate principal amount not to exceed \$23,000,000 (the “Bonds”), all pursuant to and secured by that certain Indenture of Trust (the “Indenture”) by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has proposed to purchase and underwrite the Bonds and has presented to the Authority a form of Purchase Contract for the Bonds, to be entered into between the Authority and the Underwriter

(the “Purchase Contract”) and has presented the Authority with a proposed form of Official Statement describing the Bonds, to be used in connection with the marketing thereof by the Underwriter; and

WHEREAS, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the Authority shall obtain from an underwriter, financial advisor, or private lender and disclose, in a meeting open to the public prior to authorization of the issuance of the Bonds, good faith estimates of (a) the true interest cost of the Bonds, (b) the finance charge of the Bonds, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the Bonds received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds; and

WHEREAS, in accordance with Section 5852.1, the Authority has obtained such good faith estimates from CSG Advisors, Incorporated, the Authority’s municipal advisor (the “Municipal Advisor”), and such estimates are disclosed in Exhibit A attached hereto; and

WHEREAS, the Board of the Authority (the “Board”) has duly considered such transactions and has determined that it approves said transactions in the public interests of the Authority.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORONA UTILITY AUTHORITY AS FOLLOWS:

SECTION 1. Findings and Determinations. Pursuant to the Act, the Board hereby finds and determines that the issuance of the Bonds will result in savings in effective interest rates, bond underwriting costs, and bond issuance costs and thereby results in significant public benefits within the contemplation of Section 6586 of the Act.

SECTION 2. Issuance of Bonds. The Board hereby authorizes the issuance of the Bonds under and pursuant to the Act, in the maximum aggregate principal amount not to exceed \$23,000,000.

SECTION 3. Approval of Financing Documents. The Board hereby approves each of the following documents in substantially the respective forms on file with the Secretary, together with such additions thereto and changes therein as the Authority’s Bond Counsel (“Bond Counsel”) shall deem necessary, desirable, or appropriate, the execution of which by the Chairperson, the Vice Chairperson, the Executive Director, or the Treasurer shall be conclusive evidence of the approval of any such additions and changes:

- (1) the Indenture of Trust relating to the issuance of the Bonds, by and between the Trustee and the Authority;
- (2) the Purchase Contract by and between the Authority and the Underwriter providing for the sale of the Bonds; and

(3) Irrevocable Refunding Instructions to the Trustee and the trustee for the 2012 Bonds; and

The Chairperson, the Vice Chairperson, the Executive Director, or the Treasurer (each an “Authorized Officer”) are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of each of the foregoing documents and agreements for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of each of the foregoing documents and agreements.

SECTION 4. Sale of Bonds. The Board hereby approves the sale of the Bonds by the Authority by negotiation with the Underwriter pursuant to the Purchase Contract in substantially the form on file with the Secretary, together with such additions thereto and changes therein as Bond Counsel shall deem necessary, desirable, or appropriate, the execution of which by an Authorized Officer shall be conclusive evidence of the approval of any such additions and changes. The Authorized Officers are hereby authorized and directed to execute the final form of the Purchase Contract for and in the name and on behalf of the Authority upon the submission of an offer by the Underwriter to purchase the Bonds, which offer is acceptable to the Authorized Officer and consistent with the requirements of this Resolution. The amount of Underwriter's discount for the Bonds shall be not more than 0.75% of the aggregate principal amount thereof and the true interest cost to be represented by the Bonds (taking into account any original issue discount on the sale thereof) shall not exceed four percent (4.00%) per annum.

SECTION 5. Official Statement; Continuing Disclosure. The Board hereby approves the preparation of, and hereby authorizes the Executive Director or the Treasurer to deem final within the meaning of Rule 15c2-12 of the Securities and Exchange Commission except for permitted omissions, a preliminary form of Official Statement of the Bonds. Distribution of such preliminary Official Statement by the Underwriter is hereby approved. The Executive Director or the Treasurer are hereby authorized to execute the final Official Statement in the name and on behalf of the Authority, including any modifications resulting from additions thereto and changes therein as Bond Counsel shall deem necessary, desirable, or appropriate, with the execution of the final Official Statement by the Executive Director or the Treasurer to be conclusive evidence of the approval of any such additions and changes. The Board hereby authorizes the distribution of the final Official Statement by the Underwriter. The Executive Director or the Treasurer is further authorized to sign, on behalf of the Authority, a continuing disclosure certificate or agreement with respect to the financing, in such form as may be approved by Bond Counsel.

SECTION 6. Bond and Disclosure Counsel. The law firm of Best Best & Krieger LLP is hereby appointed as Bond Counsel and the law firm of Stradling Yocca Carlson & Rauth is hereby appointed as disclosure counsel.

SECTION 7. Official Actions. The Chairperson, the Vice Chairperson, the Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including obtaining a rating on the Bonds, and

including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in connection with the issuance and sale of the Bonds.

SECTION 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED this 17th day of May, 2023:

Chairperson

ATTEST:

Secretary of the Authority

CERTIFICATION

I, SYLVIA EDWARDS, Secretary of the Corona Utility Authority, do hereby certify that the foregoing resolution was adopted by the Board of Directors of the Corona Utility Authority at a regular meeting thereof held on the 17th day of May, 2023, by the following vote of the Utility Authority:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Corona Utility Authority this 17th day of May, 2023.

Secretary of the Corona Utility Authority

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by the Municipal Advisor in consultation with the Underwriter.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$19,170,000 (the “Estimated Principal Amount”), which excludes approximately \$2,419,000 of net premium estimated to be generated based on current market conditions. Net 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 the bonds.

True Interest Cost of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its 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 2.50% for all series of the Bonds.

Finance Charge of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$299,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserve fund paid or funded with proceeds of the Bonds, is \$21,830,000.

Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$24,780,000.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different

than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the financing plan or finance charges, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, 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 Authority.