

RESOLUTION NO. 2018-010

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CORONA AUTHORIZING THE ISSUANCE OF BONDS OF
COMMUNITY FACILITIES DISTRICT NO. 2016-2
(TERRASSA) DESIGNATED 2018 SPECIAL TAX BONDS,
APPOINTING FISCAL AGENT, APPROVING FISCAL
AGENT AGREEMENT AND PURCHASE CONTRACT AND
AUTHORIZING NEGOTIATION OF TERMS OF THE
SALE OF SAID BONDS, APPROVING PRELIMINARY
OFFICIAL STATEMENT AND AUTHORIZING
PREPARATION OF FINAL OFFICIAL STATEMENT AND
APPROVING CONTINUING DISCLOSURE CERTIFICATE**

WHEREAS, Community Facilities District 2016-2 (Terrassa) of the City of Corona, County of Riverside, State of California (the “District”) was established on March 2, 2016 by adoption by the City Council (the “City Council”) of the City of Corona (the “City”) of Resolution No. 2016-025; and

WHEREAS, on March 2, 2016, the City Council also adopted Resolution No. 2016-026 determining the necessity for the District to incur bonded indebtedness in an aggregate principal amount not to exceed \$7,000,000; and

WHEREAS, on March 2, 2016, consolidated special elections were held within the District and there was submitted to the qualified voters of the District, among other propositions, the proposition of whether a bonded indebtedness in an aggregate principal amount not to exceed \$7,000,000 should be incurred by and for the District 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 in an aggregate principal amount not to exceed \$7,000,000 for the purposes set forth in said proposition; and

WHEREAS, the City Council has determined (i) that it is necessary that bonds of the District designated “Community Facilities District No. 2016-2 (Terrassa) of the City of Corona 2018 Special Tax Bonds” be issued in an aggregate principal amount which shall not exceed \$6,000,000 (the “Bonds”) to finance the design, construction and acquisition of 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 the District (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 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 (Section 53311, *et seq.*, of the California Government Code) on property within the District or a special assessment levied on property within the District; and

WHEREAS, the appraised value of the taxable property within 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 February 22, 2018 (the “Appraisal”), is \$51,541,910 as of January 2, 2018; and

WHEREAS, if the Bonds are issued and sold in an aggregate principal amount that does not exceed \$6,000,000, the appraised value of the taxable property in the District, as set forth in the Appraisal, will be more than three (3) 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; 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, 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 the District 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 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 an aggregate principal amount that does not exceed \$6,000,000, the value of the parcels of real

property within 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.*, \$51,541,910, will be more than three (3) 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 an aggregate principal amount which shall not exceed \$6,000,000. The Mayor, the City Manager and the Assistant City Manager/Administrative Services 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 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, 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 approved, and the City Manager or the Assistant City Manager/Administrative Services 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 Assistant City Manager/Administrative Services 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 Assistant City Manager/Administrative Services Director to prospective purchasers of the Bonds. The City Manager or the Assistant City Manager/Administrative Services 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 Assistant City Manager/Administrative Services 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; and

(e) Disclosure Counsel. Stradling Yocca Carlson & Rauth is hereby appointed as Disclosure Counsel in connection with the issuance of 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 Assistant City Manager/Administrative Services Director upon consultation with Bond Counsel and the Financial Advisor. The City Manager or the Assistant City Manager/Administrative Services 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 Assistant City Manager/Administrative Services Director and is consistent with the requirements of this resolution; provided that the true interest cost on the Bonds shall not exceed six percent (6%); the purchase price to be paid by the Underwriter for the purchase of the Bonds shall not be less than an amount equal to ninety eight and one half percent (98.5%) (exclusive of original issue discount) of the aggregate principal amount of the Bonds; the last maturity of the Bonds shall be paid and redeemed no later than September 1, 2048. When the City Manager or the Assistant City Manager/Administrative Services 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 Assistant City Manager/Administrative Services Director and Bond Counsel, the City Manager or the Assistant City Manager/Administrative Services 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 which the qualified electors of the District approved in the election held on March 2, 2016;

(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 Assistant City Manager/Administrative Services Director shall file a report with the City Council at least once in each calendar year, beginning in 2019, 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 Mello-Roos Community Facilities Act of 1982 to reduce the Maximum Special Tax rates on then existing Developed Property (as defined in the Fiscal Agent Agreement) in the District 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 Assistant City Manager/Administrative Services Director is authorized to execute and deliver said certificate on behalf of the City.

Section 10. 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 of any of said agreements which is agreed upon and approved by Bond Counsel, the Municipal Advisor and the City Manager or the Assistant City Manager/Administrative Services Director as being necessary to carry out the provisions thereof and the authorization and direction provided in this resolution.

Section 11. 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, which in the opinion of Bond Counsel is necessary in order for the authorization and direction provided in this resolution to be carried out.

Section 12. 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. The approvals, authorization and direction provided by this resolution shall continue, subject to the satisfaction of such conditions, until December 31, 2018, and the Bonds may be sold, and the Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Purchase Contract, the Preliminary Official Statement and the Final Official Statement may be dated, entered into, executed and delivered or distributed, as appropriate, on any date selected by the Authorized Representatives and the Financial Advisor and the Underwriter prior to said date.

Section 13. Effective Date. This resolution shall take effect upon adoption and shall remain in effect until December 31, 2018, or if the Bonds are issued prior to said date, until all of the Bonds are paid at or redeemed prior to maturity.

PASSED, APPROVED AND ADOPTED this 7th day of March, 2018.

Mayor of the City of Corona, California

ATTEST:

City Clerk of the City of Corona, California

CERTIFICATION

I, Lisa Mobley, 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 7th day of March, 2018, 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 _____, 2018.

City Clerk of the City of Corona