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**RESOLUTION NO. R-70-12**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLTON, CALIFORNIA APPROVING THE ISSUANCE OF NOT TO EXCEED \$35,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDS BY THE COLTON PUBLIC FINANCING AUTHORITY, APPROVING AN INSTALLMENT PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND A BOND PURCHASE CONTRACT, AUTHORIZING THE DELIVERY OF A PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT, AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the City of Colton (the "City") and the Redevelopment Agency for the City of Colton have heretofore entered into a Joint Exercise of Powers Agreement establishing the Colton Public Financing Authority (the "Authority") for the purpose, among others, of issuing the Authority's bonds to finance public capital improvements of the City; and

**WHEREAS**, it has been proposed that the Authority assist the City in the refinancing of the acquisition, construction and installation of the Agua Mansa Power Plant (the "Facilities"); and

**WHEREAS**, the City has heretofore executed and delivered an Installment Sale Agreement, dated as of August 1, 2002 (the "2002 Installment Sale Agreement"), by and between the City and the Authority, pursuant to which the City is obligated to make installment payments in the aggregate principal amount of \$47,620,000, of which \$35,670,000 principal amount is currently outstanding and unpaid; and

**WHEREAS**, in connection with the 2002 Installment Sale Agreement, the City, pursuant to Resolution No. R-77-02 adopted by the City Council on July 2, 2002, authorized and approved the issuance of the Authority's \$47,620,000 Revenue Bonds, 2002 Series (Electric Generation Facility Project) (the "Prior Bonds"); and

**WHEREAS**, it has been proposed that the Authority acquire the Facilities and that the City purchase the Facilities from the Authority pursuant to an Installment Purchase Agreement, by and between the City and the Authority (the "Installment Purchase Agreement"), the proposed form of which is attached hereto, pursuant to which the City will agree to make certain purchase payments (collectively, the "Purchase Payments") with such series designation as the Mayor, the City Manager, the Assistant City Manager, the Treasurer, the Management Services Director or the Electric Utility Director (each, an "Authorized Officer") shall determine in connection with the Facilities and the redemption of the Prior Bonds in connection therewith; and

1       **WHEREAS**, the Authority and the City have determined that it would be in the best  
2 interests of the Authority, the City and the citizens of the City to authorize, pursuant to an  
3 Indenture of Trust (the "Indenture"), the proposed form of which is attached hereto, for the  
4 purpose of raising funds necessary to refinance the Facilities and redeem the Prior Bonds, the  
5 issuance of revenue bonds by the Authority (the "Bonds") in the aggregate principal amount  
6 of not to exceed \$35,000,000 under the provisions of Article 4 (commencing with Section  
7 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California  
8 (the "Act"), which Bonds will be sold on a negotiated basis pursuant to a Bond Purchase  
9 Contract (the "Bond Purchase Contract"), the proposed form of which is attached hereto;

10       **NOW, THEREFORE**, the City Council of the City of Colton, California, DOES  
11 HEREBY RESOLVE, DETERMINE AND ORDER as follows:

12       **Installment Purchase Agreement; Continuing Disclosure Agreement.** The City  
13 Council hereby approves the Installment Purchase Agreement and the Continuing Disclosure  
14 Agreement, by and between the City and a dissemination agent as selected by the City (the  
15 "Continuing Disclosure Agreement"), in the forms presented to the City Council, together  
16 with such additions thereto and changes therein as are approved in accordance with Section 5  
17 hereof, such approval to be conclusively evidenced by the execution and delivery thereof by  
18 the City with respect to the Installment Purchase Agreement and the Continuing Disclosure  
19 Agreement. Each Authorized Officer is hereby authorized to execute, and the City Clerk is  
20 hereby authorized to attest such execution of, the final form of the Installment Purchase  
21 Agreement and the Continuing Disclosure Agreement for and in the name and on behalf of the  
22 City. The City hereby authorizes the delivery and performance of the Installment Purchase  
23 Agreement and the Continuing Disclosure Agreement.

24       **Issuance of Bonds by the Authority; Bond Purchase Contract.** The City Council  
25 hereby approves the issuance of the Bonds by the Authority in accordance with the terms and  
26 provisions of the Indenture (as executed and delivered hereafter). The City Council hereby  
27 also approves the sale of the Bonds pursuant to the terms and provisions in the Bond Purchase  
28 Contract, such approval to be conclusively evidenced by the execution and delivery thereof by  
the Authority. The true interest cost of the Bonds shall not exceed (4.50%), and the  
Underwriter's discount or fee (excluding any original issue discount) shall not exceed (0.90%)  
of the original principal amount of the Bonds.

**Preliminary Official Statement.** Each of the Authorized Officers is hereby  
authorized to approve a Preliminary Official Statement relating to the Bonds, such approval to  
be conclusively evidenced by the delivery thereof (the "Preliminary Official Statement"), and  
the City Council hereby approves the use of the Preliminary Official Statement in connection  
with the offering and sale of the Bonds. The Authorized Officers are each authorized to deem  
the Preliminary Official Statement to be final within the meaning of Rule 15c2-12 (the  
"Rule") of the U.S. Securities and Exchange Commission promulgated under the Securities  
Exchange Act of 1934, as amended, subject to the completion of those items permitted by  
such Rule.

1       **Official Statement.** Each of the Authorized Officers is hereby authorized to approve  
2 an Official Statement relating to the Bonds, such approval to be conclusively evidenced by the  
3 execution and delivery thereof (the "Official Statement"), and the City Council hereby  
4 approves the use of the Official Statement in connection with the offering and sale of the  
5 Bonds. The City Council hereby further approves the use of any supplement or amendment to  
6 the final Official Statement which is necessary or advisable so that the final Official Statement  
7 does not include any untrue statement of a material fact and does not omit to state a material  
8 fact necessary to make the statements therein not misleading. Each of the Authorized Officers  
9 is hereby authorized to execute a final form of the Official Statement, as it may be modified,  
10 supplemented or amended by such additions thereto and changes therein as are consistent with  
11 this Resolution and the limits prescribed herein and recommended or approved by Bond  
12 Counsel to the Authority and approved by an Authorized Officer, such approval to be  
13 conclusively evidenced by the execution and delivery thereof. The Official Statement shall be  
14 executed in the name and on behalf of the City by the Treasurer and the Electric Utility  
15 Director or any other Authorized Officers.

16       **Additions and Changes.** The agreements approved in this Resolution shall, when  
17 executed and delivered, contain such additions and changes (including, without limitation,  
18 additions and changes relating to the issuance of a municipal bond insurance policy and/or  
19 surety bond for the reserve account and such additions and changes as may be requested by  
20 rating agencies providing ratings on the Bonds) as shall have been approved by an Authorized  
21 Officer. Each Authorized Officer is hereby authorized to determine, in connection with the  
22 execution and delivery of the agreements approved herein, the following with respect to the  
23 Bonds:

24               the aggregate principal amount of the Bonds, which shall not exceed \$35,000,000; and

25               the final Purchase Payment under the Installment Purchase Agreement, which shall be  
26 due and payable not later than April 1, 2028.

27       **Security.** The Bonds shall be secured by the Facilities Revenues which consist of  
28 Purchase Payments. The Purchase Payments and all other payments with respect to  
Subordinate Qualified Obligations (as defined in the Installment Purchase Agreement) shall be  
secured by a pledge, charge and lien upon the moneys in the Subordinate Qualified  
Obligations Subaccount of the Surplus Revenue Account of the Electric System Revenue  
Fund (as such terms are defined in the Installment Purchase Agreement) and shall be paid  
from moneys in the Subordinate Qualified Obligations Subaccount unless otherwise paid from  
other sources of legally available funds. The Purchase Payments and all other payments with  
respect to Subordinate Qualified Obligations shall be equally secured by moneys in the  
Subordinate Qualified Obligations Subaccount.

29       **Investments.** In connection with, or incidental to, the issuance of the Bonds by the  
30 Authority, or the acquisition or carrying out of any investment or program of investment, each  
31 of the Treasurer and the Management Services Director and each other officer of the City  
32 responsible for the Bonds or such investment or program of investment may enter into any  
33 contracts, including, without limitation, contracts commonly known as interest rate swap  
34 agreements, contracts to exchange cash flows or a series of payments, municipal bond  
35 warrants, custodial receipts, contracts relating to the establishment of a reserve account, or

1 investment contracts which the Treasurer, the Management Services Director or such other  
2 officer, as applicable, determines to be necessary or appropriate to place the Bonds or such  
3 investment or program of investment, in whole or in part, on the interest rate or other basis  
4 determined by the Treasurer, the Management Services Director or such other officer, as  
5 appropriate, or to eliminate or reduce any potential difference between the amounts paid as  
6 interest or a discount in the amount received as interest or other investment income in  
7 connection with the Bonds or such investment or program of investment, as applicable.

8 Any such contracts and arrangements shall be entered into with the parties selected by  
9 the means, and contain the payment, security, default, remedy and other terms and conditions,  
10 determined by the Treasurer, the Management Services Director or other officers (in  
11 consultation with the Treasurer or Management Services Director) executing such contracts,  
12 after giving due consideration to the creditworthiness of the counterparties, where applicable,  
13 including any rating by a nationally-recognized rating agency or other criteria as may be  
14 appropriate. The City Council hereby determines that the contracts authorized hereby are  
15 designed to reduce the amount or duration of payment, rate, spread or similar risk when used  
16 in combination with the issuance of the Bonds and to enhance the relationship between risk  
17 and return with respect to the investment or program of investment in connection with, or  
18 incidental to, the contract or arrangement which is entered into.

19 **Post-Issuance Compliance Policies and Guidelines; Continuing Disclosure**  
20 **Compliance Procedures.** The City Council hereby approves the Policies and Guidelines  
21 Regarding Post-Issuance Compliance with Federal Tax Requirements Applicable to Tax-  
22 Exempt Bonds and the Continuing Disclosure Compliance Procedures in the forms presented  
23 to the City Council with such additions thereto and changes therein as are approved by an  
24 Authorized Officer.

25 **Other Actions.** The Authorized Officers and the other officers and officials of the  
26 City and their authorized representatives are hereby authorized and directed, for and in the  
27 name of the City, to do any and all things and to take all actions, including the publication of  
28 any notices necessary or desirable in connection with the sale of the Bonds, the procurement  
of municipal bond insurance (including the execution and delivery of any agreement in  
connection therewith) and (if desired) reserve account surety bond, and the execution and  
delivery of any and all certificates, requisitions, agreements, notices, consents and other  
documents which they, or any of them, may deem necessary or advisable in order to  
consummate the sale and issuance of the Bonds or any of the transactions or actions  
contemplated by or to carry out the purposes of the Preliminary Official Statement, the  
Official Statement, the Installment Purchase Agreement, the Bond Purchase Contract, the  
Continuing Disclosure Agreement, and this Resolution, and such actions previously taken by  
the Authorized Officers and such other officers, officials and representatives are hereby  
ratified and confirmed.

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**Effective Date.** This Resolution shall take effect immediately upon its adoption.

THIS RESOLUTION is passed, approved and adopted by the City Council of the City of Colton at a regular meeting on this 16th day of October 2012.

  
SARAH S. ZAMORA  
Mayor

ATTEST:

  
EILEEN C. GOMEZ, CMC  
City Clerk

1 STATE OF CALIFORNIA )  
2 COUNTY OF SAN BERNARDINO ) ss.  
3 CITY OF COLTON )

4 I, Eileen C. Gomez, City Clerk of the City of Colton, California, DO HEREBY  
5 CERTIFY that the foregoing Resolution No. R-70-12 was introduced and duly adopted at a  
6 regular meeting provided by law of the City Council of the City of Colton held on the 16th  
7 day of October 2012, by the following vote of the members thereof:

8 AYES: COUNCIL MEMBERS: Toro, Gonzales, Yzaguirre, Oliva, Bennett,  
9 Perez, and Mayor Zamora

10 NOES: COUNCIL MEMBERS: None

11 ABSENT: COUNCIL MEMBERS: None

12 AND I FURTHER certify that the Mayor of the City of Colton signed said Resolution  
13 on said date.

14 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the  
15 City of Colton.

16 \_\_\_\_\_  
17 EILEEN C. GOMEZ, CMC  
18 City Clerk

19 (SEAL)

20  
21 I, Eileen C. Gomez, City Clerk of the City of Colton, do hereby certify that the  
22 foregoing is the original Resolution No. R-70-12 duly passed and adopted by the City Council  
23 of the City of Colton on October 16, 2012.

24  
25 \_\_\_\_\_  
26 EILEEN C. GOMEZ, CMC  
27 City Clerk  
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