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RESOLUTION NO. CPFA 2012-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE COLTON PUBLIC FINANCING AUTHORITY APPROVING THE ISSUANCE OF NOT TO EXCEED \$35,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDS, APPROVING AN INSTALLMENT PURCHASE AGREEMENT, AN ESCROW AGREEMENT, AN INDENTURE OF TRUST 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 Authority, pursuant to Resolution No. CPFA-2002-3 adopted by the Board of Directors of the Colton Public Financing Authority 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 (the "Purchase Payments") with such series designation as the Mayor, the City Manager, the Assistant City Manager, the Auditor and Treasurer, the Management Services Director or the Electric Utility Director shall determine in connection with the Facilities and the redemption of the Prior Bonds in connection therewith; and

WHEREAS, the Authority and the City have determined that it would be in the best interests of the Authority, the City and the citizens of the City to authorize, pursuant an Indenture of Trust (the "Indenture"), the proposed form of which is attached hereto, for the purpose of raising funds necessary to refinance the Facilities and redeem the Prior Bonds, the issuance of revenue bonds by the Authority (the "Bonds") in the aggregate principal amount of

1 not to exceed \$35,000,000 under the provisions of Article 4 (commencing with Section 6584)
2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the
3 “Act”), which Bonds will be sold on a negotiated basis pursuant to a Bond Purchase Contract
4 (the “Bond Purchase Contract”), the proposed form of which is attached hereto; and

5 **WHEREAS**, the Authority has determined that it is in the best interests of the
6 Authority to approve the documents mentioned above and authorize and approve the
7 transactions contemplated thereby;

8 **NOW, THEREFORE**, the Board of Directors of the Colton Public Financing
9 Authority, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

10 **Installment Purchase Agreement; Indenture.** The Board hereby approves the
11 Installment Purchase Agreement and the Indenture in the forms presented to the Board,
12 together with such additions thereto and changes therein as are approved in accordance with
13 this Resolution, such approval to be conclusively evidenced by the execution and delivery
14 thereof by the Authority. Each of the Chairperson, the Vice Chairperson, the Executive
15 Director or the Auditor and Treasurer (each, an “Authorized Officer”) is hereby authorized to
16 execute, and the Secretary is hereby authorized to attest such execution of, the final form of the
17 Installment Purchase Agreement and the Indenture for and in the name and on behalf of the
18 Authority. The Authority hereby authorizes the delivery and performance of the Installment
19 Purchase Agreement and the Indenture.

20 **Issuance of Bonds; Bond Purchase Contract.** The Board hereby approves the
21 issuance of the Bonds in accordance with the terms and provisions of the Indenture (as
22 executed and delivered). Each of the Chairperson and the Vice Chairperson is authorized to
23 execute the Bonds manually or by facsimile signature, and the City Clerk is hereby authorized
24 to attest such signature by manual or facsimile signature. The Board hereby approves the sale
25 of the Bonds pursuant to the terms and provisions in the Bond Purchase Contract in the form
26 presented to the Board, together with such additions thereto and changes therein as are
27 approved in accordance herewith, such approval to be conclusively evidenced by the execution
28 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 the Bonds.

Escrow Agreement. The Board hereby approves the Escrow Agreement, by and
between the Authority and Union Bank, N.A., as escrow agent (the “Escrow Agreement”) in
the form presented to the Board, together with such additions thereto and changes therein as are
approved in accordance herewith, such approval to be conclusively evidenced by the execution
and delivery thereof by the Authority.

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 Board 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

1 the U.S. Securities and Exchange Commission promulgated under the Securities Exchange Act
2 of 1934, as amended, subject to the completion of those items permitted by such Rule.

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

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

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

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

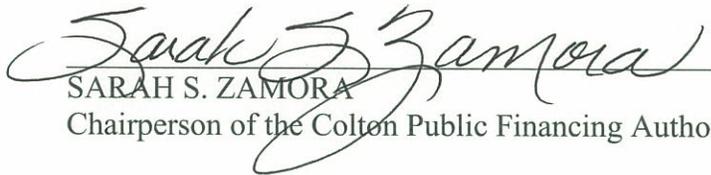
28 **Security.** The Bonds shall be secured by the Facilities Revenues which consist of the
Purchase Payments. The Purchase Payments and all other payments with respect to
Subordinate Qualified Obligations (as defined in the Installment Purchase Agreement) shall be
secured by a pledge, charge and lien 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. Purchase Payments and all other payments with respect to Subordinate
Qualified Obligations shall be equally secured by moneys in the Subordinate Qualified
Obligations Subaccount.

Other Actions. The Authorized Officers and the other officers and officials of the
Authority and their authorized representatives are hereby authorized and directed, for and in the
name of the Authority, to do any and all things and to take all actions, including the publication
of 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

1 connection therewith) and (if desired) reserve account surety bond, and the execution and
2 delivery of any and all certificates, requisitions, agreements (including investment agreements),
3 notices, consents and other documents which they, or any of them, may deem necessary or
4 advisable in order to consummate the sale and issuance of the Bonds or any of the transactions
5 or actions contemplated by or to carry out the purposes of the Preliminary Official Statement,
6 the Official Statement, the Installment Purchase Agreement, the Indenture, the Bond Purchase
7 Contract, the Escrow Agreement, and this Resolution, and such actions previously taken by the
8 Authorized Officers and such other officers, officials and representatives are hereby ratified
9 and confirmed.

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

12 THIS RESOLUTION is passed, approved and adopted by the Board of Directors of the
13 Colton Public Financing Authority on this 16th day of October 2012.

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16 SARAH S. ZAMORA
17 Chairperson of the Colton Public Financing Authority

18 ATTEST:

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21 EILEEN C. GOMEZ, CMC
22 Secretary of the Colton Public Financing Authority
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1 STATE OF CALIFORNIA)
2 COUNTY OF SAN BERNARDINO) ss.
3 CITY OF COLTON)

4 I, Eileen C. Gomez, Secretary of the Colton Public Financing Authority, DO HEREBY
5 CERTIFY that the foregoing Resolution No. CPFA 2012-02 was introduced and duly adopted
6 at a regular meeting provided by law of the Board of Directors of the Colton Public Financing
7 Authority held on the 16th day of October 2012, by the following vote of the members thereof:

7 AYES: BOARD MEMBERS: Toro, Gonzales, Yzaguirre, Oliva,
8 Bennett, Perez, Chairperson Zamora

9 NOES: BOARD MEMBERS: None

10 ABSENT: BOARD MEMBERS: None

11 AND I FURTHER certify that the Chairperson of the Colton Public Financing
12 Authority signed said Resolution on said date.

13 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the
14 Colton Public Financing Authority.

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16 _____
17 EILEEN C. GOMEZ
18 Secretary of the Colton Public Financing Authority

19 (SEAL)

20 I, Eileen C. Gomez, Secretary of the Colton Public Financing Authority, do hereby
21 certify that the foregoing is the original Resolution No. CPFA 2012-02 duly passed and
22 adopted by the Board of Directors of the Colton Public Financing Authority on October 16,
23 2012.

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25 EILEEN C. GOMEZ
26 Secretary of the Colton Public Financing Authority
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