

RESOLUTION NO. 4007

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COALINGA APPROVING PROCEEDINGS TO FINANCE AND REFINANCE IMPROVEMENTS TO THE CITY'S MUNICIPAL WATER SYSTEM AND TO REFINANCE IMPROVEMENTS TO THE CITY'S MUNICIPAL WASTEWATER SYSTEM, APPROVING ISSUANCE OF REVENUE BONDS BY THE COALINGA PUBLIC FINANCING AUTHORITY FOR SUCH PURPOSES AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

RESOLVED, by the City Council (the "Council") of the City of Coalinga (the "City"), as follows:

WHEREAS, the City, the Redevelopment Agency of the City of Coalinga and the Coalinga-Huron Unified School District have heretofore entered into a joint exercise of powers agreement establishing the Coalinga Public Financing Authority (the "Authority") for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City;

WHEREAS, the Authority has previously issued its \$12,830,000 Coalinga Public Financing Authority Revenue Bonds, Series 2012 (Water and Wastewater Financing Projects) (the "2012 Bonds"), of which \$12,200,000 principal amount is outstanding, to finance and refinance the acquisition and construction of certain improvements and facilities constituting part of the City's municipal water enterprise (the "Water System") and to finance and refinance the acquisition and construction of certain improvements and facilities constituting part of the City's municipal wastewater enterprise (the "Wastewater System");

WHEREAS, the principal of and interest on the 2012 Bonds are paid from revenues derived from installment payments made by the City under an installment sale agreement secured by a pledge of the net revenues of the Water System and installment payments made by the City under an installment sale agreement secured by a pledge of the net revenues of the Wastewater System;

WHEREAS, the City has determined that, due to prevailing financial market conditions and for other reasons, it is in the best interests of the City to (a) refinance its obligations to make payment with respect to the 2012 Bonds and to provide for the advance refunding of the 2012 Bonds, and (b) finance the acquisition and construction of additional improvements and facilities of the Water System (the "Water Improvement Project");

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the City, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, designated as the Coalinga Public Financing Authority Revenue Bonds, Series 2021A (Water and Wastewater Financing Projects) (Federally Taxable) (the "Series A Bonds"), and the Coalinga Public Financing Authority Revenue Bonds, Series 2021B (Water Project) (Tax-Exempt) (the "Series B Bonds" and, with the Series A Bonds, the "Bonds"), all pursuant to and secured by an indenture of trust, by and between the Authority and Wells Fargo Bank, National Association, as trustee;

WHEREAS, in order to provide for the repayment of the Bonds, (a) the City will sell the Water System to the Authority and the Authority will sell the Water System and the Water Improvement Project to the City pursuant to an installment sale agreement (the "Water Installment Sale Agreement"), under which the City will agree to make installment payments to the Authority payable from the net revenues of the Water System, and (b) the City will sell the Wastewater System to the Authority and the Authority will sell the Wastewater System to the City pursuant to an installment sale agreement (the "Wastewater Installment Sale Agreement"), under which the City will agree to make

installment payments to the Authority payable from the net revenues of the Wastewater System which payments, together with the payments under the Water Installment Sale Agreement, will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, the form of an official statement (the "Official Statement") describing the Authority, the City, the Water System, the Wastewater System, the Bonds and other matters, to be used in connection with the marketing of the Bonds, has been prepared and presented to the City;

WHEREAS, the firm of Oppenheimer & Co., Inc. (the "Underwriter") has proposed to purchase and underwrite the Bonds and has presented to the City a form of bond purchase agreement for the Bonds, to be entered into among the Authority, the City and the Underwriter (the "Bond Purchase Agreement");

WHEREAS, the Council approves all of said transactions in furtherance of the public purposes of the City, and wishes at this time to take its action approving the issuance and sale of the Bonds and the financing to be accomplished thereby; and

WHEREAS, pursuant to section 5852.1 of the Government Code, which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Bonds is set forth in Appendix A attached to this Resolution, and such information is hereby disclosed and made public;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. Approval of Bonds. The Council hereby approves the issuance of the Bonds by the Authority for the purpose, among others, of providing funds to enable the City to refund the 2012 Bonds and finance the Water Improvement Project so long as (a) the final maturity date of the Bonds is not later than April 1, 2051, and (b) the portion of the Bonds issued to refund the 2012 Bonds produces present value savings of not less than 3.0% as compared to the 2012 Bonds.

Section 2. Approval of Acquisition Agreements.

(a) The Council hereby approves an acquisition agreement, by and between the City and the Authority, pursuant to which the City will sell the Water System to the Authority (the "Water Acquisition Agreement"), in the form on file with the City Clerk, together with such additions thereto and changes therein as the Mayor, the City Manager or the Finance Director (the "Designated Officers"), shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Water Acquisition Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Water Acquisition Agreement.

(b) The Council hereby approves an acquisition agreement, by and between the City and the Authority, pursuant to which the City will sell the Wastewater System to the Authority (the "Wastewater Acquisition Agreement"), in the form on file with the City Clerk, together with such additions thereto and changes therein as the any Designated Officers shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Wastewater Acquisition Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Wastewater Acquisition Agreement.

Section 3. Approval of Installment Sale Agreements.

(a) The Council hereby approves the Water Installment Sale Agreement in the form on file with the City Clerk, together with such additions thereto and changes therein as any Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Water Installment Sale Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Water Installment Sale Agreement.

(b) The Council hereby approves the Wastewater Installment Sale Agreement in the form on file with the City Clerk, together with such additions thereto and changes therein as any Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Wastewater Installment Sale Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Wastewater Installment Sale Agreement.

Section 4. Approval of Escrow Agreement. The Council hereby approves an escrow agreement, by and between the City and U.S. Bank National Association, as trustee for the 2012 Bonds and as escrow bank, providing for the defeasance of the 2012 Bonds (the "Escrow Agreement"), in the form on file with the City Clerk, together with such additions thereto and changes therein as any Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Escrow Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Escrow Agreement.

Section 5. Approval of Continuing Disclosure Certificate. The Council hereby approves continuing disclosure certificate (the "Continuing Disclosure Certificate"), in the form on file with the City Clerk, together with such additions thereto and changes therein as any Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Continuing Disclosure Certificate for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Continuing Disclosure Certificate.

Section 6. Sale of Bonds. The Council hereby approves the sale of the Bonds by the Authority by negotiation with the Underwriter pursuant to the Bond Purchase Agreement, in the form on file with the City Clerk, together with such additions thereto and changes therein as any Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Bond Purchase Agreement for and in the name and on behalf of the City upon the submission of an offer by the Underwriter to purchase the Bonds, which offer is acceptable to any designated Officer and consistent with the requirements of this Resolution. The amount of Underwriter's discount for the Bonds shall be not more than 0.80% of the par amount thereof (not taking into account any original issue discount on the sale thereof).

Section 7. Official Statement. The Council hereby approves the preliminary Official Statement in the form on file with the City Clerk, together with such additions thereto and changes therein as any designated Officer shall deem necessary, desirable or appropriate. The Designated Officers, each acting alone, are hereby authorized and directed to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, the preliminary form of the Official Statement describing the Bonds. Distribution of such preliminary Official Statement is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute the final

form of the Official Statement, including as it may be modified by such additions thereto and changes therein as any designated Officer shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by the City shall be conclusive evidence of the approval of any such additions and changes. The Council hereby authorizes the distribution of the final Official Statement by the Underwriter. The final Official Statement shall be executed in the name and on behalf of the City by any designated Officer.

Section 8. Official Actions. The Mayor, the City Manager, the Finance Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including the application to providers of municipal bond insurance for the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

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PASSED AND ADOPTED by the City Council of the City of Coalinga at a regular meeting held on the **4th day of February, 2021** by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Ron Ramsey, Mayor

ATTEST:

Shannon Jensen, City Clerk

APPENDIX A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's municipal advisor which has been represented to have been provided in good faith:

- (A) True Interest Cost of the Bonds: 3.42%
- (B) Finance Charges (Costs of Issuance): \$593,336.82
- (C) Net Proceeds to be Received for the Bonds: \$18,561,333.98
(net of finance charges)
- (D) Total Payment Amount through Maturity: \$30,962,651.27

The foregoing estimates constitute good faith estimates only.

The principal amount of the Bonds, the true interest cost of the Bonds, 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 amount used for purposes of such estimates, (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 City's financing plan, 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 City based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates with respect to 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 City.