

RESOLUTION NO. - _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A GROUND LEASE, LEASE AGREEMENT, INDENTURE, CONTINUING DISCLOSURE CERTIFICATE AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LAKE ELSINORE FACILITIES FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2022A, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$27,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

Whereas, the City of Lake Elsinore, California (the “City”) is a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”); and

Whereas, the City desires to finance the acquisition, construction and/or installation of various “public capital improvements” within the meaning of the Act (defined below) all of which are or shall be located within the boundaries of the City and collectively constitute the “Project;”

Whereas, the Lake Elsinore Facilities Financing Authority (the “Authority”) and the City have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Lake Elsinore Facilities Financing Authority Lease Revenue Bonds, Series 2022A” (the “Bonds”) for the purpose of financing the Project;

Whereas, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Ground Lease between the City and the Authority (the “Ground Lease”) pursuant to which the City will lease certain real property (which real property shall consist of all or certain of assets generally described as Swick-Matich Park, Tuscany Hills Park, McVicker Canyon Park, Summerly Community Park, Launch Pointe Park, Fire Station No. 85 and Fire Station No. 94) (together, the “Leased Assets”) to the Authority, and a Lease Agreement between the City and the Authority (the “Lease Agreement”), pursuant to which the City will lease the Leased Assets back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which are pledged to the owners of the Bonds by the Authority pursuant to an Indenture of Trust by and between Wilmington Trust, National Association (the “Trustee”) and the Authority (the “Indenture”); and

Whereas, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance the Project through the offering and sale of the Bonds;

Whereas, the Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the “Act”);

Whereas, the City and the Authority desire to provide for the negotiated sale of the Bonds;

Whereas, the City and the Authority have selected Stifel, Nicolaus & Company, Incorporated, to act as underwriter ("Underwriter") to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement");

Whereas, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the underwriter thereof must have reasonably determined that the City has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain events on an ongoing basis;

Whereas, in order to cause such requirement to be satisfied, the City desires to execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate");

Whereas, a form of the Preliminary Official Statement (the "Preliminary Official Statement") has been prepared;

Whereas, the City is a member of the Authority and the Project is located within the boundaries of the City;

Whereas, the City has prior to the consideration of this resolution held a public hearing on the financing of the Project with the proceeds of the issuance of the Bonds in accordance with Section 6586.5 of the Act, which hearing was held at 183 North Main Street, Lake Elsinore, California, on May 10, 2022;

Whereas, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in The Press-Enterprise, a newspaper of general circulation in the City;

Whereas, the City Council has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

Whereas, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Each of the above recitals is true and correct. Following a duly noticed and conducted public hearing, the City Council hereby further finds and determines that there are significant public benefits to the citizens of the City through the use of the Act to assist the City with respect to the subject matter hereof through the approval of the issuance of the Bonds and otherwise hereunder within the meaning of Section 6586(a)-(d), inclusive, of the Act.

Section 2. The forms of the Ground Lease and Lease Agreement, on file with the City Clerk, are hereby approved, and the Mayor of the City, or such other member of the City Council as

the Mayor may designate, the City Manager of the City and the Assistant City Manager of the City (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Ground Lease and Lease Agreement in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Ground Lease and Lease Agreement shall terminate no later than April 1, 2053 (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest components of the Base Rental Payments shall not exceed 5.50% per annum.

Section 3. The form of Indenture, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Bonds shall not exceed \$27,000,000, the final maturity date of the Bonds shall be no later than April 1, 2053 and the true interest cost applicable to the Bonds shall not exceed 5.50% per annum, and, provided, further, that such changes, insertions and omissions shall be consistent with the terms of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement.

Section 4. The Bond Purchase Agreement, on file with the City Clerk, is hereby approved and the Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the acceptance thereof set forth in the Bond Purchase Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount from the principal amount of the Bonds in excess of one percent (1.0%) of the aggregate principal amount of the Bonds.

Section 5. The issuance of not to exceed \$27,000,000 aggregate principal amount of the Bonds, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby approved.

Section 6. The form of Preliminary Official Statement, on file with the City Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the City that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Bonds a reasonable number of copies of the Preliminary Official Statement.

Section 7. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval

to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the City, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the City.

Section 8. The form of Continuing Disclosure Certificate, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced to the execution and delivery thereof.

Section 9. Each of the Authorized Officers is authorized to select a municipal bond insurer to insure payments of the principal of and interest on the Bonds so long as such Authorized Officer determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity with respect to the Bonds. Bond Counsel is hereby directed to make all changes to the Indenture, the Ground Lease, the Lease Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, the Preliminary Official Statement and the final Official Statement as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

Section 10. Each of the Authorized Officers is authorized to select a municipal bond insurer to provide a reserve fund surety bond to be deposited into the reserve fund for the Bonds so long as such officer or officers determine that obtaining the reserve fund surety bond will be cost effective to the City. Each of the Authorized Officers or the designee thereof are authorized to execute and deliver any customary agreement with the municipal bond insurer providing the reserve fund surety bond. Bond Counsel is hereby directed to make all changes to the Indenture, the Ground Lease, the Lease Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, the Preliminary Official Statement and the final Official Statement as are necessary to reflect the reserve fund surety bond and the reasonable comments of the municipal bond insurer in connection therewith.

Section 11. The officers, employees and agents of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. Each of the Authorized Officers is hereby expressly authorized to add or substitute one or more additional City owned properties for any or all of the Leased Assets, should such Authorized Officer determine in his or her sole discretion that it is in the best interests of the City to use such City owned property. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 12. This Resolution shall take effect from and after its date of adoption.

Passed and Adopted on this 10th day of May, 2022.

Timothy J. Sheridan, Mayor

Attest:

Candice Alvarez, MMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF LAKE ELSINORE)

I, Candice Alvarez, MMC, City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2022-_____ was adopted by the City Council of the City of Lake Elsinore, California, at the Regular meeting of May 10, 2022 and that the same was adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Candice Alvarez, MMC
City Clerk