

**AGENDA
COMMISSION MEETING OF THE
CHINO BASIN REGIONAL FINANCING AUTHORITY**

**WEDNESDAY, JUNE 17, 2020
9:30 A.M.**

Telecon: (415) 856-9169/Conference ID: 794 202 809#

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 12, 2020, AND EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020 ANY BOARD MEMBER MAY CALL INTO THE BOARD MEETING WITHOUT OTHERWISE COMPLYING WITH ALL BROWN ACT'S TELECONFERENCE REQUIREMENTS.

TELECONFERENCE ACCESSIBILITY FOR THE GENERAL PUBLIC:

In all efforts to prevent the spread of COVID-19, until further notice, the Inland Empire Utilities Agency will be holding all Board and Committee meetings by teleconferencing.

The meeting will be accessible at: (415) 856-9169 / Conf Code: 794 202 809#

This meeting is being conducted virtually by video and audio conferencing. There will be no public location available to attend the meeting; however, the public may participate and provide public comment during the meeting by calling into the number provided above. The public may also view the meeting live through the Agency's website. Alternatively, you may email your public comments to the Board Secretary/Office Manager April Woodruff at awoodruff@ieua.org no later than 24 hours prior to the scheduled meeting time. Your comments will then be read into the record during the meeting.

CALL TO ORDER OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to email the Board Secretary no later than 24 hours prior to the scheduled meeting time or address the Board during the public comments section of the meeting. Comments will be limited to three minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action can be the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEMS

A. MINUTES

The Commission will be asked to approve the minutes of the May 20, 2020 Chino Basin Regional Financing Authority Commission meeting.

B. ADOPTION OF RESOLUTION NOS. 2020-3 AND 2020-4, AUTHORIZING THE ISSUANCE OF 2020A REFUNDING REVENUE BONDS AND 2020B REVENUE NOTES

It is recommended that the Commissioners:

1. Adopt Resolution No. 2020-3, authorizing the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2020A (Inland Empire Utilities Agency) (2020A Bonds) in the principal amount not-to-exceed \$75,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters, and
2. Adopt Resolution No. 2020-4, authorizing the issuance of the Chino Basin Regional Financing Authority Revenue Notes, Series 2020B (Inland Empire Utilities Agency) (2020A Bonds) based on specified conditions, in the principal amount not-to-exceed \$250,000,000 and approval the execution and delivery of certain documents in connection therewith and certain other matters.

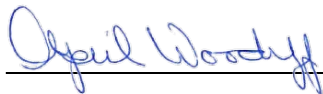
2. ADJOURN

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909) 993-1736, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Proofed by: shl

Declaration of Posting

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, June 11, 2020.



April Woodruff

**ACTION
ITEM**

1A

**MINUTES
OF THE
COMMISSION MEETING OF
THE CHINO BASIN REGIONAL FINANCING AUTHORITY
MAY 20, 2020**

COMMISSIONERS PRESENT via Microsoft Teams Meeting:

Jasmin Hall, President
Steven J. Elie, Vice President
Kati Parker, Secretary
Michael Camacho
Paul Hofer

COMMISSIONERS ABSENT:

None

STAFF PRESENT:

Shivaji Deshmukh, General Manager
Christiana Daisy, Executive Manager of Engineering/AGM
Christina Valencia, Executive Manager of Finance & Administration/AGM
Daniel Solorzano, Technology Specialist I
Wilson To, Technology Specialist II
April Woodruff, Board Secretary/Office Manager

STAFF PRESENT via Microsoft Teams Meeting:

Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM
Randy Lee, Executive Manager of Operations/AGM
Albert VanBreukelen, Deputy Manager of Maintenance
Jeff Ziegenbein, Manager of Regional Compost Operations

OTHERS PRESENT via Microsoft Teams Meeting:

Jean Cihigoyenette, JC Law Firm

A Commission meeting of the Chino Basin Regional Financing Authority was held via teleconference on the above date.

President Hall called the meeting to order at 9:33 a.m. and led the Pledge of Allegiance. Board Secretary/Office Manager April Woodruff took roll call and established that a quorum was present.

President Hall stated that members of the public may address the Commission. She stated that the meeting is being conducted virtually by video and audio conferencing. There will be no public location available to attend the meeting; however, the public may participate and provide public comment during the meeting by calling into the number provided. She added that the public may also view the meeting live through the Agency's website. Alternatively, you may email your public comments to the Board Secretary/Office Manager April Woodruff at awoodruff@ieua.org no later than 24 hours prior to the scheduled meeting time. Your comments will then be read into the record during the meeting. There were no public comments received.

President Hall asked if there were any additions/deletions to the agenda. There were no additions/deletions to the agenda.

1. ACTION ITEMS

A. MINUTES

Upon motion by Parker, seconded by Camacho, the motion carried (5:0):

M2020-5-1

MOVED, to approve the minutes of the April 15, 2020 Chino Basin Regional Financing Authority Commission meeting.

With the following roll call vote:

Ayes:	Parker, Camacho, Elie, Hofer, Hall
Noes:	None
Absent:	None
Abstain:	None

B. DEBT MANAGEMENT POLICY APPROVAL

Executive Manager of Finance & Administration/AGM Christina Valencia stated that the Chino Basin Regional Financing Authority (Authority), as a Joint Powers Authority (JPA), was established by the Inland Empire Utilities Agency and Cucamonga Valley Water District to provide financing for the acquisition and construction of public works projects. To date, all the bonds issued by the Authority have been issued for the Agency. She stated that staff is proposing that the Authority to be the borrower on the Water Infrastructure Finance Innovation Act (WIFIA) loan for the RP-5 Expansion Project. She stated that the WIFIA federal programs has many requirements, one of which, for all parties to the loan agreement are required to have an adopted debt policy. The proposed debt management policy mirrors the Agency's debt policy, which was approved in 2016.

Upon motion by Elie, seconded by Camacho, the motion carried (5:0):

M2020-5-2

MOVED, to adopt the proposed Debt Management Policy governing all the Chino Basin Regional Financing Authority's debt.

With the following roll call vote:

Ayes:	Elie, Camacho, Hofer, Parker, Hall
Noes:	None
Absent:	None
Abstain:	None

C. ADOPTION OF RESOLUTION NO. 2020-5-1, AUTHORIZING THE WATER INFRASTRUCTURE FINANCING AND INNOVATION (WIFIA) LOAN FOR THE RP-5 EXPANSION PROJECT

Executive Manager of Finance & Administration/AGM Christina Valencia stated that during the federal application process with the Environmental Protection Agency (EPA), staff determined that the Agency must issue the WIFIA Loan for the RP-5 Project through the Authority. Staff is following the same structure used for bonds issued. Under this structure, the Authority will be the borrower and the Agency will serve as the Agent on the Authority. She explained that as an Agent to the Authority, the Agency will have irrevocable obligation to make all payments of the WIFIA loan. RP-5 will be constructed by the Agency and the Authority will serve as the principal

borrower for the EPA. She stated that staff is recommending the approval of a resolution to enter into a loan agreement for a WIFIA loan with the EPA. The related documents include the WIFIA Installment Purchase Agreement, which is required between the Agency and the Authority to make sure the payments are provided to the Authority by the Agency. She stated that the agreement states a not-to-exceed amount of \$196,436,445, which is the maximum eligible project cost, 49 percent of the estimated project cost of \$400.4 million. The bid opening for the RP-5 Project is scheduled for May 21, 2020, the delayed date due to COVID-19 concerns. Although there is no guarantee, EPA has indicated that the Agency may be able to request an increase to the loan amount to the maximum 49 percent, should the construction bids be received higher than the estimate. To authorize staff the ability to request an increase to the WIFIA loan agreement, the resolution presented to the Board of Directors states a not-to-exceed amount of \$225 million. Discussion ensued regarding interest rates, initial payments, closing date and process.

Upon motion by Hall, seconded by Hofer, the motion carried (5:0):

**M2020-5-3
MOVED, to:**

1. Adopt Resolution No. 2020-5-1, authorizing the incurrence of the Water Infrastructure Financing and Innovation Loan Agreement (WIFIA Loan), entered by the Chino Basin Regional Financing Authority (Authority), as the “Borrower”, the Inland Empire Utilities Agency (Agency), as the “Obligor” with respect to the RP-5 Expansion Project, WIFIA Project No. 18124CA, (the Project), and the United States Environmental Protection Agency (EPA), as the “WIFIA Lender”, to financing a portion of the Project for the maximum allowable Project costs, not-to exceed principal amount of \$225,000,000, excluding interest and associated fees, for a 35 year term effective May 27, 2020 and a final maturity of November 1, 2060;
2. Approve the WIFIA Installment Purchase Agreement (WIFIA IPA) between the Authority and the Agency which obligates the Authority to apply installment payments received by the Authority from the Agency for the purchase price of the WIFIA portion of the Project to the repayment by the Authority of the principal, interest, and associated fees with respect to the WIFIA Loan, and other related substantially final drafts of the financing documents that have been prepared; and
3. Authorizes the General Manager or the designee to execute such documents, subject to non-substantive changes, and authorize certain other matters in connection therewith, as required.

With the following roll call vote:

Ayes:	Hall, Hofer, Parker, Elie, Camacho
Noes:	None
Absent:	None
Abstain:	None

With no further business, President Hall adjourned the meeting at 9:47 a.m.

Commissioner Parker, CBRFA Secretary

APPROVED: June 17, 2020

DRAFT


**ACTION
ITEM**

1B

CHINO BASIN REGIONAL FINANCING AUTHORITY

Date: June 17, 2020

To: The Honorable Commissioners

From: Shivaji Deshmukh
General Manager 

Submitted By: Christina Valencia
Treasurer

Subject: Adoption of Resolution No. 2020-3 and 2020-4, Authorizing the Issuance of 2020A Refunding Revenue Bonds and 2020B Revenue Notes

RECOMMENDATION

It is recommended that the Board of Commissioners:

1. Adopt Resolution 2020-3, authorizing the issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2020A (Inland Empire Utilities Agency) (2020A Bonds) in the principal amount not-to-exceed \$75,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters, and
2. Adopt Resolution 2020-4, authorizing the issuance of the Chino Basin Regional Financing Authority Revenue Notes, Series 2020B (Inland Empire Utilities Agency) (2020A Bonds) based on specified conditions, in the principal amount not-to-exceed \$250,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters.

BACKGROUND

As reported to the Board of Directors on May 6, 2020, staff has been working with the Agency's financial advisors on a financing strategy to leverage today's current interest rate environment to refinance the 2008B Variable Rate Demand Bonds (2008B VRDOs) to a fixed rate and eliminate future interest rate risk, refinance outstanding debt for cost savings, as well as provide for the use of interim short term financing to support construction costs for the RP-5 Expansion Project.

Proposed "Fix-Out" of 2008B VRDOs and Refunding to Lower Debt Service Costs

The Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B (2008B VRDOs) were issued in the original principal amount of \$55,675,000 to refinance the 2002B Bonds that were issued to finance; 1) acquisition and construction of certain improvements to the Agency regional sewer system, 2) the Agency's share of the composting facility, and 3) the Chino Basin Facilities Improvement Project (Recharge Project). The Recharge Project cost share is approximately 34% of the principal amount and is equally shared by the

Agency and the Chino Basin Watermaster. As of March 31, 2020, the outstanding principal amount is \$36,175,000 with a final maturity date of June 1, 2032.

The 2008B VRDOs bear a variable rate interest that resets on a weekly basis as determined by the Remarketing Agent. For marketing purposes, investors require the 2008B VRDOs be secured by a Letter of Credit (LOC) which guarantees timely payment of principal and interest to bondholders in the event of a failed remarketing. In addition to annual principal payments, the 2008B VRDOs are subject to the following ongoing costs:

Table 1: 2008B VRDOs Ongoing Costs and Providers

Costs	Provider	Rate	Payment Frequency
Interest Rates	USBancorp	Variable	Resets Weekly
LOC Facility Fee¹	SMBC	0.40%	Quarterly
Remarketing Fee¹	USBancorp	0.05%	Weekly
Trustee Fee	USBank	Fixed Fee	Quarterly

¹Based on the amount of outstanding principal.

Up to now, the 2008B VRDOs have performed well with an average interest rate reset of 0.47%, (not including other ongoing fees summarized on Table 1). These low interest rates were, in part, due to the Fed Funds Rate being held at historically low levels between 2009 through 2016. However, during times of economic stress, interest rates can jump significantly as experienced in 2008 at the onset of economic downturn when the weekly interest rates increased to 7.5%, and more recently to 4.90% due to concerns related to the Coronavirus pandemic, as highlighted in Figure 1, Appendix A.

In addition to the interest rate risk inherent of variable debt, is the credit risk related to the LOC liquidity provider. The current LOC is set to expire on January 15, 2021. At or prior to expiration, the LOC must either be renewed or replaced. If the LOC were to be replaced today, the ongoing fees could be significantly higher (potentially as much as double) as banks' capacities for LOCs have contracted substantially during the current economic disruption.

To date the LOC provider has been changed four times. Each renewal or replacement requires the issuance of request for proposals (RFPs) for underwriting, remarketing and LOC facility providers, as well as the issuance of an Official Statement to investors. Each transaction requires the assistance of financial advisors, bond counsel, and general counsel. The average cost of a LOC replacement is \$250,000, not including Agency and Watermaster resources.

Today's low interest rate environment provides for an opportunity to fix-out the 2008B VRDOs and eliminate future interest rate risk and the LOC requirement. Table 2 compares the net cost of the 2008B VRDOs recent reset to various averages of the comparable tax-exempt variable rate Securities Industry and Financial Markets Association (SIFMA) index.

Table 2: Comparison of Variable Interest Rate¹
(\$Millions)

YTD Average 2008B Reset	1.44%
10-year SIFMA Average	0.94%
20-year SIFMA Average	1.74%
30-year SIFMA Average	2.26%
Estimated Fixed Rate Refunding²	1.45%

¹Included are LOC and remarketing fees of .45 bps and an assumed trading spread to SIFMA of -4 bps.

²Utilizing rates as of May 21, 2020

While there is no guarantee of future variable interest rates, the estimated fixed rate refunding rate of 1.45% reduces the risk of rising interest rates, eliminates the need for an LOC and associated credit risks, reduces staff time needed to manage the portfolio in the future, and can be done at near historic lows in the current market. For the Agency and Watermaster, a fixed rate will eliminate the unpredictability of debt service costs and the need to reconcile the actual costs to the budget amount paid by Watermaster in advance at the beginning of each fiscal year.

The proposed fix-out of the 2008B VRDOs also provides an opportunity to refinance portions of outstanding debt that result in cost savings. These include the 2010A Revenue Bonds at \$5.1 million and certain SRF Loans at approximately \$32.7 million, resulting in present value savings (discounted to today's dollars) of approximately \$2.1 million. Appendix A provides a listing of the outstanding debt obligations proposed to be refunded. If approved, the 2020A Refunding Revenue Bonds (2020A Bonds) will be issued for a not-to-exceed principal amount of \$75,000,000.

Proposed Use of Interim Short-Term Financing

On May 20, 2020, the Board approved the U.S. Department of Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement in the amount of \$196,436,445 to finance a portion of the RP-5 Expansion Project based on an estimated total cost of \$400,436,445. Other financing sources include a Clean Water State Revolving Fund Loan (SRF) of \$101,530,000 and pay-go of approximately \$102,470,000. The opening bid date for construction bids originally scheduled in March had to be deferred to May 21, 2020 due to COVID-19. The lowest bid, still subject to final review by Agency staff, was approximately \$20 million higher than the Engineer's estimate. After adjusting contingency amounts and other associated costs, the total project costs increased from \$400.4 million to \$450 million.

On May 27, 2020, the EPA approved the RPF-5 Expansion Project WIFIA loan agreement for a not-to-exceed amount of \$196,436,445. The fixed annual interest rate will be set at closing of the loan, and based on rates as of May 22, 2020, would be fixed at 1.31% with a final maturity of November 1, 2060. Due to the proximity of the bid opening date and the EPA's approval of the WIFIA Loan; the EPA was unable to adjust the loan amount to the maximum 49% of eligible project costs. While staff will continue to evaluate other funding opportunities, for now the \$50 million in additional costs will be added to the pay-go funding portion of the project.

As reported to the Board on May 6, staff has been exploring the use of the interim financing notes to support construction costs in lieu of WIFIA loan draws, should the long-term interest rate on the WIFIA loan be higher than short term rates. Even at the WIFIA loan's low estimated interest rate of 1.31%, today's dynamic market conditions may provide us an opportunity to further reduce financing costs with the use of interim short-term debt.

Additionally, interim financing notes may also be used to provide needed funding should the State Water Resources Control Board encounter additional delays in finalizing the SRF loan agreement expected in early fall 2020; a key funding source for the RP-5 Expansion Project. Based on the current construction schedule, SRF loan proceeds will be needed in FY2020/21, along with WIFIA and pay-go funding. Interim financing may also be needed to supplement pay-go funding should connection fee revenue be significantly lower than currently projected.

In order to be prepared to take advantage of favorable market conditions, staff recommends the Board authorize the issuance of interim financing 2020B Revenue Notes (2020B Notes) to support construction costs for the RP-5 Expansion Project for a not to exceed amount of \$250 million and approve the preparation of the Preliminary Official Statement and other related legal documents. The 2020B Notes will only be issued if; 1) it lowers the all-in-cost of the WIFIA loan, and/or 2) to provide funding to support construction costs of the RP-5 Expansion project to avoid potential disruptions to the timely execution of the project should the SRF loan agreement be further delayed, and/or 3) to supplement pay-go funding should connection fees be significantly lower than projected. If issued, the interim notes will be repaid within 5 years by a draw from either the RP-5 Expansion Project WIFIA loan or SRF loan proceeds, or other available funding sources.

Staff, with the assistance of the Agency's financial advisors, will closely monitor market conditions to leverage opportunities favorable to the Agency. If and when the 2020B Revenue Notes are issued, staff will update the Board at its next regularly scheduled meeting.

Legal Documents

In order to issue the 2020A Bonds and the 2020B Notes, the Agency and the Chino Basin Regional Financing Authority (Authority) will need to enter into certain financing documents to support each transaction. All documents have been reviewed by the Agency's Financial Advisor, Bond Counsel, and the General Counsel.

These documents are described below:

- Preliminary Official Statements. The Preliminary Official Statement is the disclosure document sent to potential investors. The Preliminary Official Statement describes IEUA, the Authority and the terms of the bonds. The bond underwriter uses the Preliminary Official Statement as a marketing document. IEUA, as the party making the installment payments from which the 2020A Bonds and 2020B Notes are payable, is subject to federal securities law, including ensuring that the Preliminary Official Statement is accurate.

- Policy for Disclosure Procedures. The Policy for Disclosure Procedures communicates key principles, procedures and training in connection with obligations, including notes, bonds and certificates of participation, issued by the Inland Empire Utilities Agency (the “Agency”) so as to ensure that the Agency continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.
- Continuing Disclosure Certificates. The Continuing Disclosure Certificate is executed by IEUA. Under federal securities law, IEUA, as the party making the installment payments from which the 2020A Bonds and 2020B Notes are payable, is required to provide an annual report to investors, which includes, among other things, the audited financial statements of IEUA. IEUA is also required to report certain events which are significant to investors, as provided in the Continuing Disclosure Certificate.
- Installment Purchase Agreements. The Installment Purchase Agreement is entered into by and between IEUA and the Authority. Pursuant to the Installment Purchase Agreement, IEUA agrees to pay to the Authority installment payments equal to the principal and interest on the 2020A Bonds and 2020B Notes. The Installment Purchase Agreement includes a pledge of Revenues on a parity with the WIFIA Loan and outstanding SRF Loans and subordinate to the 2017A Revenue Bonds.
- Purchase Agreements. The Purchase Agreement is by and between the Authority and the bond underwriter. Pursuant to the Purchase Agreement, the Authority agrees to sell the bonds to the bond underwriter and the bond underwriter agrees to purchase the bonds, subject to usual closing conditions. The underwriting teams for the 2020A Bonds and 2020B Notes, approved by the Board on May 6, 2020, are summarized in Table 2, Appendix A.

Indenture of Trusts. The Indenture of Trust is by and between the Authority and U.S. Bank National Association, the bond trustee. The Indenture of Trust includes (i) an instruction to the Trustee to issue the bonds, (ii) an assignment by the Authority of the right to receive the installment payments of the Agency pursuant to the Installment Purchase Agreement, and (iii) provides instructions to the trustee on how to handle the proceeds of the 2020A Bonds and The 2020A Bonds and the 2020B Notes (if issued) will be sold to the underwriter, subject to the final terms as agreed to by the General Manager, with concurrence by the Executive Manager of Finance and Administration, Assistant General Manager, within the guidelines established in Resolutions (2020-3 and 2020-4), and the respective Purchase Agreement.

It is anticipated that the 2020A Bonds will price during the week of June 22, 2020 and settlement date will occur in early July. Timing for the sale of the 2020B Bonds will be subject to: i) market conditions making it economic to do so or ii) a need to fund project costs on an interim basis due to a delay in receipt of SRF funds or reduced connection fees.

Conclusion

Today’s low interest rate environment provides for an opportunity to fix-out the 2008B VRDOs and refinance existing debt obligations that result in cost savings. A fix-out of the 2008B Bonds

will eliminate future risk exposure to market interest rates, as well the need for an LOC. A fixed rate will also reduce monitoring, reporting and reconciliation requirements resulting in more efficient budgeting and more cost-effective administration. Packaging the refunding of existing debt with the 2008B VRDOs fix-out reduces the cost of issuance by utilizing a single Official Statement and related legal documents.

If approved, the 2020B Notes will provide staff the flexibility, based on the aforementioned conditions, to leverage favorable market conditions to lower borrowing costs, as well as to ensure timely completion of essential projects, such as the RP-5 Expansion.

PRIOR BOARD ACTION

On December 16, 2015, the Board adopted Resolution No. 2015-7, authorizing a substitute credit facility with SMBC for Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B (2008B Bonds) for not-to-exceed amount of \$44,060,000.

On October 17, 2012, the Board authorized the General Manager to proceed with the substitution of the Letter of Credit (LOC) service provider for the 2008B Variable Rate Demand Bonds, and advance contract negotiations with Union Bank, N.A. for a three-year term agreement.

On December 17, 2008, the Commissioners adopted Resolution No. 2008-2 authorizing the execution of Amendment No. 1 to the 2008B Indenture of Trust Amendment of certain related documents and authorizing certain acts in connection therewith. Amendment No. 1 permits the Authority to purchase its 2008B VRDOs that fail to remark without defeasing or retiring the bonds, as well as allows for future remarketing.

On September 20, 2006, the Commissioners adopted Resolution No. 2006-4, approving a Standby Bond Purchase Agreement and a Supplement to Official Statement and authorizing certain acts in connection therewith.

On June 19, 2002, the Commissioners approved the issuance of Variable Rate Demand Revenue Bonds (Inland Empire Utilities Agency), Series 2002A in the amount of \$59 million.

On April 17, 2002, the Commissioners adopted Resolution No. 2002-4-5, declaring its intent to issue bonds to reimburse expenditures for capital projects

IMPACT ON BUDGET

None. Included in the not-to-exceed amount for the 2020A Bonds and 2020B Notes are issuance costs, including underwriting, credit rating fees, bond counsel fees, financial advisory fees. Repayment of the 2020A Bonds and 2020B Notes will be paid by the Agency as defined in the respective Installment Purchase Agreement.

Attachments:

Attachment 1 – PowerPoint

Attachment 2 – Resolution No. 2020-3

Attachment 3 – 2020A Preliminary Official Statement (Substantive Final Draft)

Link: <https://bit.ly/3e3yEDO>

Attachment 4 – 2020A Installment Purchase Agreement (Substantive Final Draft)

Link: <https://bit.ly/2AZ8HXo>

Attachment 5 – Purchase Agreement 2020A (Substantive Final Draft)

Link: <https://bit.ly/2XP6Kpy>

Attachment 6 – Indenture of Trust (Substantive Final Draft)

Link: <https://bit.ly/2zmM1jv>

Attachment 7 – Policy for Disclosure Procedures (Substantive Final Draft)

Link: <https://bit.ly/3hj21Ea>

Attachment 8 – Resolution No. 2020-4

Attachment 9 – 2020B Preliminary Official Statement (Substantive Final Draft)

Link: <https://bit.ly/3cORxsL>

Attachment 10 – 2020B Installment Purchase Agreement (Substantive Final Draft)

Link: <https://bit.ly/3hgYA0Y>

Attachment 11 – Purchase Agreement 2020B (Substantive Final Draft)

Link: <https://bit.ly/2UxWcZR>

Attachment 12 – Indenture of Trust 2020B (Substantive Final Draft)

Link: <https://bit.ly/2XRArgb>

APPENDIX A

Table 1: Outstanding Debt Proposed for Refunding: 2020A Bonds

Bonds/Loan Number	Project	Interest Rate	Principal Amount Outstanding as of June 30, 2020
2008B Variable Rate Demand Bonds	Various	Reset Weekly	\$33,995,000
2010A Refunding Revenue Bonds	Various	5.0%	\$5,075,000
Loan Number C-06-4846-110	Phase 1: Etiwanda Power	2.50%	\$152,020
Loan Number C-06-4846-120	Phase 1: Wineville Ave Pipeline	2.50%	\$159,547
Loan Number C-06-4846-130	Phase 1 RP-1/RP-4 Regional Water Recycling Plant Pump Stations	2.50%	\$1,568,512
Loan Number C-06-4846-140	Phase 1: RP-4 West Extension Recycled Water Pipeline	2.40%	\$1,602,508
Loan Number C-06-4846-150	Phase 1: North Etiwanda Ext	2.50%	\$550,491
Loan Number C-06-4846-160	Phase 1: Philadelphia Street	2.60%	\$413,959
Loan Number C-06-4899-110	Phase 2: Recycled Water Pump Station and Pipelines	2.20%	\$6,791,836
Loan Number C-06-5319-110	Phase 6: S. Area 930 Zone	2.60%	\$21,513,543
Total			\$71,822,416

Figure 1: 2008B VRDOs Reset

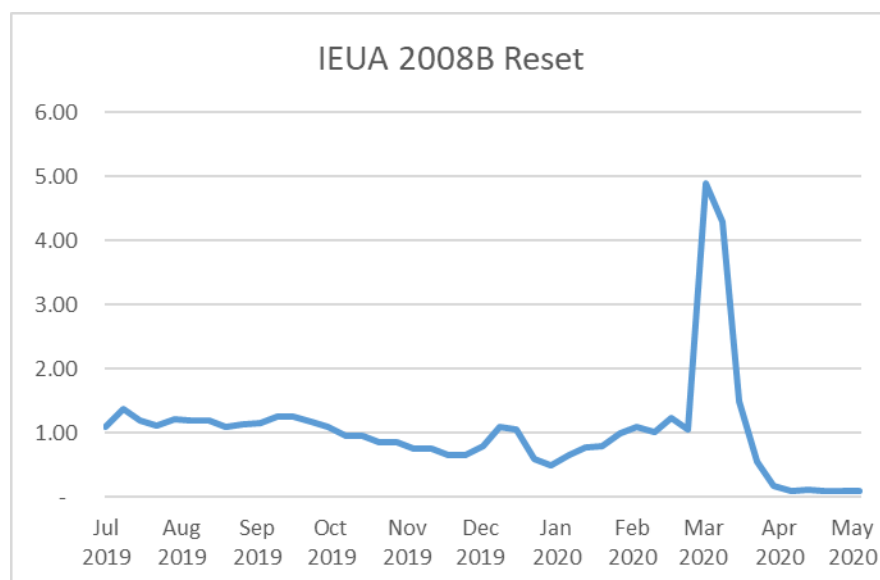


Table 2: Approved Underwriting Teams

Transaction	*Estimated Par Amount	Firm	Role
Interim Financing	\$250 million	J.P. Morgan	Lead Manager
		Citi	Co-Manager
		SMBC Nikko	Co-Manager
2008B VRDOs Fix-Out and Refunding of Existing Debt	\$75 million	Citi	Lead Manager
		J.P. Morgan	Co-Manager

*Subject to change based on market conditions.

Approval of the 2020A Refunding Bonds and 2020B Revenue Notes



Christina Valencia
CBRFA Board Meeting June 2020

Historically Low Levels

Today's low interest rate environment provides the Agency an opportunity to;

- Fix-out the 2008B Variable Rate Demand Rate Bonds (2008 VRDOs),
- Refinance outstanding obligations for cost savings, and
- Provide financing for the RP-5 Expansion Project.

2000B VRDOs

\$34M Outstanding Principal Amount

- Interest rate resets weekly
 - On average rates have performed well since inception
 - Rates do fluctuate and can spike during times of economic stress
 - Cannot predict future interest rates
- Letter of Credit (LOC) is required for remarketing purposes
 - LOC has been replaced four times since inception
 - Current LOC is set to expire on January 15, 2021
- Fixed Interest Rate
 - No interest rate risk, rate is fixed at pricing for the life of the bonds
 - Provides stability and predictability with established principal and interest payments
 - Eliminates the need for a LOC saving future staff time and associated costs
 - Frees up future variable rate borrowing capacity

Package Refunding to Optimize Savings

The proposed 2020A Refunding Bonds for a not-to-exceed amount of \$75M also include other outstanding debt that results in cost savings and share the cost of issuance expenses;

- \$5.1M 2010A Refunded Revenue Bonds
- \$32.8M State Revolving Fund Loans

Total refunding principal amount and estimated savings;

- \$71.8 million amortized over 12 years
- \$2.0 million estimated present value savings over life of the bonds

Benefit of Short-Term Financing for the RP-5 Expansion Project

RP-5 Expansion Project plan of finance includes;

- \$196.4M WIFIA low interest federal loan
 - Closed on May 27, 2020 at a fixed interest rate of 1.36%
 - Estimated gross savings of \$152.8M (compared to current public financing rates)
- \$101.5M SRF low interest state loan
 - Agreement expected in the Fall 2020
 - Current interest is ~1.4%
- \$ 152.1M pay-go (includes the additional construction costs)
- \$450.0M Total Estimated Project Costs

Potential Benefits for Use of Interim Financing

Proposed 2020B Revenue Notes for a not-to-exceed amount of \$250M to support construction costs for the RP-5 Expansion Project will only be issued to;

- Further reduce borrowing costs should short-term interest rates be lower rates than the WIFIA rate, *and/or*
- Avoid potential disruptions to the project schedule should;
 - SRF Loan be further delayed and/or
 - Connection fees be significantly lower than projected

Issuance of the 2020B Revenue Notes will be communicated to the Board at the next regularly scheduled meeting.

Next Steps

- June 17 Post Preliminary Official Statement
- June 22 Pre-pricing call
 - Price 2020A Bonds
 - Price 2020B Notes
- June 29 Post Official Statement
- July 6 Closing

Recommendation

1. Adoption of Resolution 2020-3, authorizing the issuance of the 2020A Refunding Revenue Bonds for a not-to-exceed principal amount of \$75,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters, and
2. Adoption of Resolution 2020-4 authorizing the issuance of the 2020B Revenue Notes based on specified conditions for a not-to-exceed principal amount of \$250,000,000 and approve the execution and delivery of certain documents in connection therewith and certain other matters.

RESOLUTION NO. 2020-3

RESOLUTION OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$75,000,000 REFUNDING REVENUE BONDS (INLAND EMPIRE UTILITIES AGENCY), SERIES 2020A APPROVING THE EXECUTION OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

WHEREAS, the Chino Basin Regional Financing Authority (the “Authority”), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California, has been requested to assist Inland Empire Utilities Agency (the “Agency”) to undertake the refinancing of certain improvements to the Agency’s wastewater system and of certain groundwater recharge facilities which were in each case financed or refinanced from the proceeds of the following outstanding obligations:

(a) Chino Basin Regional Financing Authority Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B (the “2008B Bonds”);

(b) Chino Basin Regional Financing Authority Refunding Revenue Bonds, Series 2010A (Inland Empire Utilities Agency) (the “2010A Bonds”); and

(b) certain Clean Water State Revolving Fund Financing Agreements from the California State Water Resources Control Board (the “CSWRCB Loans”); and

WHEREAS, the Commission has determined to authorize the refinancing of the 2008B Bonds, all or a portion of the 2010A Bonds, and certain of the CSWRCB Loans (such obligations to be refinanced are referred to herein as the “Refunded Obligations”) and to approve certain documents in connection therewith;

NOW THEREFORE, the Commission of the Chino Basin Regional Financing Authority hereby finds, determines, declares and resolves as follows:

1. The issuance of the Chino Basin Regional Financing Authority Refunding Revenue Bonds (Inland Empire Utilities Agency), Series 2020A (the “2020A Bonds”) in the principal amount not to exceed \$75,000,000 in order to (i) refinance the Refunded Obligations, and (ii) pay the cost of issuance for the 2020A Bonds, is hereby approved. The sale and issuance of the 2020A Bonds is determined to be consistent with the Authority’s debt policy and to the extent the sale and issuance of the 2020A Bonds is not in compliance with the Authority’s debt policy, such noncompliance is waived in accordance with the terms of the Authority’s debt policy.

2. The Installment Purchase Agreement in substantially the form on file with the Authority is hereby approved. Each of the President, Vice President, General Manager, or Treasurer or the written designee thereof (each an “Authorized Officer”) is hereby individually authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, A

Professional Corporation ("Bond Counsel") and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval

3. The Indenture of Trust in substantially the form on file with the Authority is hereby approved. Each Authorized Officer is hereby individually authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

4. The Purchase Contract with the underwriters named therein, in substantially the form on file with the Authority is hereby approved. The General Manager or the written designee thereof are hereby individually authorized and directed to execute and deliver the Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the General Manager or such written designee, said execution being conclusive evidence of such approval; provided, however, that in no event shall the principal amount of the Bonds exceed \$75,000,000, nor shall the underwriters' discount exceed 0.5% of the principal amount of the Bonds.

5. The preparation and distribution of the Preliminary Official Statement, in substantially the form on file with the Authority, is hereby approved. Each Authorized Officer and the General Manager or the written designee thereof, is hereby individually authorized to approve such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and is authorized and directed to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 with respect to the Preliminary Official Statement; provided, however, such certificate shall exclude information with respect to the Agency contained therein. Each Authorized Officer is further individually authorized and directed to update the information for inclusion in the final Official Statement. The underwriters named in the Purchase Contract are hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the Bonds and are directed to deliver copies of any final Official Statement to all actual initial purchasers of the Bonds.

6. The Commission hereby authorizes the General Manager or the written designee thereof to select a municipal bond insurer to insure payments of interest and principal on all or a portion of the Bonds so long as the General Manager or such written designees determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity on such Bonds. Bond Counsel is hereby directed to make all changes to the Installment Purchase Agreement, the Indenture of Trust, and the Purchase Contract as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

7. Each Authorized Officer, the General Manager and the Secretary, and the written designee thereof and any other proper officer of the Authority, acting singly, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture of Trust, the Installment Purchase Agreement, the Purchase Contract, the Preliminary Official Statement, the final Official Statement and this resolution.

8. U.S. Bank National Association is hereby appointed to act as trustee under the Indenture.

9. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A to this resolution and are available to the public at the meeting at which this resolution is approved.

10. The Policy for Disclosure Procedures in substantially the form on file with the Authority is hereby approved.

11. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture unless the context otherwise clearly requires.

12. This resolution shall take effect immediately.

ADOPTED this 17th day of June, 2020.

Vice President of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof

ATTEST:

Secretary of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof

(SEAL)

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020A Revenue Refunding Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate amount of the Bonds to be sold is \$57,160,000.

True Interest Cost of the Bonds. The Municipal Advisor has informed the Authority that based on the expected interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 1.46%.

Finance Charge of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Bonds are executed, their good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$353,212.74.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that based on estimated interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$69,477,973.60.

Total Payment Amount. The Municipal Advisor has informed the Authority that based on interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$75,601,388.89, which excludes any reserves funded with proceeds of the Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of May 21, 2020, and are based on information provided in the draft Bonds agreement at the time of preparation of such estimates. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, 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 entering into 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 Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of execution of the

Bonds and the actual principal amount of the Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the Bonds and other factors. Factors such as the final loan repayment schedule, any changes to the interest rate on the Bonds and timing of the execution of the Bonds may be affected by factors beyond the control of the Authority, or the Municipal Advisor.

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Kati Parker, Secretary of the Chino Basin Regional Financing Authority, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2020-3, was adopted at a regular
Commission Meeting on June 17, 2020, of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof

RESOLUTION NO. 2020-4

RESOLUTION OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$250,000,000 REVENUE NOTES (INLAND EMPIRE UTILITIES AGENCY INTERIM FINANCING), APPROVING THE EXECUTION OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

WHEREAS, the Chino Basin Regional Financing Authority (the “Authority”), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California, has been requested to assist Inland Empire Utilities Agency (the “Agency”) to undertake the interim financing of certain improvements to the Agency’s wastewater system at Regional Plant 5 (RP-5) (the “Project”); and

WHEREAS, in order to provide for the financing and/or refinancing for the Project, the Authority negotiated the terms of a loan from the United States Environmental Protection Agency (“EPA”) under the authority of the Water Infrastructure Finance and Innovation Act (the “WIFIA Loan”), to be made to the Authority by the EPA, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”); and

WHEREAS, the Agency has applied for a loan from the California State Water Resources Control Board (the “SRF Loan”) to finance a portion of the cost of the Project; and

WHEREAS, the Commission has determined to authorize the use of interim financing of all or a portion of the cost of the Project if the General Manager reasonably determines that (a) the use of interim financing with respect to the WIFIA Loan will lower the all-in-cost of the Project or (b) the use of interim financing is appropriate to avoid potential disruption or delays in the execution of the Project in the event of (i) a delay in the execution of the SRF Loan, (ii) a delay in the disbursement of SRF Loan proceeds to the Agency, or (iii) a deferral of connection fee revenue due to an unanticipated slowdown in new development, and to approve certain documents in connection therewith;

WHEREAS, the Commission has determined to authorize the interim financing of all or a portion of the cost of the Project and to approve certain documents in connection therewith;

NOW THEREFORE, the Commission of the Chino Basin Regional Financing Authority hereby finds, determines, declares and resolves as follows:

1. The issuance of the Chino Basin Regional Financing Authority Revenue Notes (Inland Empire Utilities Agency Interim Financing), in one or more series from time to time (the “Notes”), in the cumulative principal amount not to exceed \$250,000,000, is hereby approved, in order to finance a portion of the Project on an interim basis if the General Manager reasonably determines that (a) the use of interim financing with respect to the WIFIA Loan will lower the all-in-cost of the Project or (b) the use of interim financing is appropriate to avoid potential disruption or delays in the execution of the Project in the event of (i) a delay in the execution of the SRF Loan, (ii) a delay in the disbursement of SRF Loan proceeds to the Agency, or (iii) a deferral of connection fee

revenue due to an unanticipated slowdown in new development. Proceeds of the Notes shall be used to (A) finance a portion of the cost of the Project, (B) pay capitalized interest on the Notes, and (C) pay the cost of issuance for the Notes. The sale and issuance of the Notes is determined to be consistent with the Authority's Debt Management Policy and to the extent the sale and issuance of the Notes is not in compliance with the Authority's Debt Management Policy, such noncompliance is waived in accordance with the terms of the Authority's Debt Management Policy.

2. The form of Installment Purchase Agreement in substantially the form on file with the Authority is hereby approved. Each of the President, Vice President, General Manager, or Treasurer or the General Manager or the written designee thereof (each an "Authorized Officer") is hereby individually authorized and directed to execute and deliver an Installment Purchase Agreement in connection with the issuance of each series of Notes, with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, A Professional Corporation ("Note Counsel") and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval

3. The form of Indenture of Trust in substantially the form on file with the Authority is hereby approved. Each Authorized Officer is hereby individually authorized and directed to execute and deliver an Indenture of Trust in connection with the issuance of each series of Notes, with such changes, insertions and omissions as may be recommended by General Counsel or Note Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

4. The form of Purchase Contract with the underwriters named therein, in substantially the form on file with the Authority is hereby approved. The General Manager or the written designee thereof are hereby individually authorized and directed to execute and deliver a Purchase Agreement in connection with the issuance of each series of Notes, with such changes, insertions and omissions as may be recommended by General Counsel or Note Counsel and approved by the General Manager or such written designee, said execution being conclusive evidence of such approval; provided, however, that in no event shall the cumulative principal amount of the Notes issued from time to time pursuant to this resolution exceed \$250,000,000, nor shall the underwriters' discount exceed 0.5% of the principal amount of the applicable series of Notes.

5. The preparation and distribution of the Preliminary Official Statement with respect to each series of Notes, in substantially the form on file with the Authority, is hereby approved. Each Authorized Officer and the General Manager or the written designee thereof, is hereby individually authorized to approve such changes, insertions and omissions as may be recommended by General Counsel or Note Counsel, including to refer to specific series of Notes proposed to be issued, and is authorized and directed to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 with respect to the Preliminary Official Statement; provided, however, such certificate shall exclude information with respect to the Agency contained therein. Each Authorized Officer is further individually authorized and directed to update the information for inclusion in a final Official Statement with respect to each series of Notes. The underwriters named in the Purchase Contract are hereby authorized to distribute copies of each Preliminary Official Statement to persons who may be interested in the initial purchase of a series of Notes and are directed to deliver copies of each final Official Statement to all actual initial purchasers of such series of Notes.

6. The Commission hereby authorizes the General Manager or the written designee thereof to select a municipal bond insurer to insure payments of interest and principal on all or a portion of a series of Notes so long as the General Manager or such written designees determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity on such Notes. Note Counsel is hereby directed to make all changes to the Installment Purchase Agreement, the Indenture of Trust, the Purchase Contract, the Preliminary Official Statement and the Official Statement for the applicable series of Notes as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

7. Each Authorized Officer, the General Manager and the Secretary, and the written designee thereof and any other proper officer of the Authority, acting singly, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture of Trust, the Installment Purchase Agreement, the Purchase Contract, the Preliminary Official Statement, the final Official Statement and this resolution.

8. U.S. Bank National Association is hereby appointed to act as trustee under the Indenture.

9. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A to this resolution and are available to the public at the meeting at which this resolution is approved.

10. The authorization in this Resolution, including but not limited to the issuance of Notes, shall terminate on the one year anniversary of the date of adoption hereof.

11. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture unless the context otherwise clearly requires.

12. This resolution shall take effect immediately.

ADOPTED this 17th day of June, 2020.

Vice President of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof

ATTEST:

Secretary of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof

(SEAL)

EXHIBIT A
GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020B Revenue Notes in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate amount of the Notes to be sold is \$250,000,000.

True Interest Cost of the Notes. The Municipal Advisor has informed the Authority that based on the expected interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the Notes, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Notes, is 0.89%.

Finance Charge of the Notes. The Municipal Advisor has informed the Authority that, assuming that the Notes is executed, their good faith estimate of the finance charge for the Notes, which means the sum of all fees and charges paid to third parties (or costs associated with the Notes), is \$672,750.00.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that based on estimated interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Notes, less the finance charge of the Notes, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Notes, is \$303,480,000.

Total Payment Amount. The Municipal Advisor has informed the Authority that based on interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Notes, plus the finance charge for the Notes, as described above, paid with the proceeds of the Notes, calculated to the final maturity of the Notes, is \$316,215,277.78, which excludes any reserves funded with proceeds of the Notes (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of May 26, 2020, and are based on information provided in the draft Notes agreement at the time of preparation of such estimates. The actual principal amount of the Notes issued and sold, the true interest cost thereof, 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 entering into the Notes being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Notes sold being different from the Principal Amount, (c) the actual amortization of the Notes being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates at the time of sale of the Notes being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of execution of the Notes and the actual principal

amount of the Notes sold will be determined by the Authority based on the timing of the need for proceeds of the Notes and other factors. Factors such as the final loan repayment schedule, any changes to the interest rate on the Notes and timing of the execution of the Notes may be affected by factors beyond the control of the Authority, or the Municipal Advisor.

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Kati Parker, Secretary of the Chino Basin Regional Financing Authority, DO HEREBY CERTIFY that the foregoing Resolution being No. 2020-4, was adopted at a regular Commission Meeting on June 17, 2020, of said Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary of the Chino Basin Regional
Financing Authority and the
Board of Commissioners thereof