

ATTACHMENT C

RESOLUTION NO. 2025-76

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWPORT BEACH, CALIFORNIA, REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS

WHEREAS, the City Council of the City of Newport Beach ("Issuer") desires to finance the costs of constructing, designing, or acquiring certain public facilities, land and improvements, as described in Exhibit "A," which is attached hereto and incorporated herein by reference ("Project");

WHEREAS, the Issuer intends to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes ("Obligations"); and

WHEREAS, prior to the issuance of the Obligations, the Issuer desires to incur certain expenditures with respect to the Project from available monies of the Issuer which expenditures are desired to be reimbursed by the Issuer from a portion of the proceeds of the sale of the Obligations.

NOW, THEREFORE, the City Council of the City of Newport Beach resolves as follows:

Section 1: The Issuer hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit "A" describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

Section 2: The reasonably expected maximum principal amount of the Obligations is Twenty Million Dollars (\$20,000,000) to be issued in one or more series.

Section 3: This resolution is being adopted not later than 60 days after the date ("Expenditures Date or Dates") that the Issuer will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

Section 4: Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the "eighteen-month" limit of the previous sentence is changed to "three years" and the limitation on reimbursement three years after the original expenditure described in the previous sentence is not applicable.

Section 5: Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly, to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the Issuer (other than the Obligations), or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Issuer or any entity related in any manner to the Issuer, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

Section 6: This resolution is consistent with the budgetary and financial circumstances of the Issuer, as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Issuer (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this City Council is not aware of the previous adoption of official intents by the Issuer that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

Section 7: The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of One Hundred Thousand Dollars (\$100,000) or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

Section 8: This resolution is adopted as official action of the Issuer to comply with Treasury Regulation Section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Issuer expenditures incurred prior to the date of issue of the Obligations, is part of the Issuer's official proceedings, and will be available for inspection by the general public at the main administrative office of the Issuer.

Section 9: The recitals in this resolution are true and correct and are incorporated into the operative part of this resolution.

Section 10: If any section, subsection, sentence, clause or phrase of this resolution is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this resolution. The City Council hereby declares that it would have passed this resolution, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 11: The City Council finds the adoption of this resolution is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) and 15060(c)(3) of the California Code of Regulations, Title 14, Division 6, Chapter 3, ("CEQA Guidelines") because the adoption of this resolution will not result in a direct or reasonably foreseeable direct physical change to the environment and the activity is not a project as a project is defined in Section 15378 of the CEQA Guidelines.

Section 12: This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting the resolution.

ADOPTED this 4th day of November, 2025.

Joe Stapleton
Mayor

ATTEST:

Lena Shumway
City Clerk

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE



Aaron C. Harp
City Attorney

Attachment(s): Exhibit A - Description of Project

EXHIBIT A

DESCRIPTION OF PROJECT

The Issuer is embarking upon a multiyear capital improvement program to increase its local groundwater supplies providing the Issuer additional reliability and lower water rates. To accomplish such goals, the Issuer is acquiring property, designing, drilling and constructing a series of new drinking water wells to serve the Issuer. The wells are tentatively located at 17902 Bushard Street and 9080 Talbert Avenue in the City of Fountain Valley, California or such other locations as determined by the Issuer. The Project will include wells construction and drilling, well head and pump house equipment, new water transmission lines connecting to the Issuer's water system and all appurtenant work improvements and equipment associated therewith.