

RESOLUTION NO. 20-01

A RESOLUTION OF BOARD OF DIRECTORS OF THE CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF A FINANCING AGREEMENT PROVIDING FOR THE ISSUANCE OF SERIES 2020 WATER REVENUE BOND ANTICIPATION NOTES; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, the Board of Directors, after due investigation and deliberation, has determined that it is in the public interests of the District at this time to provide for the financing for the of acquisition and construction of two new steel 0.75 million gallon water storage tanks on a 1.75-acre site to replace the existing reservoir on the project site, as well as all necessary work and appurtenances thereto in accordance with the applicable plans and specifications therefor (the "Project"); and

WHEREAS, for the purpose of providing financing for the Project, the First Foundation Bank (the "Bank") has proposed to purchase the District's "Christian Valley Park Community Services District, Series 2020 Water Revenue Bond Anticipation Notes (2020 Water Improvement Project)" in a principal amount not to exceed \$3,311,000 (the "Notes"), which Notes are being secured by, and executed and delivered pursuant to, a Financing Agreement, dated as of March 1, 2020, by and between the Bank and the District (the "Financing Agreement"), a copy of which has been presented at this meeting and is on file with the Secretary; and

WHEREAS, the District is authorized under the provisions of Title 5, Division 2, Part 1, Chapter 4, Article 7. 7 (commencing with Section 53859) of the California Government Code (the "Bond Law"), to issue its bond, loan or grant anticipation notes for the purpose of financing the Project; and

WHEREAS, pursuant to the Financing Agreement, the District will make installment payments from the net revenues of its water enterprise (the "Water Enterprise") operations, sufficient in amount to pay back a certain portion of the debt service on Notes from the Bank, with any residual balance projected to be paid from the United Sates Department of Agriculture (the "USDA") and other take-out sources of financing, as more particularly set forth in the Financing Agreement; and

WHEREAS, the Board of Directors, with the aid of its staff, has reviewed the Financing Agreement, the form of which is on file with the Secretary, and the Board wishes at this time to approve the foregoing document as being within the public interests of the District; and

WHEREAS, The District has previously engaged The Weist Law Firm to serve as Bond Counsel in connection with the execution and delivery of the Notes; and

WHEREAS, the Board of Directors desires to designate the Notes as a "Qualified Tax-Exempt Obligation" for purposes of Paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the Board of Directors obtain from the Bank and disclose, in a meeting open

to the public, prior to authorization of the Notes, good faith estimates of: (a) the true interest cost of the Notes, (b) the finance charge of the Notes, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the Notes received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the Notes and (d) the sum total of all debt service payments on the Notes calculated to the final maturity of the Notes plus the fees and charges paid to third parties not paid with the proceeds of the Notes; and

WHEREAS, in accordance with Section 5852.1, the Board of Directors has obtained such good faith estimates from the Bank, and such estimates are disclosed in Sections 5 hereof; and

WHEREAS, the Board of Directors, with the aid of its staff, has prepared and reviewed a proposed Debt Management Policy (the "Debt Management Policy") the form of which has been presented to the Board of Directors and is on file with the Secretary, and the Board of Directors wishes at this time to approve the Policy in the public interests of the District; and

WHEREAS, the Board of Directors wishes at this time to authorize all actions and proceedings relating to the issuance of the Notes, the execution and delivery of the Financing Agreement, and the corresponding acquisition and construction of the Project; 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 District 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, BE IT RESOLVED by the Board of Directors of the Christian Valley Park Community Services District, as follows:

Section 1. Recitals and Findings. The Board of Directors hereby specifically finds and declares that each of the statements, findings and determinations set forth in the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. Adoption of Authorizing Procedures. The Board of Directors hereby authorizes the issuance of the Notes pursuant to the Financing Agreement and the Bond Law.

Section 3. Authorized Representatives. The President, Vice President, General Manager, Secretary and any other person authorized by the Board to act on behalf of the District shall each be an "Authorized Representative" of the District for the purposes of structuring and providing for the execution of the Financing Agreement and the corresponding issuance and delivery of the Notes, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the Notes, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has intended with the adoption of this Resolution.

Section 4. Authorization of the Notes. The Board hereby authorizes and approves the execution and delivery of the Notes pursuant to the terms and conditions of the Financing Agreement.

The Board hereby approves the Financing Agreement in substantially the form on file with the Secretary, together with any additions thereto or changes therein (including, but not limited to, the final rate and amount of the Notes, the final debt service payment schedule, and prepayment and parity bond provisions) deemed necessary or advisable by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Financing Agreement for and in the name and on behalf of the District, and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Financing Agreement.

Section 5. Notes Designated as a Qualified Tax-Exempt Obligation. The Board of Directors hereby designates the Notes for purposes of Paragraph (3) of Section 265(b) of the Code as a "Qualified Tax-Exempt Obligation" and covenants that the Notes do not constitute a private activity bond as defined in Section 141 of the Code and that the aggregate face amount of all tax-exempt obligations issued by the District (including all subordinate entities of the District and all entities which may issue obligations on behalf of the District) during the calendar year 2020 is not reasonably expected to exceed \$10,000,000, excluding, however, private activity bonds, as defined in Section 141 of the Code (other than qualified 501(c)(3) bonds as defined in Section 145 of the Code) and current refunding obligations having a principal amount not in excess of the refunded obligation.

Section 6. Good Faith Estimates. Set forth below are good faith estimates of the Underwriter, as required under Section 5852.1 of the California Government Code (the "Code") for the Notes. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

- (a) The true interest cost of the Notes is estimated at 2.34%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the Notes, including all fees and charges paid to third parties, is estimated at \$ 35,500.
- (c) Proceeds of the Notes received by the District of \$ 3,371,000 less the finance charge set forth in (b) above, is equal to \$ 3,335,500.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$ 3,607,644.

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

Section 7. Debt Management Policy. The Debt Management Policy of the District is attached hereto as Exhibit A, and is hereby approved; however, any Authorized Representative, on behalf of the District, is hereby authorized and directed to make such changes from time to time as necessary in order to conform the same to actual or recommended District practices, to correct typographical or grammatical errors, to cure ambiguities and inconsistencies, and to conform to applicable law as advised by Bond Counsel or the District's general counsel.

Section 8. Authorized Representatives. The President, Vice President, General Manager, Secretary and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by this Resolution and the Financing Agreement. Whenever any officer of the District is authorized to execute or countersign any document or take any action contemplated by this Resolution and the Financing Agreement, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 9. Full Compliance. The Board hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Project were duly considered, and are hereby considered valid and in conformity with the requirements of law.

Section 10. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Passed and adopted at a Special Meeting of the Board of Directors of the Christian Valley Park Community Services District held on the 31th day of March, 2020 by the following vote:


AYES: Rolando de la Torre, Lynn Cook, Dan Negus, Chris Calvert

NOES: none

ABSENT: none

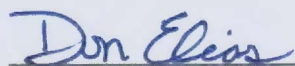
ABSTAIN: none

APPROVED:



Rolando de la Torre, President

ATTEST:



Don Elias, Secretary