

CHRISTIAN VALLEY PARK COMMUNITY SERVICE DISTRICT

RESOLUTION NO. 2021-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CHRISTIAN VALLEY PARK COMMUNITY SERVICE DISTRICT APPROVING A NON-CHARTER MEMBERSHIP AGREEMENT AND AUTHORIZING THE ISSUANCE OF SERIES 2021 CERTIFICATES OF PARTICIPATION, APPROVING AND AUTHORIZING AND DIRECTING EXECUTION OF A TRUST AGREEMENT, INSTALLMENT SALE AGREEMENT, ASSIGNMENT AGREEMENT AND PURCHASE OFFER, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, the Christian Valley Park Community Service District (the “District”) desires to work with the California Municipal Public Financing Authority, a nonprofit entity duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), for the purpose of , among other things, providing take-out financing for the District’s Series 2020 Bond Anticipation Notes that were issued on May 22, 2020 in the aggregate principal amount of \$3,371,000 (the “BANs”) for the purpose of constructing the District’s new water tank facilities, all as more particularly described in Exhibit A to the hereinafter described Installment Sale Agreement (the “Project”); and

WHEREAS, the Authority was formed pursuant to a joint exercise of powers agreement, dated as of June 24, 2020 (the “JPA Agreement”) and Article I (commencing with Section 6500) of Chapter 5 or Division 7 of Title I of the Government Code of the State of California for the purpose of, among other things, assisting California government agencies with the issuance of non-recourse debt, which may include bonds, certificates of participation, notes, leases, installment sale or other evidences of indebtedness, and to otherwise undertake financing programs under the applicable provisions of the laws of the State of California to accomplish its public purposes; and

WHEREAS, for the purpose of providing financing for the payoff of the BANs (the “Financing”), the District is hereby requesting the Authority to assist in the issuance of Series 2021 Certificates of Participation, in the aggregate principal amount of not to exceed \$3,400,000 (the “COPs”), all pursuant to and secured by a Trust Agreement (the “Trust Agreement”), dated as of December 1, 2021, by and among the District, the Authority and the General Manager, as trust administrator (the “Trustee Administrator”); and

WHEREAS, the District proposes to purchase the Project from the Authority pursuant to a certain Installment Sale Agreement (the “Installment Sale Agreement”), dated as of December 1, 2021, by and between the Authority and the District, whereby the District will make prescribed installment payments (the “Installment Payments”) from the water enterprise fund, commensurate with the debt service scheduled for the repayment of the COPs; and

WHEREAS, to further implement the foregoing, the Authority and the Trustee Administrator propose to execute and enter into an Assignment Agreement (the “Assignment Agreement”), dated as of December 1, 2021, whereby the Authority will assign to the Trustee Administrator all of its rights and entitlements under the Installment Sale Agreement, including but not limited to the entitlement to receive the Installment Payments from the District; and

WHEREAS, the District and Authority propose to sell the COPs to the United States of America, Acting Through Rural Utility Service, United States Department of Agriculture, California (hereafter referred to as “USDA”), pursuant to USDA’s Purchase Offer (the “Purchase Offer”), all on the terms and conditions herein set forth and as provided in the Trust Agreement and Installment Sale Agreement, so long as the aggregate principal amount of the COPs does not exceed \$3,400,000, and the average interest rate does not exceed three percent (3%) per annum; and

WHEREAS, the Board desires to designate the COPs as a “Qualified Tax-Exempt Obligation;” for purposes of Paragraph (3) of Section 265(b) of the Code and

WHEREAS, the District desires to become a Non-Charter Member of the Authority in order to facilitate the Financing as proposed herein; and

WHEREAS, pursuant to the Bylaws and Section 12 of the JPA Agreement, the District and Authority desire to enter into a Non-Charter Membership Agreement in the form of which has been presented to this Board and is on file with the Secretary; and

WHEREAS, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the Board obtain and disclose, in a meeting open to the public, prior to authorization of the COPs, good faith estimates of: (a) the true interest cost of the COPs, (b) the finance charge of the COPs, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the COPs received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the COPs and (d) the sum total of all debt service payments on the COPs calculated to the final maturity of the COPs plus the fees and charges paid to third parties not paid with the proceeds of the COPs; and

WHEREAS, in accordance with Section 5852.1, the Board has obtained such good faith estimates, and such estimates are disclosed in Section 10 hereof; and

WHEREAS, the District, with the aid of its staff, has reviewed the Trust Agreement, the Installment Sale Agreement, the Assignment Agreement and the Purchase Offer, the forms of which are on file with the District Secretary, and the Board wishes at this time to approve the foregoing in the public interests of the District; and

WHEREAS, all acts, conditions and things required by the Constitution and 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 Project in the manner and upon the terms herein provided; and

WHEREAS, the Board wishes at this time to authorize all proceedings relating to the Project and the issuance of the COPs and the execution and delivery of all agreements and documents relating thereto; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Christian Valley Park Community Service District hereby orders and determines as follows:

Section 1. Recitals and Findings. The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above and in the preambles of the documents approved herein are true and correct and that the financing of the Project will result in significant public benefits for the residents of the District. The Board hereby further finds and determines that the total installment payments to be paid under the Installment Sale Agreement does not exceed the fair market value of the Project as set forth in the Installment Sale Agreement.

Section 2. Authorized Representatives. The 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 issuance of the COPs, 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 sale of the COPs (including the investment of proceeds of the COPs), 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 District has approved in this Resolution.

Section 3. Approval Non-Charter Membership Agreement. The Board hereby authorizes and approves the Non-Charter Membership Agreement in substantially the form on file with the Secretary together with any additions thereto or changes therein 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 Non-Charter Membership 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 Non-Charter Membership Agreement.

Section 4. Approval of the Issuance of the COPs; Significant Public Benefits. The Board hereby approves the issuance of the COPs by the District in a principal amount of not to exceed \$3,400,000, all as above described. The Board hereby finds and determines that the issuance and sale of the COPs by the District to USDA will result in savings in effective interest rates, underwriting costs and issuance costs and thereby result in significant public benefits to the District.

Section 5. Appointment of Trustee Administrator. The General Manager is hereby appointed to act as Trustee Administrator under the Trust Agreement unless and until replaced in accordance with the provisions of the Trust Agreement.

Section 6. Approval of Installment Sale Agreement. The Board hereby authorizes and approves the purchase of the Project by the District pursuant to the Installment Sale Agreement. The Board hereby approves the Installment Sale 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 amount of the sale price for the Project and the final debt service payment schedule) deemed necessary or advisable by an Authorized Representative of the District, upon the advice of the District’s Bond Counsel. 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 Installment Sale 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 Installment Sale Agreement.

Section 7. Approval of Trust Agreement. The Board hereby approves the Trust Agreement in substantially the form on file with the Secretary and consents to such revisions, amendments and completions as shall be approved 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 Trust 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 Trust Agreement.

Section 8. Approval of Assignment Agreement. The form of the Assignment Agreement presented to this meeting and on file with the Secretary, is hereby approved. The General Manger, as Trust Administrator, is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver to the Authority the Assignment Agreement in substantially said form, with such changes therein as the Trust Administrator may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Trust Administrator. The Board hereby authorizes the delivery and performance of the Assignment Agreement.

Section 9. Sale of COPs. The form of the Purchase Offer made by USDA, in substantially the form presented at this meeting and on file with the Secretary, is hereby ratified and approved, and each of the Authorized Representatives are each hereby authorized and directed to indicate the District's acceptance of such offer by the execution thereof, with such changes, insertions, and omissions as may be approved by such official, so long as the aggregate principal amount of the COPs does not exceed \$3,400,000, and the interest rate does not exceed three percent.

Section 10. Good Faith Estimates. Set forth below are good faith estimates of the District's financial advisor, as required under Section 5852.1 of the California Government Code (the "Code") for the COPs. 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 COPs is estimated at ____%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the COPs, including all fees and charges paid to third parties, is estimated at \$_____.

(c) Proceeds of the COPs received by the District of \$_____ (estimated) less the finance charge set forth in (b) above, is equal to \$_____.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$_____.

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

Section 11. 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 Financing and issuance of COPs were duly considered, and are hereby considered valid and in conformity with the requirements of law.

Section 12. Qualified Tax-Exempt Obligation. The Board hereby designates the Installment Sale Agreement and the COPs for purposes of Paragraph (3) of Section 265(b) of the Code as a “Qualified Tax-Exempt Obligation” and covenants that the Installment Sale Agreement and the COPs 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 2021 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 13. Official Actions. Each Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution.

Section 13. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

The foregoing Resolution was adopted at a regular meeting of the Boards of Directors of the Christian Valley Park Community Service District held on the on the 23rd day of November, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED

ROLANDO DE LA TORRE, PRESIDENT

ATTEST

DON S. ELIAS, SECRETARY