

RESOLUTION 51-19

A RESOLUTION OF THE GROVELAND COMMUNITY SERVICES DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION OF OTHER NECESSARY DOCUMENTS AND RELATED ACTIONS

WHEREAS, the Groveland Community Services District (the "District") is a community services district duly organized and validly existing under the laws of the State of California; and

WHEREAS, the District is authorized by the laws of the State of California to acquire certain property for its wastewater system and to finance and refinance the acquisition and construction of such facilities through the execution of installment purchase contracts; and

WHEREAS, the District proposes to undertake the refinancing of its Wastewater Revenue Refunding Bonds, Series 2014 (the "2014 Bonds") issued by the District pursuant to an Indenture of Trust, dated as of June 1, 2014, between the District and The Bank of New York Mellon Trust Company, N.A., as trustee for the purpose of refinancing the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its wastewater system; and

WHEREAS, the District further proposes to finance certain improvements to the District's wastewater treatment plant (the "2019 Project"); and

WHEREAS, to provide funds necessary to refinance the 2014 Bonds and finance the 2019 Project, the District desires to enter into that certain Installment Purchase Contract (the "Installment Purchase Contract") with Municipal Finance Corporation (the "Corporation") in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution; and

WHEREAS, the Corporation intends to assign without recourse certain of its rights under and pursuant to the Installment Purchase Contract to Capital One Public Funding, LLC (the "Bank"), pursuant to an Assignment Agreement, between the Bank and the Corporation; and

WHEREAS, there have been presented at this meeting the form of Installment Purchase Contract relating to such action; and

WHEREAS, the District desires to appoint Kutak Rock LLP, as special counsel ("Special Counsel"), in connection with the refinancing of the 2014 Bonds and financing of the 2019 Project; and

WHEREAS, pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), under certain circumstances, certain obligations the interest on which is exempt from federal income tax under Section 103 of the Code may be designated by the issuer thereof as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are

holders of such qualified tax exempt obligations to deduct for federal income tax purposes a portion of such institution's interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code; and

WHEREAS, the Board of Directors of the District (the "Board") wishes to designate the Installment Purchase Contract as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the Board obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Installment Purchase Contract, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Installment Purchase Contract, (b) the sum of all fees and charges paid to third parties with respect to the Installment Purchase Contract, (c) the amount of proceeds of the Installment Purchase Contract expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, and (d) the sum total of all debt service payments on the Installment Purchase Contract calculated to the final maturity of the Installment Purchase Contract plus the fees and charges paid to third parties not paid with the proceeds of the Installment Purchase Contract; and

WHEREAS, in compliance with SB 450, the Board obtained from the Placement Agent, the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto; 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 the financing and refinancing 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, the Board of Directors of the District **DOES HEREBY RESOLVE, DETERMINE AND ORDER:**

Section 1. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. The form of Installment Purchase Contract submitted to this meeting and made a part hereof as though set forth herein is hereby approved. The President of the Board, and such other member of the Board as the President may designate, the General Manager of the District, and such other officers of the District as the General Manager of the District may designate (each an "Authorized Officer") are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Installment Purchase Contract in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, with the advice and approval of District Counsel and Special Counsel, such requirement or approval to be conclusively evidenced by the execution and delivery of the

Installment Purchase Contract by such Authorized Officer. In connection therewith, the District approves the execution and delivery of the Installment Purchase Contract so long as the maturity of the Series A Installment Payments (as defined in the Installment Purchase Contract) does not exceed July 10, 2026, the interest rate with respect to the Series A Installment Payments does not exceed 2.84%, and the principal amount of the Series A Installment Payments does not exceed \$1,925,000 and so long as the maturity of the Series B Installment Payments (as defined in the Installment Purchase Contract) does not exceed July 10, 2039, the interest rate with respect to the Series B Installment Payments does not exceed 3.35%, and the principal amount of the Series B Installment Payments does not exceed \$1,525,000.

Section 3. The Installment Payments due under the Installment Purchase Contract are hereby designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The Board hereby finds and determines that the aggregate face amount of all tax- exempt obligations (other than private activity bonds) issued by the District (and all subordinate entities thereof) during calendar year 2019 is not expected to exceed \$10,000,000.

Section 4. The Board hereby authorizes and directs the President of the Board, the General Manager or a designee in writing to make appropriate arrangements to establish a special fund into which the proceeds of the financing received by the District are deposited for the purpose of paying the costs of the 2019 Project.

Section 5. The Board hereby appoints the firm of Kutak Rock LLP, as special counsel, in connection with the refinancing of the 2014 Bonds and the financing of the 2019 Project. The Board hereby authorizes the General Manager to execute and deliver an agreement with said firm for its services. Payment of fees and expenses with respect to such agreements shall be contingent upon the execution of the Installment Purchase Contract.

Section 6. In accordance with SB 450, good faith estimates of the following have been obtained from the Placement Agent and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Installment Purchase Contract, (b) the sum of all fees and charges paid to third parties with respect to the Installment Purchase Contract, (c) the amount of proceeds of the Installment Purchase Contract expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, and (d) the sum total of all debt service payments on the Installment Purchase Contract calculated to the final maturity of the Installment Purchase Contract plus the fees and charges paid to third parties not paid with the proceeds of the Installment Purchase Contract.

Section 7. The Officers and staff of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, including but not limited to a fee agreement, costs of issuance agreement, custodian agreement or other similar agreements, which in consultation with District Counsel and Special Counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

I, hereby certify that the foregoing Resolution No. 51-19 was passed and adopted at a regular meeting of said Board on the 12th day of November 2019, by the following vote, to wit:

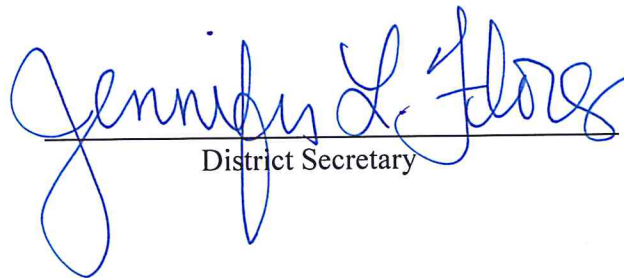
AYES: Directors, Kwiatkowski, Mora, Armstrong, Swan, Edwards

NOES:

ABSTENTIONS:

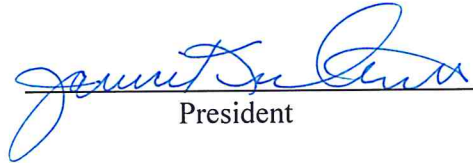
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of November 2019.


District Secretary

This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting held on November 12, 2019.



President

ATTEST:



District Secretary

