

RESOLUTION NO.2019-18

RESOLUTION OF THE SCOTIA COMMUNITY SERVICES DISTRICT APPROVING A SITE LEASE, AND A LEASE AGREEMENT; MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Scotia 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, in order to provide funds for the financing of the acquisition, construction and installation of certain improvements to real property of the District for the benefit of the District (the "Project"), the District will lease certain real property owned by the District (the "Site") to CSDA Finance Corporation (the "Corporation") under a Site Lease, currently dated as of October 1, 2019, (the "Site Lease") between the District and the Corporation and the Corporation will lease the Site to the District under a Lease Agreement, currently dated as of October 1, 2019 (the "Lease Agreement") between the Corporation and the District; and

WHEREAS, as set forth in the Lease Agreement, the District has pledged to the payment of the lease payment due under the Lease Agreement, certain parks and recreation benefit assessments collected and received by the District each Fiscal Year (defined hereinafter) (the "P&R Assessments"); and

WHEREAS, there have been presented at this meeting forms of the Site Lease and the Lease Agreement; and

WHEREAS, Umpqua Bank (the "Bank") has issued a term sheet to the District offering to provide a loan to finance the Project; and

WHEREAS, the District desires to appoint Brandis Tallman LLC, as placement agent and Kutak Rock LLP, as special counsel ("Special Counsel"), in connection with the financing of the 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 Lease Agreement 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 Lease Agreement, 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 lease payments made pursuant to the Lease Agreement (the “Lease Payments”), (b) the sum of all fees and charges paid to third parties with respect to the Lease Agreement, (c) the amount of proceeds of the Lease Agreement 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 Lease Agreement, and (d) the sum total of all Lease Payments with respect to the Lease Agreement calculated to the final Lease Payment Date under the Lease Agreement plus the fees and charges paid to third parties not paid with the proceeds of the Lease Agreement; and

WHEREAS, in compliance with SB 450, the Board obtained from the Bank the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Scotia Community Services District (the “Board”) as follows:

Section 1. Approval of Site Lease. The form of Site Lease, as presented to the District at this meeting, is hereby approved. The President, Vice President, and the General Manager or any other officers duly designated by the District (collectively, the “Officers”) are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Site Lease, in substantially the form presented to the District at this meeting, with such changes therein as such Officers may require or approve, with the advice and approval of the District’s General Counsel and Special Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. Approval of Lease Agreement. The form of Lease Agreement, as presented to the District at this meeting, along with the Memorandum of Lease, is hereby approved, and the pledge of P&R Assessments pursuant to the Lease Agreement, is hereby approved. The Officers are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Lease Agreement, in substantially the form presented to the District at this meeting, with such changes therein as such Officers may require or approve, with the advice and approval of the District’s General Counsel and Special Counsel, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the aggregate principal component of the portion of the Lease Payments (as defined in the Lease Agreement) due under the Lease Agreement shall not exceed \$1,171,000 the scheduled term of the financing does not exceed October 1, 2036 and the initial interest rate is not greater than 2.98% per annum.

Section 3. Approval of Private Placement. The District hereby approves the assignment of the Lease Payments by the Corporation to the Bank, by a private placement pursuant to and in accordance with an assignment agreement.

Section 4. Approval of Consultants. The Board hereby appoints the firms of Brandis Tallman LLC, as placement agent, and Kutak Rock LLP, as special counsel, in connection with the proposed transactions described herein. The Board hereby authorizes and directs the President

of the Board or the General Manager to execute and deliver an agreement with each of said firms for their respective services, provided that any and all compensation to such firms under the agreement for each firm is payable solely from the proceeds derived from the transactions described herein.

Section 5. SB 450 Good Faith Estimates. In accordance with SB 450, good faith estimates of the following have been obtained from the Bank and are set forth on Exhibit A attached hereto: (a) the true interest cost of the lease payments made pursuant to the Lease Agreement, (b) the sum of all fees and charges paid to third parties with respect to the Lease Agreement, (c) the amount of proceeds of the Lease Agreement 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 Lease Agreement, and (d) the sum total of all Lease Payments with respect to the Lease Agreement calculated to the final Lease Payment Date under the Lease Agreement plus the fees and charges paid to third parties not paid with the proceeds of the Lease Agreement

Section 6. Bank Qualified. The Lease Payments due under the Lease Agreement 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 7. Official Actions. The Officers are 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 which they, or any of them, may deem necessary or advisable in order to consummate the transactions as described herein in connection with the financing of the Project, including but not limited to, entering into a purchase agreement or similar agreement with the Bank and a custodian agreement with a financial institution to be selected by the District.

Section 8. Ratification of Prior Actions. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Board or by the officers, employees and agents of the District directed toward the financing of the Project for the purposes herein set forth are hereby ratified, approved and confirmed.

Section 9. Effective Date. This Resolution shall take effect immediately upon adoption and the Secretary shall certify to its adoption.

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from the Bank and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Lease Agreement:

1. *True Interest Cost of the Lease Agreement.* A good faith estimate of the true interest cost of the lease payments made pursuant to the Lease Agreement (the "Lease Payments"), which means the rate necessary to discount the amounts allocable as principal and interest components and payable on the respective Lease Payment Dates, as described under the Lease Agreement to the purchase price received for Lease Agreement, is 3.66% so long as an event of default or an event of taxability has not occurred.

2. *Finance Charge of the Lease Agreement.* A good faith estimate of the District's finance charge of the Lease Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Lease Agreement), is \$60,792.75.

3. *Amount of Proceeds to be Received by the District.* A good faith estimate of the amount of proceeds expected to be received by the District for sale of the Lease Agreement less the finance charge of the Lease Agreement described in paragraph 2 above, is \$1,110,000.

4. *Total Payment Amount.* A good faith estimate of the total payment amount, which means the sum total of all Lease Payments the District will make to pay their obligations on the Lease Agreement plus the finance charge of the Lease Agreement described in paragraph 2 above not paid with the proceeds of the Lease Agreement, calculated to the final Lease Payment Date under the Lease Agreement, is \$1,501,213.63.

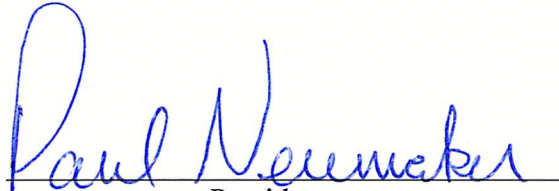
PASSED, APPROVED, and ADOPTED at a regular meeting of the Board of Directors of the Scotia Community Services District, this 19th day of September, 2019.

AYES: (5) Bristol, Newmaker, Pitcairn, Pryor, Sellen

NOES: 0

ABSENT: 0

ABSTAIN: 0



President

Attest:



Clerk

I hereby certify that the above Resolution No. 2019-18 was duly introduced, read and adopted by the District at a regular meeting held on September 19, 2019.



Clerk