

Resolution No. 27-2024

A RESOLUTION OF THE GROVELAND COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS 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 local government agency that is formed and operating in accordance with Section 61000 *et seq.* of the California Government Code and located in Tuolumne County, California (the “County”); and

WHEREAS, the District is authorized to purchase property which is necessary for its operation; and

WHEREAS, due to the lack of rental homes within District boundaries and the south County region, the District has determined it to be operationally necessary to purchase property for the purpose of offering temporary rental housing for its employees in order to ensure that the operation, quality and reliability of District water, sewer, fire and park services is not compromised; and

WHEREAS, the District desires to finance the costs of acquiring, constructing and installing such rental housing (the “Project”); and

WHEREAS, to provide funds necessary to finance the 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 authorized 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 EverBank, N.A. (the “Bank”) pursuant to an Assignment Agreement between the Bank and the Corporation; and

WHEREAS, the District desires to pledge Net Revenues of its Enterprise (as such terms are defined in the Installment Purchase Contract) to repay its obligations under the Installment Purchase Contract; and

WHEREAS, the District desires to appoint 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 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 institutions’ 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 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 Corporation 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 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 Groveland Community Services District as follows:

SECTION 1. The foregoing recitals are true and correct.

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, the Administrative Services 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 the District's General 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, so long as the maturity of the Installment Payments (as such term is defined in the Installment Purchase Contract) payable thereunder does not exceed December 31, 2039, the interest rate with respect to the Installment

Payments does not exceed 4.90% and the principal amount of the Installment Payments does not exceed \$500,000.

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 2024 is not expected to exceed \$10,000,000.

SECTION 4. The Board hereby authorizes and directs the President of the Board, the General Manager of the District, the Administrative Services Manager of the District 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 Project.

SECTION 5. The Board hereby appoints the firm of Kutak Rock LLP as Special Counsel in connection with the financing of the 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 agreement shall be contingent upon the execution of the Installment Purchase Contract.

SECTION 6. In accordance with SB 450, good faith estimates of the matters required thereunder have been obtained from the Corporation and are set forth on Exhibit A attached hereto.

SECTION 7. The Authorized 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 the District’s General 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 Authorized Officers or staff members are hereby ratified and confirmed.

SECTION 8. This resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Groveland Community Services District on September 10, 2024 by the following vote:

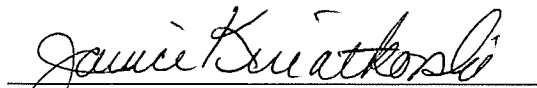
AYES: Directors Kwiatkowski, Armstrong, Edwards, and Swan

NOES:

ABSENT: Director Mora

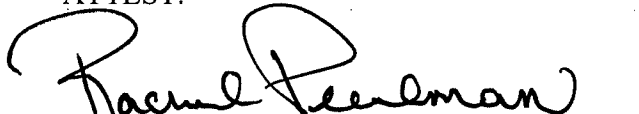
ABSTAIN:

APPROVED:



Janice Kwiatkowski, Board Vice President

ATTEST:



Rachel Pearlman, Board Secretary

EXHIBIT A

SB 450 DISCLOSURE OF GOOD FAITH ESTIMATES

The following information consists of estimates that have been provided by the Corporation and has been represented by such party to have been provided in good faith:

- (A) True Interest Cost of the Installment Purchase Contract: 4.90%
- (B) Finance Charge of the Installment Purchase Contract (Sum of all fees/charges paid to third parties): \$30,000
- (C) Net Proceeds of the Installment Purchase Contract to be Received (net of finance charges, reserves and capitalized interest, if any): \$310,555
- (D) Total Payment Amount through Maturity of the Installment Purchase Contract: \$488,827

The foregoing constitute good faith estimates only. The principal amount of the Installment Purchase Contract, the true interest cost of the Installment Purchase Contract, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the execution of the Installment Purchase Contract being different than the date assumed for purposes of such estimates; (b) the actual principal amount of the Installment Purchase Contract being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Installment Purchase Contract being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Installment Purchase Contract being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, or a combination of such factors.

The actual date of execution of the Installment Purchase Contract and the actual principal amount of the Installment Purchase Contract will be determined by the District based on a variety of factors. The actual interest rates borne by the Installment Purchase Contract will depend on market interest rates at the time of sale thereof. The actual amortization of the Installment Purchase Contract will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.