

RESOLUTION NO. 2021-05

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

WHEREAS, the Avila Beach 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, Municipal Finance Corporation (the "Corporation"), as consultant to the CSDA Finance Corporation Lease Program, has made a lease purchase financing proposal to provide financing to the District; 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 consisting of wastewater treatment plant improvements (the "Project"), the District will lease certain real property owned by the District (the "Site") to the Corporation under a Site Lease, currently dated as of September 1, 2021, (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 September 1, 2021 (the "Lease Agreement") between the Corporation and the District; and

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

WHEREAS, the Corporation intends to assign its rights under the Site Lease and the Lease Agreement to CN Financing, Inc. (the "Assignee"); 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 required good faith estimates are disclosed and set forth on Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Avila Beach 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 District 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, 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. 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, 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 \$3,020,000, the scheduled term of the financing does not exceed October 1, 2041 and the interest rate is not greater than 3.15% per annum.

Section 3. Approval of Project Fund Agreement. The Project Fund Agreement, as presented to the District at this meeting, is hereby approved. The Officers are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Project Fund 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, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. 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 2021 is not expected to exceed \$10,000,000.

Section 5. SB 450 Good Faith Estimates. In accordance with SB 450, good faith estimates of the following 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. Reimbursement of Prior Expenditures. The District declares its official intent to be reimbursed from the proceeds of the Lease Agreement approved hereby for a maximum principal amount of \$3,000,000.00 of expenditures occurring no earlier than sixty days prior to the adoption of this Resolution. All reimbursed expenditures will be capital expenditures as defined in Section 1.150-1(b) of the Federal Income Tax Regulations.

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. Whenever is this resolution any officer of the District is directed to execute or countersign any document or take any action, 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 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.

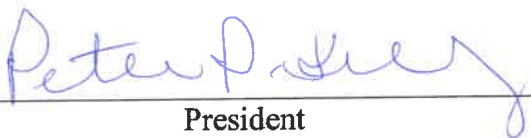
PASSED, APPROVED, and ADOPTED at a regular meeting of the Board of Directors of the Avila Beach Community Services District, this 10th day of August, 2021.

AYES: Ara Najarian, Howie Kennett, Lynn Helenius, Pete Kelley

NOES: 0

ABSENT: Kristin Berry

ABSTAIN: 0


President

Attest:


Secretary

I hereby certify that the above Resolution No. 2021-05 was duly introduced, read and adopted by the District at a regular meeting held on August 10, 2021.


Secretary

PREPARED BY CSDA FINANCE CORPORATION , DATE: July 26, 2021
 PROPOSED INSTALLMENT PURCHASE FOR: Avila Beach Community Services District
 RE: Wastewater Treatment Plant Improvements
 NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED
 Prepayment Option amount is exclusive of the installment payment due on same
 Interest rate quote is valid for an acceptance within 15 days and
 funding within 60 days.

Documentation Fee: \$20,000

Payments: Annually in arrears 20 Years 3.15%

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$205,816.99	\$110,686.99	95,130.00	
2		205,816.99	114,173.63	91,643.36	
3		205,816.99	117,770.10	88,046.89	
4		205,816.99	121,479.86	84,337.13	
5		205,816.99	125,306.47	80,510.52	
6		205,816.99	129,253.63	76,563.36	
7		205,816.99	133,325.12	72,491.87	
8		205,816.99	137,524.86	68,292.13	2,050,784.13
9		205,816.99	141,856.89	63,960.10	1,907,508.67
10		205,816.99	146,325.38	59,491.61	1,759,720.04
11		205,816.99	150,934.63	54,882.36	1,607,276.06
12		205,816.99	155,689.07	50,127.92	1,450,030.10
13		205,816.99	160,593.28	45,223.71	1,287,830.89
14		205,816.99	165,651.97	40,165.02	1,120,522.40
15		205,816.99	170,870.00	34,946.99	947,943.70
16		205,816.99	176,252.41	29,564.58	769,928.77
17		205,816.99	181,804.36	24,012.63	586,306.36
18		205,816.99	187,531.20	18,285.79	396,899.85
19		205,816.99	193,438.43	12,378.56	201,527.04
20		205,816.99	199,531.72	6,285.27	0.00

TOTALS: \$4,116,339.80 \$3,020,000.00 \$1,096,339.80

Approved and agreed to:

Avila Beach Community Services District

By: Pete Kelley

Title: President

Date: 8/10/21

EXHIBIT A

GOOD FAITH ESTIMATES

The following information 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 3.15% 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 \$20,000.00.
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 \$3,000,000.
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 its 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 \$4,116,339.80.