

**RESOLUTION NO. 2016-05**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF REFUNDING BONDS FOR SEWER SYSTEM ASSESSMENT DISTRICT NO. 1**

WHEREAS, on August 16, 1995, the Hidden Valley Lake Community Services District (the "District") issued and sold bonds for the Sewer System Assessment District No. 1 designated "Hidden Valley Lake Community Services District Improvement Bonds Sewer System Assessment District No. 1 Series 1995-2," and such bonds remain outstanding in the aggregate principal amount of approximately \$3,310,000 (the "Outstanding Bonds"); and

WHEREAS, the Board of Directors of the District (the "Board of Directors") has conducted proceedings pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 (commencing with Section 9500) of the Streets and Highways Code of the State of California (the "Refunding Act"), and has adopted a resolution approving a report prepared pursuant to Section 9523 of the Streets and Highways Code of the State of California and confirming a reassessment contained therein, and all acts required by the Refunding Act with respect to the confirmation of such reassessment have been accomplished; and

WHEREAS, the Board of Directors has determined that it is in the best interests of the District and the owners of property within the District that the maturity of the Outstanding Bonds be advanced and that the Outstanding Bonds be defeased, refunded and redeemed, and that refunding bonds be issued pursuant to the Refunding Act for that purpose; and

WHEREAS, in order to accomplish the advancement of the maturity of and the defeasance, refunding and redemption of the Outstanding Bonds, it is proposed that the District will issue not to exceed \$3,650,000 aggregate principal amount of refunding bonds to be designated "Hidden Valley Lake Community Services District, Sewer System Assessment District No. 1, Limited Obligation Refunding Improvement Bonds, Series 2016" (the "Refunding Bonds"); and

WHEREAS, there has been presented to the Board of Directors a form of Fiscal Agent Agreement providing for the issuance of the Refunding Bonds; and

WHEREAS, there has been presented to the Board of Directors a form of Preliminary Official Statement relating to the Refunding Bonds; and

WHEREAS, there has also been presented to the Board of Directors a form of Bond Purchase Agreement whereby Municipal Capital Markets Group, Inc.(the "Underwriter") will purchase the Refunding Bonds from the District; and

WHEREAS, there has also been presented to the Board of Directors a form of Continuing Disclosure Agreement to be entered into by and between the District and U.S. Bank National Association, as dissemination agent, for the benefit of the owners of the Refunding Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"); and

WHEREAS, the Board of Directors has determined that it is in the best interests of the owners of property within the District that the Refunding Bonds be issued and sold on the terms and conditions hereinafter specified.



NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT, AS FOLLOWS:

**Section 1. Approval of Issuance of Refunding Bonds.** The issuance of not to exceed \$3,650,000 aggregate principal amount of the Refunding Bonds in order to defease, refund and redeem the Outstanding Bonds is approved.

**Section 2. Fiscal Agent Agreement.** The form of Fiscal Agent Agreement to be entered into by and between the District and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent Agreement"), presented to the Board of Directors at the meeting at which this resolution is adopted is approved and the President of the Board of Directors of the District, the Interim General Manager or Administrative Services Officer (each, an "Authorized Officers"), acting alone, is authorized to execute and deliver said agreement in substantially the fmm presented to the Board of Directors at said meeting with such changes thereto as may be approved by an Authorized Officer, acting alone, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 3. Appointment of Fiscal Agent.** U.S. Bank National Association is appointed as Fiscal Agent pursuant to the Fiscal Agent Agreement, to take any and all action provided for therein to be taken by the Fiscal Agent.

**Section 4. Form of Refunding Bonds.** The fmm of the Refunding Bonds as set forth in the Fiscal Agent Agreement is approved. Each Authorized Officer, acting alone, is authorized and directed to execute by manual or facsimile signature, in the name and on behalf of the District, the Refunding Bonds and to deliver the Refunding Bonds to the Underwriter in accordance with the terms and provisions of the Bond Purchase Agreement and the Fiscal Agent Agreement.

**Section 5. Approval of Preliminary Official Statement; Preparation of Final Official Statement.** The Preliminary Official Statement is approved, and each Authorized Officer, acting alone, is authorized to consent to and assist in the preparation of such modifications thereto as may be approved by the Underwriter and Kutak Rock LLP, bond counsel to the District ("Bond Counsel"). Each Authorized Officer, acting alone, is authorized to determine, with the assistance of Bond Counsel, when the Preliminmy Official Statement is to be deemed final within the meaning of the Rule and to deliver a certificate to that effect to the Underwriter. When an Authorized Officer is satisfied that the conditions specified in Section 6 hereof will be satisfied, the Authorized Officer may authorize the Underwriter to distribute the Preliminary Official Statement as approved hereby, or as modified with the consent of an Authorized Officer, to prospective purchasers of the Refunding Bonds. Each Authorized Officer, acting alone, is authorized to pmiicipate in the preparation of the Final Official Statement, based on the Preliminary Official Statement, and such modifications thereto as may be agreed to by Bond Counsel and the Underwriter. Each Authorized Officer, acting alone, is authorized to sign the final Official Statement on behalf of the District.

**Section 6. Sale of Refunding Bonds.** The Board of Directors approves and authorizes the issuance and sale of the Refunding Bonds by negotiation with the Underwriter pursuant to the Bond Purchase Agreement between the District and the Underwriter in the form presented to the Board of Directors at the meeting at which this resolution is adopted, together with any changes therein or additions thereto which are deemed advisable by an Authorized Officer upon consultation with Bond Counsel. Each Authorized Officer, acting alone, is authorized and



directed to execute and deliver the final form of the Bond Purchase Agreement on behalf of the District upon the submission of an offer by the Underwriter to purchase the Refunding Bonds, which offer is acceptable to the Authorized Officer and is consistent with the requirements of this resolution; provided that the interest rate on any maturity of the Refunding Bonds shall not exceed three and one-half percent (3.50%) per annum; the purchase price to be paid by the Underwriter for the purchase of the Refunding Bonds shall not be less than an amount equal to ninety-eight percent (98.0%) (exclusive of original issue discount) of the aggregate principal amount of the Refunding Bonds; and the last maturity of the Refunding Bonds shall be paid and redeemed no later than September 2, 2032. Each Authorized Officer, acting alone, is authorized to allow original issue discount in determining the purchase price to be paid by investors who purchase the Refunding Bonds from the Underwriter if the Authorized Officer determines that allowing such discount will result in a lower total interest cost for the Refunding Bonds. When the Authorized Officer has negotiated the Bond Purchase Agreement with the Underwriter within the parameters specified above and when the other terms and conditions of the Bond Purchase Agreement are satisfactory to the Authorized Officer and Bond Counsel, the Authorized Officer is authorized to execute and deliver the Bond Purchase Agreement on behalf of the District.

**Section 7. Reserve Fund.** As provided in the Resolution of Intention, the Fiscal Agent Agreement shall provide for the establishment from the proceeds of the sale of the Refunding Bonds of a reserve fund for the Refunding Bonds pursuant to Part 16 (commencing with Section 8880) of Division 10 of the Streets and Highways Code of the State of California in an amount equal to the Reserve Requirement (as defined in the Fiscal Agent Agreement).

**Section 8. Notice of Redemption.** Each Authorized Officer is authorized and directed to give notice of the advance of the maturity and redemption of the Outstanding Bonds to the owners of the Outstanding Bonds as provided in Section 8751 of the Streets and Highways Code of the State of California and in such form as is recommended by Bond Counsel.

**Section 9. Continuing Disclosure Agreement.** The form of the Continuing Disclosure Agreement to be entered into by and between the District and the Fiscal Agent, as dissemination agent, presented to the Board of Directors at the meeting at which this resolution is adopted is approved, and each Authorized Officer is authorized to execute and deliver said agreement in substantially the form presented at said meeting with such changes thereto as the Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 10. No District Obligation.** The Board of Directors determines, pursuant to Section 8769 of the Streets and Highways Code of the State of California, that the District will not obligate itself to advance available funds from the District Treasury to cure any deficiency which may occur in the redemption fund for the Refunding Bonds.

**Section 11. Conditions of Approval.** The approvals, authorization and direction given by this resolution are conditioned upon the satisfaction of the requirements of Section 6 hereof with respect to the issuance and sale of the Refunding Bonds. The officers of the District designated above shall not take any action with respect to the execution and delivery of the Fiscal Agent Agreement, the Continuing Disclosure Agreement and the Bond Purchase Agreement or the issuance, sale and delivery of the Refunding Bonds unless and until such conditions are satisfied; provided, however, that upon satisfaction of such conditions, this resolution shall be fully effective and shall be carried out by such officers without further approval or action of the Board of Directors. The approvals, authorization and direction provided by this resolution shall continue, subject to the satisfaction of such conditions, until



August 16, 2016, and the Refunding Bonds may be sold, and the Refunding Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Preliminary Official Statement and the Final Official Statement may be dated, entered into, executed and delivered or distributed, as appropriate, on any date selected by an Authorized Officer and the Underwriter prior to said date.

**Section 12. Refunding Bond Law.** In addition to the provisions of the Refunding Act which apply to the issuance of the Refunding Bonds, the provisions of the Refunding Bond Law, being California Government Code Section 53580, et seq. shall also apply to the issuance of the Refunding Bonds.

**Section 13. Private Placement of Refunding Bonds.** Subject to the satisfaction and requirements of Section 6 of hereof, the General Manager of the District may pursue a private placement of the Refunding Bonds with a financial institution rather than a public offering of the Refunding Bonds to the extent the General Manager determines that it is more advantageous for the District to complete a private placement of the Refunding Bonds. The Underwriter shall serve as placement agent for the District in connection with such private placement.

**Section 14. Effective Date.** This resolution shall take effect upon adoption.

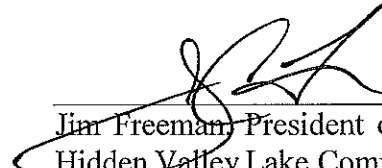
PASSED AND ADOPTED ON this 16<sup>th</sup> day of February, 2016 by the following vote:

AYES

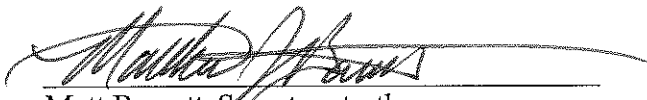
NOES

ABSENT

ABSTAIN

  
\_\_\_\_\_  
Jim Freeman, President of the Board of Directors  
Hidden Valley Lake Community Services District

Attest:

  
\_\_\_\_\_  
Matt Bassett, Secretary to the  
Board of Directors

