

**RESOLUTION NO. 2016-04**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT APPROVING AND CONFIRMING REPORT AND REASSESSMENT FOR THE REFUNDING OF THE OUTSTANDING BONDS FOR SEWER SYSTEM ASSESSMENT DISTRICT NO. 1**

WHEREAS, on October 20, 2015, the Board of Directors (the "Board of Directors") of the Hidden Valley Lake Community Services District (the "District") adopted a resolution (the "Resolution of Intention") determining that the public interest requires the refunding of the outstanding bonds issued for the Sewer System Assessment District No. 1 (the "Assessment District"), and declaring its intention to refund such bonds (the "Outstanding Bonds") and to levy reassessments as security for the refunding bonds, all pursuant to Division 11.5 (commencing with Section 9500) of the Streets and Highway Code of the State of California, the "Refunding Act of 1984 for 1915 Improvement Act Bonds;" and

WHEREAS, pursuant to the Resolution of Intention and Section 9523 of the Streets and Highways Code of the State of California (the "Code"), the Reassessment Engineer identified in the Resolution of Intention has prepared and filed with the District a report containing the matters required by said Section 9523, and such report (the "Report") has been presented to the Board of Directors for consideration; and

WHEREAS, the Board of Directors has considered the Report and has determined that the Report contains all of the matters required to be included therein by Section 9523 of the Code and that the Report demonstrates that all of the conditions specified in Section 9525 of the Code will be satisfied, and the Board of Directors may therefore proceed to approve the Report and confirm the Reassessment contained therein; and

WHEREAS, by the Resolution of Intention the Board of Directors determined that the assessments which are security for the payment of the principal of and interest on the Outstanding Bonds (the "Original Assessments") shall continue as security for the collection of the unpaid installments of such assessments which have been posted to and are to be collected on the tax assessment roll for the 2015-16 fiscal year and all unpaid and delinquent installments of the Original Assessments which were posted to the tax assessment roll for prior fiscal years.

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. Findings.** The Board of Directors finds that the Report contains all matters required to be included therein by Section 9523 of the Code; each estimated annual installment of principal and interest on the Reassessment, as contained in the Report, is less than the corresponding annual installment of principal and interest on the assessment (the "Original Assessment") being superseded and supplanted by the same percentage for all subdivisions of land within the Assessment District; the number of years to maturity for the refunding bonds which are to be issued upon and secured as to payment by the Reassessment is not more than the

number of years to the last maturity to the Outstanding Bonds being refunded; the principal amount of the Reassessment on each subdivision of land within the Assessment District is less than the unpaid principal amount of the Original Assessment being superseded and supplanted by the same percentage for each subdivision of land within the Assessment District; the Report assumes a maximum interest rate on the refunding bonds to be issued to represent the Reassessment which will not exceed three and one-half percent (3.50%) per annum; the Reassessments contained in the Report do not include the annual installments of the Original Assessments for the 2015-16 fiscal year which have been posted to and will be collected on the tax assessment roll for said fiscal year, or unpaid and delinquent installments of the Original Assessments which were posted to the tax assessment roll for prior fiscal years; and it is in the best interests of the owners of property within the Assessment District that the Report and the Reassessment contained therein be approved and confirmed and that the District proceed to authorize, issue, and sell refunding bonds pursuant to Chapter 3 (commencing with Section 9600) of Division 11.5 of the Code.

**Section 2. Confirmation of Report and Reassessment.** The Report and the Reassessment contained therein are approved and confirmed. Upon the preparation and approval of the Final Report containing the final Reassessment as provided in Section 3 hereof, the Reassessment and the Reassessment diagram contained in the Final Report shall be recorded in the office of the Superintendent of the Streets of the District and the General Manager of the District shall record such reassessment diagram and a Notice of Reassessment with the County Recorder of the County of Lake pursuant to Sections 9536, 9537 and 3114 of the Code.

**Section 3. Final Report.** The General Manager of the District is authorized to approve the Final Report containing the final Reassessment after the terms of the sale of the refunding bonds are determined and the Reassessment Engineer has prepared the final Reassessment without presenting the Final Report to the Board of Directors; provided that the final Reassessment amounts contained in the Final Report shall not be greater than the Reassessment amounts contained in the Report presented to and confirmed by the Board of Directors at the meeting at which this resolution is adopted and such Reassessment amounts for all parcels of property within the Assessment District shall continue to satisfy the requirements of Section 9525 of the Code. Upon approving the Final Report, the General Manager of the District is authorized and directed to record the reassessment diagram contained in the Final Report with the Superintendent of Streets of the District and to record the reassessment diagram and a Notice of Reassessment as provided in Section 2 above.

**Section 4. Continuation of Lien of Original Assessments as Security for Unpaid Installments Thereof.** It is further ordered that the lien of the Original Assessments on parcels of property within the Assessment District shall continue as security for the payment of the unpaid installments of the Original Assessments and the penalties and interest thereon, including the installments which have been posted to and are to be collected on the tax assessment roll for the 2015-16 fiscal year and all unpaid and delinquent installments of the Original Assessments which were posted to the tax assessment roll for prior fiscal years. Pursuant to Section 9539 of the Code, the lien of the Original Assessments with respect to such unpaid installments shall be equal in priority to the lien of the Reassessments. The Notice of Reassessment to be recorded by the General Manager of the District pursuant to Section 2 hereof shall provide notice that the lien of the Original Assessments shall continue as security for such installments thereof.

**Section 5. Refunding Bonds.** Refunding bonds shall be issued for the Assessment District in an aggregate principal amount which shall not exceed the total amount of the Reassessment. The number of years to maturity of all such refunding bonds shall not be more than the number of years to the last maturity of the Outstanding Bonds for the Assessment District which are to be refunded. The maximum interest rate on such refunding bonds shall not exceed three and one-half percent (3.50%) per annum.

**Section 6. Special Reserve Fund.** Pursuant to the declaration of the intention of the District contained in Section 3 of the Resolution of Intention, provision shall be made in the resolution authorizing the issuance of the refunding bonds to be issued to refund the Outstanding Bonds for the establishment from the proceeds of the sale of the Refunding Bonds of a special reserve fund for the refunding bonds pursuant to Part 16 (commencing with Section 8880) of Division 10 of the Code.

**Section 7. No District Obligations.** As provided in Section 6 of the Resolution of Intention, the Board of Directors has determined, 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 bond redemption fund for the refunding bonds.

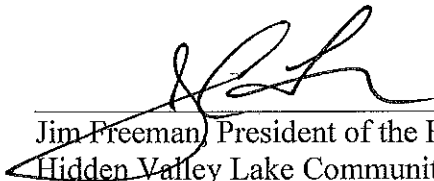
PASSED AND ADOPTED ON this 16<sup>th</sup> day of February, 2016 by the following vote:

AYES

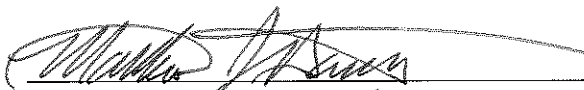
NOES

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

