



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter J. Kampa, General Manager

DATE: February 14, 2023

SUBJECT: Agenda Item 5A: Adoption of a Resolution Approving the Execution and Delivery of a Lease Agreement with Municipal Financial Corporation, and Authorizing Certain Actions in Connection Therewith

RECOMMENDED ACTION:

Staff recommends the following action:

I move to adopt Resolution 06-2023 approving the execution and delivery of a Lease Agreement with Municipal Financial Corporation and authorizing certain actions in connection therewith.

BACKGROUND:

This item was introduced to the Board at a special meeting that was held on January 31, 2023. A motion was made at the meeting and approved unanimously to authorize the General Manager to procure the 5-year loan that was presented with Municipal Finance Corporation for the vehicles and equipment presented in the submittal, and to bring the item back for ratification at the next scheduled Board meeting when the loan agreement and related documents were ready.

The items attached have been reviewed by legal counsel, and an opinion letter provided.

ATTACHMENTS:

1. Certificate of the District
2. Incumbency and Signature Certificate
3. Certificate of Acceptance
4. Acquisition Fund Agreement
5. Insurance Authorization Letter
6. Legal Opinion
7. 5 Year Quote
8. Resolution 06-2023

FINANCIAL IMPACT:

The total amount of the loan is \$1,266,622.35 which includes \$137,280.99 in interest charges for the life of the loan.

INSURANCE AUTHORIZATION LETTER

TO: _____

Attn: _____

RE: LEASE AGREEMENT dated January 27, 2023 between the undersigned as the District, and MUNICIPAL FINANCE CORPORATION (the "Corporation") as lessor and WESTAMERICA BANK ("Assignee") as assignee of Lessor.

The Insurance Requirements listed below are required to cover the property described in Exhibit A to the Lease.

Evidence of insurance in the form of a binder or cover letter is acceptable until formal certificates can be issued. Mail this within five (5) working days to:

Westamerica Bank
PO Box 1190
Suisun City, CA 94585-1190

- I. BODILY INJURY AND PROPERTY DAMAGE:
 - A. \$1,000,000 combined limits (primary plus umbrella) for Bodily Injury and Property Damage Coverage.
 - B. Endorsement naming Assignee as an Additional Insured.
 - C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
 - D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment leased from Assignee."

- II. PHYSICAL DAMAGE REQUIREMENTS:
 - A. All Risk Coverage for not less than the total cost of \$1,123,341.36.
 - B. Endorsement naming Assignee as Loss Payee.
 - C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
 - D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment leased from Assignee."

- III. RENTAL INTERRUPTION INSURANCE: (See Section 20 of Lease)
 - A. Coverage for abatement of rentals for a maximum amount of \$253,324.47 equal to twelve (12) months rental payments due the Assignee.
 - B. Endorsement naming Assignee as loss payee.
 - C. Coverage may be provided as a separate policy or as a rider to the policy of casualty insurance on theProperty.

The undersigned the District hereby authorizes you to provide the lessor and Assignee with Certificates and Endorsements per the above.

GROVELAND COMMUNITY SERVICES DISTRICT

By _____

Date _____

contrary provision of any other agreement to which the Custodian may be a party.

(i) The Custodian is hereby authorized and instructed, and hereby agrees, to send to the Corporation at its address set forth in Section 7 below, concurrently with the sending thereof to the District, duplicate copies of any and all monthly Acquisition Fund statements or reports issued or sent to the District with respect to the Acquisition Fund.

7. Miscellaneous. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below:

If to the Corporation: Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attn: Bill Morton
Phone: 805-267-7141
Email: bmorton@munifinance.com

If to the District: Groveland Community Services District
18966 Ferreti Road
Groveland, CA 95321
Attn: Pete Kampa, General Manager
Phone: (209) 962-7161
Email: pkampa@gcsd.org

If to Custodian: Westamerica Bank
P.O. Box 1200
Suisun City, CA 94585-1200
Attn: Credit Administration
Phone: 707-863-6002
Email: david.hicks@westamerica.com

CERTIFICATE OF ACCEPTANCE

This Certificate of Acceptance is issued pursuant to the Lease Agreement dated as of January 27, 2023 ("Lease") between the GROVELAND COMMUNITY SERVICES DISTRICT (the "District") as lessee and Municipal Finance Corporation (the "Corporation") as lessor. The District hereby acknowledges as of the date specified below, the receipt and acceptance of the Property described on Exhibit A to the Lease.

The District hereby certifies that the Property has been inspected and is now in the District's possession and is in good order and repair (subject to any undischarged vendor/contractor warranty obligations). The District further certifies that no event has occurred and is continuing which constitutes, or would constitute, an event of default but for any requirement of notice or lapse of time or both.

Property Acceptance Date: _____

The District authorizes the Corporation to disburse the balance of Lease Proceeds in the Acquisition Fund to the District, which shall apply such proceeds towards making future Rental Payments due under the Lease. Such Lease Proceeds shall be immediately yield restricted in accordance with applicable U.S. Treasury Regulations.

IN WITNESS WHEREOF, the District's authorized agent confirms the Property acceptance date specified above by executing this Certificate of Acceptance.

GROVELAND COMMUNITY SERVICES DISTRICT

By _____

Title _____

ACQUISITION FUND AGREEMENT

This Acquisition Fund Agreement (this "Agreement"), dated as of January 27, 2023, is among MUNICIPAL FINANCE CORPORATION, a California corporation (the "Corporation"), GROVELAND COMMUNITY SERVICES DISTRICT, a political subdivision of the State of California (the "District") and WESTAMERICA BANK, a state banking corporation (the "Custodian").

Reference is made to that certain Lease Agreement dated as of January 27, 2023 between the Corporation and the District (the "Lease"), covering the financing of a certain property described therein (the "Property"). It is a requirement of the Lease that the funds for the Acquisition of the Property be deposited with the Custodian hereunder for the purpose of providing a mechanism for the application of such amounts to the payment of Property costs. Capitalized terms used in this Agreement and not otherwise defined shall have the respective meanings given such terms in the Lease.

The parties agree as follows:

1. Creation of Acquisition Fund.

(a) There is hereby created a special trust fund to be known as the "Groveland Community Services District Acquisition Fund" (the "Acquisition Fund") to be held in trust by the Custodian for the purposes stated herein, for the benefit of the Corporation and the District, to be held, disbursed and returned in accordance with the terms hereof. On the Closing Date, the Corporation has caused the amount of \$1,123,341.36 to be transferred to the Custodian for deposit into the Acquisition Fund.

(b) The Custodian shall invest and reinvest moneys on deposit in the Acquisition Fund in Qualified Investments in accordance with written instructions received from the District. the District shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Custodian for the reinvestment of any maturing investment. Accordingly, neither the Custodian nor the Corporation shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Acquisition Fund, and the District agrees to and does hereby release the Custodian and the Corporation from any such liability, cost, expenses, loss or claim. Interest on the Acquisition Fund shall become part of the Acquisition Fund, and gains and losses on the investment of the moneys on deposit in the Acquisition Fund shall be borne by the Acquisition Fund. For purposes of this agreement, "Qualified Investments" means any investments which meet the requirements of Section 53601 of the California Government Code. IN THE ABSENCE OF WRITTEN INSTRUCTIONS, THE CUSTODIAN

IS HEREBY AUTHORIZED AND DIRECTED TO INVEST AND RE-INVEST ALL FUNDS ON HAND IN THE WESTAMERICA BANK DEMAND DEPOSIT SAVINGS ACCOUNT.

(c) Unless the Acquisition Fund is earlier terminated in accordance with the provisions of paragraph (d) below, amounts in the Acquisition Fund shall be disbursed by the Custodian in payment of amounts described in Section 2 hereof upon receipt of written authorization(s) from the Corporation, as is more fully described in Section 2 hereof. If the amounts in the Acquisition Fund are insufficient to pay such amounts, the District shall be solely responsible for the balance of the funds needed to complete the Acquisition of the Property. Any moneys remaining in the Acquisition Fund after January 27, 2025 (the "Acquisition Period") shall be applied as provided in Section 4 hereof.

(d) The Acquisition Fund shall be terminated at the earliest of (i) the final distribution of amounts in the Acquisition Fund or (ii) written notice given by the Corporation of the occurrence of a default or termination of the Lease.

(e) The Custodian may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Custodian shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Custodian, and for the disposition of the same in accordance herewith.

(f) Unless the Custodian is guilty of gross negligence or willful misconduct with regard to its duties hereunder, the District agrees to and does hereby release and indemnify the Custodian and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Custodian under this agreement; and in connection therewith, does to the extent permitted by law indemnify the Custodian against any and all expenses; including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

(g) If the District and the Corporation shall be in disagreement about the interpretation of the Lease, or about the rights and obligations, or the propriety of any action contemplated by the Custodian hereunder, the Custodian may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Custodian shall be reimbursed by the District for all costs, including reasonable attorneys' fees, in connection with such civil action, and

shall be fully protected in suspending all or part of its activities under the Lease until a final judgment in such action is received.

(h) The Custodian may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Custodian shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct.

(i) The District shall reimburse the Custodian for all reasonable costs and expenses, including those of the Custodian's attorneys, agents and employees incurred for extraordinary administration of the Acquisition Fund and the performance of the Custodian's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between the Corporation and the District concerning the Acquisition Fund.

2. Acquisition of Property.

(a) Acquisition Contracts. The District will arrange for, supervise and provide for, or cause to be supervised and provided for, the Acquisition of the Property, with moneys available in the Acquisition Fund. The District represents the estimated costs of the Property are within the funds estimated to be available therefor, and the Corporation makes no warranty or representation with respect thereto. the Corporation shall have no liability under any of the acquisition or construction contracts. The District shall obtain all necessary permits and approvals, if any, for the acquisition, construction, equipping and installation of the Property, and the operation and maintenance thereof.

(b) Authorized Acquisition Fund Disbursements. Disbursements from the Acquisition Fund shall be made for the purpose of paying (including the reimbursement to the District for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring and constructing the Property.

(c) Requisition Procedure. No disbursement from the Acquisition Fund shall be made unless and until the Corporation has approved such requisition. Prior to disbursement from the Acquisition Fund there shall be filed with the Custodian a requisition for such payment in the form of Disbursement Request attached hereto as Schedule 1, stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due. Each such requisition shall be signed by an authorized representative of the District (an "Authorized Representative") and by the Corporation. The District shall provide to the Corporation a Certificate of Acceptance along with the final Disbursement Request.

3. Deposit to Acquisition Fund. Upon satisfaction of the conditions specified in the Lease, the Corporation will cause the Lease Proceeds to be deposited in the Acquisition Fund. The District agrees to pay any

costs with respect to the Property in excess of amounts available therefor in the Acquisition Fund.

4. Excessive Moneys in the Acquisition Fund. Following the final disbursement from the Acquisition Fund at the end of the Acquisition Period, or termination of the Acquisition Fund as otherwise provided herein, the Custodian shall transfer any remainder from the Acquisition Fund to the Corporation (or to the District at the Corporation's written direction) for application to amounts owed under the Lease in accordance with Section 6 of the Lease.

5. Security Interest. The Custodian and the District acknowledge and agree that the Acquisition Fund and all proceeds thereof are being held by Custodian for disbursement or return as set forth herein. The District hereby grants to the Corporation a first priority perfected security interest in the Acquisition Fund, and all proceeds thereof, and all investments made with any amounts in the Acquisition Fund. If the Acquisition Fund, or any part thereof, is converted to investments as set forth in this agreement, such investments shall be made in the name of Custodian and the Custodian hereby agrees to hold such investments as bailee for the Corporation so that the Corporation is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. Control of Acquisition Fund. In order to perfect the Corporation's security interest by means of control in (i) the Acquisition Fund established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Acquisition Fund, (iii) all of the District's rights in respect of the Acquisition Fund, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), the Corporation, the District and Custodian further agree as follows:

(a) All terms used in this Section 6 which are defined in the Commercial Code of the State of California (the "Commercial Code") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) The Custodian will comply with all entitlement orders originated by the Corporation with respect to the Collateral, or any portion of the Collateral, without further consent by the District.

(c) The Custodian hereby represents and warrants (a) that the records of the Custodian show that the District is the sole owner of the Collateral, (b) that Custodian has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than the Corporation's claim pursuant to this Agreement, and (c) that the

Custodian is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that the Custodian is obligated to accept from the Corporation under this Agreement and entitlement orders that the Custodian, subject to the provisions of paragraph (e) below, is obligated to accept from the District.

(d) Without the prior written consent of the Corporation, the Custodian will not enter into any agreement by which the Custodian agrees to comply with any entitlement order of any person other than the Corporation or, subject to the provisions of paragraph (e) below, the District, with respect to any portion or all of the Collateral. The Custodian shall promptly notify the Corporation if any person requests the Custodian to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, the Custodian may allow the District to effect sales, trades, transfers and exchanges of Collateral within the Acquisition Fund, but will not, without the prior written consent of the Corporation, allow the District to withdraw any Collateral from the Acquisition Fund. The Custodian acknowledges that the Corporation reserves the right, by delivery of written notice to the Custodian, to prohibit the District from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Acquisition Fund. Further, the Custodian hereby agrees to comply with any and all written instructions delivered by the Corporation to Custodian (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by the Corporation, the amount of any obligations of the District to the Corporation, the validity of any of the Corporation's claims against or agreements with the District, the existence of any defaults under such agreements, or any other matter.

(f) The District hereby irrevocably authorizes Custodian to comply with all instructions and entitlement orders delivered by the Corporation to Custodian.

(g) The Custodian will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and the Custodian will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) The Custodian and the District hereby agree that any property held in the Acquisition Fund shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code, notwithstanding any

contrary provision of any other agreement to which the Custodian may be a party.

(i) The Custodian is hereby authorized and instructed, and hereby agrees, to send to the Corporation at its address set forth in Section 7 below, concurrently with the sending thereof to the District, duplicate copies of any and all monthly Acquisition Fund statements or reports issued or sent to the District with respect to the Acquisition Fund.

7. Miscellaneous. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below:

If to the Corporation: Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attn: Bill Morton
Phone: 805-267-7141
Email: bmorton@munifinance.com

If to the District: Groveland Community Services District
18966 Ferreti Road
Groveland, CA 95321
Attn: Pete Kampa, General Manager
Phone: (209) 962-7161
Email: pkampa@gcsd.org

If to Custodian: Westamerica Bank
P.O. Box 1200
Suisun City, CA 94585-1200
Attn: Credit Administration
Phone: 707-863-6002
Email: david.hicks@westamerica.com

In Witness Whereof, the parties have executed this Acquisition Fund Agreement as of the date first above written.

Municipal Finance Corporation

Groveland Community Services
District

By: _____

By: _____

Title: _____

Title: _____

Westamerica Bank

By: _____

Title: _____

EXHIBIT A

FORM OF DISBURSEMENT REQUEST

Re: Lease Agreement dated as of January 27, 2023 by and between Municipal Finance Corporation and Groveland Community Services District (the "Lease")

In accordance with the terms of the Acquisition Fund Agreement, dated as of January 27, 2023 (the "Acquisition Fund Agreement") by and among Municipal Finance Corporation (the "Corporation"), Groveland Community Services District (the "District") and Westamerica Bank (the "Custodian"), the undersigned hereby requests the Custodian to pay the following persons the following amounts from the Acquisition Fund created under the Acquisition Fund Agreement (the "Acquisition Fund") for the following purposes.

Payee's Name and Address	Invoice Number	Dollar Amount	Purpose

The undersigned hereby certifies as follows:

(i) An obligation in the stated amount has been incurred by the District, and the same is a proper charge against the Acquisition Fund for costs relating to the Property identified in the Lease, and has not been paid. Attached hereto is the invoice with respect to such obligation.

(ii) The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(iii) This requisition contains no item representing payment on account, or any retained percentages which the District is, at the date hereof, entitled to retain.

(iv) The Property is insured in accordance with the Lease.

(v) No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the Lease has occurred and is continuing at the date hereof.

(vi) The disbursement shall occur during the Acquisition Period set forth in this Agreement.

(vii) No material adverse change in the District's financial condition shall have occurred since the date of the Lease.

Dated: _____

GROVELAND COMMUNITY SERVICES DISTRICT

By: _____
Authorized Representative

Disbursement of funds from the Property
Fund in accordance with the foregoing
Disbursement Request hereby is authorized

MUNICIPAL FINANCE CORPORATION

By: _____
Title: Authorized Representative

INSURANCE AUTHORIZATION LETTER

TO: _____

Attn: _____

RE: LEASE AGREEMENT dated January 27, 2023 between the undersigned as the District, and MUNICIPAL FINANCE CORPORATION (the "Corporation") as lessor and WESTAMERICA BANK ("Assignee") as assignee of Lessor.

The Insurance Requirements listed below are required to cover the property described in Exhibit A to the Lease.

Evidence of insurance in the form of a binder or cover letter is acceptable until formal certificates can be issued. Mail this within five (5) working days to:

Westamerica Bank
PO Box 1190
Suisun City, CA 94585-1190

- I. BODILY INJURY AND PROPERTY DAMAGE:
 - A. \$1,000,000 combined limits (primary plus umbrella) for Bodily Injury and Property Damage Coverage.
 - B. Endorsement naming Assignee as an Additional Insured.
 - C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
 - D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment leased from Assignee."

- II. PHYSICAL DAMAGE REQUIREMENTS:
 - A. All Risk Coverage for not less than the total cost of \$1,123,341.36.
 - B. Endorsement naming Assignee as Loss Payee.
 - C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
 - D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment leased from Assignee."

- III. RENTAL INTERRUPTION INSURANCE: (See Section 20 of Lease)
 - A. Coverage for abatement of rentals for a maximum amount of \$253,324.47 equal to twelve (12) months rental payments due the Assignee.
 - B. Endorsement naming Assignee as loss payee.
 - C. Coverage may be provided as a separate policy or as a rider to the policy of casualty insurance on theProperty.

The undersigned the District hereby authorizes you to provide the lessor and Assignee with Certificates and Endorsements per the above.

GROVELAND COMMUNITY SERVICES DISTRICT

By _____

Date _____



Neumiller & Beardslee

ATTORNEYS AND COUNSELORS | EST. 1903

A Professional Corporation

Eric J. Nims

3121 W. March Lane
Suite 100
Stockton, CA 95219

February 8, 2023

Post Office Box 20
Stockton, CA 95201-3020

(209) 948-8200
(209) 948-4910 Fax

NEUMILLER.COM

MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

RE: LEASE AGREEMENT dated as of January 27, 2023 by and between MUNICIPAL FINANCE CORPORATION (the "Corporation") as lessor, and GROVELAND COMMUNITY SERVICES DISTRICT (the "District") as lessee.

Ladies and Gentlemen:

I have acted as counsel to the District with respect to the Lease Agreement described above (the "Lease") and in this capacity have reviewed a copy of the executed Lease and related documents or exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. The District is a public agency and political subdivision of the State of California (the "State"), duly organized, existing and operating under the Constitution and laws of the State.
2. The District is authorized and has the power under applicable law to enter into the Lease, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Lease has been duly authorized, approved, executed and delivered by and on behalf of the District, and is a legal, valid and binding contract of the District enforceable in accordance with its terms, except to the extent limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditor's rights.
4. A resolution duly authorizing the execution and delivery of the Lease and related documents was duly adopted by the governing body of the District on

and such resolution has not been amended or repealed and remains in full force and effect.

5. There is no litigation, action, suit or proceeding pending or, to the best of my knowledge after due inquiry, threatened before any court, administrative agency, arbitrator or governmental body that challenges the authority of the District to enter into the Lease or the ability of the District to perform its obligations under the Lease and the transactions contemplated thereby.

This opinion may be relied upon by Municipal Finance Corporation, its successors and assigns.

Very truly yours,



ERIC J. NIMS

EJN:ded

PREPARED BY MUNICIPAL FINANCE CORPORATION DATE: January 19, 2023
 PROPOSED INSTALLMENT PURCHASE FOR: Groveland Community Services District
 RE: Vehicles

NOTE: TERMS ARE BASED UPON INSTALLMENT SALE BEING BANK QUALIFIED
 Prepayment Option amount is exclusive of the installment payment due on same date
 Interest rate quote is valid for an acceptance within 15 days and
 funding within 60 days.

\$6,000 loan arranger/documentation fee

Payments: Annually in arrears 5 years 3.95%

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$253,324.47	\$208,715.49	44,608.98	
2		253,324.47	216,959.75	36,364.72	
3		253,324.47	225,529.66	27,794.81	487,699.19
4		253,324.47	234,438.08	18,886.39	248,572.35
5		253,324.47	243,698.38	9,626.09	0.00

TOTALS: \$1,266,622.35 \$1,129,341.36 \$137,280.99

Approved and agreed to:

Groveland Community Services District

By: _____

Title: _____

Date: _____

RESOLUTION NO. 06-2023

**AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT, AND
AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the Groveland Community Services District (the "District") is a community services district organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District desires to provide for financing in the approximate amount of \$1,130,000.00 for the acquisition of vehicles (the "Property"); and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective five year lease purchase financing arrangement at a 3.95% interest rate and attached hereto as Exhibit A;

NOW, THEREFORE, it is resolved by the District's Board of the Groveland Community Services District as follows:

SECTION 1. Lease Agreement. The President of the Board of Directors, the General Manager or a designee in writing is hereby authorized to enter into a Lease Agreement (the "Lease") with the Corporation to finance the Property, subject to approval as to form by the District's legal counsel.

SECTION 2. Attestations. The Secretary of the Board or other appropriate District officer is hereby authorized and directed to attest the signature of the Authorized Officer as may be required or appropriate in connection with the execution and delivery of the Lease.

SECTION 3. Other Actions. The President of the Board of Directors, the General Manager and other officers of the District are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Lease. Such actions are hereby ratified, confirmed and approved.

SECTION 4. Qualified Tax-Exempt Obligations. The Lease is hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The District, together with all subordinate entities of the District, do not reasonably expect to issue during the calendar year in which the Lease is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 5. Reimbursement of Prior Expenditures. The District declares its official intent to be reimbursed from the proceeds of the Lease approved hereby for a maximum principal amount of \$1,130,000.00 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 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 14th day of February, 2023, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Approved:

Nancy Mora, President of the Board

Attest:

Rachel Pearlman, Secretary of the Board

Exhibit A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Corporation, which have been provided to the District in good faith:

- (A) True interest cost of the Lease: 3.95%
- (B) Finance charge of the Lease (sum of all costs of issuance and fees/charges paid to third parties): \$6,000
- (C) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): \$1,123,341.36
- (D) Total payment amount through maturity: \$1,266,622.35