

RESOLUTION NO. 2022-21

A RESOLUTION OF THE GOVERNING BOARD OF THE
CLEARLAKE PUBLIC FINANCING AUTHORITY AUTHORIZING
THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE
AGREEMENT AND ASSIGNMENT AGREEMENT TO FINANCE
ROAD IMPROVEMENTS WITHIN THE CITY OF CLEARLAKE,
AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City of Clearlake (the “City”) is a municipal corporation organized duly organized and existing under the Constitution and laws of the State of California; and

WHEREAS, the City and the Redevelopment Agency of the City of Clearlake have previously entered into a Joint Exercise of Powers Agreement dated November 23, 1993, creating and establishing the Clearlake Public Financing Authority (the “Authority”), a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (hereinafter, the “Act”); and

WHEREAS, Article 4 of the Act authorizes and empowers the Authority to assist the City with financing public capital improvements; and

WHEREAS, on November 8, 2016, the voters of the City approved by at least a 2/3rds majority “Measure V,” a one-cent sales and use tax increase (the “Sales Tax Override”) as a special tax to be used for road maintenance and improvements; and

WHEREAS, the City desires to finance the acquisition, construction and installation of certain road improvements (collectively, the “Projects”) approved as a use of Measure V revenues; and

WHEREAS, in order to provide funds to finance the Projects, the Council has requested the Authority to enter into an Installment Sale Agreement under which the Authority agrees to sell the Projects to the City in return for semiannual installment payments (the “Installment Payments”) to be made by the City as the purchase price of the Projects; and

WHEREAS, the Installment Payments will be payable from and secured by a pledge of revenues generated by the Sales Tax Override; and

WHEREAS, in order to maximize benefits to the City, and to obtain the moneys required to finance the Projects, the Authority will assign and transfer certain of its rights under the Installment Sale Agreement to a bank to be selected by the City (the “Assignee”) under an Assignment Agreement among the Authority, the City, and the Assignee; and

WHEREAS, on this day the Council conducted a public hearing on the proposed financing, to provide citizens of the City an opportunity to comment on the financing plan for the Projects, including the use of Measure V revenues to finance the Projects by entering into the Installment Sale Agreement, as previously presented to the Council at its regular meetings on March 3, 2022 and March 17, 2022; and

WHEREAS, the execution, delivery and assignment of the Installment Sale Agreement by the City and the Authority will result in significant public benefits, including effectively utilizing the Sales Tax Override to timely construct the Projects and improve roads in the City, and taking advantage of the current low tax-exempt financing rates to complete the Projects sooner than by accumulating revenues on a year by year basis; and

WHEREAS, the information required to be obtained and disclosed with respect to the Agreement by the Governing Board in accordance with Government Code Section 5852.1 has been obtained and disclosed in the staff report accompanying this Resolution; and

WHEREAS, the Governing Board wishes to take its action at this time approving the execution and delivery of the Installment Sale Agreement and Assignment Agreement, and the execution and delivery of related financing documents.

NOW, THEREFORE, IT IS RESOLVED by the Governing Board of the Clearlake Public Financing Authority as follows:

Section 1. Recitals. The foregoing recitals are true and correct and the Governing Board hereby so finds and determines.

Section 2. Approval of Financing Plan. The Governing Board hereby approves the financing plan described in this Resolution for the purpose of providing funds to finance the acquisition, construction and installation of the Projects. The aggregate principal amount of the Installment Payments shall not exceed \$18,500,000 and the initial tax-exempt true interest cost shall not exceed 3.5% per annum.

Section 3. Approval of Installment Sale Agreement. The Governing Board hereby approves the Installment Sale Agreement in substantially the form thereof on file with the Secretary, together with any changes therein or additions thereto deemed advisable by the Chair, Vice Chair, Executive Director or Treasurer (each, an “Authorized Officer”), the execution of which by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. Each Authorized Officer is each hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Installment Sale Agreement.

Section 4. Approval of Assignment Agreement. The Governing Board hereby approves the Assignment Agreement in substantially the form thereof on file with the Secretary, together with any changes therein or additions thereto deemed advisable by an Authorized Officer, the execution of which by an Authorized Officer shall be conclusive

evidence of the approval of any such changes or additions. Each Authorized Officer is each hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Assignment Agreement.

Section 5. Official Actions. Each Authorized Officer and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to execute any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including without limitation tax certificates. Whenever in this resolution any officer of the Authority is authorized 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 if such officer is absent or unavailable. Any actions previously taken by any Authorized Officer and all other officers of the Authority in furtherance of this Resolution are hereby ratified and approved.

Section 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

PASSED, APPROVED and ADOPTED this ____ day of _____, 2022 by the following roll call vote:

AYES:

NOES:

ABSENT:

Dirk Slooten, Chair

ATTEST:

Melissa Swanson, Secretary