

RESOLUTION NO. SD-2023-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COACHELLA SANITARY DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A CONSTRUCTION ACCESS, REIMBURSEMENT & LEASE AGREEMENT WITH THE CITY OF COACHELLA AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION

WHEREAS, the Coachella Sanitary District (the “District”), duly organized and existing under the laws of the State of California, is authorized by the laws of the State to acquire, lease, and purchase personal property for the benefit of the District and its inhabitants and to enter into contracts with respect thereto; and

WHEREAS, the City of Coachella (the “City”) is acquiring and financing the purchase of certain equipment constituting personal property, a portion of which is necessary for the District to perform essential governmental functions (the “Equipment”); and

WHEREAS, in order to acquire such Equipment, the City is proposing to enter into that certain Equipment Lease/Purchase Agreement (the “Financing Agreement”) with Banc of America Public Capital Corp (or one of its affiliates), as lessor, (the “Lessor” or “Bank”) and related documents; and

WHEREAS, the City has proposed to sublease certain of the Equipment to the District pursuant to the terms of that certain Construction Access, Reimbursement & Lease Agreement (the “Lease Agreement”), by and between the District and the City, the form of which has been presented at this meeting and is attached hereto as Exhibit A; and

WHEREAS, pursuant to the terms of the Lease Agreement, the District is obligated to make sublease payments to the City for the Equipment, and has covenanted to set rates, fees and charges in an amount sufficient to pay the sublease payments coming due each year; and

WHEREAS, the District is aware that the Lender has the ability to repossess and remove any of the Equipment, including Equipment related to the District’s Wastewater System, pursuant to the Financing Lease and Lease Agreement; and

WHEREAS, the District, pursuant to Government Code Section 8855, has adopted a debt policy and the Lease Agreement is in compliance with such policy; and

WHEREAS, the Board of Directors deems it for the benefit of the District and for the efficient and effective administration thereof to enter into the Lease Agreement and the other documentation relating to the leasing of the Equipment to be therein described on the terms and conditions therein and herein provided.

NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Coachella Sanitary District as follows:

Section 1. Findings and Determinations. It is hereby found and determined that the terms of the Lease Agreement, in the form presented at this meeting, are in the best interests of the District for the lease of the Equipment. All payments and other obligations of the District under the Lease Agreement shall be secured by a subordinate pledge of Net Revenues (as defined therein).

Section 2. Approval of Documents. The form, terms, and provisions of the Lease Agreement are hereby approved in substantially the form presented at this meeting, in an amount not to exceed \$11,000,000 and an interest rate not to exceed 4.35%, with such insertions, omissions and changes thereto as shall be approved by the District Manager or Director of Public Works (including any interim), or either of their designees (each an “Authorized Officer”), the execution of such documents being conclusive evidence of such approval. The Authorized Officers are hereby each, acting alone, authorized and directed to execute the Lease Agreement and any related documents and exhibits and to deliver the Lease Agreement (including such exhibits) to the respective parties thereto. Further, the Authorized Officers are hereby each, acting alone, authorized and directed to execute a waiver of interests related to the Bank’s security interest in the Equipment located on District property and any related documents and exhibits attached thereto and to deliver the same to the respective parties thereto.

Section 3. Other Actions Authorized. The officers and employees of the District shall take all action necessary or reasonably required by the parties to the Lease Agreement to carry out, give effect to, and consummate the transactions contemplated thereby. The Authorized Officers are hereby each, acting alone, authorized and directed in the name of the District to do and cause to be done any and all acts and to execute and deliver any documents or agreements necessary to accomplish the delivery of the Lease Agreement, including, without limitation, the execution and delivery of any necessary document, a final acceptance certificate, disbursement requests and any tax certificate, and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Lease Agreement. Such actions heretofore taken by such officials and staff are hereby ratified, confirmed, and approved.

Section 4. Appointment of Authorized Lessee Representatives. The District Manager and the Director of Public Works (including any interim) are each hereby designated to act as Authorized Officers of the District for purposes of the Lease Agreement and all other related documents until such time as the Board shall designate any other or different authorized representative for such purposes.

Section 5. Appointment of Professionals. The District hereby appoints Best Best & Krieger LLP as Bond Counsel and Urban Futures, Inc. as its Municipal Advisor.

Section 6. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Repealer. All bylaws, orders and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency with respect to this

Resolution. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED and ADOPTED this 25th day of October 2023.

Steven A. Hernandez
Mayor

ATTEST:

Delia Granados
Deputy City Clerk

APPROVED AS TO FORM:

Carlos Campos
City Attorney

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF COACHELLA)

I HEREBY CERTIFY that the foregoing Resolution No. SD-2023-05 was duly adopted by the City Council of the City of Coachella at a regular meeting thereof, held on the 25th day of October 2023, by the following vote of Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

SD-2023-05

Delia Granados
Deputy City Clerk

EXHIBIT A
FORM OF AGREEMENT