

**RESOLUTION NO. 2023-72**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA AUTHORIZING THE CITY MANAGER THE EXECUTION AND DELIVERY OF AN EQUIPMENT LEASE/PURCHASE AGREEMENT WITH RESPECT TO THE ACQUISITION, FINANCING AND PURCHASE OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT WITHIN THE TERMS PROVIDED HEREIN; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION**

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

**WHEREAS**, the City desires to acquire, finance, and purchase certain equipment with a cost not to exceed \$15,600,000 constituting personal property necessary for the City to perform essential governmental functions (the “*Equipment*”); and

**WHEREAS**, in order to acquire such Equipment, the City proposes to enter into that certain Equipment Lease/Purchase Agreement (the “*Agreement*”) with Banc of America Public Capital Corp (or one of its affiliates), as lessor, (the “*Lessor*” or “*Bank*”) and related documents, the forms of which have been presented to the City Council at this meeting; and

**WHEREAS**, the Bank has offered to enter into that certain Escrow and Account Control Agreement (the “*Escrow Agreement*,” and, together with the Agreement, the “*Financing Agreements*”), with the City and Wilmington Trust, National Association, as escrow agent, under terms which are beneficial to the City; and

**WHEREAS**, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the City must obtain from an underwriter, financial advisor, or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the obligation, good faith estimates of (a) the true interest cost of the obligation, (b) the finance charge of the obligation, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the obligation received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the obligation, and (d) the sum total of all debt service payments on the obligation calculated to the final maturity of the obligation plus the fees and charges paid to third parties not paid with the proceeds of the obligation; and

**WHEREAS**, in accordance with Government Code Section 5852.1, the City has obtained such good faith estimates from its municipal advisor, Urban Futures Inc., and such estimates are disclosed in Exhibit A attached hereto; and

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

**WHEREAS**, the City Council deems it for the benefit of the City and for the efficient and effective administration thereof to enter into the Financing Agreements and the other documentation relating to the acquisition, financing and 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 City Council of the City of Coachella as follows:

**Section 1.** Findings and Determinations. It is hereby found and determined that the terms of the Financing Agreements, in the forms presented to the governing body of the City at this meeting, are in the best interests of the City for the acquisition, financing and lease of the Equipment. All payments and other obligations of the City under the Financing Agreements shall be secured by a lien on the Equipment.

**Section 2.** Approval of Documents. The form, terms, and provisions of the Financing Agreements are hereby approved in substantially the forms presented at this meeting, in an amount not to exceed \$15,600,000 and an interest rate not to exceed 4.35%, with such insertions, omissions and changes thereto as shall be approved by the City Manager, Finance Director (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 Financing Agreements and any related documents and exhibits attached thereto and to deliver the Financing Agreements (including such exhibits) to the respective parties thereto.

**Section 3.** Other Actions Authorized. The officers and employees of the City shall take all action necessary or reasonably required by the parties to the Financing Agreements 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 City 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 Financing Agreements, including, without limitation, the execution and delivery of any necessary document, a final acceptance certificate, an escrow agreement, 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 Financing Agreements. Such actions heretofore taken by such officials and staff are hereby ratified, confirmed, and approved. Should any portion of the project be determined to be not ripe for financing for any reason, an Authorized Officer may proceed to finance the remainder of the project under the authority of this Resolution.

**Section 4.** No General Liability. Nothing contained in this Resolution, the Financing Agreements, any escrow agreement nor any other instrument shall be construed with respect to the City as incurring a pecuniary liability or charge upon or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Financing Agreements, any escrow agreement or any other instrument or document executed in connection therewith impose any pecuniary liability upon the City or any charge upon its or against its taxing power, except to the extent that the payments payable under the Agreement are general obligations of the City, as provided in the Agreement.

**Section 5.** Appointment of Authorized Lessee Representatives. The City Manager and Finance Director (including any interim) are each hereby designated to act as Authorized Officers of the City for purposes of the Financing Agreements, any escrow agreement, and all other related documents until such time as the governing body of the City shall designate any other or different authorized representative for such purposes.

**Section 6.** Appointment of Professionals. The City hereby appoints Best Best & Krieger LLP as Bond Counsel and Urban Futures, Inc. as its Municipal Advisor.

**Section 7.** Approval of Lease Agreement. In connection with the execution of the Financing Agreements, the City and the Coachella Sanitary District (“District”) will enter into that certain Construction Access, Reimbursement & Lease Agreement (the “Reimbursement and Lease Agreement”) whereby the City will sublease certain of the Equipment to the District in exchange for sublease payments. The Reimbursement and Lease Agreement is hereby approved as to form as presented at this meeting, with such changes, additions and revisions deemed necessary by an Authorized Officer. The Authorized Officers are hereby each, acting alone, authorized and directed to execute the Reimbursement and Lease Agreement and any related documents and exhibits attached thereto and to deliver the same 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 8.** 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 9.** 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 10.** Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

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**PASSED, APPROVED and ADOPTED** this 25<sup>th</sup> day of October 2023.

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Steven A. Hernandez  
Mayor

**ATTEST:**

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Delia Granados  
Deputy City Clerk

**APPROVED AS TO FORM:**

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Carlos Campos  
City Attorney

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

**I HEREBY CERTIFY** that the foregoing Resolution No. 2023-72 was duly adopted by the City Council of the City of Coachella at a regular meeting thereof, held on the 25<sup>th</sup> day of October 2023, by the following vote of Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Delia Granados  
Deputy City Clerk

## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the financing authorized by this Resolution. Such good faith estimates have been provided to the City, based on market interest rates prevailing at the time of preparation of the Estimated Principal Amount, by Urban Futures, Inc., the municipal advisor (the “Municipal Advisor”).

**Principal Amount.** The Municipal Advisor has informed the City that, based on the City’s financing plan and current market conditions, its good faith estimate of the aggregate principal component of the Lease Payments paid under Agreement is \$15,529,458 (the “Estimated Principal Amount”).

**True Interest Cost.** The Municipal Advisor has informed the City that its good faith estimate of the true interest cost of the financing, which means the rate necessary to discount the amounts payable on the respective Lease Payment dates to the principal components of said Lease Payments is 4.344%.

**Finance Charge.** The Municipal Advisor has informed the City that its good faith estimate of the finance charge for the financing, which means the sum of all fees and charges paid to third parties (or costs associated with the financing) (the “Finance Charge”), is \$100,000.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the City that its good faith estimate of the amount of proceeds, where proceeds is the value of the Equipment being delivered to the City, expected to be received by the City in connection with the financing, less the Finance Charge as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the financing, is \$15,429,458.

**Total Payment Amount.** The Municipal Advisor has informed the City that its good faith estimate of the total payment amount, which means the sum total of all Lease Payments made pursuant to the Agreement, plus the Finance Charge as described above not paid with the proceeds of the financing, calculated to the final term of the Agreement, is \$23,844,482.

The foregoing estimates constitute good faith estimates only. The actual aggregate sum of principal components of the Lease Payments, the true interest cost thereof, the Finance Charge, the amount of proceeds received from the financing, and the total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of financing being different from the date assumed for purposes of such estimates, (b) the actual aggregate sum of the principal components of the Lease Payments being different from the Estimated Principal Amount, (c) the actual amortization of the Lease Payments being different than the amortization assumed for the purposes of such estimates, (d) the actual market interest rates at the time of financing differ from those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City’s financing plan, or a combination of such factors. The actual date of the financing and the actual aggregate sum of the principal components of the Lease Payments will be determined by the City based on market conditions and other factors. The actual interest rate may depend on

market interest rates at the time of financing. The actual amortization of the Lease Payments may also depend, in part, on market interest rates at the time of financing. Market interest rates are affected by economic and other factors beyond the control of the City.