

RESOLUTION NO. 2011-____

**RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF CALISTOGA APPROVING FORMS OF AND AUTHORIZING
EXECUTION OF AN INSTALLMENT PURCHASE AGREEMENT AND A
TRUST AGREEMENT IN CONNECTION WITH THE
EXECUTION AND DELIVERY OF NOT TO EXCEED
\$3,750,000 2011 CERTIFICATES OF PARTICIPATION
(USDA WATER LOAN) AND AUTHORIZING AND DIRECTING
CERTAIN ACTIONS WITH RESPECT THERETO**

1 WHEREAS, the City of Calistoga, California (the "City") proposes to cause
2 certificates of participation to be delivered to the United States Department of Agriculture Rural
3 Development (the "USDA") in the aggregate principal amount of not to exceed \$3,750,000 and
4 at an interest rate of not to exceed 2.625% to provide permanent long-term financing for certain
5 improvements to the City's water system (the "Project"), reimburse the City for certain costs
6 relating to the Project and pay the costs of execution and delivery of the Certificates and
7 incidental and related expenses;

8 WHEREAS, it is proposed that pursuant to a Trust Agreement (the "Trust
9 Agreement"), by and between the Corporation, the City and the City acting as Trustee, the 2011
10 Certificates of Participation (USDA Water Loan) (the "Certificates") will be delivered;

11 WHEREAS, the Certificates will be sold to the USDA pursuant to Resolution No.
12 2009-087 adopted by this City Council on October 6, 2009, in which this City Council approved
13 the sale of long-term evidences of indebtedness to the USDA under the terms of a letter of
14 conditions, dated August 10, 2009 (the "Commitment Letter");

15 WHEREAS, the City Council has previously adopted Ordinance 670 on
16 October 19, 2010, which implemented increased water rates to comply with the terms of the
17 Commitment Letter;

18 WHEREAS, it is in the best interest and in the public benefit that the City
19 authorize and direct execution of the Installment Purchase Agreement, the Trust Agreement and
20 certain other documents necessary or desirable in connection with the Certificates;

21 WHEREAS, to provide funds for the City to build the Project prior to
22 reimbursement of such costs of the Project from the proceeds of the Certificates, it is in the best
23 interest and in the public benefit of the City that pursuant to California Government Code
24 Section 53859 et seq. or other applicable law, the City obtain short-term financing from a
25 commercial bank or financial institution for ongoing costs of the Project (the "Short-Term
26 Financing"); and

27 WHEREAS, the documents below specified have been filed with the City and the
28 members of the City Council, with the aid of its staff, have reviewed said documents and desire

29 to approve each document and authorize and direct the execution of such documents and the
30 consummation of such financing;

31 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF**
32 **THE CITY OF CALISTOGA, AS FOLLOWS:**

33 SECTION 1. The below enumerated documents (collectively, the "Transaction
34 Documents"), in substantially the forms submitted to the City Council, are hereby approved, and
35 an Authorized Officer (as defined below) is hereby authorized and directed to execute the
36 Transaction Documents in substantially the forms hereto presented, with such revisions,
37 amendments and completions as shall be approved by such Authorized Officer, such approval to
38 be conclusively evidenced by the execution and delivery by such Authorized Officer; provided
39 that the aggregate principal amount of the Certificates shall not exceed \$3,750,000 and the
40 interest rate shall not exceed 2.625%. An "Authorized Officer" shall include any member of the
41 City Council, the City Manager, the Finance Director or Administrative Services Director or any
42 other officer of the City designated by any of the foregoing officers and the City Clerk is hereby
43 authorized and directed to attest to such official signatures as necessary. The City Clerk is
44 directed to file a copy of the Transaction Documents with the minutes of this meeting.

45 (a) the Installment Purchase Agreement, pursuant to which the City will make
46 Installment Payments to the Corporation as required thereunder; and

47 (b) the Trust Agreement, pursuant to which the Certificates will be delivered.

48 SECTION 2. The Authorized Officers are hereby authorized and directed to
49 obtain Short-Term Financing from a commercial bank or institutional investor on terms approved
50 by an Authorized Officer, provided that (i) the maximum outstanding principal amount of such
51 Short-Term Financing at any time shall not exceed \$1,000,000, (ii) the term shall not exceed 24
52 months, and (iii) the interest rate may be a variable rate based on a financial index plus a spread
53 or a fixed rate not to exceed 12% per annum approved by an Authorized Officer. Any
54 Authorized Officer is hereby authorized and directed to approve and execute any agreement or
55 other documents required in connection with the Short-Term Financing, with approval of such
56 agreement or document to be conclusively evidenced by the execution and delivery by such
57 Authorized Officer.

58 SECTION 3. Any Authorized Officer is hereby authorized and directed to
59 execute and deliver the Transaction Documents and any and all other documents, agreements and
60 instruments, and to do and cause to be done any and all acts and things necessary or proper to
61 carry out the transactions contemplated by this Resolution. The signature of only one
62 Authorized Officer shall be sufficient to evidence execution by the City of a document approved
63 hereunder.

64 SECTION 4. This Resolution shall take effect immediately after its final
65 passage.

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67 **PASSED, APPROVED, AND ADOPTED** as a resolution of the City Council of
68 the City of Calistoga at their regular meeting held this 21st day of June, 2011, by the following
69 vote:

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71 **AYES:**

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73 **NOES:**

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75 **ABSTAIN:**

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77 **ABSENT:**

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80 **Jack Gingles, Mayor**

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82 **ATTEST:**

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85 **Susan L. Sneddon, City Clerk**

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CITY CLERK'S CERTIFICATE

I hereby certify I am the duly elected, qualified and acting City Clerk of the City of Calistoga, and that the foregoing is a full, true and correct copy of the resolution adopted at a regular meeting of the City of Calistoga City Council the 21st day of June, 2011.

Date: _____, 2011

Susan L. Sneddon, City Clerk