

# **MOUNTAINS RECREATION AND CONSERVATION AUTHORITY**

October 1, 2014 — Agenda Item X

Resolution No. 14-164

## **RESOLUTION OF THE GOVERNING BOARD OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY AUTHORIZING THE MODIFICATION OF TWO PROMISSORY NOTES IN THE AMOUNTS OF \$3,000,000 AND \$1,000,000 AND CERTAIN RELATED ACTIONS**

WHEREAS, pursuant to the Mountains Recreation and Conservation Authority Joint Exercise of Powers Agreement (the “JPA Agreement”), entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1, commencing with Section 6500 of the California Government Code, among the Santa Monica Mountains Conservancy, a public agency of the State of California, the Conejo Recreation and Park District, a public agency duly constituted body corporate and politic of the State of California established pursuant to Chapter 4, Division 5, of the California Public Resources Code and the Rancho Simi Recreation and Park District, a public agency duly constituted body corporate and politic of the State of California established pursuant to Chapter 4, Division 5, of the California Public Resources Code, the Mountains Recreation and Conservation Authority (the “Authority”) is authorized to jointly exercise any power common to such contracting parties;

WHEREAS, the JPA Agreement provides that the Authority shall have such additional powers as apply generally to separate public entities established pursuant to the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the “JPA Law”);

WHEREAS, the Governing Board of the Authority (the “Governing Board”) deems that it is necessary and desirable to modify two revolving lines of credit previously obtained by the Authority from Zions First National Bank (the “Loans”) by extending the duration thereof and reducing the interest rates;

WHEREAS, the Governing Board deems that it is necessary and desirable to enter into such modifications;

WHEREAS, Zions First National Bank (the “Lender”) is willing to modify the Loans;

WHEREAS, the Loans are evidenced by a Revolving Credit Agreement dated as of August 10, 2006, as heretofore modified by a Modification to Revolving Credit Agreement dated as of August 9, 2009 (as modified, the “Revolving Credit Agreement”), and a \$1,000,000 promissory note (the “\$1M MRCA Note”) and a \$3,000,000 promissory note (the “\$3M MRCA Note”; and together with the \$1M MRCA Note, the “MRCA Notes”), and are secured by a Collateral Assignment of Deed of Trust and Notes (the “Collateral Assignment”) and a Pledge Agreement relating to certain funds and grants by the Authority (the “Pledge Agreement”);

WHEREAS, there have been prepared and presented at this meeting the following loan modification documents required for the modification of the Loans (collectively, the "Loan Modification Documents"), and such documents are now in substantially final form, appropriate to be executed and delivered for the purposes intended:

- (1) Second Modification to Revolving Credit Agreement;
- (2) Modification of Secured Promissory Notes (Authority);
- (3) Second Modification of Secured Promissory Notes (Financing Corporation);
- (4) Certificate Regarding Compliance With Certain Tax Matters.

WHEREAS, the Board of Directors of the Rancho Simi Recreation and Park District has made a finding, after a duly noticed public hearing pursuant to Section 6586.5 of the California Government Code, that the proposed extension of the Loans and related modifications of the MRCA Notes will result in significant public benefit;

WHEREAS, the Santa Monica Mountains Conservancy has made a finding, after a duly noticed public hearing pursuant to Section 6586.5 of the California Government Code, that the proposed extension of the Loans and related modifications of the MRCA Notes will result in significant public benefit; and

WHEREAS, on October 2, 2014, the Board of Directors of the Conejo Recreation and Park District (the "Conejo District Board") will consider a resolution making a finding, after a duly noticed public hearing pursuant to Section 6586.5 of the California Government Code, that the proposed extension of the Loans and related modifications of the MRCA Notes will result in significant public benefit (the "Conejo District Resolution");

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Mountains Recreation and Conservation Authority, as follows:

1. All of the recitals herein contained are true and correct, and the Governing Board so finds.
2. Subject to the approval by the Conejo District Board of the Conejo District Resolution, the Loan Modification Documents described in the above recitals, and the modifications of the Loans therein, are hereby approved.
3. The Loan Modification Documents shall be executed by the manual or facsimile signature of James Friedl, Jr., Financial Officer of the Authority, or Sheryl Lewanda, Chief Deputy Financial Officer of the Authority (the "Authorized Officers").

4.

- (a) The Authority has full legal right, power and authority to enter into the Loan Modification Documents and to perform its obligations as provided herein and therein.
- (b) The adoption of this Resolution and the execution and delivery of the Loan Modification Documents, and compliance with the provisions hereof and thereof will not conflict with or violate any law, administrative regulation court decree, resolution, charter, by-laws or other agreement to which the Authority is subject or by which it is bound.
- (c) No consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority is required for the execution of the Loan Modification Documents or the consummation by the Authority of the other transactions contemplated by this Resolution except those the Authority shall obtain or perform prior to or upon the issuance of the Loan Modification Documents.
- (d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board body or official, pending or, to the best knowledge of the Authority, threatened against or affecting the Authority questioning the validity of any proceeding taken or to be taken by the Authority in connection with the Loan Modification Documents or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Authority of any of the foregoing, or wherein an unfavorable decision ruling or finding would have a materially adverse effect on the Authority's financial condition or results of operations or on the ability of the Authority to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, the Loan Modification Documents.
- (e) The Authority will not directly or indirectly amend, supplement, repeal, or waive any portion of this Resolution (i) without the consent of the registered owner of the MRCA Notes, or (ii) in any way that would materially adversely affect the interests of the registered owner of the MRCA Notes.
- (f) Upon the due adoption of this Resolution and the approval by the Conejo District Board of the Conejo District Resolution, this Resolution and (upon

the execution and delivery thereof) the Loan Modification Documents, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against public entities, as applicable, in the State of California.

- (g) The Authority covenants to take such action as may be necessary to include all payments due under the MRCA Notes in its annual budgets and to authorize and approve expenditures for all such payments due under the MRCA Notes in each fiscal year. The Authority will furnish to the registered owner of the MRCA Notes on or before July 1 of each year a certification that the proposed budget of the Authority is in compliance with the requirements of this paragraph.
- (h) It is hereby covenanted and warranted by the Authority that all representations and recitals contained in this Resolution are true and correct, and that the Authority and its appropriate officials have duly taken or will take all proceedings necessary to be taken by them, and execute and deliver any and all documents that they may deem necessary or advisable, for carrying out the provisions of this Resolution and consummating the transaction contemplated by the Loan Modification Documents, and any such actions previously taken by such officers are hereby ratified and confirmed.
- (i) During the term of the Revolving Credit Agreement, the Authority shall provide Lender as soon as practicable when they are available: (i) a copy of the Authority's final annual budget for each fiscal year; (ii) a copy of the Authority's most recent financial statements; and (iii) any other financial reports the Lender may reasonably request from time to time.
- (j) The total aggregate principal amount of the \$3M MRCA Note is the total amount of all "qualified tax-exempt obligations" (within the meaning of such term under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code")) which have been or which are reasonably expected to be issued by the Authority during this calendar year. The Authority and all other subordinate entities thereof have not issued, and do not expect to issue, any other tax-exempt bonds during this calendar year. The \$3M MRCA Note is not a "private activity bond" within the meaning of that term under Section 141 of the Code. Ninety-five percent or more of the net proceeds thereof are to be used for local governmental

activities of the Authority. Neither the Authority or any other subordinate entities thereof have issued any other such qualified tax-exempt obligations during this calendar year and it is reasonably expected that none will be issued. Thus, the total aggregate principal amount of qualified tax-exempt obligations issued or reasonably expected to be issued during this calendar year by the Authority and any subordinate entities thereof does not exceed \$10,000,000. The Authority hereby designates the \$3M MRCA Note as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

- (k) The Authority has complied with all legal requirements relating to its adoption of this Resolution (including any open meeting laws and notice requirements, if applicable).
- 5. In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.
- 6. The actions taken are exempt from the provision of the California Environmental Quality Act.
- 7. The Authorized Officers (and any other person holding the title of Financial Officer of the Authority) are hereby authorized, jointly and severally, to make clarifications to and correct errors in the text of any documents, instruments or certificates authorized hereunder, and to make modifications thereto, provided that such modifications do not materially alter the fundamental economic terms of such documents.

---

Chair

AYES:

NOS:

ABSENT:

ABSTAIN:

Agenda Item X  
October 1, 2014  
Page 6

I HEREBY CERTIFY that the foregoing resolution was adopted at a regular meeting of the governing board of the Mountains Recreation and Conservation Authority, duly noticed and held according to law, on the 1<sup>st</sup> day of October, 2014.

Date:

---

Executive Officer