

August 26, 2019; Agenda Item No. 14

Resolution No. 19-47

RESOLUTION OF THE SANTA MONICA MOUNTAINS CONSERVANCY MAKING A FINDING OF
SIGNIFICANT PUBLIC BENEFIT AND OTHER FINDINGS IN CONNECTION WITH A
PROPOSED REVOLVING CREDIT AGREEMENT FOR, AND ISSUANCE OF RELATED
PROMISSORY NOTES BY, THE MOUNTAINS RECREATION AND
CONSERVATION AUTHORITY TO FINANCE THE AUTHORITY'S GRANTS
AND ANNUAL OPERATING COSTS

WHEREAS, pursuant to the Mountains Recreation and Conservation Authority Joint Exercise of Powers Agreement (the "JPA Agreement"), entered into pursuant to the provisions of 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"), among the Santa Monica Mountains Conservancy, a public agency of the State of California (the "Conservancy"), the Conejo Recreation and Park District, a public agency and 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 and 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 "MRCA") is authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of real property; and

WHEREAS, the JPA Agreement provides that the MRCA shall have such additional powers as apply generally to separate public entities established pursuant to the JPA Law; and

WHEREAS, the MRCA has previously entered into a revolving credit agreement with Zions First National Bank (the "Prior Lender"), which provided for two revolving lines of credit (the "Prior MRCA Loans"), as further evidenced by two promissory notes in favor of the Prior Lender to finance, respectively, (a) land acquisitions and certain construction projects to be located within the service area of the Conservancy; and (b) temporary operating cost shortfalls of the MRCA; and

WHEREAS, the MRCA's ability to request disbursements under the Prior MRCA Loans expires on September 1, 2019; and

WHEREAS, the MRCA desires to maintain a financing arrangement to finance its projects for which grant monies are awarded to the MRCA (collectively, the "Projects") and temporary operating cost shortfalls of the MRCA; and

WHEREAS, following a request for proposals process with potential lenders, the MRCA has determined that the financing terms proposed by BBVA USA (the “Lender”) are most advantageous and will provide the lowest cost of borrowing to the MRCA; and

WHEREAS, the Lender is willing to provide financing (the “MRCA Loans”) to the MRCA the proceeds of which will be used to (i) prepay the outstanding balances on the Prior MRCA Loans, (ii) pay, or reimburse the MRCA for, costs related to the Projects, (iii) pay temporary operating cost shortfalls, and (iv) if applicable, pay costs of such financing; and

WHEREAS, it is proposed that the MRCA Loans consist of three revolving lines of credit, as further described herein, and that the terms of the MRCA Loans be governed by a Revolving Credit Agreement, to be entered into between the MRCA and the Lender (the “Revolving Credit Agreement”); and

WHEREAS, it is further proposed that the MRCA Loans to be provided by the Lender to the MRCA be evidenced by three promissory notes (collectively, the “MRCA Notes”), consisting of (i) a \$3,000,000 promissory note with respect to a revolving line of credit to finance Projects on a federally tax-exempt basis (the “Tax-Exempt Series A MRCA Loan”), (ii) a \$3,000,000 promissory note (the “Series B MRCA Loan”) with respect to a second revolving line of credit to finance Projects not financed by the Tax-Exempt Series A MRCA Loan (the “Series B MRCA Loan”), and (iii) a \$2,000,000 promissory note with respect to a third revolving line of credit to finance temporary operating cost shortfalls of the MRCA (the “Series C MRCA Loan”); and

WHEREAS, the Projects to be financed by the Tax-Exempt Series A MRCA Loan include land acquisition and construction projects for open space and park and recreation facilities to be located within the service area of the Conservancy; and

WHEREAS, the Projects to be financed by the Series B MRCA Loan consist of projects for the benefit of the public that do not qualify for tax-exempt funding under the Tax-Exempt Series A MRCA Loan, such as recreational programs and maintenance of open space and park and recreation facilities, as well as incurring preliminary expenditures and conducting feasibility activities for proposed open space and park and recreation facilities, and include such programs, maintenance activities, and projects to be offered, undertaken, or located within the service area of the Conservancy; and

WHEREAS, the Revolving Credit Agreement for the MRCA Loans requires that draws on the Series C MRCA Loan for temporary operating cost shortfalls of the MRCA will become due and be repaid by the MRCA on an annual basis during the term of the agreement (e.g., by June 30 of each year); and

WHEREAS, the Tax-Exempt Series A MRCA Loan will facilitate the more efficient delivery of open space and park and recreation facilities and services to residential and commercial developments within the service area of the Conservancy, and the Series B MRCA Loan and the Series C MRCA Loan will facilitate the more efficient delivery of open space and park and recreation services to residential and commercial developments within the service area of the Conservancy; and

WHEREAS, pursuant to Section 6586.5 of the California Government Code, after notice duly published in accordance with law, the Conservancy held a public hearing on this date with respect to the proposed Revolving Credit Agreement for MRCA and the related issuance by MRCA of the MRCA Notes;

NOW, THEREFORE, THE SANTA MONICA MOUNTAINS CONSERVANCY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Approval of Financing; Findings. The Conservancy hereby finds that the proposed Revolving Credit Agreement and the MRCA Loans to provide financing as described in the above recitals, including financing for public capital improvements within the service area of the Conservancy, will result in significant public benefits to the citizens therein, including more efficient delivery of local open space and park and recreation facilities and services to residential and commercial developments within the service area of the Conservancy. The Conservancy hereby approves the proposed MRCA Loans, including but not limited to the use by the MRCA of proceeds of the MRCA Loans to provide local open space and park and recreation facilities and services on behalf and within the service area of the Conservancy.

Section 3. Other Acts. The officers of the Conservancy are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

~ *End of Resolution* ~

Agenda Item 14
August 26, 2019
Page 4

I HEREBY CERTIFY that the foregoing resolution was adopted at a meeting of the Santa Monica Mountains Conservancy, duly noticed and held according to law, on the 26th day of August, Los Angeles, California.

Dated:

Executive Director