

City of Brisbane

Agenda Report

To: City Council via City Manager

From: Stuart Schillinger, Administrative Services Director

Subject: Approval of documents for the sale of bonds for the 2015 Utility Bond Sale.

Date: May 7, 2015

Purpose:

To ensure a safe and environmentally friendly water and wastewater system.

Recommendation:

Adopt Resolution 2015-15 Resolution amending and restating Resolution 2015-11, adopted on April 16, 2015, approving proceedings to finance and refinance improvements to the City of Brisbane's and Guadalupe Valley Municipal Improvement District's combined water and wastewater enterprise and approving related documents and official actions.

Adopt Resolution B/GVMIDFA 2015-02 Resolution amending and restating Resolution No. BGVMIDFA 2015-01, adopted on April 16, 2015, authorizing the issuance and sale of utility revenue bonds to finance and refinance improvements to the City of Brisbane's and Guadalupe Valley Municipal Improvement District's combined water and wastewater enterprise and approving related documents and official actions.

Background:

On August 13, 2001 the City Council discussed Ordinance No. 458 which set the process for determining future water and sewer rate increases.

Subsequent to passing Ordinance No. 458, the California Supreme Court ruled that water and sewer charges are property related and subject to Proposition 218, the Right to Vote on Taxes Act. The Utility Subcommittee studied both the capital improvement plan (CIP) and a method to pay for the plan over the last year. The first portion of the CIP was brought forward and approved by the City Council during the 2013/14 budget process. The approved CIP was for \$5,000,000. The discussion on how to pay for this amount centered around how best to allocate the payment of the projects to both their useful life and the impact users have on the system. On April 21, 2014 City Council reviewed the Subcommittee's recommendation and directed staff to begin the process for implementing the proposed fee increase. On November 20, 2014 the City Council adopted the rate increase.

The projects which could be paid for by this rate increase are:

- i. Bayshore Blvd South – 8” Force Main Underground relocation (construction).
- ii. Glen Park Pump Station Upgrade
- iii. Pressure Reducing Valves (PRV) Construction and Fire Main on Annis/Line F,G,H,I,J and Annis Pressure Reducing Valve

iv. Supervisory Control and Data Acquisition System Replacement

On April 9, 2016 City staff made a presentation to Standard and Poor's prior to them rating our bonds. The better the rating the lower the interest rates we need to pay.

On April 16, 2016 the City Council approved the documents for the sale of the bonds.

Subsequent to the April 16th, Standard and Poor's asked the City about a provision in the 2012 refinancing of the 2002 utility bonds. The provision related to the acceleration provision in the 2012 bond document. An acceleration provision provides the basis when the bond holder can require the borrower to accelerate the payback of the bonds. This is usually done in the case of a default (non-payment) in order to protect the rights of the bond holders. The bonds we sold in 2012 also allowed for acceleration in the case when some other covenants of the bonds were not met such as not setting rates to cover 1.25 of operating expenses and bond payments, or if the annual audit was delayed. Standard and Poor's was concerned about these provisions and were going to give a lower rating to our current bond because of these provisions. This type of provision has been included in bonds by other issuers and did not seem to have a material effect on the ratings of subsequent bonds. However, the analyst with S&P who reviewed our bonds has picked up on these provisions and is concerned. Although, it is hard to speculate the reason for the concern now, it might have to do with a potential rising interest rate atmosphere where banks may try and accelerate bond payments in order to be able reinvest the proceeds at a higher rate. Another concern expressed by the analyst at S&P was the impact the drought would have on our ability to repay bonds. Although, the 2015 bond had a new funding mechanism the 2012 was incorporated in the current rates and therefore the City's ability to repay it might be impacted by decreasing revenues from the drought. A third reason may be the size of our overall revenues compared to the size of the outstanding bond issue. There is about \$3,000,000 of outstanding bonds and our revenues for one year are in the \$4 to \$5 million range. In larger systems this does not cause the same types of concerns.

Discussion:

The City could handle this in one of three ways:

- 1) We could leave the 2012 bonds as they are and take our chances with S&P. The concern was twofold on this. First, the lower rating would negatively impact the interest we received on the 2015A bonds. And second, S&P could lower the rating on future deals done by the City since it would presume the City would act as backstop for the Utility Bond in order to protect the City's ability to borrow in the future.
- 2) The City could work with the current bond holder City National Bank to eliminate this clause from the document. The City's Financial Advisor (Marty Johnson) made contact with the Bank but they did not have an interest in removing this provision.
- 3) The City could refund the 2012 bonds as part of the 2015 bonds in order to eliminate this provision.

The City's Financial Advisor performed a cost benefit analysis of numbers 3 vs. 1 to determine what was the better course of action for the City. He determined that by refinancing the bond we will have an annual additional cost of about \$4,000 a year. This is the equivalent of an 8 basis point difference on the large deal. The potential difference in rating could cost the City about 20 basis points on the current the deal.

Therefore, staff recommends the City refinance the 2012 debt as part of the 2015 debt. The City will not extend the length of time of the 2012 bonds and they will still be paid off in 2032.

The appropriate documents to carry out this course of action are included in the packet for your approval.

Fiscal Impact:

There will be an additional cost of about \$4,000 a year to the Utility Fund above the cost of the original 2012 bonds. However, it is expected that the savings from the better rating received from S&P will offset this cost.

Measure of Success

The City continues to provide clean and safe drinking water and disposes wastewater in an environmentally appropriate fashion at the least cost to current users.

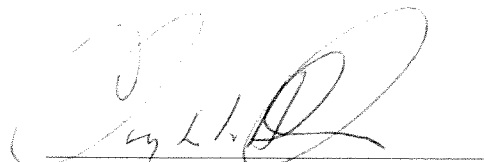
Attachments:

Documents referred to in Resolutions are available in the City Clerk's Office

1. Indenture;
2. Installment Sale Agreement;
3. Escrow Deposit and Trust Agreement
4. Acquisition Agreement
5. Good Faith Deposit Custody Agreement
4. Notice of Sale
5. Notice of Intention
6. Preliminary Official Statement.



Stuart Schillinger
Administrative Services Director



Clay Holstine
City Manager

CITY OF BRISBANE

RESOLUTION NO. 2015-15

RESOLUTION AMENDING AND RESTATING RESOLUTION NO. 2015-11, ADOPTED ON APRIL 16, 2015, APPROVING PROCEEDINGS TO FINANCE AND REFINANCE IMPROVEMENTS TO THE CITY'S AND GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT'S COMBINED WATER AND WASTEWATER ENTERPRISE, APPROVING THE ISSUANCE OF UTILITY REVENUE BONDS BY THE BRISBANE/GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT FINANCING AUTHORITY FOR SUCH PURPOSES AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

RESOLVED, by the City Council (the "Council") of the City of Brisbane (the "City"), as follows:

WHEREAS, on April 16, 2015, the Authority adopted its Resolution No. 2015-11 approving the issuance of the Bonds and authorizing the execution and delivery of various documents relating thereto;

WHEREAS, in order to assure a credit rating that will provide the lowest borrowing cost to the City, it has been determined to refinance the City's obligations under that certain Installment Sale Agreement, dated as of July 1, 2012, by and between the Brisbane Public Financing Authority and the City (the "2012 Agreement");

WHEREAS, this Resolution hereby amends and restates in full Resolution No. 2015-11; and

WHEREAS, the City and the Guadalupe Valley Municipal Improvement District have heretofore entered into a joint exercise of powers agreement establishing the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (the "Authority") for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City;

WHEREAS, the City has determined that, due to prevailing financial market conditions, it is in the best interests of the City to (a) finance the acquisition and construction of certain water and sewer improvements and facilities (the "Project") constituting part of the City's and Guadalupe Valley Municipal Improvement District's combined water and wastewater enterprise (the "Enterprise"), and (b) provide for the payment and prepayment of the 2012 Agreement;

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the City, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), designated as the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (San Mateo County, California) 2015 Utility Revenue Bonds (the "Bonds"), all pursuant to and secured by an indenture of trust (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, in order to provide for the repayment of the Bonds, the City will sell the project financed by the 2012 Agreement (the "2012 Project") to the Authority and the Authority will sell the Project and the 2012 Project to the City pursuant to an installment sale agreement (the "Installment Sale Agreement"), under which the City will agree to make installment payments to the Authority payable from the net revenues of the Enterprise which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, a preliminary official statement describing the Authority, the City, the Enterprise, the Bonds and other matters, to be used in connection with the marketing of the Bonds (the "Preliminary Official Statement") has been prepared; and

WHEREAS, the Council approves all of said transactions in furtherance of the public purposes of the City and wishes at this time to take its action approving the issuance and sale of the Bonds and the financing to be accomplished thereby;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. Approval of Bonds. The Council hereby approves the issuance of the Bonds by the Authority for the purpose, among others, of providing funds to finance the Project, so long as (a) the principal amount of Bonds does not exceed \$9,000,000, (b) the final maturity date of the Bonds is not later than September 1, 2035, and (c) the maximum annual debt service on the Bonds shall not exceed \$700,000.

Section 2. Approval of Acquisition Agreement. The Council hereby approves an acquisition agreement (the "Acquisition Agreement"), in the form on file with the City Clerk, together with such additions thereto and changes therein as the Mayor, the City Manager or the Administrative Services Director (the "Designated Officers") shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Acquisition Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Acquisition Agreement.

Section 3. Approval of Installment Sale Agreement. The Council hereby approves the Installment Sale Agreement in the form on file with the City Clerk, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or

appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Installment Sale Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 4. Approval of Escrow Agreement. The Council hereby approves an escrow agreement to provide for the payment and prepayment of the 2012 Agreement (the "Escrow Agreement") in the form on file with the City Clerk, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Escrow Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 5. Sale of Bonds. The Council hereby approves the sale of the Bonds by the Authority by competitive sale. The Council hereby approves a notice of intention, in the form on file with the City Clerk (the "Notice of Intention"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. The Council hereby approves a notice of sale, in the form on file with the City Clerk (the "Notice of Sale"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. JNA Consulting Group, LLC, as financial advisor to the Authority and the City (the "Financial Advisor"), is hereby authorized to cause to be furnished to prospective bidders copies of the Notice of Sale.

The Financial Advisor is hereby authorized and directed, on behalf of the City, to receive the bids at the time and place specified in the Notice of Sale, to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Financial Advisor, on behalf of the Authority and the City, may exercise its own discretion and judgment in making the award and may award the Bonds on a pro rata basis in such denominations as the Financial Advisor determine. The Financial Advisor, on behalf of the Authority and the City, may, in its discretion, reject any and all bids and waive any irregularity or informality in any bid. The Financial Advisor, on behalf of the Authority and the City, shall award the Bonds or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder.

Section 6. Preliminary Official Statement. The Council hereby approves the Preliminary Official Statement in the form on file with the City Clerk, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate. The Designated Officers, each acting alone, are hereby authorized and directed to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, the Preliminary the Official Statement . The Financial Advisor is hereby authorized to cause to be furnished to prospective bidders copies of the Preliminary Official Statement.

Section 7. Final Official Statement. Any Designated Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the City or omit to state material facts with respect to the City required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Designated Officers shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Designated Officer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the City. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

Section 8. Official Actions. The Mayor, the City Manager, the Administrative Services Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including the application to providers of municipal bond insurance for the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Terry O'Connell, Mayor

I, the undersigned City Clerk of the City of Brisbane, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the City Council of the City at a meeting thereof on the 7th day of May, 2015, by the following vote of the members thereof:

AYES, and in favor thereof:

NOES:

ABSENT:

Sheri Marie Spediacci, City Clerk

**BRISBANE/GUADALUPE VALLEY MUNICIPAL
IMPROVEMENT DISTRICT FINANCING AUTHORITY**

RESOLUTION NO. BGV MIDFA 2015-02

**RESOLUTION AMENDING AND RESTATING RESOLUTION NO.
BGVMIDFA 2015-01, ADOPTED ON APRIL 16, 2015, AUTHORIZING THE
ISSUANCE AND SALE OF UTILITY REVENUE BONDS TO FINANCE AND
REFINANCE IMPROVEMENTS TO THE CITY OF BRISBANE'S AND
GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT'S
COMBINED WATER AND WASTEWATER ENTERPRISE AND APPROVING
RELATED DOCUMENTS AND OFFICIAL ACTIONS**

RESOLVED, by the Board of Directors (the "Board") of the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (the "Authority"), as follows:

WHEREAS, on April 16, 2015, the Authority adopted its Resolution No. BGV MIDFA 2015-01 approving the issuance of the Bonds and authorizing the execution and delivery of various documents relating thereto;

WHEREAS, in order to assure a credit rating that will provide the lowest borrowing cost to the City, it has been determined to refinance the City's obligations under that certain Installment Sale Agreement, dated as of July 1, 2012, by and between the Brisbane Public Financing Authority and the City (the "2012 Agreement");

WHEREAS, this Resolution hereby amends and restates in full Resolution No. BGV MIDFA 2015-01; and

WHEREAS, the City of Brisbane (the "City") and the Guadalupe Valley Municipal Improvement District have heretofore entered into a joint exercise of powers agreement establishing the Authority for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City;

WHEREAS, the City has determined that, due to prevailing financial market conditions, it is in the best interests of the City to (a) finance the acquisition and construction of certain water and sewer improvements and facilities (the "Project") constituting part of the City's and Guadalupe Valley Municipal Improvement District's combined water and wastewater enterprise (the "Enterprise"), and (b) provide for the payment and prepayment of the 2012 Agreement;

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the City, the Authority proposes to authorize the issuance of its revenue bonds

under the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), designated as the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (San Mateo County, California) 2015 Utility Revenue Bonds (the "Bonds"), all pursuant to and secured by an indenture of trust (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, in order to provide for the repayment of the Bonds, the City will sell the project financed by the 2012 Agreement (the "2012 Project") to the Authority and the Authority will sell the Project and the 2012 Project to the City pursuant to an installment sale agreement (the "Installment Sale Agreement"), under which the City will agree to make installment payments to the Authority payable from the net revenues of the Enterprise which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, a preliminary official statement describing the Authority, the City, the Enterprise, the Bonds and other matters, to be used in connection with the marketing of the Bonds (the "Preliminary Official Statement") has been prepared; and

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Authority;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. Issuance of Bonds; Approval of Indenture. The Board hereby authorizes the issuance of the Bonds under and pursuant to the Act and the Indenture for the purpose of providing funds to (a) finance the Project and (b) provide for the payment and prepayment of the 2012 Agreement, so long as (a) the principal amount of Bonds does not exceed \$9,000,000, (b) the final maturity date of the Bonds is not later than September 1, 2035, and (c) the maximum annual debt service on the Bonds shall not exceed \$700,000. The Board hereby approves the Indenture in the form on file with the Secretary, together with such additions thereto and changes therein as the Chairperson, the Executive Director, the Assistant Executive Director or the Treasurer, or any designee thereof (the "Designated Officers") shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest to, the final form of the Indenture for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Indenture.

Section 2. Approval of Acquisition Agreement. The Board hereby approves an acquisition agreement (the "Acquisition Agreement"), in the form on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest to, the final form of the Acquisition Agreement for and in the

name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Acquisition Agreement.

Section 3. Approval of Installment Sale Agreement. The Board hereby approves the Installment Sale Agreement in the form on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest to, the final form of the Installment Sale Agreement for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 4. Sale of Bonds. The Board hereby approves the sale of the Bonds by the Authority by competitive sale. The Board hereby approves a notice of intention, in the form on file with the Secretary (the "Notice of Intention"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. The Board hereby approves a notice of sale, in the form on file with the Secretary (the "Notice of Sale"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. JNA Consulting Group, LLC, as financial advisor to the Authority and the City (the "Financial Advisor"), is hereby authorized to cause to be furnished to prospective bidders copies of the Notice of Sale.

The Financial Advisor is hereby authorized and directed, on behalf of the Authority, to receive the bids at the time and place specified in the Notice of Sale, to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Financial Advisor, on behalf of the Authority and the City, may exercise its own discretion and judgment in making the award and may award the Bonds on a pro rata basis in such denominations as the Financial Advisor determine. The Financial Advisor, on behalf of the Authority and the City, may, in its discretion, reject any and all bids and waive any irregularity or informality in any bid. The Financial Advisor, on behalf of the Authority and the City, shall award the Bonds or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder.

Section 5. Preliminary Official Statement. The Board hereby approves the Preliminary Official Statement in the form on file with the Secretary, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate. The Designated Officers, each acting alone, are hereby authorized and directed to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, the Preliminary the Official Statement . The Financial Advisor is hereby authorized to cause to be furnished to prospective bidders copies of the Preliminary Official Statement.

Section 6. Final Official Statement. Any Designated Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date

of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the Authority or omit to state material facts with respect to the Authority required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Designated Officers shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Designated Officer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the Authority. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

Section 7. Official Actions. The Chairperson, the Executive Director, the Assistant Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including the application to providers of municipal bond insurance for the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

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

Terry O'Connell, Chairwoman

I, the undersigned Secretary of the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the Authority at a meeting thereof on the 7th day of May, 2015, by the following vote of the members thereof:

AYES, and in favor thereof: Board Members

NOES: Board Members

ABSENT: Board Members

Sheri Marie Spediacci, Secretary