

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
RESOLUTION NO. 2021-0018

A RESOLUTION OF THE BOARD OF DIRECTORS OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT APPROVING REDUCTIONS OF THE FACE AMOUNTS OF THE LETTERS OF CREDIT HELD PURSUANT TO DEPOSITORY AGREEMENTS WITH RESPECT TO BONDS (SERIES 2018 AND 2020) ISSUED BY THE DISTRICT.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT, as follows:

1. Findings.

a. Pursuant to a Resolution of the board of directors of Rancho Sahuarita Community Facilities District (hereinafter called the "*District*") adopted on June 26, 2018 (hereinafter referred to as the "*2018 Bond Resolution*"); the board of directors of the District (hereinafter called the "*Board*") (1) authorized the sale and issuance of its General Obligation Bonds, Series 2018, in the aggregate principal amount of \$5,780,000 (hereinafter referred to as the "*2018 Bonds*") to provide funds for any and all of the public infrastructure purposes described in the feasibility report presented to and approved by the Board on March 12, 2018, and (2) entered in its minutes a record of the 2018 Bonds sold and their numbers and dates and levied and will levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described therein to pay debt service with respect to the 2018 Bonds when due.

b. The Board, by the 2018 Bond Resolution, duly authorized the issuance of the 2018 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the 2018 Bonds, duly authorized the execution and delivery of a Series 2018 Indenture of Trust and Security Agreement, dated as of March 1, 2018 (hereinafter referred to as the "*2018 Indenture*"), from the District.

c. In consideration for the issuance of the 2018 Bonds, and the actions taken in the 2018 Indenture, by the District, Interchange Opportunity Fund L.L.L.P., as an investor and guarantor but not as a developer (hereinafter called the "*LLL*"), and Rancho Sahuarita Management Company, L.L.C., as developer, guarantor and indemnitor (hereinafter called the "*LLC*"), had established by Western Alliance Bank (hereinafter called the "*Bank*") in favor of Wells Fargo National Bank, as depository (hereinafter called the "*Depository*"), an irrevocable

standby letter of credit in the face amount of \$2,107,502.50 (hereinafter referred to as the “2018 Letter of Credit”) to be held under the terms of the Series 2018 Depository Agreement, dated as of March 1, 2018 (hereinafter referred to as the “2018 Depository Agreement”), by and between the District and the Depository.

d. Pursuant to a Resolution of the Board adopted on February 24, 2020 (hereinafter referred to as the “2020 Bond Resolution”), the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2020, in the aggregate principal amount of \$3,475,000 (hereinafter referred to as the “2020 Bonds”), to provide funds for any and all of the public infrastructure purposes described in the feasibility report presented to and approved by the Board on February 24, 2020, and (2) entered in its minutes a record of the 2020 Bonds sold and their numbers and dates and levied and will levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described therein to pay debt service with respect to the 2020 Bonds when due.

e. The Board, by the 2020 Bond Resolution, duly authorized the sale and issuance of the 2020 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the 2020 Bonds, duly authorized the execution and delivery of a Series 2020 Indenture of Trust and Security Agreement, dated as of April 1 2020 (hereinafter referred to, with the 2018 Indenture, as the “Indentures”), from the District.

f. In consideration for the issuance of the 2020 Bonds, and the actions taken and to be taken in the 2020 Indenture, by the District, the LLLP and the LLC had established by the Bank, in favor of the Depository, an irrevocable standby letter of credit in the face amount of \$1,037,075.00 (hereinafter referred to as the “2020 Letter of Credit”, and with the 2018 Letter of Credit, the “Letters of Credit”) to be held under the terms of the Series 2020 Depository Agreement, dated as of April 1, 2020 (hereinafter referred to, with the 2018 Depository Agreement, as the “Depository Agreements”), by and between the District and the Depository.

g. Section 2.01(F) of the Depository Agreements provides that, on February 15 of each year, if the net limited assessed valuation of property within the boundaries of the District used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the Maximum Annual Debt Service (as such term and all other undefined terms used in this paragraph are defined in the Indentures) and the Discounted Tax Revenues is to be calculated and the District is to direct the Depository to cause the face amounts of the Letters of Credits to be reduced such that the face amounts of the Letters of Credit are equal to five (5) times such difference. (The foregoing reductions are to be based on the total amount of the Letters of Credit and *pro rata* allocation based on the 2018 Bonds and the 2020 Bonds outstanding.) After receipt of proof of satisfaction of each of the foregoing to the District Treasurer, the Board is to approve in writing by affirmative action the applicable reductions, and the Depository is to be notified as such by the District Treasurer and directed to take such action as is necessary to reduce appropriately the Letters of Credit.

h. It has been proven to the satisfaction of the District Treasurer that, for purposes of the foregoing, the 2018 Letter of Credit should be reduced by \$601,471.50 to \$1,506,031, and the 2020 Letter of Credit should be reduced by \$110,963 to \$926,112.

2. Approval of Reductions. The Board approves the reduction of the 2018 Letter of Credit and the 2020 Letter of Credit as indicated in the recitals hereto. (The District Treasurer shall notify the Depository of such reductions and shall take such action as is necessary to reduce appropriately the Letters of Credit.)

3. Other Actions Necessary; Severability; Amendment; Effective Date.

a. The District Manager, the District Treasurer, the District Clerk and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the actions contemplated by this Resolution.

b. 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.

c. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

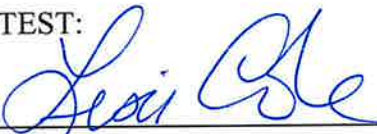
d. This Resolution shall be effective immediately.

PASSED by the District Board of the Rancho Sahuarita Community Facilities District this 22nd day of February, 2021.




Tom Murphy
Chairperson
Rancho Sahuarita Community Facilities District

ATTEST:



Lisa Cole, MMC
District Clerk
Rancho Sahuarita Community Facilities District

APPROVED AS TO FORM:



Daniel J. Hochuli
District Counsel
Rancho Sahuarita Community Facilities District