

**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE PUEBLO CITY-COUNTY LIBRARY DISTRICT AUTHORIZING A LEASE-PURCHASE FINANCING TO PROVIDE FOR THE CONSTRUCTION OF CERTAIN IMPROVEMENTS TO THE DISTRICT'S EXISTING ROBERT HOAG RAWLINGS LIBRARY BUILDING AND THE REFUNDING OF THE CERTIFICATES OF PARTICIPATION, SERIES 2012; APPROVING DOCUMENTATION RELATING TO THE LEASE-PURCHASE FINANCING INCLUDING BUT NOT LIMITED TO A SITE LEASE AND A LEASE PURCHASE AGREEMENT; AND PROVIDING OTHER DETAILS IN CONNECTION WITH THE LEASE-PURCHASE FINANCING.**

WHEREAS, Pueblo City-County Library District, in Pueblo County, Colorado (the "District"), is a duly organized and existing Library District, existing as such under and by virtue of Article 24, Title 90 of the Colorado Revised Statutes; and

WHEREAS, the Board of Trustees of the District (the "Board") has the power, pursuant to Section 24-90-109(h), C.R.S., to "lease, purchase, or erect any appropriate building for library purposes and acquire such other property as may be needed therefor"; and

WHEREAS, to provide funding to refinance certain outstanding obligations of the District (the "2012 Refunding"), the District previously leased a portion of the Robert Hoag Rawlings Library building (the "Rawlings Library") to the Pueblo City-County Library Leasing Trust 2012 (the "2012 Trust") pursuant to that certain Site Lease between the District, as lessor, and the 2012 Trust, as lessee (the "2012 Site Lease"), and leased the Rawlings Library back from the 2012 Trust pursuant to that certain Lease Purchase Agreement between the 2012 Trust, as lessor, and the District, as lessee (the "2012 Lease"); and

WHEREAS, the rights of the 2012 Trust to District payments under the 2012 Lease were assigned to UMB Bank, n.a. (the "2012 Trustee"), as trustee under that certain Indenture of Trust (the "2012 Indenture"), pursuant to which the Certificates of Participation, Series 2012 (Pueblo West and Rawlings Addition Library Facilities) (the "2012 Certificates") were issued; and

WHEREAS, the 2012 Certificates evidence proportionate interests in the Base Revenues (as defined in the 2012 Lease) and other revenues payable by the 2012 Trustee under the 2012 Lease, and the net proceeds from the sale of the 2012 Certificates were applied to the completion of the 2012 Refunding; and

WHEREAS, the 2012 Lease provides the District with the right to purchase the 2012 Trust's interest in the Rawlings Library by prepaying Base Rentals due under the 2012 Lease and redeeming the 2012 Certificates; and

WHEREAS, the 2012 Certificates maturing on and after December 1, 2023 are subject to redemption prior to maturity, as a whole or in integral multiples of \$5,000, on December 1, 2022 or any date thereafter at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption; and

WHEREAS, the 2012 Certificates are currently outstanding in the aggregate principal amount of \$8,215,000 and bear interest at rates ranging from 3.00% to 5.00%; and

WHEREAS, because applicable federal tax regulations no longer permit an advance refunding to be financed on a tax-exempt basis (which occurs when an issuer borrows money more than ninety days ahead of the date in which the refunded obligation can be paid and cancelled), the redemption of the 2012 Certificates must be issued on a taxable basis; and

WHEREAS, the Board desires and has determined it is in the best interests of the District and its inhabitants to purchase the 2012 Trust's interest in the Rawlings Library pursuant to the 2012 Lease by completing the advance refunding of the 2012 Certificates (the "Refunding Project") as well as finance the construction of certain capital improvements to the Rawlings Library facilities (the "Improvement Project" and, together with the Refunding Project, the "Project"); and

WHEREAS, the Board has determined the District, as lessor, will lease the Rawlings Library (as such, the "Leased Property") to a trustee to be identified (the "Trustee"), as lessee, pursuant to a site lease (the "Site Lease") and lease the Leased Property back from the Trustee pursuant to a Lease Purchase Agreement (the "Lease") between the Trustee, as lessor, and the District, as lessee (collectively, the "Lease Financing"); and

WHEREAS, the Trustee will execute an Indenture of Trust (the "Indenture"), pursuant to which there will be issued the "Certificates of Participation, Tax-Exempt Series 2020A" (the "Series 2020A Certificates") and the "Certificates of Participation, Taxable Series 2020B" (the "Series 2020B Certificates" and, together with the Series 2020A Certificates, the "Certificates") evidencing undivided interests in the right to receive certain revenues payable by the District under the Lease; and

WHEREAS, the net proceeds of the Series 2020A Certificates are to be delivered to the District and applied to the financing of the Improvement Project and the net proceeds of the Series 2020B Certificates are to be deposited into an escrow account and applied to the completion of the Refunding Project pursuant to a Refunding Escrow Agreement (the "Escrow Agreement") entered into between the District and an escrow agent; and

WHEREAS, the Certificates are to be offered for sale pursuant to a Preliminary Official Statement (the "Preliminary Official Statement") and a final Official Statement (the "Official Statement") and are to be purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") pursuant to a Certificate Purchase Agreement (the "Certificate Purchase Agreement") and in accordance with the Indenture; and

WHEREAS, the Base Rentals and Additional Rentals (both as defined in the Lease) payable by the District under the Lease shall constitute currently appropriated expenditures of the District and shall not constitute a debt or multiple fiscal year direct or indirect obligation whatsoever of the District or a mandatory charge or requirement against the District in any fiscal year beyond the fiscal year for which such payments have been appropriated; and

WHEREAS, no provision of the Lease shall be construed or interpreted (a) to directly or indirectly obligate the District to make any payment in any fiscal year in excess of amounts appropriated for such fiscal year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the District; (d) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (e) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution; and

WHEREAS, the Board has been presented with forms of the Site Lease, the Lease, the Indenture, the Certificate Purchase Agreement, the Escrow Agreement, the Preliminary Official Statement, the Continuing Disclosure Undertaking and additional documents relating to the Lease Financing (the "Financing Documents"); and

WHEREAS, the Board desires to authorize and otherwise proceed with the Lease Financing, to authorize and approve the Financing Documents to which it is a party and to acknowledge and approve the Financing Documents for which it is not an executing party.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PUEBLO CITY-COUNTY LIBRARY DISTRICT, IN PUEBLO COUNTY, COLORADO:**

**1. Acknowledgement and Approval of Site Lease.** The Site Lease, in substantially the form and with substantially the content presented to the Board at this meeting of the Board, is in all respects approved, authorized and confirmed, and the President is authorized and directed to execute the Site Lease in substantially the form and with substantially the same content as the form thereof presented at this meeting of the Board, for and on behalf of the District but with such changes therein as the President may deem necessary or appropriate, as evidenced by the execution thereof, including incorporation of the terms to be determined by the President in accordance with the provisions hereof. The Board hereby authorizes the leasing of the Leased Property by the District to the Trustee in consideration of the lump-sum amount paid by the Trustee as provided therein, in accordance with and subject to the provisions of the Site Lease.

**2. Lease Purchase Agreement Authorization.** The Lease Agreement, in substantially the form and with substantially the content presented at this meeting of the Board, is in all respects approved, authorized and confirmed, and the President is authorized and directed to execute, the Lease Agreement in substantially the form and with substantially the same content as the form thereof presented at this meeting of the Board, for and on behalf of the District but with such changes therein as the President may deem necessary or appropriate, as evidenced by the execution thereof, including incorporation of the terms to be determined by the President in accordance with the provisions hereof. The Board hereby approves the leasing of the Leased Property by the District from the Trustee for the dollar amounts determined by the President, in accordance with and subject to the provisions of Section 3 hereof.

**3. Delegation and Parameters.** The Board hereby delegates to the [President of the Board] the authority to determine by final terms certificate (the “Final Terms Certificate”):

(a) the maximum number of renewal terms of the Lease, which shall not exceed 15 renewal terms;

(b) the aggregate principal amount of the Series 2020A Certificates, which shall not exceed \$7,700,000;

(c) the aggregate principal amount of the Series 2020B Certificates, which shall not exceed \$9,100,000;

(d) the final Base Rentals payable under the Lease Agreement;

(e) the Base Rental Payment Dates (as defined in the Lease Agreement); and

(f) the net effective interest rate for the lease-purchase of the Leased Property, which rate shall not be in excess of 4.00% per annum for that portion of the Lease Financing allocable to the Series 2020A Certificates and 3.50% per annum for that portion of the Lease Financing allocable to the Series 2020B Certificates.

**4. The Certificates.** The Board hereby acknowledges and consents to the sale, execution and delivery of the Certificates pursuant to the Indenture. The Board hereby acknowledges and approves the assignment and delivery by the Trustee pursuant to the Indenture of proportionate and undivided interests in the right to receive certain revenues payable by the District under the Lease. The Board hereby acknowledges and approves the forms, terms and provisions of the Certificates contained in the Indenture, in substantially the form presented to the Board prior to the final adoption of this Resolution.

**5. Execution and Delivery of Documents.** Any authorized Board member is hereby authorized and directed to attest all signatures and acts of any official of the Board

or the District in connection with the Lease Financing and other matters authorized by this Resolution, and to place the seal of the District on the Lease Agreement and all additional certificates, documents and other papers associated with the Lease Financing and other matters authorized by this Resolution. The President of the Board and other officials, employees and agents of the Board or the District are hereby authorized to execute and deliver for and on behalf of the District the Financing Documents to which the District is a party and any and all additional agreements, certificates, documents and other papers and to perform all other acts that they may deem necessary or appropriate in order to implement and carry out the Lease Financing and other matters authorized or contemplated by this Resolution, including without limitation the lease of the Leased Property from the Trustee.

**6. Bond Insurance.** Upon the recommendation of the Underwriter based upon market conditions and the rating on the Certificates, one or more bond insurers may be requested to submit bids to issue the bond insurance policy in connection with the Certificates to reduce the amount of the Base Rentals due in connection with the Lease. In the event that the President of the Board determines, based upon information provided by the Underwriter, that the savings to be realized by the District as a result of the issuance of the bond insurance policy, the President of the Board shall be authorized to accept the commitment issued by the bond insurer, including any agreements in the best interests of the District in connection with the issuance of a surety reserve securing the Certificates. If the Certificates are issued insured by a bond insurance policy, the officers and employees of the District are hereby authorized and directed to take all actions necessary to cause the bond insurer selected to issue the bond insurance policy in accordance with the commitment, including without limitation, payment of the premium due in connection therewith and entering into any authorizing agreements.

**7. Obligations of the District.** No provision of this Resolution, the Site Lease, the Lease, the Escrow Agreement or the Certificates shall be construed as creating or constituting a general obligation or multiple fiscal year direct or indirect indebtedness or other financial obligation whatsoever of the District nor a mandatory payment obligation of the District in any ensuing fiscal year beyond any fiscal year during which the Lease shall be in effect. The term of the Lease shall not extend beyond one year, subject to annual renewal as provided therein, and the District shall have no obligation to make any payment except in connection with the payment of the Base Rentals and Additional Rentals in accordance with the provisions of the Lease.

**8. [Bank-Qualified Determination.** The District hereby designates the portion of the Lease Financing allocable to the Series 2020A Certificates as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.]

**9. Declarations and Findings.** The Board hereby determines and declares that the Base Rentals in an amount not to exceed the amounts set forth in Section 3 hereof

represent the fair value of the use of the Leased Property, and that the Purchase Option Price (as defined in the Lease) represents the fair purchase price of the Leased Property. The Board hereby determines and declares that the Base Rentals will not exceed a reasonable amount so as to place the District under an economic or practical compulsion to appropriate moneys to make payments under the Lease or to exercise its option to purchase the Leased Property pursuant to the Lease. In making such determinations, the Board has given consideration to the current market value of the Leased Property, the cost of acquiring, constructing or equipping property similar to the Leased Property, the uses and purposes for which the Leased Property is being and will be employed by the District, the benefit to the citizens and residents of the District by reason of the use of the Leased Property pursuant to the terms and provisions of the Lease, the option of the District to purchase the Leased Property, and the expected eventual vesting of full title to the Leased Property in the District. The Board hereby determines and declares that the leasing of the Leased Property pursuant to the Lease will result in facilities of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition of the Leased Property were performed by the District other than pursuant to the Lease. The Board hereby determines and declares that the duration of the Lease, including all optional renewal terms, authorized under this Resolution, will not exceed the weighted average useful life of the Leased Property.

**10. Ratification of Prior Actions.** All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Board or by the officers and employees of the District directed toward completion of the Project and satisfaction of the District's obligations under the Lease and the Certificates are hereby ratified, approved and confirmed.

**11. Severability.** It is hereby expressly declared that all provisions hereof and their application are intended to be and are severable. In order to implement such intent, if any provision hereof or the application thereof is determined by a court or administrative body to be invalid or unenforceable, in whole or in part, such determination shall not affect, impair or invalidate any other provision hereof or the application of the provision in question to any other situation; and if any provision hereof or the application thereof is determined by a court or administrative body to be valid or enforceable only if its application is limited, its application shall be limited as required to most fully implement its purpose.

**12. Repealer.** All resolutions, or parts thereof, in conflict with this Resolution are hereby repealed, provided that this repealer shall not repeal the repealer clauses of such resolution nor revive any resolution thereby.

**13. Effective Date.** This Resolution shall be in full force and effect immediately upon adoption by the Board.

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**ADOPTED AND APPROVED** this \_\_\_\_ day of \_\_\_\_\_, 2020.

[DISTRICT SEAL]

By \_\_\_\_\_  
President

Attest:

By \_\_\_\_\_  
Secretary