

RESOLUTION NO. 21-04

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NEWCASTLE FIRE PROTECTION DISTRICT
AUTHORIZING THE ISSUANCE OF A LOAN ANTICIPATION NOTE

WHEREAS, the United States Department of Agriculture, Rural Development, through its Rural Housing Business-Cooperative Service (“USDA Rural Development”), has committed to lend the Newcastle Fire Protection District (the “District”) \$3,775,800 for the purpose of funding the District’s construction of a new fire station (the “Project”);

WHEREAS, the District may borrow money, the indebtedness to be represented by a loan anticipation note (“Note”) issued upon the security of accounts receivable from USDA in an amount not exceeding 95% of the funds committed by USDA Rural Development, pursuant to Sections 53859 et seq. of the California Government Code;

WHEREAS, Western Alliance Business Trust, a Delaware statutory trust (the “Lender”), has committed to lend the District up to \$4,000,000, and the District will issue its Note to represent its obligation to repay the loan from the Lender;

WHEREAS, pursuant to Government Code section 5852.1, the District obtained from the Lender good faith estimates of certain information related to the financing, which is shown in Exhibit B attached hereto, and disclosed that information to the public at the meeting of the Board of Directors held on October 20, 2021;

NOW, THEREFORE, it is hereby resolved by the Board of Directors of the Newcastle Fire Protection District as follows:

Section 1. Recitals. The above recitals are true and correct.

Section 2. Acceptance of Commitment. The proposed form of Commitment Letter relating to the Note (the “Commitment Letter”), made by the Lender, presented to this meeting, is hereby approved. The Board hereby authorizes the Chairman of the Board and the General Manager, and each of them individually, to execute and deliver to the Lender the District’s acceptance of the Commitment Letter in substantially said form, with such changes therein as the officer or officers signing it may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the interest rate on the Note shall not exceed 2.30%, except that, if all or any portion of the principal of the Note remains outstanding after its scheduled maturity date (January 1, 2023) without an extension, the Note will accrue interest at a rate per annum of 5.00% in excess of its stated interest rate until paid in full.

Section 3. Authorization of the Note. The Board hereby authorizes the issuance of the Note in a principal amount not to exceed \$3,587,010. The Note shall be in substantially the form attached hereto as Exhibit A. The Board hereby authorizes the Chairman of the Board to execute and deliver the Note to the Lender.

Section 4. Payment of and Security for the Note. The principal amount of the Note shall be payable from the proceeds of the loan from USDA Rural Development (the "Proceeds"). Interest on the Note, and principal of the Note to the extent that it is not paid from the Proceeds, shall be paid from any moneys of the District lawfully available therefor, as provided by law. The District shall deposit the Proceeds when received into a special fund designated as the "Construction Fund." The District hereby pledges the Proceeds to the payment of the principal of the Note. The Note is a first lien upon and charge against the Proceeds.

Section 5. Registration; Transfer. The Note shall be initially issued and registered in the name of "Western Alliance Business Trust." Registered ownership of the Note may be transferred in whole upon the books required to be kept by the District pursuant to the provisions hereof, by the person in whose name it is registered, in person or by the owner's duly authorized attorney, upon surrender of the Note for cancellation, accompanied by delivery of a duly executed written instrument of transfer, in a form approved by the District.

If the Note is surrendered for transfer, the District shall execute and deliver a new Note for the same principal amount. The District may require the registered owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer.

The District shall keep sufficient books for the registration and transfer of the Note, which shall be open to inspection by the registered owner of the Note at reasonable times during regular business hours.

The District may deem and treat the registered owner of the Note as the absolute owner of the Note for the purpose of receiving payment thereof and for all other purposes, whether such Note is overdue or not, and the District is not affected by any notice or knowledge to the contrary; and payment of the interest on and principal of the Note shall be made only to such registered owner as above provided, which payment is valid and effectual to satisfy and discharge liability on the Note to the extent of the sum or sums so paid.

Section 6. Tax Exemption. The District shall at all times do and perform all acts and things permitted by law that are necessary and desirable in order to assure that interest paid on the Note will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. This covenant survives the payment in full of the Note.

Section 7. Designation as "Qualified Tax-Exempt Obligation. The Board reasonably anticipates that the District and all subordinate entities and all entities that issue obligations on its behalf will not issue more than ten million dollars (\$10,000,000) of tax-exempt obligations (excluding private activity bonds) during the current calendar year. The Board hereby designates the Note as a qualified tax exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

Section 8. General Authorization. All actions heretofore taken by the officers and agents of the District with respect to the issuance and delivery of the Note are hereby approved, and the General Manager and any and all other officers of the District are hereby authorized and

directed for and in the name and on behalf of the District, to do any and all things and take any and all actions related to the execution and delivery of any and all certificates, requisitions, agreements and other documents that they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note.

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

APPROVED, PASSED AND ADOPTED on October 20, 2021 by the Board of Directors of the Newcastle Fire Protection District by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

William Kahrl, Chairman, Governing Board
Newcastle Fire Protection District

ATTEST:

James Heisterkamp, Secretary, Governing Board
Newcastle Fire Protection District

**United States of America
State of California
County of Placer**

**REGISTERED
Number 1**

REGISTERED

**LOAN ANTICIPATION NOTE
NEWCASTLE FIRE PROTECTION DISTRICT**

MATURITY DATE
January 1, 2023

INTEREST RATE
____%

NOTE DATE
October __, 2021

REGISTERED OWNER:

WESTERN ALLIANCE BUSINESS TRUST

Maximum Principal Amount

\$3,587,010

WESTERN ALLIANCE BUSINESS TRUST, a Delaware statutory trust (the “Lender”), has extended to the Newcastle Fire Protection District (the “District”) a line of credit up to the maximum amount stated above. Before maturity, the District may borrow principal amounts to the maximum amount stated above, subject to the terms of this Note. The books and records of the Lender shall be prima facie evidence of all sums due.

For value received, the District acknowledges itself indebted to and promises to pay the Registered Owner stated above, or registered assigns (the “Owner”), so much of the principal amounts as may be advanced hereunder from time to time, together with interest thereon to be computed on each advance, from the date of its disbursement until maturity or earlier redemption, at the interest rate stated above. Interest hereon shall be calculated for actual days elapsed on the basis of a 360-day year comprising twelve 30-day months.

The principal of this Note is payable to the Owner, in lawful money of the United States of America, on the Maturity Date stated above (or such later date as may be agreed to by the Owner, but no later than October __, 2024), upon presentation hereof at the office of the District in Newcastle, California. Interest hereon is payable on July 1 and January 1, commencing on July 1, 2022, by check mailed on such date to the Owner as of such date.

If all or any portion of the principal of this Note remains outstanding after the Maturity Date without an extension, this Note will accrue interest at a rate per annum of 5.00% in excess of the interest rate stated above until paid in full.

It is hereby certified, recited and declared that this Note is issued pursuant to the provisions of a resolution of the District duly passed and adopted on October 20, 2021 (the “Resolution”) and pursuant to Article 7.7 (commencing with section 53859) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all conditions, things and acts required to exist, happen and be performed precedent to and in the issuance of this Note exist, have happened and have been performed in regular and due time, form and manner as required

by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Note shall be payable from the proceeds of a loan (the "Proceeds") from the United States Department of Agriculture, Rural Development. Interest on the Note, and principal of the Note to the extent that it is not paid from the Proceeds, shall be paid from any moneys of the District lawfully available therefor, as provided by law. As security for the payment of the principal of the Note, the District has pledged the Proceeds. The principal of the Note thereon shall constitute a first lien and charge against the Proceeds.

This Loan is subject to optional prepayment on any interest payment date on or after July 1, 2022, at the option of the District, in whole or in part, at the principal amount thereof, without premium, together with the interest due thereon to the date fixed for prepayment.

Subject to the limitations and conditions as provided in the Resolution, this Note is transferable by the Owner hereof, but only under the circumstances set forth in the Resolution. Upon registration of such transfer a new Note of the same principal amount will be issued to the transferee in exchange for this Note.

The District may treat the Owner hereof as the absolute owner hereof for all purposes and the District shall not be affected by any notice to the contrary.

The District may request advances of principal represented by this Note on the last business day of the month pursuant to a projected draw schedule delivered on the date hereof. Advances, including all applicable documentation and backup, must be provided to the Lender within 10 days prior to the disbursement.

IN WITNESS WHEREOF, the Newcastle Fire Protection District has caused this Note to be signed by the Chairman of the Board of Directors of the District and attested by the Secretary of the Board of Directors all as of the date written above.

NEWCASTLE FIRE PROTECTION DISTRICT

William Kahrl, Chairman, Governing Board
Newcastle Fire Protection District

ATTEST:

James Heisterkamp, Secretary, Governing Board
Newcastle Fire Protection District

RECORD OF ADVANCES

Date

Amount

Balance

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Note and hereby irrevocably constitute(s) and appoints

attorney, to transfer the same on the Note register of the District with full power of substitution in the premises.

Dated: _____

Signature:

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Note in every particular without alternation or enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a qualified guarantor.

LEGAL OPINION

The following is a true copy of the opinion rendered by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Note. A signed copy is on file in my office.

Secretary of the Board of Directors
Newcastle Fire Protection District

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation
Attorneys at Law
1331 Garden Highway, 2nd Floor
Sacramento, California 95833

Newcastle Fire Protection District
Newcastle, California

Western Alliance Business Trust
Phoenix, Arizona

Re: Newcastle Fire Protection District
Loan Anticipation Note
(Final Approving Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Newcastle Fire Protection District (the "District") of its Loan Anticipation Note dated October __, 2021 (the "Note"), pursuant to the provisions of Article 7.7 (commencing with section 53859) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code and Resolution No. __, adopted by the Board of Directors on October 20, 2021 (the "Resolution"). The District has issued the Note pursuant to a draw-down loan, under which the District may borrow not to exceed \$3,587,010. The first advance under the loan has been made on the date hereof in the amount of \$_____.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Resolution and the certified proceedings and other certifications of public officials furnished to us. In the course of our representation, nothing has come to our attention that caused us to believe that any of the factual representations upon which we have relied are untrue, but we have made no other factual investigations.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a public agency under and pursuant to the Constitution and laws of the State of California with the power to adopt the Resolution, to issue the Note, and to perform the agreements on its part contained in the Resolution and the Note.
2. The Note is a valid and binding obligation of the District payable in accordance with the terms described therein.
3. Interest on the Note is excluded from gross income for federal tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Note in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Note in gross income for federal tax purposes to be retroactive to the date of issuance of the Note. We express no opinion regarding other tax consequences arising with respect to the accrual or receipt of such interest or the ownership or disposition of the Note.
4. Interest on the Note is exempt from State of California personal income taxation.
5. The Note is not subject to the registration requirements of the Securities Act of 1933, as amended.

It is to be understood that the rights of the owner of the Note and the enforceability of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD,
A Professional Corporation

Exhibit B

Specified Financial Information

True Interest Cost. The estimated true interest cost of the Note is 2.45%.

Finance Charge. The estimated finance charge for the Note, which means the sum of all fees and charges paid to third parties, is \$60,270.

Amount of Proceeds to be Received. The estimate of the amount of proceeds to be received by the District from the issuance of the Note is \$3,587,010.

Total Payment Amount. The estimated total payment amount, which means the sum total of all payments the District will make on the Note, plus the finance charge described above not paid with the proceeds of the Note, is \$3,739,556.