

RESOLUTION NO. 21-07

**RESOLUTION APPROVING POST-ISSUANCE COMPLIANCE AND CONTINUING
DISCLOSURE COMPLIANCE PROCEDURES FOR TAX-EXEMPT OBLIGATIONS**

WHEREAS, the Esparto Community Services District (District), in order to maximize the likelihood that post-issuance requirements of federal income tax law and continuing disclosure regulations applicable to the various issues of tax-exempt obligations issuance to be issued by the District are met, certain procedures have been developed for the District and the Board desires to adopt such procedures in connection with any existing or proposed debt of the District;

NOW, THEREFORE, BE IT RESOLVED that the Post-Issuance Compliance and Continuing Disclosure Compliance Procedures for Tax-Exempt Obligations, in the form attached hereto as Exhibit A (the "Procedures"), are hereby adopted by the Board for the District.

AND, BE IT FURTHER RESOLVED that the General Manager is authorized to take any and all actions as needed to effectuate these instructions of the ECSD Board of Directors.

PASSED AND ADOPTED by the Esparto Community Services District, Board of Directors, this 30th day of June, 2021, with the following vote:

AYES: 4
NOES: 0
ABSTENTIONS: 0
ABSENT: 1



Don England – Chair of the Board
Esparto Community Services District

ATTEST:



Steve Knightley – Clerk to the Board

EXHIBIT A

ISSUER

Post-Issuance Compliance and Continuing Disclosure Compliance Procedures for Tax-Exempt Obligations

The purpose of these Post-Issuance and Continuing Disclosure Compliance Procedures, established by ISSUER (the "District"), is to maximize the likelihood that post-issuance requirements of federal income tax law and continuing disclosure regulations applicable to the various issues of tax-exempt obligations (the "Bonds") are met. The District reserves the right to change these policies and procedures from time to time.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The District shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. The District also shall consult with bond counsel and/or other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements are met. This shall include, without limitation, consultation in connection with any potential changes in the use of Bond-financed or refinanced assets.

The District shall determine (or obtain expert advice to determine) whether arbitrage rebate calculations have to be made for the Bonds. If it is determined that such calculations are, or are likely to be, required the District shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds. The District shall make any rebate payments required on a timely basis including the signing and filing of appropriate IRS forms (e.g., Form 8038-T). Unless otherwise provided by the indenture (or similar document) relating to the Bonds, unexpended Bond proceeds shall be held by a trustee or other financial institution, and the investment of Bond proceeds shall be managed by the District. The District shall prepare (or cause the trustee or other financial institution to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds. These statements shall include a certification of compliance and a summary of information collected by the District.

Record Keeping Requirement

The General Manager shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the District at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;
- a copy of all contracts and arrangements involving the use of Bond-financed or refinanced assets; and
- a copy of all records of investments, investment agreements, credit enhancement, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

Annual Information Filing Requirements

The General Manager shall be knowledgeable and familiar with the provisions of each Continuing Disclosure Undertaking as to the type, format and content of the financial and operating information to be included in each Annual Information Filing to be made thereunder and the timing requirements for the filing thereof. Generally, such Continuing Disclosure Undertakings provide or are expected to provide submission dates of no later than the last day of March in each year following (or, in some cases, within 270 days following) the close of the District's fiscal year which is currently June 30.

Audited Financial Statements

Audited Annual Financial Statements of the District are also required to be filed no later than the submission dates established under each Continuing Disclosure Undertaking. The General Manager shall be knowledgeable and familiar with the specific timing requirements for the filing of Audited Financial Statements and, if not available by the date(s) required, the provisions regarding the filing of unaudited financial statements under the terms of each Continuing Disclosure Undertaking. In any event, the Audited Financial Statements shall be filed within 10 business days of their receipt and acceptance.

Notices of Failures to File

The General Manager shall be knowledgeable and familiar with the specific requirements for the filing of a Notice of Failure to make Annual Information Filings and/or to file Audited Financial Statements by the date(s) required under the terms of each Continuing Disclosure Undertaking.

Preparation

Approximately 90 days before the submission date for required filings established under each Continuing Disclosure Undertaking, the General Manager shall initiate the process of preparing the financial and operating information required to be submitted thereunder. The General Manager shall assemble the information available at that time and determine the scope of additional information to be required and also contact the auditors to establish a schedule for completion and submission for the Audited Financial Statements.

Not less than 30 days before the submission date, the General Manager shall prepare a draft submission of required financial and operating information, highlighting any information still unavailable.

On or before the submission date established under each Continuing Disclosure Undertaking, the General Manager shall make the Annual Information Filing together with the Audited Financial Statements. If the Audited Financial Statements are not then available, unaudited financial information shall be filed with the MSRB using EMMA and the Audited Financial Statements shall be filed within 10 business days of their receipt and acceptance.

Listed Events

The General Manager shall provide a Rule 15c2-12 Event Notice to the MSRB using EMMA within 10 business days of occurrence of any such listed event.

Familiarity with EMMA Submission Process

The General Manager shall register with EMMA and review the on-line process of filing with EMMA located at www.emma.msrb.org in order to submit the required information. The MSRB market

Information Department can also be contacted at 703.797.6668. A tutorial is available at the website and a practice submission is available as well.

The General Manager also shall enroll the District in EMMA's reminder system to ensure timely performance of responsibilities and obligations.

Training Efforts

To ensure adequate resources to maintain compliance, the General Manager shall develop a training process aimed at providing additional assistance in preparing required information. The training process shall encompass a review of the EMMA submission process and an understanding of the timing requirements necessary for full compliance.

Coordination Effort

The General Manager shall coordinate the preparation and submission of the required information with the Board of Directors to ensure full compliance with the requirements of SEC Rule 15c2-12 and the Continuing Disclosure Undertakings.