

Mt. Shasta Industrial Development Authority Agenda

Mt. Shasta Recreation and Parks District Lodge

1315 Nixon Road

Monday, May 13, 2019, 5:00 p.m.

	1. Call to Order and Roll Call
Page	<p>2. Adoption of Resolutions authorizing and directing the execution and delivery of a Joint Exercise of Powers Agreement necessary for the creation of the Mount Shasta Public Financing Authority</p> <p><u>Background:</u> On April 8, 2019, the City Council adopted Ordinance No. CCO-19-01 to form the Mount Shasta Industrial Development Authority (the "IDA"), a new entity which has the power and legal authority to enter into a joint powers agreement with the City to jointly form a public financing authority with powers to issue tax-exempt municipal bonds.</p> <p>The City and the IDA intend to enter into a joint exercise of powers agreement pursuant to the Government Code of the State of California (the "JPA Agreement") pursuant to which the Mount Shasta Public Financing Authority (the "Authority") will be created to, among other things, make loans and purchase and sell bonds of local agencies, at public or private sale.</p> <p><u>Report By:</u> Bruce Pope, City Manager</p> <p><u>Recommended Action:</u> Staff respectfully requests the Board of Directors of the Mount Shasta Industrial Development Authority to adopt a Resolution of the Board of Directors of the Mount Shasta Industrial Development Authority authorizing and directing the execution and delivery of a Joint Exercise of Powers Agreement necessary for the creation of the Mount Shasta Public Financing Authority.</p>
	3. Adjourn

**IDA Board Agenda Item #2
Staff Report**

Meeting Date: May 13, 2019

TO: City Council and IDA Board

FROM: Bruce Pope, City Manager

SUBJECT: Adoption of Resolutions authorizing and directing the execution and delivery of a Joint Exercise of Powers Agreement necessary for the creation of the Mount Shasta Public Financing Authority

Recommendation:

1. Staff respectfully requests the City Council to adopt a Resolution of the City Council of the City of Mount Shasta authorizing and directing the execution and delivery of a Joint Exercise of Powers Agreement necessary for the creation of the Mount Shasta Public Financing Authority.

And

2. Staff respectfully requests the Board of Directors of the Mount Shasta Industrial Development Authority to adopt a Resolution of the Board of Directors of the Mount Shasta Industrial Development Authority authorizing and directing the execution and delivery of a Joint Exercise of Powers Agreement necessary for the creation of the Mount Shasta Public Financing Authority.

Background & Summary:

On April 8, 2019, the City Council adopted Ordinance No. CCO-19-01 to form the Mount Shasta Industrial Development Authority (the “IDA”), a new entity which has the power and legal authority to enter into a joint powers agreement with the City to jointly form a public financing authority with powers to issue tax-exempt municipal bonds.

The City and the IDA intend to enter into a joint exercise of powers agreement pursuant to the Government Code of the State of California (the “JPA Agreement”) pursuant to which the Mount Shasta Public Financing Authority (the “Authority”) will be created to, among other things, make loans and purchase and sell bonds of local agencies, at public or private sale.

IDA and New Authority Formation Schedule:

The following schedule summarizes the steps necessary for the formation of the IDA and the Authority. Council and the IDA Board have completed the first two steps. The third step includes the City Council and the IDA Board each adopting resolutions approving the new JPA agreement forming the Authority, and the Authority then adopts its Resolution declaring officers, providing

for regular meeting dates, and directing the filing of certain notices along with other organizational matters.

Step	Date	Action	Status	Responsible Party
1	March 25	Introduction of Ordinance forming IDA	Complete	City Council
2	April 8	Adoption of Ordinance forming IDA and Resolution declaring City Council as Governing Board of IDA	Complete	City Council
3	May 13	City Council and IDA Board each adopt Resolutions approving new JPA Agreement. The Authority adopts a Resolution declaring officers, providing for regular meeting dates, and directing the filing of certain notices		City / IDA / Authority
4	May 13	Authority adopts Resolutions Authorizing Financing Agreements		Authority

JPA Agreement:

The purpose of the JPA Agreement and the creation of the Authority is for the City and the IDA, through the Authority, to jointly exercise the powers set forth in both the JPA Law and the Bond Pooling Act, including, but not limited to, (i) the purchase and sale, at public or negotiated sale, certain obligations issued by members of the Authority, or (ii) make loans, secured or unsecured, to local agencies, or (iii) sell, at public or negotiated sale, obligations, or (iv) issue and sell, at public or negotiated sale, bonds secured in whole or in part by such obligations. Reference is hereby made to both the JPA Law and the Bond Pooling Act for a complete recital of the powers of the Authority the exercise of which is the purpose of the Authority. The Authority is authorized, in its own name, to do all acts necessary to exercise such powers in order to fulfill the purposes of the JPA Agreement.

The JPA agreement establishes the offices of Chair, Vice Chair, Executive Director, Treasurer, and Secretary of the Authority Board shall be held by the Mayor, Mayor Pro Tempore, City Manager, Finance Director, and City Clerk of the City of Mount Shasta, respectively, and that an annual election process is not required.

Financial Impact:

There is no immediate fiscal impact of approving the City, IDA and PFA Resolutions. Ultimately, if the resolutions are approved and effective, the Public Financing Authority will be formed and the City would have a valuable financing tool that will be available to the City for all future financings, including the upcoming wastewater improvement projects and the solar project.

Alternatives:

1. Do not approve resolutions and provide staff with other direction.

Attachments:

1. City Resolution
2. IDA Resolution
3. Joint Exercise of Powers Agreement (which is Exhibit A to both the City Resolution and the IDA Resolution)
4. PFA Resolution

RESOLUTION NO. IDA-19-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOUNT SHASTA INDUSTRIAL DEVELOPMENT AUTHORITY AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A JOINT EXERCISE OF POWERS AGREEMENT NECESSARY FOR THE CREATION OF THE MOUNT SHASTA PUBLIC FINANCING AUTHORITY

WHEREAS, the Mount Shasta Industrial Development Authority (the “IDA”) is an industrial development authority, validly organized and operating under the provisions of Title 10 (commencing with Section 91500) of the California Government Code; and

WHEREAS, the City of Mount Shasta (the “City”) is a municipal corporation and general law city duly organized and validly existing under the Constitution and laws of the State of California; and

WHEREAS, the IDA, upon authorization of the Board of Directors (the “Board” or “Board of Directors”), may, pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “JPA Law”), enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them or conferred to them by the JPA Law; and

WHEREAS, the IDA and the City intend to enter into a joint exercise of powers agreement pursuant to the JPA Law (the “JPA Agreement”) pursuant to which the Mount Shasta Public Financing Authority (the “Authority”) will be created to, among other things, make loans and purchase and sell bonds of local agencies, at public or private sale as authorized by the Marks-Roos Local Bond Pooling Act of 1985 constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Pooling Act”); and

WHEREAS, under California law and the JPA Agreement, the Authority will be a public entity separate and apart from the parties to the JPA Agreement and the debts, liabilities and obligations of the Authority will not be the debts, liabilities or obligations of the IDA or the City, or any representative of either the IDA or the City serving on the governing body of the Authority (the “Governing Board”); and

WHEREAS, this Board of Directors proposes to authorize the execution of the above-referenced JPA Agreement, in substantially the form presented to this Board of Directors; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mount Shasta Industrial Development Authority, as follows:

SECTION 1. Declaration of Board of Directors. This Board of Directors hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the IDA, and that the statements, findings and determinations of the IDA set forth in the preambles above and of the documents approved herein are true and correct.

SECTION 2. JPA Agreement. The form of JPA Agreement, presented to this meeting and on file with the Secretary is hereby approved. The Executive Director and Treasurer, each acting alone, are hereby authorized and directed, to execute the final JPA Agreement, for and in the name of and on behalf of the IDA, with such changes therein as such officer may require or approve, with such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Purpose of the JPA Agreement. The purpose of the JPA Agreement and the creation of the Authority is for the City and the IDA, through the Authority, to jointly exercise the powers set forth in both the JPA Law and the Bond Pooling Act, including, but not limited to, (i) the purchase and sale, at public or negotiated sale, certain obligations issued by members of the Authority, or (ii) make loans, secured or unsecured, to local agencies, or (iii) sell, at public or negotiated sale, obligations, or (iv) issue and sell, at public or negotiated sale, bonds secured in whole or in part by such obligations. Reference is hereby made to both the JPA Law and the Bond Pooling Act for a complete recital of the powers of the Authority the exercise of which is the purpose of the Authority. The Authority is authorized, in its own name, to do all acts necessary to exercise such powers in order to fulfill the purposes of the JPA Agreement.

SECTION 4. Determination of Significant Public Benefits. The IDA has determined and hereby declares that the creation of the Authority for the express purpose of providing a pool of funds from which the City or IDA may draw to finance and/or refinance local public capital improvements offers significant public benefits in that there will be both (i) demonstrable savings in effective interest rates, bond preparation costs, bond underwriting, and other bond issuance costs by having the Authority purchase the City's or IDA obligations rather than selling them to the public by some other means, and (ii) more efficient delivery of services to residential and commercial development within the City.

SECTION 5. Attestation and Seal. The Secretary is hereby authorized and directed to attest the signature of the authorized signatory, and to affix and attest the seal of the IDA, if any, as may be required or appropriate in connection with the execution and delivery of the JPA Agreement.

SECTION 6. Further Actions. The President, Executive Director, Treasurer and Secretary, and any other IDA officer or official authorized by resolution of the Board, is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this resolution and the JPA Agreement. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

SECTION 7. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

* * * * *

The foregoing Resolution was passed and adopted the 13th day of May 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DATED: May 13, 2019

ATTEST:

**MOUNT SHASTA INDUSTRIAL
DEVELOPMENT AUTHORITY:**

Secretary

Barbara Wagner, Chair

JOINT EXERCISE OF POWERS AGREEMENT

by and between

CITY OF MOUNT SHASTA

and

MOUNT SHASTA INDUSTRIAL DEVELOPMENT AUTHORITY

creating the

MOUNT SHASTA PUBLIC FINANCING AUTHORITY

April 22, 2019

JOINT EXERCISE OF POWERS AGREEMENT
Creating the
MOUNT SHASTA PUBLIC FINANCING AUTHORITY

TABLE OF CONTENTS

Section 1. <u>Definitions</u>	1
Section 2. <u>Purpose</u>	2
Section 3. <u>Term</u>	2
Section 4. <u>The Authority</u>	2
Section 5. <u>Powers</u>	5
Section 6. <u>Termination of Powers</u>	6
Section 7. <u>Fiscal Year</u>	6
Section 8. <u>Disposition of Assets</u>	6
Section 9. <u>Contributions and Advances</u>	6
Section 10. <u>Bonds</u>	6
Section 11. <u>Agreement not Exclusive</u>	7
Section 12. <u>Accounts and Reports</u>	7
Section 14. <u>Conflict of Interest Code</u>	8
Section 15. <u>Breach</u>	8
Section 16. <u>Notices</u>	8
Section 17. <u>Withdrawal</u>	8
Section 18. <u>Effectiveness</u>	8
Section 19. <u>Severability</u>	8
Section 20. <u>Successors; Assignment</u>	8
Section 21. <u>Amendment of Agreement</u>	8
Section 22. <u>Form of Approvals</u>	8
Section 23. <u>Waiver of Personal Liability</u>	9
Section 24. <u>Notices</u>	9
Section 25. <u>Section Headings</u>	9
Section 26. <u>Miscellaneous</u>	9

JOINT EXERCISE OF POWERS AGREEMENT

Creating the

MOUNT SHASTA PUBLIC FINANCING AUTHORITY

THIS AGREEMENT, dated April 22, 2019, by and between the CITY OF MOUNT SHASTA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California (the "City"), and MOUNT SHASTA INDUSTRIAL DEVELOPMENT AUTHORITY, an industrial development authority organized and existing under and by virtue of the laws of the State of California (the "IDA").

DECLARATION OF PURPOSE

A. Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act") authorizes the City and IDA to create a joint exercise of powers entity which has the power to exercise any powers common to the City and IDA and to exercise additional powers granted to it under the Act. This Agreement creates such an agency, which shall be known as the Mount Shasta Public Financing Authority (the "Authority") for the purposes and to exercise the powers described herein.

B. The City is authorized to buy, sell, lease and use property and to incur indebtedness for public purposes pursuant to the California Government Code and other laws of the State of California.

C. IDA is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for any of its corporate purposes pursuant to Title 10 (commencing with Section 91500) of the California Government Code.

D. Article 4 of the Act (known as the "Marks-Roos Local Bond Pooling Act of 1985") authorizes and empowers the Authority to issue bonds and to purchase bonds issued by, or to make loans to, the City or IDA for financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the City or IDA. The Marks-Roos Local Bond Pooling Act of 1985 further authorizes and empowers the Authority to sell bonds so issued or purchased to public or private purchasers at public or negotiated sale.

TERMS OF AGREEMENT

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings herein specified.

"Act" shall mean Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended.

"Agreement" shall mean this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Authority.

"Authority" shall mean the Mount Shasta Public Financing Authority created by this Agreement.

“*Board*” or “Board of Directors” shall mean the governing board of the Authority.

“*Bonds*” shall mean bonds and any other evidence of indebtedness of the Authority authorized and issued pursuant to the Act.

“Brown Act” means the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), or any successor legislation hereinafter enacted.

“*City*” shall mean the City of Mount Shasta, a municipal corporation and general law city duly organized and existing under and by virtue of the laws of the State.

“*IDA*” shall mean Mount Shasta Industrial Development Authority, an industrial development authority, duly organized and existing under and by virtue of the laws of the State.

“*Indenture*” shall mean each indenture, trust agreement or other such instrument pursuant to which Bonds are issued.

“*Member*” or “*Members*” shall mean the members of the Authority from time to time as may be modified in accordance with this Agreement. As of the date of this Agreement, the Members are the City and the IDA.

“*State*” shall mean the State of California.

Section 2. Purpose. This Agreement is made pursuant to the Act for the purpose of assisting the financing and refinancing of certain public programs and projects of the Members, and assisting in the financing and refinancing of public capital improvements, as defined in the Act, for the benefit of the Members by exercising the powers of the Authority described in Section 5 and conferred by the Act.

Section 3. Term. This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated by the Members, as evidenced by a resolution adopted by the governing board of each respective Member; *provided, however*, that in no event shall this Agreement terminate while any Bonds or other obligations of the Authority remain outstanding under the terms of any indenture, trust agreement, contract, agreement, lease, sublease or other instrument pursuant to which such Bonds are issued or other obligations are incurred.

Section 4. The Authority.

(a) *Creation of the Authority.* There is hereby created pursuant to the Act a public entity to be known as the “Mount Shasta Public Financing Authority.” As provided in the Act, the Authority shall be a public entity separate from the City and IDA. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the City or IDA.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement or amendment to be prepared and filed with the office of the Secretary of State of the State in the manner set forth in sections 6503.5 of the Act, as amended.

(b) *Governing Board*. The Authority shall be administered by the Board which shall consist of the five members of the City Council of the City. Each member of the City Council of the City shall be a director on the Board by virtue of being a member of the City Council of the City. The term of office as a member of the Board shall terminate when such member of the Board ceases to be a member of the City Council of the City, and the successor to such person as a member of the City Council of the City will become a member of the Board automatically upon assuming such City Council office.

Members of the Board shall not receive any compensation for serving as such, but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a member if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

(c) *Meetings of Board*.

(1) **Time and Place**. The Authority shall hold its first regular meeting on May 13, 2019, and thereafter, the Board shall conduct regular meetings on the same date, at the same time and at the same location as the regular meetings of the City Council of the City, unless otherwise provided in the By-Laws of the Authority adopted by the Board (the "By-Laws"). Such regular meetings may occur either during or after the regular meetings of the City Council of the City, but may not commence earlier than the starting time for the regular meetings of the City Council of the City.

In the event an agenda for a regular meeting of the Authority is not posted timely in accordance with the provisions of the Brown Act, then such failure to post shall be deemed to be a determination by the Chair that no items require discussion and, therefore, that the regular meeting has been cancelled without any further action of the any Member, the Board or any officer of the Authority. The Board may hold a special meeting at any time upon requisite notice. Furthermore, the Board may, by resolution adopted at a regular or special meeting, declare that regular meetings occur at a date or dates, and at times, different from that set forth in this paragraph.

(2) **Legal Notice**. All regular and special meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code), or any successor legislation hereafter enacted.

(3) **Parliamentary Procedure**. The presiding officer at the meeting shall determine the rules of conduct. The presiding officer may be guided by the rules of parliamentary procedure set forth in Robert's Rules of Order, but failure to follow Robert's Rules of Order shall not affect the validity of any action or motion duly taken or adopted by the Governing Board at any lawfully held meeting. The Secretary of the Authority shall cause minutes of all meetings of the Governing Board to be kept and shall, as soon as practicable after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to the City and IDA.

(4) **Minutes**. The Secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as practicable after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to the City and IDA.

(5) **Quorum.** A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time. The affirmative votes of at least a majority of the directors of the Board present at any meeting at which a quorum is present shall be required to take any action by the Board.

(d) Officers; Duties; Bonds.

(1) The officers of the Authority shall be the Chair, Vice Chair, Executive Director, Secretary and Treasurer.

The Chair, Vice Chair, Executive Director, Treasurer and Secretary of the Authority shall be same individuals who are the Mayor, Mayor Pro Tempore, City Manager, Finance Director and City Clerk, respectively, of the City at any given point in time.

Said officers shall perform such functions as shall be customary in the exercise of such positions, and as may be more specifically provided by the Board from time to time. The Executive Director shall have charge of the day-to-day administration of the Authority and shall execute the directives of the Board. The Executive Director may sign all contracts on behalf of the Authority. The Finance Director shall have the authority to perform all the functions, acts, duties and responsibilities of the treasurer and auditor as set forth in subsection 4(d)(2) below, and elsewhere herein. The Secretary shall have charge of the records of the Authority (to the extent not held by the Treasurer) and shall be responsible for recording the minutes of all meetings of the Board. The Board shall be represented by an attorney to act as the legal advisor of the Authority, who shall be the individual acting as City Attorney of the City; such attorney shall perform such duties as may be prescribed by the Board.

(2) Pursuant to Section 6505.5 of the Act, the Finance Director of the City is hereby designated as the initial Treasurer of the Authority and, as such, shall perform the functions of the treasurer of the Authority and the functions of the auditor of the Authority, as such functions are set forth in Section 6505.5 of the Act. Pursuant to Section 6505.1 of the Act, the Treasurer shall have charge of, handle and have access to all accounts, funds and money of the Authority and all records of the Authority relating thereto. As treasurer of the Authority, the Treasurer shall have custody of all of the accounts, funds and money of the Authority from whatever source.

(3) In accordance with Section 6505.1 of the Joint Powers Law, as the public officer who has charge of, handles, or has access to property of the Authority, the Treasurer shall file an official bond in the amount of \$25,000; provided, that such bond shall not be required if the Authority does not possess or own property or funds with an aggregate value of greater than \$500 (excluding amounts held by a trustee or other fiduciary in connection with any Bonds). In the event that the Treasurer (or any other officer of the Authority) is required to be bonded pursuant to applicable law, such bond may be maintained as a part of, or in conjunction with, any other bond maintained on such person by any Member, it being the intent of this subparagraph not to require duplicate or overlapping bonding requirements from those bonding requirements which are otherwise applicable to the Members.

(4) The services of the officers shall be without compensation by the Authority. The City will provide such other administrative services as required by the Authority, and shall not receive economic remuneration from the Authority for the provision of such services.

(5) The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

(6) In accordance with Section 6513 of the Act, all of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, worker's compensation and other benefits which apply to the activities of officers, agents or employees of the Members when performing their respective functions within the territorial limits of their respective Member, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of this Agreement.

(7) None of the officers, agents or employees, if any, directly employed by the Authority shall be deemed, by reason of their employment by the Authority, to be employed by any Member or, by reason of their employment by the Authority, to be subject to any of the requirements of any Member.

(8) The Members hereby confirm their intent and agree that, as provided in Section 4(a) hereof and in the Act, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the City or IDA, and they do not intend by the following sentence to impair this provision.

(9) The Authority or the City shall cause all records regarding the Authority's formation, existence, operations, any Bonds issued by the Authority, obligations incurred by it and proceedings pertaining to its termination to be retained for at least six (6) years following termination of the Authority or final payment of any Bonds issued by the Authority, whichever is later.

Section 5. Powers. The Authority shall have any and all powers which are common powers of the City and IDA, as well as the powers separately conferred by law upon the Authority. All such powers, whether common to the Parties or separately conferred by law upon the Authority, are specified as powers of the Authority except any such powers which are specifically prohibited to the Authority by applicable law. The Authority's exercise of its powers is subject to the restrictions upon the manner of exercising the powers of the City.

The Authority is hereby authorized, in its own name, to do all acts necessary or convenient for the exercise of its powers, including, but not limited to, any or all of the following: to sue and be sued; to make and enter into contracts; to employ agents, consultants, attorneys, accountants, and employees; to acquire, hold or dispose of property, whether real or personal, tangible or intangible, wherever located; to issue Bonds or otherwise incur debts, liabilities or obligations to the extent authorized by the Act or any other applicable provision of law and to pledge any property or revenues or the rights thereto as security for such Bonds and other indebtedness.

Notwithstanding the foregoing, the Authority shall have any additional powers conferred under the Act or under applicable law, insofar as such additional powers may be necessary to accomplish the purposes set forth in Section 2 hereof.

Section 6. Termination of Powers. The Authority shall continue to exercise the powers herein conferred upon it until the termination of this Agreement in accordance with Section 3 hereof.

Section 7. Fiscal Year. Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period from July 1 of each year to and including the following June 30, except for the first fiscal year which shall be the period from the date of this Agreement to June 30, 2019.

Section 8. Disposition of Assets. Upon termination of this Agreement pursuant to Section 3 hereof, any surplus money in possession of the Authority or on deposit in any fund or account of the Authority shall be returned in proportion to any contributions made as required by section 6512 of the Act. The Board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority. After rescission or termination of this Agreement pursuant to Section 3 hereof, all property of the Authority, both real and personal, shall be distributed to the City, subject to Section 9 hereof.

Section 9. Contributions and Advances. Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by the City and IDA for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance made in respect of a revenue-producing facility shall be made subject to repayment, and shall be repaid, in the manner agreed upon by the City or IDA, as the case may be, and the Authority at the time of making such advance as provided by section 6512.1 of the Act. It is mutually understood and agreed that neither the City nor IDA has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either may do so. The City or IDA may allow the use of personnel, equipment or property in lieu of other contributions or advances to the Authority.

Section 10. Bonds.

(a) Authority to Issue Bonds. When authorized by the Act or other applicable provisions of law and by resolution of the Board, the Authority may issue Bonds for the purpose of raising funds for the exercise of any of its powers or to otherwise carry out its purposes under this Agreement. Said Bonds shall have such terms and conditions as are authorized by the Board. Notwithstanding the foregoing, the Authority shall not incur any form of indebtedness for the repayment of money borrowed, including (but not limited to) bonds, debentures, notes, loans, leases, installment purchase agreements or other securities, without the prior written approval of the IDA, which approval shall not be unreasonably withheld or delayed.

(b) Bonds Limited Obligations. The Bonds, including the principal and any purchase price thereof, and the interest and premium, if any, thereon, shall be special obligations of the Authority payable solely from, and secured solely by, the revenues, funds and other assets pledged therefor under the applicable Indenture(s) and shall not constitute a charge against the general credit of the Authority. The Bonds shall not be secured by a legal or equitable pledge of, or lien or charge upon or security interest in, any property of the Authority or any of its income or receipts except the property, income and receipts pledged therefor under the applicable Indenture(s). The Bonds shall not constitute a debt, liability or obligation of the State or any public agency thereof, including IDA and the City, other than the special obligation of the Authority as described above. Neither

the faith and credit nor the taxing power of the State or any public agency thereof, including IDA and the City, shall be pledged to the payment of the principal or purchase price of, or the premium, if any, or interest on the Bonds nor shall the State or any public agency or instrumentality thereof, including IDA and the City, in any manner be obligated to make any appropriation for such payment. The Authority shall have no taxing power.

No covenant or agreement contained in any Bond or Indenture shall be deemed to be a covenant or agreement of any director, officer, agent or employee of the Authority, the City or IDA, in his or her individual capacity and no director or officer of the Authority executing a Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance of such Bond.

Section 11. Agreement not Exclusive. This Agreement shall not be exclusive and shall not be deemed to amend or alter the terms of other agreements between the City and IDA, except as the terms of this Agreement shall conflict therewith, in which case the terms of this Agreement shall prevail.

Section 12. Accounts and Reports. All funds of the Authority shall be strictly accounted for in books of account and financial records maintained by the Authority, including a report of all receipts and disbursements. The Authority shall establish and maintain such funds and accounts as may be required by generally accepted accounting principles and by each Indenture for outstanding Bonds (to the extent such duties are not assigned to a trustee for owners of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by the City and IDA and their representatives.

The Authority shall require that each Indenture provide that the trustee appointed thereunder shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of such Indenture. Said trustee may be given such duties in said Indenture as may be desirable to carry out the requirements of this Section 12.

(a) Audits. As auditor of the Authority, the Treasurer shall draw warrants to pay demands against the Authority when the demands have been approved by the Board and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. So long as required by Section 6505 and Section 6505.5 of the Act, the Treasurer of the Authority shall prepare or cause to be prepared a special audit as required under Section 6505 of the Act every year during the term of this Agreement.

(b) Audit Reports. The Treasurer of the Authority, as soon as practicable after the close of each Fiscal Year but in any event within the time necessary to comply with the requirements of the Act shall file a report of the audit performed pursuant to subsection (a) of this Section 12 as required by the Act and shall send a copy of such report to public entities and persons in accordance with the requirements of the Act.

(c) Quarterly Reports. In the event, but only in the event, that the Treasurer holds moneys for the account of the Authority or the Members, the Treasurer shall verify and report in writing at least quarterly to the Authority and the Members the amount of money so held, the amount of receipts since the last such report, and the amount paid out since the last such report.

Section 13. Funds. Subject to the provisions of each Indenture for outstanding Bonds providing for a trustee to receive, have custody of and disburse funds which constitute Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority

funds pursuant to accounting procedures approved by the Board and shall make the disbursements required by this Agreement or otherwise necessary to carry out the provisions and purposes of this Agreement.

Section 14. Conflict of Interest Code. The Authority shall, by resolution, adopt a Conflict of Interest Code to the extent required by law. Such Conflict of Interest Code may be the conflict of interest code of the City.

Section 15. Breach. If default shall be made by the City or IDA in any covenant contained in this Agreement, such default shall not excuse either the City or IDA from fulfilling its obligations under this Agreement and the City and IDA shall continue to be liable for the performance of all conditions herein contained. The City and IDA hereby declare that this Agreement is entered into for the benefit of the Authority created hereby and the City and IDA hereby grant to the Authority the right to enforce by whatever lawful means the Authority deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

Section 16. Notices. Notices and other communications hereunder to the parties shall be sufficient if delivered to the clerk or secretary of the governing body of each party.

Section 17. Withdrawal. Neither IDA nor the City may withdraw from this Agreement prior to the end of the term of this Agreement determined in accordance with Section 3.

Section 18. Effectiveness. This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of IDA and the City when each party has executed a counterpart of this Agreement.

Section 19. Severability. Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

Section 20. Successors; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, neither party may assign any right or obligation hereunder without the consent of the other.

Section 21. Amendment of Agreement. This Agreement may be amended by supplemental agreement executed by the Members at any time; provided, however, that this Agreement may be terminated only in accordance with Section 3 hereof and, provided further, that such supplemental agreement shall be subject to any restrictions contained in any Bonds or documents related to any Bonds to which the Authority is a party.

Section 22. Form of Approvals. Whenever an approval is required in this Agreement, unless the context specifies otherwise, it shall be given, in the case of IDA, by resolution duly adopted by the board of directors of IDA, and, in the case of the City, by resolution duly adopted by the governing board of the City, and, in the case of the Authority, by resolution duly adopted by the Board. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 23. Waiver of Personal Liability. No member, officer or employee of the Authority, the City or IDA shall be individually or personally liable for any claims, losses, damages, costs, injury and liability of any kind, nature or description arising from the actions of the Authority or the actions undertaken pursuant to this Agreement, and the City shall defend such members, officers or employees against any such claims, losses, damages, costs, injury and liability. Without limiting the generality of the foregoing, no member, officer or employee of the Authority or of any Member shall be personally liable on any Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds pursuant to the Act and this Agreement. To the full extent permitted by law, the Board shall provide for indemnification by the Authority of any person who is or was a member of the Board, or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member of the Board, or an officer, employee or other agent of the Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in the course and scope of his or her office, employment or agency. In the case of a criminal proceeding, the Board may provide for indemnification and defense of a member of the Board, or an officer, employee or other agent of the Authority to the extent permitted by law.

Section 24. Notices. Notices to the City hereunder shall be sufficient if delivered to the City Manager of the City, and notices to the IDA hereunder shall be sufficient if delivered to the Executive Director of the IDA.

Section 25. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

Section 26. Miscellaneous. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Where reference is made to duties to be performed for the Authority by a public official or employee, such duties may be performed by that person's duly authorized deputy or assistant. Where reference is made to actions to be taken by IDA or the City, such action may be exercised through the officers, staff or employees of IDA or the City, as the case may be, in the manner provided by law.

This Agreement is made in the State, under the Constitution and laws of the State and is to be construed as a contract made and to be performed in the State.

This Agreement is the complete and exclusive statement of the agreement among the parties with respect to the subject matter hereof, which supersedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between the parties relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers or officials thereunto duly authorized, as of the day and year first above written.

CITY OF MOUNT SHASTA, CALIFORNIA

By _____
City Manager

Attest:

City Clerk

MOUNT SHASTA INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____
Treasurer

Attest:

Secretary