

RESOLUTION NO. 2017-05

Of the Truckee Tahoe Airport District
Adopting a Debt Issuance and Management Policy,
Authorizing the Execution and Delivery of an Installment Sale
Agreement with Municipal Finance Corporation, and Authorizing
And Directing Certain Actions in Connection Therewith

WHEREAS, the Truckee Tahoe Airport District (“TTAD”) desires to finance the acquisition and construction of two banks of executive aircraft hangars on undeveloped ground in the northwestern portion of the airport (the “2017 Project”); and

WHEREAS, a condition precedent to any such financing is the adoption of a debt issuance and management policy that complies with the requirements of California Government Code Section 8855; and

WHEREAS, a policy complying with those requirements titled “Truckee Tahoe Airport District Debt Issuance and Management Policy” and attached hereto as Exhibit A (the “Policy”) has been presented to and considered by the Board of Directors; and

WHEREAS, Municipal Finance Corporation, a California corporation (the “Corporation”), has agreed to assist the District in financing the 2017 Project by providing \$7,800,000 in connection with an installment purchase and sale agreement for the 2017 Project between the District and the Corporation; and

WHEREAS, the form of an installment purchase and sale agreement between TTAD and the Corporation (the “IPSA”) that provides financing for the 2017 Project has been presented to and considered by the Board; and

WHEREAS, the Board has determined that it is in the best interest of the District to adopt the Policy, to enter into the IPSA with the Corporation and to authorize and direct certain actions in connection the financing of the 2017 Project,

NOW, THEREFORE, BE IT RESOLVED that the above recitals are true and correct;

BE IT FURTHER RESOLVED that the Policy is adopted, and the General Manager of TTAD is authorized and directed to apply the provisions set forth in the Policy to the financing of the 2017 Project as well as to all future financings undertaken by TTAD; and

BE IT FURTHER RESOLVED that the IPSA in the form presented to the Board is approved and the President, Vice President or any Director of the Board or the General Manager of the District (each, an “Authorized Officer”) are each, acting singly, authorized and directed to execute and deliver the IPSA in substantially the form hereby approved, with such additions and changes thereto as are approved by the Authorized Officer executing such agreement, such approval to be conclusively evidenced by the execution and delivery thereof; and

BE IT FURTHER RESOLVED that the Authorized Officers and any other proper officers of the District, acting singly, is authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the execution and delivery of the IPSA and to otherwise

effectuate the purposes of this Resolution; and such actions previously taken by such officers are hereby ratified and confirmed.

The foregoing was duly passed and adopted by the Board of Directors of Truckee Tahoe Airport District at a regular meeting held on July 26, 2017 by the following vote:

AYES:

NOES:

ABSTENTIONS:

TRUCKEE TAHOE AIRPORT DISTRICT

Lisa Wallace, President of the Board

CERTIFICATION

I, Kevin Smith, Secretary of the Board of Directors of TRUCKEE TAHOE AIRPORT DISTRICT, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2017-05 adopted at the regular meeting of the Board of Directors of the TRUCKEE TAHOE AIRPORT DISTRICT this 26TH day of July, 2017.

IN WITNESS WHEREOF, I have hereto set my hand and impressed the official seal of the TRUCKEE TAHOE AIRPORT DISTRICT this 26TH day of July, 2017.

Kevin Smith, Secretary of the Board

EXHIBIT A

TRUCKEE TAHOE AIRPORT DISTRICT

DEBT ISSUANCE AND MANAGEMENT POLICY

This Debt Management Policy (the “Policy”) provides written guidelines for the issuance of indebtedness by Truckee Tahoe Airport District (the “District”) in satisfaction of the requirements of California Government Code Section 8855.

Article I

Purpose and Goals

This Policy provides a framework for debt management and capital planning by the District.

This Policy has been developed to meet the following goals:

- (1) Identifying the purposes for which the debt proceeds may be used,
- (2) Identifying the types of debt that may be issued,
- (3) Describing the relationship of the debt to, and integration with, the District’s capital improvement program,
- (4) Establishing policy goals related to the District’s planning goals and objectives,
and
- (5) Implementing internal control procedures to ensure that the proceeds of the proposed debt issuance will be directed to the intended use upon completion of the issuance.

Article II

Purposes for Which Debt Proceeds May be Used

Section 2.01. Authority and Purposes of the Issuance of Debt

The laws of the State of California (the “State”), in particular the Californian Airport District Act (Part 2, commencing with Section 22001, of Division 9 of the California Public Utilities Code, the “Act”) authorize the District to borrow money, incur indebtedness, issue bonds or other evidence of the indebtedness, and refund or retire any indebtedness of the District as well as to acquire (by purchase, condemnation, donation, lease, or otherwise) real or personal property necessary to the full or convenient exercise of any of its powers.

Section 2.02. State Law

Pursuant to the provisions of Chapter 5 (commencing with Section 22701) of the Act, the District is specifically authorized to issue bonds secured by property taxes if the issuance thereof is approved by two-thirds of the votes cast by the eligible voters in the District and to issue revenue bonds pursuant to the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300), Part 1, Division 2, Title 5, of the California Government Code). In addition

thereto, as recited in Section 2.01 above, the District is authorized to enter into leases of, and contracts to purchase, real and personal property.

Section 2.03. Debt Issued to Finance Operating Costs

In addition to the foregoing, it is possible that the District may deem it necessary to finance cash flow requirements under certain conditions. Such cash flow borrowing must be payable from taxes, income, revenue, cash receipts and other moneys attributable to the fiscal year in which the debt is issued. General operating costs include, but are not limited to, those items normally funded in the District's annual operating budget. The District's General Manager will review potential financing methods to determine which method is most prudent for the District. Potential financing sources include tax and revenue anticipation notes and internal temporary interfund borrowing.

Article III

Types of Debt That May be Issued

Section 3.01. Types of Debt Authorized to be Issued

A. Short-Term: The District may issue fixed-rate and/or variable rate short-term debt. The District may also issue bond anticipation notes ("BANs") to provide interim financing for bond projects that will ultimately be paid from bond proceeds.

B. Long-Term: Debt issues may be used to finance essential capital facilities where it is appropriate to spread the cost of the projects over more than one budget year. Long-term debt should not be used to fund District operations. As discussed in Article II above, long-term bonds may be secured by property taxes or revenues, subject to obtaining the requisite approvals. The District may also enter into long-term installment purchase agreements and leases and cause the execution and delivery of COPs for public facilities, property, and equipment.

Article IV

Relationship of Debt to and Integration with District's Capital Improvement Program or Budget

Section 4.01. Impact on Operating Budget and District Debt Burden

In evaluating financing options for capital projects, both short and long-term debt amortization will be evaluated when considering a debt issuance, along with the potential impact of debt service, and additional costs associated with new projects on the operating budget of the District. The cost of debt issued for major capital repairs or replacements may be judged against the potential cost of delaying such repairs.

Section 4.02. Capital Improvement Program

The General Manager has responsibility for the planning and management of the District's capital improvement program subject to review and approval by the Board of Directors. The General Manager will, as appropriate, supplement and revise any applicable facilities master plan in keeping with the District's current needs for the acquisition, development and/or

improvement of District's real property and facilities. Such plans may include a summary of the estimated cost of each project, schedules for the projects, the expected quarterly cash requirements, and annual appropriations, in order for the projects to be completed.

Section 4.03. Refunding and Restructuring Policy

A. Considerations for Refunding.

1. District's Best Interest. Whenever deemed to be in the best interest of the District, the District shall consider refunding or restructuring outstanding debt if it will be financially advantageous or beneficial for debt repayment and/or structuring flexibility.

2. Net Present Value Analysis. The General Manager shall review a net present value analysis of any proposed refunding in order to make a determination regarding the cost-effectiveness of the proposed refunding.

3. Maximization of Expected Net Savings. Another consideration in deciding which debt to refinance and the timing of the refinancing shall be maximization of the District's expected net savings over the life of the bonds.

4. Comply with Existing Legal Requirements. The refunding of any existing debt shall comply with all applicable State and Federal laws governing such issuance.

Article V

Policy Goals Related to District's Planning Goals and Objectives

In following this Policy, the District shall pursue the following goals:

1. In general, the District shall strive to fund revenue-producing facilities with bonds, notes, installment sale agreements or leases payable from the revenues of such facilities and other similar facilities. However, such facilities may be funded with such instruments payable from all of the District's unrestricted revenues, including but not limited to ad valorem property taxes received by it, where doing so is to the District's economic advantage.

2. The District shall consider whether a proposed financing will produce lower overall costs to the District or will otherwise be more advantageous to the District if it is privately placed or publicly offered. If a proposed financing is to be offered for public sale, the District shall consider whether a competitively bid process or a negotiated sale will best meet the needs of the District; and, in either case, the District shall attain the best possible credit rating for such financing in order to reduce interest costs but giving due regard to preserving financial flexibility and meeting capital funding requirements.

3. The District shall take all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on then outstanding debt issues.

4. The District shall consider market conditions and District cash flows when timing the issuance of debt.

5. The District shall determine the amortization (maturity) schedule which will fit best within the overall debt structure of the District at the time the new debt is issued.

6. The District shall match the term of the issue to the useful lives of assets funded by that issue whenever practicable and economic, while considering repair and replacement costs of those assets to be incurred in future.

7. The District shall, when planning for the issuance of new debt payable from taxes, consider the impact of such new debt on overlapping debt of local, state and other governments that overlap with the District.

8. The District shall, when planning for the sizing and timing of debt issuance, consider its ability to expend the funds obtained in a timely, efficient and economical manner.

Article VI

Internal Control Procedures for Issuance of Debt to Ensure Intended Use of Proceeds

Section 6.01. Structure of Debt Issues

A. Maturity of Debt: The duration of a debt issue shall be consistent, to the extent possible, with the economic or useful life of the improvement or asset that the issue is financing. Accordingly, the average life of the financing shall not exceed 120% of the average life of the assets being financed. In addition, the District shall consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue.

B. Debt Structure: Absent special circumstances, the District shall endeavor to issue fixed rate debt with substantial level annual debt service.

Section 6.02. Use of Proceeds

The District shall be vigilant in using financing proceeds in accordance with the stated purposes at the time such debt was incurred. In furtherance of the policy, and in connection with the issuance of all voter-approved bonds:

1. The District shall only use the proceeds of voter-approved debt for the purposes approved by the voters; and

2. The General Manager shall have the responsibility, no less often than annually, to provide to the District's Board of Directors a written report which shall contain at least the following information:

(i) The amount of the debt proceeds received and expended during the applicable reporting period; and

(ii) The status of the acquisition, construction or financing of the projects, as identified in any applicable bond measure, with the proceeds of the debt.

3. The District shall hire an independent auditor to perform an annual independent audit of the expenditure of the proceeds of voter-approved debt and shall post such audits on the District website.