

**ORGANIZATIONAL MEETING OF THE
ESPARTO COMMUNITY SERVICES DISTRICT
FINANCING CORPORATION
ESPARTO, CA**

FEBRUARY 27, 2008
MINUTES

An organizational meeting of the Board of Directors of the Esparto Community Services Financing Corporation, duly noticed as provided by law, was held at the hour of 8:17 p.m. on February 27, 2008 at the regular meeting place of the Esparto Community Services District, 26490 Woodland Avenue, Esparto, California.

1. **CALL TO ORDER** The meeting was called to order at 8:17 p.m. by Chairman Laurel Kieny

2. **ROLL CALL**

MEMBERS PRESENT Laurel Kieny, Joseph Moreland, Mike Goodin, and Matthew Milliron

STAFF PRESENT Anna McNamara, James Copeland (Bond Counsel), Dave Dauwalder and Linda Scroggs (Nolte Engineering), Jeff Mitchell and Constantine Baranoff (Kronick Moskowitz Teidemann & Girard)

OTHERS PRESENT Duane Chamberlain, and Tracy McNamara

3. **APPROVAL OF AGENDA**
Chairman Laurel Kieny made a motion to approve the agenda as written and was seconded by Director Joseph Moreland.

No discussion.

Ayes: 4 Noes: 0 Absent: 0

4. **PUBLIC COMMENT**
No comment.

5. **STATEMENT OF INCORPORATOR**
James Copeland (Mr. Copeland), Bond Counsel for the District, informed the Corporation that the Esparto Community Services District's office had received a Statement of Incorporator from himself (James Copeland) of Sidley, Austin LLP,

the sole incorporator, along with a certified copy of the Articles of Incorporation filed with the California Secretary of State on January 10, 2008. Mr. Copeland stated that, at the time of incorporation, Mr. Copeland (himself) advanced the required filing fee to the Secretary of State's office in connection with the filing of the Articles of Incorporation.

Mr. Copeland also reported that the Bylaws designate the following persons, being the members of the Board of Directors of the Esparto Community Services District, as members of the Board of Directors of the Corporation:

Laurel Kieny
Joseph Moreland
Mike Goodin
Matthew Milliron

The following Directors were present:

Laurel Kieny
Joseph Moreland
Mike Goodin
Matthew Milliron

Also present:

James Copeland – Bond Counsel
Ron Loudon – General Manager
Anna McNamara – Administrative Assistant

CERTIFICATE OF PARTICIPATION FINANCING

Mr. Copeland explained the financing program being undertaken by the District. He stated that the Corporation will cooperate in the execution, sale, and delivery of Certificates of Participation (the "Certificates") to finance the facilities described in Exhibit A to the Series 2008A (Water Project) and the 2008B (Wastewater Project) Installment Sale Agreement between the Corporation and the District (the "Projects"). The Corporation will sell the Projects to the District pursuant to the Series 2008A (Water Project) and 2008B (Wastewater Project) Installment Sale Agreements. The District, on behalf of the Corporation, will construct the Projects. The Certificates will be executed and delivered pursuant to the Series 2008A (Water Project) and the Series 2008B (Wastewater Project) Trust Agreement between the District, the Corporation and the General Manager (as therein defined), as Trust Administrator. The Certificates will be secured by the payments to be made by the District to the Corporation pursuant to the Installment Sale Agreements. The Corporation will assign to the Trustee under the Trust Agreement all of the Corporation's right, title and interest in and to the payments by the District under the Installment Sale Agreement. Each of these

payments will be divided into a principal component and an interest component. The interest component will be exempt from taxation to the holder of the Certificates.

The Certificates will be sold to the United States Department of Agriculture, Rural Utilities Service. The Trust Administrator will receive the proceeds from the Certificates and deposit them with the County Treasurer. The proceeds will be used to refinance the loans received from the Rural Community Assistance Corporation, and finance, in part the Projects. The Trust Administrator will collect the installment payments, and deposit them with the County Treasurer. The County Treasurer will use such payments to pay the principal and interest payments with respect to the Certificates.

6. ADOPTION OF BYLAWS: ANNUAL MEETING DATE

Mr. Copeland presented a set of Bylaws which have been initially adopted as the Bylaws of the Corporation by Mr. Copeland (himself), as the sole incorporator. After discussion, the Directors decided to affirm the adoption of the Bylaws. The Directors also agreed that the appropriate time and place for the annual meeting of the Corporation would be the time and place of the District's regular monthly meeting (the second Wednesday of the month).

Chairman Laurel Kieny made a motion to approve the Bylaws, with the insertion of the annual meeting time and place as heretofore noted, be approved, and was seconded by Director Joseph Moreland.

No discussion.

Ayes: 3 Noes: 0 Abstain: 1 (Matthew Milliron) Absent: 0

DESIGNATION OF OFFICERS

Chairman Laurel Kieny made a motion to affirm the designation of Laurel Kieny, as President, Joseph Moreland, as Vice President, and Anna McNamara, as Secretary/Treasurer.

No discussion.

Ayes: 3 Noes: 0 Abstain: 1 (Matthew Milliron) Absent: 0

APPLICATION FOR TAX-EXEMPT STATUS

Mr. Copeland advised that, in order to obtain State tax exemption, the District needed to file an application for tax exemption with the State Franchise Tax Board.

Chairman Laurel Kieny made a motion that Mr. Copeland, the sole incorporator, be authorized to file an application with the Franchise Tax Board for State tax exemption, and was seconded by Director Joseph Moreland.

No discussion.

Ayes: 3 Noes: 0 Abstain: 1 (Matthew Milliron) Absent: 0

7. APPOINTMENT OF GENERAL COUNSEL

As the Corporation is an independent entity, there was discussion that the Corporation should have designated counsel. Jeffrey Mitchell, of Kronick, Moskovitz, Teidemann & Girard, stated that his firm has agreed to act as general counsel to the Corporation.

Chairman Laurel Kienny made a motion to approve Kronick Moskovitz Teidemann & Girard be designated counsel to the Corporation, and was seconded by Director Joseph Moreland.

No discussion.

Ayes: 3 Noes: 0 Abstain: 1 (Matthew Milliron) Absent: 0

8. ADOPTION OF RESOLUTIONS

Mr. Copeland presented Financing Corporation Resolution No. 08-01

Chairman Laurel Kienny made a motion to approve Resolution No. 08-01 – A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESPARTO COMMUNITY SERVICES DISTRICT FINANCING CORPORATION AUTHORIZING THE EXECUTION, SALE, AND DELIVERY OF NOT TO EXCEED \$3,584,000 OF SERIES 2008A (WATER PROJECT) CERTIFICATES OF PARTICIPATION, THE EXECUTION OF DOCUMENTS AND ACTIONS RELATED THERETO

Chairman Laurel Kienny made a motion to approve resolution 08-01 and was seconded by Director Joseph Moreland.

No discussion.

Ayes: 3 Noes: 0 Abstain: 1 (Matthew Milliron) Absent: 0

Mr. Copeland presented Financing Corporation Resolution 08-02.

Chairman Laurel Kienny made a motion to approve Resolution No. 08-02 – A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESPARTO COMMUNITY SERVICES DISTRICT FINANCING CORPORATION AUTHORIZING THE EXECUTION, SALE, AND DELIVERY OF NOT TO EXCEED \$1,579,000 OF SERIES 2008B (WASTEWATER PROJECT) CERTIFICATES OF PARTICIPATION, THE EXECUTION OF DOCUMENTS AND ACTIONS RELATED THERETO

Chairman Laurel Kienny made a motion to approve resolution 08-01 and was seconded by Director Joseph Moreland.

No discussion.

Ayes: 3 Noes: 0 Abstain: 1 (Matthew Milliron) Absent: 0

9. MANAGER'S REPORT

Nothing to report.

10. DISTRICT INFORMATION AND CORRESPONDENCE

Nothing to report.

11. ADJOURNMENT

Director Joseph Moreland made a motion to adjourn the meeting at 8:45 p.m. and was seconded by Director Mike Goodin.

No discussion.

Ayes: 3 Noes: 0 Abstain: 1 (Matthew Milliron) Absent: 0

Laurel Kieny-Chairman of the Board

Anna McNamara-Clerk to the Board
