

RESOLUTION NO. 2014-20

**AFFIRMING AGREEMENTS TO MAKE INSTALLMENT PAYMENTS
AND MEET DEBT SERVICE COVERAGE RATIO REQUIREMENTS,
INCLUDING, IF NECESSARY, MAKING PROPERTY TAX REVENUE TRANSFER
TO THE ENTERPRISE FUND WATER OPERATIONS**

WHEREAS, when the Phelan Piñon Hills Community Services District ("District") was formed, after an election was held with overwhelming votes in favor of such, LAFCO consolidated different Districts into one agency; and

WHEREAS, the property tax revenue that was formerly designated for each of the former Districts was also consolidated into one property tax revenue code which is paid to the District; and

WHEREAS, the property tax revenue is received into the Government Fund so that the Board of Directors of the District can determine the best use of funds for those property tax revenues; and

WHEREAS, the District wishes to affirm and assure that appropriate operating revenues and other monies are available to meet the requirements to pay installment payments and to meet debt service coverage ratio agreements entered into with various financial institutions, including its existing obligations under (i) Enterprise Fund Installment Sale Agreement CIEDB-02-033, dated December 17, 2002, by and between the District and the California Infrastructure and Economic Development Bank (CIEDB), as heretofore amended and supplemented, including by the certain Fourth Amendment to Enterprise Sale Agreement, dated October 2, 2011 (collectively, the "2002 Agreement"), (ii) Enterprise Fund Installment Sale Agreement CIEDB-B14-101, dated as of March 1, 2014, by and between the District and CIEDB (the "2014 Agreement") which replaces Enterprise Fund Installment Sale Agreement CIEDB-12-101, dated December 6, 2012, by and between the District and CIEDB, and (iii) parity obligations entered into in accordance with the term of the 2002 Agreement and the 2014 Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Phelan Piñon Hills Community Services District, as follows:

1. The District does hereby reaffirm its obligations under the 2002 Agreement and the 2014 Agreement, to make installment payments and confirms that it shall maintain such obligations with respect to parity obligations entered into in the future, including its obligations to fix, charge and collect, or cause to be fixed, charged and collected, in each fiscal year, such rates and charges for the use of and for the service furnished by the Water System so that Net System Revenues (as defined in the 2014 Agreement), are in an amount sufficient to meet the debt service coverage ratio requirements of the applicable agreement, including, if and as necessary, transfer of property tax revenues from the Government Fund to the Enterprise Fund for Water Operations each year, in the amount necessary to meet and/or exceed the debt service coverage ratio requirements as entered into by the District.
2. The provisions of this Resolution shall take effect immediately upon adoption.

Adopted this 6th day of August, 2014.

AYES: Brandon, Morrissette, Pace, Roberts, Whalen

NOES:

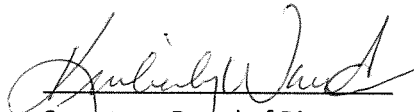
ABSTAIN:

ABSENT:



President, Board of Directors

ATTEST:



Secretary, Board of Directors