

**RESOLUTION NO. 2021-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN BENITO COUNTY WATER DISTRICT APPROVING THE FORM  
OF AND AUTHORIZING AND DIRECTING EXECUTION AND  
DELIVERY OF A FINANCING AGREEMENT AND IRREVOCABLE  
PAYMENT INSTRUCTIONS PROVIDING FOR THE REFUNDING OF  
THE DISTRICT'S OUTSTANDING WIIN ACT OBLIGATION AND  
PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO**

**WHEREAS**, the San Benito County Water District (the "District") desires to refinance its outstanding contractual obligation to the US Bureau of Reclamation under Section 4011 of the Water Infrastructure Improvements for the Nation (the "WIIN Act"), which is presently outstanding in the approximate amount of \$3 million (the "WIIN Act Obligation"); and

**WHEREAS**, the District owns and operates facilities diversion, collection, storage, carriage and distribution of water within the service area of the District (interchangeably, the "Enterprise" or "Water Enterprise"); and

**WHEREAS**, the Board of Directors (the "Board"), after due investigation and deliberation, now desires to arrange for the procurement of low interest rate municipal financing in connection with the proposed prepayment and defeasance (hereafter referred to as "Refunding") of the District's remaining outstanding principal balance of the WIIN Act Obligation; and

**WHEREAS**, in order to carry out the Refunding, the Board wishes at this time to authorize the issuance of its "San Benito County Water District, Series 2021 Water Revenue Refunding Obligations (WIIN ACT Refunding Project), Bank Qualified" (the "Obligation"), pursuant to terms and conditions of a Financing Agreement (the "Financing Agreement"), dated as of February 1, 2021, by and between the District and Zions Bancorporation, N.A. (the "Bank"), as evidenced by a Promissory Note (the "Promissory Note," and together with the Obligation, the "2021 Obligations"), form copies of which have been presented at this meeting and are on file with the Secretary; and

**WHEREAS**, in order to efficiently accomplish the Refunding and issuance of 2021 Obligations, the District has heretofore appointed bond counsel and municipal advisor to provide the necessary professional services in connection therewith; and

**WHEREAS**, pursuant to the Financing Agreement, the District will make payments from the net revenues of its Water Enterprise operations, sufficient in amount to pay back the debt service on the 2021 Obligations, as more particularly set forth in the Financing Agreement; and

**WHEREAS**, the District is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), to enter into loan agreements for the purpose of refinancing certain outstanding obligations of the District, including the WIIN Act Obligation; and

**WHEREAS**, it is now appropriate and necessary to prepay and call in for redemption the outstanding WIIN Act Obligation, in order to complete the Refunding; and

**WHEREAS**, in order to properly account for the Refunding, as well as the legal defeasance of the WIIN Act Obligation it is now appropriate and necessary for the District to (i) make, execute and deliver the 2021 Obligations in the aggregate principal amount necessary to prepay and legally defease the WIIN Act Obligation in advance of its scheduled maturity, and (ii) approve the form of Irrevocable Payment Instructions, dated as of February 1, 2021, in connection with the Refunding of the WIIN Act Obligation (the “Payment Instructions”), copies of which have been presented at this meeting and are on file with the Secretary; and

**WHEREAS**, the Board, with the aid of its staff, has reviewed the Financing Agreement and Payment Instructions, the forms of which is on file with the Secretary, and the Board wishes at this time to approve the foregoing documents as being within the public interests of the District; and

**WHEREAS**, the Board desires to designate the 2021 Obligations for purposes of Paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986 (the “Code”) as a “Qualified Tax-Exempt Obligation;” and

**WHEREAS**, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the Board obtain from the Bank and disclose, in a meeting open to the public, prior to authorization of the 2021 Obligations, good faith estimates of: (a) the true interest cost of the 2021 Obligations, (b) the finance charge of the 2021 Obligations, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the 2021 Obligations received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the 2021 Obligations and (d) the sum total of all debt service payments on the 2021 Obligations calculated to the final maturity of the 2021 Obligations plus the fees and charges paid to third parties not paid with the proceeds of the 2021 Obligations; and

**WHEREAS**, in accordance with Section 5852.1, the Board has obtained such good faith estimates from the Bank, and such estimates are disclosed in Section 7 hereof; and

**WHEREAS**, the Board wishes at this time to authorize all actions and proceedings relating to the procurement and delivery of the 2021 Obligations, the execution and delivery of the Financing Agreement and Payment Instructions, as well as the prepayment and defeasance of the Prior Obligations; and

**WHEREAS**, all acts, conditions and things required by the 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 such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

**NOW, THEREFORE BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE SAN BENITO COUNTY WATER DISTRICT THAT:**

**Section 1. Recitals and Findings.** The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above are true and correct and that the Refunding will result in public benefits to the District and its ratepayers.

**Section 2. Authorizing the Issuance of 2021 Obligations.** The Board hereby authorizes the issuance of the 2021 Obligations pursuant to the Financing Agreement and the Refunding Bond Law.

**Section 3. Authorized Representatives.** The President, Vice President, District Manager, Assistant Manager, Secretary and any other person authorized by the District Manager to act on behalf of the District shall each be an “Authorized Representative” of the District for the purposes of structuring and providing for the execution and delivery of the 2021 Obligations, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the 2021 Obligations, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has intended with the adoption of this Resolution.

**Section 4. Approval of Financing Agreement and Promissory Note.** The Board hereby authorizes and approves the execution and delivery of the Financing Agreement as well as the Promissory Note referenced in the Financing Agreement (the “Promissory Note”). The Board approves the Financing Agreement and Promissory Note in substantially the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Financing Agreement and Promissory Note for and in the name and on behalf of the District, and the execution thereof shall be conclusive evidence of the Board’s approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Financing Agreement and Promissory Note.

**Section 5. Approval of Payment Instructions.** The Board hereby authorizes and approves the execution and delivery of the Payment Instructions. The Board approves the Payment Instructions in substantially the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Payment Instructions for and in the name and on behalf of the District, and the execution thereof shall be conclusive evidence of the Board’s approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Payment Instructions.

**Section 6. 2021 Obligations Designated as a Qualified Tax-Exempt Obligation.** The Board hereby designates the 2021 Obligations for purposes of Paragraph (3) of Section 265(b) of the Code as a “Qualified Tax-Exempt Obligation” and covenants that the 2021 Obligations do not constitute a private activity bond as defined in Section 141 of the Code and that the aggregate face amount of all tax-exempt obligations issued by the District (including all subordinate entities of the District and all entities which may issue obligations on behalf of the District) during the calendar year 2021 is not reasonably expected to exceed \$10,000,000, excluding, however, private activity bonds, as defined in Section 141 of the Code (other than qualified 501(c)(3) bonds as defined in Section 145 of the Code) and current refunding obligations having a principal amount not in excess of the refunded obligation.

**Section 7. Good Faith Estimates.** Set forth below are good faith estimates of the Underwriter, as required under Section 5852.1 of the California Government Code (the “Code”) for the 2021 Obligations. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

(a) The true interest cost of the 2021 Obligations is estimated at 2.02%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the 2021 Obligations, including all fees and charges paid to third parties, is estimated at \$65,706.00.

(c) Proceeds of the 2021 Obligations received by the District of \$2,905,000.00 (estimated) less the finance charge set forth in (b) above, is equal to \$2,839,294.00.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$3,392,050.32.

The foregoing are estimates and the final costs will depend on market conditions as well as the timing of draws and can be expected to vary from the estimated amounts set forth above.

**Section 8. Full Compliance.** The Board hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Refunding and issuance of 2021 Obligations were duly considered, and are hereby considered valid and in conformity with the requirements of law.

**Section 9. Official Actions.** Each Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution.

**Section 10. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED AND ADOPTED** by the Board of Directors of the San Benito County Water District at a meeting thereof on the 8th day of February 2021, by the following vote:

**AYES:** Williams, Tonascia, Flores and Shelton

**NOES:** None

**ABSENT:** Tobias

**ABSTAIN:** None

/s/Doug Williams  
Doug Williams, President

ATTEST:

/s/Sara Singleton  
Sara Singleton, Assistant Manager