

February 8, 2021
Special Meeting
5:03 p.m.

On March 12, 2020, Governor Newsom issued Executive Order N-25-20, which enhances State and Local Governments' ability to respond to COVID-19 Pandemic; this meeting was conducted with some members participating via conference phone. Because of this, all voting was done by roll call vote.

The Board of Directors of the San Benito County Water District convened in special session on Monday, February 8, 2021 at 5:03 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present at the District were: President Doug Williams and Vice President Joe Tonascia. Directors Sonny Flores and Andrew Shelton participated virtually, and Director John Tobias was absent. Also present at the District were District Manager/Engineer Jeff Cattaneo, Assistant Manager Sara Singleton, Deputy District Engineer Garrett Haertel, Water Conservation Program Manager Shawn Novack and Board Clerk/Office Specialist III Barbara Mauro; District Counsel Jeremy T. Liem participated virtually.

CALL TO ORDER

President Williams called the meeting to order at 5:03 p.m.

a. Pledge of Allegiance

President Williams led the Pledge of Allegiance.

b. Roll Call

Mrs. Mauro called roll. President Williams and Vice President Tonascia were present at the District; Directors Flores and Shelton participated virtually. Director Tobias was absent.

c. Speakers will be limited to 5 minutes to address the Board

AGENDA ITEMS:

1. Consider Resolution Approving, Authorizing and Directing Execution and Delivery of a Financing Agreement and Irrevocable Payment Instructions in connection with the issuance of Series 2021 Water Revenue Refunding Obligations, and setting forth the terms and conditions thereof; Authorizing the Execution and Delivery of any and all documents, instruments or certificates necessary or desirable to accomplish the foregoing; and providing for other matters properly related thereto

Mrs. Singleton introduced the District's two consultants, Cameron Weist from Weist Law Firm who is Bond Counsel and Frank Soriano who is a financial consultant with Caldwell Sutter.

Mrs. Singleton reviewed for the Board, that on January 11, 2021, they approved a Term Sheet for California Bank and Trust. Now, before the Board for approval is the Financing Agreement and Payment Instructions for the bond issuance; the issuance amount is \$2.9 million. This issuance has a term of fifteen years and payment terms are 2 payments annually; 1 payment will be interest and principal and the other will be just interest. The coupon rate is 2.02% and the total interest cost is 2.33%. The Board will be

approving this in substantial form as the Bond Counsel (Mr. Weist), District Counsel (Mr. Liem) and the Bank Counsel may have a few details to finalize. She asked Mr. Weist to make further comments.

Mr. Weist stated he likes to give his clients the legal nature of an item such as this. The District's current Citi National Bank Loan covenants are blended into the new transaction, so the District will remain in compliance. This is a private placement with one investor, which is a bank, and Mr. Weist stated it is similar to a mortgage structure. There is a general promise of Zone 6 revenues but if a payment is missed or you become delinquent, they can ask to either accelerate the payments or ask for full payment, but there is no collateral. Mr. Weist stated the Board's action would be to adopt this financial agreement and agree to the payment to the Bureau of Reclamation for the WIIN Contract obligation.

With no questions from the Board, Mr. Soriano spoke to the process of choosing the bank. This issuance created quite a bit of interest and initially garnered 8 bids. Mr. Soriano stated not all would hold the bid open and the winning bid, from California Bank and Trust, was willing to hold their bid open for 60 days. One other positive item from California Bank and Trust, is the loan can be called at any time, after 30 days, with no prepayment penalty.

Mrs. Singleton clarified that the ability to call is on the District's end, only. She asked if Mr. Liem had any more to add.

Mr. Liem added he had a slight clarification. While there are not pledged assets, it is not an unsecured debt. The District has promised to use the Zone 6 revenues during the repayment period to pay the debt.

With a motion by Vice President Tonascia and a second by Director Flores, the Board of Directors approved Resolution #2021-03, *A Resolution of the Board of Directors of the San Benito County Water District Approving, Authorizing and Directing Execution and Delivery of a Financing Agreement and Irrevocable Payment Instructions in connection with the issuance of Series 2021 Water Revenue Refunding Obligations, and setting forth the terms and conditions thereof; Authorizing the Execution and Delivery of any and all documents, instruments or certificates necessary or desirable to accomplish the foregoing; and providing for other matters properly related thereto* by 4 affirmative votes, Williams, Tonascia, Flores and Shelton and there was 1 absence, Tobias.

2. Staff Report on the status of the Water Infrastructure Improvement of the Nations Act (WIIN) Contract Conversion Validation Process

Mrs. Singleton stated there are three work paths for the WIIN Act Contract. The first is the Bureau of Reclamation signing and executing the contract, which she confirmed at the January 27, 2021 meeting, occurred on January 22, 2021. The second is the bond financing, which the Board approved tonight and the third is the validation effort for the WIIN Contract. Mrs. Singleton was informed by Mr. Liem's office that the document prepared by Bill Chisum (Kronick, Moscovitz, Tiedemann and Girard) was filed with the court today. The final phase of this process is expected to be completed by February 17, 2021.

Mr. Liem added the date of February 17, 2021 is possible, dependent upon the court's schedule. Because it is an ex parte filing, Mr. Liem stated that usually speeds up the process in the court.

Mrs. Singleton asked if there were any filings or objections to the validation.

Mr. Liem stated there was a question by Tres Pinos School, but no filing was made.

Mr. Cattaneo added that he contacted Tres Pinos School last week and if they had an issue with it, they were to contact him by Friday, February 5th, which they did not.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at 5:20 p.m.

The minutes were approved at the February 24, 2021 Board meeting and signed by the presiding board member.

/s/Doug Williams
Doug Williams, President

/s/Barbara L. Mauro
Barbara L. Mauro, Board Clerk