

RESOLUTION NO. 2021-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN BENITO COUNTY WATER DISTRICT APPROVING A TERM
SHEET IN CONNECTION WITH THE REFINANCING OF PART
OR ALL OF THE DISTRICT'S OUTSTANDING UNFUNDED
ACCRUED LIABILITY TO THE CALIFORNIA PUBLIC
EMPLOYEES' RETIREMENT SYSTEM AND APPOINTING THE
NECESSARY CONSULTANTS IN CONNECTION THEREWITH**

WHEREAS, the San Benito County Water District (the "District") is a contracting member of the California Public Employees' Retirement System ("CalPERS"), and is obligated by law to make certain payments to CalPERS in respect of retired miscellaneous employees (the "Pension Plan"); and

WHEREAS, the District is legally obligated under the Pension Plan to pay any unfunded accrued liability (the "UAL"), which is the amount by which CalPERS is short of the amount that will be necessary, without further payments from the District, to pay benefits already earned by current and former employees covered by CalPERS; and

WHEREAS, in accordance with the CalPERS most recent Actuarial Valuation Report (as of 06/30/2019), the District has a currently outstanding Miscellaneous Plan UAL obligation of approximately \$2,980,000 (the "UAL Obligation"), which is scheduled to be unevenly amortized over the next 25 years; and

WHEREAS, the Board of Directors (the "Board"), after due investigation and deliberation, has determined that it is in the public interests of the District at this time to consider the refinancing part or all of the UAL Obligation (the "Refinancing"); 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, to enter into loan agreements for the purpose of refinancing certain outstanding obligations of the District, including the UAL Obligations; and

WHEREAS, in order to efficiently accomplish the Refinancing, the District desires to appoint Caldwell Sutter Capital, Inc. as Financial Advisor, Weist Law LLP as Bond Counsel and California Municipal Advisors LLC as Special Financing Consultant to provide the necessary professional services in connection therewith; and

WHEREAS, the District, with the aid of its financing team, solicited proposals from qualified financial institutions to purchase the District's Series 2021 Water Revenue Obligations (the "2021 UAL Refinancing Obligations"), the proceeds of which will be used to prepay part or all of the UAL Obligations; and

WHEREAS, several qualified financial institutions submitted proposals to purchase the 2021 UAL Refinancing Obligations, all of which the Board has reviewed and now desires to approve and direct the District Manager to sign the term sheet (the "Term Sheet") offered by winning bidder (the "Bank"); and

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 Refinancing will result in public benefits to the District and its ratepayers.

Section 2. Preliminary Intention to Proceed. The Board hereby confirms its intention to proceed with the Refinancing, subject to final authorization thereof by resolution of the District at a subsequent meeting held for such purpose.

Section 3. Approval of Term Sheet. The form of the Term Sheet presented at this meeting, on file in the office of the Secretary to the Board and incorporated herein by reference, is hereby approved, and District Manager is hereby authorized to execute the Term Sheet in substantially the form hereby approved, with such additions thereto and changes therein as may be approved by such officer upon consultation with Bond Counsel. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Term Sheet; provided, however, that the interest rate on the 2021 UAL Refinancing Obligations shall not to exceed 3.50% of the principal amount thereof.

Section 4. Authorized Representatives. The President, Vice President, District Manager, Assistant Manager, Secretary to the Board 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 arranging for the issuance of the 2021 UAL Refinancing Obligations and providing for the matter to be brought back to the Board for further consideration, and are hereby authorized, jointly and severally, in each of their discretion, to effectuate the actions which the Board has approved in this Resolution.

Section 5. Professional Services. The Board hereby appoints Caldwell Sutter Capital, Inc., as Financial Advisor, The Weist Law Firm, as Bond Counsel, and California Municipal Advisors LLC, as Special Financing Consultant, in connection with the Refinancing of the 2021 UAL Refinancing Obligations. The District Manager is authorized and directed to execute agreements with these firms in the respective forms on file with the Secretary to the Board.

Section 6. 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 31st day of March 2021, by the following vote:

AYES: Williams, Tonascia, Shelton & Tobias

NOES: None

ABSENT: Flores

ABSTAIN: None

/s/Doug Williams
Doug Williams
President

ATTEST:

/s/Sara Singleton
Sara Singleton
Assistant Manager/Board Secretary

CERTIFIED RESOLUTION

I, Sara Singleton, board secretary of the San Benito County Water District, do hereby certify that the following is a true and correct copy of a resolution duly adopted at the regular meeting of the Board of Directors, duly held on March 31, 2021. This resolution has not been modified, rescinded or revoked and is at present in full force and effect.

In Witness whereof, the undersigned has affixed her signature and the corporate seal.

/s/ Sara Singleton
Sara Singleton
Assistant Manager/Board Secretary

4/1/2021
Date of signature