

RESOLUTION NO. EJPFA-2022-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESCONDIDO JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A WIFIA LOAN AGREEMENT, A WIFIA NOTE, AN INSTALLMENT PURCHASE AGREEMENT, AND CERTAIN DOCUMENTS AND OTHER MATTERS IN CONNECTION THEREWITH (WATER SYSTEM)

WHEREAS, the Escondido Joint Powers Financing Authority (“Authority”), a public entity that is duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State of California (“State”), has the powers, among others, to issue bonds and notes and to finance and refinance water facilities on behalf of its members pursuant to Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, including but not limited to Article 4 thereof, known as the “Marks-Roos Local Bond Pooling Act of 1985,” Government Code Section 6584 *et seq.* (“Act”); and

WHEREAS, the City of Escondido (“City”), a member of the Authority, has requested that the Authority assist the City in financing the acquisition and construction of certain improvements to the City’s water system, including the replacement of Lake Wohlford Dam, as more particularly described in the WIFIA Loan Agreement (as such term is defined and referenced below) (“Project”); and

WHEREAS, in order to provide for the financing and/or refinancing for the Project, the City has submitted an Application for Financial Assistance to the United States Environmental Protection Agency (“EPA”) for a loan under the authority of the Water Infrastructure Finance and Innovation Act (“WIFIA Loan”) to be made to the Authority by the EPA, acting by and through the Administrator of the Environmental Protection Agency (“WIFIA Lender”); and

WHEREAS, the Authority and the WIFIA Lender have negotiated the terms of the proposed WIFIA Loan which are set forth in a term sheet (the “WIFIA Term Sheet”) and a WIFIA loan agreement (the “WIFIA Loan Agreement”), and such documents have been approved by the City; and

WHEREAS, the Authority’s obligation to repay the WIFIA Loan will be evidenced by the issuance and delivery by the Authority to the WIFIA Lender of a promissory note (“WIFIA Note”); and

WHEREAS, the Authority is authorized under the provisions of Article 4 of the Act (the “Bond Law”) and Section 4.02 of the Joint Exercise of Powers Agreement, dated November 20, 1991, as amended, by and between the City and City of Escondido Community Facilities District No. 2020-1 (Services), to enter into the WIFIA Loan Agreement and execute and deliver the WIFIA Note and to pledge installment payments received by the Authority from the City under the Installment Purchase Agreement (as such term is defined and referenced below) to secure the WIFIA Loan Agreement and the WIFIA Note; and

WHEREAS, the WIFIA Loan will be payable from revenues of the Authority consisting primarily of payments made to the Authority by the City under an installment purchase agreement by and between the Authority and the City (the “Installment Purchase Agreement”) relating to the Project; and

WHEREAS, the Authority wishes to take its action at this time authorizing the execution and delivery of the WIFIA Term Sheet, the WIFIA Note, the Installment Purchase Agreement and the WIFIA Loan Agreement and approving related financing documents and official actions; and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the Installment Purchase Agreement is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, acting as the Commissioners of the Escondido Joint Powers Financing Authority:

1. That the Authority hereby authorizes the incurrence of the WIFIA Loan in accordance with the terms of the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement, which documents are authorized to be finalized and executed in accordance with Section 3 below; provided, however, that the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement shall only be executed if the total principal amount authorized to be drawn thereunder does not exceed \$66,000,000.

2. That the Installment Purchase Agreement in substantially the same form on file with the Authority is hereby approved. The Chair, the Vice Chair, the Executive Director, the Auditor and Treasurer and the Secretary of the Authority ("Authorized Officers") or the designee thereof are each hereby individually authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by the City Attorney or Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), and approved by the person executing the same, said execution being conclusive evidence of such approval.

3. That the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement in substantially the forms on file with the Authority are hereby approved. The Authorized Officers are each hereby individually authorized and directed to execute and deliver the WIFIA Term Sheet, the WIFIA Note and the WIFIA Loan Agreement with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

4. That the Authorized Officers and any other proper officer of the Authority, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents

and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the WIFIA Loan Agreement, the WIFIA Term Sheet, the WIFIA Note, the Installment Purchase Agreement and this Resolution, and all actions heretofore taken by any committee of the Authority, or any official, officer, employee, representative or agent of the Authority, in connection with the authorization, execution, delivery, or performance of the Authority's obligations under the documents and instruments approved or authorized by this Resolution, and the other actions contemplated by this Resolution, are hereby ratified, approved and confirmed. In the event that the Chair of the Commission is unavailable to sign any of the agreements described herein, any other member of the Commission may sign such agreement and, in the event that the Secretary is unavailable or unable to execute and deliver any of the above-referenced documents, any deputy secretary may validly execute and deliver such document.

5. That the good faith estimates of costs related to the WIFIA Note which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.

6. That, unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the WIFIA Loan Agreement unless the context otherwise clearly requires.

7. That this Resolution shall take effect from and after its date of adoption.