

RESOLUTION NO. 2022-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT PROVIDING FOR THE ACQUISITION OF CERTAIN IMPROVEMENTS AND THE EXECUTION OF CERTAIN OTHER DOCUMENTS AND OTHER MATTERS IN CONNECTION THEREWITH (WATER SYSTEM)

WHEREAS, the City of Escondido (“City”), a municipal corporation that is duly organized and existing under the general laws of the State of California (“State”), proposes to undertake 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 acquire and construct the Project, the City proposes to enter into an Installment Purchase Agreement (“Installment Purchase Agreement”) with the Escondido Joint Powers Financing Authority (“Authority”), pursuant to which the Authority will finance the acquisition and construction of the Project and convey the Project to the City and the City will make installment payments to the Authority in consideration thereof; and

WHEREAS, in order to fulfill its obligation to the City under the Installment Purchase Agreement, the Authority proposes to obtain a loan under the authority of the Water Infrastructure Finance and Innovation Act (“WIFIA Loan”) from the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (“WIFIA Lender”), pursuant to a loan agreement (“WIFIA Loan Agreement”) entered into by and among the Authority, the WIFIA Lender and the City; and

WHEREAS, the terms of the proposed WIFIA Loan are set forth in a term sheet (“WIFIA Term Sheet”) and the WIFIA Loan Agreement; and

WHEREAS, the City has agreed to execute the Installment Purchase Agreement, execute and perform certain obligations under the WIFIA Loan Agreement and execute the WIFIA Term Sheet, in each case to provide certain assurances with respect to the Project to the WIFIA Lender; 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:

1. The Installment Purchase Agreement in substantially the form on file with the City is hereby approved. The Mayor, the Deputy Mayor, the City Manager, any Deputy City Manager, the Finance Director, or the Director of Utilities (each, an “Authorized Officer”) 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; provided, however, that the principal components of the installment payments which are payable under the Installment Purchase Agreement shall not exceed \$66,000,000.

2. The WIFIA Term Sheet and the WIFIA Loan Agreement in substantially the forms on file with the City are hereby approved. The Authorized Officers are each hereby individually authorized and directed to execute and deliver the WIFIA Term Sheet 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 person executing the same, said execution being conclusive evidence of such approval.

3. Notwithstanding anything to the contrary set forth in this Resolution, the WIFIA Term Sheet or the WIFIA Loan Agreement, the City is not a borrower with respect to the WIFIA Loan, the WIFIA Note or the WIFIA Loan Agreement and the City has no obligation to make any payment or provision for payment of the WIFIA Loan or the WIFIA Note. The WIFIA Loan Agreement shall not constitute a contract between the City and the WIFIA Lender by which the City incurs an indebtedness.

4. The Authorized Officers and any other proper officer of the City, 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 Installment Purchase Agreement, the WIFIA Term Sheet, the WIFIA Loan Agreement and this Resolution, and all actions heretofore taken by any committee of the City Council, or any official, officer, employee, representative or agent of the City, in connection with the authorization, execution, delivery, or performance of the City'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 Mayor of the City is unavailable to sign any of the agreements described herein, the Deputy Mayor or any other member of the City Council may sign such agreement.

5. The good faith estimates of costs related to the Installment Purchase Agreement 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. 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. This Resolution shall take effect from and after its date of adoption.