

RESOLUTION NO. 2023-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF MISSION SPRINGS WATER DISTRICT APPROVING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT IN AN AMOUNT NOT TO EXCEED \$15,000,000 FOR THE PURPOSE OF FINANCING CAPITAL PROJECTS AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Mission Springs Water District (the “District”) is a county water district that is duly organized and existing under and pursuant to Division 12 of the California Water Code (Section 30000 *et seq.*) (the “Act”); and

WHEREAS, pursuant to the Act, including but not limited to Sections 31004, 31040, 31041 and 31042 thereof, the District is authorized to acquire the West Valley Water Reclamation Facility and certain other public facilities and improvements related to its sewer system (collectively, the “Project”); and

WHEREAS, the District desires to finance (on an interim basis, pending the receipt of grant funds from the State of California Water Resources Control Board) the costs of acquiring, constructing and installing the Project; and

WHEREAS, the District has received proposals from a number of banks with respect to the financing of the Project, and has evaluated such proposals; and

WHEREAS, the District has determined that it is in the best interest of the District to enter into an Installment Purchase Agreement (the “IPA”) with Wells Fargo Bank, National Association (the “Bank”), and to approve certain other documents, to provide for the interim financing of the Project; and

WHEREAS, the installment payments under the IPA will be payable from net revenues of the District’s sewer system and grant funds from the State of California Water Resources Control Board, all to the extent set forth in the IPA; and

WHEREAS, the IPA is in the best interest of the District and the health, safety and welfare of its residents, is of benefit to the District and complies with all requirements of the Act and California law related thereto.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MISSION SPRINGS WATER DISTRICT DOES HEREBY RESOLVES AS FOLLOWS:

Section 1. Recitals.

The foregoing recitals are true and correct.

Section 2. Approval of Installment Purchase Agreement.

The IPA is hereby approved substantially in the form on file with the Secretary of the Board of Directors of the District (the "Board"). The President of the Board, the Secretary of the Board, the General Manager of the District and the Director of Finance of the District (collectively, the "Authorized Officers") are authorized and directed for and on behalf of the District to execute and deliver the IPA, in substantially the form on file with the Secretary of the Board, with only such revisions thereto as may be required or approved by the District's General Counsel or Stradling Yocca Carlson & Rauth, as Bond Counsel ("Bond Counsel"), which will be conclusively evidenced by the execution and delivery thereof; provided that: (i) the IPA shall mature on or before February 15, 2025; (ii) the total principal amount of the IPA shall not exceed \$15,000,000; and (iii) the interest rate on the IPA shall not exceed 4.50% (except in an event of default or taxability, each as set forth in the IPA, and which in no event shall exceed the maximum interest rate payable by law).

Section 3. Application of Proceeds.

The proceeds of the IPA shall be applied to finance the Project and pay costs of delivery of the IPA, including the fees of Bond Counsel and the Bank's counsel.

Section 4. Other Matters Authorized.

The Authorized Officers or any other proper officer of the District, 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 IPA and this Resolution. In the event that the President of the Board is unavailable to sign any of the agreements that are described herein, any other member of the Board may sign such agreements. Without limiting the foregoing, the Authorized Officers may apply available funds under the IPA as in such officer's judgment are reasonably necessary or appropriate to provide funds to pay on a timely basis costs related to the Project.

Section 5. Good Faith Estimates.

The good faith estimates of costs related to the IPA 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.

Section 6. Effective Date.

This Resolution shall take effect immediately upon its adoption.

Section 7. Certification.

The Secretary of the Board shall certify as to the adoption of this Resolution and shall cause the same to be processed in the manner required by law.

PASSED, ADOPTED, AND APPROVED, this 17th day of January 2023, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Russ Martin
President of Mission Springs Water District
and its Board of Directors

ATTEST:

Arden Wallum
Secretary of Mission Springs Water District
and its Board of Directors

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the IPA in accordance with California Government Code Section 5852.1.

Principal Amount. Based on the District's financing plan and current market conditions, a good faith estimate of the principal amount of the IPA is **\$15,000,000** (the "Estimated Principal Amount").

True Interest Cost. Assuming that the IPA is entered into in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the true interest cost of the IPA, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the IPA, is **4.54%**.

Finance Charge. Assuming that the IPA is entered into in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the finance charge for the IPA, which means the sum of all fees and charges paid to third parties (or costs associated with the IPA), is **\$60,000**.

Amount of Proceeds to be Received. Assuming that the IPA is entered into in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the amount of proceeds expected to be received by the District under the IPA, less the finance charge of the IPA, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the IPA, is **\$14,940,000**.

Total Payment Amount. Assuming that the IPA is entered into in the Estimated Principal Amount, and based on market interest rates prevailing at the time of preparation of such estimate, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the IPA, plus the finance charge for the IPA, as described above, not paid with the proceeds of the IPA, calculated to the final maturity of the IPA, is **\$16,350,000**.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the IPA, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the execution of the IPA being different than the date assumed for purposes of such estimates; (b) the actual principal amount of the IPA being different from the Estimated Principal Amount; (c) the actual amortization of the IPA being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of execution of the IPA being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, delays in the financing, additional legal work or a combination of such factors and additional finance charges, if any, attributable thereto. The actual execution date of the IPA and the actual principal amount of the IPA will be determined by the District based on the timing of the need for proceeds of the IPA and other factors.