

**MINUTES OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
WALNUT VALLEY WATER DISTRICT**

**July 20, 2021
MEETING CONDUCTED VIA WEBEX
AT:**

<https://walnutvalley.webex.com/join/bmeeting>

DIRECTORS PRESENT:

Kevin Hayakawa
Edwin Hilden
Scarlett Kwong
Theresa Lee
Jerry Tang

DIRECTORS ABSENT:

None

STAFF PRESENT:

Erik Hitchman, General Manager/Chief Engineer
Brian Teuber, Assistant General Manager
James Ciampa, Legal Counsel
Alanna Diaz, Director of HR and Risk Management
Tom Monk, Director of Operations
Sherry Shaw, Director of Engineering
Gabriela Sanchez, Executive Secretary
Josh Byerrum, Director of Finance (Meeting Host)

The meeting was called to order at 4:02 p.m. with President Kwong presiding. All Board meeting participants and guests joined the meeting via the Webex link:

<https://walnutvalley.webex.com/join/bmeeting>

Guests and others in attendance: Michael Busch, Branden Kfoury, Julio Morales, and Cyrus Torabi

Item 3: Public Comment

- ◆ There were no requests for public comment. (Item 3)

Item 4: Consider Adoption of WVWD Resolution No. 07-21-683, A Resolution Authorizing and Approving the Issuance of Water Revenue Refunding Bonds, Approving the Indenture of Trust, Disclosure Document, Bond Purchase Contract, Continuing Disclosure Certificate, Escrow Agreement, and Other Documents in Connection with such Bonds and Authorizing Certain Other Matters Relating Thereto

- ◆ The Board was asked to adopt WVWD Resolution No. 07-21-683, authorizing the issuance and sale of 2021 Bonds to refund the 2013 Bonds. Staff explained that based on current interest rates, refunding the 2013 Bonds is estimated to generate debt service savings of approximately \$1.9 million. Applying \$1.9 million in savings towards the District's CalPERS Unfunded Accrued Liability (UAL) would result in the elimination of more than \$3.7 million in total UAL payments. The source of repayment for the debt service on the 2021 Bonds is net revenues of the District's water system. (Item 4)

Motion No. 21-07-1680: Upon consideration thereof, it was moved by Director Lee seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to adopt WVWD Resolution No. 07-21-683, a resolution authorizing and approving the Issuance of Water Revenue Refunding Bonds, approving the Indenture of Trust pursuant to which such Bonds are to be Issued, a Disclosure Document, a Bond Purchase Contract, a Continuing Disclosure Certificate, an Escrow Agreement and other documents in connection with such bonds and authorizing certain other matters relating thereto. (Item 4)

***Ayes: Hayakawa, Hilden, Kwong, Lee, Tang
Noes: None
Absent: None
Abstain: None***

President Kwong indicated Motion No. 21-07-1680, adopting WVWD Resolution No. 07-21-683, was approved by a (5-0) roll call vote

Item 5: Other – None**Adjournment at 4:11 p.m.**

RESOLUTION NO. 07-21-683

RESOLUTION OF THE WALNUT VALLEY WATER DISTRICT
BOARD OF DIRECTORS
AUTHORIZING AND APPROVING THE ISSUANCE OF WATER REVENUE
REFUNDING BONDS, APPROVING THE INDENTURE OF TRUST PURSUANT
TO WHICH SUCH BONDS ARE TO BE ISSUED, A DISCLOSURE DOCUMENT,
A BOND PURCHASE CONTRACT, A CONTINUING DISCLOSURE
CERTIFICATE, AN ESCROW AGREEMENT AND OTHER DOCUMENTS IN
CONNECTION WITH SUCH BONDS AND AUTHORIZING CERTAIN OTHER
MATTERS RELATING THERETO

WHEREAS, the Walnut Valley Water District (the "**District**"), is a California Water District that is duly created, established and authorized to transact business and exercise its powers under and pursuant to Division 13 of the California Water Code and the Constitution of the State of California; and

WHEREAS, the District previously entered into an Installment Purchase Contract, dated as of March 1, 2013 (the "**2013 Agreement**"), with the Puente Basin Water Agency (the "**Agency**"), pursuant to which the District agreed to pay installment payments to the Agency as the purchase price for certain capital improvements of the District's water system (collectively, the "**2013 Project**"); and

WHEREAS, the 2013 Project was financed from proceeds of the Agency's Water Revenue Bonds, 2013 Series A (Walnut Valley Water District Project) (the "**2013 Bonds**"); and

WHEREAS, the District is authorized pursuant to Articles 9 through 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code to issue bonds to prepay all amounts due under the 2013 Agreement, which will cause a corresponding redemption of all of the outstanding 2013 Bonds; and

WHEREAS, the District desires to provide for the issuance of its Water Revenue Refunding Bonds, Series 2021A (Federally Taxable) (with such changes as an Authorized Officer (as such term is defined herein) may approve, the "**Bonds**") for the purposes of prepaying amounts payable under the 2013 Agreement and refunding the 2013 Bonds, paying costs of issuance of the Bonds and, if necessary, funding a deposit to (or procuring a letter of credit, insurance policy or other facility (each, a "**reserve surety**") to provide for the funding of) a reserve fund for the Bonds; and

WHEREAS, the Bonds are to be issued under and pursuant to an Indenture of Trust, by and between the District and the trustee named therein (such Indenture of Trust in the form on file with the District Secretary, with such changes, insertions and deletions as are made pursuant to this Resolution, the "**Indenture**"); and

WHEREAS, the Bonds are to be secured by a pledge of Revenues and payable from Net Revenues of the District's water system to the extent set forth in the Indenture; and

WHEREAS, Wells Fargo Bank, National Association, as underwriter (the "**Underwriter**"), has submitted a proposal to purchase the Bonds in the form of a Bond Purchase Contract (such Bond Purchase Contract, in the form on file with the District Secretary, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "**Purchase Contract**"); and

WHEREAS, in connection with the offering and sale of the Bonds there has been prepared a disclosure document in the form of a Preliminary Official Statement (such Preliminary Official Statement in the form on file with the District Secretary, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "**Preliminary Official Statement**"); and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), requires that, in order to be able to purchase or sell the Bonds, the Underwriter must have reasonably determined that an obligated person has undertaken in a written agreement or contract for the benefit of the owners of the Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement of Rule 15c2-12 to be satisfied, the District desires to execute a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form on file with the District Secretary, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "**Continuing Disclosure Certificate**"); and

WHEREAS, in order to effect the refunding of the 2013 Bonds, the District desires to enter into an Escrow Agreement (2013 Bonds) with the Agency and U.S. Bank National Association, as trustee for the 2013 Bonds and escrow agent (such Escrow Agreement (2013 Bonds), in the form on file with the District Secretary, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "**Escrow Agreement**"); and

WHEREAS, in compliance with Section 5852.1 of the California Government Code, the District has obtained from the Underwriter required good faith estimates relating to the Bonds, and such estimates are disclosed and set forth in Exhibit A hereto; and

WHEREAS, the Board of Directors of the District has been presented with the form of each document that is referred to herein relating to the refunding that is contemplated hereby, and the Board of Directors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refunding; and

WHEREAS, all acts, conditions and things that are required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the refunding that is authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such refunding for the purpose, in the manner and upon the terms herein provided;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Walnut Valley Water District:

1. Each of the above recitals is true and correct.
2. The Indenture, in substantially the form on file with the District Secretary, and made a part hereof as though set forth in full herein, is hereby approved. Each of the President, the Vice President, the General Manager, the Assistant General Manager and the District Secretary, or the written designee of one of the foregoing (the "**Authorized Officers**"), acting singly, is hereby authorized to execute and deliver the Indenture, in the name of and on behalf of the District, in substantially the form attached hereto, with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Indenture, said execution being conclusive evidence of such approval, and the District Secretary is hereby authorized to attest thereto.
3. Subject to the limitations specified in this Resolution, the issuance of the Bonds on the terms and conditions set forth in the Indenture is hereby authorized and approved. The aggregate principal amount of the Bonds shall not exceed \$16,000,000. The Bonds will be dated as provided in, will bear interest at the rates provided in, will mature on the date or dates provided in, will be issued in the form provided in, will have the sinking fund installments specified in, will be subject to redemption as provided in, and will have such other terms as shall be provided in, the Indenture, as the same is completed as provided in this Resolution. The net proceeds received from the sale of the Bonds shall be applied to such purposes as are set forth in the recitals to this Resolution in the manner provided in the Indenture.
4. The Purchase Contract, in substantially the form on file with the District Secretary, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the Purchase Contract, in the name of and on behalf of the District, in substantially the form attached hereto, with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Purchase Contract, said execution being conclusive evidence of such approval, and the District Secretary is hereby authorized to attest thereto.

The Authorized Officer executing the Purchase Contract is hereby authorized to determine the purchase price to be paid for the Bonds under the Purchase Contract; provided,

however, that the aggregate Underwriter's discount (not including original issue discount) for the Bonds shall be not more than 0.315% of the aggregate principal amount of the Bonds, and provided that the issuance of the Bonds shall result in aggregate net present value debt service savings of at least 5% compared to debt service on the 2013 Bonds. The sale of the Bonds to the Underwriter on the terms and conditions contained in the Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

5. The Preliminary Official Statement, in substantially the form on file with the District Secretary, and made a part hereof as though set forth in full herein, is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to cause the Preliminary Official Statement to be delivered to the Underwriter, in substantially the form on file with the District Secretary, with such changes, insertions and deletions as may be approved by the Authorized Officer delivering the Preliminary Official Statement (including without limitation the insertion of the proposed terms of the Bonds), said delivery being conclusive evidence of such approval. The use of the Preliminary Official Statement in connection with the offering and sale of the Bonds by the Underwriter, including delivery of the Preliminary Official Statement in electronic form, is hereby authorized and approved. Each of the Authorized Officers, acting singly, is hereby authorized to determine that the Preliminary Official Statement is deemed final for purposes of Rule 15c2-12.

The preparation and delivery to the Underwriter of a final Official Statement (the "**Official Statement**") relating to the Bonds, and its use by the Underwriter in connection with the offering and sale of the Bonds, including delivery of the Official Statement in electronic form, is hereby approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Official Statement (including without limitation the insertion of the final terms of the Bonds), said execution being conclusive evidence of such approval. Each of the Authorized Officers, acting singly, is hereby authorized to execute the Official Statement, in the name and on behalf of the District, and thereupon to cause the Official Statement to be delivered to the Underwriter. Each of the Authorized Officers, acting singly, is hereby authorized to approve and execute any amendment or supplement to the Official Statement contemplated by the Purchase Contract, in the name and on behalf of the District, and thereupon to cause such amendment or supplement to be delivered to the Underwriter.

6. The Continuing Disclosure Certificate, in substantially the form on file with the District Secretary, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the Continuing Disclosure Certificate, in the name of and on behalf of the District, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Continuing Disclosure Certificate, said execution being conclusive evidence of such approval, and the District Secretary is hereby authorized to attest thereto.

7. The Escrow Agreement, in substantially the form on file with the District Secretary, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the Escrow Agreement, in the name of and on behalf of the District, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Escrow Agreement, said execution being conclusive evidence of such approval, and the District Secretary is hereby authorized to attest thereto.

8. The District wishes to engage Stradling Yocca Carlson & Rauth, a Professional Corporation ("**SYCR**"), as Bond Counsel and Disclosure Counsel in connection with the issuance of the Bonds. The engagement letter with SYCR, in substantially the form on file with the District Secretary, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the engagement letter with SYCR, in the name of and on behalf of the District, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the engagement letter with SYCR, said execution being conclusive evidence of such approval, and the District Secretary is hereby authorized to attest thereto.

9. The District wishes to engage Urban Futures, Inc. ("UFI"), as Municipal Advisor in connection with the issuance of the Bonds. The engagement letter with UFI, in substantially the form on file with the District Secretary, and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the engagement letter with UFI, in the name of and on behalf of the District, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the engagement letter with UFI, said execution being conclusive evidence of such approval, and the District Secretary is hereby authorized to attest thereto.

10. The Authorized Officers are hereby authorized, empowered and directed, individually, to execute such other documents in addition to those enumerated herein and to take such other actions as each deems necessary or advisable in order to consummate the issuance of the Bonds and the refunding of the 2013 Bonds (including, but not limited to, executing escrow or redemption notices and/or instructions to be delivered in connection with the refunding of the 2013 Bonds). Such actions heretofore taken by the Authorized Officers or their designees are hereby ratified, confirmed and approved.

11. Each of the Authorized Officers is authorized to provide for all other services necessary to effect the matters that are described in this Resolution. Such services shall include, but not be limited to, trustee services, escrow verification services and any other services that are deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services and to enter into agreements as needed to engage such consultants.

12. This Resolution shall take effect immediately upon its adoption.

**ADOPTED AT A SPECIAL MEETING OF THE WALNUT VALLEY WATER DISTRICT
HELD JULY 20, 2021**

AYES: Hayakawa, Hilden, Kwong, Lee, Tang
NOES: None
ABSENT: None
ABSTAIN: None



Scarlett Kwong
President Board of Directors

ATTEST:



Erik Hitchman
Secretary, Board of Directors

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by Wells Fargo Bank, National Association, the Underwriter of the Bonds.

Principal Amount. The Underwriter has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the principal amount of the Bonds is \$15,385,000 (the "**Estimated Principal Amount**").

True Interest Cost. The Underwriter has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, 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 Bonds, is 2.35%.

Finance Charge of the Bonds. The Underwriter has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$160,791.

Amount of Proceeds to be Received. The Underwriter has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$15,222,874.

Total Payment Amount. The Underwriter has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its 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 Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$19,021,866.

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, 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 sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on a variety of factors. Market interest rates are affected by economic and other factors beyond the control of the District.