

TRIUNFO WATER & SANITATION DISTRICT

RESOLUTION NO. TWSD 2021-004

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRIUNFO WATER & SANITATION DISTRICT AUTHORIZING THE REFINANCING OF THREE PRIOR OBLIGATIONS OF THE DISTRICT VIA NEW LOAN AGREEMENTS, AND APPROVING RELATED DOCUMENTS

WHEREAS, the Triunfo Water & Sanitation District (the “**District**”) owns and operates the following: (1) a system for the supply, treatment and distribution of potable water (the “**Potable Water System**”), (2) a system for the collection, transportation and treatment of wastewater (the “**Sanitation System**”), and (3) a system for the supply, treatment and distribution of recycled water (the “**Recycled Water System**”); and

WHEREAS, in 2011, to finance capital improvements to the Potable Water System, the District entered into an Installment Purchase Agreement with the Triunfo Public Facilities Corporation (the “**Corporation**”), dated as of February 1, 2011, which agreement was assigned to Bank of America, N.A. (the “**Bank**”) pursuant to an Assignment Agreement, dated as of February 1, 2011 (together, the “**2011 Water Obligation**”); and

WHEREAS, in 2014, to finance capital improvements to the Potable Water System, the District entered into a Master Equipment Lease/Purchase Agreement with the Bank, dated as May 22, 2014, including Exhibit A (Schedule of Property No. 001) which is a part thereof (together, the “**2014 Water Obligation**”); and

WHEREAS, in 2017, to finance the acquisition of, and capital improvements to, the Recycled Water System, the District entered into a Lease Purchase Agreement and a Base Lease with the Corporation, each dated as of February 1, 2017, which agreements were assigned to Banc of America Public Capital Corp and Banc of America Leasing & Capital, LLC pursuant to an Assignment Agreement with the Corporation, dated as of February 15, 2017 (collectively, the “**2017 Recycled Water Obligation**”); and

WHEREAS, the 2017 Recycled Water Obligation was subsequently assigned to Pacific Premier Bank (“**PPB**”); and

WHEREAS, the 2011 Water Obligation, the 2014 Water Obligation, and the 2017 Recycled Water Obligation are collectively referred to herein as the “**Prior Obligations**”; and

WHEREAS, the District has determined that it is in its best interests at this time to refinance, in full, the Prior Obligations, thereby realizing interest rate savings and more flexibility in managing its long-term obligations, and to provide funds for that purpose, the District has determined to enter into two new loan agreements, one with the Bank and/or an affiliate(s) and one with PPB and/or an affiliate(s); and

WHEREAS, the District is authorized to borrow amounts for the purpose of refinancing the Prior Obligations under the laws of the State of California, including the

provisions of Articles 10 and 11, Chapter 3, Part 1, Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code; and

WHEREAS, the District has previously adopted a debt management policy and entrance into the new loan agreements is in compliance with the debt management policy; and

WHEREAS, the information required to be obtained and disclosed with respect to the refinancing and the new loan agreements by the Board of Directors (the "**Board**") in accordance with Government Code Section 5852.1 is set forth in the staff report accompanying this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Triunfo Water & Sanitation District as follows:

Section 1. Approval of Loan Agreement for Potable Water System. To refinance in full the 2011 Water Obligation and the 2014 Water Obligation, the Board hereby approves the Loan Agreement (Potable Water System), between the District and the Bank or an affiliate(s) (the "**Potable Water Loan**"), in substantially the form on file with the Clerk of the Board, together with any changes therein or additions thereto deemed advisable by the Chair of the Board or the General Manager (each, an "**Authorized Officer**"); provided, that the maximum principal amount of the Potable Water Loan shall not exceed \$7,000,000 and net present value savings achieved by executing the Potable Water Loan shall be at least equal to 3.0%. The Potable Water Loan shall be payable from and secured solely by a pledge of the net revenues of the Potable Water System as described therein. Subject to the foregoing, the Board hereby authorizes and directs an Authorized Officer to execute, and the Clerk of the Board to attest the final form of the Potable Water Loan for and in the name of the District.

Section 2. Approval of Loan Agreement for Recycled Water System. To refinance in full the 2017 Recycled Water Obligation, the Board hereby approves the Loan Agreement (Recycled Water System), between the District and PPB or an affiliate(s) (the "**Recycled Water Loan**"), in substantially the form on file with the Clerk of the Board, together with any changes therein or additions thereto deemed advisable by an Authorized Officer; provided, that the maximum principal amount of the Recycled Water Loan shall not exceed \$9,000,000. The Recycled Water Loan shall be payable from and secured solely by a pledge of the net revenues of the Recycled Water System as described therein. A portion of the Recycled Water Loan shall be designated as federally tax-exempt and a portion shall be designated as federally taxable, to comply with federal tax law requirements. Subject to the foregoing, the Board hereby authorizes and directs an Authorized Officer to execute, and the Clerk of the Board to attest the final form of the Recycled Water Loan for and in the name of the District.

Section 3. Engagement of Financing Consultants. In connection with the District's entrance into the Potable Water Loan and Recycled Water Loan, the Board hereby approves, authorizes and ratifies the engagement of Bartle Wells & Associates as municipal advisor to the District, Jones Hall, A Professional Law Corporation as special counsel to the District and Oppenheimer & Co. Inc. as placement agent to the District. Payment of the fees of said firms shall be contingent on the successful closing of the refinancing and shall be paid from the proceeds thereof or other available funds of the District. Similarly, any other costs of issuance related to the refinancing, including the

structuring fee payable to the Bank, shall be payable contingent on the successful closing of the refinancing from the proceeds thereof or other available funds of the District.

Section 4. Official Actions. The Chair of the Board, General Manager, Finance Director, Clerk of the Board and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED, AND ADOPTED this ____ day of _____, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Raymond Tjulander, Chair
Triunfo Water & Sanitation District

Attest:

Fidela Garcia
Clerk of the Board

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