

SONOMA COUNTY WATER AGENCY

ORDINANCE NO. __

**(Supplemental to Ordinance No. 1, Adopted December 28, 1970,
as previously amended and supplemented by an Amended and Restated
Ordinance adopted on April 28, 2026)**

**Twelfth Supplemental Ordinance
Providing for the Issuance of Not to Exceed \$55,000,000
Principal Amount of Sonoma County Water Agency
Water Revenue Bonds, 2026 Series A**

Adopted April 28, 2026

Twelfth Supplemental Ordinance Providing For The Issuance Of Not To Exceed
\$55,000,000 Principal Amount Of
Sonoma County Water Agency Water Revenue Bonds,
2026 Series A

WHEREAS, the Board of Directors of Sonoma County Water Agency (“Sonoma Water”) on December 28, 1970, duly adopted its Ordinance No. 1, as amended and restated by an Amended and Restated Ordinance No. 1 adopted by the Board of Directors on April 28, 2026 (as amended and restated, the “Master Ordinance”), to provide for the issuance of Sonoma County Water Agency Bonds (the “Bonds”);

WHEREAS, in connection with the issuance of its 2003 Series A Bonds, Sonoma Water adopted Ordinance No. 38 entitled “Sixth Supplemental Ordinance Providing for the Issuance of Not to Exceed \$19,500,000 Principal Amount of Sonoma County Water Agency Water Revenue Bonds, 2003 Series A and the Modification of Certain Provisions of Ordinance No. 1 Adopted December 28, 1970, as Amended and Supplemented to Date,” which amended certain provisions of the Master Ordinance;

WHEREAS, in connection with the issuance of its 2006 Series A Bonds, Sonoma Water adopted Ordinance No. 48 entitled “Seventh Supplemental Ordinance Providing for the Issuance of Not to Exceed \$15,000,000 Principal Amount of Sonoma County Water Agency Water Revenue Bonds, 2006 Series A”;

WHEREAS, in connection with the issuance of its 2012 Series A Bonds, Sonoma Water adopted Resolution No. 12-0337 entitled “Eighth Supplemental Resolution Providing for the Issuance of Not to Exceed \$15,500,000 Principal Amount of Sonoma County Water Agency Water Revenue Refunding Bonds, 2012 Series A”;

WHEREAS, in connection with the issuance of its 2015 Series A Bonds and 2015 Series A-T Bonds (Federally Taxable), Sonoma Water adopted Ordinance No. 6133 entitled “Ninth Supplemental Ordinance Providing for the Issuance of Not to Exceed \$35,000,000 Principal Amount of Sonoma County Water Agency Water Revenue Bonds, 2015 Series A and 2015 Series A-T (Federally Taxable)”;

WHEREAS, in connection with the issuance of its 2019 Series A Bonds, Sonoma Water adopted Ordinance No. 6261 entitled “Tenth Supplemental Ordinance Providing for the Issuance of Not to Exceed \$14,500,000 Principal Amount of Sonoma County Water Agency Water Revenue Bonds, 2019 Series A”;

WHEREAS, in connection with the issuance of its 2022 Series A Bonds, Sonoma Water adopted Ordinance No. 6376 entitled “Eleventh Supplemental Ordinance Providing for the Issuance of Not to Exceed \$30,000,000 Principal Amount of Sonoma County Water Agency Water Revenue Bonds, 2022 Series A”;

WHEREAS, the Master Ordinance provides that Sonoma Water may issue additional Bonds from time to time as the issuance thereof is authorized by Sonoma Water by a Supplemental Ordinance, subject to the conditions and limitations contained in the Act (as such term is defined in the Master Ordinance) and in Article III of the Master Ordinance;

WHEREAS, Section 3.05 of the Master Ordinance also provides that Sonoma Water may issue Bonds pursuant to the Master Ordinance from time to time to refund Bonds previously issued under the Master Ordinance, subject to the terms and conditions of said Section 3.05;

WHEREAS, Section 3.06 of the Master Ordinance also provides that Sonoma Water may issue Bonds pursuant to the Master Ordinance from time to time on a parity with Outstanding Bonds issued thereunder, subject to the terms and conditions of said Section 3.06;

WHEREAS, Sonoma Water intends to issue a series of Bonds pursuant to the Master Ordinance and this Twelfth Supplemental Ordinance in the principal amount not to exceed \$55,000,000 designated the "Sonoma County Water Agency Water Revenue Bonds, 2026 Series A" (the "2026 Bonds") to provide moneys for the following purposes:

(a) to finance facilities and improvements to increase the reliability and capacity of Sonoma Water's water transmission system, including without limitation any projects set forth in Sonoma Water's "Water Transmission Long Range Financial Plan," as it may be amended from time to time (collectively, the "2026 Improvements"), and

(b) to refund, in whole or in part, the outstanding 2015 Series A Bonds, subject to market conditions on the pricing date for the 2026 Bonds;

WHEREAS, the 2026 Bonds will be issued on a parity with the Outstanding Bonds and Parity Obligations under the Master Ordinance and the debt service thereon will be payable from Net Revenues on a parity with the debt service on the Outstanding 2022 Series A Bonds, 2019 Series A Bonds, 2015 Series A Bonds (to the extent not refunded in full as provided herein), and the State Loan;

WHEREAS, the applicable conditions and limitations contained in Article III of the Master Ordinance have been satisfied or will be satisfied at the time of the issuance of the 2026 Bonds; and

WHEREAS, the 2026 Bonds will be issued, sold and delivered pursuant to the authority contained in Act and in Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Revenue Bond Law");

WHEREAS, in accordance with Section 30.17 of the Act, the Board has held a public hearing at which time all interested parties were given the opportunity to be heard on the question of whether this Twelfth Supplemental Ordinance should be adopted, notice of said public hearing having been published once in a newspaper of general circulation in Sonoma Water's boundaries not less than 30 days prior to the date of the hearing;

WHEREAS, the Board has determined, following said hearing, that this Twelfth Supplemental Ordinance should be adopted;

WHEREAS, the Board has determined that this Twelfth Supplemental Ordinance shall be effective immediately upon its publication and shall be operative as of the date of issuance of the 2026 Bonds; and

WHEREAS, it is the intent of Sonoma Water that this Twelfth Supplemental Ordinance supplement the Master Ordinance, and that all of the provisions of the Master Ordinance be incorporated herein as if fully set forth herein;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sonoma County Water Agency, as follows:

Article XXIII

Issue of 2026 Bonds

Section 24.01. Issuance of 2026 Bonds.

A series of Bonds to be issued under the Master Ordinance is hereby created. The provisions of this Twelfth Supplemental Ordinance in Article XXIV shall remain in effect only so long as any of the 2026 Bonds are Outstanding. The 2026 Bonds are being issued on a parity with the Outstanding 2022 Series A Bonds, 2019 Series A Bonds, 2015 Series A Bonds, and the State Loan.

Upon the execution and delivery of this Twelfth Supplemental Ordinance, Sonoma Water shall execute and deliver 2026 Bonds in an original principal amount not to exceed \$55,000,000 to the Trustee for authentication and delivery to the Participating Underwriter with respect to the 2026 Bonds upon the Request of the Agency.

Section 24.02. Application of Proceeds of Sale of 2026 Bonds.

(a) Upon the receipt by the Trustee of payment for the 2026 Bonds on the Closing Date in an amount equal to the principal amount of the 2026 Bonds (including any good faith deposit previously delivered by the Participating Underwriter and held by the Trustee), plus net original issue premium, if any, less net original issue discount, if any, less the Participating Underwriter's discount, and less the Municipal Bond Insurance Policy premium, if any, shall be deposited in the Bond Proceeds Fund, which is hereby created as a temporary fund to be held by the Trustee. Following such deposit, the Trustee shall promptly disburse amounts on deposit in the Bond Proceeds Fund as follows:

(i) The Trustee shall transfer to the 2026 Cost of Issuance Fund (created in Section 24.05 below) an amount equal to the Costs of Issuance (as defined in Section 24.05 below).

(ii) If and to the extent Sonoma Water determines to refund all or any portion of the 2015 Series A Bonds based on market conditions on the pricing date for the 2026 Bonds, the Trustee shall transfer to U.S. Bank Trust Company, National Association, as escrow agent, the amount of proceeds determined to be necessary to defease and redeem, in whole or in part, as applicable, the 2015 Series A Bonds.

(iii) The Trustee shall transfer the remaining proceeds of the 2026 Bonds on deposit in the Bond Proceeds Fund to the Treasurer for deposit in the 2026 Series A Account of the Construction Fund (created in Section 24.04 below).

Upon the Treasurer's disbursement and transfer of such amounts, the Trustee shall close the Bond Proceeds Fund.

(b) The calculations of the deposit to the Bond Proceeds Fund and the amounts to be transferred therefrom by the Trustee on the Closing Date are set forth on Exhibit A.

Section 24.03. Construction Fund.

(a) There is hereby created within the Construction Fund held by the Treasurer a “2026 Series A Account.”

(b) The Treasurer shall disburse amounts on deposit in the 2026 Series A Account of the Construction Fund as provided in Section 3.04 of the Master Indenture in order to acquire and pay for the 2026 Improvements. The Treasurer shall account for all funds on deposit in the 2026 Series A Account of the Construction Fund separate and apart from all other funds of Sonoma Water.

Section 24.04. 2026 Cost of Issuance Fund.

There is hereby created a fund to be known as the "Sonoma County Water Agency Water Revenue Bonds, 2026 Cost of Issuance Fund" (the "2026 Cost of Issuance Fund"), which is to be held by the Trustee and is hereby created. The moneys in the 2026 Cost of Issuance Fund shall be used in the manner provided by law solely for the purpose of the payment of Costs of Issuance upon receipt by the Trustee of invoices, accompanied by a signed Request of the Agency to pay such invoices, on or after the Closing Date. Such Request shall include a list of the payees and the payments (not to exceed) to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request or in the invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by Sonoma Water with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

Any funds remaining in the 2026 Cost of Issuance Fund 90 days after the Closing Date shall be transferred by the Trustee to the Debt Service Fund and the Trustee shall, upon making such transfer, close the 2026 Cost of Issuance Fund.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the 2026 Bonds, including but not limited to compensation, fees and expenses of Sonoma Water and the Trustee and their respective counsel, compensation to any financial consultants and underwriters, legal fees and expenses, municipal bond insurance or surety bond premiums, publication, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

Section 24.05. Terms of 2026 Bonds.

The 2026 Bonds are authorized to be issued by Sonoma Water under and subject to the Act, the Revenue Bond Law and the terms of the Master Ordinance and shall be issued in an original principal amount not to exceed \$55,000,000.

The 2026 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, in accordance with the form set forth in the Master Ordinance. None of the 2026 Bonds shall bear interest at a rate exceeding 12% per annum. The principal of the 2026 Bonds shall amortize, together with interest thereon, to achieve debt service

that is as close as practicable to level debt service over the life of the 2026 Bonds (given the actual interest rates on the 2026 Bonds). The 2026 Bonds may be issued in the form of Serial Bonds and/or Term Bonds, and shall each mature on July 1 of the year of their maturity, provided that no 2026 Bonds shall exceed a term of 40 years.

On the Closing Date, Sonoma Water shall execute a certificate in the form attached hereto as Exhibit A setting forth the deposits and disbursements to be made under Section 24.02(a), the final maturity schedule, interest rates, and redemption features relating to the 2026 Bonds, and any necessary corrections to this Twelfth Supplemental Ordinance, which shall be deemed to be part of the Master Ordinance.

Interest on the 2026 Bonds shall be payable on each Interest Payment Date, commencing January 1, 2027, to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the applicable Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the 2026 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the 2026 Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on any 2026 Bond shall be paid upon presentation and surrender thereof at the designated office of the Trustee in San Francisco, California. Both the principal of and interest and premium (if any) on the 2026 Bonds shall be payable in lawful money of the United States of America.

The 2026 Bonds shall be dated their date of delivery and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to December 15, 2026, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any 2026 Bond, interest thereon is in default, such 2026 Bond shall bear interest from the date to which interest has previously been paid or made available for payment thereon in full. The form of the 2026 Bonds shall be as set forth in Appendix A to the Master Ordinance, and the 2022 Bonds shall be subject to the applicable provisions of Article II of the Master Ordinance.

Section 24.06. Redemption of 2026 Bonds.

The 2026 Bonds shall be subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption from insurance or condemnation proceeds as provided in the Certificate of the Agency the form of which is attached hereto as Exhibit A. Notwithstanding anything in the Master Ordinance to the contrary, Sonoma Water shall have the right to cancel the notice of any optional redemption by providing written notice of such cancellation to the Trustee not less than 5 days prior to the date set for redemption.

Section 24.07. Continuing Disclosure.

Sonoma Water hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") as originally executed as of the date of issuance and delivery of the 2026 Bonds, and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Twelfth Supplemental Ordinance, failure by Sonoma Water to comply with the Continuing Disclosure Agreement shall not constitute a default hereunder; provided, however, that any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or any Owner or beneficial owner of the 2026 Bonds may take such action as may be necessary and appropriate to compel performance by Sonoma Water of its obligations under this Section, including seeking mandamus or specific performance by court order. All capitalized terms used but not defined in this Section shall have the meanings given in the Continuing Disclosure Agreement.

Section 24.08. Municipal Bond Insurance Policy.

If Sonoma Water determines to obtain either a Municipal Bond Insurance Policy with respect to the 2026 Bonds or any portion thereof, any requirements, conditions and agreements relating thereto shall be included in a Certificate of the Agency, the form of which is attached hereto as Exhibit A.

Section 24.09. Federal Tax Covenants.

(a) **Generally.** The Agency shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the 2026 Bonds to become includable in gross income for federal income tax purposes.

(b) **Private Activity Bond Limitation.** The Agency will assure that the proceeds of the 2026 Bonds are not so used as to cause the 2026 Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

(c) **Federal Guarantee Prohibition.** The Agency will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the 2026 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

(d) **Rebate of Excess Investment Earnings.** The Agency shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the 2026 Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Agency shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any source of legally available funds of the Agency. The Agency shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the 2026 Bonds, records of the determinations made under this subsection.

(e) **No Arbitrage.** The Agency will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2026 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2026 Bonds would have caused the 2026 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

(f) **Maintenance of Tax-Exemption.** The Agency will take all actions necessary to assure the exclusion of interest on the 2026 Bonds from the gross income of the Owners of the 2026 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2026 Bonds.

(g) **Record Retention.** The Agency will retain its records of all accounting and monitoring it carries out with respect to the 2026 Bonds for at least 3 years after the 2026 Bonds mature or are redeemed (whichever is earlier), except as otherwise set forth in paragraph (iv) above with respect to rebate; however, if the 2026 Bonds are redeemed and refunded, the Agency will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the 2026 Bonds.

Section 24.10. Consent to Establishment of Rate Stabilization Fund.

The purchase of the 2026 Bonds by the Owners constitutes their consent to and acceptance of the amendments to the Master Ordinance adding Section 5.09 entitled "Rate Stabilization Reserve Fund." Pursuant to the amendment provisions set forth in Section 8.01 of the Master Ordinance, Section 5.09 shall become effective when the Owners of Outstanding Bonds having consented to such amendment constitute a majority of the Owners of Outstanding Bonds.

Section 24.11. Publication.

The Clerk is hereby directed to cause this Twelfth Supplemental Ordinance to be published once, with the names of the members of the Board voting for and against this Twelfth Supplemental Ordinance, in The Press Democrat or any other newspaper published in the County of Sonoma, such publication to be made before the expiration of 15 days after the passage of this Twelfth Supplemental Ordinance.

Section 24.12. Severability.

If any section, subsection, sentence, clause or phrase of this Twelfth Supplemental Ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion thereof. The Board of Directors hereby declares that it would have passed this Twelfth Supplemental Ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

Section 24.13. Effective Date; Operative Date.

This Twelfth Supplemental Ordinance shall be effective immediately upon its adoption, and shall be operative as of the date of issuance of the 2026 Bonds. This Twelfth Supplemental Ordinance shall supplement the Master Ordinance only so long as any of the 2026 Bonds are outstanding.

The provisions contained in the Certificate of the Agency the form of which is set forth as Exhibit A hereto shall be deemed incorporated herein with the same force and effect as if fully set forth herein.

Directors:

Rabbitt: Coursey: Gore: Hopkins: Hermosillo:
Ayes: Noes: Absent: Abstain:

So Ordered.

WHEREUPON, the Chair declared the above and foregoing Ordinance duly adopted and

SO ORDERED.

Chair, Board of Supervisors
County of Sonoma

ATTEST:

Clerk of the Board of Supervisors

EXHIBIT A

CERTIFICATE OF THE AGENCY

The undersigned, the duly appointed, qualified and acting General Manager of the Sonoma County Water Agency, a water agency duly organized and existing under the Constitution and laws of the United States of America ("Sonoma Water"), hereby certifies and agrees as follows:

1. **Bond Proceeds.** The deposits and disbursements to be made under Section 24.02(a) are as follows:

Deposits to Bond Proceeds Fund

Principal amount of the 2026 Bonds
Plus Net Original Issue Premium / Less Original
Issue Discount
Less Participating Underwriter's discount
Less Municipal Bond Insurance Policy premium _____
Total:

Disbursements from Bond Proceeds Fund

Deposit to 2026 Cost of Issuance Fund
Transfer to Escrow Agent
Deposit to 2026 Series A Account of the Construction Fund _____
Total:

2. **Maturity Schedule.** The 2026 Bonds shall mature on July 1 of each year as follows:

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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*Term Bonds

3. **Redemption Terms.** The 2026 Bonds shall be subject to redemption as follows:

Optional Redemption. The 2026 Bonds maturing on or before July 1, 20__, are not subject to optional redemption prior to maturity. The 2026 Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective maturity dates, at the option of Sonoma Water, as a whole or in part on any Business Day, in any order directed by Sonoma Water, and if Sonoma Water fails to direct the order, pro rata among maturities, and by lot within a maturity, on any Business Day on or after July 1, 20__, from any source of available funds, at a redemption price equal to the principal amount of the 2026 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Sonoma Water shall be required to give the Trustee written notice of its intention to redeem 2026 Bonds under this subsection 45 days prior to the date fixed for redemption, and shall deposit all amounts required for such redemption with the Trustee at least one day prior to the date fixed for such redemption.

Mandatory Sinking Fund Redemption. The 2026 Bonds maturing on July 1, 20__ and July 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part at a redemption price of 100% of the principal amount thereof (without premium) plus accrued interest to the date fixed for redemption, on July 1 in the years set forth below, and in the amounts set forth below:

20__ Term Bonds

Sinking Fund Redemption Date (July 1)	<u>Sinking Payments</u>
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*Scheduled maturity

20__ Term Bonds

Sinking Fund Redemption Date (July 1)	<u>Sinking Payments</u>
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Special Mandatory Redemption From Insurance or Condemnation Proceeds. The 2026 Bonds are also subject to redemption as a whole or in part on any date, in any order directed by Sonoma Water, and if Sonoma Water fails to direct the order, pro rata among maturities, and by lot within a maturity, to the extent of the Net Proceeds of hazard insurance not used to repair or rebuild the Transmission System or the Net Proceeds of condemnation awards received with respect to the Transmission System to be used for such purpose pursuant to Sections 6.03 or 6.06 of the Master Ordinance, at a redemption price equal to the principal amount of the 2026 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

4. Municipal Bond Insurance Provisions. In connection with the Municipal Bond Insurance Policy, Sonoma Water agrees to comply with the following provisions:

[to come]

The provisions set forth herein shall be deemed incorporated in full in the ordinance of Sonoma Water entitled "Twelfth Supplemental Ordinance Providing for the Issuance of Not to Exceed \$55,000,000 Principal Amount of Sonoma County Water Agency Water Revenue Bonds, 2026 Series A," with the same force and effect as if fully set forth therein.

Dated: _____, 2026

SONOMA COUNTY WATER AGENCY

By: _____
Grant Davis
General Manager