

Resolution No. PFA

**County of Sonoma
Santa Rosa, CA 95403**

Date: _____, 2022

Resolution of the Governing Board of the Sonoma County Water and Wastewater Financing Authority Authorizing the Issuance of Revenue Bonds in an Initial Aggregate Principal Amount Not to Exceed \$30,000,000 in Connection with Financing and Refinancing Certain Wastewater System Improvements of the Sonoma Valley County Sanitation District, Authorizing and Directing Execution of an Indenture of Trust, an Installment Sale Agreement and Certain Other Documents, Authorizing the Sale of Bonds, Approving an Official Statement, and Authorizing Other Related Actions

WHEREAS, the Sonoma County Water and Wastewater Financing Authority (the "Authority") has been formed for the purpose, among others, of issuing its revenue bonds to finance and refinance the acquisition, construction and improvement of certain public capital improvements for the Sonoma Valley County Sanitation District (the "District"); and

WHEREAS, for the purpose of raising funds necessary to finance and refinance certain improvements to the District's wastewater system (the "Project"), the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), to be designated as the Sonoma County Water and Wastewater Financing Authority 2022 Revenue Bonds (Sonoma Valley County Sanitation District Wastewater Projects) (the "Bonds"); and

WHEREAS, the Authority previously issued its Sonoma County Water and Wastewater Financing Authority 2013 Revenue Bonds (Sonoma Valley County Sanitation District Wastewater Projects) in the original aggregate principal amount of \$12,105,000 (the "2013 Bonds"), which financed the acquisition and construction of certain improvements to the District's wastewater system and refinanced certain obligations of the Authority and District; and

WHEREAS, the proceeds of the Bonds will be used to refund and defease the 2013 Bonds, subject to favorable market conditions at the time the Bonds are sold, and finance the acquisition and construction of the Project; and

WHEREAS, pursuant to an Installment Sale Agreement by and between the District and the Authority (the "Installment Sale Agreement"), the District will purchase the Project from the Authority, and the Authority will use the installment payments made by the District to the Authority pursuant to the Installment Sale Agreement to pay debt service on the Bonds; and

WHEREAS, the Authority desires to prepare and make available to potential investors an official statement relating to the Bonds containing information to be used in connection with the sale of Bonds; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, certain financial information relating to the Bonds is attached hereto as Appendix A, and such information has been disclosed and made public; and

WHEREAS, the Board of Directors (the "Board") of the Authority has duly considered these transactions and wishes at this time to approve these transactions and make certain findings regarding significant public benefits to the Authority's members with respect to these transactions;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE SONOMA COUNTY WATER AND WASTEWATER FINANCING AUTHORITY, as follows:

Section 1. Findings and Determinations. Pursuant to the Act, the Board hereby finds and determines that the issuance of the Bonds and the transactions related thereto will result in significant public benefits to its members within the contemplation of Section 6586 of the Act.

Section 2. Issuance of Bonds; Approval of Indenture. The Board hereby authorizes the issuance of the Bonds in a maximum aggregate principal amount not to exceed \$30,000,000. The Bonds shall be issued pursuant to an Indenture of Trust (the "Indenture") by and between the Authority and the Trustee (hereinafter defined). The Board hereby approves the Indenture in the form on file with the Secretary, together with such additions thereto and changes therein as the Chair, Vice Chair, Executive Director, Treasurer or Secretary or, in their absence, any other member of the Board, or the written designee of any of them (each, a "Designated Officer"), deems necessary, desirable or appropriate upon consultation with bond counsel to the Authority, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Indenture for and in the name and on behalf of the Authority. The Board hereby authorizes the performance by the Authority of its obligations under the Indenture.

Section 3. Approval of Installment Sale Agreement. The Board hereby approves the form of the Installment Sale Agreement by and between the Authority and the District on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel to the Authority, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Installment Sale Agreement for and in the name of and on behalf of the Authority. The Authority hereby authorizes the performance by the Authority of its obligations under the Installment Sale Agreement.

Section 4. Approval of Refunding Instructions. The Board hereby approves the form of the Irrevocable Refunding Instructions (the "Irrevocable Refunding Instructions") to be given by the Authority and the District to the Trustee, as escrow agent, on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel to the Authority, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Irrevocable Refunding Instructions for and in the name of and on behalf of the Authority. The Authority hereby authorizes the performance by the Authority of its obligations under the Irrevocable Refunding Instructions.

Section 5. Notice of Sale; Bond Purchase Agreement; Sale of Bonds. The Board hereby authorizes and directs the Executive Director of the Authority to sell the Bonds pursuant to a competitive sale. The Board hereby approves the form of the Official Notice of Sale on file with the Secretary, with such additions thereto and changes therein as Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel to the Authority.

Notwithstanding the preceding paragraph, in the event a Designated Officer determines it is more advantageous to sell the Bonds by negotiated sale, rather than by competitive sale, the Designated Officers, in conjunction with the District, shall select one or more investment banking firms to act as underwriters (the "Underwriters") for the Bonds, in accordance with the policies and procedures of the County of Sonoma, and to enter into a bond purchase agreement with the Underwriters. The Board hereby approves the form of the Bond Purchase Agreement on file with the Secretary, with such additions thereto and changes therein as Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel to the Authority. The Designated Officers, each acting alone and if applicable, are hereby authorized and directed to execute the Bond Purchase Agreement and to take all actions necessary to fulfill the Authority's obligations thereunder. The Board hereby authorizes the performance by the Authority of its obligations under the Bond Purchase Agreement.

Notwithstanding the foregoing, the maximum amount of Bonds that may be sold shall not exceed \$30,000,000, the true interest cost of the Bonds shall not exceed 6.00%, and the underwriter's discount (exclusive of any original issue discount) with respect to the Bonds, in the event of a negotiated sale of the Bonds, shall not exceed 2.00%. In addition, at the time of sale of the Bonds, the Designated Officer awarding the sale of the Bonds is authorized to determine, upon consultation with the Authority's Municipal Advisor, whether market conditions warrant the refunding of all or any portion of the outstanding 2013 Bonds, provided that such refunding produces positive net present value savings with respect to the 2013 Bonds being refunded.

Section 6. Official Statement. The Board hereby approves the form of Official Statement relating to the Bonds (the "Official Statement") on file with the Secretary, together with such changes or additions thereto as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel to the Authority, and authorizes the Designated Officers, each acting alone, to deem a preliminary form of the Official Statement final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, except for omissions permitted therein. The Board hereby approves the distribution of the preliminary form of Official Statement to potential Bond investors. The Designated Officers, each acting alone, are hereby authorized to execute the final form of the Official Statement with such changes or additions as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel to the Authority, and the execution of the final Official Statement by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Board hereby authorizes the distribution of the final Official Statement.

Section 7. Selection of Trustee. The Board hereby authorizes and directs the Executive Director to appoint U.S. Bank Trust Company, National Association, as trustee (the "Trustee") for the Bonds, and authorizes the Designated Officers to negotiate the fees for trustee services in the name of and on behalf of the Authority.

Section 8. Official Intent to Reimburse Capital Expenditures. The Board hereby declares that it reasonably expects to issue the Bonds and to use a portion of the proceeds thereof to reimburse expenditures made by the District for the Project before the date of issuance of the Bonds, and not more than 60 days before the effective date of this Resolution. The adoption of

this Resolution is intended to comply with the United States Income Tax Regulations and evidence the intention of this Board to reimburse the District from the proceeds of the Bonds, if and when issued.

Section 9. Official Actions. The Designated Officers and any and all other officers of the Authority are hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and refunding of the 2013 Bonds, and the consummation of the transactions as described herein, including without limitation such documents, assignments, certificates and agreements as may be required by the Indenture, the Installment Sale Agreement, the Irrevocable Refunding Instructions, and any and all other documents and agreement approved hereunder. Any actions previously taken by a Designated Officer in connection with the issuance of the Bonds, the refunding of the 2013 Bonds and the transactions contemplated by this resolution, are hereby ratified and confirmed.

Section 10. Effective Date. This resolution shall take effect immediately.

Governing Board:

Gorin:

Rabbitt:

Coursey:

Hopkins:

Gore:

Ayes:

Noes:

Absent:

Abstain:

So Ordered.

APPENDIX A

REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

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 Authority by KNN Public Finance, LLC, the Authority's Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$18,310,000 (the "Estimated Principal Amount"), which excludes approximately \$2,269,168.60 of net premium estimated to be generated from current market pricing. Net premium is generated when, on a net aggregate basis for a single issuance, the prices paid for the bonds are higher than the face values of such bonds.

True Interest Cost of the Bonds. The Municipal Advisor has informed the Authority 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 3.77%.

Finance Charge of the Bonds. The Municipal Advisor has informed the Authority 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 \$376,550. Such fees and charges include fees for bond and disclosure counsel, municipal advisor, printing, and underwriting.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold plus net premium, 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 from the 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 \$20,975,489.30.

Total Payment Amount. The Municipal Advisor has informed the Authority 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 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 \$30,426,370.83.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, 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 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 financing plan, delays in the financing, 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 and the Authority based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District and the Authority.