

RESOLUTION 22-50

OF THE HELIX WATER DISTRICT BOARD OF DIRECTORS AUTHORIZING EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT SALE AGREEMENT, AN ASSIGNMENT AGREEMENT, A WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (WIFIA) CREDIT AGREEMENT, AND A TERM SHEET FOR THE PURPOSE OF SECURING A WIFIA LOAN, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,972,800, FROM THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, AN AGENCY OF THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE ADMINISTRATOR OF THE EPA, TO FINANCE CERTAIN IMPROVEMENTS TO THE DISTRICT'S WATER SYSTEM

WHEREAS, the District desires to (a) finance the Drinking Water Reliability Project which consists of the following components: (i) Lake Jennings Treatment and Conveyance Improvements, (ii) Cast-Iron Pipeline Replacement, and (iii) Johnston Pump Station Replacement (collectively, the "Project") and (b) pay for the costs incurred in connection with the financing of the Project; and

WHEREAS, the Public Property Financing Corporation of California (the "Corporation") has been organized for the purpose of assisting public agencies in the State of California in financing their public projects, and to that end the Corporation is authorized to assist the District in financing the costs of acquisition, construction and improvement of the Project; and

WHEREAS, the United States Environmental Protection Agency, an agency of the United States of America acting by and through the Administrator of the Environmental Protection Agency (the "WIFIA Credit Provider"), has agreed to provide funding to the District to finance the Project pursuant to the terms and conditions of that certain WIFIA Credit Agreement, dated as of September 9, 2022 (the "WIFIA Credit Agreement"), by and among the Authority, the Corporation, and the WIFIA Credit Provider and that certain WIFIA Term Sheet executed and delivered concurrently therewith (the "Term Sheet") by and among the District, Corporation, and the WIFIA Credit Provider; and

WHEREAS, in consideration for the WIFIA Credit Provider making funding available under the WIFIA Credit Agreement, the Corporation has agreed to assign all of the Assigned Rights (as defined in the Assignment Agreement) to the WIFIA Credit Provider pursuant to the Assignment Agreement, dated as of September 1, 2022 (the "Assignment Agreement"), by and among the Corporation, WIFIA Credit Provider and District; and

WHEREAS, in order to repay the funds provided by the WIFIA Credit Provider, the Corporation has agreed to sell the Project back to the District and the District has agreed to purchase the Project from the Corporation to be paid in installment payments as set forth in the Installment Sale Agreement, dated as of September 1, 2022 (the "Installment Sale Agreement"), by and between the District and the Corporation; and

WHEREAS, to enable the financing of the Project as described above, it is necessary that the District enter into an Installment Sale Agreement and an Assignment Agreement hereinafter more particularly described, and that certain other action be taken and authorized; and

WHEREAS, the aforementioned Installment Sale Agreement provides that the District's obligation to make the Installment Payments and the Other WIFIA Payments (as defined in the WIFIA Credit Agreement) shall be secured by a pledge of and a charge and lien upon all Net Revenues (as defined in the WIFIA Credit Agreement) of the District; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the District and desirable that the Installment Sale Agreement, the Assignment Agreement, the WIFIA Credit Agreement, and the Term Sheet be approved as hereinafter described; and

WHEREAS, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the District obtain from an underwriter, municipal advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Installment Sale Agreement, good faith estimates of certain financial information related to the Installment Sale Agreement; and

WHEREAS, in accordance with Section 5852.1, the District has obtained such good faith estimates from its municipal advisor, Fieldman, Rolapp & Associates, and such estimates are disclosed in Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Helix Water District, California as follows:

SECTION 1. Approval of Installment Sale Agreement. The agreement entitled "Installment Sale Agreement" to be entered into by and between the District and the Corporation, which provides generally for the purchase of the Project by the District from the Corporation and the payment by the District to the Corporation of Installment Payments (in amounts which will be sufficient to pay the WIFIA Credit Facility Balance (as defined in the WIFIA Credit Agreement) and accrued interest thereon) and the payment of the Other WIFIA Payments, is hereby approved in the form presented at this meeting at which this resolution is adopted together with the changes therein or additions thereto which are deemed advisable by the President, the General Manager, Director of Administrative Services, and the Secretary of the District (each an "Authorized Officer"), so long as the aggregate principal amount of such Installment Sale Agreement does not exceed \$18,972,800 and the rate of interest on the Installment Sale Agreement does not exceed 5.00%, and each Authorized Officer is hereby authorized to execute, acknowledge and deliver said agreement on behalf of the District.

SECTION 2. Approval of Assignment Agreement. The agreement entitled "Assignment Agreement" to be entered into by and among the District, Corporation, and the WIFIA Credit Provider, which provides generally for the

assignment by the Corporation to the WIFIA Credit Provider of its right to receive Installment Payments (as such term is defined in the Installment Sale Agreement) from the District is approved in the form presented at this meeting at which this resolution is adopted together with the changes therein or additions thereto which are deemed advisable by the Authorized Officers, and each of the Authorized Officers are authorized to execute, acknowledge and deliver said agreement on behalf of the District.

SECTION 3. Approval of WIFIA Credit Agreement and Term Sheet. The document entitled "WIFIA Credit Agreement" presented at this meeting to be entered into by and amongst the District, the Corporation and the WIFIA Credit Provider is approved in the form presented at this meeting at which this resolution is adopted, together with any changes therein or additions thereto which are deemed advisable by the Authorized Officers, and each of the Authorized Officers are authorized to execute, acknowledge and deliver said agreement on behalf of the District. The document entitled "Term Sheet" presented at this meeting to be entered into by and amongst the District, the Corporation, and the WIFIA Credit Provider is approved in the form presented at this meeting at which this resolution is adopted, together with any changes therein or additions thereto which are deemed advisable by the Authorized Officers, and each of the Authorized Officers are authorized to execute, acknowledge and deliver said agreement on behalf of the District.

SECTION 4. Modifications. The approval of said agreements given by this resolution shall apply to any modification or amendment of any of said agreements which is agreed upon and approved by Best Best & Krieger LLP as Special Counsel to the District and any Authorized Officer as being necessary to carry out the provisions thereof and the authorizations and direction provided in this resolution.

SECTION 5. Further Action. The Authorized Officers are each authorized to take any and all action which are directed by Special Counsel to the District with respect to the execution, acknowledgment, and delivery of the aforementioned agreements and the execution and delivery of the Installment Sale Agreement, which, in the opinion of said Special Counsel, is necessary in order for the authorizations and direction provided in this resolution to be carried out.

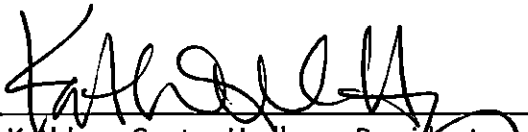
SECTION 6. Effective Date. This Resolution shall be effective as of the date of its adoption.

PASSED, ADOPTED AND APPROVED this 7th day of September 2022, by the following vote:

AYES: Hedberg, Verbeke, McMillan, Gracyk, Scalzitti

NOES: None

ABSENT: None


Kathleen Coates Hedberg, President

ATTEST:

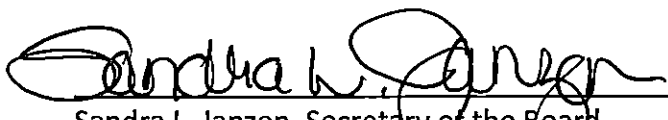

Sandra L. Janzen, Secretary of the Board



EXHIBIT A

Good Faith Estimates

The good faith estimates set forth herein are provided with respect to the Installment Sale Agreement in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by its Municipal Advisor.

Principal Amount. Based on the financing plan and current market conditions, it's good faith estimate of the aggregate principal amount of the Installment Sale Agreement to is \$18,972,800 (the "Estimated Principal Amount").

True Interest Cost of the Installment Sale Agreement. Assuming that the Estimated Principal Amount of the Installment Sale Agreement, and based on market interest rates prevailing at the time of preparation of such estimate, the good faith estimate of the true interest cost of the Installment Sale Agreement, 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 Installment Sale Agreement, is 3.50%.

Finance Charge of the Installment Sale Agreement. Assuming that the Estimated Principal Amount of the Installment Sale Agreement, and based on market interest rates prevailing at the time of preparation of such estimate, the good faith estimate of the finance charge for the Installment Sale Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Installment Sale Agreement), is \$582,000.

Amount of Proceeds to be Received. Assuming that the Estimated Principal Amount of the Installment Sale Agreement, and based on market interest rates prevailing at the time of preparation of such estimate, the good faith estimate of the amount of proceeds expected to be received by the District, on behalf of the District, for the sale of the Installment Sale Agreement, less the finance charge of the Installment Sale Agreement, as estimated above, and any capitalized interest paid or funded with proceeds of the Installment Sale Agreement, is \$18,972,800.

Total Payment Amount. Assuming that the Estimated Principal Amount of the Installment Sale Agreement, and based on market interest rates prevailing at the time of preparation of such estimate, the 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 Installment Sale Agreement, plus the finance charge for the Installment Sale Agreement, as described above, not paid with the proceeds of the Installment Sale Agreement, calculated to the final maturity of the Installment Sale Agreement, is \$37,513,977 (excluding any offsets from reserves or capitalized interest).

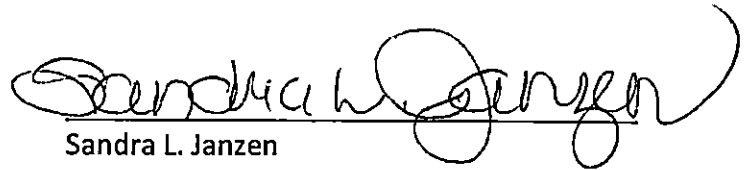
The foregoing estimates constitute good faith estimates only. The actual principal amount of the Installment Sale Agreement, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Installment Sale Agreement being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Installment Sale Agreement being different from the Estimated Principal

Amount, (c) the actual amortization of the Installment Sale Agreement being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Installment Sale Agreement being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the financing plan or finance charges, or a combination of such factors. The actual date of sale of the Installment Sale Agreement and the actual principal amount of Installment Sale Agreement will be determined by the District, on behalf of the District, based on the timing of the need for proceeds of the Installment Sale Agreement and other factors. The actual interest rates borne by the Installment Sale Agreement will depend on market interest rates at the time of sale thereof. The actual amortization of the Installment Sale Agreement 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.

Certification

I, Sandra L. Janzen, Secretary of the Board of the Helix Water District, hereby certify the foregoing to be a true and exact copy of Resolution 22-50 adopted by the board of directors of Helix Water District on September 7, 2022.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Helix Water District this September 7, 2022.

A handwritten signature in black ink that reads "Sandra L. Janzen". The signature is written in a cursive style with a large loop at the end.

Sandra L. Janzen
Secretary of the Board

