

# SUNNYSLOPE COUNTY WATER DISTRICT

## RESOLUTION NO. 497

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUNNYSLOPE COUNTY WATER DISTRICT AUTHORIZING THE BORROWING OF FUNDS FROM SAN BENITO BANK IN THE PRINCIPAL AMOUNT OF \$1,000,000 TO FINANCE WATER SYSTEM IMPROVEMENTS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

**WHEREAS**, the District owns and operates certain facilities and property for the supply, treatment and distribution of water (the "Water System") and the District wishes at this time to finance improvements to the Water System, consisting generally of the addition constructing a new domestic well, pipeline, and related appurtenances, purchase motor, pump, electrical panel, and disinfection building (the "Project"); and

**WHEREAS**, in order to provide funds to finance the acquisition and construction of the Project, the District has determined to borrow the amount of \$1,000,000 from San Benito Bank (the "Lender") and to make quarterly loan repayments (the "Loan Repayments") to the Lender, to be secured by a pledge of and lien on the net revenues of the Water System; and

**WHEREAS**, the Loan Repayments will be payable on a parity basis with the District's outstanding 2002 Installment Purchase Agreement, originally executed and delivered by the District in the principal amount of \$5,200,000; and

**WHEREAS**, the District is authorized to borrow amounts for the foregoing purposes under the laws of the State of California, including the provisions of Article 1, Chapter 1, Part 6 of Division 12 of the California Water Code, commencing with Section 31300 of said Code; and

**WHEREAS**, the Board of Directors approves all of said transactions in furtherance of the public purposes of the District, and the Board of Directors wishes at this time to authorize all proceedings relating to the borrowing of funds from the Lender for the purposes set forth herein;

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the Sunnyslope County Water District as follows:

**Section 1. Approval of Loan.** The Board of Directors hereby approves the borrowing of funds from the Lender in the principal amount of not to exceed \$1,000,000 for the purpose of providing funds to finance the acquisition and construction of the Project, funding a reserve fund for the Loan Repayments and paying the costs of issuance of the Loan.

**Section 2. Loan Agreement.** The Board of Directors hereby approves the Loan Agreement between the District and the Lender in substantially the form on file with the Secretary of the Board of Directors, together with any changes therein or additions thereto deemed advisable by the General Manager. The Board of Directors hereby authorizes and directs the President to execute, and the Secretary of the Board of Directors to attest, the final form of the Loan Agreement for and in the name of the District.

**Section 3. Engagement of Bond Counsel.** The Board of Directors hereby approves the engagement of Jones Hall, A Professional Law Corporation, to act as bond counsel to the District in connection with the Loan. Payment of the fees of bond counsel shall be contingent on the successful closing of the Loan and shall be paid from the proceeds of the Loan. The Board of Directors hereby authorizes and directs the Finance Manager to execute an agreement with said firm in the form on file with the Finance Manager.

**Section 4. Official Actions.** The President, the General Manager, the Finance Manager, the Secretary of the Board of Directors 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, including an agreement regarding the establishment of a reserve fund for the Loan Repayments. 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.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the Board of Directors of the Sunnyslope County Water District at a regular meeting thereof held on the 13th day of December, 2007.


AYES:           ANDERSON, HAILSTONE, NELSON, KECK, AND MERAZ

NOES:           NONE

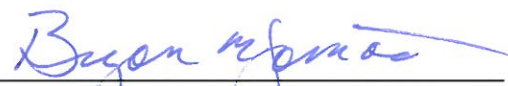
ABSENT:       NONE

ABSTAIN:      NONE

SUNNYSLOPE COUNTY WATER DISTRICT

  
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Dawn V. Anderson, President

(S E A L)

ATTEST:   
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Bryan M. Yamaoka, Secretary