

RESOLUTION NO. 2015 - 05

RESOLUTION OF THE BOARD OF DIRECTORS  
OF NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT  
AUTHORIZING THE ISSUANCE OF IMPROVEMENT DISTRICT NO. 1,  
THE TRACY LAKE IMPROVEMENT DISTRICT,  
REGISTERED WARRANTS, 2015 SERIES B

WHEREAS, pursuant to proceedings duly had and taken in accordance with law, the Board of Directors of North San Joaquin Water Conservation District on January 30, 2012, duly passed and adopted its resolution entitled "Final Order of the Board of Directors of the North San Joaquin Water Conservation District Forming Improvement District No. 1, to be known as the Tracy Lake Improvement District, and Levying a Special Assessment," which Final Order was recorded in the Official Records of the County of San Joaquin, as Document # 2012-143525 on November 1, 2012 ; and

WHEREAS, the North San Joaquin Water Conservation District, the landowners within Improvement District, and West Coast Credit Services, Inc., entered into the Landowner Agreement for Tracy Lake Groundwater Recharge Project dated November 17, 2011 (the "Landowner Agreement"), and wherein the North San Joaquin Water Conservation District agreed to issue Warrants in two or more series and West Coast Credit Services, Inc., agreed to purchase all of the Warrants issued; and

WHEREAS, it was determined that \$400,000.00 was needed to fund the first phase of work for the improvements within Improvement District No. 1 as described in the documents referenced in the final order (the "Improvements") and, therefore, the first series of Warrants (designated "2012 Series A") were issued in that amount; and

WHEREAS, the Final Order was duly recorded as required by law and pursuant to the Final Order an Assessment in the total amount of \$636,100.17 was spread upon the lands within the Improvement District No. 1, (the "Assessment") for payment of the Improvements for the benefit of lands in

Improvement District No. 1; provided, however, the first series of the Assessment was for \$400,000.00 and the second series of the Assessment was anticipated to be for \$236,100.17; and

WHEREAS, the Board of Directors has determined based upon updated costs for the proposed improvements that the improvement district assessment in the Final Order is insufficient to pay in full the revised cost of the improvements and the Board of Directors has further determined (with the approval of the Improvement District Committee) that an additional and supplement assessment pursuant to Water Code Section 75214 should be made and levied upon all of the lands in the improvement district to pay \$1,200,000 of the projected additional costs; and

WHEREAS, \$1,200,000.00 of the second series of the Assessment (in addition to the prior authorized \$236,100.17) levied and spread as aforesaid remains unpaid, and in addition to the unpaid Assessment in the amount of \$1,200,000.00 there shall also be levied on the lands on which the Assessment remains unpaid an amount equal to interest on any deferred payments at a rate of four percent (4%) per annum, payable annually; and an amount equal to ten per cent (10%) more than all other sums to be raised by the Assessment, in order to provide for anticipated delinquencies; and the Board of Directors deems it advisable to issue a second series of Improvement District No. 1 Warrants in registered form and in face amount equal to \$1,200,000; and

WHEREAS, it is anticipated that a third series of the Assessment will need to be issued at a later time, which third series would include, but not necessarily be limited to, the already authorized \$236,100.17.

NOW, THEREFORE, the Board of Directors of North San Joaquin Water Conservation District does hereby resolve, determine, and declare:

1. Warrants of Improvement District No. 1 of the North San Joaquin Water Conservation District, in the aggregate principal amount of \$1,200,000.00 (the "Warrants"), which shall be

designated "2015 Series B") shall be issued by North San Joaquin Water Conservation District, the amount being equal to the cost of the additional phase of work of Improvement exclusive of interest and amounts paid prior to issuance of the Warrants on the Assessment levied by the Final Order to pay for the Improvements. All of the Warrants shall be in registered form, and shall be dated March 1, 2015 (which is hereby fixed and determined to be the date of issue of the Warrants), and shall bear interest at the rate of four percent (4%) per annum, payable on January 1, 2016, and semiannually thereafter on the first day of January and the first day of July of each year until the Warrants shall be fully paid (each such interest payment date being a "Record Date").

Each Warrant shall obligate the Improvement District to pay to the registered owner thereof or the owner's registered assigns, but solely from moneys on deposit in the Warrant Interest and Principal Fund specified in paragraph 7 of this Resolution and not otherwise, (a) the principal amount thereof at the maturity date specified in such Warrant upon presentation and surrender of such Warrant at the Office of the Treasurer of the North San Joaquin Water Conservation District, Lodi, California, and (b) interest on such principal amount from the interest payment date next preceding the date of registration of such Warrant (unless such Warrant is registered as of an interest payment date, in which event, it shall bear interest from that date, or unless such Warrant is registered prior to January 1, 20\_\_\_\_, in which event it shall bear interest from July 1, 20\_\_\_\_) until the payment of such principal amount in full. The interest shall be payable by check mailed to the persons whose names are listed on the Warrant register maintained as provided in paragraph 4 hereof as the registered owners of the Warrants as of such Record Date, at their respective addresses as they appear on the Warrant register. Principal and interest on the Warrants shall be payable in lawful money of the United States of America.

The Warrants shall be ten in number, numbered from R-11 to R-17, inclusive. The Warrants shall be numbered and shall be of the respective principal amount, and shall mature and be payable in

consecutive numbered order from lower to higher, in accordance with the following maturity schedule, to-wit:

Warrant Numbers	Principal Amount	Maturity Date
R-11	\$171,428.57	July 1, 2016
R-12	\$171,428.57	July 1, 2017
R-13	\$171,428.57	July 1, 2018
R-14	\$171,428.57	July 1, 2019
R-15	\$171,428.57	July 1, 2020
R-16	\$171,428.57	July 1, 2021
R-17	\$171,428.58	July 1, 2022

2. The Secretary of the San Joaquin Water Conservation District is directed to cause to be printed a sufficient number of blank Warrants of suitable quality and to cause the blank spaces thereon to be filled in to comply with the provisions hereof, such Warrants to be substantially in the form set forth in Resolution No. 2012 - 2, adopted on January 30, 2012, by this Board of Directors, and to procure their execution by the proper officers of this District, as is provided in that Resolution, and to deliver them when so executed to the Treasurer of the Board of Directors of the San Joaquin Water Conservation District, who shall keep the same and deliver them to the purchaser thereof upon receiving therefore the sum of \$1,200,000.00, plus accrued interest at the rate of four per cent (4%) per annum from March 1, 2015, until the date the Warrants are delivered to the purchaser.

3. Any Warrant may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of paragraph 4 of this resolution by the

person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Warrant for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Treasurer of the Board of Directors of the North San Joaquin Water Conservation District. Whenever any Warrant or Warrants shall be surrendered for transfer, the North San Joaquin Water Conservation District shall execute and deliver a registered Warrant or Warrants for a like aggregate principal amount. The Treasurer of the Board of Directors of the North San Joaquin Water Conservation District shall require the payment by the person in whose name such Warrant or Warrants has been registered and requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. No such transfer shall be required to be made by the North San Joaquin Water Conservation District during the fifteen (15) days preceding each Warrant interest payment date.

Warrants may be exchanged at the Office of the Treasurer of the Board of Directors of the North San Joaquin Water Conservation District for a like aggregate principal amount of Warrants of the same maturity of other authorized denominations. The Treasurer of the Board of Directors of the North San Joaquin Water Conservation District shall require the payment by the person in whose name such Warrant has been registered and requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange shall be required to be made by the North San Joaquin Water Conservation District during the fifteen (15) days preceding each Warrant interest payment date.

4. The Treasurer of the Board of Directors of the North San Joaquin Water

Conservation District shall keep at its office sufficient books for the registration and transfer of the Warrants as hereinabove provided.

In case any Warrant shall become mutilated or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and upon the surrender of such mutilated Bond at the Office of the Treasurer of the Board of Directors of the North San Joaquin Water Conservation District, or upon the receipt of evidence satisfactory to the North San Joaquin Water Conservation District of such destruction, theft or loss, and upon receipt also of indemnity satisfactory to the North San Joaquin Water Conservation District, and upon payment of all expenses incurred by the North San Joaquin Water Conservation District in the premises, the North San Joaquin Water Conservation District shall execute and deliver at such Office a new Warrant or Warrants of the same maturity and for the same aggregate principal amount of like tenor and date and bearing the same number or numbers and with such notations as the North San Joaquin Water Conservation District shall determine, in exchange and substitution for and upon cancellation of the mutilated Warrant, or in lieu of and in substitution for the Warrant so destroyed, stolen or lost.

If any such destroyed, stolen, or lost Warrant shall have matured, payment of the amount due thereon shall be made by the District upon receipt of like proof, indemnity, and payment of expenses.

Any such duplicate Warrant issued pursuant to this paragraph shall be entitled to equal and proportionate benefits with all other Warrants issued hereunder, and the North San Joaquin Water Conservation District shall not be required to treat both the original Warrant and any duplicate as being outstanding for the purpose of

determining the principal amount of Warrants which may be issued hereunder, but both the original and the duplicate Warrant shall be treated as one and the same.

5. The North San Joaquin Water Conservation District hereby pledges to perform faithfully all acts, conditions, and proceedings authorized or permitted by law for the collection and enforcement of the unpaid installments of the Assessment for the punctual payment of the principal of each of the Warrants and interest thereon as the same fall due, including the levy and collection of any authorized additional and supplemental assessment pursuant to Section 75214 of the Water Code of the State of California, upon all of the land in the Improvement District No. 1 sufficient to pay the Warrants and the interest thereon to the full extent permitted by law. Each registered owner of the Warrants, or any of them, shall be entitled to rely upon the representations herein set forth, and it is hereby certified, recited and declared that each and all of the matters herein recited and set forth are true and correct and are for the direct benefit of each and all of the registered owners, and registered assigns, of the Warrants. Both the principal of the Warrants and the interest accruing thereon shall be paid from revenue derived from the Assessment levied in the final order on the lands in the Improvement District No. 1 and remaining unpaid. All lands within the Improvement District No. 1 (with respect to which the Assessment remains unpaid) shall be and remain, liable to be assessed for such payments in an amount sufficient to raise the interest due or that will become due on all of the Warrants then outstanding as the same becomes due and payable, in accordance with their terms, and also sufficient to pay principal of all of the Warrants issued and also an amount equal to ten per cent (10%) more than all other sums to be raised by the Assessment, in order to provide for anticipated delinquencies.

6. There already has been established a special fund (the "Improvement District Fund"), into which shall be deposited (a) all assessments levied as provided in the final order and heretofore paid in full as hereinabove set forth, and (b) the proceeds of sale of the Warrants (other than accrued

interest received upon the sale of the Warrants); and such sums so deposited shall be applied solely to pay the cost of the improvements in the Improvement District No. 1 described and referred to in the final order. All moneys received on account of interest accruing on the Warrants from their date to the date of delivery and actual payment of the purchase price thereof shall be deposited in the North San Joaquin Water Conservation District Improvement District No. 1 Warrant Interest and Principal Fund hereinafter provided for in Paragraph 7 hereof. Any balance remaining in the Acquisition Fund after the payment of all costs of the construction of the Improvements shall be held, transferred, or distributed as determined by the Board of Directors of the North San Joaquin Water Conservation District pursuant to the law.

7. There has been created and established a special fund designated "North San Joaquin Water Conservation District Improvement District No. 1 Warrant Interest and Principal Fund" (the "Warrant Interest and Principal Fund") into which shall be deposited all of the following sums:

(a) All accrued interest received by the North San Joaquin Water Conservation District upon the sale of the Warrants;

(b) All annual installments on unpaid assessments (including installments in respect of the unpaid portion of the Assessment and installments in respect of any supplemental installment levied pursuant to paragraph 5 of this resolution) hereafter paid (including annual interest charges, plus ten per cent (10%) in addition to the amount of such annual installments plus interest) pursuant to the final order;

(c) All interest on overdue installments of unpaid assessments (including installments in respect of the unpaid portion of the Assessment and installments in respect of any supplemental installment levied pursuant to paragraph 5 of this resolution) and all sums received by the North San Joaquin Water Conservation District from the sale of assessment delinquent lands;

All sums in the Warrant Interest and Principal Fund shall be held by the North San Joaquin



Water Conservation District for the benefit of the registered owners of the Warrants and shall be pledged to and applied to pay the interest on and principal of the Warrants as the same become due.

No fund of the North San Joaquin Water Conservation District or the North San Joaquin Water Conservation District Improvement District No. 1, other than the Warrant Interest and Principal Fund, shall be liable, and neither the full faith and credit nor the taxing power of the North San Joaquin Water Conservation District or the North San Joaquin Water Conservation District Improvement District No. 1 is pledged, for the payment of the interest on or principal of the Warrants.

8. The North San Joaquin Water Conservation District is not warranting or representing in any manner that the income received by a private owner from the Warrants is exempt from taxation under either Federal or California law and has advised the California Debt and Investment Advisory Commission that this is a taxable issuance.

9. This resolution shall take effect from and after its passage and approval.

Moved by Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, that the foregoing resolution be adopted.

Upon roll call, the following vote was had:

Ayes:

Noes:

Absent:

The President declared the resolution adopted.

I, Shasta Burns, Deputy Secretary of the Board of Directors of the NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors held the 26<sup>th</sup> day of January, 2015.

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