

RESOLUTION NO. 26-17

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK BOARD OF DIRECTORS PROVIDING FINAL APPROVAL OF AN INFRASTRUCTURE STATE REVOLVING FUND PROGRAM FINANCING IN AN AMOUNT NOT TO EXCEED \$40,000,000 FOR THE ARVIN-EDISON WATER STORAGE DISTRICT

WHEREAS, the California Infrastructure and Economic Development Bank (“IBank”) was established and is existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (the “IBank Act”), for the purpose of, among other things, providing financial assistance to eligible projects; and

WHEREAS, the Arvin-Edison Water Storage District (the “Borrower”), a special district organized and existing under the laws of the State of California, is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in the amount of \$40,000,000 (the “ISRF Financing”) for financing eligible project costs of the Sustainable Groundwater Management Act Capital Improvements Project, as more fully described in Attachment A hereto (collectively, the “Project”); and

WHEREAS, the Borrower and the Project meet all applicable eligibility requirements for infrastructure projects mandated by the IBank Act and by the “Criteria, Priorities, and Guidelines for the Selection of Projects for Financing under the Infrastructure State Revolving Fund (ISRF) Program,” dated June 28, 2023 (the “Criteria”); except that; Section II. A. of the Criteria requires that applicants demonstrate project readiness and feasibility to complete construction within 2 years after IBank’s financing has closed (the “2 Year Construction Completion Criteria”). The Project timeline for completion of construction is 36 months; and

WHEREAS, the Board holds the authority to waive Criteria requirements as necessary to accommodate complex or unusual transactions and, in order to accommodate IBank’s financing of the Project, intends to waive compliance with the 2 Year Construction Completion Criteria; and

WHEREAS, pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and those U.S. Treasury Regulations implementing such provisions (collectively, “Federal Tax Law”), any funds incurred or expended by the Borrower for the purpose of financing costs associated with the Project on a long-term basis using proceeds of tax-exempt bonds or other tax exempt obligations may be reimbursed from the proceeds of the ISRF Financing provided that the applicable requirements of Federal Tax Law are met (the “Reimbursable Expenditures”).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank (the “Board”), as follows:

Section 1. The above recitals are true and correct.

Section 2. Pursuant to this resolution (this “Resolution”), the Board authorizes and approves providing financing under the ISRF Program in a principal amount not to exceed \$40,000,000 to the Borrower for the costs of the Project, subject to the execution of a financing agreement between IBank and the Borrower and associated financing documentation (collectively, the “Financing Agreement”). Such Financing Agreement shall reflect the Board-approved financing terms and conditions as set forth in Attachment B hereto.

Section 3. All actions heretofore taken by the officers and employees of IBank with respect to the consideration and approval of the ISRF Financing are hereby approved, confirmed and ratified. IBank’s Executive Director, Chief Deputy Executive Director, or either of their assignees, each acting alone, is hereby authorized and directed, jointly and severally, to perform their duties, provide funding, take actions and execute and deliver the Financing Agreement and any and all other financing documents and instruments they may deem necessary or desirable in order to (i) effect the financing of the Project, (ii) facilitate the transactions contemplated by the ISRF Financing, and (iii) otherwise effectuate the purposes of this Resolution.

Section 4. This Resolution shall not be construed as an unconditional commitment to finance the Project, but rather IBank’s approval pursuant to this Resolution is conditioned upon entry by IBank and the Borrower into the Financing Agreement, in form and substance satisfactory to IBank, within 180 days from the date of its adoption. Such satisfaction is conclusively evidenced by IBank’s execution and delivery of the same.

Section 5. For purposes of assisting the Borrower in seeking reimbursement for any Reimbursable Expenditures pursuant to Federal Tax Law, the Board hereby declares its reasonable official intent to use proceeds of tax-exempt bonds to reimburse the Borrower for any such Reimbursable Expenditures. This declaration is made solely for purposes of establishing compliance with applicable requirements of Federal Tax Law. This declaration does not bind IBank to provide the ISRF Financing or to reimburse the Borrower any of its Project expenditures.

Section 6. IBank hereby approves the execution and delivery of all agreements, documents, certificates, and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 7. The Board finds the waiver of the 2 Year Construction Completion Criteria is necessary and appropriate to accommodate the ISRF Financing and hereby waives compliance with the 2 Year Construction Completion Criteria.

Section 8. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on October 28, 2026, by the following vote:

AYES: MYERS, SHELDON, PERRAULT, QUANT, STEINORTH

NOES:

ABSENT:

ABSTAIN:

By: **Andrew Nakahata**  Digitally signed by Andrew Nakahata
Date: 2026.10.30 09:27:28 -07'00'

Andy Nakahata,
Executive Director and Chief Executive Officer

ATTEST:

By: **Angel Lau**  Digitally signed by Angel Lau
Date: 2026.10.30 09:51:02 -07'00'

Angel Lau,
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

Generally, the Project involves expanding and improving the Arvin-Edison Water Storage District's (the "District") surface water conveyance and distribution infrastructure to increase the utilization of available surface water supplies, reduce reliance on groundwater pumping when feasible, support groundwater recharge, and promote groundwater sustainability and drought resilience. The Project includes, but is not limited to, the construction and expansion of surface water pipelines, new canal facilities, improvements to existing canals and groundwater recharge facilities, monitoring wells, well replacement, manholes, turnouts, land acquisition, and associated appurtenances within the District's jurisdictional boundaries. The Project also includes, but is not limited to, all necessary design, engineering, architecture, construction, construction contingency, equipping, machinery installation, demolition, removal, resurfacing, restoration, landscaping, permitting, environmental review, construction management, project administration, and general project development activities. Specifically, the Project includes the following components:

1. North Canal Spreading Works Expansion Project. Expansion of the District's North Canal Spreading Works to create a dedicated groundwater supply for the Arvin Community Services District ("ACSD") and provide opportunities for ACSD to improve water supply sustainability through access to groundwater recharge facilities.

2. Frick Unit. Construction of approximately 7.5 miles of surface water pipelines to serve approximately 2,843 acres of irrigated agricultural land within the District's Groundwater Service Area. The component includes the remaining phases of pipeline construction and associated improvements necessary to complete the project.

3. Panama Unit. Construction of approximately 8.8 miles of surface water pipelines to serve approximately 4,816 acres of irrigated agricultural land within the District's Groundwater Service Area, together with associated facilities and appurtenances necessary to convey and distribute surface water supplies.

4. Di Giorgio Unit. Completing expansion of the District's surface water conveyance infrastructure which includes construction of additional conveyance infrastructure to provide surface water service to approximately 3,055 additional acres of irrigated agricultural land, together with associated facilities and appurtenances.

5. Sandrini Unit. Construction of approximately one mile of new canal and approximately 21.1 miles of surface water pipelines to develop distribution infrastructure for conveying surface water supplies from existing District canals and pipelines to more than 11,000 acres of irrigated agricultural land within the District's Groundwater Service Area, together with associated facilities and appurtenances.

6. Other Project Components. Other components necessary or desirable in connection with an infrastructure project of this type that are consistent with the applicable requirements of the IBank Act and the Criteria.

ATTACHMENT B

Financing Terms

- 1. Applicant/Borrower:** Arvin-Edison Water Storage District (Borrower)
- 2. Project Name:** Sustainable Groundwater Management Act Capital Improvements Project (Project)
- 3. Amount of ISRF Program financing:** Not to exceed \$40,000,000 (Tax-exempt Financing)
- 4. Maturity:** Not to exceed 30 years. The Financing may not be prepaid during the first 10 years.
- 5. Repayment/Security:** The Financing will be secured by a senior lien on net system revenues (Net Revenues) from the District's General Fund (Fund) and all legally available amounts in the Fund.
- 6. Interest Rate:** All-in 4.85% (which includes annual servicing fee described in item 7 below). The rate will be locked as outlined in item 8 below.
- 7. Fees:** Borrower to pay the origination fee of 1.00% (up to \$400,000) of the Financing amount upon close of Financing, and an annual servicing fee of 0.15% of the outstanding balance.
- 8. Rate Lock:** The interest rate in item 6 will be locked in for a period of 90 calendar days after IBank Board (Board) approval of the ISRF financing (the Rate Lock Period). After the Rate Lock Period, and up until IBank's Financing commitment expires (as described in item 9 below), the interest rate may be reset at the discretion of IBank's Credit Committee.
- 9. Limited Time:** Subject to the Board's approval of the Financing resolution, IBank's Financing commitment expires 180 calendar days from the date of its adoption. If the Borrower and IBank have not executed a financing agreement (Financing Agreement) before the commitment expires, there can be no assurances that IBank will be able to grant the Financing to the Borrower or consider extending the commitment period.
- 10. Not an Unconditional Commitment:** If the IBank Board (Board) approves the resolution authorizing the Financing request, the resolution shall not be construed as an unconditional commitment to finance the Project, but rather is conditioned upon entry by IBank and the Borrower into a Financing Agreement (or Agreements), in form and substance satisfactory to IBank.
- 11. ISRF Program Financing Agreement Covenants and Conditions:** The Financing Agreement shall include, among other things, the following covenants:
 - a.** The Fund has no debt secured by senior lien on Net Revenues, and the Borrower will be prohibited from issuing future debt senior to the IBank financing.
 - b.** Parity debt will be allowed if Net Revenues amount to at least 1.25 times the Maximum Annual Debt Service (MADS) taking into consideration the MADS payable in any Fiscal Year on all existing parity debt and the Financing, and the proposed parity debt, payable from the Fund.
 - c.** Subordinate debt will be allowed if Net Revenues are at least 1.00 times the sum of the MADS on all outstanding debt payable from the Fund.
 - d.** The Borrower will be required to maintain rates and charges in an amount sufficient to ensure in each fiscal year that Net Revenues produce a minimum 1.25 times aggregate annual debt service coverage ratio for the Financing and all parity debt, and a minimum 1.00 times annual debt service coverage ratio when including subordinate debt.
 - e.** Notwithstanding the foregoing, the Borrower shall not be deemed to be in breach of the foregoing debt service coverage requirements solely because the applicable debt service coverage ratio is not achieved in any fiscal year, provided that (i) the aggregate amount on deposit in the

Borrower's rate stabilization fund, any reserve funds established with respect to the Financing or any parity obligations, and any other unencumbered reserves of the Borrower legally available to pay debt service on the Financing and parity obligations exceeds \$10,000,000, and (ii) the Borrower is not otherwise in default under this Agreement.

f. The Borrower will covenant against reducing rates below levels used for all debt service payable from the Fund, and to take actions to increase rates or Fund a rate stabilization Fund if debt service coverage ratios fall below required levels.

g. Upon implementing rates and charges, the Borrower to covenant to ensure that its rate structure conforms to the requirements of Proposition 218 and those of the statutes implementing it and the cases interpreting it. Further, the Borrower to covenant to notify IBank immediately upon the filing of any legal challenge to its rates or charges.

h. The Borrower to comply with the requirements of the ISRF Program Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.

i. The Borrower shall meet standard insurance requirements with respect to the enterprise system, general liability insurance, worker's compensation, and builder's risk insurance.

j. The Borrower to provide to IBank annually, within 180 days of the end of each of the Borrower's fiscal years, a copy of its audited financial statements together with an annual certificate demonstrating compliance with the foregoing covenants, as well as any other information IBank may reasonably request from time to time.

k. Such other covenants and conditions that IBank or its counsel may reasonably require.