MEETING OF THE COMMISSION OF THE
WALNUT ENERGY CENTER AUTHORITY

TURLOCK IRRIGATION DISTRICT
BOARD ROOM, MAIN OFFICE BUILDING
333 EAST CANAL DRIVE
TURLOCK, CALIFORNIA

Special Meeting
9:00 a.m., Tuesday, September 10, 2019

The public is invited to comment upon any item appearing on the agenda at the time it is being considered.

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES. APPROPRIATE INTERPRETIVE SERVICES FOR THIS MEETING WILL BE PROVIDED IF FEASIBLE UPON ADVANCE REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.

AGENDA

A. Call to Order

B. Approval of Minutes of August 27, 2019

C. Business from the Public

Public Comment  Interested persons in the audience are welcome to introduce any topic within the Authority’s jurisdiction. Matters presented under this heading may be discussed, but no action will be taken by the Commission at this meeting.

D. Action Items

1. Resolution Acknowledging and Approving Good Faith Estimates in Connection with the Issuance of the Walnut Energy Center Authority revenue Refunding Bonds and Ratifying Resolution 2019-3
   Consider approval of the good faith cost of issuance estimates required by California Government Code Section 5852.1 relating to the 2019 WECA Revenue Refunding Bonds.
   - Brian Stubbart, Treasurer/Auditor

E. Motion to Adjourn
MINUTES OF THE COMMISSION OF THE WALNUT ENERGY CENTER AUTHORITY

Turlock, California
27 August 2019

A special meeting of the Commission of the Walnut Energy Center Authority was called to order at 9:23 a.m., Tuesday, August 27, 2019, in the offices of the Turlock Irrigation District, 333 East Canal Drive, Turlock, California. Present were: Commissioners Charles Fernandes, Rob Santos, Michael Frantz, Joe Alamo and Ron Macedo. Also present were: CEO Casey Hashimoto, Treasurer/Auditor Brian Stubbert and Deputy Secretary Tami Wallenburg. Absent was: Merced Irrigation District Commissioner Hultgren.

MOTION APPROVING MINUTES

Moved by Commissioner Frantz, seconded by Commissioner Alamo, that the minutes of the meeting of January 8, 2019, be approved.

All voted in favor with none opposed (Commissioner Hultgren was absent). The President declared the motion carried.

RESOLUTION NO. 2019 - 2

RESOLUTION ADOPTING THE DEBT MANAGEMENT POLICY

WHEREAS, Governor Jerry Brown signed Senate Bill No. 1029 (SB 1029) on September 12, 2016 amending Section 8855 of the Government Code, relating to state government; and

WHEREAS, the SB 1029 amendment of Section 8855(i) now requires issuers to certify that it has adopted a debt policy to issue debt after January 1, 2017; and

WHEREAS, the Walnut Energy Center Authority (‘WECA’) currently does not have a formal debt policy; and

WHEREAS, the Walnut Energy Center Authority would like to issue the 2019 WECA Revenue Refunding Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Walnut Energy Center Authority that the Debt Policy adopted by the Turlock Irrigation District Board of Directors in February 2018 is hereby adopted.

Moved by Commissioner Santos, seconded by Commissioner Macedo, that the foregoing resolution be adopted.
Upon roll call the following vote was had:

Ayes: Commissioners Santos, Frantz, Alamo, Macedo, Fernandes
Noes: Commissioners - None
Absent: Commissioner Hultgren

The President declared the resolution adopted.

RESOLUTION NO. 2019 - 3

RESOLUTION AUTHORIZING THE ISSUANCE OF THE WALNUT ENERGY CENTER AUTHORITY REVENUE REFUNDING BONDS; APPROVING FORMS AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT, A PURCHASE CONTRACT AND A CONTINUING DISCLOSURE AGREEMENT; APPROVING AMENDMENTS TO THE INDENTURE OF TRUST AND POWER PURCHASE AGREEMENT; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the Merced Irrigation District and the Turlock Irrigation District (the “District”) entered into a Joint Exercise of Powers Agreement, dated as of November 1, 2003, creating and establishing the Walnut Energy Center Authority (the “Authority”) pursuant to the Joint Exercise of Powers Act, Section 6500 et seq. of the California Government Code (the “Joint Powers Act”), for the purpose of providing assistance to the District in connection with the financing and refinancing of public capital improvements as defined in the Joint Powers Act; and

WHEREAS, the Authority acquired the Walnut Energy Center, which consists of an approximately 250 megawatt nameplate capacity combined cycle generating facility, together with related facilities, rights and assets (the “Project”); and

WHEREAS, the Authority issued its Walnut Energy Center Authority Revenue Refunding Bonds 2010 Series A (the “2010 Bonds”), pursuant to an Indenture of Trust by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (as supplemented and amended, the “Indenture”), for the purpose of refinancing the costs of acquiring the Project, funding a debt service reserve fund for the 2010 Bonds and paying costs of issuance incurred in connection with the issuance of the 2010 Bonds; and

WHEREAS, the 2010 Bonds are payable by the Authority from payments made by the District pursuant to the Power Purchase Agreement, dated as of March 31, 2004, by and between the Authority and the District (the “Power Purchase Agreement”); and

WHEREAS, the Authority has determined that it is desirable to refund the 2010 Bonds (the “Refunding”) in order to realize debt service savings through the issuance and delivery of its Refunding Bonds (as defined in the Indenture) pursuant to Section 2.04 of the Indenture (the “2019 Bonds”); and
WHEREAS, the District has determined that the issuance of the 2019 Bonds will result in significant public benefits to the citizens of the District, including demonstrable savings in effective interest rate; and

WHEREAS, there has been prepared and submitted to this meeting a form of the Fourth Supplemental Indenture of Trust (the “Fourth Supplemental Indenture”); and

WHEREAS, there has been prepared and submitted to this meeting a form of a Preliminary Official Statement to be distributed in connection with the proposed offering and sale of the 2019 Bonds (the “Preliminary Official Statement”); and

WHEREAS, there has been prepared and submitted to this meeting the form of a Purchase Contract with the underwriters named therein (collectively, the “Underwriters”) to be executed and delivered by the Authority, and approved by the District, in connection with the proposed sale of the 2019 Bonds (the “Purchase Contract”); and

WHEREAS, there has been prepared and submitted to this meeting the form of a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to be executed and delivered by the Authority and the District in connection with the 2019 Bonds; and

WHEREAS, the Commission now desires to authorize and approve the form and the execution and delivery of the documents described in these recitals and the performance of such acts as may be necessary or desirable in connection with the execution and delivery of such documents; and

WHEREAS, the Commission desires to authorize and approve certain amendments to the Power Purchase Agreement dated as of May 1, 2004, as amended and supplemented to the date hereof, in the form of the First Amendment to Power Purchase Agreement date as of August 1, 2019 (the “First Amendment to Power Purchase Agreement”), each by and between the Authority and the District that has been prepared and submitted to this meeting; and

WHEREAS, the Commission desires to authorize and approve certain amendments to the Indenture to take effect immediately pursuant to the terms of the Indenture, in the form of the Fifth Supplemental Indenture of Trust dated as of August 1, 2019 (the “Fifth Supplemental Indenture”), and certain other amendments to take effect when the consents required under the Indenture are obtained, in the form of the Sixth Supplemental Indenture of Trust dated as of August 1, 2019 (the “Sixth Supplemental Indenture”) which have been prepared and submitted to this meeting; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;
NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE WALNUT ENERGY CENTER AUTHORITY, AS FOLLOWS:

Section 1. All of the recitals herein contained are true and correct and the Commission so finds.

Section 2. The Authority hereby authorizes the issuance of not to exceed $100,000,000 aggregate principal amount of Walnut Energy Center Authority Revenue Refunding Bonds, 2019 Series A in order to refund the outstanding 2010 Bonds, and pay costs of issuance incurred in connection with the issuance of the 2019 Bonds. The 2019 Bonds shall constitute “Bonds” as defined in, and with the meaning and effect set forth in, the Power Purchase Agreement. The Authority expects that the 2019 Bonds will be repaid from payments made by the District to the Authority under the Power Purchase Agreement.

Section 3. The Authority further hereby approves the Fourth Supplemental Indenture in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein. Any one of the President, Chief Executive Officer or Treasurer of the Authority, acting singly (each an “Authorized Officer”) is hereby authorized to execute, after consultation with Authority Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel ("Bond Counsel"), the Fourth Supplemental Indenture in the form presented to this Commission, with such changes, insertions and deletions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval; provided, that the date of issuance (not later than December 31, 2019), final maturity date (not later than January 1, 2040), interest rate (not to exceed 5% per annum), true interest cost (not to exceed 5%) (in each case, provided that the issuance of the 2019 Bonds results in present value savings as determined by the Chief Financial Officer/Assistant General Manager, Financial Services, of the District), interest payment date or dates, forms, registration privileges, place or places of payment, terms of redemption, and other terms of the 2019 Bonds shall be (subject to the foregoing limitations) as determined by the Authorized Officer of the Authority and provided in the Fourth Supplemental Indenture as finally executed and delivered. The 2019 Bonds may be secured by the Debt Service Reserve Fund (as defined in the Indenture) and the Board hereby authorizes the deposit of funds, including from proceeds of the 2019 Bonds, into the Debt Service Reserve Fund, if any, so that the amount therein is at least equal to the Debt Service Reserve Requirement (as defined in the Indenture).

Section 4. The preparation and distribution of the Preliminary Official Statement, in substantially the form submitted to this meeting and made a part hereof as set forth in full, is hereby approved. Each Authorized Officer is hereby authorized to make such changes, insertions and omissions as may be recommended by Authority Counsel or Bond Counsel and to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement. Upon execution of such certificate, the Underwriters are hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the 2019 Bonds. Each Authorized Officer is hereby authorized and directed to execute, approve and deliver the Official Statement in the form of the Preliminary Official Statement which, upon execution is made a part hereof as though set forth in full herein, with such changes, insertions and omissions as may be recommended by Authority Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive
evidence of such approval. The Underwriters are directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2019 Bonds.

Section 5. The Purchase Contract, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer is hereby authorized to execute, after consultation with Authority Counsel or Bond Counsel, the Purchase Contract in the form presented to this meeting, with such changes, insertions and deletions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval; provided, that the 2019 Bonds shall not be sold for a price of less than 90% or more than 110% of the aggregate principal amount thereof, and the underwriting discount (excluding any original issue discount) shall not exceed one half of one percent (0.5%) of the principal amount of the 2019 Bonds.

Section 6. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer or Bond Counsel, acting singly, is hereby authorized to execute, after consultation with Authority Counsel, the Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and deletions as may be approved by such Authorized Officer, said execution being conclusive evidence of such approval.

Section 7. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

Section 8. The Authorized Officers are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents, agreements, certificates and instruments, including, without limitation, signature certificates, no-litigation certificates, tax certificates, certificates concerning the contents of the Official Statement and the representations and warranties in the Purchase Contract, letters of representation relating to book-entry registration, any insurance commitments or any agreements required in connection with obtaining a policy of municipal bond insurance or a reserve fund surety policy, and any other agreements required in connection with the issuance or administration of the 2019 Bonds, and any escrow agreements or escrow instructions required in connection with the Refunding, and to do and cause to be done any and all acts and things which they may deem necessary, convenient or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, the approval of any amendment to any of the Project Agreements, as that term is defined in the Indenture.

Section 9. The Fifth Supplemental Indenture and the Sixth Supplemental Indenture, in substantially the forms submitted to this meeting and made a part hereof as though set forth in full herein are hereby approved. Any Authorized Officer is hereby authorized to execute, after consultation with Authority Counsel or Bond Counsel, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture of Trust in the forms presented to this Commission, with such changes, insertions and deletions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.
Section 10. The First Amendment to Power Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein is hereby approved. Any Authorized Officer is hereby authorized to execute, after consultation with Authority Counsel or Bond Counsel, the First Amendment to Power Purchase Agreement in the form presented to this Commission, with such changes, insertions and deletions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.

Section 11. Any Member of the Commission and any Authorized Officer, shall be, and each of them hereby is, authorized to give or take all approvals, consents, directions, instructions, notices, orders, requests, indemnifications and other actions permitted or required by any of the documents authorized by this Resolution and to take any such action that such member or officer, with the advice of Authority Counsel or Bond Counsel, may deem necessary or desirable to further the purposes of this Resolution.

Section 12. All actions heretofore taken by the officers, employees and agents of the Authority with respect to the matters set forth above are hereby approved, confirmed and ratified.

Section 13. This Resolution shall take effect from and after its date of adoption.

Moved by Commissioner Frantz, seconded by Commissioner Alamo, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes: Commissioners Santos, Frantz, Alamo, Macedo, Fernandes
Noes: Commissioners - None
Absent: Commissioner Hultgren

The President declared the resolution adopted.

MOTION TO ADJOURN

Moved by Commissioner Alamo, seconded by Commissioner Macedo, that the meeting be adjourned.

Deputy Secretary of the Commission
of the Walnut Energy Center Authority
MEMORANDUM

TO: Commissioners of the Authority  
DATE: September 5, 2019

PREPARED BY: Brian Stubbert  
RE: 2019 WECA Revenue Refunding Bond

Action Requested
Approval of the good faith cost of issuance estimates required by California Government Code relating to the 2019 WECA Revenue Refunding Bonds.

Discussion
At the August 27, 2019 Authority Meeting the Board approved the refunding of the Walnut Energy Center Authority 2010 Revenue Refunding Bonds, of which approximately $84,515,000 of principal is still outstanding with a final maturity of January 1, 2026. Market conditions are favorable and would allow the District to receive total net present value savings of approximately $11,600,000 or approximately 13% on a five year callable bond. This is a follow up resolution related to the good faith cost of issuance estimates required by Section 5852.1 of the California Government Code.

A 250-megawatt combustion turbine generating project for the Turlock Irrigation District
RESOLUTION NO. 2019-3

WALNUT ENERGY CENTER AUTHORITY
STANISLAUS COUNTY, CALIFORNIA

RESOLUTION ACKNOWLEDGING AND APPROVING GOOD FAITH
ESTIMATES IN CONNECTION WITH THE ISSUANCE OF THE
WALNUT ENERGY CENTER AUTHORITY REVENUE REFUNDING
BONDS AND RATIFYING RESOLUTION 2019-3

WHEREAS, the Commission authorized the issuance of refunding revenue bonds to
refund its outstanding Walnut Energy Center Authority Revenue Refunding Bonds, 2010 Series
A pursuant to Resolution No. 2019-3; and

WHEREAS, the Commission now desires to acknowledge and approve a good faith cost
estimate related to the issuance of such refunding revenue bonds.

Section 1. All of the recitals herein contained are true and correct and the Commission
so finds.

Section 2. The Commission acknowledges and approves the good faith estimates
required by Section 5832.1 of the California Government Code which are disclosed in the staff
report and are available to the public at the meeting at which this Resolution is approved.

Section 3. All actions heretofore taken by the officers, employees and agents of the
Authority with respect to the matters set forth above, including the Board’s prior approval of
Resolution No. 2019-3, are hereby approved, confirmed and ratified.

Section 4. This Resolution shall take effect from and after its date of adoption.

Moved by Commissioner __________, seconded by Commissioner __________, that the
foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes: Commissioners
Noes: Commissioners
Absent: Commissioners

The President declared the resolution adopted.

I, Tami Wallenburg, Deputy Secretary of the WALNUT ENERGY CENTER
AUTHORITY, do hereby CERTIFY that the foregoing is a full, true and correct copy of a
resolution duly adopted at a regular meeting of said Commission held the 10th day of September,
2019.

Deputy Secretary of the Walnut Energy Center Authority
GOOD FAITH ESTIMATES

California Government Code (the “Code”) section 5852.1 requires that the Authority obtain and disclose “good faith estimates” of certain matters prior to authorizing the issuance of any bonds, notes, certificates of indebtedness or other evidences of indebtedness. It is the purpose of the information set forth below to satisfy such requirement, which information has been obtained in accordance with law.

Set forth below are good faith estimates of PFM Financial Advisors LLC, the Authority’s municipal advisor, related to the 2019 Bonds that the Authority is considering at its Regular Meeting on September 10, 2019:

1. The true interest cost of the 2019 Bonds is estimated at 3.7930%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

2. The finance charge of the 2019 Bonds, meaning the sum of all fees and charges paid to third parties, is estimated at $643,000.00.

3. The amount of proceeds to be received by the Authority less the finance charge set forth in 2 above is estimated at $84,687,989.15.

4. The total payment amount calculated as provided in Section 5851.2(a)(1)(D) of the Code is estimated at $132,323,722.22.

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.