

**South Dakota Department of
Environment and Natural Resources**



Protecting South Dakota's Tomorrow ... Today

**BOARD OF WATER
AND NATURAL RESOURCES**

July 21, 2017

**DENR Secretary's Conference Room
523 E. Capitol Ave.
Pierre, SD**

10:00 a.m. CDT

Via Teleconference on July 21, 2017 at 10:00 a.m. CDT

A limited number of phone lines will be available. Interested parties should contact DENR at (605) 773-4216 no later than 4:00 p.m. on Thursday, July 20, 2017, if they wish to participate in the teleconference.

AGENDA

July 21, 2017

10:00 a.m. CDT

1. Call meeting to order
2. Approve agenda
3. Series Resolution Authorizing State Revolving Fund Program Bonds Series 2017A/B — Mike Perkovich
4. Adjourn

Notice is given to individuals with disabilities that this meeting is being held in a physically accessible location. Please notify the Department of Environment and Natural Resources at least 48 hours before the meeting if you have a disability for which special arrangements must be made. The telephone number for making arrangements is (605) 773-4216.

TITLE: Series Resolution Authorizing State Revolving Fund (SRF) Program Bonds, Series 2017A/B

EXPLANATION: It is anticipated that the South Dakota Conservancy District will issue approximately \$115,000,000 in State Revolving Fund Program Bonds, Series 2017 (the "Series 2017 Bonds") during the week of July 24, 2017. The Series 2017A Bonds are taxable bonds being issued to provide funds sufficient, together with other available moneys, (a) to provide funds in the appropriate amount of \$6,500,000 to be deposited to the Clean Water State Match Loan Account established with respect to the Series 2017A Bonds which, together with amounts derived from EPA and deposited into the Federally Capitalized Loan Account, are to be loaned to Borrowers, (b) to provide funds in the approximate amount of \$8,500,000 to be deposited to the Drinking Water State Match Loan Account established with respect to the Series 2017A Bonds which, together with amounts derived from EPA and deposited into the Federally Capitalized Loan Account, are to be loaned to Borrowers, (c) if the Authorized Officers executing the Bond Order for the Series 2017A Bonds determine that sufficient debt service or other savings are achievable, to advance refund approximately \$1,515,000 principal amount of the outstanding Series 2012B Bonds allocable to the prior refunding of Series 2001 Clean Water and Drinking Water Bonds and (d) to provide funds to pay associated costs of issuance.

The Series 2017B Bonds are tax exempt bonds being issued to provide funds sufficient, together with other available moneys, (a) to provide funds in the approximate amount of \$43,000,000 to be deposited to the Clean Water Leveraged Loan Account established with respect to the Series 2017B Bonds which funds are to be loaned to Borrowers, (b) to provide funds in the approximate amount of \$11,000,000 to be deposited to the Drinking Water Leveraged Loan Account established with respect to the Series 2017B Bonds which funds are to be loaned to Borrowers, (c) if the Authorized Officers executing the Bond Order for the Series 2017B Bonds determine that sufficient debt service savings are achievable, to advance refund approximately \$37,000,000 principal amount of the outstanding Series 2010B Bonds and/or \$10,000,000 principal amount of the outstanding Series 2012B Bonds, and (d) to pay associated costs of issuance and refunding.

Attached for your reference is the current draft of the Series Resolution for the Series 2017 Bonds prepared by SRF bond counsel, Bruce Bonjour, Perkins Coie. The Series Resolution provides Board approval of the Preliminary Official Statement, the Bond Purchase Agreement, and the Escrow Agreements.

The Series Resolution authorizes the Chairman and/or Secretary to file a Coverage Certificate for each program with the Trustee and to do all acts and to execute or accept all documents as may be necessary to carry out and

comply with the provisions of the resolution and the documents approved by the resolution.

Drafts of the bond documents listed below are available electronically at:

<http://denr.sd.gov/srfrfp.aspx>

- 2017 Series Resolution
- Preliminary Official Statement (POS)
- Continuing Disclosure Agreement (POS - Appendix F)
- Bond Purchase Agreement by and between the District and Wells Fargo Bank, National Association and J.P. Morgan Securities LLC.
- State Revolving Fund Series Escrow Agreements

If you would like hard copies of the documents, please contact Mike Perkovich at (605) 773-4216.

RECOMMENDED ACTION: Approved Series Resolution Authorizing State Revolving Fund Program Bonds, Series 2017

CONTACT: Mike Perkovich (773-4216)

**BOARD OF WATER AND NATURAL RESOURCES
ACTING AS THE SOUTH DAKOTA CONSERVANCY DISTRICT**

SERIES RESOLUTION #2017-___ AUTHORIZING STATE

**REVOLVING FUND PROGRAM BONDS
SERIES 2017**

WHEREAS, the South Dakota Conservancy District (the “*District*”) is duly constituted as an instrumentality of the State of South Dakota exercising public and governmental functions under the operation, management and control of the Board of Water and Natural Resources of South Dakota (the “*Board of Water and Natural Resources*”), pursuant to SDCL Chapters 46A-1 and 46A-2 (the “*Act*”); and

WHEREAS, pursuant to the Act and the Clean Water Act (as herein defined) the District has established a state revolving fund program (the “*Clean Water Program*”); and

WHEREAS, pursuant to the Act and the Drinking Water Act (as herein defined) the District has established a state revolving fund program (the “*Drinking Water Program*”); and

WHEREAS, pursuant to the Act, the District is authorized to issue bonds and notes and to make loans to Borrowers (as herein defined) through the purchase of municipal securities or loans in connection with the Clean Water Program and the Drinking Water Program (each a “*Program*” and collectively, the “*Programs*”); and

WHEREAS, to fund the Programs, the United States Environmental Protection Agency currently makes annual capitalization grants to the states on the condition that each state provide an appropriate match for such state’s related revolving fund; and

WHEREAS, pursuant to SDCL §46A-1-60.1, the State has heretofore established the state water pollution control revolving fund program and the state drinking water revolving fund program and provided that program subfunds (each, a “*Program Subfund*” and collectively, the “*Program Subfunds*”) be created within the water and environment fund established pursuant to SDCL §46A-1-60; that each Program Subfund be maintained separately; and all federal, state and other funds for use in each such Program be deposited into the related Program Subfund, including all federal grants for capitalization of each such Program, all repayments of assistance awarded from each such Program Subfund, interest on investments made on money in each such Program Subfund, proceeds of discretionary bond issues allowed by SDCL §46A-1-31 and principal and interest on loans made from each fund, that money in the Program Subfunds may be used only for purposes authorized under federal law and that the Program Subfunds may be pledged or assigned by the District to or in trust for the holder or holders of the bonds and notes of the District as permitted by law and may be transferred to and held by a trustee or trustees pursuant to SDCL §46A-1-39; and

WHEREAS, SDCL §46A-1-60.2 provides that funds from the Programs therein described shall be disbursed and administered according to rules enacted by the Board of Water and Natural Resources pursuant to SDCL §46A-1-65 and the provisions of SDCL §46A-1-60 to

§46A-1-60.3 inclusive and SDCL §46A-1-60.1 provides that money in the Program Subfunds may be used only for purposes authorized under federal law; and

WHEREAS, the District and The First National Bank in Sioux Falls (the “*Original Trustee*”) previously entered into that certain (a) Master Trust Indenture dated as of January 1, 1994, as heretofore amended and supplemented (the “*Original Clean Water Indenture*”) and (b) Master Trust Indenture dated as of June 1, 1998, as heretofore amended and supplemented (the “*Original Drinking Water Indenture*”); and

WHEREAS, pursuant to that certain Amended and Restated Master Trust Indenture dated as of July 1, 2004 (the “*Amended and Restated Indenture*”), the District and the Original Trustee amended, restated and consolidated the Original Clean Water Indenture and Original Drinking Water Indenture into the Amended and Restated Indenture; and

WHEREAS, pursuant to that certain First Amendment dated as of October 1, 2005, that certain Second Amendment dated as of April 1, 2006, that certain Third Amended and Restated Master Trust Indenture dated as of March 1, 2008, that certain Fourth Amended and Restated Master Trust Indenture dated as of August 1, 2009, and that certain Fifth Amended and Restated Master Trust Indenture dated as of September 1, 2010, the District and the Original Trustee amended and supplemented the Amended and Restated Indenture (herein, as amended by that certain First Amendment to Fifth Amended and Restated Master Trust Indenture dated February 17, 2015 and as hereafter further amended, supplemented or restated, the “*Master Trust Indenture*”); and

WHEREAS, pursuant to a Tri-Party Agreement dated as of April 14, 2017 among the District, the Original Trustee and U.S. Bank National Association (in such capacity, the “*Successor Trustee*”), the Original Trustee assigned, conveyed, transferred, delivered and confirmed to the Successor Trustee the Trust Estate and all estates, properties, rights, powers and trusts as “Trustee” under the Master Indenture and all Series Resolutions and Bond Orders and the Successor Trustee accepted such assignment, conveyance and transfer to all duties, trusts and responsibilities under the Master Trust Indenture, Series Resolutions and Bond Orders and is now serving for all purposes thereunder and hereunder as the “Trustee”; and

WHEREAS, the Board of Water and Natural Resources has determined that it is necessary and expedient that the District issue additional bonds and notes from time to time pursuant to the Master Trust Indenture and various Series Resolutions and to loan the proceeds thereof to Borrowers in furtherance of the Programs; and

WHEREAS, the District is authorized and empowered by the provisions of the Act to issue bonds and notes at its discretion in any amount at any time for the purpose of funding all or part of a revolving fund program under the Relevant Federal Acts, to be used to purchase or otherwise finance or provide for the purchase or payment of bonds or other obligations, including the refinancing of obligations previously issued or for projects previously completed and to enter into financing arrangements with such persons or public entities to secure and provide for the payment of such bonds and notes; and

WHEREAS, the District is authorized and empowered by the provisions of the Act, and specifically pursuant to §§46A-1-31, 46A-1-39 and 46A-1-60.1, SDCL, to pledge or assign to or in trust for the benefit of the holder or holders of such bonds and notes those moneys appropriated by the Legislature for the purpose of funding state contributions to the Programs and directing that such moneys be held and invested pursuant to a trust agreement for the payment of the principal of, premium, if any, and interest on the bonds and notes; and

WHEREAS, the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, has at this time determined that it is necessary and expedient that the District issue one or more series of Bonds (herein, the “*Series 2017 Bonds*”) for the purpose of providing funds sufficient (a) to provide funds for new Loans to Borrowers under the Clean Water Program and the Drinking Water Program, (b) to advance refund portions of two series of Bonds if and to the extent the Authorized Officers (as defined herein) confirm that sufficient debt service or other savings are achievable under current market conditions and (c) to pay costs of issuance; and

WHEREAS, drafts or final versions of the following documents have been filed with staff of the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, and made available to each member of the Board:

- (i) A draft Preliminary Official Statement with respect to the Series 2017 Bonds (referred to herein as the “*Preliminary Official Statement*”);
- (ii) A draft Continuing Disclosure Agreement (in the form of an appendix to the Preliminary Official Statement and referred to herein as the “*Continuing Disclosure Agreement*”);
- (iii) A draft Bond Purchase Agreement (the “*Bond Purchase Agreement*”) by and between the District and Wells Fargo Bank, National Association, for itself and as Representative (the “*Representative*”) of J.P. Morgan Securities LLC (the “*Underwriters*”);
- (iv) A draft form of Escrow Agreement (the “*Escrow Agreement*”) by and between the District and the Escrow Agent (as defined herein); and
- (v) Supporting schedules prepared by the District’s financial advisor which demonstrate satisfaction of the requirements of Section 2.11(b) of the Master Trust Indenture for the issuance of Additional Bonds (such schedules being included within the Preliminary Official Statement).

BE IT RESOLVED BY THE SOUTH DAKOTA BOARD OF WATER AND NATURAL RESOURCES, ACTING AS THE SOUTH DAKOTA CONSERVANCY DISTRICT, THAT:

ARTICLE 1

District and Definitions

Section 1.01 Series Resolution. This Series Resolution is adopted in accordance with the provisions of the Master Trust Indenture and pursuant to the authority contained in the Act. It is hereby determined pursuant to the Act that the issuance of the Series 2017 Bonds pursuant to the Master Trust Indenture and the making of loans to Borrowers with the proceeds of the Series 2017 Bonds will implement the policies of the Act and provide Borrowers with loans for essential projects at borrowing costs below the costs available to the Borrowers in the private bond market.

Section 1.02 Definitions. Unless defined below in this Section 1.02, all terms defined in the Master Trust Indenture, or in the Act, as applicable, shall have the same meanings, respectively, in this Series Resolution and with respect to the Series 2017 Bonds as such terms are given in the Master Trust Indenture or in the Act, as applicable. In addition, the following terms shall have the following meanings for all purposes in connection with this Series Resolution and the Series 2017 Bonds:

“*Allocable Portion*” with respect to each series of Bonds and each Program, and with respect to each State Match Portion and Leveraged Portion, shall mean the respective percentages of the aggregate principal amount of Bonds which are to be applied (or to the extent subsequent transfers or allocations were made following issuance of such Bonds thereby changing such application, were applied) to finance Clean Water Loans or Drinking Water Loans either as State Match Loans or Leveraged Loans with respect to each Program.

“*Authorized Officers*” shall mean the Chairman and the Secretary or, in the absence of either, any other Member of the Board of Water and Natural Resources designated in writing by the Chairman to act for purposes of and as authorized by this Resolution.

“*Beneficial Owner*” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2017 Bonds, including persons holding Series 2017 Bonds; through nominees or depositories.

“*Bond Order*” shall mean a written order signed by two Authorized Officers consistent with the authority of this resolution setting forth the definitive terms and conditions of the Series 2017 Bonds as shall be agreed to in the Bond Purchase Agreement.

“*Bond Purchase Agreement*” shall mean the Bond Purchase Agreement with respect to the Series 2017 Bonds entered into between the District and the Representative, on behalf of the Underwriters.

“*Clean Water Act*” means the Federal Clean Water Act, more commonly known as the Clean Water Act (PL 92-500), as amended by the Water Quality Act of 1987 (PL 100-4), 33 U.S.C. 1251, ET SEQ., any subsequent amendments thereto and any other applicable statutes governing any Program funded hereunder, and includes the State Revolving Fund Program Implementation Regulations, any amendments thereof issued pursuant thereto and any other applicable regulations.

“*Continuing Disclosure Undertaking*” means a Continuing Disclosure Undertaking with respect to the Series 2017 Bonds.

“*Drinking Water Act*” means Chapter 6A of the Public Health Service Act, 42 U.S.C. §§300f through 300j-26, more commonly known as the Safe Drinking Water Act, any subsequent amendments thereto and any other applicable statutes governing any Program funded hereunder, any amendments thereof and all applicable regulations.

“*Escrow Agent*” means US Bank National Association, as escrow agent under the Escrow Agreement(s).

“*Escrow Agreement*” means one or more Escrow Agreements between the District and the Escrow Agent with respect to, respectively, the Refunded 2010B Bonds and the Refunded 2012B Bonds.

“*Interest Payment Date*” shall have the meaning given thereto in the Bond Order.

“*Leveraged Portion*” shall have the meaning given thereto in the Bond Order.

“*Representative*” shall mean Wells Fargo Bank, N.A.

“*Refunded 2010B Bonds*” means the Refunded 2010B Clean Water Bonds and the Refunded 2010B Drinking Water Bonds.

“*Refunded 2010B Clean Water Bonds*” means the Refunded 2010B Clean Water Leveraged Bonds and the Refunded 2010B Clean Water State Match Bonds.

“*Refunded 2010B Clean Water Leveraged Bonds*” means the Leveraged Portion of the Series 2010B Clean Water Bonds refunded by the Series 2017B Bonds.

“*Refunded 2010B Clean Water State Match Bonds*” means the State Match Portion of the Series 2010B Clean Water Bonds refunded by the Series 2017B Bonds

“*Refunded 2010B Drinking Water Bonds*” means the Refunded 2010B Drinking Water Leveraged Bonds and the Refunded 2010B Drinking Water State Match Bonds.

“*Refunded 2010B Drinking Water Leveraged Bonds*” means the Leveraged Portion of the Series 2010B Drinking Water Bonds refunded by the Series 2017B Bonds.

“*Refunded 2010B Drinking Water State Match Bonds*” means the State Match Portion of the Series 2010B Drinking Water Bonds refunded by the Series 2017B Bonds.

“*Refunded 2012B Bonds*” means the Refunded 2012B Clean Water Bonds and the Refunded 2012B Drinking Water Bonds.

“*Refunded 2012B Clean Water Bonds*” means the Refunded 2012B Clean Water Leveraged Bonds and the Refunded 2012B Clean Water State Match Bonds.

“*Refunded 2012B Clean Water Leveraged Bonds*” means the Leveraged Portion of the Series 2012B Clean Water Bonds refunded by the Series 2017 Refunding Bonds.

“*Refunded 2012B Clean Water State Match Bonds*” means the State Match Portion of the Series 2012B Clean Water Bonds refunded by the Series 2017 Refunding Bonds

“*Refunded 2012B Drinking Water State Match Bonds*” means the State Match Portion of the Series 2012B Drinking Water Bonds refunded by the Series 2017 Refunding Bonds.

“*Refunded Bonds*” shall mean the Refunded 2010B Bonds and the Refunded 2012B Bonds.

“*Series 2017 Bonds*” shall mean the District’s Series 2017A Bonds and the Series 2017B Bonds.

“*Series 2017A Bonds*” shall mean the District’s Taxable Revenue Bonds, Series 2017A issued pursuant to the Master Trust Indenture, this Series Resolution and the Bond Order.

“*Series 2017B Bonds*” shall mean the District’s Revenue Bonds, Series 2017B issued pursuant to the Master Trust Indenture, this Series Resolution and the Bond Order.

“*Series 2017 New Money Bonds*” shall mean the Series 2017A Bonds and those Series 2017B Bonds issued (a) to provide for deposits into Clean Water State Match Loan Account, Drinking Water State Match Loan Account, the Clean Water Leveraged Loan Account and the Drinking Water Leveraged Loan Account and (b) to pay any associated costs of issuance related thereto.

“*Series 2017 Refunding Bonds*” shall mean those Series 2017A Bonds and those Series 2017B Bonds, if any, issued (a) to refund the Refunded Bonds and (b) to pay any associated costs of issuance related thereto.

“*Series Resolution*” shall mean this Series Resolution, as amended or supplemented from time to time.

“*State Match Portion*” shall have the meaning given thereto in the Bond Order.

“*Underwriters*” shall have the meaning given thereto in the Bond Purchase Agreement.

Section 1.03 Supplemental Granting Clauses. The South Dakota Conservancy District, in order to secure the payment of the principal of, premium (if any) and interest on all Bonds and Notes outstanding under or issued or to be issued under the Master Trust Indenture according to their tenor and effect and the performance and observance of each and all of the covenants and conditions herein and therein contained, and for and in consideration of the premises and of the purchase and acceptance of the Bonds and Notes by the respective purchaser or purchasers and registered owner or owners thereof, and for other good and valuable considerations, the receipt whereof is hereby acknowledged, but in all events subject to the General Limitation, by these presents does hereby grant, bargain, sell, assign, transfer, convey, warrant, pledge and set over,

unto the Trustee and to its successor or successors in the trust hereby created and to its assigns forever:

I.

A lien on and pledge of the interests of the District in all Loan Agreements heretofore financed under the Master Trust Indenture, all Loan Obligations acquired in connection therewith and all payments of principal, premium (if any) and interest thereon, and all proceeds thereof.

II.

A lien on and pledge of the interests of the District in all Loan Agreements (including Supplemental Loan Agreements) hereafter entered into between the District and Borrowers in connection with Loans authorized hereby and all Loan Obligations acquired with the proceeds of such Loans, and all payments of principal, premium (if any) and interest thereon, and all proceeds thereof.

III.

A lien on and pledge of all funds and other amounts received by the District from the Letter of Credit for deposit in the Program Subfunds to the extent applied for the purpose of making Loans or other requirements hereunder, as and when received, and all proceeds thereof, all subject to the terms, conditions and limitations of the Relevant Federal Act, the rules and regulations promulgated thereunder, and the Applicable EPA Agreements.

IV.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, assigned or transferred, or in which a security interest is granted, by the District or by anyone in its behalf or with its written consent, to the Trustee, which hereby is authorized to receive any and all such property at any and all times and to hold and apply the same to the terms hereof.

SUBJECT, HOWEVER, to the right of the District to withdraw or otherwise cause to be released or substituted from the Trust Estate any Loan Obligations and Loan Agreements, other assets, funds, investments or related rights of payments (defined in the Master Trust Indenture as "*Released Obligations*") pursuant to such Section 5.10 of the Master Trust Indenture.

TO HAVE AND TO HOLD all and singular the said property hereby conveyed and assigned, or agreed or intended so to be, to the Trustee, its successor or successors in trust and its assigns, FOREVER.

IN TRUST, NEVERTHELESS, upon the terms and trust herein set forth and in the Master Trust Indenture, for the equal and proportionate benefit, security and protection of all Holders of the Bonds and Notes issued or to be issued under and secured by the Master Trust Indenture, without preference, priority or distinction as to lien or otherwise or any of the Bonds

or Notes over any of the others except as is specifically provided herein or in the Master Trust Indenture;

PROVIDED, HOWEVER, that if the District, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and Notes and the premium, if any, and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds and Notes, according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient to pay the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Trust Indenture (as supplemented from time to time), to be kept, performed and observed by it and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment the Master Trust Indenture, and the rights hereby granted shall cease, determine and be void; otherwise, the Master Trust Indenture to be and remain in full force and effect.

ARTICLE 2

Authorization of Series 2017 Bonds

Section 2.01 Authorization of the Series 2017 Bonds. Pursuant to the Master Trust Indenture, one or more series of State Revolving Fund Program Revenue Bonds, Series 2017 in an aggregate original principal amount not to exceed \$115,000,000 (the “*Series 2017 Bonds*”) are hereby authorized and created and shall be issued in one or more series consisting of either or both of the following: (a) Taxable Revenue Bonds, Series 2017A (the “*Series 2017A Bonds*”) and (b) Revenue Bonds, Series 2017B (the “*Series 2017B Bonds*”).

Section 2.02 Purposes. The Series 2017A Bonds are being issued to provide funds sufficient, together with other available moneys, (a) to provide funds in the appropriate amount of \$6,500,000 to be deposited to the Clean Water State Match Loan Account established with respect to the Series 2017A Bonds which, together with amounts derived from EPA and deposited into the Federally Capitalized Loan Account, are to be loaned to Borrowers, (b) to provide funds in the approximate amount of \$8,500,000 to be deposited to the Drinking Water State Match Loan Account established with respect to the Series 2017A Bonds which, together with amounts derived from EPA and deposited into the Federally Capitalized Loan Account, are to be loaned to Borrowers, (c) if the Authorized Officers executing the Bond Order for the Series 2017A Bonds determine that sufficient debt service or other savings are achievable, to advance refund approximately \$1,515,000 principal amount of the outstanding Series 2012B Bonds allocable to the prior refunding of Series 2001 Clean Water and Drinking Water Bonds and (d) to provide funds to pay associated costs of issuance.

The Series 2017B Bonds are being issued to provide funds sufficient, together with other available moneys, (a) to provide funds in the approximate amount of \$43,000,000 to be deposited to the Clean Water Leveraged Loan Account established with respect to the Series 2017B Bonds which funds are to be loaned to Borrowers, (b) to provide funds in the approximate amount of \$11,000,000 to be deposited to the Drinking Water Leveraged Loan Account established with respect to the Series 2017B Bonds which funds are to be loaned to Borrowers,

(c) if the Authorized Officers executing the Bond Order for the Series 2017B Bonds determine that sufficient debt service savings are achievable, to advance refund approximately \$10,000,000 principal amount of the outstanding Series 2010B Bonds and/or approximately \$28,000,000 principal amount of the outstanding Series 2012B Bonds, and (d) to pay associated costs of issuance and refunding.

Section 2.03 Date, Payment Dates and Maturities. The Series 2017 Bonds shall be initially dated as provided in the Bond Order and, thereafter, Series 2017 Bonds issued on or subsequent to the first interest payment date shall be dated as of the most recent date to which interest has been duly paid or provided.

The Series 2017 Bonds shall bear interest from their dated date payable semiannually on February 1 and August 1 in each year, commencing February 1, 2018.

Section 2.04 Sinking Fund Installments and Redemption Provisions.

The Series 2017 Bonds shall mature on August 1 in each of the years and in the principal amounts as shall be determined by the Authorized Officers in the Bond Order, provided; however, the final maturity shall not be later than as specified in Section 2.07 of this Resolution.

The total scheduled principal and interest due on the Series 2017 New Money Bonds in any year (after taking into account any Sinking Fund Installments) shall not exceed \$7,700,000. The total scheduled principal and interest due on the Series 2017 Refunding Bonds in any year (after taking into account any Sinking Fund Installments) shall not exceed the corresponding scheduled principal and interest due in any year with respect to the Refunded Bonds by more than \$30,000.

Any Series 2017 Bonds which are issued as term bonds (the “*Series 2017 Term Bonds*”) shall be redeemed prior to their stated maturities by payment of Sinking Fund Installments, upon notice as provided in Article III of the Master Trust Indenture, on August 1 in each of the years and amounts as set forth in the Bond Order, in each case at a redemption price of 100% of the principal amount of such Series 2017 Term Bonds or portions thereof to be so redeemed, together with accrued interest to the redemption date.

The Series 2017 Bonds shall be subject to redemption prior to their stated maturity only as provided in the Bond Order.

Section 2.05 Reserve Fund Requirements. The Series 2017 Bonds shall not be secured by a pledge of or lien on any amounts on deposit in either Reserve Fund.

Section 2.06 Filing of Materials and Satisfaction of Conditions Applicable to Issuance of Additional Bonds. The Chairman shall cause to be filed with the Trustee a Coverage Certificate for each Program based upon the principal amount, maturity and sinking fund schedule and interest rates applicable to the Bonds the District expects to be issued to provide the funds necessary to pay the Series 2017 Bonds on the Maturity Date, all pursuant to the terms and conditions of Section 2.11(b) of the Master Trust Indenture.

Section 2.07 Sale of Series 2017 Bonds; Execution of Bond Purchase Agreement. The form of Bond Purchase Agreement on file is hereby approved and the Authorized Officers are hereby authorized (provided only one signature shall be sufficient) to execute the same in substantially the form on file, but with all such changes and revisions as the officer executing the same shall approve, provided that prior to the execution and delivery of the Bond Purchase Agreement, the Authorized Officers shall make the determinations described below, which determinations shall be memorialized in the Bond Order at or prior to the delivery of the Series 2017 Bonds.

Before executing and delivering the Bond Purchase Agreement and/or the Escrow Agreement(s), the Authorized Officers shall first determine that:

- a) the weighted average interest cost of the Series 2017A Bonds is less than 4.50%,
- b) the last stated maturity date for the Series 2017A Bonds is not later than August 1, 2022,
- c) the purchase price to be paid by the underwriter is not less than 99% of the Series 2017A Bonds,
- d) the net present value savings with respect to the Refunded Bonds refunded by the Series 2017A Bonds will be at least 5% of the principal amount of such Refunded Bonds, and
- e) the underwriters' discount shall not exceed 0.55% of the par amount of Series 2017A Bonds.

In making the determination as to net present value savings, the Authorized Officers may take into account any associated savings expected to occur by virtue of issuing taxable bonds to refund outstanding tax-exempt bonds in order to minimize any required arbitrage rebate payments associated therewith. All such determinations shall be included in the Bond Order and if so included, shall be conclusive evidence of such determinations for all purposes.

Before executing and delivering the Bond Purchase Agreement, the Authorized Officers shall first determine that:

- a) the weighted average interest cost of the Series 2017B Bonds is less than 4.50%,
- b) the last stated maturity date for the Series 2017B Bonds is not later than August 1, 2037,
- c) the yield for arbitrage purposes for the Series 2017B Bonds does not exceed 4.50%,
- d) the purchase price to be paid by the underwriter is not less than 99% of the Series 2017B Bonds,

- e) the net present value savings with respect to the Refunded Bonds refunded by the Series 2017B Bonds will be at least 5% of the principal amount of such Refunded Bonds, and
- f) the underwriters' discount shall not exceed 0.55% of the par amount of Series 2017B Bonds.

In making the determination as to net present value savings, the Authorized Officers may take into account any associated savings expected to occur by virtue of issuing taxable bonds to refund outstanding tax-exempt bonds in order to minimize any required arbitrage rebate payments associated therewith. All such determinations shall be included in the Bond Order and if so included, shall be conclusive evidence of such determinations for all purposes.

Section 2.08 Execution of Escrow Agreement(s). The form of Escrow Agreement on file is hereby approved and the Authorized Officers are hereby authorized (provided only one signature shall be sufficient) to execute one or more Escrow Agreements with respect to the Refunded Bonds (or any portion thereof) in substantially the form on file, but with all such changes and revisions as the officer executing the same shall approve.

Section 2.09 Conforming Amendments to Master Trust Indenture. The Authorized Officers are hereby authorized (provided only one signature shall be sufficient) to execute any conforming amendments or supplements to the Master Trust Indenture approved as to form by the Attorney General and Bond Counsel to the extent such Authorized Officers determine the same is necessary or appropriate in connection with the sale and delivery of the Series 2017 Bonds and that such execution and delivery do not result in a downgrade in the current ratings of outstanding Bonds as of the date of issuance of the Series 2017 Bonds consistent with the requirements of Section 11.01(h) of the Master Trust Indenture.

Section 2.10 Official Statement. The form of Preliminary Official Statement, in substantially the form presented at this meeting, is hereby approved and a final Official Statement shall be distributed with such changes, omissions, insertions and revisions as the officer executing the Official Statement shall deem advisable in order to make such Official Statement a complete and accurate disclosure of all material facts to prospective purchasers of the Series 2017 Bonds. The Chairman or Secretary (provided only one signature shall be sufficient) shall sign one or more copies of such final Official Statement on behalf of the District, and at least one such signed copy shall be filed with the permanent records of the District.

Section 2.11 Delegation of Certain Functions. The Secretary of the Department, or any authorized representative thereof, shall be authorized on behalf of the Department and the District to direct the Trustee to transfer funds from any account or fund under the Master Trust Indenture to provide for flexibility for the Programs, including any transfers from time to time as authorized by the Master Trust Indenture. In addition to the foregoing, the Secretary of the Department, or any authorized representative thereof, shall be authorized on behalf of the Department and the District to direct the Trustee to establish and maintain additional accounts or subaccount for the purposes described above or to account for allocation of restricted and unrestricted moneys under the Master Trust Indenture.

Section 2.12 Authorization and Ratification of Subsequent Acts. The officers, agents and employees of the District and the Department are hereby authorized and directed to do all such acts and things and to execute or accept documents as may be necessary to carry out and comply with the provisions of these resolutions and the documents approved hereby, and all of the acts and doings of the officers, agents and employees of the District and the Department which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved. Without limiting the generality of the foregoing, the proper officers of the District are hereby also authorized and directed to execute, acknowledge and deliver such certificates, agreements and documents which, in the opinion of bond counsel, Perkins Coie LLP, are necessary to preserve the tax exempt status of the Series 2017B Bonds, including a form of Tax Regulatory Agreement providing for the periodic payment of certain earnings on funds held by the Trustee to the United States of America.

ARTICLE 3

Use of Proceeds of Series 2017 Bonds; Determination of, Leveraged Portion and Allocable Portions

Section 3.01 Establishment of Accounts.

(a) There is hereby established within the Loan Fund for each Program and with respect to each Series of Bonds (i.e. Series 2017A and Series 2017B) the following accounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Loan Fund, a Clean Water Leveraged Loan Account and a Clean Water State Match Loan Account.
2. In the Drinking Water Loan Fund, a Drinking Water Leveraged Loan Account and a Drinking Water State Match Loan Account.

(b) There is hereby established within the Revenue Fund for each Program and with respect to each Series of Bonds (i.e. Series 2017A and Series 2017B) the following accounts and subaccounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Revenue Fund, (A) a Clean Water Unrestricted Interest Repayments Account, (B) a Clean Water Restricted Principal Repayments Account, (C) a Clean Water Unrestricted Cumulative Excess Interest Repayments Subaccount and (D) a Clean Water Restricted Cumulative Excess Principal Repayments Subaccount.
2. In the Drinking Water Revenue Fund, (A) a Drinking Water Unrestricted Interest Repayments Account, (B) a Drinking Water Restricted Principal Repayments Account, (C) a Drinking Water Unrestricted Cumulative Excess Interest Repayments Subaccount and (D) a Drinking Water Restricted Cumulative Excess Principal Repayments Subaccount.

(c) There is hereby established within the Administration Fund for each Program and with respect to each Series of Bonds (i.e. Series 2017A and Series 2017B) the following accounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Administration Fund, a Clean Water State Administration Account.
2. In the Drinking Water Administration Fund, a Drinking Water State Administration Account.

(d) There is hereby established within the Bond Fund for each Program and with respect to each Series of Bonds (as applicable) the following accounts and subaccounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Bond Fund, a Clean Water Leveraged Bond Account and a State Match Bond Account.
2. In the Drinking Water Bond Fund, a Drinking Water Leveraged Bond Account and a State Match Bond Account.
3. In the Bond Fund for each Program, such other accounts as the Authorized Officers determine to be necessary or appropriate to provide for payment of the Series 2017 Bonds in accordance with the Master Trust Indenture.

Section 3.02 Determination of Allocable Portions. The Allocable Portion of Series 2017A Bonds and the Series 2017B Bonds for each Program and the State Match Portion and the Leveraged Portion thereof, shall be determined by the Authorized Officers in the Bond Order in accordance with the Indenture.

Section 3.03 Application of Proceeds of the Series 2017 Bond Proceeds.

(a) The proceeds of the Series 2017A Bonds and the Series 2017B Bonds shall be applied for the purposes described in Section 2.02 of this Series Resolution, all as shall be further specified in the Bond Order.

(b) To the extent not financed out of the proceeds of the Series 2017 Bonds as provided in subparagraph (a) above, the Authorized Officers shall provide in the Bond Order that costs of issuance of the Series 2017 Bonds may be paid for out of Revenues or other available funds of the District.

Section 3.04 Allocation of Interest Earnings and Other Amounts; Investment Agreements. (a) Earnings on any amounts on deposit in the State Match Loan Accounts for each Program shall be allocated periodically no less frequently than as of the end of each January and July to the Unrestricted Interest Repayments Accounts for such Program.

(b) Earnings on any amounts on deposit in the Leveraged Loan Account for each Program shall be allocated periodically no less frequently than as of the end of each January and July to the Unrestricted Interest Repayments Accounts for such Program.

(c) Re-designation of Various Funds, Accounts and Subaccounts. At the direction of any Authorized Officer, the Trustee may re-designate or clarify the various names of the Funds, Account and Subaccounts created hereunder, under the Master Trust Indenture or any other prior indenture or resolution so as to properly account for the various funds, accounts and subaccounts established hereunder or under the Master Trust Indenture for purposes of compliance with any requirements of the Code, any requirements of the Environmental Protection Agency or compliance with various investment agreements or any accounting requirements. In addition, and not by way of limitation, the Authorized Officers shall be authorized to include instructions to the Trustee in the Bond Order regarding the consolidation and/or closing of accounts and subaccounts with respect to any of the Series of Bonds. The actions authorized hereby shall expressly include the creation or re-designation or correction of the names of various funds, accounts or subaccounts which are consistent with any provisions of the Master Trust Indenture or with any subsequent requests or requirements of the Environmental Protection Agency, the requirements of the Code or any investment provider.

ARTICLE 4

Form, Execution and Other Details of Series 2017 Bonds

Section 4.01 Form of Series 2017 Bonds. The Series 2017 Bonds, the Registrar's Authentication Certificate, and the form of assignment on the reverse side thereof shall be in substantially the form contemplated by the Master Trust Indenture, with all such insertions as may be consistent with this Series Resolution and the Bond Order. The approving legal opinion of Perkins Coie LLP, as Bond Counsel, may be printed on the reverse side of or be attached to the Bonds and certified by the Chairman.

Section 4.02 Execution and Delivery. The Series 2017 Bonds shall be executed and delivered as provided in the Master Trust Indenture.

Section 4.03 Uses of Securities Depository; Book-Entry Only System. The provisions of the Series Resolution and the Bond Order shall take precedence over the provisions of the Master Trust Indenture to the extent they are inconsistent therewith as to matters relating to the appointment of The Depository Trust Company ("*DTC*") to act as securities depository for the Series 2017 Bonds, and to provide a Book-Entry Only System for registering the ownership interests of the financial institutions for which it holds the Series 2017 Bonds (the "*DTC participants*"), and for distributing to such DTC Participants such amount of the principal and interest payments on the Series 2017 Bonds as they are entitled to receive, for redistribution to the beneficial owners of the Series 2017 Bonds as reflected in their records (the "*Beneficial Owners*").

ARTICLE 5

Special Covenants

The Board of Water and Natural Resources and the District covenant and agree with the persons who at any time are Holders and Owners of the Series 2017 Bonds that so long as any Series 2017 Bonds remain outstanding and unpaid:

Section 5.01 Observe Master Trust Indenture, Series Resolution and Loan Agreements. The District will faithfully keep and observe all the terms, provisions and covenants contained in the Master Trust Indenture, this Series Resolution and the Loan Agreements.

Section 5.02 Maintenance of Tax-Exempt Status. The District shall not take, or permit the Political Subdivision to take, any action that would cause the Series 2017B Bonds to be “private activity bonds” within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended. The District shall comply with all the rebate requirements imposed under Section 148(f) of the Internal Revenue Code of 1986, as amended, and regulations thereunder, which are necessary to preserve the tax exempt status of the Series 2017B Bonds, including (if applicable) the requirement to make periodic calculations of the amount subject to rebate thereunder and the requirement to make all required rebates to the United States. The District agrees to use any moneys on deposit in any Fund or Account maintained under the Master Trust Indenture to pay any such rebate (or penalty in lieu thereof) when due to the extent permitted by the Master Trust Indenture. In addition, the District shall make no investment of funds or take or permit the Political Subdivision to take any action that would cause the Series 2017B Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Chairman is hereby authorized to make on behalf of the District any elections under the provisions of Section 148 of the Internal Revenue Code of 1986 and regulations thereunder as he may deem appropriate. All terms used in this Section 5.02 shall have the meanings provided in the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Chairman shall execute any certificates as may be necessary or appropriate to establish the tax exempt status of the Bonds. The District covenants that it will take such actions as may be necessary in order to ensure that the interest on any Series 2017B Bonds remains excluded from the gross income of the holders thereof for federal income tax purposes under Section 103 of the Code.

ARTICLE 6

Miscellaneous

Section 6.01 Adjustments by Authorized Officers.

The Authorized Officers are hereby authorized and directed to adjust the deposit and application of the proceeds of the Series 2017 Bonds as described herein if and to the extent such Authorized Officers determine that the payment of any underwriter’s discount, bond insurance premium or other amounts can be made from any other funds or accounts in a manner favorable to the District.

Section 6.02 Amendments. This Series Resolution may be amended as provided in the Master Trust Indenture.

Section 6.03 Effective Date. This Series Resolution is effective immediately.

Adopted: _____, 2017

Its Chairman

Attest:

Its Secretary

DRAFT