

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
ORLAND-ARTOIS WATER DISTRICT**

RESOLUTION NO. 2020-09

**A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE
A CONTRACT BETWEEN THE UNITED STATES
AND ORLAND-ARTOIS WATER DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
AND FACILITIES REPAYMENT**

WHEREAS, Orland-Artois Water District currently has a water service contract with the United States Bureau of Reclamation for Central Valley Project water; and

WHEREAS, the existing CVP water service contract will expire on February 28, 2030; and

WHEREAS, the proposed amendment to the existing water-service contract will convert the water-service contract into a repayment contract, which will not have an expiration date; and

WHEREAS, by converting the water service contract to a permanent repayment contract, the District will avoid future costs that would otherwise be incurred to renew the water service contract, such as legal and environmental review costs; and

WHEREAS, the Bureau of Reclamation has estimated that the District's share of the unpaid construction costs of the Central Valley Project owed to the Bureau of Reclamation is slightly more than \$8,100,000; and

WHEREAS, the Bureau of Reclamation will provide the final costs owed by the District upon the execution of this agreement; and

WHEREAS, Section 4011(a)(2)(A) of the WIIN Act permits the Secretary to discount the construction costs owed by ½ of the Treasury Rate if the District converts its existing water service contract to a repayment contract and prepays the balance of its unpaid construction costs; and,

WHEREAS, As a result of the discount, the District's share of the unpaid construction costs of the Central Valley Project would be reduced to approximately \$7,888,291, if paid in one lump sum, or approximately \$7,983,091, if paid in installments over three years as permitted by the WIIN Act, but in either case, the District would realize a significant cost savings by prepaying; and

WHEREAS, the District has been discussing financing options with several banks, and the District anticipates that it will be able to obtain a competitively priced loan to pay the construction costs owed to the Bureau of Reclamation, and consequently the conversion to a repayment contract will result in a significant cost savings to the District as compared to what the District would have been required to pay to continue its long-term water service contract; and

WHEREAS, upon payment of the construction costs and conversion to a repayment contract, CVP water delivered within the District will no longer be subject to the restrictions of the Reclamation Reform Act; and

WHEREAS, the agreement will be in a form acceptable to the District's General Counsel;
and

WHEREAS, the District's conversion from a water service contract to a repayment contract does not increase the amount of water the District receives, nor does it change any water project operations or deliveries or result in any changes to existing land uses. This is merely a legal and financial transaction that will not cause any physical impact on the environment. Consequently, approval of this repayment contract does not trigger environmental review under the California Environmental Quality Act;

NOW, THEREFORE, BE IT RESOLVED that the Governing Board of the Orland-Artois Water District authorizes the Board President to execute a contract between the United States and the Orland-Artois Water District providing for project water service and facilities repayment; and,

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Governing Board of the Orland-Artois Water District that the Board recognizes that non-substantive corrections, , such as changes of a technical or clerical nature, may occur after the time the Governing Board takes action on this item and before presentation of the proposed repayment contract for execution by the United States and the Board expressly authorizes the District's General Counsel to make and approve such edits without further Governing Board action being required, if, in the opinion of the General Counsel, any subsequent changes did not change the substantive terms of the contract.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Governing Board of the Orland-Artois Water District that the Board authorizes and directs the District's General Counsel to file a validation action under Code of Civil Procedure sections 860, et seq., to confirm the validity of these actions, as required for contracts of this type entered into under federal reclamation law.

PASSED AND ADOPTED on the 15th day of September, 2020, by the following roll-call vote of the Board of Directors of the Orland-Artois Water District:

AYES: M. Vereschagin, E. Pieper, J. Jones, C. Schonauer

NOES: None

ABSENT: J. Erickson


ABSTAIN: None

Signed:



President, Board of Directors: John Michael Vereschagin

Attest:



Secretary: Emil Cavagnolo