

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF EASTERN MUNICIPAL WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2014-67 (TR. 30422-3 / TR. 36437) OF EASTERN MUNICIPAL WATER DISTRICT, AUTHORIZING THE ISSUANCE OF ITS IMPROVEMENT AREA A 2019 SPECIAL TAX BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$2,250,000) AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Directors of Eastern Municipal Water District (the “Water District”), located in Riverside County, California (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore undertaken proceedings to form Community Facilities District No. 2014-67 (TR. 30422-3 / TR. 36437) of Eastern Municipal Water District (the “District”) and Improvement Area A therein (“Improvement Area A”) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, pursuant to Resolution No. 2015-019 adopted by the legislative body of the District on April 1, 2015, a bond proposition was submitted to the qualified electors within Improvement Area A and was approved by more than two-thirds of the votes cast at the election held within Improvement Area A on April 1, 2015; and

WHEREAS, based upon the aforesaid resolution and election, the District was authorized pursuant to the Act to issue bonds in an aggregate principal amount not to exceed \$5,000,000 on behalf of Improvement Area A; and

WHEREAS, in November, 2017, the District issued its Improvement Area A 2017 Special Tax Bonds in an aggregate principal amount of \$2,120,000 (the “2017 Bonds”) pursuant to a Trust Indenture, by and between the District and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), dated as of November 1, 2017 (the “Original Indenture”); and

WHEREAS, the District desires to finance certain public facilities (the “Project”) for the District through the issuance of bonds in an aggregate principal amount not to exceed \$2,880,000 designated as the “Community Facilities District No. 2014-67 (TR. 30422-3 / TR. 36437) of Eastern Municipal Water District Improvement Area A 2019 Special Tax Bonds” (the “2019 Bonds”) on a parity basis with the 2017 Bonds; and

WHEREAS, in order to effect the issuance of the 2019 Bonds, the legislative body of the District desires to approve the form of a Preliminary Official Statement for the 2019 Bonds and to approve the form, and authorize the execution and delivery, of a First Supplement to the

Indenture for the 2019 Bonds (the “First Supplement” and, together with the Original Indenture, the “Indenture”), a Continuing Disclosure Certificate for the 2019 Bonds and a Purchase Agreement for the 2019 Bonds; and

WHEREAS, in accordance with Government Code Section 53360.4, the Legislative Body determines that a negotiated sale of the 2019 Bonds to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) in accordance with the terms of the Purchase Agreement for the 2019 Bonds will result in a lower overall cost to the District than a public sale; and

WHEREAS, the Fiscal Year 2018-19 assessed value determined by the Riverside County Assessor’s Office of the real property that is subject to the Special Taxes to pay debt service on the 2019 Bonds is \$75,511,868, which is not less than four times the sum of the maximum principal amount of the outstanding 2017 Bonds (\$2,075,000) plus the maximum principal amount of the 2019 Bonds (\$2,250,000) plus the principal amount of all other bonds outstanding that are secured by Special Taxes levied pursuant to the Act on property within Improvement Area A or a special assessment levied on property within Improvement Area A (\$4,101,789), the sum of those three numbers being \$8,426,789; and

WHEREAS, pursuant to the requirements of Section 5852.1 of the California Government Code (the “Code”), set forth below are good faith estimates provided to the District by Fieldman, Rolapp & Associates, Inc., the District’s municipal advisor, based on market conditions as of December 21, 2018. The following estimates have no bearing on, and should not be misconstrued as, any not to exceed financial parameters authorized by this resolution:

(a) The true interest cost of the 2019 Bonds is estimated at 4.54% calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the 2019 Bonds, including all fees and charges paid to third parties, is estimated at \$215,000.

(c) Proceeds of the 2019 Bonds received by the District for the sale of the 2019 Bonds are equal to \$1,644,542.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$3,785,701.

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

WHEREAS, the legislative body of the District has determined that it is prudent in the management of its fiscal affairs to issue the 2019 Bonds; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF EASTERN MUNICIPAL WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF THE DISTRICT, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. Each of the above recitals is true and correct.
2. The legislative body of the District is authorized pursuant to the Act to issue the 2019 Bonds for the benefit of the District for purposes set forth herein and to take the necessary steps to finance the Project.
3. The issuance of the 2019 Bonds in an aggregate principal amount not to exceed \$2,250,000 and an interest rate not to exceed six percent per annum is hereby authorized with the exact principal amount to be determined by the official signing the Purchase Agreement in accordance with Section 7 below. The legislative body of the District hereby determines that it is prudent in the management of its fiscal affairs to issue the 2019 Bonds. The 2019 Bonds shall mature on the dates and pay interest at the rates set forth in the Purchase Agreement to be executed on behalf of the District in accordance with Section 7 hereof. The 2019 Bonds shall be governed by the terms and conditions of the First Supplement presented at this meeting and the Indenture. The First Supplement shall be prepared by Bond Counsel to the District and executed by one or more of the President or Secretary of the legislative body of the District, or the General Manager, Deputy General Managers, or the Director of Finance of the Water District (collectively, the "Authorized Officers") substantially in the form presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary to cure any ambiguity or defect therein, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions in accordance with the limitations set forth in this Resolution. Approval of such changes shall be conclusively evidenced by the execution and delivery of the First Supplement by one or more Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indenture.
4. The 2019 Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the legislative body of the District, and the seal of the District, or a facsimile thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the Secretary of the legislative body of the District. U.S. Bank National Association is hereby appointed to act as Fiscal Agent for the 2019 Bonds.
5. The covenants set forth in the Indenture are hereby approved, shall be deemed to be covenants of the Board of Directors in its capacity as the legislative body of the District and shall be complied with by the District and its officers.
6. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the value of the real property in Improvement Area A subject to the special tax to pay debt service on the 2019 Bonds is at least three times the principal amount of the 2019 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area A.

7. The form of the Purchase Agreement presented at this meeting and the sale of the 2019 Bonds pursuant thereto are hereby approved, provided that the interest rate on the 2019 Bonds does not exceed six percent per annum and the discount at which the Underwriter purchases the 2019 Bonds (exclusive of original issue discount) does not exceed three percent of the respective principal amount thereof, as determined by the General Manager, any Deputy General Manager, the Director of Finance, or his or her designee. Any one of the Authorized Officers is hereby authorized to execute the Purchase Agreement, with such additions thereto and changes therein as the officer executing it may approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Agreement. Each of the General Manager, the Deputy General Managers, the Director of Finance, or his or her designee, is authorized to determine the day on which the 2019 Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

8. The form of the Continuing Disclosure Certificate for the 2019 Bonds (the "Continuing Disclosure Certificate") presented at this meeting is hereby approved; and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form hereby approved, with such additions thereto and changes therein as the officer or officers executing the same deem necessary or desirable, such approval to be conclusively evidenced by the execution and delivery thereof.

9. The form of the Preliminary Official Statement (the "Preliminary Official Statement") presented at this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the 2019 Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by any of the Authorized Officers, to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by any of the Authorized Officers, to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the 2019 Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the District as described above.

10. The issuance of the 2019 Bonds as prescribed by the parameters hereunder shall also be in compliance with the provisions of the Water District's Comprehensive Debt Policy dated January 18, 2017 (the "Debt Policy") with respect to land secured bonds, including but

not limited to the requirements that (i) the value of the real property in Improvement Area A subject to the special tax to pay debt service on the 2019 Bonds is at least four times the principal amount of the 2019 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area A, and (ii) the issuance of the 2019 Bonds is not expected to cause the total tax projected to be levied on parcels within Improvement Area A in Fiscal Year 2019-20 to exceed two percent of the value of such parcels. The Board hereby determines that the 2019 Bonds shall be the last series of bonds for Improvement Area A except for refunding purposes in accordance with the parameters set forth in the Indenture.

11. The Authorized Officers are each authorized to provide for all services necessary to effect the issuance of the 2019 Bonds. Such services shall include, but not be limited to, obtaining legal services, municipal advisor services, fiscal agent services and any other services deemed appropriate as set forth in a certificate of an Authorized Officer. The Authorized Officers are authorized to pay for the cost of such services, together with other costs of issuance of the 2019 Bonds from 2019 Bond proceeds.

12. The President and Secretary of the legislative body of the District, the Authorized Officers and the other officers and staff of the Water District and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions, and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the 2019 Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the 2019 Bonds as described in First Supplement, including, but not limited to, providing certificates as to the accuracy of any information relating to the District which is included in the Official Statement and other certifying described in the Indenture or Purchase Agreement. In the event that the President of the legislative body of the District is unavailable to sign any document authorized for execution herein, any other member of the legislative body of the District, or his designee, may sign such document. Any document authorized herein to be signed by the Secretary of the legislative body of the District may be signed by a duly-appointed deputy secretary.

13. This Resolution shall take effect immediately upon its adoption.

Dated: February 20, 2019

Ronald W. Sullivan, President

I hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of the Eastern Municipal Water District at its meeting held on February 20, 2019.

ATTEST:

Sheila Zelaya, Board Secretary

(SEAL)