

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
GARDEN GROVE PUBLIC FINANCING AUTHORITY
AUTHORIZING THE SALE AND ISSUANCE OF GARDEN
GROVE PUBLIC FINANCING AUTHORITY WATER
REVENUE BONDS, SERIES 2020A, IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 AND
APPROVING THE EXECUTION AND DELIVERY OF
CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND
CERTAIN OTHER MATTERS

WHEREAS, the Garden Grove Public Financing Authority (the “**Authority**”), a public entity that is duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State of California (the “**State**”), has the powers, among others, to issue bonds and to finance water facilities on behalf of its members pursuant to Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, including but not limited to Article 4 thereof, known as the “Marks-Roos Local Bond Pooling Act of 1985,” Government Code Section 6584 *et seq.* (the “**Act**”);

WHEREAS, the City of Garden Grove (the “**City**”), a municipal corporation and general law city that is duly organized and existing under the Constitution and laws of the State of California, and a member of the Authority, proposes to undertake the financing of the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its water system (collectively, the “**2020 Project**”);

WHEREAS, the City also proposes to refinance the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its water system (the “**2010 Projects**”) which were previously financed from proceeds of the Garden Grove Public Financing Authority Water Revenue Bonds, Series 2010A, 2010B and 2010C (collectively, the “**2010 Bonds**”);

WHEREAS, the Board of Directors of the Authority (the “**Board**”) has determined that it is desirable to issue its Water Revenue Bonds, Series 2020A (the “**Bonds**”) in an aggregate principal amount not to exceed \$25,000,000 to assist the City in financing the 2020 Project and refinancing the 2010 Projects;

WHEREAS, the Bonds are to be secured by installment payments to be made pursuant to an Installment Purchase Agreement (the “**Installment Purchase Agreement**”), by and between the City and the Authority, which installment payments will be payable from net revenues of the City’s water system;

WHEREAS, the Board has determined that it is in the best interest of the Authority to enter into the Installment Purchase Agreement with the City, and to approve certain other documents;

WHEREAS, the Authority and U.S. Bank National Association, as trustee (the “**Trustee**”), desire to enter into an Indenture of Trust (the “**Indenture**”), to provide for the

issuance and security of the Bonds and to provide for the financing of the 2020 Project and the refinancing of the 2010 Projects;

WHEREAS, pursuant to the Indenture, the Authority will assign to the Trustee the installment payments payable under the Installment Purchase Agreement;

WHEREAS, in order to effect the refunding of the 2010 Bonds, the City, the Authority and U.S. Bank National Association, as trustee for the 2010 Bonds and as escrow agent, desire to enter into an Escrow Agreement (2010 Bonds) (the “**Escrow Agreement**”);

WHEREAS, the Authority desires to execute and deliver a bond purchase agreement (the “**Purchase Contract**”) with the City and Stifel, Nicolaus & Company, Incorporated, as the underwriter of the Bonds (the “**Underwriter**”), with respect to the Bonds;

WHEREAS, in order to effect a public sale of the Bonds to the Underwriter, the Authority is required under federal securities laws and regulations to prepare a preliminary official statement with respect to the Bonds (the “**Preliminary Official Statement**”) disclosing material information about the City, the 2020 Project and the City’s water system; and

WHEREAS, the Authority wishes to approve the Preliminary Official Statement for the Bonds, which has been prepared by the City and the Authority with the assistance of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel (“**Disclosure Counsel**”);

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GARDEN GROVE PUBLIC FINANCING AUTHORITY, as follows:

Section 1. The Board hereby specifically finds and declares that each of the statements, findings and determinations of the Authority that are set forth in the above recitals and in the preambles of the documents that are approved herein are true and correct and that the financing of the 2020 Project and the refinancing of the 2010 Projects will result in significant public benefits for the residents of the City. The Board hereby further finds and determines that: (a) there are significant public benefits to the citizens of the City of the type described in Section 6586 of the Act in having the Authority assist the City with respect to the financing of the 2020 Project and the refinancing of the 2010 Projects through the issuance of the Bonds, in that the issuance of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the City and significant reductions in effective user charges levied by the City; and (b) the 2020 Project and the 2010 Projects include facilities for the production, storage, transmission or treatment of water within the meaning of Section 6586.5(c) of the Act.

Section 2. The Board hereby authorizes the preparation, sale and delivery of the Bonds in accordance with the terms and provisions of the Indenture in an aggregate principal amount (not in excess of \$25,000,000) that is determined by the Chair, the Vice Chair, the Executive Director, the Treasurer or the Secretary of the Authority (each, an “**Authorized Officer**”), together with other available funds, as being necessary: (a) to finance the 2020 Project and refinance the 2010 Projects; (b) to pay the costs of issuing the Bonds; (c) if advisable to reduce the interest rate payable on the Bonds and/or secure a higher credit rating on the Bonds, to establish a reserve fund for the Bonds; and (d) if determined to be in the

best interest of the City, to capitalize interest on the Bonds during all or a portion of the construction period for the 2020 Project.

Section 3. The form of the Bonds, as set forth in the form of the Indenture (as the Indenture may be modified pursuant hereto), is hereby approved; and the Authorized Officers are hereby authorized and directed to execute the Bonds by manual or facsimile signature in the name and on behalf of the Authority.

Section 4. The Installment Purchase Agreement is hereby approved substantially in the form on file with the Secretary. Each Authorized Officer or the designee thereof is hereby authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel ("**Bond Counsel**") and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 5. The Indenture is hereby approved substantially in the form on file with the Secretary. Each Authorized Officer or the designee thereof is hereby authorized and directed to execute and deliver such Indenture with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 6. The Escrow Agreement is hereby approved substantially in the form on file with the Secretary. Each Authorized Officer or the designee thereof is hereby authorized and directed to execute and deliver such Escrow Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 7. The Purchase Contract is hereby approved substantially in the form on file with the Secretary. Each Authorized Officer or the designee thereof is hereby authorized and directed to execute and deliver such Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$25,000,000, nor shall the underwriting discount exceed 1.00% of the aggregate principal amount of the Bonds, nor shall the true interest cost of the Bonds exceed 4.00%; and provided further that the Bonds issued to refund the 2010 Bonds shall result in an aggregate net present value debt service savings of 3% or greater.

Section 8. The preparation and distribution of the Preliminary Official Statement in substantially the form on file with the Secretary is hereby approved. Each Authorized Officer is hereby authorized: (i) to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "**Rule**") deeming the Preliminary Official Statement substantially final under the Rule, except for the omission of information as permitted by the Rule; and (ii) to execute, approve and deliver the final Official Statement substantially in the form of the Preliminary Official Statement with such changes, insertions and omissions as the officer or officers executing said document may require or approve, subject to advice from the General Counsel or Disclosure Counsel, such approval to be conclusively evidenced by

the execution and delivery thereof. The Underwriter is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds.

Section 9. The proceeds of the Bonds shall be deposited as provided in the Indenture and the Installment Purchase Agreement to finance the 2020 Project and refinance the 2010 Projects.

Section 10. The appointment of U.S. Bank National Association, as Trustee under and pursuant to the Indenture, with the powers and duties of said office as set forth therein, is hereby approved.

Section 11. The Board hereby authorizes each Authorized Officer: (i) to solicit bids for a municipal bond insurance policy and/or reserve surety; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policy or policies with a municipal bond insurer; and (iv) if it is determined that the policy or policies will result in net savings for the City, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of the Bonds.

Section 12. The Authorized Officers or any other proper officer of the Authority, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Installment Purchase Agreement, the Escrow Agreement, the Purchase Contract, bond insurance, a reserve surety and this Resolution, including any reimbursement agreement or other agreement relative to bond insurance or a reserve surety and any escrow or redemption instructions related to the 2010 Bonds. In the event that the Chair of the Board is unavailable to sign any of the agreements described herein, any other member of the Board may sign such agreement.

Section 13. Unless otherwise defined herein, all terms that are used herein and not otherwise defined shall have the meanings given to such terms in the Indenture unless the context otherwise clearly requires.

Section 14. In accordance with Section 5852.1 of the California Government Code, the Authority has obtained from Fieldman, Rolapp & Associates, Inc., the City's Municipal Advisor, required good faith estimates relating to the Bonds, and such estimates are disclosed and set forth in Exhibit A.

Section 15. This Resolution shall take effect from and after its date of adoption.

Adopted this 13th day of October, 2020.

ATTEST:

CHAIR

SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss:
CITY OF GARDEN GROVE)

I, Teresa Pomeroy, CMC, Secretary of the Garden Grove Public Financing Authority, do hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the Garden Grove Public Financing Authority at a regular meeting held on the 13th day of October, 2020.

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| AYES: | COUNCIL MEMBERS: |
| NOES: | COUNCIL MEMBERS: |
| ABSENT: | COUNCIL MEMBERS: |

SECRETARY

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's Municipal Advisor and has been represented by such party to have been provided in good faith:

- (A) True Interest Cost of the Bonds: 2.56%
- (B) Finance Charge of the Bonds (Sum of all fees/charges paid to third parties):
\$347,714
- (C) Net Proceeds of the Bonds to be Received (net of finance charges, reserves and capitalized interest, if any): \$25,243,494
- (D) Total Payment Amount through Maturity of the Bonds: \$35,937,177

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority based on a variety of factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.