

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN GROVE SANITARY DISTRICT AUTHORIZING THE ISSUANCE OF REVENUE REFUNDING BONDS, SERIES 2017 TO REFUND THE GARDEN GROVE SANITARY DISTRICT REVENUE CERTIFICATES OF PARTICIPATION (SEWER SYSTEM CAPITAL IMPROVEMENT PROGRAM) SERIES 2006, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Garden Grove Sanitary District (the "District"), a sanitary district that is duly organized and existing under and pursuant to the Constitution and laws of the State of California, has determined to refinance the acquisition and construction of certain sewer system capital improvements (collectively, the "2006 Project") that are more particularly described in the 2006 Installment Purchase Agreement (as such term is defined below);

WHEREAS, the Garden Grove Public Financing Authority (the "Authority") has previously entered into an Installment Purchase Agreement with the District dated as of April 1, 2006 (the "2006 Installment Purchase Agreement") and caused the execution and delivery of the Garden Grove Sanitary District Revenue Certificates of Participation (Sewer System Capital Improvement Program) Series 2006 (the "2006 Certificates") to finance the acquisition and construction of the 2006 Project;

WHEREAS, the 2006 Certificates are secured by payments made by the District under the 2006 Installment Purchase Agreement;

WHEREAS, in order to accomplish the refinancing of the 2006 Project, the District desires to issue its Revenue Refunding Bonds, Series 2017 (the "2017 Bonds") pursuant to that certain Indenture of Trust (the "Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee"), substantially in the form that is on file with the Secretary of the District;

WHEREAS, the District's obligation to pay the 2017 Bonds will be payable from Net Revenues of the Sewer System (as such terms are defined in the Indenture);

WHEREAS, the District will cause the 2006 Project to be refinanced through the prepayment of the 2006 Installment Purchase Agreement from proceeds of the 2017 Bonds;

WHEREAS, the Board of Directors desires to approve the form of a purchase agreement for the 2017 Bonds (the "Purchase Contract"), by and between the District and Stern Brothers & Co. (the "Underwriter"), pursuant to which the Underwriter will agree to purchase the 2017 Bonds on the terms and conditions that are set forth therein, substantially in the form that is on file with the Secretary of the District;

WHEREAS, the Board of Directors desires to approve the form of a Preliminary Official Statement in order to enable the Underwriter to market the 2017 Bonds, substantially in the form that is on file with the Secretary of the District; and

WHEREAS, the Board of Directors desires to approve the form of a Continuing Disclosure Certificate of the District, substantially in the form that is on file with the Secretary of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GARDEN GROVE SANITARY DISTRICT, as follows:

Section 1. The Indenture, in substantially the form that is on file with the Secretary of the District and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President or Vice President of the Board of Directors of the District, the Secretary of the District, the General Manager or the designee of any of them (each, an "Authorized Officer") are each hereby authorized and directed to execute and deliver the Indenture with such changes, insertions and omissions as may be recommended by the General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, bond counsel to the District ("Bond Counsel"), and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 2. The Board of Directors hereby authorizes the issuance, sale and delivery of the 2017 Bonds in accordance with the terms and provisions of the Indenture. The proceeds of the 2017 Bonds will be expended: (i) to refinance the 2006 Project; (ii) to fund a reserve fund, if required; and (iii) to pay the costs of issuance of the 2017 Bonds.

Section 3. The Purchase Contract, in substantially the form that is on file with the Secretary of the District and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The Authorized Officers and the Finance Director are each hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by the General Counsel or Bond Counsel and approved by the person executing the same, said execution being conclusive evidence of such approval; provided, however, that: (i) the net present value savings that are realized by refunding the 2006 Certificates from proceeds of the 2017 Bonds shall be no less than 3%; and (ii) the underwriting discount for the 2017 Bonds shall not exceed 0.324% of the aggregate principal amount of the 2017 Bonds.

Section 4. U.S. Bank National Association is hereby appointed as Trustee on behalf of the owners of the 2017 Bonds, with the duties and powers of such Trustee as set forth in the Indenture.

Section 5. The General Manager and the Finance Director or the designee of either of them are authorized to reject any terms presented by the Underwriter if

determined not to be in the best interest of the District, and the General Manager and the Finance Director or the designee of either of them are further authorized to evaluate whether the purchase of municipal bond insurance or a debt service reserve policy for the 2017 Bonds will result in a net savings to the District and, if so, to arrange for the purchase of such municipal bond insurance or debt service reserve policy.

Section 6. The preparation and distribution of the Preliminary Official Statement, in substantially the form that is on file with the Secretary of the District is hereby approved. The Authorized Officers are each hereby authorized to make such changes, insertions and omissions to the Preliminary Official Statement as may be recommended by the General Counsel or Bond Counsel, and the Authorized Officers and the Finance Director are each hereby authorized to sign a certificate deeming the Preliminary Official Statement final for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Upon execution of such certificate, the Underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the 2017 Bonds. The Authorized Officers are each hereby authorized and directed to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement, which, upon execution as authorized below, is made a part hereof as though set forth in full herein, with such changes, insertions and omissions as may be recommended by the General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval. The Underwriter is directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2017 Bonds.

Section 7. The Continuing Disclosure Certificate of the District, in substantially the form that is on file with the Secretary of the District and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The Authorized Officers are each hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by the General Counsel or Bond Counsel and approved by the person executing the same, said execution being conclusive evidence of such approval.

Section 8. The legal services agreement with Jones Hall, A Professional Law Corporation, disclosure counsel in connection with the 2017 Bonds, in substantially the form that is on file with the Secretary of the District and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The Authorized Officers are each hereby authorized and directed to execute and deliver the legal services agreement with such changes, insertions and omissions as may be recommended by the General Counsel and approved by the

person executing the same, said execution being conclusive evidence of such approval.

Section 9. The Authorized Officers and all other officers of the District are hereby authorized, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary and advisable in order to consummate the sale and delivery of the 2017 Bonds and otherwise effectuate the purposes of this Resolution, including, but not limited to, working with the Authority and the trustee for the 2006 Certificates to cause the redemption of the 2006 Certificates, including but not limited to the preparation of an escrow agreement for the 2006 Certificates, if required, and any such actions that were previously taken by such officers are hereby ratified and confirmed. Each of the Authorized Officers is hereby authorized to solicit bids from municipal bond insurers, to select an insurer to provide municipal bond insurance with respect to the 2017 Bonds and a debt service reserve policy, if applicable, and to execute and negotiate any agreements that are necessary in connection with the procurement of such municipal bond insurance or debt service reserve policy, if such municipal bond insurance or debt service reserve policy provides debt service savings or other benefits to the proposed transaction, as determined by the District. The District's execution of an insurance commitment shall be conclusive evidence of such determination. Each of the above-referenced officers is hereby authorized to direct Bond Counsel and/or the General Counsel to make any necessary revisions to the legal documents to effectuate the procurement of municipal bond insurance and/or a debt service reserve fund policy. In the event that the President of the Board of Directors is unavailable or unable to execute and deliver any of the above-referenced documents, any other member of the Board of Directors may validly execute and deliver such document, and, in the event that the Secretary of the District is unavailable or unable to execute and deliver any of the above-referenced documents, any deputy secretary may validly execute and deliver such document. Expenditures of net proceeds of the 2017 Bonds to refinance the 2006 Project shall be subject to compliance by the District with all legal and other conditions precedent thereto.

Section 10. This Resolution shall take effect from and after its date of adoption.