

SOUTHWEST SUBURBAN SEWER DISTRICT
KING COUNTY, WASHINGTON
RESOLUTION NO. 2021-03-01

A RESOLUTION of the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of its sewer revenue refunding bond to provide the funds necessary to pay all or a part of the costs of refunding certain outstanding sewer revenue bonds of the District to achieve a debt service savings, the administration costs of the refunding, and the costs of issuance of the bond; fixing or setting the parameters with respect to certain terms and covenants of the bond; appointing the District's designated representative to approve the final terms of the bond; and providing for other related matters.

ADOPTED MARCH 2, 2021

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* *The cover page, table of contents and section captions of this resolution are for convenience of reference only, and shall not be used to resolve any question of interpretation of this resolution.*

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A RESOLUTION of the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of its sewer revenue refunding bond to provide the funds necessary to pay all or a part of the costs of refunding certain outstanding sewer revenue bonds of the District to achieve a debt service savings, the administration costs of the refunding, and the costs of issuance of the bond; fixing or setting the parameters with respect to certain terms and covenants of the bond; appointing the District's designated representative to approve the final terms of the bond; and providing for other related matters.

BE IT RESOLVED by the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, as follows:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

"2011 Bonds" means the District's Sewer Revenue Bonds, 2011, issued pursuant to Resolution No. 2011-11.

"2014 Bonds" means the District's Sewer Revenue Improvement and Refunding Bonds, 2014A (Tax-Exempt), issued pursuant to Resolution No. 2014-03.

"2018 Bonds" means the District's Sewer Revenue Improvement and Refunding Bonds, 2018, issued pursuant to Resolution No. 2017-16.

"Acquired Obligations" means the United States Treasury Certificates of Indebtedness, Notes, and Bonds—State and Local Government Series and other direct, noncallable Government Obligations purchased to accomplish the refunding of the Refunded Bonds as authorized by this resolution and in accordance with the Refunded Bond Resolution.

"Adjusted Net Revenue" means the Net Revenue for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of any proposed Future Parity Bonds as adjusted in accordance with Section 14.

"Annual Debt Service" means the amount required to be paid in a calendar year for (1) interest on all Parity Bonds then outstanding, (2) principal of all Parity Bonds then outstanding but excluding any outstanding Term Bonds and (3) payments for the mandatory sinking fund redemption of outstanding Term Bonds.

"Assessments" means assessments or installments thereof levied in any ULID and shall include interest and any penalties thereon; provided, however, that such Assessments shall not include Assessment principal collected in any ULID within the 30-day period permitted by law

for payment without interest to the extent that such principal is applied to costs of the improvements for which such ULID was created. "Assessment Income" means the amounts which are collected on account of the principal of and interest and any penalties on Assessments. "Assessment Payment Period" means the period during which any Assessment may be paid without becoming delinquent. As used hereinafter unless specifically indicated otherwise, "Assessments," "Assessment Income" and "Assessment Payment Period" shall apply only to assessments in utility local improvement districts where such assessments are pledged to be paid into the Bond Fund.

"Average Annual Debt Service" means the total Annual Debt Service on the then outstanding Parity Bonds divided by the number of calendar years (counting any partial year as a fraction of a calendar year) to the last maturity or mandatory prepayment date thereof. In the event the District has any Parity Bond outstanding on any May 15 or November 15 which does not bear a fixed interest rate to the maturity thereof, the Annual Debt Service shall be calculated in the manner set forth in Section 12(b).

"Board" means the Board of Commissioners of the District as the same shall be duly and regularly constituted from time to time.

"Bond" means the Sewer Revenue Refunding Bond, 2021, of the District authorized to be issued pursuant to and for the purposes in this resolution.

"Bond Counsel" means the firm of Foster Garvey, PC, its successor, or any other attorney or firm of attorneys selected by the District with a nationally recognized standing as bond counsel in the field of municipal finance.

"Bond Fund" means the "Southwest Suburban Sewer District Revenue Bond Fund 2004" created by Resolution No. 2004-16 for the payment of principal of, mandatory sinking fund payments and interest on the Parity Bonds.

"Bond Register" means the books or records maintained by the Registrar for the purpose of identifying ownership of the Bond.

"Code" means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

"Coverage Requirement" means the requirement set forth in Section 13(c)(ii).

"Designated Representative" means the officer of the District appointed in Section 4 to serve as the District's designated representative in accordance with RCW 39.46.040.

"District" means the Southwest Suburban Sewer District, King County, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State.

"Estimated Assessment Income" means the estimated income to be derived from Assessments for each calendar year determined in accordance with Section 14.

“Final Terms” means the terms and conditions for the purchase of the Bond including the amount, date, denomination, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, prepayment rights, price, and other terms or covenants, including minimum savings for refunding.

“Fiscal Agent” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“Future Parity Bonds” means any revenue bonds or other revenue obligations issued by the District which have a lien upon the Revenue of the System to pay and secure the payment of the principal thereof and interest thereon equal to the lien created on the Revenue of the System to pay and secure the payment of the principal of and interest on the Bond and the Outstanding Parity Bonds.

“General Manager” means the General Manager of the District or the successor to the functions of that officer.

“Government Obligations” means noncallable direct obligations of or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Independent Utility Consultant” means either (a) an independent licensed professional engineer experienced in the design, construction or operation of municipal utilities of comparable size and character to the System, or (b) an independent certified public accountant or other professional consultant experienced in the development of rates and charges for municipal utilities of comparable size and character to the System.

“Issue Date” means the date of initial issuance and delivery of the Bond to the Purchaser in exchange for the purchase price of the Bond.

“Maintenance and Operation Expense” means all reasonable expenses incurred by the District in causing the System to be operated and maintained in good repair, working order and condition, which expenses shall include current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expenses, payments which may be made to any other municipal corporation for sewage treatment and disposal service in the event the District enters into a contract for such services, but excludes depreciation, payments for debt service or into reserve accounts, any State-imposed taxes or payments in lieu of taxes and costs of capital additions to or replacements of the System.

“Maximum Annual Debt Service” means, at the time of calculation, the maximum amount of Annual Debt Service due in any future year.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenue” means the Revenue of the System less the Maintenance and Operations Expense.

“Outstanding Parity Bonds” means, collectively, the outstanding 2014 Bonds and the outstanding 2018 Bonds.

“Parity Bond Authorizing Resolutions” means Resolution No. 2014-03 authorizing the issuance of the 2014 Bonds, Resolution 2017-16 authorizing the issuance of the 2018 Bonds, this resolution, and any resolution authorizing the issuance of Future Parity Bonds.

“Parity Bonds” means the Bond, the Outstanding Parity Bonds, and any Future Parity Bonds.

“Principal and Interest Account” means the account of that name created in the Bond Fund by Resolution No. 2004-16.

“Purchase Offer” means an offer to purchase the Bond, setting forth certain terms and conditions of the issuance, sale, and delivery of the Bond, which offer is authorized to be accepted by the Designated Representative, if consistent with this resolution.

“Purchaser” means the financial institution selected by the Designated Representative to serve as initial purchaser of the Bond.

“Rating Agency” means each of Moody’s Investors Service, Inc., and S&P Global Ratings, and their successors, and any other nationally recognized securities rating agency or agencies rating Parity Bonds at the request of the District.

“RCW” means the Revised Code of Washington, as amended.

“Record Date” means the Registrar’s close of business on the second business day of the month preceding a payment date.

“Redemption Date” means the date fixed by the Designated Representative for redemption of the Refunded Bonds.

“Refunded Bond Resolution” means Resolution No. 2011-11.

“Refunded Bonds” means the outstanding 2011 Bonds.

“Refunding Plan” means:

(1) the deposit with the Refunding Trustee or the Fiscal Agent (as registrar for the Refunded Bonds) of proceeds of the Bond (together with other money of the District, if necessary);

(2) if specified by the Refunding Trust Agreement, the purchase by the Refunding Trustee of the Acquired Obligations;

(3) the application of the principal of and interest on the Acquired Obligations, if any, and other money held by the Refunding Trustee or the Fiscal Agent (as registrar for the Refunded Bonds) to the

call, payment, and redemption of the Refunded Bonds on the Redemption Date at a price of the principal amount being redeemed plus any accrued interest; and

(4) the payment of the costs of issuing the Bond and the costs of carrying out the foregoing elements of the Refunding Plan.

“Refunding Trust Agreement” means a refunding trust or escrow agreement between the District and the Refunding Trustee, dated as of the Issue Date, providing for the carrying out of the Refunding Plan.

“Refunding Trustee” means U.S. Bank National Association of Seattle, Washington, if appointed to serve as refunding trustee or escrow agent, or any successor trustee or escrow agent.

“Registered Owner” means, initially, the Purchaser, and thereafter, the person in whose name the Bond is registered on the Bond Register.

“Registrar” means the Fiscal Agent or any successor bond registrar selected by the District.

“Reserve Account” means the account of that name created in the Bond Fund by Resolution No. 2004-16.

“Reserve Requirement” means the least of (1) 1.25 times the Average Annual Debt Service of all outstanding Parity Bonds; (2) Maximum Annual Debt Service of all outstanding Parity Bonds; or (3) 10% of the proceeds of all outstanding Parity Bonds.

“Revenue of the System” means all earnings, revenue and money received by the District from or on account of the operation of the System, and includes connection charges and income from investments of money in the various funds of the District or from any other investment of such earnings and revenue except the income from investments irrevocably pledged to the payment of any revenue bonds which shall have been refunded pursuant to a plan of refunding adopted by the District. The words “Revenue of the System” shall also include federal, state or municipal reimbursements of operating expenses to the extent such expenses are part of Maintenance and Operation Expense. Revenue of the System does not include Assessments, principal proceeds of Parity Bonds or other borrowings, government grants, tax proceeds, earnings in the Reserve Account or money held in a special account for the purpose of paying a rebate to the United States under the Code.

“State” means the State of Washington.

“Surety Bond” means any letter of credit, insurance policy, surety bond or other equivalent credit facility or any combination thereof issued to the District to satisfy all or part of the amount required to be maintained in the Reserve Account, the proceeds of which shall be used only to prevent deficiencies in the payment of the principal of or interest on any Parity Bonds resulting from insufficient amounts being on deposit in the Principal and Interest Account to make such payments of principal and interest as the same become due at maturity or on any mandatory sinking fund redemption date. Such Surety Bond shall be provided by an institution

or entity which has been assigned a credit rating on the date of issuance of the device in one of the two highest rating categories of each Rating Agency.

“System” means the sanitary sewer collection, treatment and disposal system of the District, including street lighting facilities, as it now exists, and all additions thereto and betterments and extensions thereof at any time made for so long as any of the Parity Bonds are outstanding and including any other revenue producing services and facilities which the District may hereafter lawfully perform or operate and which shall be included by the Board as part the System.

“System of Registration” means the system of registration for the District’s bonds and other obligations set forth in Resolution No. 85-50 of the District.

“Term Bonds” means any Parity Bonds which are designated as “Term Bonds” pursuant to the applicable Parity Bond Authorizing Resolution and subject to mandatory redemption.

“Treasurer” means the Director of the Finance and Business Operations Division, Department of Executive Services, of King County, Washington, or such other treasurer of the District as may hereafter be duly appointed in the manner permitted by law.

“ULID” means any utility local improvement district heretofore or hereafter created by the District for additions to and betterments of the System, the Assessment Income from which is required to be paid into the Bond Fund.

Section 2. Findings and Determinations. The District takes note of the following facts and makes the following findings and determinations.

(a) System. The District maintains and operates the System.

(b) The Bond. The Board finds that it is in the best interests of the District and its ratepayers to issue the Bond, pursuant to the Final Terms set forth in the Purchase Offer, consistent with this resolution, to provide the funds necessary to carry out the Refunding Plan if, in the determination of the Designated Representative, a savings will be effected by the difference between the principal and interest cost over the life of the Bond and the principal and interest cost over the life of the Refunded Bonds but for such refunding, as set forth in Section 10 and in Exhibit A. The Board further finds that a Refunding Plan approved by the Designated Representative in accordance with this resolution will discharge and satisfy the obligations, pledges, charges, trusts, covenants, and agreements of the District under the Refunded Bond Resolution as to the Refunded Bonds, and the Refunded Bonds shall no longer be deemed to be outstanding immediately upon the deposit of the money specified in the Refunding Plan with the Refunding Trustee or the Fiscal Agent (as registrar for the Refunded Bonds).

(c) Parity Provisions. The Board finds that there is no deficiency in the Bond Fund, the Principal and Interest Account, or the Reserve Account, that the provisions in this resolution meet the conditions for the issuance of Future Parity Bonds as set forth in the applicable Parity Bond Authorizing Resolutions, and that there will be on file prior to the issuance and delivery the Bond a certificate of the General Manager of the District that satisfies the conditions for such certificate as set forth in the applicable Parity Bond Authorizing

Resolutions. Therefore, the Bond shall be issued on a parity of lien with the Outstanding Parity Bonds.

Section 3. Authorization of the Bond. For the purpose of providing the funds necessary to carry out the Refunding Plan, the District is authorized to issue and deliver the Bond to the Purchaser pursuant to the terms set forth in the Purchase Offer, as approved by the Designated Representative consistent with this resolution.

Section 4. Description of the Bond, Appointment of Designated Representative. The General Manager is appointed as the Designated Representative and is authorized and directed to conduct the sale of the Bond in the manner and upon the terms deemed most advantageous to the District, and to approve the Final Terms of the Bond, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A.

Section 5. Registrar; Registration and Transfer of Bonds.

(a) Registration of Bond. The Bond shall be issued only in registered form as to both principal and interest and the ownership of the Bond shall be recorded on the Bond Register.

(b) Registrar; Duties. The Fiscal Agent is appointed as initial Registrar. The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bond, which shall be open to inspection by the District at all times. The Registrar is authorized, on behalf of the District, to authenticate and deliver a Bond transferred or exchanged in accordance with the provisions of the Bond and this resolution, to serve as the District's paying agent for the Bond, and to carry out all of the Registrar's powers and duties under this resolution and the System of Registration. The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bond. The Registrar may become the Registered Owner with the same rights it would have if it were not the Registrar.

(c) Bond Register; Transfer and Exchange. The Bond Register shall contain the name and mailing address of the Registered Owner and the principal amount and number of the Bond. The Bond may be transferred only: (i) in whole; (ii) to a single investor that is a "qualified institutional buyer" as defined in United States Securities and Exchange Commission Rule 144A; (iii) if endorsed in the manner provided thereon and surrendered to the Registrar; and (iv) if the transferee provides the Registrar with an executed transfer certificate in substantially the form attached to the Bond. Any such transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering the transfer certificate) and shall be recorded on the Bond Register.

Section 6. Form and Execution of Bonds.

(a) Form of Bond; Signatures and Seal. The Bond shall be prepared in a form consistent with the provisions of this resolution and State law. The Bond shall be signed by the President and the Secretary of the Board, either or both of whose signatures may be manual or in facsimile, and the seal of the District or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the District authorized to sign bonds before the Bond bearing his or her manual

or facsimile signature is authenticated by the Registrar, or issued or delivered by the District, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the District as though that person had continued to be an officer of the District authorized to sign bonds. The Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) Authentication. Only if the Bond bears a certificate of authentication in substantially the following form, manually signed by the Registrar, shall the Bond be valid or obligatory for any purpose or entitled to the benefits of this resolution: "Certificate of Authentication. This Bond is the fully registered Southwest Suburban Sewer District, King County, Washington, Sewer Revenue Refunding Bond, 2021, described in the Bond Resolution." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, and delivered and is entitled to the benefits of this resolution.

Section 7. Payment of Bond. Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond are payable only to the Registered Owner, in the manner set forth in the Purchase Offer or, if not so set forth, by electronic transfer on the payment date to the Registered Owner at the address and account appearing on the Bond Register on the Record Date. The final installment of principal of the Bond is payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar. The Bond is not subject to acceleration under any circumstances.

Section 8. Prepayment of Bond. The Bond shall be subject to prepayment on terms acceptable to the Designated Representative, as set forth in the Purchase Offer, consistent with the parameters set forth in Exhibit A.

Section 9. Failure To Pay Bond. Unless otherwise specified in the Purchase Offer, if any principal of the Bond is not paid when due, the Port shall be obligated to pay interest on that principal at the same rate provided in the Bond until that principal is paid.

Section 10. Disposition and Use of Bond Proceeds; the Refunding Plan.

(a) Appointment of Refunding Trustee. The Designated Representative is authorized to appoint U.S. Bank National Association of Seattle, Washington, as Refunding Trustee.

(b) Use of Bond Proceeds; Acquisition of Acquired Obligations. On the Issue Date the proceeds of the sale of the Bond shall be deposited with the Refunding Trustee or with the Fiscal Agent (as registrar for the Refunded Bonds) and used to discharge the obligations of the District relating to the Refunded Bonds by carrying out the Refunding Plan. The Designated Representative is authorized to discharge such obligations by appointing a Refunding Trustee or through the Fiscal Agent (as registrar for the Refunded Bonds). If the Designated Representative appoints a Refunding Trustee, on the Issue Date the Refunding Trustee shall purchase the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary,

for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement. Any Bond proceeds or other money deposited with the Refunding Trustee and not needed to carry out the Refunding Plan shall be returned to the District for deposit in the Bond Fund to pay interest on the Bond on the next interest payment date.

(c) Refunding Trust Agreement; Administration of Refunding Plan. The Designated Representative is authorized to execute a Refunding Trust Agreement setting forth the duties, obligations, and responsibilities of the Refunding Trustee in connection with the carrying out the Refunding Plan. The Refunding Trust Agreement shall, among other things, authorize and direct the Refunding Trustee to purchase the Acquired Obligations and to make the payments required to be made by the Refunding Plan. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested, and applied in accordance with the provisions of the Refunded Bond Resolution, this resolution, chapter 39.53 RCW, and other applicable State law. All administrative costs (including all necessary and proper fees, compensation, and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the Refunding Plan) and costs of issuance of the Bond may be paid out of the amounts deposited with the Refunding Trustee or other available money of the District, in accordance with the Refunding Trust Agreement.

(d) Call for Redemption of the Refunded Bonds. The Designated Representative is authorized to call the Refunded Bonds for redemption on the Redemption Date in accordance with the Refunded Bond Resolution and this resolution. Such call for redemption shall identify the Refunded Bonds, the maturity dates, the Redemption Date, and the redemption price (expressed as a percentage of par, plus accrued interest), and shall be irrevocable after the Bond is delivered to the Purchaser. The Designated Representative is authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the Refunded Bond Resolution, and to take all other actions necessary to effect the redemption of the Refunded Bonds on the Redemption Date.

(e) Additional Findings with Respect to Refunding. Prior to approving the issuance and delivery of the Bond, the Designated Representative shall make the following determinations in writing if in his or her judgment the following conditions are met:

(i) The savings that will be effected (as measured by the difference between the principal and interest cost over the life of the Bond and the principal and interest cost over the life of the Refunded Bonds, but for such refunding) shall be equal to at least the percentage savings set forth in Exhibit A. In making such determination, the Designated Representative shall give consideration to the fixed maturities of the Bond and the Refunded Bonds, the costs of issuance of the Bond and the known earned income from the investment of the proceeds of the Bond pending redemption of the Refunded Bonds, if any.

(ii) The Refunding Plan will provide sufficient funds to discharge and satisfy the obligations of the District under Refunded Bond

Resolution. In making such determination, the Designated Representative may rely upon a verification by a nationally recognized independent certified public accounting firm or a certification of the District's financial advisor.

Section 11. Flow of Funds. All Assessments shall be paid into the Bond Fund as provided by this resolution. The Revenue of the System shall be used for the following purposes only and shall be applied in the following order of priority:

- (a) To pay the Maintenance and Operating Expenses;
- (b) To make all payments required to be made into the Principal and Interest Account to pay the interest on any Parity Bonds for which money shall not have been provided by Assessment Income or income from the investment of money in the Bond Fund;
- (c) To make all payments required to be made into the Principal and Interest Account to pay the principal of any Parity Bonds due at maturity or pursuant to mandatory sinking fund redemption requirements applicable to Term Bonds for which money shall not have been provided by Assessment Income or income from the investment of money in the Bond Fund;
- (d) To make all payments required to be made into the Reserve Account for which money shall not have been provided by Assessment Income or income from the investment of money in the Bond Fund;
- (e) To make all payments required to be made pursuant to any reimbursement agreement in connection with any Surety Bonds;
- (f) To make all payments required to be made into any other redemption fund, debt service account, reserve account or sinking fund account created to pay and secure the payment of the principal of and interest on any revenue bonds or other revenue obligations of the District having a lien upon the Revenue of the System junior and inferior to the lien thereon for the payment of the principal of and interest on Parity Bonds; and
- (g) To retire by redemption or by purchase in the open market any outstanding revenue bonds or other revenue obligations of the District, to make necessary additions, betterments, improvements, extraordinary repairs, extensions and replacements of the System, or to use for any other lawful District purposes.

The District may transfer any money from any funds or accounts of the System legally available therefor, except bond redemption funds, refunding escrow funds or defeasance funds, to meet the required payments to be made into the Bond Fund.

Section 12. Bond Fund and Accounts—Required Payments. The Bond Fund has been previously established in the office of the Treasurer and divided into two accounts, the Principal and Interest Account and the Reserve Account. The Bond Fund shall be drawn upon for the sole purpose of paying and securing the payment of Parity Bonds. For so long as any Parity Bonds

remain outstanding, the District hereby irrevocably obligates and binds itself to set aside and pay into the Bond Fund as collected all Assessments levied in any ULIDs.

(a) Principal and Interest Account. The Principal and Interest Account has been established in the Bond Fund for the purpose of paying the interest on Parity Bonds and the principal of and premium, if any, on any Parity Bonds. As long as any Parity Bonds remain outstanding, the District hereby irrevocably obligates and binds itself to set aside and pay from the Revenue of the System into the Principal and Interest Account those fixed amounts without regard to any fixed proportion necessary, with Assessment Income deposited and other money then on hand and available in the Principal and Interest Account, to pay the interest on all outstanding Parity Bonds and the principal of all outstanding Parity Bonds as such interest and principal respectively become due and payable.

(b) Reserve Account. The Reserve Account is established in the Bond Fund for the purpose of securing the payment of Parity Bonds. The District shall deposit into the Reserve Account, on the Issue Date, from proceeds of the Bond, the additional amount necessary to bring the amount on deposit in the Reserve Account equal to the Reserve Requirement on such date. The District covenants and agrees that it will maintain an amount of money and investments in the Reserve Account that will be at least equal to the Reserve Requirement. Investments in the Reserve Account shall be valued at fair market value and marked to market at least once each year. Investments in the Reserve Account shall not have maturities extending beyond five years.

The District covenants and agrees that in the event it issues any Future Parity Bonds, it will provide in each resolution authorizing the issuance of the same that, on the date of issuance of any Future Parity Bonds, an amount shall be deposited into the Reserve Account, that together with the amount already in the Reserve Account, will be at least equal to the Reserve Requirement or that, it shall deposit into the Reserve Account, in approximately equal annual payments, amounts necessary to fund the Reserve Requirement within five years from the date of issuance of such Future Parity Bonds after taking into account the capitalization of all or any part of the Reserve Requirement.

Whenever there is a sufficient amount in the Principal and Interest Account and the Reserve Account to pay the principal of, premium, if any, and interest on all Parity Bonds then outstanding, the money in the Reserve Account may be used to pay such principal, premium, if any, and interest. Money in the Reserve Account may be withdrawn to redeem and retire, by payment of principal, premium, if any, and the interest due to such date of redemption, any outstanding Parity Bonds so long as the money remaining on deposit in the Reserve Account is at least equal to the Reserve Requirement. Amounts so withdrawn from the Reserve Account shall be deposited in the Principal and Interest Account up to an amount, together with other money then in such Accounts, equal to principal of, premium, if any, and interest on outstanding Parity Bonds to become due or to be paid pursuant to a call for mandatory or optional redemption during the succeeding 12 months; and any amounts in excess thereof shall be deposited in any other fund or account and spent for any other lawful District purpose.

In the event there shall be a deficiency in the Principal and Interest Account to meet maturing installments of either interest on or principal of and interest on any Parity Bonds,

whether by reason of maturity or mandatory sinking fund redemption, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall be made up out of Revenue of the System after making necessary provision for the payments required to be made by subsections (a), (b), (c) and (d) of Section 11.

(i) Surety Bond. The District reserves the right at any time and from time to time to obtain one or more Surety Bonds in lieu of maintaining all or part of the Reserve Requirement. In the event any such Surety Bonds are obtained, the District covenants and agrees to maintain an amount in the Reserve Account at least equal to the difference between the Reserve Requirement and the aggregate limit on the amount payable under such Surety Bonds to pay debt service on the Parity Bonds (the "Surety Bond limit"), the amount of said difference at any time and from time to time is hereinafter referred to as the "Adjusted Reserve Requirement." In the event that the Surety Bond limit shall be expected to be reduced by reason of expiration of the Surety Bond on a fixed date or the end of a fixed term, the District hereby covenants and agrees to replenish the Reserve Account to an amount equal to the Reserve Requirement or the applicable Adjusted Reserve Requirement no later than such date of expiration. In the event that the Surety Bond limit is reduced by reason of payment made under a Surety Bond to the Registrar to pay any principal of or interest on any Parity Bond, the District hereby covenants and agrees to make payments to the issuer of such Surety Bond pursuant to the terms of a reimbursement agreement effective to reinstate the maximum Surety Bond limit; and to the extent there is no applicable reimbursement agreement, the District covenants and agrees to deposit in the Reserve Account from money first available therefor pursuant to Section 11 such amounts as are necessary to provide a balance therein equal to the then applicable Adjusted Reserve Requirement.

(ii) Variable Rate Parity Bonds. In the event that the District shall issue Future Parity Bonds upon which the interest rate or rates of any of them are not fixed at the time of issuance, the Reserve Requirement shall be determined by recalculating the Average Annual Debt Service within 30 days after each May 1 and November 1 (so long as any Parity Bonds remain outstanding which do not bear a fixed interest rate) as follows: Any Parity Bond which does not, on the applicable date of calculation, bear a fixed interest rate to its maturity date shall be deemed to bear interest at a fixed annual rate equal to the average of the daily rates on such Parity Bond during the 365 consecutive days (or, if shorter, the period beginning on the date of issuance of such Parity Bond and) ending on the date of computation.

In the event the Reserve Requirement so determined is greater than the amount then on deposit in the Reserve Account, the District covenants and agrees to deposit in the

Reserve Account from money first available therefor pursuant to Section 11 such amounts as are necessary to provide a balance equal to the Reserve Requirement.

(c) Required Payments—Lien Upon Revenue of System. The Net Revenue and all Assessments hereafter collected are hereby irrevocably pledged to the payments to be made into the Bond Fund. The amounts so pledged to be paid into the Bond Fund from the Revenue of the System for the payment of the Parity Bonds are hereby declared to constitute a lien and charge upon the Net Revenue prior and superior to all other charges of any kind or nature whatsoever.

(d) Investment of Money in Bond Fund and Accounts. Money in the Bond Fund not needed to pay the interest or principal next coming due on any outstanding Parity Bonds or to make the next scheduled redemption of Term Bonds or to maintain required reserves may be used to redeem and retire Parity Bonds. Money in the Bond Fund may be kept in cash or invested as permitted by law. Investments in the Reserve Account shall mature not later than the last maturity of any then outstanding Parity Bonds. Earnings from investments in the Principal and Interest Account shall be deposited in that account. Earnings from investment in the Reserve Account shall be deposited in that account. Notwithstanding the provisions for the deposit of earnings, any earnings that are subject to federal arbitrage rebate requirements may be withdrawn from the Bond Fund for deposit into a separate fund or account created for the purpose of compliance with those rebate requirements.

(e) Adequacy of Revenue to Make Required Payments. The Board hereby finds that in fixing the amounts to be paid into the Bond Fund and the various accounts therein out of the Revenue of the System, it has exercised due regard for the Maintenance and Operation Expense and has not obligated the District to set aside and pay into such Fund a greater amount of such Revenue than in its judgment will be available over and above the Maintenance and Operation Expense.

Section 13. Bond Covenants. The District covenants and agrees with the Registered Owner, as follows:

(a) Operation and Maintenance. The District will at all times maintain, preserve and keep the properties of the System in good repair, working order and condition, will make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof, and will at all times operate or cause to be operated the properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) Collection and Application of Assessments. The District will promptly collect all Assessments levied in ULIDs and will pay the same into the Bond Fund. The same may be used to meet required payments into any account of the Bond Fund and may be used to pay the principal of and interest on any Parity Bonds without the Assessments being particularly allocated to the payment of any particular series of Parity Bonds. Nothing in this resolution or in this subsection shall be construed to prohibit the District from issuing revenue bonds having a lien on the Revenue of the System junior to the lien on such revenue and money for the payment of the principal of and interest on the Parity Bonds and pledging as security for the payment of

such junior lien bonds assessments levied in any utility local improvement district which may have been created to pay part or all of the cost of improvements to the System for which such junior revenue bonds are specifically issued.

(c) Establishment and Collection of Rates and Charges. The District shall establish, maintain and collect lawful rates and charges for the use of the services and facilities of the System and shall adjust such rates and charges from time to time so that:

(i) The Revenue of the System and Assessment Income will at all times be sufficient (a) to pay all costs of and charges and expenses in connection with the proper operation and maintenance of the System, (b) to pay the principal of and interest on outstanding Parity Bonds, as and when the same shall become due and payable, whether by reason of maturity or mandatory sinking fund redemption; (c) to make when due all payments which the District is obligated to make into the Reserve Account, (d) to make all other payments which the District is obligated to make pursuant to this resolution, and (e) to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue therefrom or payments in lieu thereof and any and all other amounts which the District may now and hereafter become obligated to pay from the Revenue of the System by law or contract; and

(ii) The Coverage Requirement is met, *i.e.*, Net Revenue and Assessment Income in each calendar year will, during the installment paying period of any Assessments, equal at least 1.10 times the actual Annual Debt Service in any current year on any Parity Bonds then outstanding; and at all other times, Net Revenue will equal at least 1.25 times Maximum Annual Debt Service on the Parity Bonds.

(d) Enforcement of Collection of Service Charges and Assessments. The District shall promptly take action to enforce the payment of delinquent service charges and Assessments by such means as are legally available.

(e) Sale or Disposition of System. The District will sell, transfer or otherwise dispose of any or all of the works, plant, properties, facilities or other part of the System or any real or personal property comprising a part of the System only upon approval by resolution and only consistent with one or more of the following:

(i) The District in its discretion may carry out such a sale, transfer or disposition (each, as used in this subsection, a "transfer") if the facilities or property transferred are not material to the operation of the System, or shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System or are no longer necessary, material or useful to the operation of the System; or

(ii) The District in its discretion may carry out such a transfer if the aggregate depreciated cost value of the facilities or property being

transferred under this paragraph in any fiscal year comprises no more than 3% of the total assets of the System; or

(iii) The District in its discretion may carry out such a transfer if the District receives from the transferee an amount equal to the greater of the following:

(A) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Revenue of the System from the portion of the System sold or disposed of for the preceding year bears to the total Revenue of the System for that period; or

(B) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the Net Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(C) An amount equal to the fair market value of the portion of the System transferred. As used herein, "fair market value" means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the willing buyer and willing seller each acting prudently and knowledgeably and assuming that the price is not affected by coercion or undue stimulus.

The proceeds of any transfer under this paragraph shall be used first, to promptly redeem, or irrevocably set aside for the redemption of, Parity Bonds, and, if any proceeds remain, second, to provide for part of the cost of additions to and betterments and extensions of the System.

Before any such transfer under this paragraph, the District must obtain a certificate of an Independent Utility Consultant to the effect that in his or her professional opinion, upon such transfer and the use of proceeds of the transfer as proposed by the District, the remaining System will retain its operational integrity and the Net Revenue will be at least equal to the Coverage Requirement during the five fiscal years following the fiscal year in which the transfer is to occur, taking into account, (w) the reduction in revenue resulting from the transfer, (x) the use of any proceeds of the transfer for the redemption of Parity Bonds, (y) the Independent Utility Consultant's estimate of revenue from customers anticipated to be served by any additions to and betterments and extensions of the System financed in part by the proposed portion of the

proceeds of the transfer, and (z) any other adjustment permitted in the preparation of a certificate under Section 14.

(f) No Free Service. Except to aid the poor or infirm, the District will not furnish or supply any service of the System to any customer whatsoever free of charge.

(g) Liens upon the System. Except as otherwise provided in this resolution, the District will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the Revenue of the System or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid or discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenue of the System or any part thereof, prior or superior to, or on a parity with, the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

(h) Books and Accounts. The District will keep and maintain proper books, records and accounts with respect to the operations, income and expenditures of the System that are in accordance with generally accepted accounting practices relating to municipal utilities and any applicable rules and regulations prescribed by the State, and will cause those books, records and accounts to be audited on an annual basis by the State Auditor (or, if such audit is not made by the State Auditor within one year after the close of any fiscal year of the District, by a certified public accountant selected by the District if permitted under State law). The District will prepare annual financial and operating statements as soon as practicable after the close of each fiscal year showing in reasonable detail the Revenue of the System, necessary and current expenses of operation and maintenance, repairs, administrative expenses and expenditures for capital purposes of the System for such fiscal year and shall set forth as of the end of such year the status of all the funds and accounts created by the various resolutions pertaining to the operation of the System and/or authorizing the issuance of outstanding bonds payable from the Revenue of the System. The audit and such financial and operating statements shall be made available to the holder of any Parity Bond upon written request. All expenses incurred in the maintenance of such books and accounts and the preparation of such financial and operating statements may be regarded and paid as a Maintenance and Operation Expense.

(i) Insurance. The District will at all times carry fire and extended coverage, and such other forms of insurance on such of the buildings, equipment, facilities and properties of the District as under good practice are ordinarily carried on such buildings, equipment, facilities and properties by municipal or privately owned utilities engaged in the operation of sewer and/or water systems and will also carry adequate public liability insurance at all times; or it will self-insure or will participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the District, to protect the System and the owners of the Parity Bonds against loss.

(j) Parity Bonds. The District will not issue any Parity Bonds except as permitted pursuant to the provisions of Section 14.

Section 14. Future Parity Bonds. The District further covenants and agrees with the Registered Owner that, for as long as the Bond remain outstanding, the District will not issue any

bonds secured by a lien on Revenue of the System prior to the lien that secures the Parity Bonds, and it will not issue any Future Parity Bonds except as follows:

(a) The District reserves the right to issue Future Parity Bonds for the purpose of:

First, providing funds to acquire, construct, reconstruct, install or replace any equipment, facilities, additions, betterments or other capital improvements to the System for which it is authorized by law to issue revenue bonds, or

Second, refunding at or prior to their maturity, any outstanding revenue bond anticipation notes, or revenue bonds, or other obligations payable out of the Revenue of the System;

and to pledge that payments will be made out of Revenue of the System on a parity with the payments required herein to be made out of Revenue of the System to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding, upon compliance with the following conditions:

(i) At the time of the issuance of any Future Parity Bonds, there is no deficiency in the Bond Fund, the Principal and Interest Account or the Reserve Account.

(ii) The principal of and interest on any Future Parity Bonds shall be payable out of the Bond Fund and the requirements for the Reserve Account in Section 12 shall be met.

(iii) The resolution authorizing the issuance of such Future Parity Bonds shall provide for the payment of amounts into the Bond Fund to meet mandatory redemption requirements applicable to any Term Bonds to be issued and for regular payments to be made for the payment of the principal of such Term Bonds on or before their maturity, or, as an alternative, the mandatory redemption of those Term Bonds prior to their maturity date from money in the Principal and Interest Account.

(iv) The resolution authorizing the issuance of such Future Parity Bonds shall provide that Assessments levied in any ULIDs created to pay part of the cost of improvements to the System for which such Future Parity Bonds are issued shall be paid into the Bond Fund, except for any prepaid assessments permitted by law to be paid into a construction fund or account.

(v) Prior to the delivery of any Future Parity Bonds, the District shall have on file in the office of the Board either:

(A) a certificate of the General Manager of the District demonstrating that during any 12 consecutive calendar months out

of the immediately preceding 24 calendar months Net Revenue was at least equal to 1.25 times the Average Annual Debt Service for all Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt service of the proposed Future Parity Bonds for that twelve-month Period was the Average Annual Debt Service for those proposed bonds); or

(B) a certificate of an Independent Utility Consultant showing:

(i) That the “Estimated Assessment Income” and the “Adjusted Net Revenue” (as determined pursuant to this subsection) for each calendar year after the issuance of such Future Parity Bonds will equal at least 1.25 times the “Future Average Annual Debt Service” (as defined herein), and

(ii) That the “Estimated Assessment Income” and the “Adjusted Net Revenue” remaining after the payment of the interest on Parity Bonds and the principal of Parity Bonds other than Term Bonds will be sufficient to retire (by redemption prior to maturity or when due) the principal of all then outstanding Term Bonds and any Future Parity Term Bonds proposed to be issued.

The term “Future Annual Debt Service” as used in this Section means the amount required to be paid in a calendar year for (1) interest on all Parity Bonds then outstanding including the Future Parity Bonds proposed to be issued plus (2) the principal of all Parity Bonds then outstanding including the Future Parity Bonds proposed to be issued. The term “Future Average Annual Debt Service” as used in this Section means the total Future Annual Debt Service for the calendar years in which Parity Bonds and the Future Parity Bonds proposed to be issued are outstanding divided by the number of such years. In the event any of the outstanding Parity Bonds or the Future Parity Bonds proposed to be issued are variable interest rate bonds, the interest on such bonds shall be estimated in accordance with Section 12(b), provided that the proposed Future Parity Bonds shall be deemed to have been issued 180 days prior to the date of such Independent Utility Consultant’s certificate.

The “Adjusted Net Revenue” shall be the Net Revenue for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such Independent Utility Consultant to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

(i) the additional Net Revenue which would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 24 month period, had been in force during the full 12 month period;

(ii) the additional Net Revenue which would have been received if any facility of the System which became fully operational after the beginning of such 12 month period had been so operating for the entire period;

(iii) the additional Net Revenue estimated by such Independent Utility Consultant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System which are (a) under construction at the time of such certificate or (b) will be constructed from the proceeds of the Future Parity Bonds to be issued;

(iv) the additional Net Revenue estimated by such Independent Utility Consultant to be received if any customers added to the System during such 12 month period were customers for the entire period; and

(v) the additional Net Revenue estimated to be received from anticipated growth in customers not to exceed two percent per year for a period of not more than ten years after delivery of such proposed Future Parity Bonds.

The "Estimated Assessment Income" for each calendar year shall be determined as follows:

(i) by deducting from the principal amount of unpaid Assessments levied by the District in each applicable ULID and payable into the Bond Fund for estimated nonpayment an amount equal to five percent of such unpaid principal;

(ii) by dividing the principal balance remaining after such deduction by the number of years in which installments on each such assessment roll may be paid without becoming delinquent; and

(iii) by adding to the amount found for each year the interest due and payable on such installments.

Such Independent Utility Consultant may rely upon, and his certificate shall have attached thereto, financial statements of the System, certified by the Secretary of the Board showing income and expenses for the period upon which the same is based.

The certificate of such Independent Utility Consultant shall be conclusive and the only evidence required to show compliance with the provisions and requirements of this subparagraph (a)(v)(B).

Notwithstanding the foregoing requirement, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding Future Parity Bonds will result in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding Future Parity Bonds over and above the amount required in such year for the principal of and interest on the Parity Bonds being refunded thereby, the conditions stated in paragraph (a)(v) of this Section need not be met.

(b) Nothing herein contained shall prevent the District from (1) issuing revenue bonds or other obligations which are a charge upon the Revenue of the System junior or inferior to the payments required by this resolution to be made out of such Revenue into the Bond Fund and Accounts therein to pay and secure the payment of any outstanding Parity Bonds, and (2) securing such junior lien revenue bonds by a pledge of assessments levied in one or more utility local improvement districts which shall have been created to construct the improvements to be paid for out of the proceeds of such junior lien revenue bonds.

(c) Nothing herein contained shall prevent the District from issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

Section 15. Tax-Exemption: Designation of Bond as "Qualified Tax-Exempt Obligations."

(a) Preservation of Tax Exemption for Interest on Bond. The District covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the District treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes.

(b) Post-Issuance Compliance. The Designated Representative is authorized and directed to review and update the Post-Issuance Compliance Procedures attached as Exhibit B to Resolution No. 2014-03 as he deems necessary in consultation with Bond Counsel and other District advisors.

(c) Bond Deemed Designated as "Qualified Tax-Exempt Obligation." The District designated the Refunded Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, and the Bond will be deemed designated as a "qualified tax-exempt obligation":

(i) to the extent the amount of the Bond does not exceed the outstanding amount of the Refunded Bonds;

(ii) so long as the average maturity date of the Bond is not later than the average maturity date of the Refunded Bonds; and

(iii) so long as the Bond has a maturity date which is not later than the date which is 30 years after the date the Refunded Bonds were issued.

(d) Bond Designated as "Qualified Tax-Exempt Obligation." To the extent that the Bond is not deemed designated as a "qualified tax-exempt obligation" pursuant to subsection (c) of this Section, the Bond is designated as such pursuant to the following findings and determinations:

(i) the Bond does not constitute a "private activity bond" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the District and any entity subordinate to the District (including any entity that the District controls, that derives its authority to issue tax-exempt obligations from the District, or that issues tax-exempt obligations on behalf of the District) will issue during the calendar year in which the Bond is issued does not exceed \$10,000,000; and

(iii) the amount of tax-exempt obligations, including the Bond, designated by the District as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$10,000,000.

Section 16. Delivery of the Bond. The Designated Representative is authorized to select the Purchaser and accept the Purchase Offer, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate District officials and staff, the District's financial advisor, Bond Counsel, and other advisors. In accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the District. The Purchase Offer shall set forth the Final Terms, and the terms provided therein shall be consistent with the terms of this resolution. The District is authorized to pay the fees and expenses of the Purchaser set forth in the Purchase Offer. The Bond will be prepared at District expense and will be delivered to the Purchaser in accordance with the Purchase Offer, together with the approving legal opinion of Bond Counsel regarding the Bond.

Section 17. Supplemental Resolutions.

(a) The Board from time to time and at any time may adopt a resolution or resolutions supplemental to this resolution which supplemental resolution or resolutions

thereafter shall become part of this resolution, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the District contained in this resolution other covenants and agreements thereafter to be observed which shall not adversely affect the interests of the holders of any Parity Bonds or to surrender any right or power herein reserved to or conferred upon the District.

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this resolution or any resolution authorizing any Future Parity Bonds in regard to matters or questions arising under such resolutions as the Board may deem necessary or desirable and not inconsistent with such resolutions and which shall not adversely affect the interest of the owners of Parity Bonds.

(iii) To make such additions, deletions or modifications as may be necessary to assure exclusion of interest on the Bond from gross income for purposes of federal income taxation.

Any such supplemental resolution of the District may be adopted without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of this subsection.

(b) With the consent of the owners of not less than 60% in aggregate principal amount of the Parity Bonds at the time outstanding, the Board may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution; provided however, that no such supplemental resolution shall:

(i) Extend the fixed maturity of any Parity Bonds or reduce the rate of interest thereon, or extend the times of payments of interest thereon from their due dates or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Parity Bond so affected.

(ii) Reduce the aforesaid percentage of owners required to approve any such supplemental resolution, without the consent of the owners of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of owners under this subsection to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

(c) Upon the adoption of any supplemental resolution pursuant the provisions of this Section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this resolution

and the Registered Owner shall thereafter be determined, exercised, and enforced thereunder, subject in all respects to such modification and amendments, and the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes. At least 10 days prior to adoption of any supplemental resolution, a copy of the proposed resolution shall be sent to the Rating Agencies.

(d) A Bond executed and delivered after the execution of any supplemental resolution adopted pursuant to the provisions of this Section may bear a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall provide, new bonds so modified as to conform, in the opinion of the Board, to any modification of this resolution contained in any such supplemental resolution, may be prepared by the District and delivered without cost to the Registered Owner, upon surrender for cancellation of the Bond.

(e) The Registered Owner, by taking and holding the Bond, shall be deemed to have consented to the adoption by the District of any supplemental resolution adopted for any one or more of the following purposes:

(i) As consistent with Section 11, to create an additional fund to be called the "Rate Stabilization Fund" and deposit therein Revenue of the System and any other money received by the System and available to be so deposited;

(ii) When calculating "Net Revenue," to include withdrawals from the Rate Stabilization Fund and exclude deposits into the Rate Stabilization Fund;

(iii) When calculating "Annual Debt Service," to permit or require Tax Credit Subsidies expected to be received by the District in any period to be credited against amounts required to be paid in respect of interest on the Parity Bonds in that period. "Tax Credit Subsidy" means any tax credit payment the District is entitled to receive from the United States Treasury in respect of any Parity Bond that is designated by the District as a "build America bond," "recovery zone economic development bond" or other tax credit bond pursuant to the Code;

(iv) To permit or require Tax Credit Subsidies to be deposited into the Principal and Interest Account and credited against the Net Revenue otherwise required to be deposited into the Principal and Interest Account;

(v) To amend Section 13(h) to provide that the District shall cause its books, records and accounts to be audited by the State Auditor annually, but only in the time and manner required under State law;

(vi) To amend the definition of Surety Bond in Section 1 to provide that a Surety Bond may be provided by an institution or entity which has been assigned a credit rating on the date of issuance of the

device in one of the two highest rating categories of any Rating Agency;
and

(vii) To establish one or more separate Reserve Requirements for one or more series of Parity Bonds, including the Bond; to reduce any Reserve Requirement, including the Reserve Requirement for the Bond, including to zero; and to establish one or more separate subaccounts within the Reserve Account to secure one or more series of Parity Bonds, including the Bond, with other series of Parity Bonds not being secured by such separate subaccounts.

Section 18. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

[Signature page follows]

Section 19. Ratification and Effective Date. Any act done pursuant to and in furtherance of the authority, and prior to the effective date, of this resolution, which shall be effective immediately upon its adoption, is hereby ratified, approved and confirmed.

ADOPTED by the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, at a regular meeting thereof held this 2nd day of March, 2021.

**SOUTHWEST SUBURBAN SEWER DISTRICT
KING COUNTY, WASHINGTON**

*Individual Commissioner's
Vote on Resolution*

In favor of:
Opposed:
Abstained:

In favor of:
Opposed:
Abstained:

In favor of:
Opposed:
Abstained:

*ON BEHALF OF
SUZY GENZALE
& BILL TRACY*

[Signature]

Susan Genzale,
President and Commissioner

[Signature]

William Tracy,
Vice President and Commissioner

DocuSigned by:
[Signature]

BCF045F851F4E0...
Scott Hilsen,
Secretary and Commissioner

ATTEST: *[Signature]*

BCP043F851F4E0...
Scott Hilsen, Secretary

PARAMETERS FOR FINAL TERMS

- (a) **Principal Amount.** The principal amount of the Bond shall not exceed the amount required to carry out the Refunding Plan.
- (b) **Date.** The Bond shall be dated the Issue Date, which date may not be later than one year after the effective date of this resolution.
- (c) **Denomination, Name.** The Bond shall be issued in the denomination of its principal amount shall be numbered in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.
- (d) **Interest Rates.** The Bond shall bear interest at one or more fixed rates per annum (computed using the day count convention specified in the Purchase Offer) from the Issue Date or from the most recent date for which interest has been paid, whichever is later. No rate of interest for the Bond may exceed 3.00%, and the true interest cost to the District for the Bond may not exceed 3.00%.
- (e) **Payment Dates.** Interest shall be payable on dates acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable in installments annually thereafter, on dates acceptable to the Designated Representative.
- (f) **Final Maturity.** The Bond shall mature no later than six months after the final maturity date of the Refunded Bonds.

- (g) Prepayment Rights. The Designated Representative may approve provisions for the optional and mandatory prepayment of the Bond, subject to the following. Any principal installment of the Bond may be designated as being (A) subject to prepayment at the option of the District prior to its due date on the dates and at the prices set forth in the Purchase Offer; or (B) not subject to optional prepayment prior to its due date. If any principal installment of the Bond is subject to optional prepayment prior to its due date, it must be subject to such prepayment on one or more dates occurring not more than 10½ years after the Issue Date.
- (h) Price. The purchase price for the Bond may not be less than 95% or more than 105% of the stated principal amount of the Bond.
- (i) Other Terms and Conditions.
- (1) Parity Conditions. On the Issue Date, the Designated Representative shall establish that the Parity Conditions have been met and complied with.
 - (2) Minimum Savings. The Bond shall produce a minimum net present value savings to the District and its ratepayers of at least 5% (as a percentage of the Refunded Bonds). Net present value savings means the aggregate difference between (i) annual debt service on the Refunded Bonds, less (ii) annual debt service on the Bond (including expenses related to costs of issuance of the Bond) discounted to the Issue Date using the yield on the Bond as the discount rate, plus (iii) excess cash, if any, distributed to the District on the Issue Date, and less (iv) the amount of additional money of the District contributed to the refunding, if any, on the Issue Date.

CERTIFICATION

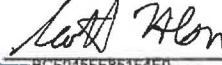
I, the undersigned, Secretary of the Board of Commissioners (the "Board") of Southwest Suburban Sewer District, King County, Washington (the "District"), hereby certify as follows:

1. The attached copy of Resolution No. 2021-03-01 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board held at the regular meeting place thereof on March 2, 2021, as that resolution appears on the minute book of the District.
2. The Resolution will be in full force and effect immediately upon its adoption by the Board.
3. A quorum of the members of the Board was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Resolution.

Dated: March 2, 2021.

SOUTHWEST SUBURBAN SEWER DISTRICT
KING COUNTY, WASHINGTON

DocuSigned by:



BCF045EE851F4E0
Scott Hilsen, Secretary of the Board