

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT, APPROVING AND
AUTHORIZING THE EXECUTION AND DELIVERY OF THE
INSTALLMENT PURCHASE AGREEMENT, AND RELATED
DOCUMENTS AND ADDITIONAL ACTIONS

WHEREAS, the Rainbow Municipal Water District (the “District”), a special district duly organized and existing under the laws of the State of California, is authorized to enter into agreements and to finance and refinance the acquisition and construction of improvements to the District’s Water system (the “System”); and

WHEREAS, the District desires that it enter into an Installment Purchase Agreement (the “2022 Installment Purchase Agreement”) with Western Alliance Business Trust or an affiliate (the “Purchaser”) for the purpose of financing improvements to the District’s System (the “Project”); and

WHEREAS, in compliance with the requirements of Government Code Section 5852.1, the District has obtained good faith estimates of certain financial terms related to the financing of the Project through the execution and delivery of the 2022 Installment Purchase Agreement which estimates are disclosed and set forth in Exhibit A hereto and were made available at a public meeting of the Board of Directors of the District; and

NOW, THEREFORE, the Board of Directors of the Rainbow Municipal Water District does hereby RESOLVE, DETERMINE and ORDER as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the Board of Directors as the legislative body of the District.

Section 2. The form of the 2022 Installment Purchase Agreement is hereby approved and each of the President of the District, the Vice-President of the District, the General Manager of the District, and the Finance Manager of the District, or their written designees (the “Authorized Officers”), acting alone, is hereby authorized and directed to execute and deliver the 2022 Installment Purchase Agreement (subject to the limitations set forth in the following sentence) in the name of and on behalf of the District, in substantially the form and content now before this meeting, but with such changes, modifications, additions and deletions therein as shall be deemed necessary, desirable or appropriate by the Authorized Officer or Authorized Officers executing the same, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers. The 2022 Installment Purchase Agreement shall be executed only if the total principal components due thereunder do not exceed \$10,000,000 and the maximum interest rate for the interest components due thereunder shall not exceed 4.25% per annum.

Section 3. In accordance with Government Code section 5852.1, good faith estimates of the following have been obtained and are set forth on Exhibit A attached hereto: (a) the true interest cost of the 2022 Installment Purchase Agreement, (b) the sum of all fees and charges to be paid to third parties with respect to the 2022 Installment Purchase Agreement, including an estimate of the costs of issuance, (c) the amount of proceeds expected to be received in connection with the 2022 Installment

Purchase Agreement net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds received under the 2022 Installment Purchase Agreement, and (d) the sum total of all debt service payments due on the 2022 Installment Purchase Agreement calculated through the term of the 2022 Installment Purchase Agreement plus the fees and charges paid to third parties not paid with the proceeds received under the 2022 Installment Purchase Agreement. The Board of Directors finds and determines that the provisions of Government Code section 5852.1 have been satisfied with respect to the authorization of the 2022 Installment Purchase Agreement.

Section 4. Each of the Authorized Officers is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by this Resolution, including, but not limited to, documents required by the Purchaser, including a commitment letter or similar document, and to pay all costs of issuance related to the execution and delivery of the 2022 Installment Purchase Agreement.

Section 5. This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED and APPROVED at a regular meeting of the District this ____ day of _____, 2022.

President

ATTEST:

Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

I, _____, Secretary of the Rainbow Municipal Water District, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the members of said District duly and regularly held at the regular meeting thereof on the ___ day of _____, 2022, of which meeting all of the members of said District had due notice and at which a majority thereof was present; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

I further certify that I have carefully compared the foregoing Resolution with the original minute of said meeting on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Secretary, Rainbow Municipal Water District

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2022 Installment Purchase Agreement in accordance with California Government Code Section 5852.1.

Principal Amount. Based on the District's financing plan and current market conditions, a good faith estimate of the aggregate principal amount to be received under the 2022 Installment Purchase Agreement is \$9,750,000 (the "Estimated Principal Amount"), together with original issue premium of \$0. Based on the Estimated Principal Amount, the following good faith estimates are provided:

- True Interest Cost. Assuming that the Estimated Principal Amount is received under the 2022 Installment Purchase Agreement, and based on the preliminary estimate by the Purchaser of the interest rate at which it would be willing to purchase the 2022 Installment Purchase Agreement at the time of preparation of this estimate, a good faith estimate of the true interest with respect to the 2022 Installment Purchase Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received under the 2022 Installment Purchase Agreement, is 3.9599881%.
- Finance Charge. Assuming that the Estimated Principal Amount is received under the 2022 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser and others at the time of preparation of such estimate, a good faith estimate of the finance charge in connection with the 2022 Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties, is \$50,000.
- Amount of Proceeds to be Received. Assuming that the Estimated Principal Amount is received under the 2022 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser at the time of preparation of such estimate, a good faith estimate of the amount of proceeds expected to be received by the District under the 2022 Installment Purchase Agreement, less the finance charge set forth in (b) above, and any reserves or capitalized interest to be paid or funded with proceeds to be received under the 2022 Installment Purchase Agreement, which amount is \$0, is \$9,700,000.
- Total Payment Amount. Assuming that the Estimated Principal Amount is received under the 2022 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser at the time of preparation of such estimate, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay installment payments due under the 2022 Installment Purchase Agreement, plus the finance charge as described in (b) above not paid with the proceeds to be received under the 2022 Installment Purchase Agreement, calculated through the term of the 2022 Installment Purchase Agreement, is \$14,299,178.42 (\$0 of which will be paid for from capitalized interest).