



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Schlossberg, Helgeson, Brown and Carlson

FROM: Deborah Hart, Chief Financial Officer; Aaron Balmer, Accounting & Treasury Supervisor

DATE: January 29, 2020

SUBJECT: Water and Electric Bond Supplemental Resolutions

OBJECTIVE: Approval of Supplemental Bond Resolutions No. 2009 and 2010

Issue

Board approval is required to issue Electric and Water Utility Revenue Bonds and also refund certain outstanding Water and Electric bonds to achieve interest savings.

Background

At the January 7, 2020 Board meeting, Commissioners approved Resolution No. 2002 and 2003 requesting City Council action to issue Water Utility Revenue and Refunding Bonds and Electric Utility Refunding Bonds. The City Council adopted Resolution No. 5290 at its January 27, 2020 meeting which authorized the sale of bonds not to exceed \$21 million for financing improvements to the Water Utility System and up to \$15.9 million to refund all of the Series 2011 Water Utility Bonds. In addition, The City Council also adopted Resolution No. 5289, which authorized the sale of bonds up to \$36.9 million to refund all of the Series 2012 Electric Utility Bonds. The most recent refunding analysis indicated that the Water Utility and the Electric Utility could each realize approximately \$2 million in interest expense savings over the life of the refunded bonds.

The Uniform Revenue Bond Act (URBA) requires publishing a notice regarding the issuance of new bonds and allowing City of Eugene voters 60 days to file a petition with the City asking that the bond issuance be referred to a vote. The notice was published in The Register-Guard on January 29, 2020 and is only applicable to the Water Utility System Revenue Bonds. The Electric Utility System Revenue Bonds were included in the 2017 notification process and refunding bonds are exempt from the URBA process.

The Series 2020 Bonds will be used to finance Water Utility System general capital and rehabilitation improvements and are scheduled to be issued in the middle of April. The Electric Utility System will use bond proceeds to finance the relicensing of Carmen-Smith and other projects outlined in the capital improvement plan and are scheduled to be issued in late March.

Recommendation/Requested Board Action

Management recommends and requests approval of Resolution No. 2009 and 2010 authorizing the issuance, sale, and delivery of Water Utility and Electric Utility System Revenue and Refunding Bonds.

RESOLUTION NO. 2009

February 2020

SUPPLEMENTAL BOND RESOLUTION

A SUPPLEMENTAL BOND RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF WATER UTILITY SYSTEM REVENUE AND REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$36,860,000 FOR THE PURPOSE OF FINANCING WATER UTILITY SYSTEM IMPROVEMENTS AND REFUNDING CERTAIN OUTSTANDING WATER UTILITY SYSTEM BONDS, AND PROVIDING FOR RELATED MATTERS

WHEREAS, ORS 287A.150 authorizes the City of Eugene (the "City") to issue bonds payable solely from revenues generated by facilities, projects, utilities or systems owned or operated by the City, and the City, acting by and through the Eugene Water & Electric Board ("EWEB"), owns and operates a water utility system and related facilities and systems;

WHEREAS, on September 2, 1997, EWEB adopted a resolution authorizing and providing for the issuance, from time to time, of City of Eugene, Oregon Water Utility System Revenue Bonds to be equally and ratably secured by the pledge of revenues, funds and accounts thereunder, which was amended by Resolution No. 1614 adopted on April 5, 2016 (as amended and supplemented, the "Bond Resolution");

WHEREAS, this Supplemental Bond Resolution is intended to and does hereby supplement the Bond Resolution;

WHEREAS, the Bond Resolution provides that the principal of, premium, if any, and interest on the bonds issued thereunder shall not be payable from any funds of the City nor constitute a general obligation of the City or create a charge upon the tax revenues or any other property or revenues of the City;

WHEREAS, by Resolution No. 2003, EWEB has determined that it is in the best interest of the City, acting by and through EWEB, to provide funds for the purpose of financing certain capital improvements described in the Water Capital Improvement Plan (the "Project"), refunding the Water Utility System Revenue Bonds, Series 2011 (the "Series 2011 Bonds"), funding necessary reserves and paying the costs of issuance of the bonds;

WHEREAS, by Resolution No. 2003, EWEB requested that the City Council adopt a resolution to authorize and set the terms for the issuance of water utility system revenue bonds in the aggregate principal amount of not to exceed \$36,860,000 to finance the Project and refund the Series 2011 Bonds;

WHEREAS, pursuant to the City's Resolution, adopted on January 27, 2020 (the "City Resolution"), the City Council authorized EWEB to issue not to exceed \$36,860,000 in bonds to finance the Project and refund the Series 2011 Bonds;

WHEREAS, by the City Resolution, the City Council authorized EWEB, on behalf of the City, to issue and sell the water utility system revenue bonds in one or more series in the aggregate principal amount of not to exceed \$36,860,000, subject to the restrictions that each series of bonds (i) mature not later than 30 years from the date of issuance of such series with the portion to refund the Series 2011 Bonds maturing not later than six months after the original final maturity of the Series 2011 Bonds; (ii)

be sold through public competitive sale and awarded to the bidder offering the most favorable terms to EWEB, on behalf of the City, or sold pursuant to negotiation at par or with a net original issue discount or premium that does not exceed 20% of the aggregate principal amount thereof, and have an effective interest rate of not to exceed 6% per annum;

WHEREAS, it is in the best interest of EWEB to issue one or more series of Water Utility System Revenue and Refunding Bonds, Series 2020 (the “Series 2020 Bonds”) to finance a portion of the costs of the Project and to refund the Series 2011 Bonds;

WHEREAS, the City Resolution authorized the publication of the Notice of Revenue Bond Authorization, and on January 29, 2020, the City acting by and through EWEB, caused the Notice to be published in *The Register-Guard*, a newspaper of general circulation within the boundaries of the City; the Series 2020 Bonds will not be issued until 60 days have elapsed since the publication of such Notice, and unless fewer than 5% of the voters residing within the geographical boundaries of the City file a petition with the City asking to have the question of whether to issue the water utility system revenue bonds in the aggregate principal amount of not to exceed \$21,000,000 referred to a vote;

WHEREAS, the foregoing actions and events enable EWEB to proceed with the issuance and sale of the Series 2020 Bonds without further authorization or approval other than that provided by this Supplemental Bond Resolution;

WHEREAS, the Series 2020 Bonds will not be general obligations of the City, nor a charge upon its tax revenues, but will be payable solely from revenues of the Water Utility System that EWEB pledges to the payment of the Series 2020 Bonds pursuant to ORS 287A.310 and ORS 287A.325 and the Bond Resolution;

WHEREAS, EWEB has caused to be prepared a plan showing that EWEB’s estimated Water Utility System revenues are sufficient to pay the debt service on the Series 2020 Bonds as authorized by the City Resolution;

NOW, THEREFORE, BE IT FOUND, DETERMINED, ORDERED AND RESOLVED BY THE EUGENE WATER & ELECTRIC BOARD OF THE CITY OF EUGENE, OREGON, as follows:

SECTION 1. Findings. The improvements to the Water Utility System identified in the City Resolution are eligible for financing in accordance with the Bond Resolution through the issuance of the Series 2020 Bonds.

SECTION 2. Definitions. Unless the context shall clearly indicate some other meaning, all words and terms used in this Supplemental Bond Resolution which are defined in the Bond Resolution shall for all purposes of this Supplemental Resolution have the respective meanings given to them in the Bond Resolution.

SECTION 3. Series 2020 Bonds Authorized. The Series 2020 Bonds shall be issued in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple of \$5,000 and shall be numbered as determined by the Bond Registrar. The Treasurer or the Assistant Treasurer of EWEB,

or any such officer's designee (the "Authorized Representative"), is hereby authorized and directed, for and in the name and on behalf of EWEB and the City, to issue and sell the "City of Eugene, Oregon Water Utility System Revenue and Refunding Bonds, Series 2020" or other designation as determined by the Authorized Representative, in one or more series, taxable or tax-exempt, in the aggregate principal amount of not to exceed \$36,860,000, for the purposes of (1) financing the Project, (2) refunding the Series 2011 Bonds, (3) funding required reserves, if any, and (4) paying costs of issuance. The Authorized Representative may determine, with respect to the Series 2020 Bonds, the form of bond and series designation, the manner of disbursement of proceeds of the Series 2020 Bonds, the maturity dates, principal amounts, redemption provisions, interest rates or the method for determining a variable or adjustable interest rate, whether to issue as taxable or tax-exempt bonds, obtain bond insurance or some other form of guaranty or security for the payment of the Series 2020 Bonds, denominations, form, authorized signatory, and other necessary or desirable documents, and other terms and conditions of the Series 2020 Bonds because the same cannot be determined by EWEB at this time.

The Bond Trustee (identified in Section 4 below) as Registrar shall endorse on the Series 2020 Bonds the date of their authentication. Interest on the Series 2020 Bonds shall be payable from the February 1 or August 1 next preceding the date of authentication to which interest shall have been paid; provided, however, that prior to the first payment date, such interest shall be payable from the dated date of the Series 2020 Bonds. The Series 2020 Bonds shall be dated the date of their delivery, shall mature on August 1 in each of the years and in the principal amounts as shown in the Official Statement, consistent with the authority provided or delegated to the Authorized Representative at the time of sale of the Series 2020 Bonds, and it is hereby ratified, confirmed and approved that the final maturity date of the Series 2020 Bonds shall be no later than August 1, 2049.

SECTION 4. Bond Trustee and Registrar. EWEB appoints U.S. Bank National Association as the Bond Fund Trustee (the "Bond Trustee") and Registrar (the "Registrar") with respect to the Series 2020 Bonds. EWEB may elect to hold the Bond Fund in the future.

SECTION 5. Security for Series 2020 Bonds. The Series 2020 Bonds shall not be general obligations of the City or EWEB, nor a charge upon the City's tax revenues, but shall be payable solely from the revenues and funds that EWEB pledges to the payment of the Series 2020 Bonds pursuant to ORS 287A.150 *et seq.* The Series 2020 Bonds shall be secured by a lien on the Revenues of the Water Utility System that is equal in priority to the lien of the Outstanding Bonds and any additional Bonds. The Outstanding Bonds (including the Series 2020 Bonds) shall be secured as set forth in the Bond Resolution.

SECTION 6. Application of Series 2020 Bond Proceeds. The Series 2020 Bond proceeds shall be applied as follows with the amounts to be determined by the Authorized Representative:

- (a) A portion of the proceeds of the Series 2020 Bonds shall be deposited into the Series 2020 Construction Fund described in Section 7;
- (b) A portion of the proceed of the Series 2020 Bonds shall be deposited with the Bond Trustee and used to refund and defease of the 2011 Bonds;
- (c) A portion of the proceeds of the Series 2020 Bonds may be used to fund any reserve for the Series 2020 Bonds not funded with cash; and

(d) A portion of the proceeds of the Series 2020 Bonds shall be applied to the payment of fees and expenses in connection with the issuance and sale of the Series 2020 Bonds.

SECTION 7. Construction Fund. There is hereby created a separate account within the Construction Fund of EWEB to be known as the “Series 2020 Construction Account” to be held by EWEB. Money in the Series 2020 Construction Fund shall be applied solely to the reimbursement and payment of the costs related to the Project. Money shall be paid out of the Series 2020 Construction Fund by EWEB in accordance with the Tax Certificate and procedures prescribed by EWEB. The Authorized Representative may elect to pay the fees and expenses from the Construction Fund or another fund or account.

SECTION 8. Reserve Account. In connection with the issuance of the Series 2020 Bonds, the Authorized Representative is hereby authorized (i) to determine whether the Series 2020 Bonds will be secured by the Reserve Account and calculate the Reserve Requirement in accordance with the provisions of the Bond Resolution and to make any payments in connection therewith or (ii) to determine whether the Series 2020 Bonds will be secured by a separate reserve account and calculate the reserve requirement and provide for its funding as permitted by the Bond Resolution, which reserve requirement may be zero. The Authorized Representative is hereby authorized to execute any agreement (including, but not limited to, an agreement to purchase a reserve fund surety bond) in connection therewith. If applicable, any deficiency in the Reserve Account upon issuance of the Series 2020 Bonds shall be funded with proceeds of the Series 2020 Bonds, cash, surety bond, insurance policy, or a combination thereof, in accordance with Section 7D. of the Bond Resolution.

SECTION 9. Book-Entry System of Ownership. During any time that the Series 2020 Bonds are held in a book-entry only system (the “Book-Entry System”), the registered owner of all of the Series 2020 Bonds shall be The Depository Trust Company, New York, New York (“DTC”), and the Series 2020 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. EWEB has entered into a Blanket Issuer Letter of Representations (the “Letter”) wherein EWEB represents that it will comply with the requirements stated in DTC’s Operational Arrangements as they may be amended from time to time.

Under the Book-Entry System, the Series 2020 Bonds shall be initially issued in the form of a single fully registered certificate, one for each series and maturity of the Series 2020 Bonds. Upon initial issuance, the ownership of such Series 2020 Bonds shall be registered by the Registrar on the registration books in the name of Cede & Co., as nominee of DTC. EWEB and the Registrar may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2020 Bonds registered in its name for the purposes of payment of the principal of, redemption price of, and premium, if any, or interest on the Series 2020 Bonds, selecting the Series 2020 Bonds or portions thereof to be redeemed, if any, giving notice as required under this Supplemental Resolution, registering the transfer of Series 2020 Bonds, obtaining any consent or other action to be taken by the Bondholders and for all other purposes; and neither the Registrar nor EWEB shall be affected by any notice to the contrary. EWEB and the Registrar shall not have any responsibility or obligation to any person claiming a beneficial ownership interest in the Series 2020 Bonds under or through DTC or any participant in DTC (a “Participant”), or any other person which is not shown on the registration books of the Registrar as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2020 Bonds; any notice or direction which is permitted or required to be given to or received from Bondholders under this Supplemental Resolution; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Series 2020 Bonds; or any consent given or other action taken by DTC as Bondholder; nor shall any DTC

Participant or any such person be deemed to be a third party beneficiary of any Bondowners' rights under this Supplemental Resolution. The Registrar shall pay from money available hereunder all principal of and premium, if any, and interest on the Series 2020 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge EWEB's obligations with respect to the principal of and premium, if any, and interest on the Series 2020 Bonds to the extent of the sum or sums so paid. So long as the Series 2020 Bonds are held in the Book-Entry System, no person other than DTC shall receive an authenticated Series 2020 Bond for each separate stated maturity evidencing the obligation of the Registrar to make payments of principal of and premium, if any, and interest pursuant to this Supplemental Resolution. Upon delivery by DTC to the Registrar of DTC's written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Supplemental Resolution with respect to transfers of Series 2020 Bonds, the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

At any time it determines that it is in the best interests of the Bondowners or EWEB, EWEB may notify the Registrar, and the Registrar will subsequently notify DTC, whereupon DTC will notify the DTC Participants, of the availability through DTC of Series 2020 Bond certificates. In such event, the Registrar shall issue, transfer and exchange, at EWEB's expense, Series 2020 Bond certificates as requested in writing by DTC in appropriate amounts at the principal office of the Bond Fund Trustee. DTC may determine to discontinue providing its services with respect to the Series 2020 Bonds at any time by giving written notice to the Registrar and discharging its responsibilities under applicable law. If DTC resigns as securities depository for the Series 2020 Bonds, Series 2020 Bond certificates shall be delivered pursuant to this Section 9. Under such circumstances (if there is no successor securities depository), the Registrar shall be obligated to deliver Series 2020 Bond certificates as described in this Supplemental Resolution, provided that the expense in connection therewith shall be paid by EWEB. In the event Series 2020 Bond certificates are issued, the provisions of this Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, premium, if any, and interest on such Series 2020 Bonds. Whenever DTC requests the Registrar to do so, the Registrar will cooperate with DTC in taking appropriate action after written notice (a) to make available one or more separate certificates evidencing the Series 2020 Bonds to any DTC Participant having Series 2020 Bonds credited to its DTC account, or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2020 Bonds.

EWEB will not be responsible or liable for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC, its Participants or persons acting through such Participants or for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owner of the Series 2020 Bonds.

SECTION 10. Redemption and Purchase Provisions. The Series 2020 Bonds may be subject to optional and mandatory redemption as determined by the Authorized Representative. Notice of any redemption of Series 2020 Bonds shall be provided for in the manner set forth in this Supplemental Resolution, the Letter or approved by the Authorized Representative. Any notice of optional redemption may state that the optional redemption is conditional upon receipt by the Registrar of money sufficient to pay the redemption price of such Series 2020 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Registrar to affected Bondowners as practicable upon the

failure of such condition or the occurrence of such other event, and on or prior to the date fixed for redemption.

(a) Notice of Redemption (Book-Entry). So long as the Series 2020 Bonds are in the Book-Entry System, the Registrar shall notify DTC of an early redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by the Letter or another letter of representation submitted to DTC in connection with the issuance of the Series 2020 Bonds. Official written notice of redemption will be given by EWEB to the Registrar at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

(b) Notice of Redemption (No Book-Entry). During any period in which the Series 2020 Bonds are not in the Book-Entry System, unless waived by any Bondowner of the Series 2020 Bonds to be redeemed, official notice of any redemption of Series 2020 Bonds shall be given by the Registrar on behalf of EWEB by mailing a copy of an official redemption notice by first class mail, postage prepaid, no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Bondowners of the Series 2020 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Bondowner to the Registrar. Official written notice of redemption will be given by EWEB to the Registrar at least five calendar days prior to the date the notice is scheduled to be sent to Bondowners of the Series 2020 Bonds.

(c) Effect of Redemption. Interest on each Series 2020 Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in an escrow account established to refund or defease the Series 2020 Bonds.

(d) Purchase of Series 2020 Bonds. EWEB reserves the right to purchase any or all of the Series 2020 Bonds offered to EWEB at any time at any price acceptable to EWEB plus accrued interest to the date of purchase.

SECTION 11. Findings and Determinations: Authority for Supplemental Resolution: Bonds are “Bonds” under the Bond Resolution. EWEB hereby finds:

(a) The Series 2020 Bonds are issued under the authorization of Section 10 of the Bond Resolution and are “Bonds” within the meaning of the quoted words as defined and used in the Bond Resolution.

(b) All acts and conditions required to exist, to happen and to be performed precedent to and in the issuance of the Series 2020 Bonds exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Oregon, the Charter of the City of Eugene, the Bond Resolution, and the City Resolution.

(c) Except for supplemental resolutions, the Bond Resolution has not been amended, supplemented, or repealed since adoption thereof. This Supplemental Bond Resolution supplements the Bond Resolution, constitutes and is a “Supplemental Resolution” within the meaning of the quoted words as defined and used in the Bond Resolution and is adopted pursuant to and under authority of the Bond Resolution.

(d) There does not exist an “Event of Default” within the meaning of such quoted term as defined in Section 14 of the Bond Resolution, nor does there exist any condition which, after passage of time, would constitute such an “Event of Default.”

(e) The Series 2020 Bonds: (i) shall be entitled to the benefits, security and protection of the Bond Resolution, equally and ratably with one another and with any other Bonds heretofore or hereafter issued thereunder; (ii) shall be payable as provided in the Bond Resolution solely from the Revenues and other money specified in the Bond Resolution on a parity with one another and with all Bonds heretofore or hereafter issued under the Bond Resolution; and (iii) shall be equally and ratably secured under the Bond Resolution with one another and with all Bonds hereafter issued thereunder, without priority by reason of series, number, date of adoption of the supplemental resolution providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of issuance, date of delivery, or otherwise, by the liens, pledges, charges and assignments created by the Bond Resolution.

(f) The Board hereby affirms the covenants contained in Sections 9 and 11 and other provisions of the Bond Resolution.

SECTION 12. Tax-Exempt Status and Covenant as to Arbitrage.

(a) Preservation of Tax Exemption for Interest on the Tax-Exempt Series 2020 Bonds. EWEB covenants that it will take all actions necessary to prevent interest on the tax-exempt Series 2020 Bonds 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 tax-exempt Series 2020 Bonds or other funds of EWEB treated as proceeds of the tax-exempt Series 2020 Bonds that will cause interest on the tax-exempt Series 2020 Bonds to be included in gross income for federal income tax purposes. EWEB also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the tax-exempt Series 2020 Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the tax-exempt Series 2020 Bonds.

(b) Post-Issuance Compliance. An Authorized Representative is authorized and directed to review and update EWEB’s written procedures to facilitate compliance by EWEB with the covenants in this Supplemental Resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the tax-exempt Series 2020 Bonds from being included in gross income for federal tax purposes, maintain the tax treatment of the tax-exempt Series 2020 Bonds and the receipt of interest thereon.

SECTION 13. Refunding of the Refunded Bonds. The Board authorizes the Authorized Representative to approve the Series 2011 Bonds to be refunded by the Series 2020 Bonds (the “Refunded Bonds”), to appoint U.S. Bank National Association as Refunding Trustee, establish the terms for the refunding and the redemption of the Refunded Bonds, and set forth other provisions for such refunding (the “Refunding Plan”).

(a) Use of Series 2020 Bond Proceeds; Acquisition of Acquired Obligations. The Authorized Representative may determine not to proceed with all or part of the Refunding Plan if interest rates are not favorable. A sufficient amount of the proceeds of the sale of the Series 2020 Bonds shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of EWEB relating to the Refunded Bonds under the Bond Resolution by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be

discharged fully by the Refunding Trustee's simultaneous purchase of 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. Any Series 2020 Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Series 2020 Bonds shall be returned to EWEB at the time of delivery of the Series 2020 Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Series 2020 Bonds coming due on the first interest payment date.

(b) Substitution of Acquired Obligations. Prior to the purchase of any Acquired Obligations by the Refunding Trustee, EWEB reserves the right to substitute other direct, noncallable obligations of the United States of America ("Substitute Obligations") for any of the Acquired Obligations and to use any savings created thereby for any lawful EWEB purpose if, (a) in the opinion of EWEB's bond counsel, the interest on the tax-exempt Series 2020 Bonds and the Refunded Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations by the Refunding Trustee, EWEB reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the tax-exempt Series 2020 Bonds or the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the Series 2020 Bonds and the Refunded Bonds, as applicable, and that EWEB obtain, at its expense: (1) a verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from bond counsel to EWEB, to the effect that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the Series 2020 Bonds, will not cause the interest on the tax-exempt Series 2020 Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Series 2020 Bonds. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to EWEB to be used for any lawful EWEB purpose.

(c) Administration of Refunding Plan. The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations) and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the Refunding Trustee pursuant to this Supplemental Resolution. All Acquired Obligations (or substitute 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 this Supplemental Resolution, ORS Chapter 287A and the Refunding Trust Agreement. 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 of the Refunded Bonds and costs related to the issuance and delivery of the Series 2020 Bonds shall be paid out of the proceeds of the Series 2020 Bonds.

(d) Authorization for Refunding Trust Agreement. To carry out the Refunding Plan provided for by this Supplemental Resolution, the Authorized Representative is authorized to execute and deliver to the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Refunding Trustee set forth therein are satisfactory to it.

(e) Call for Redemption of the Refunded Bonds. EWEB calls for redemption on such date as determined by the Authorized Representative, all of the callable Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Series 2020 Bonds to the initial purchaser thereof.

The proper EWEB officials are 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 Bond Resolution in order to effect the redemption prior to their maturity of the Refunded Bonds.

SECTION 14. Delegation and Approval for Establishment of Terms and Sale of the Series 2020 Bonds. Subject to the provisions of Section 3, and as provided in the City Resolution, and Resolution No. 2003, all actions heretofore taken or to be taken in connection with the Series 2020 Bonds are hereby approved in all respects including, without limitation, actions taken or to be taken by an Authorized Representative and the Authorized Representative is hereby delegated to:

- (a) establish the principal and interest payment dates, principal amounts, taxable or tax-exempt, optional and mandatory redemption provisions and premium or discount, if any, interest rates, denominations and place of payment and all other terms for the Series 2020 Bonds;
- (b) make the determinations required by Section 10 of the Bond Resolution;
- (c) award the sale of the Series 2020 Bonds in accordance with ORS 287A.300, including entering into a bond purchase contract for a negotiated sale;
- (d) approve and authorize the preparation and distribution of preliminary and final official statements for the Series 2020 Bonds;
- (e) obtain ratings of the Series 2020 Bonds and expend Series 2020 Bond proceeds to pay for such ratings;
- (f) take such actions as are necessary to qualify the Series 2020 Bonds for the Book-Entry System of DTC;
- (g) execute a Continuing Disclosure Certificate pursuant to Rule 15c2-12 of the Securities and Exchange Commission;
- (h) execute and deliver the Series 2020 Bond closing documents and certificates;
- (i) enter into covenants regarding the use of the proceeds of the Series 2020 Bonds to maintain the tax-exempt status of the Series 2020 Bonds which are issued as tax-exempt bonds; and

(j) execute a certificate specifying the actions taken pursuant to this Section 14, and any other certificates, documents or agreements that an Authorized Representative determines are desirable to issue, sell and deliver the Series 2020 Bonds in accordance with this Supplemental Resolution.

SECTION 15. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Series 2020 Bonds by those who shall own the same from time to time, the provisions of this Supplemental Resolution shall be part of the contract of EWEB with the Bondholders and shall be deemed to be and shall constitute a contract between EWEB and the Bondholders. The covenants, pledges, representations and warranties contained in this Supplemental Resolution, the Bond Resolution and in the closing documents executed in connection with the Series 2020 Bonds including without limitation EWEB's covenants and pledges contained in the Bond Resolution and the other covenants and agreements herein set forth to be performed by or on behalf of EWEB shall be contracts for the equal benefit, protection and security of the Bondholders, all of which shall be of equal rank without preference, priority or distinction of any of the Series 2020 Bonds over any other Bonds, except as expressly provided in or pursuant to this Supplemental Bond Resolution or the Bond Resolution.

SECTION 16. Effect of Section Headings. The heading or titles of the several Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Supplemental Resolution.

SECTION 17. Repeal of Inconsistent Resolutions. Any prior resolution of EWEB, or any portion thereof, in conflict or inconsistent with this Supplemental Resolution is hereby repealed to the extent of such conflict or inconsistency.

SECTION 18. References to Statutes in Bond Resolution. Except as expressly provided herein to the contrary, all references to statutes in the Bond Resolution that have been amended, superseded or re-codified by applicable statutes of similar purpose shall be deemed from and after the effective date of such amendment, supersession or re-codification to refer to such statutes as so amended, superseded or re-codified.

SECTION 19. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 4th day of February, 2020.

EUGENE WATER & ELECTRIC BOARD

President

I, Anne M. Kah, the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the resolution adopted by EWEB at its February 4, 2020 Board Meeting.

Assistant Secretary