

INDIAN VALLEY COMMUNITY SERVICES DISTRICT

RESOLUTION No. 2003-19

A RESOLUTION AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN USDA, RURAL DEVELOPMENT, AND THE INDIAN VALLEY COMMUNITY SERVICES DISTRICT TO FINANCE A PORTION OF THE COSTS OF THE ACQUISITION AND REHABILITATION OF THE BIDWELL WATER COMPANY

WHEREAS, the United States Department of Agriculture, Rural Development, through its Rural Utilities Service ("Rural Development"), issued its Letter of Conditions dated August 16, 2002, (the "Letter of Conditions") as amended on August 11, 2003 (the "Amended Letter of Conditions"), specifying the terms under which Rural Development would lend the Indian Valley Community Services District (the "District") \$75,000 to fund a portion of the costs of the acquisition and rehabilitation of the Bidwell Water Company (the "Project");

WHEREAS, this Board adopted its Loan Resolution on June 11, 2003, in the form of the loan resolution specified by RUS Bulletin 1780-27 (the "Loan Resolution"), as required by Paragraph I (C) (3) of the Amended Letter of Conditions;

WHEREAS, pursuant to California Government Code section 61613, the District may borrow money and incur indebtedness and issue evidences of indebtedness;

WHEREAS, the form of a Loan Agreement (the "Loan Agreement") evidencing the loan from Rural Development to the District has been presented to the Board for its review and approval;

NOW, THEREFORE, the Board of Directors of the Indian Valley Community Services District hereby resolves as follows:

Section 1. Recitals. All of the above recitals are true and correct and the Board so finds and determines.

Section 2. Approval of Form and Authorization of the Execution of the Loan Agreement. The Board hereby authorizes the borrowing of \$75,000 from Rural Development pursuant to the Loan Agreement. The Board hereby approves the form of and authorizes the execution of the Loan Agreement in the form presented for this meeting. The Board hereby authorizes the Chairperson of the Board and the Secretary, and each of them individually (the "Designated Officers"), to sign the Loan Agreement in substantially that form with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the Loan Agreement for the District. The execution of the Loan Agreement by a Designated Officer or Officers of the District shall constitute conclusive evidence of such officer's or officers' and the Board's approval of any such changes, insertions, revisions, corrections, or amendments to the form of the Loan Agreement presented to this meeting.

Section 3. Tax Exemption. The District shall at all times do and perform all acts and things permitted by law that are necessary and desirable in order to assure that interest paid with respect to the Loan Agreement will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. This covenant shall survive the payment in full of the Loan Agreement.

Section 4. Designation as "Qualified Tax-Exempt Obligation." The Board reasonably anticipates that the District and all subordinate entities and all entities that issue obligations on its behalf will not issue more than ten million dollars of tax-exempt obligations (excluding private activity bonds) during the current calendar year. The Board hereby designates the Loan Agreement as a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

Section 5. General Authorization. All actions heretofore taken by the officers and agents of the District with respect to the loan are hereby approved, and the Designated Officers and any and all other officers of the District are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions related to the execution of the Loan Agreement and any and all certificates, requisitions, agreements and other documents that they, or any of them, may deem necessary or advisable in order to consummate the loan.

Section 6. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED on September 24, 2003.

INDIAN VALLEY
COMMUNITY SERVICES DISTRICT

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Chairman of the Board of Directors

ATTEST:

Bartholomew P. Gray
Secretary of the District

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I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly passed and adopted by the Board of Directors of the Indian Valley Community Services District at a meeting held on September 24, 2003, by the following vote:

AYES: 7

NOES: 0

ABSTAIN: 0

ABSENT: 0

Bartholomew P. Gray
Secretary of the District