

RESOLUTION #09-1 OF THE BOARD OF DIRECTORS OF THE
INDIAN VALLEY COMMUNITY SERVICES DISTRICT

NOW, THEREFORE, BE IT RESOLVED that the General Manager, Chairman of the Board of Directors, Vice Chairman and Secretary of the Board, of the Indian Valley Community Services District Board of Directors are hereby authorized and empowered to take all actions necessary or appropriate:

1. To obtain for and on behalf of the District through the United States Department of Agriculture (USDA) or any other Governmental Agency:

(a) A loan in a sum not to exceed _____;

(b) A grant in a sum not to exceed \$1,500,000;

to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.

2. In the case of a loan or grant or both:

(a) For the execution of such application or applications (including forms, exhibits, amendments and/or supplements thereto) as may be required;

(b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and

(c) In their judgment to carry out the terms of this resolution.

3. And in the case of a loan:

(a) To obligate this District for the repayment of the loan at such rates of interest and on such other terms and conditions as the Board shall deem proper;

(b) To pledge, hypothecate, mortgage, convey, or assign property of the District of any kind in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this District to such Lender; and

(c) From time to time to pay, extend, or renew any such obligations.

Passed, approved and adopted by the Board of Directors of the Indian Valley Community Services District, Plumas County, California at the meeting held on the 14 day of Jan 2009, by the following vote:

Yeas 5

Nays _____

Absent _____

By Bradley J. Smith

Attest Anna Lawson

Title Board Chair

Title Board Clerk

SECOND AMENDMENT TO LOAN AGREEMENT

This Second Amendment (²⁰⁰⁹ "Amendment") to the original Loan Agreement is made and entered into as of 1/6, 2008; by and between the County of Plumas ("County") and the Indian Valley Community Services District ("District").

RECITALS

WHEREAS, County and District entered into the original Loan Agreement, effective January 6, 2005, wherein County agreed to lend District the principal sum of two hundred thousand dollars (\$200,000.00) and District agreed to repay County in accordance with the terms of a Promissory Note dated January 6, 2005;

WHEREAS, the Promissory Note provided that on or before June 30, 2006, District promised to repay County the entire loan amount;

WHEREAS, the loan made by County to District defaulted June 30, 2006;

WHEREAS, on November 18, 2008, the County Board of Supervisors approved a repayment agreement with District, pursuant to which District would make a base annual payment in the amount of ten thousand dollars (\$10,000.00) and dedicate all income from the Greenville Water District Surcharge as a supplemental payment until the outstanding balance of the loan is paid in full; and

WHEREAS, the parties desire to amend the Loan Agreement to set forth terms of repayment for the outstanding balance on the loan.

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

1. The following paragraphs shall be added to the original Loan Agreement:

The outstanding balance of the loan shall equal the principal sum, plus interest as calculated herein, minus payments made by District.

District shall make a base annual payment to County in the amount of \$10,000.00 until the outstanding balance is paid in full. Base annual payments shall be calculated by fiscal year.

Furthermore, the District agrees that, in addition to the base annual payment, it will dedicate all income from the Greenville Water District Surcharge as a supplemental payment. The District estimates that these surcharges will accrue approximately \$14,000.00 annually in supplemental payments.

Interest on the outstanding balance shall accrue each fiscal year at the rate of one percent above the average rate County receives for its long-term investments, as determined by County's Treasurer/Tax Collector, for the preceding fiscal year.

If District fails to make the full base annual payment for any fiscal year, County shall have the right to deduct an amount equal to the unpaid portion of the annual payment from District's December and April tax apportionments for the following fiscal year. Nothing in this section shall relieve District of its obligation to pay the full base annual payment for the following and each fiscal year.

However, the County agrees to provide written notice to the District before any tax apportionments designated for the District are withdrawn to complete the terms of this loan agreement.

The District further agrees to pursue additional revenue sources, including but not limited to, reinstating the Greenville Water District Surcharge which is due to expire in August 2009, and dedicating those revenues as supplemental payments.

2. The second paragraph of the Loan Agreement shall be deleted in its entirety and replaced by the following:

County agrees to lend District the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), and District agrees to repay County in accordance with the terms of this Agreement, and any amendment hereto, and the terms of the Promissory Note dated January 6, 2005, and executed herewith, and any amendment thereto. In the event that any terms of the Promissory Note conflict with those contained herein, the terms of this Agreement shall govern.

3. Except as provided for in this Amendment, the terms of the original Loan Agreement shall remain in full force and effect.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first written above.

COUNTY OF PLUMAS

INDIAN VALLEY COMMUNITY
SERVICES DISTRICT

Sharon J. Hall 1/6/09

Chair, Board of Supervisors

Jane Braxton Little
Jane Braxton Little
Chair, IVCS D

APPROVED AS TO FORM:

[Signature] for 12/29/08
County Counsel