

RESOLUTION NO. 2006-08

**A RESOLUTION OF THE SAN BENITO COUNTY WATER DISTRICT
BOARD OF DIRECTORS FOR THE AUTHORIZATION & REPAYMENT OF
THE SAN BENITO COUNTY WATER DISTRICT
AGRICULTURAL DRAINAGE MANAGEMENT LOAN PROGRAM**

WHEREAS, the San Benito County Water District ("District") desires to acquire high water efficiency irrigation equipment as specified in an approved Irrigation System Equipment Acquisition Plan for lease to District landowners ("Project") in the maximum principal sum of Three Million Dollars (\$3,000,000); and

WHEREAS, the District intends to finance the implementation of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board; and

WHEREAS, the District's Board of Directors ("Board") has considered the Project for expenditure and repayment and has reviewed those certain notice letters to landowners of the District and the proposed form of Equipment Lease Agreement to be signed by program participants, which said documents have been presented to the Board and are on file with the Secretary thereof; and

WHEREAS, the State Water Resources Control Board will fund the Project Funds with proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, lease payments to be received by the Contractor during the life of the Project ("Project Net Revenues") sufficient to repay the Loan will provide the dedicated funding source used to repay the Loan;

NOW, THEREFORE, THE DISTRICT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. The District hereby states its intention and reasonably expects to reimburse Project Funds incurred prior to the expected date of issuance of the Obligations with proceeds of the Obligations.

Section 2. The reasonably expected maximum principal amount of the Project Funds is \$3,000,000.

Section 3. This resolution is being adopted no later than 60 days after the date on which the District will expend moneys for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

Section 4. Project expenditures will be of a type properly chargeable to a capital account under general federal income tax principles.

Section 5. This resolution is adopted as official intent of the District in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualifications for reimbursement of Project Costs incurred prior to the date of issue of the Obligations.

Section 6. To the best of our knowledge, this District is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

Section 7. That the Agricultural Drainage Management Loan Program, the Irrigation System Equipment Acquisition Plan and the contract between the San Benito County Water District and the State Water Resources Control Board are approved.

Section 8. John S. Gregg, Manager of the District, with oversight by the Board Investment Committee, is hereby authorized to act as representative of the District in executing all Program contracts and carrying out the terms thereof, to circulate notice to landowners, to prepare specifications and solicit bids for the requisite irrigation equipment; to execute and deliver Equipment Lease Agreements with program participants, and execute all additional instruments or documents which may be reasonably required in connection with the program participants, and to do all other acts which may be reasonably necessary or convenient thereto.

Section 9. All the recitals in this Resolution are true and correct and this District so finds, determines and represents.

PASSED AND ADOPTED by the Board of Directors at the regular meeting of said board held on the 26th day of April, 2006, by the following vote:

AYES: DIRECTORS: Tobias, Swanson, Perry, Flores, Bettencourt
NOES: DIRECTORS: None
ABSENT: DIRECTORS: None
ABSTAIN: DIRECTORS: None

/s/ John Tobias
John Tobias, President

ATTEST:

/s/Natalie K. Sullivan
Natalie K. Sullivan
Acting Administrative Services Officer