

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
GROVELAND COMMUNITY SERVICES DISTRICT
AUTHORIZING DOCUMENTS AND OFFICIAL ACTIONS
RELATING TO THE INSTALLMENT SALE FINANCING OF
WATER AND WASTEWATER SYSTEM IMPROVEMENTS

WHEREAS, the Groveland Community Services District (the "District") owns and operates facilities and property for the supply, treatment and distribution of water within the service area of the District (the "Water System") and the collection, treatment and disposal of wastewater within the service area of the District (the "Wastewater System"), and the District wishes to raise funds to finance improvements to the Water System and the Wastewater System (the "Projects"); and

WHEREAS, the Board of Directors of the District has previously adopted its resolutions expressing the Board's intention to reimburse various costs of the Projects from the proceeds of tax-exempt obligations of the District; and

WHEREAS, the Groveland/Tuolumne Financing Authority (the "Authority") has been formed for the purpose of assisting the District in the financing of public capital improvements, and in order to provide financing for the Projects the Authority proposes to issue its 2006 Water and Wastewater Revenue Bonds in the maximum principal amount of \$14,000,000 (the "Bonds") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), and to apply the proceeds thereof to construct the Project; and

WHEREAS, in order to provide revenues which are sufficient to pay debt service on the Bonds, the Authority proposes to sell the completed Projects to the District under an Installment Sale Agreement, for a purchase price to be paid by the District in semiannual installments during the term of the Bonds; and

WHEREAS, the Authority proposes to sell the Bonds on a negotiated basis to Stone & Youngberg LLC, as underwriter; and

WHEREAS, the Board of Directors wishes at this time to take action approving such financing transactions and all related documents and actions;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT AS FOLLOWS:

Section 1. Approval of Financing Plan; Authorization of Bonds. The Board of Directors hereby approves the financing plan described in the recitals of this Resolution. To that end, the Board of Directors hereby approves the issuance of the Bonds by the Authority under the Bond Law in the maximum principal amount of \$14,000,000 for the purpose of providing funds to pay and reimburse the payment of the costs of the Projects.

under which the Authority agrees to issue the Bonds to provide financing for the Projects, and to sell the completed Projects to the District for a purchase price to be paid in semiannual installment payments. The Installment Sale Agreement is hereby approved in substantially the form on file with the Secretary together with any changes therein or additions thereto deemed advisable by General Manager. The President or the General Manager is hereby authorized and directed for and in the name and on behalf of the District to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Installment Sale Agreement, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 3. Sale of Bonds. The Board of Directors hereby approves the negotiated sale of the Bonds by the Authority to the Underwriter. The Bonds shall be sold upon the terms and conditions set forth in the Bond Purchase Agreement in substantially the form on file with the Secretary together with any changes therein or additions thereto deemed advisable by General Manager. As provided in the resolution of the Board of Directors of the Authority authorizing the issuance and sale of the Bonds, the weighted average rate of interest represented by all of the Bonds (taking into account any original issue discount on the sale of the Bonds) may not exceed 5.90% per annum, and the maximum amount of Underwriter's discount on the sale of the Bonds may not exceed 1.20% of the par amount of the Bonds. The final form of the Bond Purchase Agreement shall be executed in the name and on behalf of the District by the District Manager.

Section 4. Official Statement. The Board of Directors hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the preliminary Official Statement describing the Bonds in the form on file with the Secretary. The President or the District Manager is hereby authorized, at the request of the Underwriter, to execute an appropriate certificate affirming the Board of Directors' determination that the preliminary Official Statement has been deemed nearly final within the meaning of such Rule. Distribution of the preliminary Official Statement by the Underwriter is hereby approved. The Board of Directors hereby authorizes the distribution of the final Official Statement by the Underwriter.

Section 5. Engagement of Professional Services. In connection with the issuance and sale of the Bonds, the District hereby appoints the firm of Jones Hall, A Professional Law Corporation, to act as bond counsel and disclosure counsel to the District. The General Manager is authorized and directed to execute the agreement with said firm in the form on file with the Secretary. As provided in said agreement, compensation payable to bond counsel and disclosure counsel is entirely contingent upon the successful issuance and sale of the Bonds.

Section 6. Official Actions. The President, the District Manager, the Finance Manager, the Secretary and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the

denair in the case such officer is absent or unavailable.

Section 7. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED this 23rd day of October, 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Gus Allegri, President

[Seal]

ATTEST:

Vicki L. West, Board Secretary