

RESOLUTION NO. 2007-05

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
ESTABLISHING A RECYCLED WATER CAPITAL RESERVE FUND IN  
ACCORDANCE WITH THE STATE WATER RESOURCES CONTROL BOARD'S  
REQUIREMENTS OF THE STATE REVOLVING FUND LOAN PROGRAM

WHEREAS, the Beaumont Cherry Valley Water District (hereafter "District") owns and operates a recycled water distribution system including pipelines, pump stations and reservoirs; and

WHEREAS, the District plans to complete the necessary facilities to distribute recycled water from the City of Beaumont's water reclamation plant; and

WHEREAS, this Board of Directors authorized the General Manager/Secretary/Treasurer to apply for a State Revolving Fund (SRF) loan to fund a portion of the needed facilities to complete the backbone recycled water transmission system including a pump station and storage reservoirs ; and

WHEREAS, the SRF loan program guidelines require the preparation and submittal of a recycled water revenue program, and

WHEREAS, the recycled water revenue program must illustrate that the District will have adequate financial resources to repay the SRF loan; and

WHEREAS, the recycled water revenue program must illustrate that the District will reserve some of its financial resources for future expansion, major repair or replacement costs; and

WHEREAS, in order to qualify for a SRF loan the District must dedicate a capital reserve fund.

WHEREAS, the District has established a depreciation account for infrastructure facilities and funds the depreciation through the water rate;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Beaumont Cherry Valley Water District that:

1. A portion of the District's existing depreciation account will be set aside as a Recycled Water Capital Reserve fund.

2. Funds shall be set aside and pledged to the Recycled Water Capital Reserve Fund at an annual rate of one-half of one percent (0.5%) of the SRF loan amount for a period of ten (10) years.
3. Interest earned on deposits in the Recycled Water Capital Reserve Fund shall accrue to and remain on deposit in the Recycled Water Capital Reserve Fund.
4. Funds deposited in or accruing to the Recycled Water Capital Reserve Fund shall be available for expansion, major repair, or replacement of the recycled water facilities.
5. Funds expended from the Recycled Water Capital Reserve Fund shall be replaced by depositing at a minimum annual rate of ten percent (10%) of the amount expended.
6. The General Manager/Secretary/Treasurer is hereby directed to prepare and submit to the State Water Resources Control Board, Division of Financial Assistance, a report on the Recycled Water Capital Reserve Fund activities and fund status beginning five (5) years after the completion of construction of the project funded with the proceeds of the SRF loan. Updated reports will be prepared and submitted every five (5) years thereafter until the loan is discharged.
7. The requirements herein shall remain in force for the life of the SRF loan contract.

The foregoing resolution was adopted by the Board of Directors of the Beaumont Cherry Valley Water District at its meeting held on October 10, 2007 by the following vote:

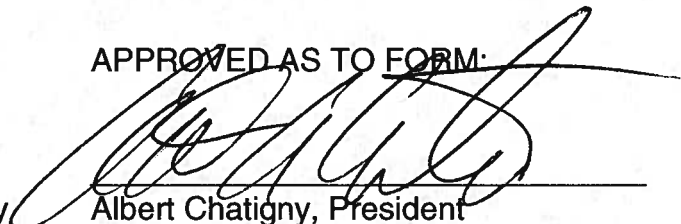
AYES: Chatigny, Dopp, Lash, Parks  
NOES: Ball  
ABSTAIN: None  
ABSENT: None

ATTEST;



C.J. Butcher, General Manager/Secretary  
Beaumont Cherry Valley Water District  
and the Board of Directors thereof

APPROVED AS TO FORM:



Albert Chatigny, President  
Beaumont Cherry Valley Water District  
and the Board of Directors thereof