

RESOLUTION NO. 11-14

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RUNNING SPRINGS WATER DISTRICT DEDICATING A
SOURCE OF REVENUES FOR THE REPAYMENT OF A
STATE WATER RESOURCES CONTROL BOARD CLEAN
WATER STATE REVOLVING FUND LOAN**

WHEREAS, the Running Springs Water District (the "District") has made an application to the State Water Resources Control Board for a Clean Water State Revolving Fund loan (the "SRF Loan") to finance Sewer Lift Station Nos. 1, 2 and 3 Improvements (the "Project"); and

WHEREAS, approval of the SRF Loan requires that the District establish one or more dedicated sources of revenue for repayment of the SRF Loan before executing the financing agreement for such SRF Loan; and

WHEREAS, this Board of Directors desires to establish such a dedicated source of revenue for the repayment of the proposed SRF Loan.

NOW, THEREFORE, be it resolved by the Board of Directors of Running Springs Water District as follows:

SECTION 1. Dedications. The District hereby dedicates Net Revenues of the Sewer Proprietary Fund to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Project. This dedicated source of Net Revenues shall remain in effect throughout the term of such financing unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.

SECTION 2. Definitions. For purposes of this Resolution, the following capitalized terms not previously defined herein shall have the following meanings:

A. "Sewer System" means the whole and each and every part of the Sewer System of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions

and improvements to such sewer system or any part thereof hereafter acquired or constructed.

B. "Net Revenues" means, for any fiscal year less an amount equal to all of the Revenues from such fiscal year less the Operation and Maintenance Costs for such fiscal year for the District's Sewer Proprietary Fund.


C. "Operation and Maintenance Costs" means costs spent or incurred for maintenance and operation of the Sewer System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Sewer System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Sewer System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of this Agreement or any resolution or indenture authorizing the issuance of any Contract; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges.

D. "Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership and operation of the Sewer System, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges and other moneys derived by the District from the delivery of Sewer or other services or

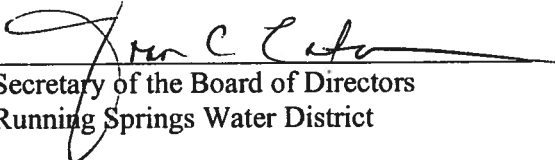
facilities provided in the conduct and operation of the business of the Sewer System, (2) the proceeds of any stand-by or Sewer availability charges, development fees and connection charges collected by the District, or (3) the earnings on and income derived from the investment of amounts described in clauses (1) and (2) above and from Sewer Fund reserves, but excluding (1) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District and (b) any proceeds of taxes or assessments restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued.

ADOPTED this 16th day of April, 2014

Ayes: Brittain, Terry, Heredia, Bennett
Noes: 0
Abstentions: 0
Absent: Ayers


Vice- _____
President of the Board of Directors
Running Springs Water District

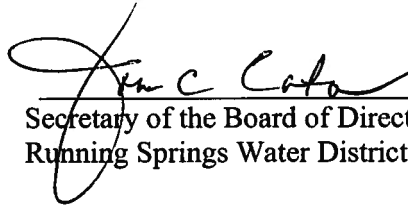
ATTEST:


Secretary of the Board of Directors
Running Springs Water District

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

I, Joan C. Eaton, Secretary of the Board of Directors of Running Springs Water District, DO HEREBY CERTIFY that the above and foregoing is a true, correct and complete copy of Resolution No. 11-14 adopted by the Board of Directors of Running Springs Water District on April 16, 2014, that the same has not been amended, modified or rescinded and is fully effective as of this date.

DATED: April 16, 2014



Secretary of the Board of Directors
Running Springs Water District