

**BOARD OF WATER AND NATURAL RESOURCES  
ACTING AS THE SOUTH DAKOTA CONSERVANCY DISTRICT**

**SERIES RESOLUTION #2009-105 AUTHORIZING**

**STATE REVOLVING FUND PROGRAM BOND ANTICIPATION NOTES  
SERIES 2009**

**WHEREAS**, the South Dakota Conservancy District is duly constituted as an instrumentality of the State of South Dakota exercising public and governmental functions under the operation, management and control of the Board of Water and Natural Resources of South Dakota (the "*Board of Water and Natural Resources*"), pursuant to SDCL Chapters 46A-1 and 46A-2 (the "*Act*"); and

**WHEREAS**, pursuant to the Act and the Clean Water Act (as herein defined) the District has established a state revolving fund program; (the "*Clean Water Program*"); and

**WHEREAS**, pursuant to the Act and the Drinking Water Act (as herein defined) the District has established a state revolving fund program (the "*Drinking Water Program*"); and

**WHEREAS**, pursuant to the Act, the District is authorized to issue bonds and notes and to make loans to Borrowers (as herein defined) through the purchase of municipal securities or loans in connection with the Clean Water Program and the Drinking Water Program (each a "*Program*" and collectively, the "*Programs*"); and

**WHEREAS**, to fund the Programs, the United States Environmental Protection Agency currently makes annual capitalization grants to the states on the condition that each state provide an appropriate match for such state's related revolving fund; and

**WHEREAS**, pursuant to SDCL §46A-1-60.1, the State has heretofore established the state water pollution control revolving fund program and the state drinking water revolving fund program and provided that program subfunds (each, a "*Program Subfund*" and collectively, the "*Program Subfunds*") be created within the water and environment fund established pursuant to SDCL §46A-1-60; that each Program Subfund be maintained separately; and all federal, state and other funds for use in each such Program be deposited into the related Program Subfund, including all federal grants for capitalization of each such Program, all repayments of assistance awarded from each such Program Subfund, interest on investments made on money in each such Program Subfund, proceeds of discretionary bond issues allowed by SDCL §46A-1-31 and principal and interest on loans made from each fund, that money in the Program Subfunds may be used only for purposes authorized under federal law and that the Program Subfunds may be pledged or assigned by the District and to or in trust for the holder or holders of the bonds and notes of the District as permitted by law and may be transferred to and held by a trustee or trustees pursuant to SDCL §46A-1-39; and

**WHEREAS**, SDCL §46A-1-60.2 provides that funds from the Programs therein described shall be disbursed and administered according to rules enacted by the Board of Water

and Natural Resources pursuant to SDCL §46A-1-65 and the provisions of SDCL §46A-1-60 to §46A-1-60.3 inclusive and SDCL §46A-1-60.1 provides that money in the Program Subfunds may be used only for purposes authorized under federal law; and

**WHEREAS**, the District and The First National Bank in Sioux Falls (the “*Trustee*”) previously entered into that certain (a) Master Trust Indenture dated as of January 1, 1994, as heretofore amended and supplemented (the “*Original Clean Water Indenture*”) and (b) Master Trust Indenture dated as of June 1, 1998, as heretofore amended and supplemented (the “*Original Drinking Water Indenture*”); and

**WHEREAS**, pursuant to that certain Amended and Restated Master Trust Indenture dated as of July 1, 2004 (the “*Amended and Restated Indenture*”), the District and the Trustee amended and restated the Original Clean Water Indenture and Original Drinking Water Indenture; and

**WHEREAS**, pursuant to that certain First Amendment dated as of October 1, 2005, that certain Second Amendment dated as of April 1, 2006, and that certain Third Amended and Restated Master Trust Indenture dated as of March 1, 2008, the District and the Trustee heretofore amended and supplemented the Amended and Restated Indenture (herein, the “*Original Master Trust Indenture*”); and

**WHEREAS**, Section 11.01 of the Original Master Trust Indenture authorizes certain amendments or supplements thereto without the necessity of obtaining the consent of any Holder under certain circumstances, including in order (a) to amend or modify any provisions of the Master Trust Indenture if, in the judgment of an Authorized Representative, the rating then in effect on any Outstanding Bonds from each Rating Agency immediately preceding the time such supplemental indenture becomes effective will be maintained or improved after such supplemental indenture becomes effective or (b) to make such other modifications or amendments which are determined by the Trustee not to be of material prejudice to the rights of the Trustee or the Holders of the Bonds; and

**WHEREAS**, the Board of Water and Natural Resources has determined to implement the provisions of Section 11.01 of the Original Master Trust Indenture by entering into a Fourth Amended and Restated Master Trust Indenture as herein provided (the “*Fourth Amended and Restated Master Trust Indenture*” and, as now or hereafter amended or supplemented, the “*Master Trust Indenture*”) in order to further amend and restate the Original Master Trust Indenture in order to provide for the issuance of certain notes, including bond anticipation notes, and to provide for certain other matters; and

**WHEREAS**, pursuant to the Original Master Trust Indenture and predecessor agreements the District has made various loans to Borrowers and pledged the repayments to be received from such Borrowers and certain other funds and accounts to secure, on a separate and distinct basis, the Existing Bonds (as defined herein); and

**WHEREAS**, the Board of Water and Natural Resources has determined that it is necessary and expedient that the District issue additional bonds and notes from time to time pursuant to the Fourth Amended and Restated Master Trust Indenture and to loan the proceeds

thereof to Borrowers in furtherance of the Programs and the Fourth Amended and Restated Master Trust Indenture shall authorize the issuance of additional Bonds and Notes in one or more Series, each pursuant to a Series Resolution; and

**WHEREAS**, the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, has at this time determined that it is necessary and appropriate that the District issue at this time a Series of bond anticipation notes pursuant to this Series Resolution, such Series of bond anticipation notes to be designated “South Dakota State Revolving Fund Program Bond Anticipation Notes, Series 2009” (the “*Series 2009 Bond Anticipation Notes*”); and

**WHEREAS**, the Series 2009 Bond Anticipation Notes will be designated as 100% Leveraged Portion, and shall be allocated between the two Programs, as herein provided, to provide moneys (together with available moneys, including moneys from EPA for deposit in the Federally Capitalized Loan Accounts) to lend to Borrowers from time to time as the District shall determine; and

**WHEREAS**, the District is authorized and empowered by the provisions of the Act to issue bonds and notes at its discretion in any amount at any time for the purpose of funding all or part of a revolving fund program under the Relevant Federal Acts, to be used to purchase or otherwise finance or provide for the purchase or payment of bonds or other obligations, including the refinancing of obligations previously issued or for projects previously completed and to enter into financing arrangements with such persons or public entities to secure and provide for the payment of such bonds and notes; and

**WHEREAS**, the District is authorized and empowered by the provisions of the Act, and specifically pursuant to §§46A-1-31, 46A-1-39 and 46A-1-60.1, SDCL, to pledge or assign to or in trust for the benefit of the holder or holders of such bonds and notes those moneys appropriated by the Legislature for the purpose of funding state contributions to the Programs and directing that such moneys be held and invested pursuant to a trust agreement for the payment of the principal of, premium, if any, and interest on the bonds and notes; and

**WHEREAS**, drafts or final versions of the following documents have been filed with staff of the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, and made available to each member of the Board:

- (i) Fourth Amended and Restated Master Trust Agreement;
- (ii) Preliminary Official Statement with respect to the Series 2009 Bond Anticipation Notes (referred to herein as the “*Preliminary Official Statement*”);
- (iii) Continuing Disclosure Agreement (in the form of an appendix to the Preliminary Official Statement and referred to herein as the “*Continuing Disclosure Agreement*”);
- (iv) Notice of Sale (in the form of an appendix to the Preliminary Official Statement and referred to herein as the “*Notice of Sale*”); and

- (v) Supporting schedules which demonstrate satisfaction of the requirements of Section 2.11(b) of the Master Trust Indenture for the issuance of Additional Bonds or Notes.

**BE IT RESOLVED BY THE SOUTH DAKOTA BOARD OF WATER AND NATURAL RESOURCES, ACTING AS THE SOUTH DAKOTA CONSERVANCY DISTRICT, THAT:**

## ARTICLE I

### District and Definitions

Section 1.01 Series Resolution. This Series Resolution is adopted in accordance with the provisions of the Master Trust Indenture and pursuant to the authority contained in the Act. It is hereby determined pursuant to the Act that the issuance of the Series 2009 Bond Anticipation Notes pursuant to the Fourth Amended and Restated Master Trust Indenture and the purchase of the Loan Obligations with the proceeds of such notes will implement the policies of the Act and provide the Borrowers with loans for essential projects at borrowing costs below the costs available to the Borrowers in the private bond market.

Section 1.02 Definitions. Unless defined below in this Section 1.02, all terms defined in the Fourth Amended and Restated Master Trust Indenture or in the Act, as applicable, shall have the same meanings, respectively, in this Series Resolution and with respect to the Series 2009 Bond Anticipation Notes as such terms are given in the Fourth Amended and Restated Master Trust Indenture or in the Act, as applicable. In addition, the following terms shall have the following meanings for all purposes in connection with this Series Resolution and the Series 2009 Bond Anticipation Notes:

“*Authorized Officers*” shall mean the Chairman and the Secretary or, in the absence of either, any other Member of the Board of Water and Natural Resources designated in writing by the Chairman to act for purposes of and as authorized by this Resolution.

“*Clean Water Act*” means the Federal Clean Water Act, more commonly known as the Clean Water Act (PL 92-500), as amended by the Water Quality Act of 1987 (PL 100-4), 33 U.S.C. 1251, ET SEQ., any subsequent amendments thereto and any other applicable statutes governing any Program funded hereunder, and includes the State Revolving Fund Program Implementation Regulations, any amendments thereof issued pursuant thereto and any other applicable regulations.

“*Continuing Disclosure Undertaking*” means a Continuing Disclosure Undertaking with respect to the Series 2009 Bond Anticipation Notes.

“*Drinking Water Act*” means Chapter 6A of the Public Health Service Act, 42 U.S.C. §§300f through 300j-26, more commonly known as the Safe Drinking Water Act, any subsequent amendments thereto and any other applicable statutes governing any Program funded hereunder, any amendments thereof and all applicable regulations.

*“Interest Payment Date”* shall have the meaning given thereto in the Notification of Sale.

*“Leveraged Portion”* shall have the meaning given thereto in Section 3.02 of this Series Resolution.

*“Notification of Sale”* shall have the meaning given thereto in Section 2.03 of this Series Resolution.

*“Series 2009 Clean Water Leveraged Loan Account”* shall mean the account established pursuant to Section 3.01 hereof within the Clean Water Loan Fund.

*“Series 2009 Clean Water Leveraged Note Account”* shall mean the account established pursuant to Section 3.01 hereof within the Clean Water Bond Fund.

*“Series 2009 Clean Water Restricted Cumulative Excess Principal Repayments Subaccount”* shall mean the subaccount established pursuant to Section 3.01 hereof within the Clean Water Revenue Fund.

*“Series 2009 Clean Water Restricted Principal Repayments Account”* shall mean the account established pursuant to Section 3.01 hereof within the Clean Water Revenue Fund.

*“Series 2009 Clean Water State Administration Account”* shall mean the account established pursuant to Section 3.01 hereof within the Clean Water Administration Fund.

*“Series 2009 Clean Water Unrestricted Cumulative Excess Interest Repayments Subaccount”* shall mean the subaccount established pursuant to Section 3.01 hereof within the Clean Water Revenue Fund.

*“Series 2009 Clean Water Unrestricted Interest Repayments Account”* shall mean the account established pursuant to Section 3.01 hereof within the Clean Water Revenue Fund.

*“Series 2009 Drinking Water Leveraged Loan Account”* shall mean the account established pursuant to Section 3.01 hereof within the Drinking Water Loan Fund.

*“Series 2009 Drinking Water Leveraged Note Account”* shall mean the account established pursuant to Section 3.01 hereof within the Drinking Water Bond Fund.

*“Series 2009 Drinking Water Restricted Cumulative Excess Principal Repayments Subaccount”* shall mean the subaccount established pursuant to Section 3.01 hereof within the Drinking Water Revenue Fund.

*“Series 2009 Drinking Water Restricted Principal Repayments Account”* shall mean the account established pursuant to Section 3.01 hereof within the Drinking Water Revenue Fund.

*“Series 2009 Drinking Water State Administration Account”* shall mean the account established pursuant to Section 3.01 hereof within the Drinking Water Administration Fund.

“*Series 2009 Drinking Water Unrestricted Cumulative Excess Interest Repayments Subaccount*” shall mean the subaccount established pursuant to Section 3.01 hereof within the Drinking Water Revenue Fund.

“*Series 2009 Drinking Water Unrestricted Interest Repayments Account*” shall mean the account established pursuant to Section 3.01 hereof within the Drinking Water Revenue Fund.

“*Series Resolution*” shall mean this Series Resolution, as amended or supplemented from time to time.

Section 1.03 Supplemental Granting Clauses. The South Dakota Conservancy District, in order to secure the payment of the principal of, premium (if any) and interest on all Bonds and Notes outstanding under or issued or to be issued under the Master Trust Indenture according to their tenor and effect and the performance and observance of each and all of the covenants and conditions herein and therein contained, and for and in consideration of the premises and of the purchase and acceptance of the Bonds and Notes by the respective purchaser or purchasers and registered owner or owners thereof, and for other good and valuable considerations, the receipt whereof is hereby acknowledged, but in all events subject to the General Limitation, by these presents does hereby grant, bargain, sell, assign, transfer, convey, warrant, pledge and set over, unto the Trustee and to its successor or successors in the trust hereby created and to its assigns forever:

I.

A lien on and pledge of the interests of the District in all Loan Agreements heretofore financed under the Master Trust Indenture, all Loan Obligations acquired in connection therewith and all payments of principal, premium (if any) and interest thereon, and all proceeds thereof.

II.

A lien on and pledge of the interests of the District in all Loan Agreements (including Supplemental Loan Agreements) hereafter entered into between the District and Borrowers in connection with Loans authorized hereby and all Loan Obligations acquired with the proceeds of such Loans, and all payments of principal, premium (if any) and interest thereon, and all proceeds thereof.

III.

A lien on and pledge of all funds and other amounts received by the District from the Letter of Credit for deposit in the Program Subfunds to the extent applied for the purpose of making Loans or other requirements hereunder, as and when received, and all proceeds thereof, all subject to the terms, conditions and limitations of the Relevant Federal Act, the rules and regulations promulgated thereunder, and the Applicable EPA Agreements.

IV.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, assigned or transferred, or in which a security interest is granted, by the District or by anyone in its behalf or with its written consent, to the Trustee, which hereby is authorized to receive any and all such property at any and all times and to hold and apply the same to the terms hereof.

SUBJECT, HOWEVER, to the right of the District to withdraw or otherwise cause to be released or substituted from the Trust Estate any Loan Obligations and Loan Agreements, other assets, funds, investments or related rights of payments (defined in the Master Trust Indenture as "*Released Obligations*") pursuant to such Section 5.10 of the Master Trust Indenture.

TO HAVE AND TO HOLD all and singular the said property hereby conveyed and assigned, or agreed or intended so to be, to the Trustee, its successor or successors in trust and its assigns, FOREVER.

IN TRUST, NEVERTHELESS, upon the terms and trust herein set forth and in the Master Trust Indenture, for the equal and proportionate benefit, security and protection of all Holders of the Bonds and Notes issued or to be issued under and secured by the Master Trust Indenture, without preference, priority or distinction as to lien or otherwise or any of the Bonds or Notes over any of the others except as is specifically provided herein or in the Master Trust Indenture;

PROVIDED, HOWEVER, that if the District, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and Notes and the premium, if any, and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds and Notes, according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient to pay the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Trust Indenture (as supplemented from time to time), to be kept, performed and observed by it and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment the Master Trust Indenture, and the rights hereby granted shall cease, determine and be void; otherwise, the Master Trust Indenture to be and remain in full force and effect.

ARTICLE II

Authorization of Series 2009 Bond Anticipation Notes

Section 2.01 Authorization of the Fourth Amended and Restated Master Trust Indenture and the Series 2009 Bond Anticipation Notes. The Original Master Trust Indenture shall be amended and restated in the form of the Fourth Amended and Restated Master Trust Indenture. The form of the Fourth Amended and Restated Master Trust Indenture on file is hereby approved and the Chairman and Secretary are hereby authorized (provided only one

signature shall be sufficient) to execute the same in substantially the form on file, but with all such changes and revisions as the officer executing the same shall approve. Pursuant to the Master Trust Indenture, a Series of State Revolving Fund Program Notes to be designated as the "Series 2009 Bond Anticipation Notes" is hereby created and authorized to be issued in the aggregate original stated principal amount of not to exceed \$55,000,000.

Section 2.02 Purposes. The Series 2009 Bond Anticipation Notes are being issued to provide funds to be loaned to the Borrowers by purchasing Loan Obligations issued or to be issued by the Borrowers.

Section 2.03 Notification of Sale. The preparation and publication of the Official Notice of Sale and Bid Form attached hereto (the "*Notice of Sale*"), and all actions heretofore or hereafter taken by the Authorized Officers and Public Financial Management, Inc., as financial advisor to the District (the "*Financial Advisor*"), are all hereby ratified and approved. The Series 2009 Bond Anticipation Notes shall be sold to the lowest responsible bidder (the "*Purchaser*") submitting a bid in response to the Notice of Sale, as shall be selected by the Authorized Officers, in consultation with the Financial Advisor. The Authorized Officers are hereby expressly authorized to select the Purchaser and accept its bid submitted by the Purchaser as provided herein, subject to the parameters set forth in this Series Resolution, and the Authorized Officers shall also be authorized to waive any irregularities in any bid or to reject any and all bids.

Before selecting the Purchaser and accepting the lowest responsive bid, the Authorized Officers shall first determine (a) the stated maturity date for the Series 2009 Bond Anticipation Notes (the "*Maturity Date*") which date shall not be later than December 1, 2010, (b) the interest payment dates relating to the Series 2009 Bond Anticipation Notes, (c) that the yield for arbitrage purposes does not exceed 3.00%, (d) that the purchase price to be paid by the Purchaser is not less than the par amount of the Series 2009 Bond Anticipation Notes and (e) that the bid is otherwise in compliance with the provisions set forth in the Notice of Sale subject to any express waiver therefrom approved by such Authorized Officers and set forth in the Notification of Sale (defined below) to be signed by the Authorized Officers and filed by the Secretary with the members of the Board promptly upon completion of the sale of the Series 2009 Bond Anticipation Notes. Such selection and determinations shall be included in the Notification of Sale. Any such determinations included in the Notification of Sale shall be conclusive evidence of such determinations for all purposes.

The Series 2009 Bond Anticipation Notes shall be issued as fully registered notes, shall be of the denomination of \$100,000 each, and any integral multiple of \$5,000, numbered from one upwards, and shall be in such amount, mature on the Maturity Date and bear interest per annum payable semiannually on the dates specified by the Authorized Officers when they accept the bid by the Purchaser as shall be set forth in a bond order or notification of sale (the "*Notification of Sale*") to be filed by the Secretary with the District and each Member of the Board.

In addition to the foregoing, the Authorized Officers are hereby authorized to adjust the various deposit amounts and accounts described in Article III and such adjustments shall be included in the Notification of Sale or any amendment or supplement thereto.

Section 2.04 Redemption Provisions. The Series 2009 Bond Anticipation Notes shall not be subject to optional redemption prior to the Maturity Date.

Section 2.05 Reserve Fund Requirements. The Series 2009 Bond Anticipation Notes shall not be secured by a pledge of or lien on any amounts on deposit in either Reserve Fund.

Section 2.06 Filing of Materials and Satisfaction of Conditions Applicable to Issuance of Additional Bonds. The Chairman shall cause to be filed with the Trustee a Coverage Certificate for each Program based upon the principal amount, maturity and sinking fund schedule and interest rates applicable to the Bonds the District expects to be issued to provide the funds necessary to pay the Series 2009 Bond Anticipation Notes on the Maturity Date, all pursuant to the terms and conditions of Section 2.11(b) of the Master Trust Indenture.

Section 2.07 Official Statement. The form of Preliminary Official Statement of the District in respect of the Series 2009 Bond Anticipation Notes, in substantially the form presented at this meeting, is hereby approved and a final Official Statement shall be distributed with such changes, omissions, insertions and revisions as the officer executing the Official Statement shall deem advisable in order to make such Official Statement a complete and accurate disclosure of all material facts to prospective purchasers of the Series 2009 Bond Anticipation Notes. The Chairman or Secretary (provided only one signature shall be sufficient) shall sign one or more copies of such final Official Statement on behalf of the District, and at least one such signed copy shall be filed with the permanent records of the District.

Section 2.08 Delegation of Certain Functions. The Secretary of the Department, or any authorized representative thereof, shall be authorized on behalf of the Department and the District to direct the Trustee to transfer funds from any account or fund under the Master Trust Indenture to provide for flexibility for the Programs, including any transfers from time to time as authorized by the Master Trust Indenture. In addition to the foregoing, the Secretary of the Department, or any authorized representative thereof, shall be authorized on behalf of the Department and the District to direct the Trustee to establish and maintain additional accounts or subaccount for the purposes described above or to account for allocation of restricted and unrestricted moneys under the Master Trust Indenture.

Section 2.09 Authorization and Ratification of Subsequent Acts. The officers, agents and employees of the District and the Department are hereby authorized and directed to do all such acts and things and to execute or accept documents as may be necessary to carry out and comply with the provisions of these resolutions and the documents approved hereby, and all of the acts and doings of the officers, agents and employees of the District and the Department which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved. Without limiting the generality of the foregoing, the proper officers of the District are hereby also authorized and directed to execute, acknowledge and deliver such certificates, agreements and documents which, in the opinion of bond counsel, Perkins Coie LLP, are necessary to preserve the tax exempt status of the Series 2009 Bond Anticipation Notes, including a form of Tax Regulatory Agreement providing for the periodic payment of certain earnings on funds held by the Trustee to the United States of America.

## ARTICLE III

### Use of Proceeds of Series 2009 Bond Anticipation Notes; Determination of, Leveraged Portion and Allocable Portions

#### Section 3.01 Establishment of Series 2009 Accounts.

(a) There is hereby established within the Loan Fund for each Program the following accounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Loan Fund, a Series 2009 Clean Water Leveraged Loan Account.
2. In the Drinking Water Loan Fund, a Series 2009 Drinking Water Leveraged Loan Account.

(b) There is hereby established within the Revenue Fund for each Program the following accounts and subaccounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Revenue Fund, (A) a Series 2009 Clean Water Unrestricted Interest Repayments Account, (B) a Series 2009 Clean Water Restricted Principal Repayments Account, (C) a Series 2009 Clean Water Unrestricted Cumulative Excess Interest Repayments Subaccount and (D) a Series 2009 Clean Water Restricted Cumulative Excess Principal Repayments Subaccount.
2. In the Drinking Water Revenue Fund, (A) a Series 2009 Drinking Water Unrestricted Interest Repayments Account, (B) a Series 2009 Drinking Water Restricted Principal Repayments Account, (C) a Series 2009 Drinking Water Unrestricted Cumulative Excess Interest Repayments Subaccount and (D) a Series 2009 Drinking Water Restricted Cumulative Excess Principal Repayments Subaccount.

(c) There is hereby established within the Administration Fund for each Program the following accounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Administration Fund, a Series 2009 Clean Water State Administration Account.
2. In the Drinking Water Administration Fund, a Series 2009 Drinking Water State Administration Account.

(d) There is hereby established within the Bond Fund for each Program the following accounts and subaccounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Bond Fund, a Series 2009 Clean Water Leveraged Note Account.
2. In the Drinking Water Bond Fund, a Series 2009 Drinking Water Leveraged Note Account.
3. In the Bond Fund for each Program, such other accounts as the Authorized Officers determine to be necessary or appropriate to provide for payment of the Series 2009 Bond Anticipation Notes in accordance with the Master Trust Indenture.

Section 3.02 Determination of Leveraged Portions and Allocable Portions.

(a) The Allocable Portion of Series 2009 Bond Anticipation Notes for the Clean Water Program shall be determined by the Authorized Officers in the Notification of Sale (the “*2009 Clean Water Allocable Portion*”) in the manner required by the Master Trust Indenture and shall be payable out of the applicable accounts described in Section 3.01(d) above.

(b) The Allocable Portion of the Series 2009 Bond Anticipation Notes for the Drinking Water Program shall be determined by the Authorized Officers in the Notification of Sale (the “*2009 Drinking Water Allocable Portion*”) in the manner required by the Master Trust Indenture and shall be payable out of the applicable accounts described in Section 3.01(d) above.

(c) The Leveraged Portion for the Series 2009 Bond Anticipation Notes shall be 100% of the debt service on the Series 2009 Bond Anticipation Notes (the “*Series 2009 Leveraged Portion*”).

Section 3.03 Application of Proceeds of the 2009 Clean Water Allocable Portion. The proceeds of the 2009 Clean Water Allocable Portion of Series 2009 Bond Anticipation Notes and any necessary transfers of funds from existing funds, accounts and subaccounts under the Master Trust Indenture shall be deposited in the amounts and to the credit of the Funds, Accounts and Subaccounts established hereunder and under the Master Trust Indenture as provided in the Notification of Sale as follows:

(a) An amount sufficient to pay the costs of issuance of the 2009 Clean Water Allocable Portion of the Series 2009 Bond Anticipation Notes shall be deposited in the Series 2009 Clean Water State Administration Account.

(b) Any remaining proceeds of the 2009 Clean Water Allocable Portion of the Series 2009 Bond Anticipation Notes, which are hereby deemed to be in an amount sufficient to fund the District’s reasonably foreseeable projected demands for the Clean Water Program in excess of grants from EPA and other available funds, shall be deposited in the Series 2009 Clean Water Leveraged Loan Account.

Section 3.04 Application of Proceeds of the 2009 Drinking Water Allocable Portion. The proceeds of the 2009 Drinking Water Allocable Portion of Series 2009 Bond Anticipation Notes shall be deposited in the amounts and to the credit of the Funds, Accounts and Subaccounts established hereunder and under the Master Trust Indenture as follows:

(a) An amount sufficient to pay the costs of issuance of the 2009 Drinking Water Allocable Portion of the Series 2009 Bond Anticipation Notes shall be deposited in the 2009 Drinking Water State Administration Account.

(b) The remaining proceeds, which are hereby deemed to be in an amount sufficient to fund the District's reasonably foreseeable projected demands for the Drinking Water Program in excess of grants from EPA and other available funds, shall be deposited in the Series 2009 Drinking Water Leveraged Loan Account.

Section 3.05 Allocation of Interest Earnings and Other Amounts; Investment Agreements. (a) Earnings on any amounts on deposit in the Series 2009 Drinking Water Leveraged Loan Account shall be allocated periodically no less frequently than as of the end of each January and July to the Series 2009 Drinking Water Unrestricted Interest Repayments Account.

(b) Earnings on any amounts on deposit in the Series 2009 Clean Water Leveraged Loan Account shall be allocated periodically no less frequently than as of the end of each January and July to the Series 2009 Clean Water Unrestricted Interest Repayments Account.

Section 3.06 Re-designation of Various Funds, Accounts and Subaccounts. At the direction of any Authorized Officer, the Trustee may re-designate or clarify the various names of the Funds, Account and Subaccounts created hereunder, under the Master Trust Indenture or any other prior indenture or resolution so as to properly account for the various funds, accounts and subaccounts established hereunder or under the Master Trust Indenture for purposes of compliance with any requirements of the Code, any requirements of the Environmental Protection Agency or compliance with various investment agreements or any accounting requirements. The actions authorized hereby shall expressly include the creation or re-designation or correction of the names of various funds, accounts or subaccounts which are consistent with any provisions of the Master Trust Indenture or with any subsequent requests or requirements of the Environmental Protection Agency, the requirements of the Code or any investment provider.

## ARTICLE IV

### Form, Execution and Other Details of Series 2009 Bond Anticipation Notes

Section 4.01 Form of Series 2009 Bond Anticipation Notes. The Series 2009 Bond Anticipation Notes, the Registrar's Authentication Certificate, and the form of assignment on the reverse side thereof shall be in substantially the form contemplated by the Master Trust Indenture, with all such insertions as may be consistent with this Series Resolution and the Notification of Sale. The approving legal opinion of Perkins Coie LLP, as Bond Counsel, may be printed on the reverse side of or be attached to the Bonds and certified by the Chairman.

Section 4.02 Execution and Delivery. The Series 2009 Bond Anticipation Notes shall be executed and delivered as provided in the Master Trust Indenture.

(a) Uses of Securities Depository; Book-Entry Only System. The provisions of the Series Resolution and the Notification of Sale shall take precedence over the provisions of the Master Trust Indenture to the extent they are inconsistent therewith as to matters relating to the appointment of The Depository Trust Company (“DTC”) to act as securities depository for the Series 2009 Bond Anticipation Notes, and to provide a Book-Entry Only System for registering the ownership interests of the financial institutions for which it holds the Series 2009 Bond Anticipation Notes (the “DTC participants”), and for distributing to such DTC Participants such amount of the principal and interest payments on the Series 2009 Bond Anticipation Notes as they are entitled to receive, for redistribution to the beneficial owners of the Series 2009 Bond Anticipation Notes as reflected in their records (the “Beneficial Owners”).

## ARTICLE V

### Special Covenants

The Board of Water and Natural Resources and the District covenant and agree with the persons who at any time are Holders and Owners of the Series 2009 Bond Anticipation Notes that so long as any Series 2009 Bond Anticipation Notes remain outstanding and unpaid:

Section 5.01 Observe Master Trust Indenture, Series Resolution and Loan Agreements. The District will faithfully keep and observe all the terms, provisions and covenants contained in the Master Trust Indenture, this Series Resolution and the Loan Agreements.

Section 5.02 Maintenance of Tax-Exempt Status. The District shall not take, or permit the Political Subdivision to take, any action that would cause the Series 2009 Bond Anticipation Notes to be “private activity bonds” within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended. The District shall comply with all the rebate requirements imposed under Section 148(f) of the Internal Revenue Code of 1986, as amended, and regulations thereunder, which are necessary to preserve the tax exempt status of the Series 2009 Bond Anticipation Notes, including (if applicable) the requirement to make periodic calculations of the amount subject to rebate thereunder and the requirement to make all required rebates to the United States. The District agrees to use any moneys on deposit in any Fund or Account maintained under the Master Trust Indenture to pay any such rebate (or penalty in lieu thereof) when due to the extent permitted by the Master Trust Indenture. In addition, the District shall make no investment of funds or take or permit the Political Subdivision to take any action that would cause the Series 2009 Bond Anticipation Notes to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Chairman is hereby authorized to make on behalf of the District any elections under the provisions of Section 148 of the Internal Revenue Code of 1986 and regulations thereunder as he may deem appropriate. All terms used in this Section 5.02 shall have the meanings provided in the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Chairman shall execute any certificates as may be necessary or appropriate to establish the tax exempt status of the Bonds.

ARTICLE VI

Miscellaneous

Section 6.01 Adjustments by Authorized Officers.

The Authorized Officers are hereby authorized and directed to adjust the deposit and application of the proceeds of the Series 2009 Bond Anticipation Notes as described herein if and to the extent such Authorized Officers determine that the payment of any underwriter's discount, bond insurance premium or other amounts can be made from any other funds or accounts in a manner favorable to the District.

Section 6.02 Amendments. This Series Resolution may be amended as provided in the Master Trust Indenture.

Section 6.03 Effective Date. This Series Resolution is effective immediately.

Adopted: July 23, 2009.

\_\_\_\_\_  
Its Chairman

Attest:

\_\_\_\_\_  
Its Secretary