

A RESOLUTION OF THE CITY OF GRASS VALLEY, SHERMAN COUNTY, OREGON AUTHORIZING THE EXTENSION OF THE AMENDED WATER REVENUE BOND ANTICIPATION NOTE, SERIES 2004.

The City of Grass Valley, Sherman County, Oregon (the "City"), finds:

1. Pursuant to Resolution No. 2003-7, adopted by the City Council (the "Council") of the City on August 4, 2003, and ORS 288.165 the City and Bank of America, N.A. (the "Bank") entered into a Note Purchase Agreement (the "Note Purchase Agreement"), dated as of August 19, 2003 and the City executed its \$281,600 Water Revenue Bond Anticipation Note, Series 2003 (the "Note") in order to obtain interim financing to finance a portion of the costs of capital construction and capital improvements to the City's water system and related facilities and to fund any necessary reserves and costs of bond issuance.

2. Pursuant to Resolution No. 2004-10, adopted by the Council on September 8, 2004, the City and the Bank executed the Amendment to Note Purchase Agreement, dated as of August 1, 2004 which amended the Note Purchase Agreement in order to extend the maturity date of the Note from August 1, 2004 to January 1, 2005 and to change the interest rate from 3.75% to 3.95%.

3. The City and the Bank wish to amend the Note Purchase Agreement and the Note again in order to reflect the extension of the maturity date of the Note from January 1, 2005 to July 1, 2005.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRASS VALLEY:

The Council hereby authorizes the extension of the maturity date of the Note. The Mayor or the City Recorder, and each of them acting individually, are each hereby authorized, on behalf of the Council and without further authorization by the Council, to:

1. Enter into a Second Amendment to Note Purchase Agreement with the Bank and execute the City's Second Amended Water Revenue Bond Anticipation Note, Series 2005; and

2. Execute all documents and take any other actions which are desirable, including the negotiation and acceptance of terms with Bank, as purchaser of the Note, in order to extend the maturity date of the Note in accordance with this Resolution.

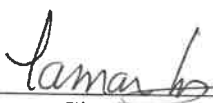
This Resolution shall take effect immediately upon its adoption by the City Council.

ADOPTED by the City and APPROVED by the Mayor this 3rd day of January 2005.

**CITY OF GRASS VALLEY
SHERMAN COUNTY, OREGON**

By 
Mayor

ATTEST:

By 
City Recorder