

**Before the Board of Directors for the
East Garrison Public Financing Authority
County of Monterey, State of California**

Resolution No: E/G 06-013

Declaring Intention to Incur Bonded Indebtedness)
for Community Facilities District No. 2006-1)
(East Garrison Project))

WHEREAS, the Board of Directors (this "Board") of the East Garrison Public Financing Authority (the "Authority") has, by resolution adopted this same date, declared its intention to take legal proceedings pursuant to the Mello-Roos Community Facilities Act of 1982 (Sections 53311 and following, California Government Code) (the "Act") to establish a community facilities district to be known as "Community Facilities District No. 2006-1 (East Garrison Project), East Garrison Public Financing Authority, County of Monterey, State of California" ("CFD No. 2006-1"); and

WHEREAS, the purpose of establishing CFD No. 2006-1 is to provide financing, through issuance and sale of special tax bonds (the "Bonds"), for certain authorized public capital facilities to be acquired, constructed and installed in connection with the development of property within CFD No. 2006-1, together with financing of financing from proceeds of a special tax to be levied within CFD No. 2006-1 for certain authorized public services, and including related incidental expenses of the authorized facilities and the legal proceedings for formation of CFD No. 2006-1, establishment of a reserve fund for the Bonds and funding of possible capitalized interest for and the costs of issuance of the Bonds; and

WHEREAS, pursuant to Section 53345 of the Act, whenever this Board deems it necessary for a community facilities district to incur a bonded indebtedness, it shall by resolution make the declarations set forth in this resolution;

NOW, THEREFORE, BE IT RESOLVED by the Board Directors of the East Garrison Public Financing Authority as follows:

1. In conformity with the requirements of Section 53345 of the Act, this Board declares and finds that in order to finance the acquisition, construction and installation of certain public capital facilities related to the development of property within CFD No. 2006-1 and related incidental expenses, as more fully stated in the resolution of intention to establish CFD No. 2006-1 adopted by this Board on this same date, it is necessary to incur a bonded indebtedness.
2. The purpose for which the proposed debt is to be incurred is to provide the funds necessary to pay the costs and expenses of acquiring, constructing and installing the authorized public capital facilities and related incidental expenses described in Exhibit A

of said resolution of intention and the related incidental expenses of the legal proceedings and bond issuance costs described in Exhibit B of said resolution of intention.

3. The maximum principal amount of the proposed debt for CFD No. 2006-1 is \$27.0 million.
4. This Board hereby sets Tuesday, June 20, 2006, at 1:30 p.m. or as soon thereafter as the matter may be heard, in the Board Meeting Room at 168 West Alisal Street, Salinas, California, as the time and place for a public hearing by this Board on the proposed issuance of bonds. At that time and place any persons interested, including but not limited to any persons owning property in the proposed CFD No. 2006-1 and any registered voters living within the proposed CFD No. 2006-1, will be heard.
5. It is the intention of this Board that any such indebtedness, when issued, shall be made callable in accordance with the terms of the Act.
6. This Board hereby directs the Clerk to publish a notice of hearing, containing the matters specified by Section 55346 of the Act, once in a newspaper in general circulation in the area of CFD No. 2006-1, said publication to occur no later than seven days before the date of the public hearing.

PASSED AND ADOPTED on this 16th day of May 2006, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Lindley and Smith

NOES: None

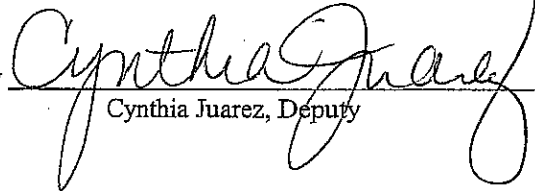
ABSENT: Supervisor Potter

I, Lew C. Bauman, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof Minute Book 73, on May 16, 2006.

Dated: May 17, 2006

Lew C. Bauman, Clerk of the Board of Supervisor,
County of Monterey, State of California.

By


Cynthia Juarez, Deputy