

**RESOLUTION NO. R.09-2006**

**RESOLUTION OF THE GOVERNING BOARD  
OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY  
AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT,  
AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION  
WITH THE FINANCING OF WASTEWATER SYSTEM IMPROVEMENTS**

**WHEREAS**, the Big Bear Area Regional Wastewater Agency (the “Agency”) is a joint exercise of powers agency duly organized and existing under and pursuant to the laws of the State of California; and

**WHEREAS**, the Agency has previously pledged its net wastewater revenues to secure certain obligations under a Master Indenture (the “Master Indenture”) dated as of January 1, 1998, by and between the Agency and First Trust of California National Association and an Installment Purchase Agreement dated as of December 1, 1998, by and between the Agency and the Association of Bay Area Governments (the “1998 Installment Purchase Agreement”); and

**WHEREAS**, the Agency desires to provide for financing in the aggregate principal amount to be determined at this meeting as set forth on Exhibit A hereto for the financing of various wastewater system improvements also to be determined at this meeting as set forth on Exhibit A hereto (the “Project”) to be secured by a pledge of net wastewater revenues on a parity with the Master Indenture and the 1998 Installment Purchase Agreement; and

**WHEREAS**, Municipal Finance Corporation (the “Corporation”) has proposed a cost-effective twenty year loan financing arrangement at a 4.45% interest rate;

**NOW, THEREFORE**, it is resolved by the Board of Directors of the Big Bear Area Regional Wastewater Agency as follows:

**SECTION 1. Loan Agreement.** The form of agreement entitled “Loan Agreement” to be entered into by and between the Agency and the Corporation that authorizes the Agency to borrow the amount to be determined at this meeting as set forth in Exhibit A hereto at an interest rate of 4.45% is approved, and the Chair or Vice Chair are and each of them is, authorized to execute, acknowledge and deliver said agreement on behalf of the Agency with such changes thereto as the officer executing the same may approve upon the advice of counsel.

**SECTION 2. Attestations.** The Secretary or other appropriate Agency officer are hereby authorized and directed to attest the signature of the Chair of the Board of Directors or of such other person or persons as may have been designated by the Chair of the Board of Directors, and to affix and attest the seal of the Agency, as may be required or appropriate in connection with the execution and delivery of the Loan.

**SECTION 3. Other Actions.** The Chair of the Board of Directors and other officers of the Agency are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and delivery any and all documents, agreements and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Loan Agreement. Such actions are hereby ratified, confirmed and approved.

**SECTION 4. Qualified Tax-Exempt Obligations.** The Loan is hereby designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Agency, together with all subordinate entities of the Agency, do not reasonably expect to issue during the calendar year in which the Loan is issued more than \$10,000,000 of obligations which it could designate as “qualified tax-exempt obligations” under Section 265(b) of the Code.

**SECTION 5. Reimbursement of Prior Expenditures.** The Agency declares its official intent to be reimbursed from the proceeds of the Loan approved hereby for a maximum principal amount as determined by reference to Exhibit A of Project expenditures occurring no earlier than sixty days prior to the adoption of this Resolution. All reimbursed expenditures will be capital expenditures as defined in Section 1.150-1(b) of the Federal Income Tax Regulations.

**SECTION 6. Effect.** This Resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** this 16<sup>th</sup> day of November, 2006.

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Elizabeth Harris, Chair of the Governing Board  
of the Big Bear Area Regional Wastewater Agency

ATTEST:

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John Day, Secretary of the Governing Board  
of the Big Bear Area Regional Wastewater Agency

**EXHIBIT A**

**DESCRIPTION OF PROJECT AND  
PRINCIPAL AMOUNT OF LOAN**

<u>Project Description:</u>	<u>Cost:</u>
1. Cannibal Process Unit	\$4,200,000
Reserve Requirement	350,000
Issuance Costs	<u>49,500</u>
<i><b>Total Cannibal Process Unit</b></i>	<i><b>\$4,599,500</b></i>
2. Cannibal Process Unit and Natural Gas Generator	\$4,700,000
Reserve Requirement	390,000
Issuance Costs	<u>49,500</u>
<i><b>Total Cannibal Process Unit and Natural Gas Generator</b></i>	<i><b>\$5,139,500</b></i>

**Governing Board Total Amount of Loan Authorized: \$ 5,139,500**