

RESOLUTION NO. 08-2011

**RESOLUTION OF THE GOVERNING BOARD OF THE
BIG BEAR AREA REGIONAL WASTEWATER AGENCY
APPROVING A LOAN AGREEMENT WITH COMPASS
BANK FOR THE PURPOSE OF PREPAYING
OUTSTANDING OBLIGATIONS**

WHEREAS, the Big Bear Area Regional Wastewater Agency (“BBARWA”) has previously entered into an Installment Payment Agreement dated as of November 1, 1998 (the “1998 Agreement”) between BBARWA and the Association of Bay Area Governments (“ABAG”) under which BBARWA obligated itself to pay ABAG installment payments (representing an initial principal amount of \$2,740,000) for the purpose of improving BBARWA’s wastewater system; and

WHEREAS, the installment payments made under the 1998 Agreement secure, in part, ABAG’s Water and Wastewater Bonds (Pooled Financing Program) Series 1998 B (the “ABAG Bonds”); and

WHEREAS, BBARWA has also entered into Loan Agreement #05-099-AF dated as of December 1, 2006 (the “2006 Agreement”) by and between BBARWA and Municipal Finance Corporation under which BBARWA borrowed \$5,139,500 for the purpose of financing additional capital improvements to BBARWA’s wastewater system; and

WHEREAS, Compass Bank (the “Bank”) has offered to lend money to BBARWA for the purpose of i) refinancing BBARWA’s obligations under the 1998 Agreement and the 2006 Agreement at significant interest cost savings to BBARWA, and ii) financing the Lake Pump Station Replacement Project (the “Project”); and

WHEREAS, the Governing Board of BBARWA (the “Board”) has determined that it is in the best interests of BBARWA to i) refinance its obligations under the 1998 Agreement and the 2006 Agreement, and ii) finance the Project on the terms proposed by the Bank; and

WHEREAS, there has been presented at this meeting a form of Loan Agreement to be entered into between BBARWA and the Bank (the “Loan Agreement”) under which the Bank will loan to BBARWA up to \$5,651,000 at an interest rate of 3.30% per annum for the purpose of i) refinancing the obligations under the 1998 Agreement and the 2006 Agreement and ii) financing the Project; and

WHEREAS, the Board has determined that it is in the best interests of BBARWA to approve the Loan Agreement, authorize the prepayment of its obligations under the 1998 Agreement and the 2006 Agreement, authorize redemption of the applicable portion of the ABAG Bonds, and finance the Project.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY AS FOLLOWS:

SECTION 1. Refinancing the 1998 Agreement and the 2006 Agreement, Financing the Project and Redeeming the ABAG Bonds. The Board hereby approves i) the refinancing of BBARWA's obligations under the 1998 Agreement and the 2006 Agreement and ii) financing the Project with the proceeds of the Loan Agreement described herein; provided, however, the principal amount borrowed under such Loan Agreement shall not exceed \$5,651,000 and the interest rate associated therewith shall not exceed 3.30%. This Board also authorizes the prepayment of the 1998 Agreement and the 2006 Agreement, and the redemption of the applicable portion of the ABAG Bonds as a result of the prepayment of the 1998 Agreement.

SECTION 2. Approval of Loan Agreement. The agreement entitled "Loan Agreement" to be entered into by and between BBARWA and the Bank which provides generally for a loan from the Bank to BBARWA and the repayment from BBARWA to the Bank secured by the Net Revenues of the wastewater system (as such terms are defined in the Loan Agreement) is approved, and the Chairman, Vice Chairman, Secretary of the Board and the General Manager of BBARWA are, and each of them is, authorized to execute, acknowledge and deliver said agreement on behalf of BBARWA.

SECTION 3. Modifications. The approval of the Loan Agreement given by this resolution shall apply to any modification or amendment of said agreement which is agreed upon and approved by Special Counsel to the District, and the General Manager or the Finance Director, as being necessary to carry out the provisions thereof and the authorizations and direction provided in this resolution.

SECTION 4. Further Action. The Chairman, the Vice Chairman, the Secretary of the Board, the General Manager and the Finance Director of BBARWA are, and each of them is, authorized to take any and all action which is directed by Special Counsel to BBARWA with respect to the execution, acknowledgment and delivery of the Loan Agreement, the prepayment of the 1998 Agreement and the 2006 Agreement, and the redemption of the applicable portion of the ABAG Bonds, which in the opinion of said Special Counsel is necessary or desirable in order for the authorizations and direction provided in this resolution to be carried out.

ADOPTED this 26th day of October, 2011.

Rick Herrick, Chairman
Big Bear Area Regional Wastewater Agency

ATTEST:

Elizabeth Harris, Ed.D, Secretary
Big Bear Area Regional Wastewater Agency

CERTIFICATE

I, _____, Secretary of the Board of Directors of Big Bear Area Regional Wastewater Agency, do hereby certify that the foregoing resolution was regularly adopted by the Board of Directors of said Agency at a regular meeting of said Board duly held on the 26th day of October, 2011, by the following vote:

- AYES: Directors
- NOES: Director(s)
- ABSENT: Director(s)
- ABSTAIN: Director(s)

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of October, 2011.

Elizabeth Harris, Ed.D, Secretary
Big Bear Area Regional Wastewater Agency

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, _____, Secretary of the Board of Directors of Big Bear Area Regional Wastewater Agency, DO HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of Resolution No. 08-2011 and that the same has not been amended or repealed.

DATED: October 26, 2011

Elizabeth Harris, Ed.D, Secretary
Big Bear Area Regional Wastewater Agency