RESOLUTION NO. 2007-8

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT PROVIDING FOR THE ISSUANCE AND SALE OF SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT JUDGMENT OBLIGATION BONDS IN AN AMOUNT NOT TO EXCEED $120,000,000 AND AUTHORIZING AN INDENTURE, AN ISDA MASTER AGREEMENT, A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, the San Bernardino County Flood Control District (the "District") is obligated pursuant to the terms of the judgment (the "Judgment") entered by the Superior Court of the State of California, County of San Bernardino, in San Bernardino County Flood Control District v. Colonies Partners, L.P., Case No. RCV 077034, to make payments to certain persons (the "Judgment Obligees");

WHEREAS, for the purpose of refunding the District’s obligations to the Judgment Obligees evidenced by the Judgment, the District desires to issue, pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code, its San Bernardino County Flood Control District Judgment Obligation Bonds in one or more series and/or tranches and on a tax-exempt and/or taxable basis depending on the requirements of federal tax laws (collectively, the "Bonds"), in an aggregate principal amount not exceeding the sum of (a) the amount payable to the Judgment Obligees pursuant to the Judgment, (b) the amount reasonably necessary to fund a reserve fund for the Bonds, (c) the amount necessary to fund capitalized interest on the Bonds through August 1, 2007, (d) the costs of issuance of the Bonds (including underwriter’s discount), and (e) any original issue discount on the Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Bonds and to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, the District proposes to enter into an Indenture with a commercial bank trustee (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture");

WHEREAS, the District has determined that securing the timely payment of the principal of and interest on the Bonds by obtaining a bond insurance policy with respect thereto could be economically advantageous to the District and that obtaining a reserve for the Bonds in lieu of providing a cash funded reserve therefor could be economically advantageous to the District; and

WHEREAS, there has been prepared and submitted to this meeting forms of:

(a) the Indenture; and

(b) an ISDA Master Agreement, and exhibits, schedules and annexes thereto (such ISDA Master Agreement in the form presented to this meeting, with such changes,
insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Master Agreement").

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the San Bernardino County Flood Control District as follows:

Section 1. All of the recitals herein contained are true and correct and the Board of Supervisors of the San Bernardino County Flood Control District (the "Board") so finds.

Section 2. The issuance of the Bonds, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds, in substantially the forms set forth in the Indenture submitted to this meeting and made a part hereof as though set forth herein, be and the same are hereby approved. The Bonds may be issued, in one or more series and/or tranches and on a tax-exempt and/or taxable basis depending on the requirements of federal tax laws, as fixed rate bonds or auction rate bonds (or any combination of the foregoing) and may have applicable call features, base rates, variable rate determination methods, maturities, authorized denominations, payment dates and other variable items related thereto; provided, however, that (a) the aggregate principal amount of the Bonds (which in no event shall exceed $1,200,000,000) shall not exceed the sum of the amount of the District's obligations to the Judgment Obligors under the Judgment, plus the amount reasonably necessary to fund a reserve fund for the Bonds, plus the amount necessary to fund capitalized interest on the Bonds through August 1, 2007, plus the costs of issuance of the Bonds (including underwriter's discount and any bond insurance premium), plus any original issue discount on the Bonds, (b) the true interest cost to the District on the Bonds issued at fixed rates shall not exceed 9.0%, and (c) the Bonds shall mature not later than 31 years from the date of issuance thereof.

The Chairman of the Board, and any such other member of the Board as the Chairman may designate, the County Administrative Officer of the County of San Bernardino (the "County"), acting ex officio on behalf of the District (the "County Administrative Officer"), the Assistant County Administrative Officer of the County, acting ex officio on behalf of the District, any Deputy Administrative Officer of the County, acting ex officio on behalf of the District, the Assistant County Administrator of the County, acting ex officio on behalf of the District, the Director of the District and any such other officer of the District as the County Administrative Officer may designate (the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Bonds in the forms attached to the Indenture, with such changes, insertions and omissions as the Authorized Officer executing the same may, upon consultation with counsel, require or approve, such requirement or approval to be conclusively evidenced by the execution of the Bonds by such Authorized Officer.

Section 3. The form of the Indenture, on file with the Clerk of the Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Indenture in substantially said form with such changes, insertions and omissions as the Authorized Officer executing the same may, upon consultation with counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that any such changes, insertions and
omissions shall be consistent with the authority, and limitations thereon, granted to the Authorized Officers in Section 2 hereof.

Section 4. The form of the Master Agreement, on file with the Clerk of the Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Master Agreement in substantially said form with such changes, insertions and omissions as the Authorized Officer executing the same may, upon consultation with counsel, require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver one or more interest rate swap transactions (each a "Swap Transaction"), with an institutional party (a) the long-term unsecured and unsubordinated obligations of which are rated at the time of execution of such Swap Transaction by at least one rating agency as described in clause (i) below and by at least one other rating agency as described in clause (ii) below: (i) at least "Aa3" by Moody's Investors Service or "AA" by Standard & Poor's Ratings Services or Fitch Ratings, and (ii) not lower than "A2" by Moody's Investors Service or "A" by Standard & Poor's Ratings Services or Fitch Ratings, or (b) the obligations of which under such Swap Transaction related thereto are unconditionally guaranteed by a bank or non-bank financial institution, the long-term unsecured and unsubordinated obligations of which are rated at the time of execution of such Swap Transaction by at least one rating agency as described in clause (i) above and by at least one other rating agency as described in clause (ii) above; provided, however, that (1) each such Swap Transaction shall be in an aggregate notional amount not exceeding the aggregate principal amount of the Bonds, (2) the term of each such Swap Transaction shall not exceed the final maturity of the Bonds, (3) each such Swap Transaction shall be such that the District will be agreeing to pay a fixed interest rate on an amount equal to the principal amount of the outstanding Bonds covered by such Swap Transaction and shall be receiving a variable interest rate computed according to a formula set forth in such Swap Transaction, (4) the District's obligations shall be contingent upon performance by the counterparty to the transaction, and (5) the District shall have the right to terminate the transaction upon the occurrence of certain circumstances as provided in such Swap Transaction. Each Swap Transaction shall be in such form as may be approved by the Authorized Officer executing the Swap Transaction, with each such execution to be conclusive evidence of such approval. The Board hereby finds and determines that such transactions described in this section are prudent and are expected to result in a lower cost of borrowing to the District when used in combination with the issuance of the Bonds.

Section 5. The Authorized Officers are each hereby authorized and directed to apply for municipal bond insurance for the Bonds and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest savings with respect to the Bonds. The Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver a contract for such insurance if such contract is deemed by the Authorized Officer executing the same to be in the best interests of the District, such determination to be conclusively evidenced by such Authorized Officer's execution and delivery of such contract.
The Authorized Officers are each hereby authorized and directed to apply for and obtain a reserve surety for the Bonds. The Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver a contract for such reserve surety if such contract is deemed by the Authorized Officer executing the same to be in the best interests of the District, such determination to be conclusively evidenced by such Authorized Officer's execution and delivery of such contract.

Section 6. The Authorized Officers are, and each of them is, authorized and directed, for and in the name of the District, to bring a validation action under Section 860 of the California Code of Civil Procedure to determine the legality and validity of the Bonds and the other documents and proceedings authorized pursuant to this Resolution. Orrick, Herrington & Sutcliffe LLP is hereby authorized to file the complaint for such validation action on behalf of the District.

Section 7. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 8. All actions heretofore taken by the officers, employees and agents of the District with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately upon its adoption.
PASSED and ADOPTED by the Board of Supervisors of the San Bernardino County Flood Control District, State of California, by the following vote:

AYES: Mitzelfelt, Biane, Hansberger, Ovitt, Gonzales

NOES: None

ABSENT: None

STATE OF CALIFORNIA  
/
SAN BERNARDINO COUNTY  
/

I, DENA SMITH, Clerk of the Board of Supervisors of the San Bernardino County Flood Control District, State of California, hereby certify that the foregoing to be a full, true and correct copy of the record of the action taken by said Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of January 23, 2007, #009, th.

DENNA SMITH, Clerk of the Board

By: