

**BEFORE THE BOARD OF DIRECTORS
OF THE THREE RIVERS LEVEE IMPROVEMENT AUTHORITY**

In Re:

**RESOLUTION DETERMINING THE NECESSITY)
TO INCUR BONDED INDEBTEDNESS WITHIN)
THREE RIVERS LEVEE IMPROVEMENT)
AUTHORITY COMMUNITY FACILITIES)
DISTRICT NO. 2004-1 (SOUTH COUNTY AREA))
AND SUBMITTING PROPOSITION TO THE)
QUALIFIED ELECTORS OF THE DISTRICT)**

Resolution No. 04-07

WHEREAS, on August 24, 2004, this Board of Directors of the Three Rivers Levee Improvement Authority (the "Authority") adopted a resolution entitled "Resolution Declaring Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein - South County Area" (the "Resolution of Intention") stating its intention to form the Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area) (the "District"), pursuant to the Mello-Roos Community Facilities Act of 1982, California Government Code Section 53311 et seq. (the "Law"), to fund costs of certain flood control improvements (the "Facilities"), as described therein; and

WHEREAS, on August 24, 2004, this Board of Directors also adopted a resolution entitled "Resolution Declaring Intention to Incur Bonded Indebtedness of the Proposed Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area)" (the "Resolution of Intention to Incur Indebtedness") stating its intention to incur bonded indebtedness within the boundaries of the District for the purpose of financing a portion of the costs of the Facilities; and

WHEREAS, on this date, this Board of Directors held the public hearing as required by the Law and the Resolution of Intention relative to the determination to proceed with the formation of the District, the provision by the District of funds to pay costs of the Facilities, and the rate and method of apportionment of the special tax to be levied within the District to pay the principal and interest on the proposed indebtedness and the administrative costs of the Authority and the County of Yuba relative to the District; and

WHEREAS, at the hearing all persons desiring to be heard on all matters pertaining to the formation of the District, the provision of funds to pay costs of the Facilities, and the levy of the special tax on property within the District, were heard and a full and fair hearing was held; and

WHEREAS, subsequent to the hearing, this Board of Directors adopted a resolution entitled "Resolution of Formation of Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area), Authorizing the Levy of a Special Tax Within the District,

Preliminarily Establishing An Appropriations Limit for the District, Submitting Levy of the Special Tax and the Establishment of the Appropriations Limit to the Qualified Electors of the District" (the "Resolution of Formation); and

WHEREAS, on this date, this Board of Directors held the public hearing as required by the Law relative to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness; and

WHEREAS, no written protests with respect to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness have been filed with the Secretary of the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Rivers Levee Improvement Authority as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. This Board of Directors deems it necessary to incur bonded indebtedness in the maximum aggregate principal amount of \$33,000,000 within the boundaries of the District.

Section 3. The indebtedness is incurred for the purpose of financing a portion of the costs of the Facilities, as provided in the Resolution of Formation including, but not limited to, the costs of issuing and selling bonds to finance costs of the Facilities and the costs of the Authority and the County of Yuba in administering the District.

Section 4. The whole of the District shall pay for the bonded indebtedness through the levy of the special tax. The special tax is to be apportioned in accordance with the rate and method of apportionment of special taxes set forth in Exhibit B to the Resolution of Intention, with Attachment 1 thereto revised as set forth in Section 7 of the Resolution of Formation.

Section 5. The maximum amount of bonded indebtedness to be incurred is \$33,000,000 and the maximum term of the bonds to be issued shall in no event exceed thirty (30) years.

Section 6. The bonds shall bear interest at a rate or rates not to exceed the maximum interest rate permitted by applicable law at the time of sale of the bonds, payable weekly, semiannually or in such other manner as this Board of Directors or its designee shall determine, the actual rate or rates and times of payment of such interest to be determined by this Board of Directors or its designee at the time or times of sale of the bonds.

Section 7. The proposition of incurring the bonded indebtedness herein authorized shall be submitted to the qualified electors of the District and shall be consolidated with elections on the proposition of levying special taxes within the District and the establishment of an appropriations limit for the District pursuant to Section 53353.5(a) of the Law. The time, place and conditions of said election shall be as specified by separate resolution of this Board of Directors.

Section 8. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this 28th day of September, 2004, by the Board of Directors of the Three Rivers Levee Improvement Authority, by the following vote:

AYES: Directors Griego and Webb

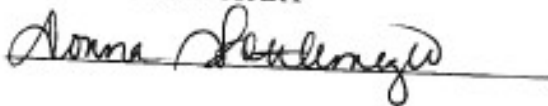
NOES: None

ABSENT: None

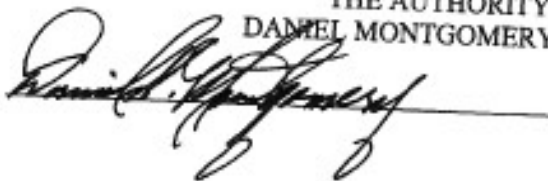
ABSTAIN: None


Chairperson

ATTEST: DONNA STOTTLEMEYER,
SECRETARY



APPROVED AS TO FORM: COUNSEL TO
THE AUTHORITY,
DANIEL MONTGOMERY



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