

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 9-D

Meeting Date: January 11, 2011

Submitted By: Kelly Cadiente

Presented By: Kelly Cadiente

Reviewed By: Carl Niizawa

Agenda Title: Consider Adoption of Resolution No. 2011-09 to Approve a Line of Credit Agreement with California American Water Company

Detailed Description: The Board of Directors is requested to consider adoption of Resolution No. 2011-09 to approve a line of credit agreement with California American Water Company (CAW). On February 24, 2010, the Board adopted Resolution No. 2010-12 to approve a reimbursement agreement with CAW which provided a mechanism for reimbursement from CAW to the MCWD and Monterey County Water Resources Agency (the Public Agencies) for funds expended by the Public Agencies on the Regional Desalination Project (the Project). Under the reimbursement agreement, development costs for the Project were reimbursed until the earlier of (a) the date the Public Agencies obtain proceeds of financing for the Project sufficient to both meet the Public Agencies' ongoing direct project-related costs and commence repayment to CAW of funds reimbursed under this agreement, or (b) December 31, 2010. The reimbursement agreement has now expired.

On April 5, 2010, the Board adopted Resolution No. 2010-20 that approved MCWD's participation in the Project pursuant to the Water Purchase Agreement (WPA) and the Settlement Agreement, contingent on final approval from the California Public Utilities Commission (CPUC). The effective date of the WPA shall be January 12, 2011 based on CPUC approval of the Project on December 2, 2010, and provided that each of the Public Agencies and CAW satisfies the conditions precedent set forth in Article 25 of the WPA by January 12, 2011. Pursuant to the terms of Sections 7.1(c)(i) and (ii) of the WPA, CAW shall make available to each of the Public Agencies a revolving credit facility up to an aggregate total of \$8,000,000 as a source of short term loans for the purpose of managing financial liquidity needs in connection with the Project.

MCWD will incur costs associated with securing permits and obtaining financing for the Project. In order to avoid delaying work on the Project or impacting MCWD's finances, staff recommends that the Board approve the line of credit from CAW. Once financing is obtained for the Project, proceeds from the financing will pay in full the line of credit from CAW.

Environmental Review Compliance: None required.

Prior Committee or Board Actions: Resolution No. 2010-12 to Approve a Reimbursement Agreement with CAW; Resolution No. 2010-20 to Adopt Findings and Mitigation Monitoring and Reporting Plan, and Conditionally Approving Regional Desalination Project which authorized the President and the General Manager and Secretary to execute the Water Purchase Agreement and the Settlement Agreement pursuant to this resolution and conditional approval.

Board Goals/Objectives: *Strategic Plan, Mission Statement – Providing High quality water, wastewater and recycled water services to the District’s expanding communities through management, conservation and development of future resources at reasonable costs.*

Financial Impact: \_\_\_\_\_ Yes  No

Funding Source/Recap: CAW’s line of credit will reduce the financial impact on MCWD in meeting its obligations in connection with the Regional Desalination Project.

Materials Included for Information/Consideration: Resolution No. 2011-09; Water Purchase Agreement; and, CAW Credit Line Agreement will be provided at the meeting.

Staff Recommendation: Adopt Resolution No. 2011-09 approving a line of credit agreement with California American Water Company.

Action Required:  Resolution \_\_\_\_\_ Motion \_\_\_\_\_ Review \_\_\_\_\_  
(Roll call vote is required.)

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Board Action

\_\_\_\_\_ Resolution No \_\_\_\_\_ Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_

Reagendized \_\_\_\_\_ Date \_\_\_\_\_ No Action Taken \_\_\_\_\_

January 11, 2011

Resolution No. 2011 - 09  
Resolution of the Board of Directors  
The Marina Coast Water District  
Approving a Line of Credit with California American Water Company

RESOLVED by the Board of Directors of the Marina Coast Water District (Board), at a regular meeting duly called and held on January 11, 2011 at the business office of the District, 11 Reservation Road, Marina, California as follows:

WHEREAS, the Board adopted Resolution No. 2010-20 which authorized the General manager to execute the Water Purchase Agreement and directed the General Manager and staff to take all other actions that may be necessary to effectuate and implement the resolution and Conditional Project Approval; and,

WHEREAS, the Regional Desalination Project was approved by the California Public Utilities Commission on December 2, 2010; and,

WHEREAS, a short-term financing mechanism is needed in order for the Regional Desalination Project to keep moving forward without impacting the District's finances.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Marina Coast Water District does hereby approve the Line of Credit Agreement with California American Water Company and authorizes the General Manager to execute the Line of Credit Agreement as the District's Secretary, and to take the actions and execute the documents necessary or appropriate to give effect to the Line of Credit Agreement and this Resolution.

PASSED AND ADOPTED on January 11, 2011 by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors \_\_\_\_\_

Noes: Directors \_\_\_\_\_

Absent: Directors \_\_\_\_\_

Abstained: Directors \_\_\_\_\_

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William Y. Lee, President

ATTEST:

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Jim Heitzman, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is full, true and correct copy of Resolution No. 2011-09 adopted January 11, 2011

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Jim Heitzman, Secretary