

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9-E

Meeting Date: January 11, 2011

Submitted By: Kelly Cadiente

Presented By: Kelly Cadiente

Reviewed By: Carl Niizawa

Agenda Title: Consider Adoption of Resolution No. 2011-10 to Authorize submission of an Application to the California Pollution Control Finance Authority's (CPCFA) California Debt Limit Allocation Committee (CDLAC), State of California for a Qualified Private Activity Bond Allocation of \$340,000,000 to Finance the Regional Desalination Facility and to Place a Performance Deposit of \$100,000 on Account with Rabobank, N.A.

Detailed Description: The Board of Directors is requested to authorize staff to submit an application to the CPCFA's CDLAC for a qualified activity bond allocation to finance the Desalination Facility. On February 9, 2010, the District's General Manager gave an update to the Board on the Regional Plan, now the Regional Desalination Project (the Project), indicating that the District had been discussing the process for issuing bonds with the CPCFA to finance design and construction of the Regional Desalination Facility within the Regional Plan. The CPCFA would act as a conduit financing entity on behalf of the District for the purposes of issuing tax-exempt Private Activity Bonds (PAB). Issuance of PAB is necessary for reasons related to federal tax law and the use of bond proceeds. Once the Regional Plan is approved by the California Public Utilities Commission (CPUC), the District can start the application process with the CPCFA's CDLAC for bond allocation.

With the CPUC approval of the Project on December 2, 2010, the District may now proceed with the application for a qualified private activity bond allocation. In order for the CPCFA to approve the allocation, they must receive our application at least sixty (60) days prior to their meeting date. Therefore, the District needs to submit the application by January 22, 2011 in order for the application to be presented for approval to the CPCFA at their March 22, 2011 meeting.

In addition to submitting the application, the District is required to place on deposit in an account in a financial institution one half of one percent (0.50%) of the amount of allocation being requested, not to exceed \$100,000. Since 0.50% of the requested allocation is \$1.7 million, the District will be required to place \$100,000 in a bank account. The deposit will be held in the account until receipt of written notification from the CDLAC that the deposit is authorized to be released or forfeited. If the CDLAC provides no allocation or grants an amount lower than the requested amount, the CDLAC will authorize the release of the deposit in accordance with the conditions imposed at the time of allocation. The CDLAC will approve the allocation with the deposit fully refundable if at least 80% of the allocation is used to issue the PAB. If the District does not use any of the allocation to issue PAB, the entire deposit will be forfeited.

Environmental Review Compliance: None required.

Prior Committee or Board Actions: 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. The resolution also directed the General Manager and staff to take all other actions that may be necessary to effectuate and implement this resolution and Conditional Project 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: General Reserves – Cost Center 3 (Ord Community Water).

Materials Included for Information/Consideration: Resolution No. 2011-10; Letter from the CPCFA dated February 12, 2010; Performance Deposit Certification Form; and CDLAC Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Project.

Staff Recommendation: The Board of Directors consider adopting Resolution No. 2011-10 authorizing submission of an application to the CPCFA's CDLAC for a Qualified Private Activity Bond Allocation of \$340,000,000 to finance the Regional Desalination Facility and to place a Performance Deposit of \$100,000 on account with Rabobank, N.A.

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

Board Action

_____ Resolution No _____ Motion By _____ Seconded By _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Reagendized _____ Date _____ No Action Taken _____

January 11, 2011

Resolution No. 2011 - 10
Resolution of the Board of Directors
The Marina Coast Water District

Authorizing Submission of an Application to the California Pollution Control Authority's
(CPCFA) California Debt Limit Allocation Committee (CDLAC), State of California
For a Qualified Private Activity Bond Allocation of \$340,000,000
To Finance the Regional Desalination Facility
And to Place a Performance Deposit of \$100,000 on Account with Rabobank, N.A.

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 2010-20 which directed the General Manager and staff to take all other actions that may be necessary to effectuate and implement this 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, Private Activity Bonds are necessary to finance the Regional Desalination Facility.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Marina Coast Water District does hereby authorize submission of an application for an Allocation in the amount of \$340,000,000 of the State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Project by January 22, 2011 and to place a performance deposit of \$100,000 in an account at Rabobank N.A.

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 _____

William Y. Lee, President

ATTEST:

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. 2011-10 adopted January 11, 2011

ATTEST:

Jim Heitzman, Secretary