SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-C**

FROM: Steve Mack, General Manager

Meeting Date: January 8, 2015

SUBJECT: DISCUSSION/ACTION RE RESOLUTION 15-01 WHICH APPROVES THE ADMINISTRATIVE MANAGER AS THE PAYING AGENT AND THE GENERAL MANAGER AS THE REGISTRAR FOR THE U.S. DEPARTMENT OF AGRICULTURE (USDA) BOND

RECOMMENDED ACTION: Approve Resolution 15-01 which approves the Administrative Manager as the Paying Agent and the General Manager as the Registrar for the reissued U.S. Department of Agriculture (USDA) Bonds.

FISCAL IMPACT: none

DISCUSSION:

At the November 2014 meeting the Board approved Resolution 14-22 which authorized reissuing the revised USDA Bond. Certain administrative matters need to be done in conjunction with that reissuance: 1.) the District needs to designate a Paying Agent. The Paying Agent is responsible for having the correct amount of funds available for USDA in an appropriate account for when USDA takes the funds from that account for required payments. In the past Sonoma County was the Paying Agent but they have declined to do it this time. District staff act as, in effect, Paying Agent for other District debt and can do it for this bond reissuance with no additional work required by staff - we have to be certain the funds were available in the accounts, regardless of the ultimate Paying Agent. Staff have set up an appropriate account with WestAmerica Bank to hold the funds and have executed a pre-authorized payment form (PAD) with WestAmerica Bank and have submitted it to USDA. This allows USDA to take directly from this account; District staff need to make certain appropriate funds are in that account in advance.

And 2.) designate the General Manager as Registrar for the reissued USDA Bonds. This action is needed to identify the District representative should further actions be needed re the Bonds.

Staff recommend approval of Resolution 15-01. This will be the final action of clearing up the misunderstanding over the first refinancing of the USDA bonds with the general effect of saving the District an additional $8,000 per year in the earlier years of the bonds and over $900,000 over the life of the reissued bonds.

RESOLUTION NO. 15-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT DESIGNATING THE PAYING AGENT AND REGISTRAR FOR THE SWEETWATER SPRINGS WATER DISTRICT IMPROVEMENT DISTRICT NO. 1 2014 GENERAL OBLIGATION REFUNDING BOND; AND AUTHORIZING CERTAIN RELATED MATTERS

WHEREAS, the Sweetwater Springs Water District (the "District") is duly organized and existing under the laws of the State of California and is authorized pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53550) to issue refunding bonds for the purpose of refinancing outstanding bonds previously issued; and

WHEREAS, on November 6, 2014, this Board of Directors (this "Board") of the District adopted its Resolution No. 14-22, authorizing issuance and execution of its Sweetwater Springs Water District Improvement District No. 1 2014 General Obligation Refunding Bond (the "Refunding Bond") in the principal amount of $1,647,874.90, and upon execution thereof, the delivery of the Refunding Bond to the United States of America, Rural Utilities Service, United States Department of Agriculture ("USDA-RUS") in exchange for the remaining outstanding Sweetwater Springs Water District Improvement District No. 1 General Obligation Bonds of 1990, Series 2003, in the principal amount of $1,611,000.00 (the "Prior Obligations"), which were issued pursuant to Resolution No. 03-15, adopted by this Board on April 3, 2003, and for which USDA-RUS is the registered owner and holder (the "Owner"); and

WHEREAS, this Board wishes by this resolution to designate the Administrative Manager of the District (the "Administrative Manager") to serve as the Paying Agent for the Refunding Bond and to designate the General Manager of the District (the "General Manager") to serve as the Registrar for the Refunding Bond:

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Sweetwater Springs Water District, as follows:

Section 1. Administrative Manager Designated as Paying Agent for the Refunding Bond. In furtherance of assuring that the payment of the principal installments of and the accrued interest on the Refunding Bond is accomplished on the most economical and efficient terms, this Board hereby designates the Administrative Manager to serve as Paying for the Refunding Bond, it being understood that such payments will be provided in accordance with the terms and conditions of the "Pre-Authorized Debit" procedure (the "PAD procedure") prescribed by USDA-RUS for the period during which USDA-RUS remains the Owner of the Refunding Bond.

Section 2. General Manager Designated as Registrar for the Refunding Bond. In furtherance of providing the registration and possible future transfer of the ownership of the Refunding Bond on the most economical and efficient terms, and in recognition of the fact that there is only a very nominal likelihood that the procedures for change of ownership of the Refunding Bond will ever come into play, this Board hereby designates the General Manager of the District to serve as Registrar for the Refunding Bond. The Registrar shall establish and maintain a record of the registered ownership of the Refunding Bond, showing USDA-RUS as the initial Owner; and in the event of a future sale of the Refunding Bond by USDA-RUS, the Registrar is authorized to retain services of a person experienced in procedures for changes of registered ownership to assist with such procedures and with the preparation, execution and delivery to the new registered owner of a replacement bond, representing the remaining unpaid principal installments and the interest which shall accrue thereon.

Section 3. Prior to delivery of the Refunding Bond to USDA-RUS in exchange for the Prior Obligations, the General Manager, as Registrar, shall execute the Registration certificate on the last page of the Refunding Bond.

Section 4. Further Actions. The General Manager and the Administrative Manager are hereby authorized to take all actions and execute any and all remaining documents necessary or desirable to effect the registration and delivery of the Refunding Bond to USDA-RUS in exchange for delivery and surrender by USDA-RUS to the District of the Prior Obligations and cancellation thereof and to arrange for bond payments to be made to USDA-RUS pursuant to the PAD procedure.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on January 8, 2015, by the following vote.

Director	**Aye**	**No**
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Gaylord Schaap
President of the Board of Directors

_____
Attest: Julie A. Kenny
Clerk of the Board of Directors