



SUMMARY REPORT

Agenda Date: 10/20/2020

To: Board of Directors of the Sonoma County Water and Wastewater Financing Authority
Department or Agency Name(s): Sonoma County Water and Wastewater Financing Authority
Staff Name and Phone Number: Lynne Rosselli / 524-3771
Vote Requirement: Majority
Supervisory District(s): Fifth

Title:

Sonoma County Water and Wastewater Financing Authority First Amendment to Installment Sale Agreement

Recommended Action:

- A) Adopt a resolution of the Board of Directors of the Sonoma County Water and Wastewater Financing Authority approving a first amendment to Installment Sale Agreement with the Forestville Water District, and Approving Related Documents and Actions.
- B) Authorize Sonoma County Water and Wastewater Financing Authority to execute the first amendment to Installment Sale Agreement to permit the incurrence of additional parity obligations under a separate installment sale agreement between the Forestville Water District and the California State Water Resources Control Board for a state loan to fund wastewater system improvements.

Executive Summary:

The Sonoma County Water and Wastewater Financing Authority (Authority) and the Forestville County Sanitation District (FCSD) entered into a 2001 Installment Sale Agreement (Original Installment Sale Agreement) to finance construction of FCSD's Advanced Wastewater Treatment Upgrade Project. The installment payments made by FCSD secure the payment of debt service on \$2,838,300 in certificates of participation that were purchased and are currently held by the United States Department of Agriculture, Rural Utilities Service (USDA-RUS). The certificates of participation mature on August 1, 2041. Outstanding debt service through 2041 is \$3,514,039.

In 2004, FCSD was dissolved and the Forestville Water District (District) was designated as the successor-in-interest to FCSD. The District now desires to enter into an installment sale agreement for a state loan with the California State Water Resources Control Board to finance \$752,083 in construction costs for wastewater system capital improvements. The state loan is intended to be payable on a parity or on an equal basis with the installment payments under the 2001 Original Installment Sale Agreement, and in order to enter into the State Loan, the District has requested that the Authority enter into an amendment of the Original Installment Sale Agreement to permit the incurrence of additional obligations. The District and the Authority will enter into the First Amendment. USDA-RUS has indicated its approval in written communications and will countersign the First Amendment.

Discussion:

In 1995, pursuant to a joint exercise of powers agreement, Sonoma County Water Agency (Sonoma Water) and the Forestville County Sanitation District created the Sonoma County Water and Wastewater Financing Authority

(Authority). The Authority was created to assist in the financing and refinancing of public capital improvements of Sonoma Water and one or more of the County Sanitation Districts. The Chair of the Authority is the Chair of the Board of Supervisors; the Vice-Chair is the Vice-Chair of the Board of Supervisors; the Executive Director is the General Manager of Sonoma Water; the Secretary is the Clerk of the Board of Supervisors; the Treasurer of the County is the Treasurer of the Authority; and the Auditor-Controller of the County is the Controller of the Authority. Subject to the applicable provisions of any trust agreement, indenture or resolution providing for a trustee or fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all the money of the Authority.

In 2001, the Sonoma County Water and Wastewater Financing Authority (Authority) and the Forestville County Sanitation District (FCSD) entered into an Installment Sale Agreement dated as of October 1, 2001 (Original Installment Sale Agreement), whereby the Authority agreed to sell and FCSD agreed to purchase the Advanced Wastewater Treatment Upgrade Project and to make installment payments. The installment payments under the Original Installment Sale Agreement secure the payment of debt service on \$2,838,300 in certificates of participation that were purchased and are currently held by the United States Department of Agriculture, Rural Utilities Service (USDA-RUS). The certificates of participation mature on August 1, 2041. Outstanding debt service through 2041 is \$3,514,039.

Sonoma Water operated FCSD under an agreement established in December 1994 between Sonoma Water and five county sanitation districts. In 2004, FCSD entered into an agreement to transfer assets and liabilities from Sonoma Water to FCSD. FCSD was dissolved and the Forestville Water District (the "District") was designated as the successor-in-interest to FCSD. The District now desires to enter into an installment sale agreement with the California State Water Resources Control Board evidencing a loan (State Loan) in the not to exceed principal amount of \$752,083 to construct wastewater system capital improvements. The State Loan is intended to be payable on a parity or on an equal basis with the installment payments under the Original Installment Sale Agreement, and in order to enter into the State Loan, the District has requested that the Authority enter into an amendment of the Original Installment Sale Agreement to permit the incurrence of additional obligations. The District and the Authority will enter into the First Amendment with the prior written consent of the USDA-RUS.

The Treasurer of the County of Sonoma was appointed to act as trustee under the Trust Agreement with respect to the 2001 certificates of participation. As a result of a reorganization completed in 2004, FCSD was dissolved and the District was designated as the successor-in-interest to the Forestville County Sanitation District for purposes of the Trust Agreement. The District desires to assume the role of trustee under the Trust Agreement. Accordingly, the Treasurer of the County of Sonoma has resigned as trustee, and the role of trustee has been assumed by the General Manager of the District (the "Trustee"). The signed letter is included as an attachment.

The Authority is and shall continue to be a public entity separate from Sonoma Water and the Sanitation Districts. The debts, liabilities, and obligations of the Authority do not constitute debts, liabilities, or obligations of Sonoma Water or any one or more of the Districts. The Authority will not incur any debt or other obligations by approving the first amendment to the Original Installment Sale Agreement.

Prior Board Actions:

9/25/2001 Resolution of the Sonoma Water and Wastewater Financing Authority Authorizing and Directing Execution of Documentation, including, but not limited to, Purchase Agreement, Installment Sale Agreement, Trust Agreement and Assignment Agreement, and Other Documentation Related to Accomplishment of Issuance and Sale of Certificates of Participation to the United States Department of Agriculture, Rural Utilities Service by the Forestville County Sanitation District for its Advanced Wastewater

Treatment Facilities Upgrade Project in the Principal Amount of not to Exceed \$2,840,000.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

No fiscal impact. The additional debt will be incurred by the District and will not be an obligation or debt of the County, the Authority or Sonoma Water. The only role of the Authority is and continues to be as a counterparty to the District's installment sale agreement with USDA, as amended by the First Amendment.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution R1
First Amendment to Installment Sale Agreement
August 18, 2020 County Treasurer Letter

Related Items "On File" with the Clerk of the Board:

October 2001 Original Installment Sale Agreement