

Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector



To: The Honorable Board of Supervisors

From: Jenine Windeshausen, Treasurer-Tax Collector

Date: April 9, 2013

Subject: Approve Form of Lease Financing Agreements and Related Actions for the Financing of Sewer Maintenance District #3 Regional Pipeline, Pump Station and Treatment Plant Decommissioning

Actions Requested:

- 1) Approve a resolution authorizing and directing the preparation and execution of certain lease financing documents as to form in an amount not to exceed \$2,800,000 and maturing in 2043 at a rate of 3% with respect to the lease financing agreements for the financing of the Sewer Maintenance District #3 (SMD#3) Regional Pipeline, Pump Station and Treatment Plant Decommissioning (the "Project") and authorizing and directing the Chairman, the County Executive Officer, the Director of Facility Services and the Treasurer to execute the agreements and related documents and to take any and all actions necessary to complete the Project financing.
- 2) Approve a resolution giving express permission to the Treasurer to purchase an investment (the Lease Purchase Certificates) in excess of five years to maturity pursuant to Government Code Section 53601.

Background:

SMD #3 is under regulatory requirements imposed by the Central Valley Regional Water Quality Control Board (CVRWQCB) to bring the district into compliance with regulatory standards related to its discharge permit. Facility Services has analyzed compliance alternatives and recommended to your Board the regionalization of SMD#3 by constructing a pump station at the current treatment plant, constructing a pipeline to join SMD#2 to convey wastewater to the City of Roseville's Dry Creek Wastewater Treatment Plant for treatment. The Board has approved this plan and provided the CVRWQCB notice of the County's intent to regionalize SMD#3 in a letter dated January 8, 2008. The CVRWQCB permits for SMD#3 require that construction begin by April 30, 2013 and the project be complete by December 31, 2014.

The total project cost is \$13,800,000. Facility Services has secured the following sources of financing.

- \$3,900,000 US Army Corp of Engineers Grant (25% local matching)
- \$ 900,000 County General Fund Contribution
- \$6,200,000 Clean Water State Revolving Fund Loan (SRF)

The attached resolution would authorize the use of a lease financing arrangement with the County Treasurer and North Lake Tahoe Public Financing Authority (the "Authority") to provide the additional financing needed for the total amount of the Project. The proposed lease financing is in an amount not to exceed \$2,800,000 at a rate of 3% with a 30 year term maturing in 2043. Facility Services has applied for a SRF loan in the approximate amount of \$9,000,000. However,

it is anticipated that in order project expenditures will need to be made prior to SRF's loan approval. SRF will not provide financing for any amounts expended prior to approval. Therefore financing provided by the Treasurer is needed. Depending on the timing of SRF's approval, the amount of financing provided by the Treasurer may be less than \$2,800,000.

In order to execute the lease financing arrangement, your Board and the North Lake Tahoe Public Financing Authority must take certain actions. The series of actions are executed so as to take simultaneous effect. The actions are series of actions are described as:

- The Authority issues Lease Financing Certificates which will be purchased by the Treasurer which are repaid in semiannual debt service payments.
- The County will lease the Project to the Authority through a single lease payment.
- The Authority will lease back the Project to the County with the County making semi-annual lease payments to the Authority.
- The Authority will use the lease payments to make the semiannual debt service payments to the Treasurer by assigning the County's semi-annual lease payments to the Treasurer.

By resolution, the Board is requested to approve:

- the form of the Site Agreement between the County, as lessor and the Authority as lessee
- the form of the Lease Agreement between the Authority as lessor and the County as lessee
- the form of the Assignment Agreement between Authority and the Treasurer
- the form of the Lease Financing Certificate Purchase Agreement

By passage of the resolution, the Board authorizes and directs the Chair of the Board, the County Executive Officer, the Treasurer-Tax Collector, the Clerk of the Board, the Facility Services Director, their designees and all other appropriate officials of the County to take any and all necessary action in compliance with the resolution for the execution of the Lease Financing Agreements.

The Board must adopt a resolution authorizing the Treasurer to purchase the Lease Financing Certificates. Under Government Code Section 53601, the Treasurer cannot purchase investments with an outstanding maturity in excess of five years unless the Treasurer has the expressed authorization of the Board of Supervisors to make such an investment. Since the Lease Financing Certificates will mature in thirty years, the Treasurer requires the authorization of the Board to purchase the certificates.

For your reference, a flow of funds chart for lease financing arrangement is attached.

Environmental:

This action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

Fiscal Impact:

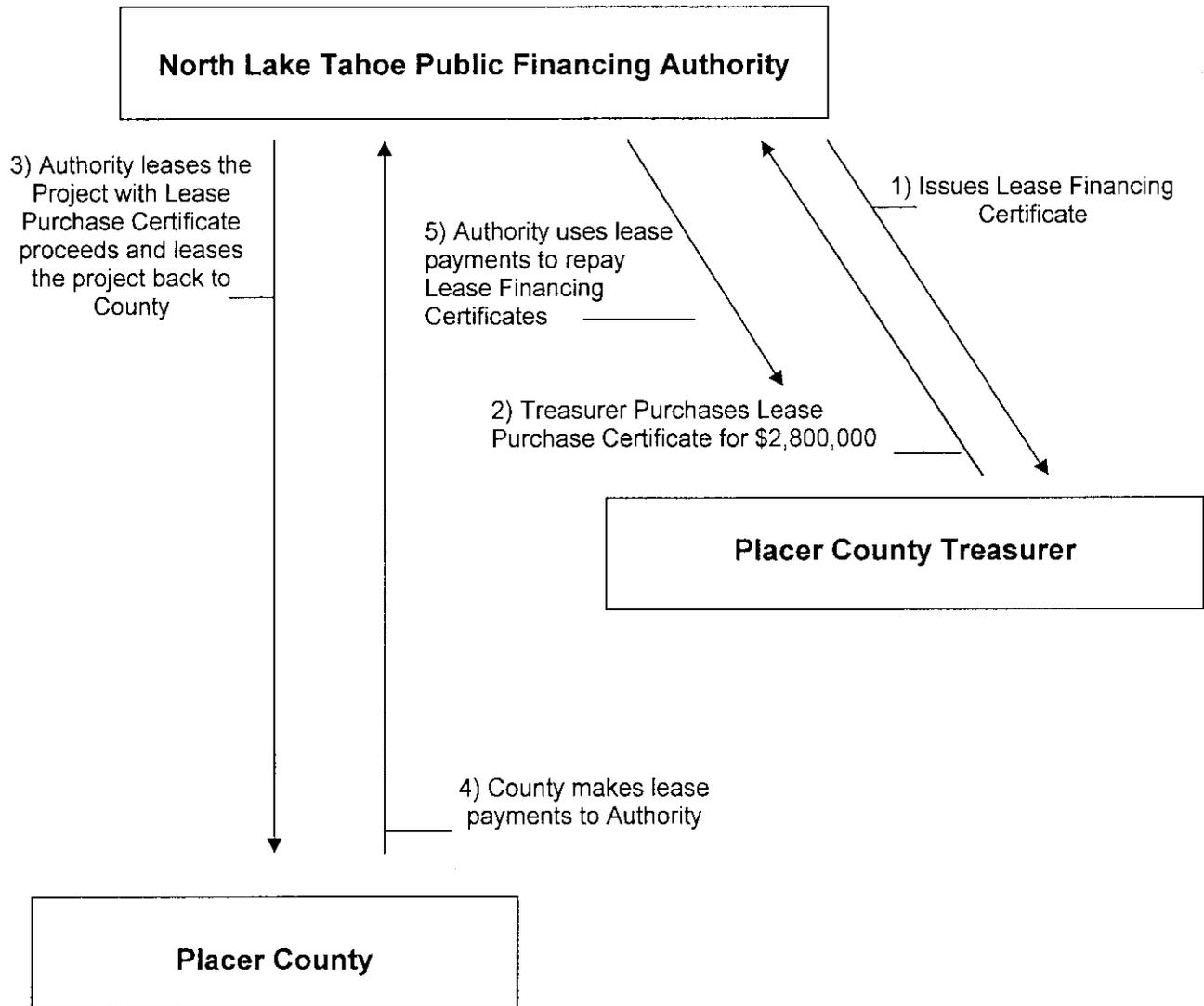
The annual lease cost will total \$142,203.19. The financing is based on \$2,800,000 principal amount at an interest rate of 3% maturing in 30 years with semiannual payments of \$71,101.60. If the amount needed to provide the additional Project financing is determined to be less the amount of the Lease Financing Certificates will be reduced accordingly. There is no penalty for prepayment. Any prepayments made will be applied to reduce the term to maturity.

Attachments: Flow of Funds Chart for Lease-Lease Purchase Agreement
Resolutions

On File with the Clerk of the Board

- the form of the Site Agreement between the County
- the form of the Lease Agreement
- the form of the Assignment Agreement between
- the form of the Lease Financing Certificate Purchase Agreement

SMD#3 Lease Financing Flow of Funds Chart



Before the Board of Supervisors
County of Placer, State of California

In the matter of:

Resol. No: _____

- 1) A RESOLUTION AUTHORIZING AND DIRECTING THE PREPARATION AND EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS AS TO FORM WITH RESPECT TO THE LEASE FINANCING AGREEMENTS FOR THE FINANCING OF THE SEWER MAINTENANCE DISTRICT #3 REGIONAL PIPELINE, PUMP STATION AND TREATMENT PLANT DECOMMISSIONING AND AUTHORIZING AND DIRECTING THE CHAIRMAN, THE COUNTY EXECUTIVE OFFICER, THE DIRECTOR OF FACILITY SERVICES AND THE TREASURER TO EXECUTE THE AGREEMENTS AND RELATED DOCUMENTS AND TO TAKE ANY AND ALL ACTIONS NECESSARY TO COMPLETE THE PROJECT FINANCING.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on April 9, 2013.

By the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, Sewer Maintenance District #3 (SMD3) is required to comply with permits issued by the Central Valley Regional Water Quality Control Board related to the discharge of wastewater; and

WHEREAS, the Board of Supervisors has approved a plan by the Department of Facility Services to construct a Regional Pipeline, a Pump Station and to decommission Treatment Plant #3 (the "Project") in order to comply with the wastewater discharge permit requirements; and

WHEREAS, the Board of Supervisors has given notice to the Central Valley Regional Water Quality Control Board of its intent to regionalize SMD3; and

WHEREAS, the wastewater permit requires construction to begin by April 30, 2013 and to complete the Project by December 31, 2014; and

WHEREAS, the total Project cost is \$13,800,000; and

WHEREAS, the Department of Facility Services has secured financing in the amount of \$11,000,000 and is therefore in need of additional financing in an amount not to exceed \$2,800,000; and

WHEREAS, the County Treasurer is able to assist with the additional financing through a lease arrangement between the County, North Lake Tahoe Public Financing Authority (the "Authority") and the Treasurer; and

WHEREAS, the County of Placer (the "County") has reviewed the form of the lease financing agreements, including the Site Lease, and the Lease Agreement, between the County and the Authority; and the County has reviewed the form of the Assignment Agreement and the Lease Financing Certificate Purchase Agreement between the Authority and the Treasurer and has found the terms and conditions thereof acceptable to the County; and

WHEREAS, the County Executive Officer, the Chair of the Board of Supervisors, the Director of Facility Services and the Treasurer will need to take the actions necessary to execute and deliver the lease financing agreements to complete the Project financing;

NOW, THEREFORE, BE IT RESOLVED, the terms of the Site Lease, the Lease Agreement, the Assignment Agreement and the Lease Financing Certificate Purchase Agreement are in the best interests of the County to complete the Project financing.

BE IT FURTHER RESOLVED AND ORDERED, the County Executive Officer, the Chair of the Board of Supervisors, the Director of Facility Services,

the Treasurer and any and all other officers and officials of the County are hereby authorized and directed to execute and deliver the Site Lease and the Lease Agreement in substantially the form on file with the Clerk of the Board and any related documents and certificates necessary to the consummation of the transactions contemplated by the lease financing for, and on behalf of, the County. The officers and officials of the County may make such changes to the Site Lease and Lease Agreement and related documents and certificates as such officers deem necessary or desirable, and such approval will be conclusively evidenced by the execution and delivery thereof. The officers and officials of the County are also hereby authorized and directed to fulfill all obligations under the terms of the lease agreements.

Before the Board of Supervisors
County of Placer, State of California

In the matter of:

Resol. No: _____

Approving the Treasurer's purchase of a Lease Financing Certificate issued by the North Lake Tahoe Public Financing Authority an amount not to exceed \$2,800,000, maturing in April of 2043, for the Lease Financing of Sewer Maintenance District #3 Pipeline, Pump Station and Treatment Plant 3 Decommissioning, pursuant to Government Code Section 53601.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on April 9, 2013.

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, the Board of Supervisors has authorized the bid award for the construction of a pipeline, pump station and decommissioning of Treatment Plant 3 (the "Project") for Sewer Maintenance District #3 (SMD3);

WHEREAS, the SMD#3 is required to comply with the Central Valley Regional Water Quality Control Board permit requirements; and

WHEREAS, the cost of the project is approximately \$13,800,000; and

WHEREAS, the Department of Facility Services has secured financing in the amount of \$11,000,000; and

WHEREAS, SMD3 is in need of obtaining additional financing in an amount not to exceed \$2,800,000 to complete the financing of the Project; and

WHEREAS, the County and the North Lake Tahoe Public Financing Authority (the "Authority") propose to enter into a lease financing arrangement to facilitate the financing of the Project;

WHEREAS, the Authority proposes to issue a Lease Financing Certificate in an amount not to exceed \$2,800,000, at a rate of 3% maturing in April of 2043, to finance the construction of the Project;

WHEREAS, the County Treasurer proposes to purchase the Lease Financing Certificate pursuant to Government Code Section 53601(e); and

WHEREAS, Government Code Section 53601 requires the Board of Supervisors grant express permission for the County Treasurer to purchase an investment maturing in excess of five years at the time of purchase,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors hereby grants express authorization for the County Treasurer to purchase a Lease Financing Certificate to be issued by the North Lake Tahoe Public Financing Authority which matures in April of 2043, in an amount not to exceed \$2,800,000 for the financing of the SMD3 Project.

