

RESOLUTION NO. 16-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASTROVILLE COMMUNITY SERVICES DISTRICT APPROVING ADVANCE RETIREMENT OF BONDS

RESOLVED by the Board of Directors (“Board”) of the Castroville Community Services District (“District”), at a regular meeting called and held on December 20, 2016, at the business office of the District, 111499 Geil Street, Castroville, California as follows:

WHEREAS, the Board makes the following findings of fact:

A. By Resolution 82-1, the Board of Directors of the Castroville County Water District, predecessor of the District, authorized and provided for the incurrence of indebtedness pursuant to the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of the State of California (the “Bond Act”), for the purpose of providing a portion of the cost of acquiring, constructing, enlarging, improving, and/or extending its water supply and distribution system facility to serve an area lawfully within its jurisdiction to serve.

B. By Resolution 82-2, the Board of Directors of the Castroville County Water District determined unpaid assessments and provided for issuance of bonds. Resolution 82-2 provided for issuance of bonds in three blocks, designated Series 1981-1A, 1982-1B and 1982-1C (the “Bonds”). Resolution 8282 provided for establishment of a “Redemption Fund” to pay the principal and interest on any bonds redeemed by the District. Paragraph 17 of Resolution 82-2 provides that each Bond outstanding may be redeemed and paid in advance of maturity upon the second day of January or July in any year by giving at least sixty (60) days notice and by paying the principal amount thereof together with a premium equal to 5% of the principal plus interest to the date of advanced maturity, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act. If outstanding bonds are held by the Government, notice of advanced maturity need not be published if expressly waived by the Government.

C. Section 3 of Resolution 82-2 provides that in the event the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, is the purchaser of all the bonds, a single bond representing all of the bonds may be issued to the Government in lieu of bonds with coupons, maturing in installments.

D. The bonds issued pursuant to the authority provided by Resolution 82-2 were all purchased by the Government and mature in installments.

E. Exhibit D to Resolution 82-2 provides that the bonds may be redeemed and paid in advance of maturity upon the second day of January or July in any year in the manner provided in the resolution providing for the issuance.

F. Section 8753 of the Bond Act provides that the cost of serving or publishing the notice of advanced maturity shall be paid from the redemption fund. Section 8754

provides that more than one bond may be covered in a single notice of advanced maturity.

G. Section 8752 of the Bond Act provides that on or before the date fixed for maturity in a notice of advance maturity, the owner of the bond will surrender the bond and receive the principal and interest thereon to the date of payment or advanced maturity date together with the redemption premium provided for the bond.

H. Sections 8756 and 8768 of the Bond Act provide that the treasurer shall select bonds for retirement in such a way that the ratio of outstanding bonds to issued bonds shall be approximately the same in each annual series insofar as possible. Within each annual series, bonds shall be selected for retirement by lot.

I. Current District Participants and representatives for the Bonds include the following:

District (Agency) - Eric Tynan, District General Manager;
District Bond Administrator – Daniel Louie, Project Manager, Willdan
Financial Services
Paying Agent – Louis G. Solton, Treasurer-Tax Collector, County of
Monterey
Underwriter – Al Correale, USDA Rural Development

J. The District Bond Administrator, Willdan Financial Services, has recommended, based on their Financial Analysis for Fiscal Year 2016-2017 for the Bonds, that there be an advance retirement of the Bonds in the amount of \$50,000, including the Redemption Premium. The Financial Analysis projected cash above reserve requirements after the advance retirement, if the advance retirement were done on January 2, 2017.

K. Willdan now advises that timing and notice constraints require moving the advance retirement to July 2, 2017. Willdan advises that with the amount of funds at the County, and with the Fiscal Year 2016-17 levy collection, there should be enough funds in the Redemption Fund to retire all of the outstanding Bonds at the July 2, 2017 payment date.

L. USDA (the Bondholder) advises that the Bonds can be pre-paid at any time without a premium.

M. The General Manager and District staff, working with the Bond Consultant and District Counsel, recommend that the Board approve and authorize retirement of all of the Bonds at the July 2, 2017 payment date, if Willdan confirms sufficient funds in the Redemption Fund, or, alternatively, retirement of Bonds in such other amount not less than \$50,000 as may be recommended by Willdan; that the District request that USDA waive publication of notice and waive payment of Redemption Premium; and that the retirement proceed in accordance with the requirements of the Bond Act and Resolution 82-2.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Castroville Community Services District, as follows:

1. Approval and Authorization to Retire Bonds. The Board approves and authorizes retirement on July 2, 2017, of Bonds in such amount not less than \$50,000 as may be recommended by Willdan; that the District request that USDA waive publication of notice and waive payment of Redemption Premium; and that the retirement proceed in accordance with the requirements of the Bond Act and Resolution 82-2.

2. Authority to Implement Resolution. The District, acting through the General Manager is authorized to confer with the District's financial, engineering and legal advisors to carry out the activities consistent with implementing this Resolution 16-13 in accordance with applicable law, including the giving of notice by registered or certified mail or personal service at least 60 days before the date fixed for advanced maturity of any Bonds, selecting Bonds for retirement, making payment for Bonds and retiring Bonds in accordance with the requirements of the Bond Act and Resolution 82-2.

The foregoing resolution was duly and properly introduced at a regular meeting of the Castroville Community Services District Board of Directors held on December 20, 2016, and passed and adopted by the following vote:

AYES: Montejano, Cochran & Stefani
NOES: 2
ABSENT: Meigoza, MacMillan
ABSTAIN: 2



Chairman, Board of Directors

Attest:



Clerk of the Board

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