



moulton niguel water district

**NOTICE AND CALL OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
December 14, 2016
8:00 AM
Approximate Meeting Time: 3 Hours**

FINANCIAL PLANNING WORKSHOP

NOTICE IS HEREBY GIVEN that a Special Meeting of the Board of Directors of the Moulton Niguel Water District (“MNWD”) has been called by the Chairman of the Board of Directors to be held on December 14, 2016, at 8:00 AM, at MNWD’s Administrative Offices located at the address above. The following business will be transacted and is the Agenda for this Special Meeting:

AGENDA

1. CALL MEETING TO ORDER
2. PUBLIC COMMENTS
Persons wishing to address the Board of Directors on any item listed on the Agenda should submit a “Request To Be Heard” form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time. (As required by law, public comments during a Special Meeting may address only specific items listed on the agenda, no other matters.)

PRESENTATION ITEMS

3. Financial Planning Workshop

DISCUSSION / ACTION ITEM

4. BOND REIMBURSEMENT RESOLUTION APPROVAL (RESOLUTION 16-__)

It is recommended that the Board of Directors approve the resolution entitled “A Resolution of the Moulton Niguel Water District Board of Directors Declaration of Intent to Reimburse Qualified Capital Expenditures from Anticipated Bond Proceeds”.

ADJOURNMENT

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 831-2500 at least forty-eight (48) hours prior to the

scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least forty-eight (48) hours prior to the scheduled meeting.

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA (“District Office”). If such writings are distributed to members of the Board less than twenty-four (24) hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed except that, if such writings are distributed immediately prior to, or during the meeting, they will be available in the Board meeting room and on the District website at www.mnwd.com.

The foregoing Notice was personally delivered, faxed, mailed or e-mailed to each member of the MNWD Board of Directors at least twenty-four (24) hours prior to the scheduled time of the Special Meeting so noticed above; and posted twenty-four (24) hours prior to the time of the Special Meeting at the usual agenda posting location of MNWD (bulletin board outside main office entrance).



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STAFF REPORT

TO: Board of Directors **MEETING DATE:** December 14, 2016

FROM: Drew Atwater, Director of Planning
Johnathan Cruz, Financial Planning Manager

SUBJECT: Bond Reimbursement Resolution Approval

DIVISION: District-wide

SUMMARY:

Issue: Capital expenditures on qualified projects incurred between now and the anticipated FY 2017/18 bond issuance are eligible for reimbursement from bond proceeds.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled “A Resolution of the Moulton Niguel Water District Board of Directors Declaration of Intent to Reimburse Qualified Capital Expenditures from Anticipated Bond Proceeds”.

Fiscal Impact: Subject to final issuance date, actual capital expenditures and project eligibility, upwards of \$20 million in project costs could potentially be reimbursed with bond proceeds.

BACKGROUND:

The District’s Long Range Financial Plan and 10-year cashflow model identified a need for a bond issuance in early 2018 to fund the District’s Capital Improvement Program. This plan was last presented during the adoption of the FY 2016-17 Operating and Maintenance and Capital Improvement Program budgets. The bond issuance is intended to manage future rate adjustments that would otherwise be necessary to maintain reserves while meeting cashflow needs of the District’s Capital Improvement Program.

Bond issuances are a prudent financial tool to keep rate increases smooth by spreading capital costs over time. At the time of bond issuance, bond proceeds must be spent within 3 years under IRS rules, which effectively caps the total issuance amount. However, with the adoption of a reimbursement resolution, capital

#4.

Bond Reimbursement Resolution Approval

Page 2 of 2

expenditures incurred up to 18 months prior to the bond issuance can be reimbursed. Adopting a reimbursement resolution does not commit the District to issue debt in the future.

DISCUSSION:

As the bond issuance approaches, project costs that are paid up to 18 months prior to the issuance are eligible for reimbursement by the bond proceeds. Finance staff has coordinated with the Engineering staff to identify eligible projects and also include language to account for when projects change. Staff recommends the Board of Directors adopt “A Resolution of the Moulton Niguel Water District Board of Directors Declaration of Intent to Reimburse Qualified Capital Expenditures from Anticipated Bond Proceeds”.

Attachment: “Resolution of the Board of Directors of the Moulton Niguel Water District Declaring its Intent to Issue Tax-Exempt Bonds to be used to Reimburse the District for Expenditures Prior to the Issuance of Tax-Exempt Bonds”

RESOLUTION NO. 16-_____

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MOULTON NIGUEL WATER DISTRICT
DECLARING ITS INTENT TO ISSUE TAX-EXEMPT BONDS TO BE
USED TO REIMBURSE THE DISTRICT FOR EXPENDITURES PRIOR
TO THE ISSUANCE OF TAX-EXEMPT BONDS

WHEREAS, the Moulton Niguel Water District (the "District") desires and intends to finance the construction of new facilities or replacement of existing facilities, including: a regional force main, reservoir improvements and management system replacement, the District's operations headquarters and other improvements to the District's Water System (the "Project"); and

WHEREAS, the District expects to cause the execution, delivery and sale of tax exempt obligations such as bonds, in one or more series, for the purpose of providing financing for all or a portion of the Project in a principal amount of approximately \$64,000,000 (the "Obligations"); and

WHEREAS, the District expects to incur certain expenditures relating to the Project and to pay for such expenditures from the District's moneys on hand prior to the execution of the Obligations (the "Reimbursement Expenditures"); and

WHEREAS, the District reasonably expects to use a portion of the proceeds of the Obligations to reimburse the District for expenditures made prior to the date the Obligations are entered into:

NOW, THEREFORE the Board of Directors of the Moulton Niguel Water District, does hereby RESOLVE, DETERMINE and ORDER as follows:

SECTION 1. Declaration of Official Intent. The District hereby declares its official intent, subject to the further approval of this Board of Directors, to use up to \$64,000,000 of the proceeds of the Obligations to reimburse itself for the Reimbursement Expenditures. It is intended that this Resolution shall constitute a declaration of "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986, as amended.

SECTION 2. Other Approvals. The adoption of this Resolution shall not bind the District to proceed with execution and delivery of the Obligations until and unless all other necessary actions and approvals are taken or received in accordance with all applicable laws.

SECTION 3. Effective Date. This resolution shall take effect upon adoption.

#4.

ADOPTED, SIGNED and APPROVED this ____ day of _____, 2016.

MOULTON NIGUEL WATER DISTRICT

By: _____
President of the Board of Directors of the
Moulton Niguel Water District

By: _____
Secretary of the Board of Directors of the
Moulton Niguel Water District