

**Sierra County  
Board of Supervisors'  
Agenda Transmittal &  
Record of Proceedings**

<b>MEETING DATE:</b> March 5, 2019	<b>TYPE OF AGENDA ITEM:</b> <input checked="" type="checkbox"/> Regular <input type="checkbox"/> Timed <input type="checkbox"/> Consent
<b>DEPARTMENT:</b> County Service Area 5 <b>APPROVING PARTY:</b> Tim H. Beals <b>PHONE NUMBER:</b> 530-289-3201	

**AGENDA ITEM:** Rescission of CSA Resolution 2019-004 and adoption of resolution determining unpaid assessments providing for the issuance of the County Service Area 5 of the County of Sierra Assessment District No. 2015-01 Limited Obligation Improvement Bond in the principal amount of not to exceed \$2,125,000.00; prescribing the terms of the bond; authorizing execution of the bond; providing for collection of assessments to pay debt service on the bond; providing for a reserve fund for the bond; approving the sale of the bond to the United States of America, acting through the Rural Utilities Service; and authorizing related actions.

**SUPPORTIVE DOCUMENTS ATTACHED:**  Memo  Resolution  Agreement  Other

**BACKGROUND INFORMATION:** This is a corrected Bond Resolution replacing CSA Resolution 2019-004 which was adopted on February 5, 2019.

**FUNDING SOURCE:**  
**GENERAL FUND IMPACT:** No General Fund Impact  
**OTHER FUND:**  
**AMOUNT:** \$ N/A

<b>ARE ADDITIONAL PERSONNEL REQUIRED?</b>  <input type="checkbox"/> Yes, -- -- <input checked="" type="checkbox"/> No	<b>IS THIS ITEM ALLOCATED IN THE BUDGET?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <b>IS A BUDGET TRANSFER REQUIRED?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
--	---

**SPACE BELOW FOR CLERK'S USE**

<b>BOARD ACTION:</b> <input type="checkbox"/> Approved <input type="checkbox"/> Approved as amended <input type="checkbox"/> Adopted <input type="checkbox"/> Adopted as amended <input type="checkbox"/> Denied <input type="checkbox"/> Other <input type="checkbox"/> No Action Taken	<input type="checkbox"/> Set public hearing For: _____ <input type="checkbox"/> Direction to: _____ <input type="checkbox"/> Referred to: _____ <input type="checkbox"/> Continued to: _____ <input type="checkbox"/> Authorization given to: _____	Resolution 2019- _____ Agreement 2019- _____ Ordinance _____ Vote: Ayes: Noes: Abstain: Absent: <input type="checkbox"/> By Consensus
---	---	---

**COMMENTS:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CLERK TO THE BOARD \_\_\_\_\_ DATE \_\_\_\_\_

**COUNTY SERVICE AREA 5  
COUNTY OF SIERRA**

**A RESOLUTION DETERMINING UNPAID ASSESSMENTS; PROVIDING FOR THE  
ISSUANCE OF THE COUNTY SERVICE AREA 5 OF THE COUNTY OF SIERRA  
ASSESSMENT DISTRICT NO. 2015-01 LIMITED OBLIGATION IMPROVEMENT  
BOND IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,125,000.00;  
PRESCRIBING THE TERMS OF THE BOND; AUTHORIZING EXECUTION OF THE  
BOND; PROVIDING FOR THE COLLECTION OF ASSESSMENTS TO PAY DEBT  
SERVICE ON THE BOND; PROVIDING FOR A RESERVE FUND FOR THE BOND;  
APPROVING THE SALE OF THE BOND TO THE UNITED STATES OF AMERICA,  
ACTING THROUGH THE RURAL UTILITIES SERVICE; AND AUTHORIZING  
RELATED ACTIONS**

**RESOLUTION NO. 2019-\_\_ CSA**

WHEREAS, the United States of America, acting through the Rural Utilities Service (herein called the “Government”), issued a Letter of Conditions dated July 31, 2013, and amended on April 2, 2015, and on April 27, 2018 (the “Letter of Conditions”), specifying the terms under which the Government would make a loan to County Service Area 5 (“CSA 5”) of the County of Sierra (the “County”), in an amount not to exceed \$2,125,000.00 to acquire and construct improvements (the “Improvements”) in and for the area served by the Sierra Brooks Water System, which is a zone of benefit under CSA 5;

WHEREAS, the Board of Supervisors of the County (the “Board”), acting as the governing authority of CSA 5, adopted a resolution on February 5, 2019, in the form of the loan resolution specified by RUS Bulletin 1780-27 (the “Loan Resolution”), as required by Paragraph I(4)(a) of the Letter of Conditions;

WHEREAS, the Government will offer to purchase an assessment bond of CSA 5 issued to evidence the loan;

WHEREAS, the Board adopted its Resolution of Intention No. 2015-003 CSA (the “Resolution of Intention”) on March 3, 2015, to acquire and construct the Improvements, as described in Exhibit A to the Resolution of Intention, pursuant to the provisions of the Municipal Improvement Act of 1913, being Division 10 (commencing with Section 8500) of the California Streets and Highways Code;

WHEREAS, the Resolution of Intention provided that serial bonds to represent unpaid assessments and to bear interest at a maximum rate of not to exceed the maximum rate permitted by law would be issued in the manner provided by the Improvement Bond Act of 1915 (the “Act”), being Division 10 (commencing with Section 8500) of the California Streets and Highways Code, and that the bonds would mature not to exceed thirty-nine (39) years from the second day of September next succeeding twelve (12) months from their date, reference being hereby made to the Resolution of Intention for further particulars;

WHEREAS, an assessment diagram and assessment roll were thereafter duly made and filed with this Board, and, after a hearing duly noticed and held, the assessment was confirmed, levied and approved by Resolution No. 2018-010 CSA adopted by the Board on December 4, 2018;

WHEREAS, by Resolution No. 2018-010 CSA, the Board directed the Clerk of the Board to record the assessment diagram and the assessment roll in her office and with the Sierra County Surveyor and to file the assessment diagram and record the notice of assessment in the office of the Sierra County Recorder;

WHEREAS, the assessment diagram and assessment roll were duly recorded in the office of the Clerk of the Board and the Sierra County Surveyor, and the assessment diagram was filed in the office of the Sierra County Recorder, all in the time, form and manner required by law;

WHEREAS, the assessment was in the total amount of \$2,125,000 and was apportioned upon the several subdivisions of land in CSA 5 Assessment District No. 2015-01 (the "Assessment District") in proportion to the estimated benefits to be received by such subdivisions, respectively, from the Improvements; and a notice of assessment was duly recorded in the office of the Sierra County Recorder, all in time, form and manner required by law;

WHEREAS, notice of the levy of the assessment and notice otherwise as required by law has been duly given by mailing and by publication in the time, form and manner required by law;

WHEREAS, all sums assessed were due and payable to the Sierra County Treasurer/Tax Collector on or before the close of business on January 21, 2019;

WHEREAS, the Sierra County Treasurer/Tax Collector has determined that the total unpaid assessments is \$2,080,145.05;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Sierra, acting as the governing authority of CSA 5, as follows:

Section 1. Recitals. The foregoing recitals are true and correct and the Board so finds and determines.

Section 2. Finding of Procedural Regularity. The Board has reviewed all proceedings heretofore taken relative to the foregoing and has found, as a result of such review, and does hereby find and determine that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the improvement bond (the "Bond") as hereinafter provided do exist, have happened, and have been performed in due time, form and manner as required by law and that CSA 5 is now authorized pursuant to each and every requirement of law to authorize the issuance of the Bond in the manner and form as in this resolution provided.

Section 3. Authorization of the Issuance of the Bond. The Board hereby authorizes the issuance of the Bond in the principal amount of \$2,080,145.05 upon the security of the aggregate amount of unpaid assessments (together with the interest thereon) in accordance with the provisions of the Act and pursuant to the provisions of the Resolution of Intention. The title of the Bond shall be "County Service Area 5 of the County of Sierra Assessment District No. 2015-01 Limited Obligation Improvement Bond, Series 2019." At any time after the adoption of this

Resolution, CSA 5 may execute and deliver the Bond in the principal amount of the aggregate unpaid assessments.

Section 4. Form and Terms of the Bond.

(a) Form and Registration of the Bond. The Bond shall be issued in the form of a single, fully-registered installment bond in substantially the form attached to this Resolution as Exhibit A, with such revisions as may be required to reflect the actual principal amount of and debt service on the Bond and other matters as may be required by the registered owner. The Bond shall be registered in the name of the United States of America, acting through the Rural Utilities Service.

(b) Interest Accrual, Interest Rates. The Bond shall be dated its date of delivery and shall bear interest from its date at 2.125% per annum.

(c) Principal and Interest Installments. The Bond shall mature in installments of principal on September 2, 2020, and each September 2 thereafter, with the final principal installments due on September 2, 2058, in the amounts specified in the Bond delivered at closing. Pursuant to the provisions of Streets and Highways Code section 8650(b) modified under the authority of Government Code section 5851, interest shall be payable on March 2, 2020, and thereafter semiannually on September 2 and March 2 of each year until the final maturity date of the Bond. Interest on the Bond shall be calculated on the basis of a year of 365 days and actual days elapsed. Each semiannual payment of interest shall be in the amount of one-half of the annual amount of interest due. CSA 5 shall pay the installments of principal of and interest on the Bond to the registered owner, unless otherwise requested or permitted by the registered owner, by the Pre-Authorized Debit (PAD) payment process.

Section 5. Redemption of the Bond. CSA 5 shall redeem the Bond, in part, from any prepayments of assessments that it receives, by paying the principal amount to be redeemed plus interest accrued to the date fixed for redemption, without premium. CSA 5 may redeem the Bond on any business day. CSA 5 shall give notice to the registered owner of the redemption of the Bond at least thirty days prior to the date fixed for redemption. CSA 5 shall proceed pursuant to Part 11.1 of the Act in determining the amounts of the principal installments of the Bond to be redeemed and the manner of the redemption thereof. After receiving any prepayment of an assessment, CSA 5 shall pay the redemption price on the date fixed for redemption.

Section 6. Execution of the Bond. The Treasurer/Tax Collector and the Clerk of the Board of Supervisors of the County are hereby authorized and directed, respectively, to execute the Bond on behalf of CSA 5. Such signing as herein provided shall be a sufficient and binding execution of the Bond by CSA 5. In case any of the officers whose signatures appears on the Bond shall cease to be such officer before the delivery of the Bond to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes the same as though such officer had remained in office until the delivery of the Bond.

Section 7. Bond Register; Transfers. CSA 5 shall maintain a register containing the name of the registered owner and the owner's address. The registered owner may transfer ownership of the Bond by surrender of the Bond to CSA 5 accompanied by a duly executed instrument of transfer in a form approved by CSA 5. CSA 5 shall deliver to the transferee a new Bond or Bonds in the aggregate amount of the unpaid principal installments and shall record the transfer in the Bond register.

Section 8. Security for the Bond. The unpaid assessments, together with interest thereon computed at the rates specified in the Bond, shall in accordance with and consistent with the Act, remain and constitute a trust fund for the redemption and payment of the principal of the Bond and for the interest due thereon. The assessments and each installment thereof and the interest and penalties thereon shall constitute a lien against the lots and parcels of land on which they are made, until the same be paid. The Treasurer/Tax Collector or other authorized employee of the County shall annually make a record in his/her office showing the several installments of principal and interest on the assessments that are to be collected for the forthcoming year during the term of the Bond. An annual installment of the unpaid assessments shall be payable and shall be collected in each year in the amount of the principal installments of the Bond payable on the next succeeding September 2, and an annual installment of interest on the unpaid assessments shall be payable and shall be collected in each year corresponding in amount to the amount of interest payable on that September 2 and the preceding March 2. The annual proportion of each assessment coming due in any year, together with the annual interest on such assessment, shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County of Sierra on real property are payable, and the assessment installments and the annual interest on the unpaid assessments shall be payable and become delinquent on the same dates and in the same proportionate amounts as do general taxes on real property in the County of Sierra.

Section 9. Foreclosure Covenant. The Board hereby covenants with the owner of the Bond that, if in the event any assessment, or installment thereof, including any interest thereon, is not paid when due, it will order and cause to be commenced within one hundred fifty (150) days following the date of delinquency, and thereafter diligently prosecute, judicial foreclosure proceedings upon the delinquent assessment or installment thereof and interest thereon, which foreclosure proceedings shall be commenced and prosecuted without regard to available surplus funds of CSA 5, including money available in the Reserve Fund provided in Section 12 of this resolution.

Section 10. Redemption Fund. The redemption fund provided for in Section 8671 of the Streets and Highways Code is hereby designated as the "County Service Area 5 of the County of Sierra Assessment District No. 2015-01 Limited Obligation Improvement Bond Redemption Fund," which fund shall be kept by CSA 5 and shall constitute a trust fund for the benefit of the owner of the Bond. All sums received by CSA 5 from the collection of unpaid assessments, and of the interest and penalties thereon, shall upon receipt be deposited in the Redemption Fund, except for the annual assessment amounts authorized by Section 10204(f) of the Streets and Highways Code, a portion of which shall be transferred to CSA 5 to pay its administrative costs and a portion of which shall be deposited into the Reserve Fund, as designated by CSA 5. CSA 5 shall use the money in the Redemption Fund to pay the debt service on the Bond. Any surplus remaining in the Redemption Fund after retirement of the Bond shall be transferred to the general fund of CSA 5, in accordance with Section 8784 of the Streets and Highways Code.

Section 11. Improvement Fund. The special fund provided for in Section 10424 of the Streets and Highways Code is hereby designated as the "County Service Area 5 of the County of Sierra Assessment District No. 2015-01 Limited Obligation Improvement Bond Improvement Fund," which fund shall be kept by CSA 5. CSA 5 shall deposit the paid assessments and the proceeds of the sale of the Bond into the Improvement Fund. All moneys in the Improvement fund shall be invested in lawful investments of County funds that mature not later than the date on which such moneys are required for disbursement. All interest earned on such investments shall be credited to the Improvement Fund. The moneys in the Improvement Fund shall be applied for the

purpose of paying the cost of the Improvements, including payment of the incidental expenses in connection with the Improvements; provided that, after completion of the Improvements and the payment of all claims from the Improvement Fund, any surplus moneys remaining in the fund (as determined by the Board) shall be used to pay the costs of maintaining the Improvements in accordance with the provisions of Section 10427(c) of the Streets and Highways Code.

Section 12. Reserve Fund.

(a) Establishment and Funding of the Reserve Fund. The special reserve fund referred to in Section 8880 of the Streets and Highways Code, which is the separate debt service reserve required by Paragraph I(1) of the Letter of Conditions, is hereby established and designated as the “County Service Area 5 of the County of Sierra Assessment District No. 2015-01 Limited Obligation Improvement Bond Reserve Fund,” which fund shall be kept by CSA 5. CSA 5 shall levy annual assessments as authorized by Section 10204(f) of the Streets and Highways Code in the amounts necessary to generate annual revenues equal to one-tenth of average annual debt service on the Bond until the balance of the Reserve Fund is equal to the Reserve Requirement.

(b) Application of the Reserve Fund. In accordance with Paragraph 14 of the Loan Resolution, CSA 5 may withdraw and apply funds from the Reserve Fund only with the prior approval of the Government and only (i) to make payments of installments of principal and interest on the Bond when no other funds of CSA 5 are available therefor, (ii) to pay the final installment of principal and interest on the Bond, or (iii) to fund emergency maintenance to the facilities that County Service Area 5 provides through the Sierra Brooks Water System (the “Water System”), and replacement of short-lived assets used in connection with the Water System. CSA 5 shall deposit any earnings received from the investment of funds in the Reserve Fund therein until the balance of the Reserve Fund is equal to the Reserve Requirement; thereafter, CSA 5 shall deposit any such earnings into its water enterprise fund.

(c) Replenishment of the Reserve Fund. CSA 5 agrees that it shall reimburse withdrawals from the Reserve Fund used to satisfy deficiencies in the Redemption Fund that are caused by delinquent payments of assessment installments from the proceeds of redemption or sale of the parcel in respect of which payment of assessment installments was delinquent.

Section 13. Depreciation Reserve. In accordance with the requirement of Paragraph I(2) of the Letter of Conditions, for as long as the Bond is outstanding, CSA 5 shall fund a depreciation reserve for short-lived assets by depositing the sum of \$6,900 annually. CSA 5 shall evaluate the amount annually, adjust it as necessary based on the need for timely replacement of short-lived assets, and include the amount to be deposited in its annual budget.

Section 14. Tax Exemption. CSA 5 shall at all times do and perform all acts and things permitted by law that are necessary and desirable in order to assure that interest paid on the Bond will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. This covenant shall survive the payment in full of the Bond.

Section 15. Sale and Delivery of the Bond. The Board hereby authorizes the Chairman of the Board to accept the offer from the Government to purchase the Bond and to deliver the Bond to the Government.

Section 16. General Authorization. The officers of CSA 5, and each of them individually, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents, or to make any necessary modifications thereto, that are acceptable to CSA 5's bond counsel and that they deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bond.

Section 17. Effective Date. This resolution shall take effect from and after the date of its passage.

PASSED AND ADOPTED on March 5, 2019, by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Paul Roen  
Chairman of the Board of Supervisors

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Heather Foster, Clerk of the Board

\_\_\_\_\_  
David Prentice, County Counsel

EXHIBIT A -- FORM OF BOND

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SIERRA

REGISTERED

REGISTERED

NUMBER R-1

\$ \_\_\_\_\_

COUNTY SERVICE AREA 5  
COUNTY OF SIERRA  
ASSESSMENT DISTRICT NO. 2015-01  
LIMITED OBLIGATION IMPROVEMENT BOND, SERIES 2019

PRINCIPAL AMOUNT  
\$[PAR AMOUNT]

INTEREST RATE  
\_\_\_\_\_ %

BOND DATE  
[closing date], 2019

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Act"), County Service Area 5 of the County of Sierra ("CSA 5") will, out of the redemption fund for the payment of the bond issued upon the unpaid portion of assessments made for the acquisitions, work, and improvements more fully described in proceedings taken pursuant to Resolution of Intention No. 2015-003 adopted by the Board of Supervisors of the County of Sierra, acting as the governing authority of CSA 5, on March 3, 2015, pay to the United States of America, acting through the Rural Utilities Service, in installments on the dates stated below (subject to any right of prior redemption hereinafter mentioned) the total principal amount stated above, together with interest on the unpaid balance thereof, from the delivery date stated above, until the principal hereof shall have been paid, at the interest rate per annum stated above. Installments of principal shall be payable in the following amounts on the following dates:

<b>Installment Date (September 2)</b>	<b>Principal Amount</b>	<b>Installment Date (September 2)</b>	<b>Principal Amount</b>	<b>Installment Date (September 2)</b>	<b>Principal Amount</b>
---	-----------------------------	---	-----------------------------	---	-----------------------------

Interest hereon is payable on September 2, 2020, and thereafter semiannually on March 2 and September 2 in each year. Interest here on shall be calculated on the basis of a year of 365



days and actual days elapsed. Each semiannual payment of interest shall be in the amount of one-half of the annual amount of interest due. Unless otherwise requested by the registered owner, principal installments and interest hereon are payable by the Pre-Authorized Debit (PAD) payment process. This bond will continue to bear interest after maturity at the rate stated above, if payment hereof is refused upon the sole ground that there are not sufficient moneys in the redemption fund with which to pay the same.

Issuance of this bond in the principal amount of \$[PAR AMOUNT] has been duly authorized by the Board of Supervisors of the County of Sierra, acting as the governing authority of CSA 5, and this bond has been designated as the "County Service Area 5 of the County of Sierra Assessment District No. 2015-01 Limited Obligation Improvement Bond, Series 2019." This bond is issued as a single installment bond in lieu of separate bonds for each maturity date. This bond is issued by CSA 5 under the Act and the Resolution of Issuance for the purpose of providing means for paying for the improvements described in the proceedings, is secured by the moneys in the redemption fund and by the unpaid portion of the assessments made for the payment of the Improvements, and is payable exclusively out of that fund. CSA 5 has obligated itself to advance funds from its funds to cure any deficiency that may occur in the redemption fund, but only from available revenues generated from the properties within the assessment district.

This bond or any portion of it may be redeemed and paid in advance of maturity on any business day in any year, after giving at least 30 days' notice to the registered owner hereof, by paying the principal amount to be redeemed plus interest accrued to the date fixed for redemption, without premium.

This bond is transferable by the registered owner hereof, in person or by the owner's attorney duly authorized in writing, at the office of CSA 5. Upon such transfer CSA 5 will issue a new registered bond or bonds in the aggregate amount of the unpaid principal installments to the transferee in exchange herefor.

CSA 5 may treat the registered owner hereof as the absolute owner hereof for all purposes, and CSA 5 shall not be affected by any notice to the contrary.

This bond is given as evidence of a loan to CSA 5 made by the United States of America pursuant to the Consolidated Farm and Rural Development Act and shall be subject to the present regulations of the United States of America, acting through the Rural Utilities Service, and to its future regulations not inconsistent with the express provisions hereof.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this bond do exist, have happened or have been performed in due time, form and manner as required by the Act and other laws of the State of California, and that the amount of this bond, together with all other indebtedness of CSA 5, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of bonds permitted to be issued under the Resolution of Issuance.

IN WITNESS WHEREOF, CSA 5 has caused this Bond to be executed in its name and on its behalf by the Treasurer/Tax Collector of the County of Sierra and countersigned by the Clerk

of the Board of Supervisors of the County of Sierra [and has caused the seal of the County of Sierra to be impressed hereon, all as of [closing date], 2019.

[SEAL]

---

Treasurer/Tax Collector  
County of Sierra

Countersigned:

---

Clerk of the Board of Supervisors  
County of Sierra

**ASSIGNMENT**

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the bond register of CSA 5, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTE: The signature(s) to this Assignment must correspond with the name(s) on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature(s) Guaranteed by: \_\_\_\_\_

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Tax Identification Number,  
or other identifying number of Assignee: \_\_\_\_\_