



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Steve Wong, Finance Division Manager

DATE: January 21, 2009

**RE: Line of Credit
Agenda Item for 1/27/09 Board of Directors Meeting**

Last year the Board authorized a line of credit with Tri-Counties Bank in the amount of \$1,000,000. The Line of Credit was utilized as a short-term loan to pay our April 1 debt service when due and served as back-up funds in case they were needed for the FERC relicensing process. Upon receipt of the 2008 Water Transfer money, the Line of Credit loan was fully repaid.

I am requesting approval to renew this \$1,000,000 line of credit with Tri-Counties Bank for the 2009 fiscal year. Our cash flow for 2009 appears to be adequate. However, there is a slight possibility that we may lose some or all of our ability to manage our cash flow if modifications or restrictions are imposed by the State Legislature (as partial mitigation of the State's current budget crisis) on funds of special districts, cities and counties in the Local Agency Investment Fund (LAIF). Before funds are borrowed from Tri-Counties Bank via the line of credit, the Board will have the opportunity to approve and authorize the amount to be borrowed.

The proposed Line of Credit with Tri-Counties Bank has an annual fee of \$1,500 and a current interest rate of 6.00%. The interest would be applied only on amounts borrowed and the entire balance would be due on or before December 31, 2009.

The following action is recommended:

"I move adoption of Resolution 09-1-1, authorizing the establishment of a \$1 million line of credit with Tri-Counties Bank."



Resolution 09-1-1
South Feather Water and Power Agency

Line of Credit – Tri Counties Bank

WHEREAS, it is the desire of the Board of Directors of the South Feather Water and Power Agency, a public corporation, to establish a line of credit with Tri Counties Bank.

WHEREAS, Title 5, Division 2, Part 1, Chapter 4, Article 7.6 of the Government Code (Government Code §53850 *et seq.*) specifies the terms and conditions for short-term borrowing, which terms and conditions shall be applicable to the establishment of a line of credit with Tri Counties Bank

NOW, THEREFORE, BE IT RESOLVED that South Feather Water and Power Agency is authorized to borrow from (guarantee or grant collateral to) Tri Counties Bank; and,

BE IT FURTHER RESOLVED that James Edwards, President, and Michael C. Glaze, General Manager/Secretary, and W. Steven Wong, Treasurer/Finance Division Manager are directed to execute all documents necessary to establish a \$1,000,000 line of credit with Tri Counties Bank; and,

BE IT FURTHER RESOLVED that, before funds are borrowed from Tri Counties Bank via the line of credit, the Board of Directors of South Feather Water and Power Agency will approve and authorize the amount to be borrowed.

PASSED AND ADOPTED by the Board of Directors of the South Feather Water and Power Agency at the regular meeting of said Board on the 27th day of January 2009 by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

James Edwards, President

(seal)

Michael C. Glaze, Secretary

SECRETARY'S CERTIFICATE

MICHAEL C. GLAZE, certifies that: he is the Secretary of the Board of Directors of the South Feather Water and Power Agency; the foregoing is a true and correct copy of a resolution duly and regularly adopted by the Board of Directors of the South Feather Water and Power Agency at a meeting of said Board duly and regularly held on the 27th day of January 2009 at which meeting a quorum was present and voted; and, said resolution has not been rescinded and is in full force and effect.

January 27, 2009

Date

Michael C. Glaze, Secretary of the Board of Directors
South Feather Water and Power Agency

(seal)