

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 76-64

TAHOE CITY PUBLIC UTILITY DISTRICT
THIRD AND FOURTH LOANS

WHEREAS:

1. The State Water Resources Control Board (Board) pursuant to a loan contract of November 15, 1971, as amended March 16, 1972, has heretofore loaned to Tahoe City Public Utility District (District) the sum of \$756,449 (the third loan).
2. An audit of said third loan, dated August 8, 1975, prepared by the State Controller's office, indicated that the District owed the State Board \$668,741.87 in immediate repayment of a portion of said loan, the balance to be paid to the Board on the schedule provided in the loan contract (i.e., over a 25-year period after a 10-year moratorium on repayment of principle and interest).
3. The State Board by its Resolution No. 75-116 authorized execution of a further loan of \$518,000 (the fourth loan) to the District upon satisfactory resolution of the matter of the August 8, 1975, audit.
4. The Board has pending before it a request by the District that the above condition upon execution of the fourth loan contract be removed and that the Board authorize execution of the fourth loan without regard to the matter of the third loan audit. This amounts to a request to the Board to amend its Resolution No. 75-116 to permit execution of the fourth loan contract prior to resolution of the matter of the third loan audit.
5. The fourth loan contract was conditionally authorized as set forth in Resolution No. 75-116 in contemplation that all or a substantial portion of the \$668,741.87 which the audit report claimed should be immediately repaid to the State would, in fact, be so repaid.
6. Section 4, Chapter 920 of the Statutes of 1970 under which the third loan was given provides, in pertinent part, as follows:

"...the Tahoe City Public Utility District shall sell any authorized but unissued bonds of the district and shall use such bond proceeds to immediately repay the amount of any loan made to the district pursuant to this act...."

and Article 16 of the loan contract under which the third loan was given contains essentially the same language.

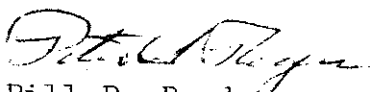
7. The District has \$2,700,000 in bonds which have been authorized but not issued as set forth at line 4D, page 3 of the District's application for the third loan, dated December 31, 1970.
8. Discussions between the staffs of the Board, the Controller's office and the District have not resulted in satisfactory resolution of the matter of the third loan audit.
9. The Attorney General's office is authorized to represent the Board in litigation concerning affairs of the Board (California Water Code Section 186).

THEREFORE BE IT RESOLVED:

1. That the District's request to amend the Board's Resolution No. 75-116 to permit execution of the fourth loan contract prior to resolution of the matter of the third loan audit be denied.
2. That the Board make a demand, effective 90 days from the date of referral of the audit to the Attorney General's office, on the District to comply with Section 4 of Chapter 920 of the Statutes of 1970 and Article 16 of the third loan contract by selling a portion of the \$2,700,000 in bonds presently authorized but not issued (see paragraph 7, above) and, upon sale, using the bond proceeds to repay immediately the third loan in full.
3. The District may comply with the demand made in accordance with paragraph 2 by entering into an agreement with the State Board to sell the necessary bonds and repay the third loan on a specific schedule.
4. That the Executive Officer be authorized to refer the matter of the third loan audit, and any failure to comply with the demand made in accordance with paragraph 2 of this resolution within 60 days of the effective date of said demand, to the Attorney General's office for appropriate action.

CERTIFICATION

The undersigned, Executive Officer of the State Water Resources Control Board, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on
JUN 17 1976 .


Bill B. Dendy
Executive Officer