

**UKIAH VALLEY SANITATION DISTRICT
RESOLUTION No. 2014-02**

**RESOLUTION OF THE UKIAH VALLEY SANITATION DISTRICT BOARD OF
DIRECTORS DEMANDING TRANSFER OF ALL FIDUCIARY FUNDS HELD BY THE
CITY OF UKIAH**

WHEREAS, on the 19th day of July, 1995 the Ukiah Valley Sanitation District (“DISTRICT”) entered into an agreement with the City of Ukiah (“CITY”) entitled “Participation Agreement” (“AGREEMENT”) for the purpose of operating a joint sewer system and treatment plant. Paragraph 1 of said AGREEMENT provides, “CITY shall be the paying and receiving agent for all DISTRICT operation and maintenance funds” and;

WHEREAS, an amendment to the AGREEMENT entitled “Amendment No. 1” was entered into by the DISTRICT and the CITY on the 24th day of March 1999. Paragraph 1 of said AMENDMENT NO. # 1 provides, “CITY shall be the paying and receiving agent for all DISTRICT operation and maintenance funds” and

WHEREAS, an amendment to the AGREEMENT entitled “Amendment No. 2” was entered into by the DISTRICT and the CITY on the 15th day of December, 2004. Paragraph 5 of said AMENDMENT NO. # 2 provides, “This Amendment No. 2 constitutes a second amendment to the Participation Agreement, and is not intended to alter the terms of the Participation Agreement and Addendum No. 1, except as expressly provided herein”; and,

WHEREAS, a document entitled “FINANCING AGREEMENT” was entered into by the DISTRICT and the CITY on the 2nd day of March, 2006, which according to paragraph 4 of said agreement was for the purpose of financing improvements to the wastewater treatment plant (the "Project"); and,

WHEREAS, according to the FINANCING AGREEMENT the CITY entered into an “Installment Sale Agreement” and a “Trust Indenture Agreement” on March 1, 2006 with the Association of Bay Area Governments (“ABAG”); and,

WHEREAS, DISTRICT is not a party to either the “Installment Sale Agreement” or “Trust Indenture Agreement”; and,

WHEREAS, on 11th of September, 2014, Karen Scalabrini, Finance Director, for the City of Ukiah (“CITY”) provided the Ukiah Valley Sanitation District (“DISTRICT”) with a financial report which indicates the CITY is holding \$7,639,566 in Fiduciary Funds owed to the DISTRICT, a copy of which is attached hereto as “Exhibit A”; and,

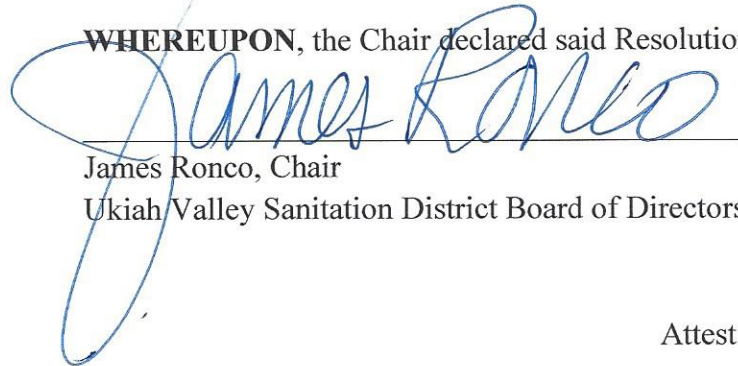
WHEREAS, the DISTRICT is entitled to the immediate transfer of any and all Fiduciary Funds held by the CITY as there is no authorization under any written agreement allowing CITY to retain said funds or to pledge said funds as security for CITY loans; and,

NOW, THEREFORE, BE IT RESOLVED that the Ukiah Valley Sanitation District Board of Directors, hereby instructs its Chair James Ronco to make a written demand on CITY to transfer all Fiduciary Funds CITY presently holds on behalf of the DISTRICT to DISTRICT forthwith.

The foregoing Resolution was introduced by Chair James Ronco followed by a motion to adopt the Resolution by Director Marshall and seconded by Director Page. Motion carried this 27th day of October, 2014, by the following roll call vote:

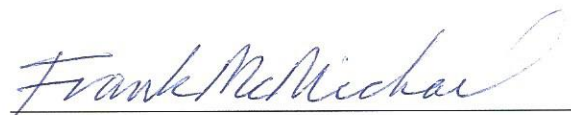
AYES: Directors Marshall, Page, Mayfield, Ronco
NOES: None
ABSENT: Director McNerlin.

WHEREUPON, the Chair declared said Resolution **ADOPTED and SO ORDERED**.



James Ronco, Chair
Ukiah Valley Sanitation District Board of Directors

Attest:



Frank McMichael, District Manager/Clerk