



**SPECIAL
BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
MINUTES
June 6, 2019**

Thursday, June 6, 2019 at 5:30 p.m., SLVWD, 13057 Highway 9, Boulder Creek, CA 95006.

MINUTES

1. Convene Meeting 5:40 p.m.
Roll Call: Dir. Farris, Dir Fultz, Pres. Henry, Dir. Swan were present. Dir. Smallman was absent.
Staff: S. Hill-Director of Finance & Business Services, D. Langfield-Engineering Manager, J. Furtado-Director of Operations, R. Rogers-District Manager, H. Hossack-District Secretary

2. Additions and Deletions to Agenda: None

3. Unfinished Business: None

4. New Business:

- a. **FINANCING TERMS AND CONDITIONS**

S. Hill introduced this item. She explained the reason for rushing this item to the Board. She requests that by motion of the Board the District will pursue more favorable interest rates for Capital Improvement Projects. She also explained the USDA loan and the fact that we will not back out of the USDA loan until we are able to close on the MCM loan.

Chris from MCM said that the capital markets are \$3.5 trillion in US bonds, US Treasury bonds, securities, stocks all in the global capital markets. USDA is supposed to be a last resort. Rates are still dropping

B. Fultz asked if this is to be done by resolution.

S. Hill the resolution will come later. MCM needs a motion by to Board to proceed.

B. Fultz questioned how much of the work that was done for the USDA loan would not have been required for this process.

S. Hill a lot of the engineering and permitting would still need to be done and was actually expedited by USDA. With a federal program NEPA is required and if we change sites for the Swim Tank we will have to go through the permitting process again. With MCM we do not have to go through NEPA.

Chris said that he had spoken to USDA and they said that with the Swim Tank you would have to go back for reapproval. It would still have the same rate but there could be a timeline issue.

S. Hill 30 years is a good term. If we find better financing down the road we can change.

L. Farris questioned page 6 you have Option A principal and interest payments at \$19 million, Option B has \$16.3 million, is the savings of 2.7 million?

Chris said yes, it's a significant impact. That's the difference between a 30 year and 40-year term. Plus, the difference between 3% and 4%.

L. Farris said the total amount financed is \$10.5 million and you suggest we drop out the unfunded pension liability and add more capital.

S. Hill said that is correct. So we are looking at approximately \$10 million.

B. Holloway-Boulder Creek, questioned if S. Hill prefers semi-annual or annual.

S. Hill said she has no preference.

Chris said you would have interest and principal payments semi-annually. Amortize a little more by adding more payments.

B. Holloway said that he is trying to understand about the \$13,000 annual debt service.

S. Hill explained that it is rolled into the interest.

Discussion by staff and public regarding interest payments.

M. Lee-Ben Lomond, what is the bi-annual payment at 3%?

S. Hill said it varies.

D. Loewen-Lompico, as a comparison what was the USDA loan payment?

S. Hill said that is Option A. About \$540,000 for 10 years longer.

M. Lee, the interest rate is what and it can change over the term of the loan?

Chris said no, the fixed rate is set for 30 years.

B. Fultz made a motion to direct staff to continue with the financing processing for Option B of the attached terms and conditions for private placement for \$10.5 million.

S. Swan seconded the motion.

All present voted in favor of the motion. Motion passed.

5. Adjournment 6:03 p.m.