SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-F**

FROM: Steve Mack, General Manager

Meeting Date: July 5, 2012

SUBJECT: DISCUSSION/ACTION RE DISTRICT LOANS AND BONDS RESTRUCTURING

RECOMMENDED ACTION: Receive a presentation on District loans and bonds restructuring.

FISCAL IMPACT: none

DISCUSSION:

At the past two Board meetings, staff presented information on the District's loans and bonds. Table 1 which shows a summary of pertinent information on the District's existing loans and bonds is again included. At the June meeting I presented information on the possibility of obtaining new bonds from USDA at an interest rate of approximately 2.65% with the possibility of loan forgiveness because the District is a below median income community. The Board directed me to follow up with more questions to the local USDA office. I have had discussions with the local office representative, Reef Atwell. Major points:

- Financing is possible for projects in the amount of at least $2 million. Projects will need to be identified and described by an engineer's report.
- Up to $5 million in bonds are possible.
- Loan forgiveness is possible up to 45% if it is confirmed that the District customers are below the state median income. USDA will need to confirm this but my perusal of Census data shows both census tracts for the Guerneville area and the Monte Rio area as below median income. The maximum amount of a loan forgiveness is $1 million. Loan forgiveness funds are limited statewide, so the chances of the District actually getting loan forgiveness are not clear.
- The existing bonds can be retired separate from the financing of the new projects.
- The District needs to do a pre-application to get the process started.

Moving forward with this process has been delayed by summer vacations. A pre-application has been emailed to the District and I am in the process of completing it for submittal.

Table 1. District Loans/Bonds Table

	Year Started	Term	Year Paid Off	Starting Amount	Current Balance (Approx, 7/11)	Annual Payment	Interest Rate
USDA Bonds, 1992	1992	40	2032	$ 8,000,000	$ 5,996,000	$ 467,000	5.00%
USDA Bonds, 2003	2003	40	2043	$ 4,000,000	$ 3,716,000	$ 220,000	4.50%
CDWR Loan 1	1996	25	2021	$ 434,945	$ 203,000	$ 23,550	2.955%
CDWR Loan 2	1997	25	2022	$ 2,578,555	$ 1,368,000	$ 146,618	2.955%
Private Placement Loan	2008	20	2028	$ 3,000,000	$ 2,760,000	$ 234,012	4.75%
Totals				**$ 18,013,500**	**$ 14,043,000**	**$ 1,091,180**	

USDA – United Stated Department of Agriculture
CDWR – California Department of Water Resources