SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 7, 2019

Subject: DISCUSSION/ACTION RE THE USDA BOND CLOSING

RECOMMENDED ACTION: Receive a report on final accounting for the USDA bond which was procured to pay for the 2018 CIP, and provide direction to staff.

FISCAL IMPACT: none

DISCUSSION:

As we have told you via email, this bond effort has closed. The bond funds were transferred to the District on December 21. We were not informed of this by USDA as they were furloughed by the government shutdown. We were not informed of this by WestAmerica Bank even though we had called them earlier in the day on December 21 asking if they had received the funds. We found out that we had received the funds on January 4 as we investigated where the funds had gone. As of this writing we still have not heard from USDA officially but we have the funds, the interim financing has been paid off, the Bond Counsel expenses have been paid. Table 1 shows a final accounting for the bond and Table 2 show our estimated payment schedule.

The closing of this bond was not smooth but it's done now. The District has borrowed $1.535 million at 2.25% interest rate. This bond paid for all CIP 2018 construction costs. We were able to direct $144,268.75 toward repaying for CIP 2017 costs and for all of the engineering costs of CIP 2017 and CIP 2018. The cost to the District for doing this bond was approximately $30,000. The annual cost of the bond will be approximately $60,000 after the first year which is an interest only payment. We will have one payment this fiscal year - $17,268.75 - which is unbudgeted. District reserves are in much better condition as a result of this bond and we got a much needed project completed.

Table 1. Cost Accounting for SSWD CIP 2018 Bond			
	Orginal Budget	Revised Budget	Comments
Legal fees	$ 15,000.00	$ 2,000.00	paid to Bond Counsel
Bond Counsel	$ 15,000.00	$ 20,000.00	paid to Bond Counsel
Interest Cobank to SSWD	$ 20,000.00	$ 6,137.26	paid during construction
CDIAC		$ 400.00	??
PUN Group Coverage Calc to SSWD	$ -	$ 2,000.00	paid invoice near end of construction
	$ -		
Engineering			
Coastland Engineering to SSWD	$ 341,000.00	$ 435,270.25	paid during and before construction
		$ -	
		$ -	
Construction		$ -	
Piazza Construction 18 to Cobank	$ 1,039,962.70	$ 656,425.79	paid to Cobank after closing
Piazza Construction 18 to SSWD		$ 222,171.75	paid during construction
Piazza Retainage 18 to SSWD		$ 46,326.20	paid during construction
Piazza Construction 17 to SSWD		$ 144,268.75	paid before construction
Contingency	$ 104,037.30	$ -	
	$ 1,535,000.00	$ 1,535,000.00	

Total Funds to District $ 856,574.21

	Table 2. Annual bond payments according to Exhibit A of Installment Purchase Agmt						
	Interest Rate	2.25%					
	Principal Pmt	Principal Amt	Interest	Principal plus Interest		June 1 Pmt	Dec 1 pmt
2019		$ 1,535,000.00	$34,537.50			$17,268.75	$ 17,268.75
2020	$25,000.00	$ 1,535,000.00	$ 34,537.50	$59,537.50		$17,268.75	$ 42,268.75
2021	26,000.00	$1,510,000.00	$33,975.00	$59,975.00		$16,987.50	$ 42,987.50
2022	26,000.00	$1,484,000.00	$33,390.00	$59,390.00		$16,695.00	$ 42,695.00
2023	27,000.00	$1,458,000.00	$32,805.00	$59,805.00		$16,402.50	$ 43,402.50
2024	27,000.00	$1,431,000.00	$32,197.50	$59,197.50		$16,098.75	$ 43,098.75
2025	28,000.00	$1,404,000.00	$31,590.00	$59,590.00		$15,795.00	$ 43,795.00
2026	29,000.00	$1,376,000.00	$30,960.00	$59,960.00		$15,480.00	$ 44,480.00
2027	29,000.00	$1,347,000.00	$30,307.50	$59,307.50		$15,153.75	$ 44,153.75
2028	30,000.00	$1,318,000.00	$29,655.00	$59,655.00		$14,827.50	$ 44,827.50
2029	31,000.00	$1,288,000.00	$28,980.00	$59,980.00		$14,490.00	$ 45,490.00
2030	$31,000.00	$1,257,000.00	$28,282.50	$59,282.50		$14,141.25	$ 45,141.25
2031	32,000.00	$1,226,000.00	$27,585.00	$59,585.00		$13,792.50	$ 45,792.50
2032	33,000.00	$1,194,000.00	$26,865.00	$59,865.00		$13,432.50	$ 46,432.50
2033	33,000.00	$1,161,000.00	$26,122.50	$59,122.50		$13,061.25	$ 46,061.25
2034	34,000.00	$1,128,000.00	$25,380.00	$59,380.00		$12,690.00	$ 46,690.00
2035	35,000.00	$1,094,000.00	$24,615.00	$59,615.00		$12,307.50	$ 47,307.50
2036	36,000.00	$1,059,000.00	$23,827.50	$59,827.50		$11,913.75	$ 47,913.75
2037	36,000.00	$1,023,000.00	$23,017.50	$59,017.50		$11,508.75	$ 47,508.75
2038	37,000.00	$987,000.00	$22,207.50	$59,207.50		$11,103.75	$ 48,103.75
2039	38,000.00	$950,000.00	$21,375.00	$59,375.00		$10,687.50	$ 48,687.50
2040	$39,000.00	$912,000.00	$20,520.00	$59,520.00		$10,260.00	$ 49,260.00
2041	40,000.00	$873,000.00	$19,642.50	$59,642.50		$9,821.25	$ 49,821.25
2042	41,000.00	$833,000.00	$18,742.50	$59,742.50		$9,371.25	$ 50,371.25
2043	42,000.00	$792,000.00	$17,820.00	$59,820.00		$8,910.00	$ 50,910.00
2044	43,000.00	$750,000.00	$16,875.00	$59,875.00		$8,437.50	$ 51,437.50
2045	44,000.00	$707,000.00	$15,907.50	$59,907.50		$7,953.75	$ 51,953.75
2046	45,000.00	$663,000.00	$14,917.50	$59,917.50		$7,458.75	$ 52,458.75
2047	46,000.00	$618,000.00	$13,905.00	$59,905.00		$6,952.50	$ 52,952.50
2048	47,000.00	$572,000.00	$12,870.00	$59,870.00		$6,435.00	$ 53,435.00
2049	48,000.00	$525,000.00	$11,812.50	$59,812.50		$5,906.25	$ 53,906.25
2050	$49,000.00	$477,000.00	$10,732.50	$59,732.50		$5,366.25	$ 54,366.25
2051	50,000.00	$428,000.00	$9,630.00	$59,630.00		$4,815.00	$ 54,815.00
2052	51,000.00	$378,000.00	$8,505.00	$59,505.00		$4,252.50	$ 55,252.50
2053	52,000.00	$327,000.00	$7,357.50	$59,357.50		$3,678.75	$ 55,678.75
2054	53,000.00	$275,000.00	$6,187.50	$59,187.50		$3,093.75	$ 56,093.75
2055	54,000.00	$222,000.00	$4,995.00	$58,995.00		$2,497.50	$ 56,497.50
2056	56,000.00	$168,000.00	$3,780.00	$59,780.00		$1,890.00	$ 57,890.00
2057	57,000.00	$112,000.00	$2,520.00	$59,520.00		$1,260.00	$ 58,260.00
2058	55,000.00	$55,000.00	$1,237.50	$56,237.50		$618.75	$ 55,618.75