SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: June 7, 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 May 3 Board meeting, 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. As can be seen from the table, the District has 5 separate loans and bonds with an approximate current (end of FY11) balance of $14 million and an annual payment of $1,091,000. At the May meeting questions were asked about refinancing the USDA Bonds. I have called the local office and was informed that refinancing these bonds is not possible through the USDA office, because using the funds available to them for refinancing would greatly reduce the amount of funds available for new projects. We did have a general discussion about loans and grants and the local representative did say that we could qualify for new debt on new projects with the possibility of loan forgiveness, somewhere in the range of 60% loan and 40% loan forgiveness (grant). The current interest rate is in the 2.65% range, as I recall.

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