

AGENDA STAFF REPORT

MEETING NAME: REGULAR BOARD MEETINGS
MEETING DATE(S): JANUARY 12 & 17, 2023
FROM: ARTURO CEJA – DIRECTOR OF FINANCE



FOR: ACTION **X** DIRECTION INFORMATION

RESOLUTION 2023-02 MSWD REGIONAL WATER RECLAMATION FACILITY – INSTALLMENT PURCHASE AGREEMENT

STAFF RECOMMENDATION

Adopt Resolution No. 2023-02 related to the MSWD Regional Water Reclamation Facility (Reclamation Facility) Installment Purchase Agreement.

SUMMARY

In August 2022, the District, and the State Water Resources Control Board (Water Board) executed Funding Agreement No. D2101054, to fund the construction of the Reclamation Facility. This is an expense reimbursement agreement that will cover 100% of the Reclamation Facility's costs. Construction began in January of 2022, with a current accumulated cost of approximately \$17.7 million.

The District analyzed cashflows and requested proposals for a \$15,000,000 loan that would provide cashflow funds during the reimbursement delay.

ANALYSIS

Four financing proposals were received to support cashflow shortages related to the timing of the Reclamation Facility grant reimbursement.

Staff reviewed all proposals and determined that Wells Fargo National Association's proposal contained the most favorable terms for the District. The term of the loan will be two years (in line with the timing of construction of the Reclamation Facility), the interest rate is a not to exceed fixed rate of 4.5%. The underwriting fees/closing costs amounted to \$60,000, payments are monthly interest only payments with a final balloon payment equal to the remaining principal plus accrued interest due at maturity and all other terms are consistent with existing District debt agreements.

FISCAL IMPACT AND STRATEGIC PLAN IMPLEMENTATION

\$15,000,000 Installment Purchase Agreement, monthly interest only payments of \$56,250, total interest paid over 2 years – \$1,350,000, total payments over 2 years – \$16,350,000.

ATTACHMENTS

Resolution No. 2023-02
Installment Purchase Agreement
True Interest Cost Report