

February 14, 2013
Special Meeting
4:33 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Thursday, February 14, 2013 at 4:33 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: Vice President Joe Tonascia and Directors Frank Bettencourt, Sonny Flores and Joe Torquato. President John Tobias was absent. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Supervising Accountant Natalie Sullivan and Office Specialist III Barbara Mauro.

CALL TO ORDER

Vice President Tonascia called the meeting to order at 4:33 p.m.

PLEDGE OF ALLEGIANCE

Vice President Tonascia led the Pledge of Allegiance.

AGENDA ITEMS:

1. Discussion of Financing Options for the Hollister Urban Area Water and Wastewater Master Plan

Mr. Cattaneo stated the Board needs to discuss the financing options for the HUAWW Program and how the \$30 million will be disbursed from the District. Segment #1, shown on the handout given to the Board, shows an initial distribution of \$12 million, which will be used for the Lessalt Water Treatment Plant (WTP) upgrades and the West Hills WTP's pre-construction work. The remaining \$18 million, will be distributed when the West Hills WTP begins construction. Mr. Cattaneo reported the proposed repayment terms would either be 20 or 30 years. Option A has a payoff in 20 years with a 4% interest rate. Option B has a payoff in 30 years with a 4.5% interest rate. Due to the fluctuation of the market and interest rates, Mr. Cattaneo stated the Revenue Bond Index will be used to adjust the percentage on the second segment. There will also be a provision for a security reserve, which will be 6 months of annual payments, and it will be added to the amount, so the City of Hollister (COH) and Sunnyslope County Water District (SSCWD) will be borrowing that amount as well. A security reserve will be asked for each segment.

Director Torquato asked if the \$30 million is distributed in two parts, will there be 2 Prop 218's done by the COH and SSCWD? Mr. Cattaneo stated it could be 1 or 2; it has yet to be determined. Mr. Cattaneo stated rates will be in place to pay both issuances. Director Torquato asked if the commitment sunsets. Mr. Cattaneo stated yes, in the contract. If the cost for the West Hills WTP exceeds 110% of the \$18 million, it would go back to the three agencies to renegotiate. Director Torquato asked if there is a time frame involved. Mr. Cattaneo stated the trigger would be if the costs exceeded 110%. There will be an opportunity for the COH and SSCWD to lock in the interest rate. Once the agencies

agree to lock in the interest rates, they (COH and SSCWD) are committed to repayment schedule 30 days from the time of encumbrance.

There were no further questions from the Board.

ADJOURNMENT

With no further business, the meeting was adjourned at 4:55 p.m.

The minutes were approved at the February 28, 2013 Board Meeting and signed by the presiding board member.

/s/John Tobias
John Tobias, President

/s/Barbara L. Mauro
Barbara L. Mauro, Recording Secretary