

# MARINWOOD COMMUNITY SERVICES DISTRICT

## Board of Directors Special Meeting

Monday, May 24, 2021 – 5:00 PM

**Internet Address:** <https://us02web.zoom.us/j/82314813460>

**Telephone Access:** 669) 900-6833 or 346) 248 7799 or 253) 215-8782

**Meeting ID:** 823 1481 3460

**ATTENTION:** This will be a virtual meeting of the Marinwood CSD Board of Directors pursuant to Executive Order N-29-20 issued by the Governor of the State of California. There will not be a public location for participating in this meeting. Any interested member of the public can participate telephonically or via internet by utilizing the web link or dial-in information printed on this agenda.

**Instructions on how to make a public comment during the meeting:** At points in the meeting when the meeting chair requests public comment, members of the public participating in the live meeting either via internet or telephone shall indicate their desire to speak. If participating via internet, please click the “raise hand” feature located within the Zoom application screen. If connected via telephone, please dial “\*9” (star, nine).

## AGENDA

### 1. CALL TO ORDER & ROLL CALL OF DIRECTORS

### 2. FINANCING PROPOSALS FOR PARK MAINTENANCE FACILITY PROJECT

#### a. Public Comment

*Members of the public may address the Board on items listed on the agenda.*

*Speakers are asked to limit comments to three minutes.*

**Board Action:** Accept one of the financing proposals presented and authorize District Manager to submit approval on behalf of District.

### 3. ADJOURN

Requests for disability-related modifications or accommodations, aids or services may be made to the district office no later than 72 hours prior to the meeting by contacting  
(415) 479-0775



# Staff Report

**To:** Board of Directors  
**From:** Eric Dreikosen, District Manager  
**Date:** May 24, 2021  
**Re:** Park Maintenance Facility Project: Financing Options

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Directors,

Please see the included loan financing proposals received from the California Special Districts Association Finance Corporation for the District's Park Maintenance Facility Project.

At the Board of Directors meeting conducted May 11, 2021, the Board formally accepted the low bid received for the Park Maintenance Facility Project and authorized the District Manager to engage the low bidder in the execution of a contract for total construction costs of \$1,080,575.

At this same meeting, the Board was presented with a potential option for financing a portion of the total project cost through the California Special Districts Association Finance Corporation. As directed by the Board, staff has since forth solicited updated financing proposals in the amounts of \$500,000, \$650,000 and \$800,000 for the Board's consideration and potential acceptance (*Note: The original proposal presented is no longer available as a potential option*). All proposals presented at this time are for 10-year terms with an annual interest rate of 2.34% and no-penalty prepayment options beginning in year 5. Each proposal also includes a \$30,000 cost of issuance fee due to the low interest rate and no-penalty prepayment options.

In regards to the issuance fee, the District has the option to either include the fee in the total financing amount thus paying it off over the term of the loan or pay the entire fee up-front at the time of closing. Should the Board elect to the include the fee in the total financing amount, interest would be applied to the fee in addition to the principal amount borrowed.

The attached proposals show the impact of both options for each funding amount solicited. As illustrated in the chart below, incorporating the issuance fee into the amount financed equates to an additional total loan cost of approximately \$4000 due to interest accrued on the fee itself. In terms of impact to the annual installment payment, including the issuance fee into the total loan amount would result in an increase of approximately \$3400 to the annual installment payment compared to the issuance fee being paid in full at the time of closing.

<i>Impacts of incorporating \$30K issuance fee into total loan amount versus paying in full up-front</i>						
	<b>\$500,000 loan amount</b>		<b>\$650,000 loan amount</b>		<b>\$800,000 loan amount</b>	
	Annual Payment	Total Payout	Annual Payment	Total Payout	Annual Payment	Total Payout
Issuance Fee Incorporated:	\$60,057.55	\$600,575.50	\$77,054.97	\$770,549.70	\$94,052.39	\$940,523.90
Issuance Fee Paid Up-front:	\$56,658.07	\$596,580.70	\$73,655.49	\$766,554.90	\$90,652.90	\$936,529.00

In determining the most appropriate loan amount the following additional funding sources should be taken into consideration:

- Measure A Funds:  
Total Measure A funds available for this project are approximately \$380,000 - \$400,000.
- Board-Designated Reserves:  
At the conclusion of this fiscal year, the District will have accumulated \$400,000 in Board-designated capital reserves.
- General Fund:  
As of May 21, 2021, the General Fund has a current cash balance of \$5.24 million (not including the \$400K reserved as referenced above).

Measure A funds have already been designated for this project (\$380K conservatively). The remaining project cost balance will be allocated across a potential combination of Reserves, General Fund and Loan Financing.

As the District has current reserves (\$400K as of 6/30/21) which were established by the Board specifically for these types of expenditures, staff recommends the Board consider designating at least \$150,000 of the current reserve balance towards this project.

In regards to the financing proposals presented, staff recommends that regardless of total amount financed, the District elect to pay the issuance fee of \$30,000 in full at the time of closing, thus eliminating interest accrual on this amount and keeping the annual installment payments as low as possible. The following analyses are based on this assumption.

Given the strong current and forecast condition of the District's financial health, staff does not recommend pursuing a loan in the amount of \$800,000. While such an amount would allow the District to maintain as much cash-on-hand as possible, it would come at the greatest cost in terms of applied interest (approx. \$106,500). A loan in this amount would also obligate the District to an annual installment payment of \$90,652 which would be applied to the annual operating budget of the Park Dept., representing over 10% of the total department operating budget as it currently stands.

If the District were to accept financing in the amount of \$650,000 as presented, annual installment payments would be reduced to \$73,655 and total interest applied would be reduced to approx. \$86,500.

If the District were to accept financing in the amount of \$500,000 as presented, annual installment payments would be further reduced to \$56,658 and total interest applied would be further reduced to approx. \$66,500.

Below are two potential funding source scenarios for this project, assuming a loan amount of either \$500K or \$650K (*both total approx. \$100K over contract amount for additional project work needed*):

Financing Loan:	\$500,000
Measure A Funds:	\$380,000
Designated Reserves:	\$200,000
General Fund:	\$100,000
<b>Total Funding:</b>	<b>\$1,180,000</b>

Financing Loan:	\$650,000
Measure A Funds:	\$380,000
Designated Reserves:	\$150,000
General Fund:	\$ 0
<b>Total Funding:</b>	<b>\$1,180,000</b>

#### **Board Actions Required:**

1. Determine total amount of Loan Financing to approve from the options presented at this time and authorize District Manager to submit approval on behalf of District.
2. Determine total amount of Board-Designated Reserves to allocate to this project, if any.



# CSDA Finance Corporation



1112 I Street, Suite 200  
Sacramento, CA 95814  
t: 916.442.7887 f: 916.442.7889  
www.csdafinance.net

PREPARED BY CSDA FINANCE CORPORATION

DATE: May 17, 2021

## PROPOSED LEASE PURCHASE FOR: Marinwood Community Services District

RE: **Park Maintenance Facility**

NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED

Purchase Option amount is exclusive of the rental payment due on same date.

Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

**Cost of Issuance: \$30,000** (to be paid at closing)

	Financing Amount	Interest Rate	Term
Payments: Annually in arrears	<b>\$500,000</b>	<b>2.34%</b>	<b>10 Years</b>

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$56,658.07	\$44,958.07	11,700.00	
2		56,658.07	46,010.09	10,647.98	
3		56,658.07	47,086.72	9,571.35	
4		56,658.07	48,188.55	8,469.52	
5		56,658.07	49,316.17	7,341.90	264,440.40
6		56,658.07	50,470.16	6,187.91	213,970.24
7		56,658.07	51,651.17	5,006.90	162,319.07
8		56,658.07	52,859.80	3,798.27	109,459.27
9		56,658.07	54,096.72	2,561.35	55,362.55
10		56,658.07	55,362.55	1,295.52	0.00

TOTALS:	<u>\$566,580.70</u>	<u>\$500,000.00</u>	<u>\$66,580.70</u>
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**Approved and agreed to: Marinwood Community Services District**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_



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**Cost of Issuance: \$30,000** (included in financing)

	<b>Financing Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Payments: Annually in arrears	<b>\$530,000</b>	<b>2.34%</b>	<b>10 Years</b>

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$60,057.55	\$47,655.55	12,402.00	
2		60,057.55	48,770.69	11,286.86	
3		60,057.55	49,911.92	10,145.63	
4		60,057.55	51,079.86	8,977.69	
5		60,057.55	52,275.13	7,782.42	280,306.85
6		60,057.55	53,498.37	6,559.18	226,808.48
7		60,057.55	54,750.23	5,307.32	172,058.25
8		60,057.55	56,031.39	4,026.16	116,026.86
9		60,057.55	57,342.52	2,715.03	58,684.34
10		60,057.55	58,684.34	1,373.21	0.00

TOTALS:	<u>\$600,575.50</u>	<u>\$530,000.00</u>	<u>\$70,575.50</u>
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	Financing Amount	Interest Rate	Term
Payments: Annually in arrears	<b>\$650,000</b>	<b>2.34%</b>	<b>10 Years</b>

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$73,655.49	\$58,445.49	15,210.00	
2		73,655.49	59,813.11	13,842.38	
3		73,655.49	61,212.74	12,442.75	
4		73,655.49	62,645.12	11,010.37	
5		73,655.49	64,111.02	9,544.47	343,772.52
6		73,655.49	65,611.21	8,044.28	278,161.31
7		73,655.49	67,146.52	6,508.97	211,014.79
8		73,655.49	68,717.74	4,937.75	142,297.05
9		73,655.49	70,325.74	3,329.75	71,971.31
10		73,655.49	71,971.31	1,684.18	0.00

TOTALS:	<u>\$736,554.90</u>	<u>\$650,000.00</u>	<u>\$86,554.90</u>
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**Cost of Issuance: \$30,000** (included in financing)

	<b>Financing Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Payments: Annually in arrears	<b>\$680,000</b>	<b>2.34%</b>	<b>10 Years</b>

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$77,054.97	\$61,142.97	15,912.00	
2		77,054.97	62,573.72	14,481.25	
3		77,054.97	64,037.94	13,017.03	
4		77,054.97	65,536.43	11,518.54	
5		77,054.97	67,069.98	9,984.99	359,638.96
6		77,054.97	68,639.42	8,415.55	290,999.54
7		77,054.97	70,245.58	6,809.39	220,753.96
8		77,054.97	71,889.33	5,165.64	148,864.63
9		77,054.97	73,571.54	3,483.43	75,293.09
10		77,054.97	75,293.09	1,761.88	0.00

TOTALS:	<u>\$770,549.70</u>	<u>\$680,000.00</u>	<u>\$90,549.70</u>
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**Cost of Issuance: \$30,000** (to be paid at closing)

	<b>Financing Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Payments: Annually in arrears	<b>\$800,000</b>	<b>2.34%</b>	<b>10 Years</b>

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$90,652.90	\$71,932.90	18,720.00	
2		90,652.90	73,616.13	17,036.77	
3		90,652.90	75,338.75	15,314.15	
4		90,652.90	77,101.67	13,551.23	
5		90,652.90	78,905.85	11,747.05	423,104.70
6		90,652.90	80,752.25	9,900.65	342,352.45
7		90,652.90	82,641.85	8,011.05	259,710.60
8		90,652.90	84,575.67	6,077.23	175,134.93
9		90,652.90	86,554.74	4,098.16	88,580.19
10		90,652.90	88,580.19	2,072.71	0.00

TOTALS:	<u>\$906,529.00</u>	<u>\$800,000.00</u>	<u>\$106,529.00</u>
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Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

**Cost of Issuance: \$30,000** (included in financing)

	<b>Financing Amount</b>	<b>Interest Rate</b>	<b>Term</b>
Payments: Annually in arrears	<b>\$830,000</b>	<b>2.34%</b>	<b>10 Years</b>

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$94,052.39	\$74,630.39	19,422.00	
2		94,052.39	76,376.74	17,675.65	
3		94,052.39	78,163.96	15,888.43	
4		94,052.39	79,992.99	14,059.40	
5		94,052.39	81,864.83	12,187.56	438,971.09
6		94,052.39	83,780.47	10,271.92	355,190.62
7		94,052.39	85,740.93	8,311.46	269,449.69
8		94,052.39	87,747.27	6,305.12	181,702.42
9		94,052.39	89,800.55	4,251.84	91,901.87
10		94,052.39	91,901.87	2,150.52	0.00

TOTALS:	<u>\$940,523.90</u>	<u>\$830,000.00</u>	<u>\$110,523.90</u>
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