

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

WIFA FINANCIAL AID PACKAGE ANNOUNCEMENT

February 9, 2018

In early summer of 2017, several board members and staff met with representatives from the Water Infrastructure Finance Authority (WIFA) of Arizona to explore the possibility of securing a financial aid package for the District. At this meeting, there was a discussion regarding the capital improvements program for the District. The annual budget for these improvements is estimated to be approximately \$500,000 per year. Using the \$500,000 budget, the District committed that amount to be available to pay any WIFA debt. WIFA staff used this amount along with other calculations to determine that the District qualified for an \$8,000,000 loan with some forgivable principal funding. The District completed all the applications and documents required to apply for the financial aid package and after processing by the WIFA staff, the District was awarded the \$8,000,000 package with \$500,000 forgivable principal.

The loan closed on February 9, 2018.

Attached are WIFA documents that explain the financial aid of \$8,000,000 and the forgivable principal of \$500,000. The District will only be required to pay the loan of \$7,500,000 over the next 20 years. Principal payments have been deferred for the first 2 years of the loan. All payments will be made from the capital improvements budget of \$500,000 each year with no increases to the current rates that were established July 01, 2016.

The District has an extensive list of projects to be completed in 3 phases over the next 3 years. EUSI, LLC will be the Program and Construction Manager for the same period of 3 years. Projects include waterline replacements, tank refurbishments and/or removals/replacements in addition to well refurbishments including new pumps, motors and VFD installations. There will be schedules posted in Pine and Strawberry with project information including when those projects are expected to start and be completed.

With this amount of funding for capital projects available to the District, we will be able to complete much needed improvements in a shorter length of time. With the waterline replacements, the District will experience less loss of water from all the main breaks of the obsolete pipes that are constantly being repaired. With the replacement of pumps, motors and the addition of the VFD's, the system will be much more energy efficient, saving the District thousands of dollars each year.

Updated schedules will be presented at the monthly Board meetings and posted on the Districts *website at www.pswid.org*. Look for the link on the left side of the page labeled WIFA.

Section 1: Financial Assistance Terms and Conditions

Pine Strawberry Water Improvement District

07-Feb-18

Loan Number	920283-18
Closing Date	02/09/18
First Payment Period	07/01/18
Financial Assistance Terms and Conditions	
Original Loan Amount as of the Closing Date	8,000,000.00
Forgivable Principal Amount	\$500,000.00
Intended Repayment Amount	\$7,500,000.00
Loan Term	20
Combined Interest & Fee Rate	2.104%
Total# of Payment Periods within Loan Term	40
Principal Repayments	
Period Principal Repayment Begin	6
First Principal Repayment Date	07/01/20
Final Principal Repayment Date	07/01/37
Combined Interest and Fee Payment Dates	
First Combined Interest and Fee Payment Date*	07/01/18
Final Combined Interest and Fee Payment Date	07/01/37

* Actual initial Combined Interest and Fee payment calculated only on dollar amount drawn against loan as of initial payment date

Debt Service Reserve Fund Requirements

Total Reserve Amount	\$504,851.79
Annual Amount	100,970.36
Reserve Funded by (Date)	01/01/23

Replacement Reserve Fund Requirement

Begin Funding on (Date)	07/01/23
Annual Amount	\$100,970.36
Semi-Annual Deposit	\$50,485.18

Annual Payment

Year 1	\$62,243.33
Year 2	\$157,800.00
Years 3 through 20	\$504,851.79

Pine-Strawberry Water Improvement District
PO Box 134 Pine, AZ 85544

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