

## PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Work/Study Session  
Thursday, May 23, 2019 at 4:00 p.m.  
PSWID Administrative Office  
6306 W Hardscrabble Rd.  
Pine, AZ 85544

### 1. CALL TO ORDER

Bob Arbuthnot called the meeting to order at 4:00 p.m.

### 2. PLEDGE OF ALLEGIANCE

Led by Bob Arbuthnot

### 3. ROLL CALL OF BOARD MEMBERS

Conducted by Bob Arbuthnot: Board members present: Sharon Hillman, Willy Willis, Alan Kleinman, Bob Arbuthnot, Forrest McCoy and Larry Bagshaw. A quorum was present. Cato Esquivel and Paul Hendricks were also present.

### 4. CALL TO THE PUBLIC

None

5. **DISCUSS PROPOSED 2019/2020 BUDGET.** Sharon Hillman. Sharon presented a proposed budget which was based on the 10 month current budget revenue and expenditures and annualized to a full year with a 1% inflation rate. Operations and infrastructure expenses will be increasing next year, as will board expenses with the legal and litigation fees that will be incurred. Also the first WIFA principal payment will be due at the end of June 2020 and the interest payments will be due January 1<sup>st</sup> and July 1<sup>st</sup> each year. The total revenue and expenditures are proposed to be \$9,649,271.31. Various line items were discussed in detail. Also discussed were the changes that have been requested to clarify various fees in the rate schedule and fees that need to be added to the rates.

6. **DISCUSS FUTURE FINANCING OPTIONS WITH USDA.** Sharon Hillman/Bob Arbuthnot. Bob, Sharon, Cato Esquivel, Forrest McCoy and Paul Hendricks had a phone meeting with Loretta Orono of the USDA regarding possible future funding for our infrastructure improvements after the WIFA funded projects are finished. The USDA funding process takes 1.5 to 2 years to secure funds. If we want USDA funds, we will have to start the process now in order to have the funds in place after the WIFA funds have been expended. Sharon explained the application process. Loan applications are required to use a 4.5% interest rate, although the USDA rates change quarterly. Once the loan/grant is finalized, the payments are determined and will not change over the repayment period of 40 years. Also required is that 10% of the annual payment be put into a reserve account for the first 10 years of the funding. We have been told that we will qualify for a grant portion of 45% of the grant/loan. Sharon had calculated several total loan amounts to determine which ones would have payments that would fit into the available funds we would have and included paying off the Compass loan with the USDA funds. She determined that a loan of \$17.5 M with the 45% grant and paying off Compass would leave us

with a \$13.875 M loan which would have monthly payments of \$62152.06. We will need to proceed with the application to get further information about the loan, the grant percentage, and if we can pay off the Compass loan

7. **MOTION TO ADJOURN.** Larry Bagshaw moved that the meeting be adjourned. Sharon Hillman seconded the motion. The motion carried unanimously.