

CRESCENTA VALLEY WATER DISTRICT

2700 FOOTHILL BOULEVARD LA CRESCENTA, CALIFORNIA

Agenda for the Meeting of the Finance Committee of the
Crescenta Valley Water District

To be held on Wednesday, April 22, 2020 at 3:00 p.m.

Posted: Tuesday, April 21, 2020 at 1:00 p.m.

TELECONFERENCING NOTICE

[This meeting will be held by teleconference only.]

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 18, 2020, the public may not attend the meeting in person.

Any member of the public may participate by listening or making comments using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)

(669) 900-6833

(346) 248-7799

(929) 205-6099

(253) 215-8782

(301) 715-8592

(312) 626-6799

Then, enter Access Code: 932 7898 0708

[Pursuant to the above Executive Order, the public may not attend the meeting in person.]

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting the District by phone or in writing at the above email address. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

Call to Order

Adoption of Agenda

Action Item(s)

1. Discuss bond refinancing and financing.
2. Discuss budget plan

Committee Members' Request for Future Agenda Items

Adjournment

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. ■
April 28, 2020

To: Honorable President and Members of the Board of Directors
From: Nem Ochoa – General Manager
Subject: **Long-Term Infrastructure Reliability and Funding Roadmap – Bond Financing**

ACTION ITEM:

Discussion of the District's Long-Term Infrastructure Reliability and Funding Roadmap.

BACKGROUND:

The Long-Term Infrastructure Reliability and Funding Roadmap was introduced to the Board and members of the public during a board workshop on January 24, 2020 and discussed during subsequent Board, committee, and Community Advisory Committee meetings. In addition, a survey regarding the community's preference for bond funding was shared following the March 10, 2020 Board meeting. During the April 14, 2020 teleconferenced Board meeting, the Board directed staff to provide analysis for a range of scenarios involving a refinancing component and a new money component for a potential bond issuance.

The District has 2007 Bonds outstanding in the amount of \$6.7 million. They were refinanced in 2017, and the District has the option of refinancing the bonds again on or after June 3, 2020. If the bonds were refinanced under current market conditions and the payment period was lengthened to 30 years to match a new money component, the annual bond payment would decrease by \$172K, from \$540K to \$368K. Applying the cashflow from this reduction in payment would generate \$3.3 million in new money that could be used to mitigate the District's deferred CIP. There would be no net increase in annual debt payments from the current payment of \$540K.

Staff worked with the District's financial advisor, John Phan, to develop a sensitivity analysis. A sensitivity analysis accommodates for various ranges. In this case, the analysis accommodates for two ranges: 1) total new money for CIP in increments of \$5M, up to \$20M; and 2) changes in interest rates in increments of 0.25%, up to +/- 1.25%. Interest rates have increased since the last market update. Analysts expect the market to trend back downward in the short-to-medium term. Mr. Phan will be available via teleconference as a resource.

RECOMMENDATION

Discuss the Roadmap.

Prepared by:



James Lee
Director of Finance & Administration

Submitted by:



Nem Ochoa
General Manager

Attachment(s):

- Bond refinancing and new money financing sensitivity analysis

Crescenta Valley Water District

Bond Refinancing and New Money Issuance Analysis

As of Market Conditions on April 20, 2020

Market Movement	Rate (TIC) ¹	New Money From Refunding Only (maintain current debt service) ²	Additional Annual Debt Service for Refunding + \$5M	Additional Annual Debt Service for Refunding + \$10M	Additional Annual Debt Service for Refunding + \$15M	Additional Annual Debt Service for Refunding + \$20M
+1.25%	4.50%	\$1,800,000	\$197,929	\$506,648	\$815,752	\$1,124,673
+1.00%	4.25%	2,040,000	176,144	476,099	776,050	1,075,750
+0.75%	4.00%	2,340,000	155,263	445,983	737,017	1,027,863
+0.50%	3.75%	2,630,000	134,010	416,208	698,735	980,690
+0.25%	3.50%	2,940,000	113,544	387,074	660,526	934,184
<i>Current Market</i>	3.25%	3,250,000	93,165	358,175	623,410	888,453
-0.25%	3.00%	3,580,000	73,267	329,773	586,627	843,428
-0.50%	2.75%	3,930,000	53,456	301,931	550,546	799,280
-0.75%	2.50%	4,295,000	34,229	274,442	515,046	755,654
-1.00%	2.25%	4,670,000	15,252	247,647	480,265	712,873
-1.25%	2.00%	5,075,000	-3,393	221,177	446,067	670,840

Note 1 - 'TIC' is the Total Interest Cost applied to a financing.

Note 2 - Assumes 30-year bond issuance.