

**SILVER SPRINGS MUTUAL WATER COMPANY  
BOARD OF DIRECTORS  
SPECIAL MEETING MINUTES  
MARCH 19, 2013**

Vice President Yon called the meeting to order at 2:23 p.m.

Roll Call:

- Present: Claud Butler, Darlene Geurts, Joyce Jenkins, Scott Keller, Avis Moniz and Peggy Yon.
- Absent: George Peek.

Public Comment:

- Attending the special meeting were Lisa Goodfellow, United States Department of Agriculture Rural Development, Don Alt, Doug Frenton, Carolyn Lindsey, Ross Young, Ron and Lee Zuti, Valerie Messaros, Delbert Smith and Frances Molarius.

Items for discussion, Action may be taken:

USDA Rural Development representative Lisa Goodfellow presented a letter of conditions for financing of Silver Springs Mutual Water Company System Improvements. These include purchase of a building, construction of a tank and other system improvements with a loan of \$2,177,000.00 and a grant of \$250,300. Loan requirements were listed in the letter of conditions that were reviewed by the Board and Ms. Goodfellow explained each of the conditions in her presentation. There is a payoff of one loan and refinance of one other larger loan in the proposal. The payoff loan is currently at 4.75% interest and the refinance loan is currently at 5.125% interest, with the current proposal offered at 2.5% interest. Interest rates for new loans that close in the 2<sup>nd</sup> quarter of 2013 will climb to a 2.75% interest rate. Security would be held in the form of a promissory note and deed of trust. The loan repayment period would be 40 years with monthly payments at \$7,185.00 rounded through preauthorized debits. The payment on loans currently held with the USDA are \$5,114.00 rounded, and with refinancing and payoff of the existing loans, SSMWC would be getting 1.7 million dollars for the difference of \$2,071.00 monthly. This loan would accomplish construction of a new water tank, looping of dead end lines, emergency backup generators, rehabilitation of the Deodar well, telemetry updates and purchase of the old fire house building. Required debt reserve would be approximately \$8,000.00 for this loan. The letter of conditions and attachments 1 through 13 establish conditions which must be understood and agreed to before further consideration may be given to the application. The State staff of USDA Rural Development will administer the loan and grant on behalf of the USDA Rural Development utilities programs. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or the applicant, must be reported to and approved by USDA Rural Development. A written amendment to this letter will be prepared for any changes approved. If significant changes are made without obtaining approval, USDA Rural Development may discontinue processing the application. The project budget is as follows:

PROJECT COSTS	TOTAL BUDGETED
Construction	\$1,233,000
Construction Contingency	\$ 133,800
Engineering Fees	\$ 164,000
Inspection Services	\$ 66,500
Building Purchase	\$ 105,000
Local Legal/Title	\$ 20,000
Interim Interest	\$ 30,000
Payoff of RD Loan 91-01	\$ 675,000
<b>TOTAL PROJECT COSTS</b>	<b>\$2,427,300</b>

PROJECT FUNDING SOURCES	FUNDING AMOUNT
USDA Rural Development Loan	\$2,177,000
USDA Rural Development Grant	\$250,300
<b>TOTAL PROJECT FUNDING (All Sources)</b>	<b>\$2,427,300</b>

Funding needs will be reassessed if there is a significant reduction in project costs after bids are received. Obligated loan or grant funds not needed to complete the proposed project will be de-obligated. Any reduction will be applied to grant funds first. An "Amended Letter of Conditions" will be issued for any revised project budget. Any changes in funding sources following obligation must be reported to the processing official. Assurances are required that all project funds are expended only for the eligible items included in the project budget of this letter of conditions or as amended by USDA in writing at a later date. Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining USDA project funds will be considered to be USDA grant funds and refunded to USDA. If the amount of unused USDA project funds exceeds the USDA grant, that part would be USDA loan funds and applied as an extra payment. USDA loan funds (interim financing) are to be used prior to the use of USDA grant funds.

A motion to accept the letter of conditions and documents and resolutions as presented was made by Member Keller; 2<sup>nd</sup> to the motion was made by Secretary Butler. There being no further discussion, motion carried unanimously.

Adjournment:

- Treasurer Moniz made a motion to adjourn the meeting; 2<sup>nd</sup> to the motion was made by Secretary Butler. Motion carried.