

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
TUESDAY, AUGUST 7, 2015**

PRESENT: Kenneth Staton
Jon Blackwell
Randy Tobler
Lindsey Dalley (by phone)
Ryan Wheeler
Joe Davis
Jeannie Poynor
Susan Rose
Andy Artusa, Zions Bank

ORDER OF BUSINESS: At 12:00 p.m., Chairman Ken Staton called to order the special meeting of the Moapa Valley Water District Board of Directors. The agenda items were addressed in the following order:

1. Public Comment (May be limited to five minutes)

None

2. Discussion and Possible Action on a Resolution Authorizing the issuance of the Moapa Valley Water District, Nevada, General Obligation (Limited Tax) Water Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2015; Providing the Form and Terms of the Bonds and Providing Other Matters Relating Thereto; and Providing the Effective Date Hereof. (For Possible Action)

Andy Artusa from Zions Bank was present at the meeting to talk about two different refunding options the District has.

Andy explained that what we have on the agenda is the resolution which allows MVWD to issue bonds to be purchased by the State Treasurer's Office.

The first scenario that Andy talked about was the \$2,345,000. He said that with this scenario the debt service is very high up front but less at the back end of the bond. One of his suggestions was to make the debt service level so we know and can plan for that payment and that will help us manage our water rates because we have a debt service schedule that is pretty much the same every single year. If they structure the new bonds to have level payments, then we would realize about a \$100,000 in savings over the next five years but the debt service costs will be higher in the last five years. Overall we would still be savings over \$200,000 by doing the refunding. Typically they look at the net PV benefit which is 8.24% on this option.

Andy explained that the other option for the \$2,400,000 would keep the bonds the way they are now, where the debt service is higher in the early years and goes down in later years. If we keep it the way it is now we would save about \$100,000 this year but only \$20,000 from then on. The present value savings would be about \$245,000 and 9.58% so it would cost us about \$35,000 more to have levelized debt service. All of the totals he provided included the cost of issuance so these are net expenses. The rate right now is about 2.3% for 10 years. We're paying 5% on our bonds right now.

There was some discussion on which option would be best.

Ryan thinks if we go with the \$2,345,000 option we should allocate the money we would be saving for payments we would make the last five years.

Joe explained that it's always easy to gravitate to the lower net savings of \$18,000/year if we're just going from year to year but we've been able to save some money for the last little bit. We've been wondering what we could allocate that money to. Andy made a good point when he talked about saving the money up front. Staffs original recommendation was to go with the \$2.4M which would save us \$20,000/year.

Randy asked if the overall savings on the 2.4M bond would be \$305,000.

Andy said that was correct. The reason they recommended that option is because dollars today is better than dollars later on. The real benefit is that it doesn't cost us a lot of money and it also lets us keep our rates pretty steady going forward. With either option, we will still save money but with the level debt service the savings is up front and our debt service payment remains the same over the 10 year period.

Randy said that from a cash flow perspective he could understand what Andy was saying but his only worry, which Ryan brought up, is if you go with the overall savings even though you lose the time value of money, look at 2022 and what we would be paying. From a cash flow perspective Randy likes that payment in the future. When can you ever have expenses go down in overhead? In the levelized option, the payments go up in the last five years. Every cost we have is always going up.

Andy said the bonds won't be sold until October so the Board doesn't need to make a decision until right before the bonds are sold.

Joe said that staff originally wanted to go with the \$2.4M option because our bonds payments drop in 2018 by \$200,000 and in 2022 our bond payments are cut in half.

Ryan said that if the Board didn't think that we would need to increase user rates then he's okay with going with the \$2.4M option.

On motion of Randy Tobler and seconded by Ryan Wheeler, the Board voted 5-0 in favor to approve the Resolution Authorizing the issuance of the Moapa Valley Water District, Nevada, General Obligation (Limited Tax) Water Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2015.

3. Public Comment (May be limited to five minutes)

None

4. Adjournment

The meeting adjourned at 12:27 p.m.