SOUTH PLACER Wastewater Authority

Bonnie Gore – Placer County (Chair)
Bruce Houdesheldt – Roseville (Vice Chair)
Jerry Mitchell – SPMUD
Pauline Roccucci – Roseville
Robert Weygandt – Placer County

MINUTES OF BOARD OF DIRECTORS' MEETING
January 30, 2020

The regular meeting of the South Placer Wastewater Authority Board of Directors was called to order at 9:30 a.m. at the Roseville Corporation Yard, 2005 Hilltop Circle, Roseville, CA.

Directors Present:
- Bruce Houdesheldt
- Jerry Mitchell
- Pauline Roccucci
- Robert Weygandt

Staff Present:
- Osman Mufti, JPA Counsel
- Ken Glotzbach, Executive Director
- Pam Walsh, Board Secretary

Roll Call

Present: Houdesheldt, Mitchell, Roccucci, Weygandt
Absent: Gore

Introductions

The following were in attendance: Kevin Bell and Shanti Landon from Placer County, Phillip Curls from Hilltop Securities, Inc., Daniel Kurz from Morgan Stanley, Herb Niederberger from SPMUD, and Teri Quinlan, Marisa Tricas, Joe Mandell, George Hanson, and Tracie Mueller from the City of Roseville.

Election of Chair and Vice Chair

A vote was taken as follows:

MOTION by Director Weygandt, seconded by Director Roccucci, to elect Director Houdesheldt as Chair.

Vote: Ayes: Houdesheldt, Mitchell, Roccucci, Weygandt
Nos:
Absent: Gore

MOTION by Director Weygandt, seconded by Director Roccucci, to elect Director Mitchell as Vice-Chair.

Vote: Ayes: Houdesheldt, Mitchell, Roccucci, Weygandt
Nos:
Absent: Gore

Approval of Minutes, June 27, 2019
A vote was taken as follows:

MOTION by Chair Roccucci, seconded by Director Weygandt to approve the June 27, 2019, minutes.

Vote:	Ayes:	Houdesheldt, Mitchell, Roccucci, Weygandt
	Nos:	
	Absent:	Gore

Old Business Items
None

New Business Items

1. Resolution: Approval of 2020 SPWA Regular Meeting Schedule

Ken Glotzbach informed the Board that scheduling a future meeting in February was twofold. First, a significant number of SPWA Finance staff could not be at today's meeting and, second, to vote on the Swap Bond Restructure debt matter. Outside experts were at today's meeting to discuss the refinancing options of SPWA's Refunding Bond, in order to provide information and answer any questions the Directors may have prior to the vote in February.

Ken Glotzbach recommended that the South Placer Wastewater Authority (SPWA) Board add February 18, 2020, as a regular meeting date.

MOTION by Director Mitchell, seconded by Director Roccucci to add an additional board meeting on February 18, 2020 (Resolution 2020-02).

Vote:	Ayes:	Houdesheldt, Mitchell, Roccucci, Weygandt
Nos:		
Absent:	Gore	

2. Resolution: Capital Improvement Projects Budget and Overview and Update on Pleasant Grove Wastewater Treatment Plant Expansion Improvements

Ken Glotzbach stated there is already a UV disinfection system at the Pleasant Grove Wastewater Treatment Plant; however, due to water quality changes and growth in the service area, it has now become necessary to supply a fourth channel with equipment. This project is requesting $2.52 million to purchase the necessary equipment and provide the design and construction to install the equipment.

The Pleasant Grove Wastewater Treatment Plant Expansion Project was awarded to W.M. Lyles and Company. The construction contracts amounts were close to the $80 million construction estimates: $54.4 million for the Expansion project and $23.4 million for the Energy Recovery project. Now that actual contract prices and costs estimates are in place, staff can provide final project budget recommendations. Currently, there is $85.952 million approved for the project. Including all environmental, engineering, construction

management costs, and a 5% construction contingency for unknowns, the project is expected to cost $105.5 million. Staff is requesting to add an additional $19.5 million to the approved budget to match the total estimated cost.

State Revolving Fund (SRF) legal staff are drafting the funding agreement now. It should be ready in February. In addition, a $4 million loan principle forgiveness for the Energy Recovery Project (essentially a grant) is still included. In addition, the Energy Recovery Project has received a $3 million California Energy Commission grant and an $180,000 Placer County Air Pollution Control Board Grant.

A Groundbreaking Ceremony is scheduled for March 25, 2020, and more information and invitations will be shared with the Board as details develop.

Director Mitchell asked if there was a timeframe when the treatment plant will need to be expanded again, and Ken responded that the work that is currently being done is expected to last until the mid-2030s; therefore, another expansion will probably occur in approximately 15 years.

Director Mitchell asked if the SPWA works through CCAP to evaluate the capacity needed at the Treatment Plant and Ken responded the SPWA conducted a project in 2009 called the SPWA Systems Evaluation. This provided a planning document that defined the sewer capacity needs, as well as the treatment plant capacity for the SPWA service area. This document is being updated now and should be available within the next year.

Director Weygandt asked if the $85 million was mostly for the cost of the expansion or if any of the funding went towards modifications needed for new regulation. Ken answered this was all expansion-related.

Director Roccucci asked if the money to fund this project was from the combined agencies' EDUs /connection fees and Ken confirmed that it is.

No Public Comment.

MOTION by Director Weygandt, seconded by Director Roccucci requesting the Board adopt a resolution to approve adjustments to the Capital Improvement Projects and Budget for FY 2019-20 (Resolution 2020-02).

Vote:	Ayes:	Houdesheldt, Mitchell, Roccucci, Weygandt
	Nos:	
	Absent:	Gore

3. Information: Swap Bond Restructure - Share Options

Ken Glotzbach introduced Phillip Curls from Hilltop Securities, Inc. and Daniel Kurz from Morgan Stanley to provide information to the Board regarding the refinancing options of SPWA's Refunding Bonds.

There are three options:

- Continue the direct placement arrangement SPWA now has with US Bank for an additional 3.5 years with no real change to the debt structure.

- Partially refinance the variable rate bond debt to a fixed rate and partially unwind the swap that artificially fixes the interest rate.
- Completely refinance the variable rate bond debt to a long-term fixed rate and completely eliminate the swap.

Director Weygandt asked if this was for Fiscal Year 2038. It was clarified this would be through Fiscal Year 2036.

Director Roccucci asked if a Letter of Credit would be required. Phillip Curls replied a Letter of Credit will not be required.

A final determination will be made by the Board at the next SPWA meeting on February 18, 2020. All Board members (or their alternates) need to be present for this decision and the decision needs to be unanimous according to SPWA bylaws.

No Public Comment.

Reports/Comments – Board Members/Staff

None.

Public Comment

None.

Adjournment
The meeting was adjourned at 10:10 a.m.

Bruce Houdesheldt
Chair

Pamela Walsh
Secretary to the Board