

AGENDA

SPECIAL BOARD OF DIRECTORS MEETING DELTA DIABLO INTEGRATED FINANCING CORPORATION

2500 Pittsburg-Antioch Highway
Antioch, California

WEDNESDAY, FEBRUARY 14, 2018
4:30 P.M.

This Delta Diablo Board of Directors Regular Meeting will begin immediately following this Integrated Financing Corporation Meeting

Persons who wish to address the board during Public Comment or with respect to an item that is on the Agenda, will be limited to three (3) minutes. The Board Chair may reduce the amount of time allotted per speaker at the beginning of each Item or Public Comment period depending on the number of speakers and the business of the day. Your patience is appreciated.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. PUBLIC COMMENTS

D. CONSENT CALENDAR

Approve Minutes of Regular Integrated Financing Corporation Meeting, January 10, 2018
(Denise Jones)

E. DELIBERATION ITEMS: *The Board will consider and take action on the following:*
None

F. PRESENTATIONS AND REPORTS: *The Board may consider and take action on the following:*

Receive Report on Outstanding and Planned Debt (Carol Margetich)

G. ADJOURNMENT

The next Regular meeting will be Wednesday, January 9, 2019.

The District will provide reasonable accommodations for persons with disabilities planning to participate in Board (or committee) meetings who contact the Office Manager/Secretary to the Board at (925) 756-1927 at least 24 hours prior to the scheduled meeting. Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspection at 2500 Pittsburg-Antioch Highway, Antioch, CA 94509 during normal working business hours.



February 14, 2018

APPROVE MINUTES OF REGULAR INTEGRATED FINANCING CORPORATION MEETING,
JANUARY 10, 2018

RECOMMENDATION

Approve Minutes of Regular Integrated Financing Corporation Meeting of January 10, 2018.

DRAFT
Minutes of the Regular Meeting of the
DELTA DIABLO INTEGRATED FINANCING CORPORATION
January 10, 2018

The meeting was called to order by Chair D. Pete Longmire on Wednesday, January 10, 2018 at 4:31 p.m., at the District offices located at 2500 Pittsburg-Antioch Highway, Antioch. Present were Directors Federal Glover, Sean Wright, and Chair D. Pete Longmire. Also present were Mary Ann Mason, District Counsel; Vince De Lange, General Manager; Mike Bakaldin, Deputy General Manager; Denise Cappucini Jones, Office Manager/Secretary to the Board; Dean Eckerson, Resources Recovery Services Director; Joaquin Gonzalez; Operations Manager; Amanda Roa, Environmental Compliance Manager; Thanh Vo, Senior Engineer; Angela Lowrey, Public Information Manager; Jayne Strommer, Government Affairs Manager; Nick Steiner, Recycled Water Program Coordinator/P&T Bargaining Unit Representative; Cheryl Rhodes Alexander, Human Resources/Risk Manager; Steve Rodriguez, Operations Supervisor; and Holland White, Office of Supervisor Federal Glover.

REORGANIZATION OF THE BOARD

Elect Officers of the Integrated Financing Corporation Board for 2018

Mr. De Lange introduced the item stating that the bylaws of the Corporation state the Board Members shall hold the same position on the Integrated Financing Corporation (IFC) Board as they do on the Delta Diablo Board, therefore the recommended rotation is Director Glover as the new Chair; Director Wright as the new Vice Chair; and Director Longmire as the new Secretary of the IFC Board of Directors for 2018. The new positions become effective February 1, 2018.

Vice Chair Glover moved approval, seconded by Director Wright, and by unanimous voice vote (Ayes: *Glover, Wright and Longmire*; Noes: *None*), the Board elected the Officers of the Integrated Financing Corporation for 2018, to be effective February 1, 2018.

PUBLIC COMMENTS

None

CONSENT CALENDAR

Approve Minutes of Special Meeting of February 8, 2017

Vice Chair Glover moved approval, seconded by Director Wright, and by unanimous voice vote (Ayes: *Glover, Wright and Longmire*; Noes: *None*), the Board approved the Minutes of the February 8, 2017 Special Integrated Financing Corporation meeting.



DELIBERATION

None

PRESENTATIONS AND REPORTS

Receive Report on Grants and Loans

Ms. Strommer provided a report on the District's pursuit of various grants and low interest loans. She summarized the benefits of each and then outlined the grants and loans that provide capital for project construction, partnering with others to advance technology, often providing the critical capital.

Ms. Strommer showed an updated table of grant and low interest loan awards, and identified District projects that are currently utilizing such funding, totaling just under \$23 million. One new grant and two new loans are anticipated in current calendar year.

She outlined the anticipated 2018 funded projects and discussed each of the projects: The Pump Station Facilities Repair Project which provides for improvements at five of the District's pump stations; the joint project with Mt. Diablo Resource Recovery (MDRR) on the East County Bioenergy Project; and the Headworks Improvements Project.

Ms. Strommer discussed the Clean Water State Revolving Fund (CWSRF) Program status. They currently have more applications than they are able to process and do not have sufficient funding. They are currently taking actions to improve transparency to applicants on the status of requests. Because of this, District staff is looking at alternatives, such as the Governor's Office of Business and Economic Development, that offers two programs applicable to the District. Ms. Strommer discussed additional future funding opportunities which are being explored.

The Board received and filed the Report.

Receive Report on Outstanding and Planned Debt

This item was removed from the Agenda and will be presented at a Special Integrated Financing Corporation Meeting on February 14, 2018.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 4:43 p.m. to a Special Meeting on February 14, 2018. The next regular Integrated Financing Corporation meeting will be on January 9, 2019.

D. Pete Longmire
Board Secretary

(Recording Secretary:

Denise Jones)



February 14, 2018

RECEIVE REPORT ON OUTSTANDING AND PLANNED DEBTRECOMMENDATION

Receive report on outstanding and planned debt.

Background Information

The Delta Diablo Integrated Financing Corporation (IFC) was established by the District on November 1, 1988. The IFC is a “non-profit public benefit corporation” for the purpose of providing financial assistance to the District. Under State law, lease transactions such as those created when a public agency issues Certificates of Participation (COP), require a counterparty to the transaction. The non-profit corporation serves this purpose. The original IFC debt was issued in November 1988, and has been fully retired. The last outstanding issue of IFC debt, the 1991 COP, in the principal amount of approximately \$17.5 million was fully retired in November 2016. This debt provided funding for major treatment plant projects and the flow equalization basin serving the Recycled Water Facility.

As part of the annual meeting required by the IFC by-laws, a report summarizing all outstanding District debt has been prepared (Attachment 1). There are five outstanding loans, three of which are State Water Resources Control Board (SWRCB) Clean Water State Revolving Fund (SRF) loans that are in various stages of repayment as shown in the report. The other two loans include the 2011 Installment Purchase Agreement for \$2.3 million with Municipal Finance Corporation (MFC) that funded the District’s Solar Power Project, and a 2013 loan for \$700,000 with the California Energy Commission (CEC) that funded the Fats, Oils, and Grease (FOG) Receiving Facility.

Analysis

The 1991 COP obligation represented 75.1% of the District’s debt service last fiscal year. Approximately 23%, or \$761,000, of this debt service was paid by Calpine for the debt-funded flow equalization basin. The debt was fully retired as of November 2016. The District’s obligation, excluding Calpine’s payments, was about \$2.55 million annually, which was historically paid by Capital Facilities Capacity Charges (CFCCs). However, CFCC collections over the past six fiscal years fell short of covering the full debt-service payment. This was addressed through Board-approved, inter-fund loans from the Wastewater Capital Asset Replacement (CAR) and Operating Funds, which will be fully repaid in the future, including interest.

Currently, the oldest outstanding debt is an SRF loan that was secured in 2009 for the Antioch Recycled Water Project. Loan proceeds funded all of the City’s share of the project costs and about \$225,100 of the District’s share at virtually zero interest. The majority of debt service will be paid by the City of Antioch. The District’s share has been included in the Recycled Water Capital Facilities Capacity Charge (RWCFCC), which will reimburse the Wastewater CAR Fund with interest as RWCFCC revenues are received. This loan is scheduled for full repayment in Fiscal Year 2030/2031 (FY30/31). The second SRF loan agreement listed was executed in early 2011 for the Aeration Basin Improvements Project. The original SRF loan proceeds of \$4.9 million fully funded the project. This loan’s annual debt service is paid from the Wastewater CAR Fund. The loan will be fully repaid in FY32/33. The third loan funded the Solar Power Project through an Installment Purchase Agreement with MFC. This provided the principal amount of \$2.3 million to be paid over a 20-year term. The first four years of the loan have higher payments than the remaining years to recognize energy credits from the CEC. This obligation is being paid from the Wastewater Capital Asset (CA) Fund and will be fully



paid in FY30/31. The fourth loan is an agreement with the CEC that partially funded the FOG Receiving Facility. It was executed for a total principal amount of \$700,000 to be repaid at 1.0% interest over 15 years. The initial payment funded by Wastewater CAR was made in FY16/17 and will be fully repaid in FY28/29.

Two additional outstanding SRF loan agreements were executed in 2014 and represent two of four separate phases within one overarching project to conduct rehabilitation of various Bay Point sewer pipelines and the Wastewater Pump Stations. The two projects are as follows:

- Phase 1: Bay Point 2014 Sewer Pipeline Repair, Agreement #8007-110, \$1.2 million
- Phase 3: Bay Point 2015 Sewer Pipeline Repair, Agreement #8007-130, \$2.1 million

Phases 1 and 3 are in support of Bay Point Sewer Pipeline Repairs and carry a total principal obligation of \$3.3 million. Debt-service payments for these segments began in FY15/16 and will be funded from the Bay Point Capital Asset Replacement (BP CAR) Fund. The final debt payment for Phase 1 will be FY44/45 and Phase 3 will be FY45/46.

In addition to the summary of existing debt obligations, a second report has been prepared (Attachment 2) to reflect future debt-service payments for new and pending funding agreements for projects that have not been completed. The report contains the other two phases (Phase 2 and Phase 4) of the aforementioned overarching project for rehabilitation, both with an estimated interest rate of 1.9% and 30-year terms. Phase 2, Wastewater Pump Station Facility Repair, was originally estimated to be \$1.8 million. However, the project scope for this phase has increased substantially and SRF staff has agreed to increase the loan amount once the project bids have been received. Phase 4, Bay Point 2017 Sewer Pipeline Repair, is estimated to be \$1.1 million. The third SRF loan on the list is for the new Pittsburg Force Main Project, with an anticipated principal amount of \$12 million. The final debt payment for this group of loans is estimated to be FY47/48.

The schedule of the debt-service payments and funding sources for each of the outstanding and new debt obligations is provided in Attachment 3. The total annual payment obligations for the current year are approximately \$1.0 million.

Financial Impact

The District is current on all debt-service payments. Remaining payments on existing debt totals approximately \$16.6 million. Payments for planned new debt total nearly \$15.1 million over the terms of the loans. Attachment 3 provides a summary of total debt service to be paid by funding source, with \$5.9 million or 36% being funded by the Wastewater CAR Fund; \$2.2 million or 13% being funded by the Wastewater CA Fund; \$4.1 million or 24% being funded by the BP CAR Fund; and \$158,000 or 1% being funded by RWCFCCs. The remaining \$4.3 million or 26% is being funded by the City of Antioch.

Attachments

- 1) Overview of Outstanding Debt Payment Schedule
- 2) Estimated New Debt Payment Schedule
- 3) Annual Debt Service Payment Summary by Funding Source

Signature: _____


Carol S. Margetich, Business Services Director



Delta Diablo

Overview of Outstanding Debt Payment Schedule as of July 1, 2017

	2009 SRF Loan - Antioch RW Project			2011 SRF Loan - Aeration Basin Imp Project			2011 Municipal Finance Corporation Loan - Solar Project			2013 CEC Loan - FOG Receiving Facility			2014 SRF Loan - Sewer Pipeline Repair Rehab Project Ph I			2014 SRF Loan - Sewer Pipeline Repair Rehab Project Ph 3			
	Ag #5177-110; Loan Amt \$6.4M			Agr #5571-110; Loan Amt \$4.9M			Instl Sales Agr #11-008; Loan Amt \$2.3M			Agr #002-13-ECD; Loan Amt \$700K			Agr #8007-110; Loan Amt \$1.2M			Agr #8007-130; Amt \$2.1M			
	Interest Rate - 0.077%; Term 20 Years			Interest Rate - 2.6%; Term 20 Years			Interest Rate - 4.9%; Term 20 Years			Interest Rate - 1.0%; Term 15 Years			Interest Rate - 1.9%; Term 15 Years			Interest Rate - 1.9%; Term 30 Years			
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total Obligation
2017/18	\$315,415	\$3,417	\$318,832	\$216,439	\$109,918	\$326,358	\$58,326	\$74,860	\$133,186	\$47,953	\$5,963	\$53,916	\$30,506	\$20,877	\$51,384	\$60,464	\$36,574	\$97,038	\$980,713
2018/19	\$315,658	\$3,174	\$318,832	\$222,067	\$104,291	\$326,358	\$64,499	\$71,927	\$136,426	\$48,433	\$5,482	\$53,916	\$31,086	\$20,292	\$51,378	\$53,590	\$36,675	\$90,265	\$977,174
2019/20	\$315,901	\$2,931	\$318,832	\$227,840	\$98,517	\$326,358	\$71,057	\$68,687	\$139,744	\$48,906	\$5,010	\$53,916	\$31,677	\$19,696	\$51,372	\$54,608	\$35,647	\$90,255	\$980,477
2020/21	\$316,144	\$2,688	\$318,832	\$233,764	\$92,593	\$326,358	\$78,021	\$65,121	\$143,142	\$49,409	\$4,506	\$53,916	\$32,278	\$19,088	\$51,367	\$55,646	\$34,599	\$90,245	\$983,859
2021/22	\$316,387	\$2,445	\$318,832	\$239,842	\$86,516	\$326,358	\$85,415	\$61,209	\$146,624	\$49,905	\$4,011	\$53,916	\$32,892	\$18,469	\$51,361	\$56,703	\$33,532	\$90,235	\$987,325
2022/23	\$316,631	\$2,201	\$318,832	\$246,078	\$80,280	\$326,358	\$93,261	\$56,928	\$150,190	\$50,405	\$3,511	\$53,916	\$33,517	\$17,838	\$51,355	\$57,780	\$32,445	\$90,225	\$990,875
2023/24	\$316,875	\$1,957	\$318,832	\$252,476	\$73,882	\$326,358	\$101,584	\$52,258	\$153,842	\$50,902	\$3,013	\$53,916	\$34,153	\$17,195	\$51,349	\$58,878	\$31,336	\$90,214	\$994,511
2024/25	\$317,119	\$1,713	\$318,832	\$259,040	\$67,317	\$326,358	\$110,410	\$47,173	\$157,584	\$51,420	\$2,495	\$53,916	\$34,802	\$16,540	\$51,343	\$59,997	\$30,207	\$90,204	\$998,236
2025/26	\$317,363	\$1,469	\$318,832	\$265,776	\$60,582	\$326,358	\$119,768	\$41,650	\$161,418	\$51,936	\$1,980	\$53,916	\$35,464	\$15,873	\$51,336	\$61,137	\$29,056	\$90,193	\$1,002,053
2026/27	\$317,607	\$1,225	\$318,832	\$272,686	\$53,672	\$326,358	\$129,682	\$35,662	\$165,344	\$52,457	\$1,459	\$53,916	\$36,137	\$15,193	\$51,330	\$62,298	\$27,884	\$90,182	\$1,005,961
2027/28	\$317,852	\$980	\$318,832	\$279,776	\$46,582	\$326,358	\$140,186	\$29,180	\$169,366	\$52,980	\$935	\$53,916	\$36,824	\$14,500	\$51,324	\$63,482	\$26,689	\$90,171	\$1,009,966
2028/29	\$318,097	\$735	\$318,832	\$287,050	\$39,308	\$326,358	\$151,310	\$22,176	\$173,486	\$53,513	\$402	\$53,915	\$37,524	\$13,793	\$51,317	\$64,688	\$25,471	\$90,159	\$1,014,067
2029/30	\$318,342	\$490	\$318,832	\$294,513	\$31,845	\$326,358	\$163,086	\$14,620	\$177,706				\$38,237	\$13,073	\$51,310	\$65,917	\$24,230	\$90,148	\$964,353
2030/31	\$318,587	\$245	\$318,832	\$302,170	\$24,187	\$326,358	\$175,550	\$6,477	\$182,028				\$38,963	\$12,340	\$51,303	\$67,170	\$22,966	\$90,136	\$968,656
2031/32				\$310,027	\$16,331	\$326,358							\$39,703	\$11,593	\$51,296	\$68,446	\$21,678	\$90,124	\$467,777
2032/33				\$318,087	\$8,270	\$326,358							\$40,458	\$10,831	\$51,289	\$69,746	\$20,365	\$90,111	\$467,758
2033/34-2045/46*													Varies	Varies	\$51,295	Varies	Varies	\$90,349	\$89,927
Total	\$4,437,977	\$25,672	\$4,463,649	\$4,227,632	\$994,092	\$5,221,724	\$1,542,156	\$647,929	\$2,190,085	\$608,219	\$38,768	\$646,987	\$1,114,056	\$322,215	\$1,436,271	\$2,017,508	\$602,604	\$2,620,112	\$16,578,828

Funding Sources	Antioch - 96.47%	RW CFCC - 3.53%	WW CAR - 100%	WW CA - 100%	WW CAR - 100%	BP CAR - 100%	BP CAR - 100%	
Total Cost Allocation	\$4,306,083	\$157,567	\$5,221,724	\$2,190,085	\$646,987	\$1,436,271	\$2,620,112	\$16,578,828

* Multiple year average debt service.

Existing Debt Amounts and Percentages by Funding Source

Antioch	\$4,306,083	26%
RW CFCC	\$157,567	1%
WW CAR	\$5,868,711	35%
WW CA	\$2,190,085	13%
BP CAR	\$4,056,383	24%
Total	\$16,578,828	100%

Delta Diablo

Estimated New Debt Payment Schedule Beginning July 1, 2017

	2014 SRF Loan - Pump Station Facility Repair - Rehab Project Ph 2			2014 SRF Loan - Bay Point 2017 Sewer Pipeline Repair - Rehab Project Ph 4			2014 SRF Loan - PB Force Main Imp Project			
	Agr #8007-120; Amt \$1.8M*			Agr #8007-140; Loan Amt \$1.1M			Agr #8013-110; Loan Amt \$12.0M			
	Interest Rate - 1.9%; Term 30 Years			Interest Rate - 1.9%; Term 30 Years			Interest Rate - 1.9%; Term 30 Years			
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total Obligation
2016/17	\$22,953	\$17,216	\$40,168							\$40,168
2017/18	\$46,206	\$34,131	\$80,337				\$312,973	\$141,367	\$454,340	\$534,677
2018/19	\$47,088	\$33,249	\$80,337	\$14,035	\$10,716	\$24,751	\$217,485	\$155,837	\$373,323	\$478,410
2019/20	\$47,987	\$32,350	\$80,337	\$28,471	\$21,031	\$49,502	\$221,618	\$151,666	\$373,283	\$503,122
2020/21	\$48,903	\$31,434	\$80,337	\$29,015	\$20,487	\$49,502	\$225,828	\$147,415	\$373,243	\$503,082
2021/22	\$49,837	\$30,500	\$80,337	\$29,569	\$19,933	\$49,502	\$230,119	\$143,084	\$373,203	\$503,042
2022/23	\$50,788	\$29,549	\$80,337	\$30,133	\$19,369	\$49,502	\$234,491	\$138,670	\$373,161	\$503,000
2023/24	\$51,758	\$28,579	\$80,337	\$30,709	\$18,794	\$49,502	\$238,947	\$134,172	\$373,119	\$502,958
2024/25	\$52,746	\$27,591	\$80,337	\$31,295	\$18,207	\$49,502	\$243,487	\$129,589	\$373,076	\$502,915
2025/26	\$53,753	\$26,584	\$80,337	\$31,892	\$17,610	\$49,502	\$248,113	\$124,919	\$373,032	\$502,871
2026/27	\$54,779	\$25,558	\$80,337	\$32,501	\$17,001	\$49,502	\$252,827	\$120,160	\$372,987	\$502,826
2027/28	\$55,825	\$24,512	\$80,337	\$33,122	\$16,381	\$49,502	\$257,631	\$115,311	\$372,941	\$502,780
2028/29	\$56,890	\$23,446	\$80,337	\$33,754	\$15,748	\$49,502	\$262,526	\$110,369	\$372,895	\$502,734
2029/30	\$57,976	\$22,360	\$80,337	\$34,398	\$15,104	\$49,502	\$267,514	\$105,334	\$372,847	\$502,686
2030/31	\$59,083	\$21,254	\$80,337	\$35,055	\$14,447	\$49,502	\$272,596	\$100,203	\$372,799	\$502,638
2031/32	\$60,211	\$20,126	\$80,337	\$35,724	\$13,778	\$49,502	\$277,776	\$94,974	\$372,750	\$502,589
2032/33	\$61,360	\$18,976	\$80,337	\$36,406	\$13,096	\$49,502	\$283,053	\$89,646	\$372,700	\$502,539
2033/34- 2047/48**	Varies	Varies	\$77,745	Varies	Varies	\$47,955	Varies	Varies	\$377,785	
Total	\$1,830,800	\$579,302	\$2,410,102	\$1,103,482	\$356,831	\$1,460,313	\$8,623,681	\$2,637,981	\$11,261,663	\$15,132,078
Funding Sources	WW CAR - 100%			BP CAR - 100%			WW CAR - 75%	WW CFCC - 25%		
Total Cost Allocation	\$2,410,102			\$1,460,313			\$8,446,247	\$2,815,416		\$15,132,078

* Ag # 8007-120 is being reworked as a mega-project; approximately \$12 million.

** Multiple year average debt service.

Pending Debt Amounts and Percentages by Funding Source

WW CAR	\$2,410,102	16%
BP CAR	\$1,460,313	10%
WW CAR	\$8,446,247	56%
WW CFCC	\$2,815,416	19%
Total	\$15,132,078	100%

Delta Diablo
Existing Debt Service Payment Summary by Funding Source

Fiscal Year	Antioch	WW CAR	WW CA	RW CFCC	BP CAR	Total
2017/18	\$307,577	\$380,273	\$133,186	\$11,255	\$148,422	\$980,713
2018/19	\$307,577	\$380,273	\$136,426	\$11,255	\$141,643	\$977,174
2019/20	\$307,577	\$380,273	\$139,744	\$11,255	\$141,627	\$980,477
2020/21	\$307,577	\$380,273	\$143,142	\$11,255	\$141,612	\$983,859
2021/22	\$307,577	\$380,273	\$146,624	\$11,255	\$141,596	\$987,325
2022/23	\$307,577	\$380,273	\$150,190	\$11,255	\$141,580	\$990,875
2023/24	\$307,577	\$380,273	\$153,842	\$11,255	\$141,563	\$994,511
2024/25	\$307,577	\$380,273	\$157,584	\$11,255	\$141,547	\$998,236
2025/26	\$307,577	\$380,273	\$161,418	\$11,255	\$141,529	\$1,002,053
2026/27	\$307,577	\$380,273	\$165,344	\$11,255	\$141,512	\$1,005,961
2027/28	\$307,577	\$380,273	\$169,366	\$11,255	\$141,494	\$1,009,966
2028/29	\$307,577	\$380,273	\$173,486	\$11,255	\$141,476	\$1,014,067
2029/30	\$307,577	\$326,358	\$177,706	\$11,255	\$141,458	\$964,353
2030/31	\$307,577	\$326,358	\$182,028	\$11,255	\$141,439	\$968,656
2031/32		\$326,358			\$141,420	\$467,777
2032/33		\$326,358			\$141,400	\$467,758
2033/34- 2045/46*					Varies	
Total	\$4,306,083	\$5,868,711	\$2,190,085	\$157,567	\$4,056,383	\$16,578,828
%	26%	36%	13%	1%	24%	100%

*Multiple year average debt service.