

Summary of Recommended Path Forward for White Rock Wastewater Treatment Plant Replacement

Current Debt

The current loan on the LA Wastewater Treatment Plant is a 20-year amortization, 3% *per annum* simple interest rate loan that will be paid off in 2029. Our annual payments are \$964,889. Payments are due on or before April 7 each year. The loan balance after our last payment in April of 2017 was \$10,261,477.

Loan Paydown Effects

Paying a lump sum of \$2,500,000 toward the principal would bring the outstanding balance down, depending on when the payment is made, to around \$8,018,015. If the loan is not refinanced, then the annual payment would remain at \$964,889. The final payment of \$365,209 would then be made on April 7, 2027.

Refinancing the LA Plant Debt

We can refinance the debt from 3% down to 2.38% with payment of a 2% refinancing fee. At \$8 million, the fee would be approximately \$160,000. At the time of refinancing, we could also alter the term of the note out to 25 years instead of the existing 20, meaning the debt would not be paid off until the year 2035 instead of 2030. Annual payments under 2030 and 2035 payoff scenarios would be approximately \$775,985 and \$578,995, respectively.

Effect of Borrowing for White Rock WWTP Construction

It is anticipated that the WR WWTP will cost around \$14 million. If this plant is financed out for 30 years at 2.38% *per annum*, the annual payment would be \$658,231. We would not begin payments until the plant is constructed, which will be around the year 2020. Total annual debt service payments in the wastewater fund, depending on the term for repayment of the LA WWTP debt refinancing, would be either \$1,434,198 until 2030, or \$1,237,226 until 2035. After the LA WWTP debt is paid off, then the annual debt service payments would drop to the \$658K amount.