

**GOLETA WATER DISTRICT  
ADMINISTRATION COMMITTEE MEETING MINUTES  
August 30, 2023**

10:00 a.m. – Convened

Present: Chair Rosen; Vice President Hanson

Others Present: David Matson, General Manager; KK Holland, Assistant to the General Manager; Laura McKenzie, Administrative Manager/CFO; Brooke Welch, Principal Analyst; David Cowan, Communications Administrator; and Mary Northrup, Executive Assistant/Clerk of the Board

Public Comment: None

Departmental Agenda:

*1. REFINANCE 2010A AND 2014A CERTIFICATES OF PARTICIPATION:*

David Matson introduced the item and clarified that Goleta Water District (District) currently carries approximately \$40 million of debt associated with 2010A and 2014A Certificates of Participation (COPs). The 2010A COPs are payable through 2035 at interest rates ranging from 4.25% to 5%. The 2014A COPs are payable through 2024 at an interest rate of 5%. By refinancing, the District can keep annual debt service payments level, while also generating proceeds that could be used to support capital investment and other critical operations activities.

Laura McKenzie provided a presentation detailing the two options developed by District staff:

Option 1 – Refinance through private placement to achieve savings of \$1.6 million. Under existing market conditions, the District could achieve a rate of 4.12% that can be locked-in upon execution of the contract with the financial institution interested in purchasing the District’s outstanding debt. The timing to complete this refinance would be approximately 30 days. The total cost of the private placement option is expected to be \$100K, plus District staff time.

Option 2 – Refinance through a public placement to achieve savings of \$4.2 million. Under this scenario, the District would realize benefits from lower current market interest rates by offering new bonds. The proceeds of the new bonds would be used to pay off or “refund” the current bonds. In connection with a public offering, the District would be required to prepare an offering document. The preparation of the offering document by the District and Disclosure Counsel and the release of the document to potential investors is expected to take about 60 days, during which time interest rates remain subject to change in response to market conditions. Those market conditions could result in either an increase or decrease in the projected net savings. The District’s debt is currently rated “A+”, but the District will need to secure an updated rating for a public offering. The District’s strong financial position may provide an opportunity to improve its current bond rating, which may lead to a lower interest rate and additional net savings. Additionally, historic market conditions also offer a unique opportunity to earn positive arbitrage of approximately \$224K (at a 5.58% rate) during the 90-day escrow between the public sale of

the new bonds and the refunding of the current bonds. These interest earnings are not included in the estimated \$4.2 million in savings. The total cost of the refinancing via a public offering is expected to be between \$150K-\$200K, but would be rolled into the transaction.

The Committee asked a series of questions related to the District debt, refinance recommendation and the process.

The Committee thanked Ms. McKenzie and Mr. Matson and directed that staff forward the Refinance of 2010A and 2014A Certificates of Participation item to the Board of Directors with a recommendation to refinance through a public offering.

## *2. INVESTMENT REPORT – JULY 31, 2023:*

Laura McKenzie reported on the Investment Report for July 31, 2023.

Vice President Hanson suggested that the District look into Treasury Bills. Mr. Matson advised that staff will review the investment policy and research options.

The Committee thanked Ms. McKenzie and directed that the Investment Report be forwarded to the Board of Directors with a recommendation to receive and file.

10:34 a.m. – Meeting adjourned.

Next Administration Committee meeting: 10:00 a.m., September 27, 2023.