

MINUTES OF THE SEPTEMBER 9, 2013
EMERGENCY SESSION OF THE TWSD BOARD OF DIRECTORS

Chairman Mainello called an emergency session of the Timberon Water and Sanitation District Board of Directors.

Attending were Chairman Joseph Mainello, Directors Arden Schug, and Richard "Dick" Dysart. There being a quorum present, the meeting was called to order by Chairman Mainello at 5:30 p.m.

The only agenda item was: Discuss and approve the \$266,000.00 colonias loan and a grant for 3 million dollars. Director Schug moved to approve the agenda and Director Dysart seconded. Chairman Mainello, Directors Schug and Dysart voted aye. The agenda was approved.

Discuss and approve the colonias loan and grant for 3 million dollars. Director Dysart wanted to clarify that if we got the loan for \$266,000.00, USDA would grant over 3.4 million dollars. Director Schug stated that that was correct.

Director Dysart moved to approve a USDA loan for \$266,000.00 to be repaid over a time period of forty years that, if approved by the USDA, USDA will grant over 3.4 million dollars. Director Schug seconded.

Director Dysart restated that if we get a loan for \$266,000.00, we will get 3.4 million dollars. He said it sounded like a hell of a deal. There was some discussion concerning the payback terms and interest rates. It was discussed, after looking over paperwork that, TWSD would have to pay back or set aside approximately \$4,411.60 per month to repay the loan. There was more discussion.

General Manager Ron Wyatt stated that in item 8 of the USDA paperwork, the District must have a rate schedule to meet debt requirements. There was some discussion concerning a rate increase. The GM stated that the total funding was for \$3,344,000.00 and that the Finance Authority had kicked in \$47,000.00.

Director Schug stated that the board would not be doing their fiduciary duties if they didn't approve the loan. Director Dysart stated that it was about a 15,000% return. There was more discussion.

Director Dysart asked TWSD was going to implement all the requirements of the loan. Director Schug stated that we would have to keep track of paperwork and bank accounts separately and asked if we would be taking money out of the bank on a monthly basis to pay loan and put into these reserve account. Director Dysart replied in the affirmative.

The GM stated that he didn't like the quote from Engineers, Inc. and that he would discuss it with tomorrow.

Director Schug stated that if there were any funds left over, the engineers would do a change order and that money could then be used for other projects. There was more discussion.

Director Schug said that he would like to see a project manager for each project, but that Engineers, Inc. may not have the staff for that. There was more discussion concerning project managers and design reviews.

Chairman Mainello called for a vote. Chairman Mainello, Directors Schug and Dysart voted aye and the motion passed.

Director Dysart moved to adjourn the meeting and Director Schug seconded. Chairman Mainello, Directors Schug and Dysart voted aye and the meeting was adjourned.

Minutes approved and adopted September 17, 2013 Secretary Linda Martin _____

Chairman Joseph Mainello_____