

**Ladera Recreation District  
Board Meeting Minutes  
March 9, 2020**

**Meeting called to order at 7:12 pm.**

**Board Roll Call:** Bob Felderman, Brian Wall, Randy Cook, Jen Coleman, Calin Thomas

**Also attending:** Di Gow, Steve Gow, Rick and Michael (Talmann)

**Public:** Meg Thomas, Matt Garlinghouse

**Public Comment**

- No comments.

**Minutes From Prior Meeting Approval**

- Motion made to approve meeting minutes from February 2020; seconded; 4-0 approved, 1 abstention.

**Jack Morton - Auditor - Review of 2018 financials**

- Jack reviewed the LRD's 2018 financial audit statement as is required by the county.
- In 2018 the net value of the LRD went up ~\$84k; primarily via our cash position.
- Jack to research how the metric "taxes levied" is calculated; roughly \$236k in 2018. There is interest in understanding the consistency of this income that comes from the county.
- No issues to report.
- Motion made to acknowledge that the LRD has received and discussed the 2018 financial audit; Seconded, Approved 5-0.

**Presentation by Brandis Tallman regarding potential financing of new pool**

- Discussions with the LRD began about a year ago in regards to pool financing
- Brandis Tallman is an investment banking / bond underwriting firm. Extensive experience working with California special districts (such as the LRD), cities and counties. A broker dealer; regulated by SEC, FINRA; a small boutique firm of ~9 staff. Only do CA special finance. Do work a lot with small / medium size initiatives (e.g. < \$2 million, to tens of millions+). Similar districts the firm has experience with:
  - Cordova Rec and Park District
  - Highlands Rec and Park District
- CSDA - California Special Districts Association is an association that was formed in 1969 to promote good governance, etc. Acts as an intermediary in the financing process.
- Discussion of financing options; there is a public offering vs a direct sale:
  - Public Offering option
    - Known as a "Certificate of Participation"; e.g. bonds are sold to public market
    - A fair amount of due diligence and work involved; e.g. creating a

prospectus; rated by S&P, Moody's.

- Typically can do a longer term (30-35 years) at lower rate, often for larger amounts.
  - Time is typically 90-120 days from start to finish.
- Direct Placement financing
    - Brandis Tallman facilitates selling debt directly with a bank; there is a cost of issuance. Ideal for smaller \$\$ transactions.
    - Payback is usually 20 to 25 years (25 is rare).
    - Tallman works with various banks with divisions that are focused on government financing, separate from the commercial business banking division.
    - There are pre-payment arrangements that are typically handled via negotiation; similar to points with mortgage financing.
    - Tallman takes our needs and sets up a competitive situation so we can get offers from multiple banks on the best deal that works for the LRD.
    - Timing: about 45 days to 60 days for Direct Placement from start to finish
    - On Estimated Costs of Issuance - if we loan more, the estimated costs don't scale (e.g. if we loan 2x, the fees most likely won't go up 2x).
  - Lease/Leaseback Structure (how we structure for lease financing)
    - A financing structure that the state of California came up with for government agencies about 40 years ago.
    - How it works
      - The district (the LRD) leases to CSDA (called the counterparty); for a 1 time lease payment. The district then leases back from CSDA in exchange for rental payments.
      - Not title to project; a "lease hold" on the property.
      - Many school buildings, city hall buildings, libraries, etc - have been financed via this method.
      - With the arrangement - Tallman has never seen the issuer (e.g. the LRD) get kicked out of their own facility due to payment issues.
      - These types of financing efforts are not dependent upon ballot initiatives/voter approval.
      - Structure requires an asset of equal or greater value to secure the lease.
    - Has a set of legal documents; for instance:
      - Site lease - allows the transfer of funds
      - Lease agreement - instructions for financing and debt payback; also includes details re: governance/a covenant in budget to make rental payment
      - Assignment agreement - between CSDA and Bank
  - Points to consider
    - Interest at this time is exceptionally low; perhaps we don't mind a longer prepayment term
    - Bank will want to see audit as part of vetting process (possible timing issue)
  - Tallman can help navigate bond/public offering process if that is of interest

## Pool Committee Updates

- Motion made to acknowledge board support of the vision to remodel our pool in the immediate short term; ideally this fall, if not, in the fall of 2021.
  - Approved, Seconded, Approved 5-0.
  
- Item discussed: to firm up additional costs and details, we need to spend some money
  - For instance, architect, detailed quote from builder, a geotech firm to look at soils, a topographical company to map out property
  
  - Also need to firm up uncertainty around what we need to do (if anything) regarding the bathrooms
    - Goal was to just do the pools but there may be legal requirements to expand the bathroom footprint based off the surface area of the remodeled pool
    - Anecdotally - Alpine Hills pool remodel had a decent many month snag due to topographical issues
    - Terracon said they would do all detailed components, plus electrical
    - Topographical studies include elevations of property, existing sewer, storms, etc.
    - Geo firm - looks at soils; is it sand, rock, etc.
  
  - Alignment that the additional information / more detailed costs and plans will be a step in the right direction for the project. It will:
    - Help firm up the details potential donors are interested in (as evidenced at our community meeting and anecdotal community feedback)
    - Help firm up financing ask, assuming we go that path
  
  - Motion made to spend up to \$100k for topographical, a geo-tech, and architect fees
    - Seconded, approved 5-0
  
  - Fundraising discussion
    - Alignment to put less focus here for now and put time and effort on pursuing more details as mentioned above
    - Discussion with Hilda; can she model out what ~\$X financing payment per year would look like with our cash flow? To help discussion with how we will handle the additional yearly financing expense.
    - Some feedback to focus fundraising on LRD members (focus on the users)
    - To work on communication for list serve and Crier; with updates around:
      - Fundraising update/next steps - ongoing, will continue past March
      - Exploring financing
      - Focusing on getting details
      - etc
  
  - To sync up with Portor re: any legal considerations to be thinking about with a remodel

### **Financial Report - Discussion of Hilda's report**

- Worse than budget by \$55k; because we didn't open web registration in February; should be up and running this month

### **Managers Report**

- NetFile - specified board members need to complete the process
- Safesports discussion; policies, signage, etc in progress for this season
  - Mandatory training - when people register for swim team and other activities
  - All other members to be reminded
  - Some other signage - no cell phone signs
- Explore channels via paypal to take additional funds

### **Public Meeting adjourned at 10:07**

### **Next meeting:**

Planned for 7:00 pm on Monday, April 13th, 2020

Respectfully submitted: Brian Wall