

CONTRACT FOR LOW INTEREST LOAN

A Shall the San Lorenzo Valley Water District authorize the execution of a contract between the State Water Resources Control Board and the San Lorenzo Valley Water District for a \$1,500,000 loan to provide funds for the Water District to resolve the existing debt of the Valleywide Wastewater Project at the lowest possible cost?

Execution of Contract	YES
Execution of Contract	NO

**IMPARTIAL ANALYSIS BY DISTRICT COUNSEL
MEASURE A**

This measure seeks voter approval of a very low interest loan to San Lorenzo Valley Water District from the State of California.

The State legislature adopted special legislation authorizing the District to borrow up to \$1.5 million at approximately 3.4% interest, and to seek voter approval by mailed ballot. Loan proceeds will be used exclusively to pay off debts resulting from denial by the State of California of grant funding for construction of a wastewater system in the Valley. The District would be prohibited from planning, designing, acquiring, constructing or operating any sewage facilities (except those existing at Bear Creek Estates) during the term of the loan.

The loan will be repaid over 15 years from regular District revenues, and no increases in existing taxes, rates, fees or charges is anticipated.

Some creditors of the District have sued the District to recover what is owed to them. Approval of this loan would save attorney's fees and other litigation expenses for the District. The very low interest rate on the loan is estimated to save District residents almost \$300,000 over the cost of repaying these debts by other means, and will reduce the number of years' charges to be billed from six to five, saving about \$120 per bill payer.

s/ Robert K. Booth, Jr.
District Counsel
San Lorenzo Valley Water District

ARGUMENT IN FAVOR OF MEASURE A

VOTE YES ON MEASURE A

This measure will authorize your Water District to borrow from the State of California at the **LOWEST POSSIBLE INTEREST RATE (3.4%)** to pay off debts incurred by the District when the construction of a Valleywide wastewater project was considered, and grant funding for it was denied by the State.

There will be **NO INCREASE IN TAXES, FEES OR CHARGES** to pay off this State loan.

The District must pay its debts, and this ballot measure will allow the District to do so at the lowest cost to District residents.

This is your chance to save money for your Water District and yourself, and avoid expensive lawsuits from unpaid creditors of the District. Your Board unanimously urges you to vote to approve this loan.

VOTE YES ON MEASURE A

s/ James W. Rapoza, President
s/ Merrilee Bolden, Vice President
s/ Michael R. Burk, Director
s/ Frederic W. Nitz, Director
s/ Cass Steinkopff, Director

**NO ARGUMENT AGAINST THIS MEASURE
WAS SUBMITTED**

10/87