

# Executive Committee Meeting Minutes for February 12, 2019

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## STAR ISLAND CORPORATION Executive Committee of the Board of Directors

### MEETING MINUTES

February 12, 2019 @ 12:30 pm  
Via Zoom Conferencing App

#### Members in Attendance:

Nick Dembsey (Vice President of the Board)  
Jeff Loewer (Treasurer)  
Gary Kunz (President of the Board)  
Mary Trudeau (Clerk)

#### Other:

Joe Watts, CEO

Gary Kunz convened the Executive Committee of the Board of Directors at 12:30 pm. The meeting was called to discuss and approve the interest rate associated with the 1.3 M dollar loan, administered by the New Hampshire Department of Environmental Services (NHDES), to finance the new Waste Water Treatment Facility (WWTF). The meeting was convened to allow for prompt submission of loan application materials that are prudent to submit prior to the next meeting of the Board of Directors.

#### **Discussion of Terms of Loan from NHDES to Fund the Waste Water Treatment Facility**

Joe Watts reported that recent conversations with the NHDES have included new information on the interest rates available to the SIC for the funding of the new Waste Water Treatment Facility (WWTF). The original terms for a twenty year loan included a financed interest rate of 2.000% percent. In April, NHDES pre-approved a change of term from twenty to thirty years, and they had consistently communicated to SIC that the interest rate would remain 2.000%. However, NHDES recently informed SIC that if we decided to increase the term to thirty years, the interest rate will be slightly higher, and the loan would be written with a 2.704% percent interest rate. It was noted that the loan, at either rate, reflected a very competitive interest rate for the SIC, and is lower than could be obtained through traditional financing.

Jeff Loewer and Joe Watts reported that the Finance Committee subcommittee on borrowing met recently and unanimously supports the option of extending the term of the loan to thirty years, at the 2.704% percent interest rate. The Executive Committee members reviewed the additional interest costs, and noted that cash flow for the SIC is an important consideration in planning this expenditure. It was reported that the difference in the interest rates would have an effective value of 170K dollars over the term of the thirty year loan. While the Executive Committee noted that the extended time frame for repayment and the higher interest rate will increase the

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amount of interest paid on the loan, the NHDES funding remains an affordable option for the SIC.

Jeff Loewer noted that if a prepayment option exists, the SIC could theoretically pay the higher loan payment associated with the twenty year option, thus paying off the thirty year loan in approximately twenty two years. It was noted that with inflation, the percent of the SIC budget spent to service the loan effectively declines over time. Nick Dembsey and Mary Trudeau noted that the prepayment option would be welcomed, should the SIC choose the thirty year loan with the 2.704% percent interest rate.

Gary Kunz polled the members individually, and the Executive Committee

**VOTED** unanimously to support the financing of the new Waste Water Treatment Facility with the NHDES thirty years loan, for 1.3M dollars, with an interest rate of 2.704% percent.

Upon a motion duly made and seconded, the Executive Committee of the Board of Directors

**VOTED** To adjourn the Executive Committee meeting at approximately 1:00pm.

The vote was unanimous.

Submitted by:

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Mary Trudeau, Clerk