



SANTA YNEZ COMMUNITY SERVICES DISTRICT
MEMORANDUM

TO: Board of Directors

FROM: Alexandra Griffith, General Manager
Alicia Marin, Office Manager/Board Secretary

DATE: September 16, 2026

SUBJECT: Authorize Staff to Close the Horizon Drive Money Market Account

Recommendation / Proposed Motion:

Authorize District Staff to close the Horizon Drive Money Market account, transfer the funds to the District's Money Market at Five Star Bank, and apply those funds toward Horizon Drive loan installment payments in accordance with the terms of the loan agreement.

Policy Implications:

Section 3.2 of the Horizon Drive Loan Agreement states:

- *“Any unexpended proceeds in the Project Fund upon the completion of the Project shall be applied by the District towards the payment of Installment Payments.”*

The Horizon Drive Project has been completed and accepted by the District as part of its sewer collection system. Therefore, remaining funds must be applied toward loan installment payments in accordance with the loan agreement.

Fiscal Implications:

The annual installment payment for the Horizon Drive loan is \$86,815.89. The account balance is approximately \$145,501 (as of 8/31/2026), which is sufficient to cover one full loan installment payment and a substantial portion of a second loan installment payment.

There is no cost to the District to close the account. The funds would continue to earn the same interest rate (3.84%) in the District's general Money Market account at Five Star Bank as they would earn in the Horizon Drive Money Market account at Five Star Bank.

Upon closure of the account, the remaining balance would be applied toward Horizon Drive loan installment payments as required by the loan agreement.

Alternatives Considered:

Staff considered retaining the account for future project-related expenditures; however, because the Horizon Drive Project has been completed and accepted by the District, retaining the account would not be consistent with the requirements of the loan agreement regarding the disposition of unexpended project funds.

Discussion

The District received a loan of \$1,300,000 in June 2021 to construct the Horizon Drive sewer line. Not all project funds were expended, and a balance remained in the project account upon completion of construction.

Following construction, subsidence issues were identified that required corrective work. As a result, the project remained open so that available funds could be used to address deficiencies and complete the necessary repairs. After repairs were completed, the project account continued to hold a remaining balance, which has remained in the account to date.

The Horizon Drive Project has since been completed and accepted by the District. And the sewer line has been fully integrated into the District's collection system. Any future work performed on the line will be treated as part of the District's regular operations, maintenance, and repair activities.

The loan agreement specifies how remaining project funds must be handled upon completion of the project. Specifically, unexpended project funds are required to be applied toward installment payments on the loan. Closing the account and transferring the remaining funds would be in accordance with the loan requirements and simplify the District's management of project-related accounts.