

Groundwater Extinguishment Credits (GWECs) – Interim Financing

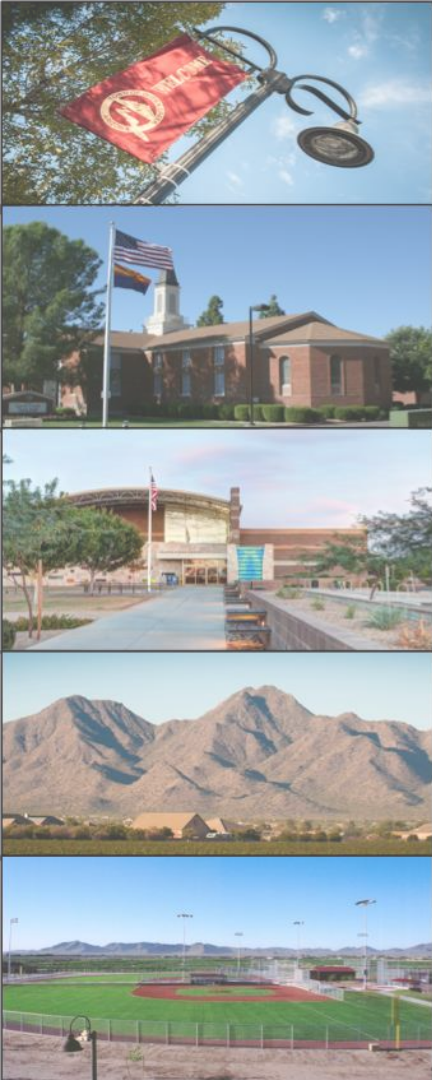
Town Council Meeting

February 6, 2019

Purpose of Presentation

- Review Water Strategic Objectives
- Review Negotiated GWECs Interim Financing Terms





Water Strategic Objectives

- Establish a Long-Term Assured Water Supply
- Reduce Overall Customer Water Replenishment Costs by Using Less Expensive Options Versus CAGR D
- Become a Designated Assured Water Provider



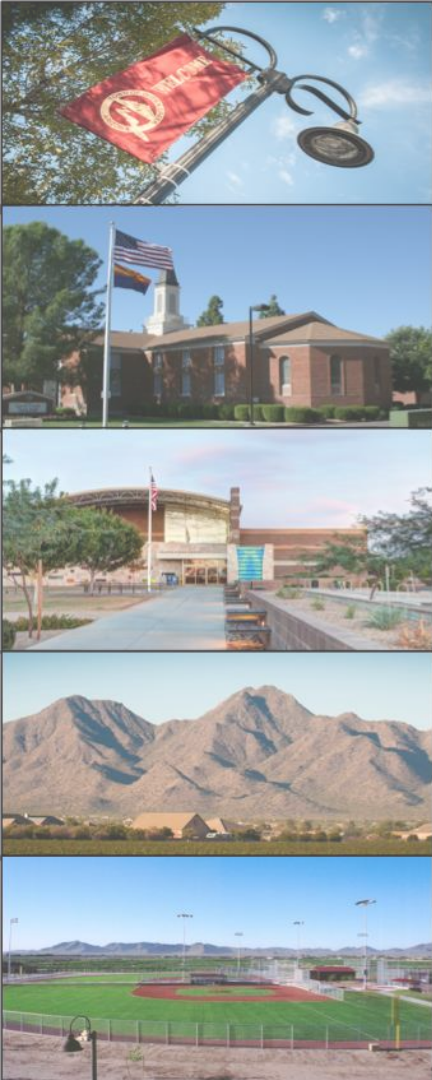
GWECs Purchase Agreement

- Approved December 2018
- Purchased 175K Acre Feet (AF) of GWECs
- Amount: \$49.05M (\$280 per AF)
- Recommendation for Interim Financing Option to Allow for WIFA “Deviation Request”
 - WIFA Provides the Lowest Interest Rates and No Closing Costs



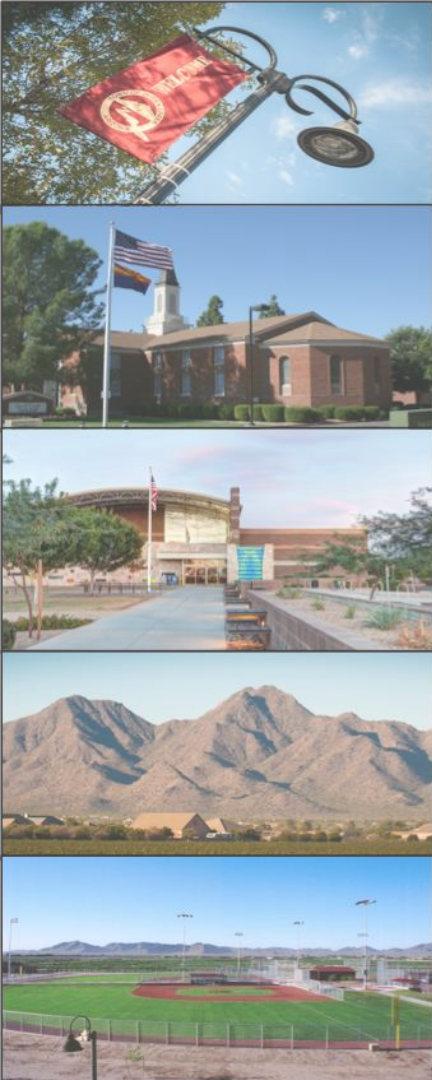
THE TEAM – THANK YOU

- Lender: Bank of America Merrill Lynch
- Financial Advisor: Wedbush Securities Inc.
- Bond Counsel: Greenberg Traurig, LLP



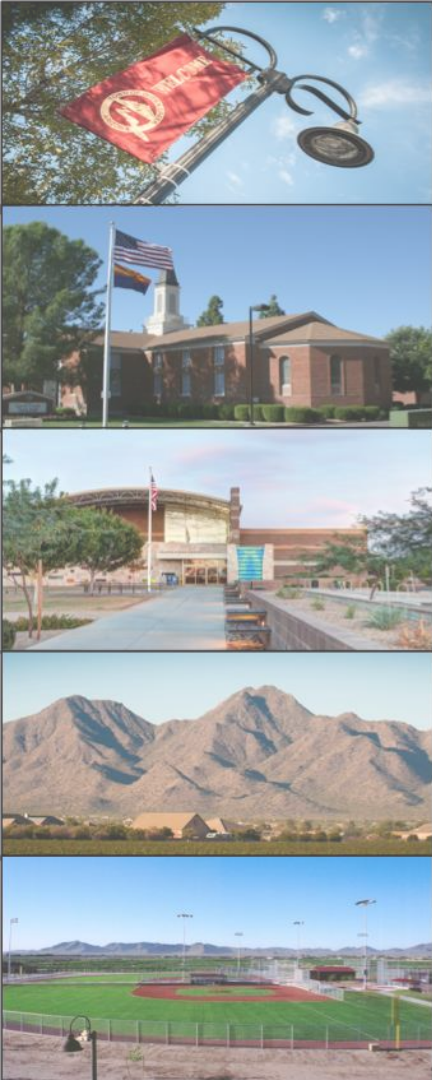
GWECs Interim Financing Terms

- Structured to Allow for WIFA Decision - Permanent Financing
 - Estimated Savings: \$4.5M
- Amount: \$49.44M
 - \$40.05M GWECs + \$390K Costs of Issuance
- Net Cost of Interim Financing = \$500K
- Interim Financing Cost Terms
 - Initial Term: 6 Months
 - Renewals Possible
 - Estimated Interest Rate: Sub 3%



Why Did We Buy GWECs?

- Development of the Town's Water Management Plan Continues
- Another "Tool" to Manage 100-Year Assured Water Supply Requirement
- Next Update: March 2019 Town Council Strategic Planning Session



STAFF RECOMMENDATION

Approval of Resolution No. 1252-19

*Requires 6 Affirmative Votes Given Emergency Clause
to Take Effect Immediately*



Questions and Comments