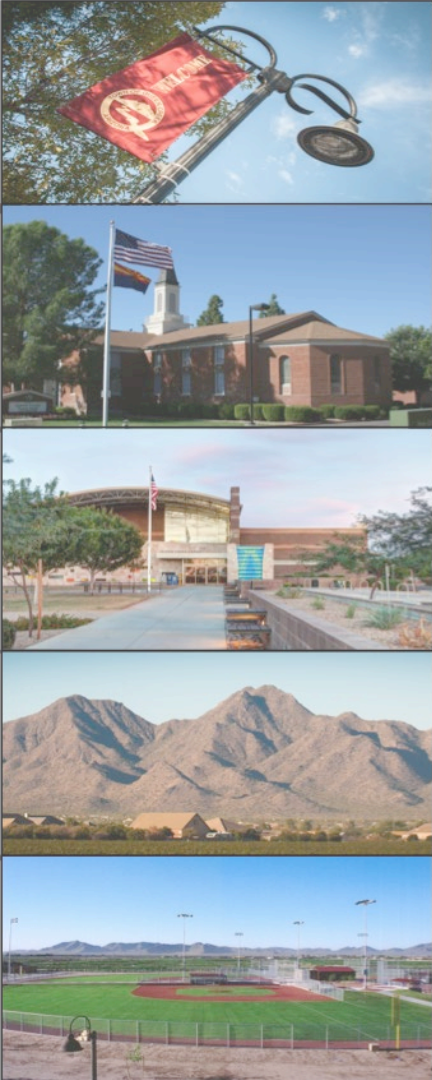




Acquisition of the Diversified Utility System

Town Council Meeting

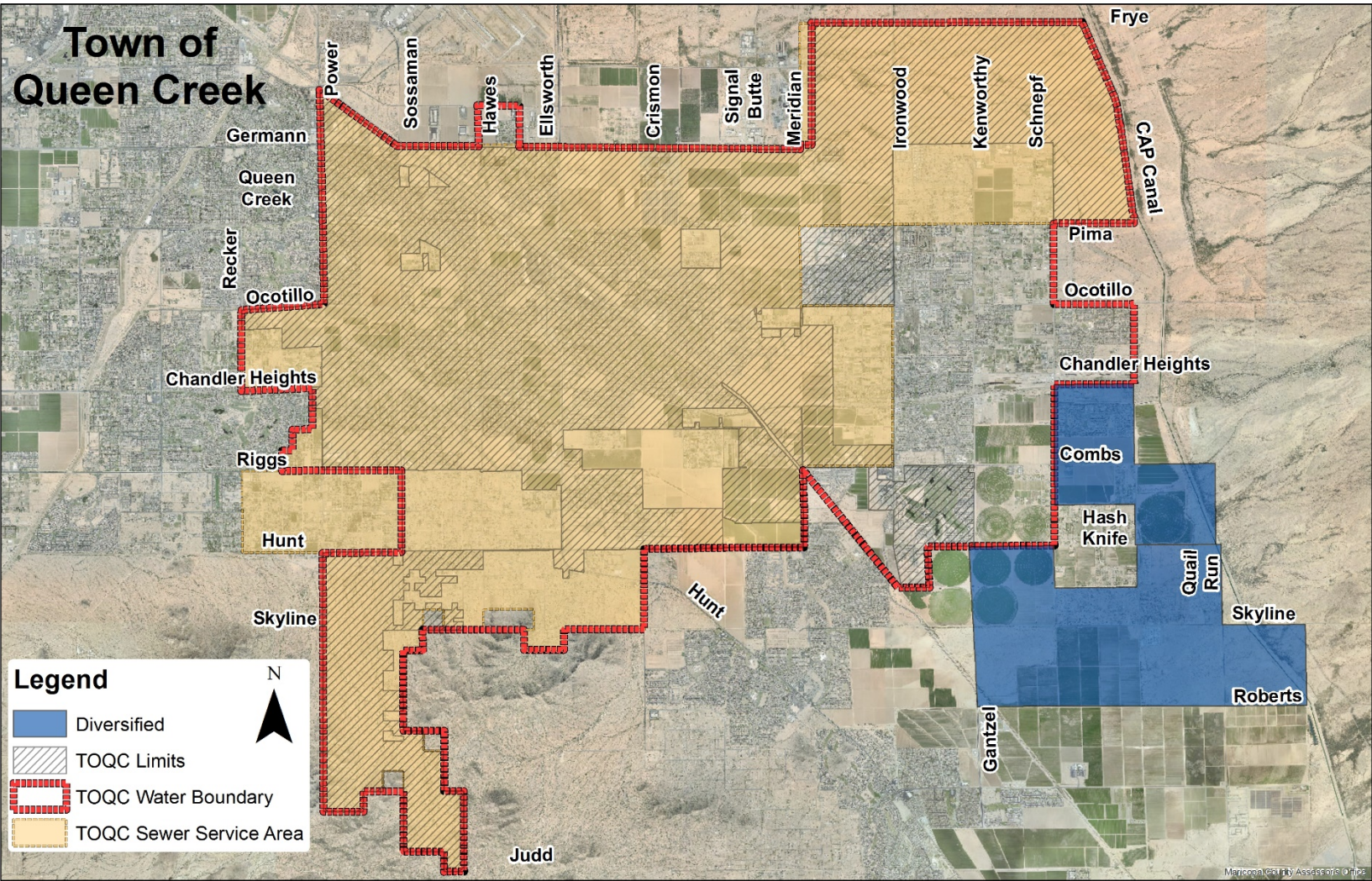
May 20, 2020



Purpose of Presentation

- Location of the Queen Creek & Diversified Utility Systems
- Benefits of Acquisition
- Review of Next Steps / Calendar
- Questions & Comments

Town of Queen Creek



Benefits of Acquisition

- Expands Build-Out Customer Base by 15,000 Water Customers
 - Creates Opportunities to Advantage of Economies of Scale & Maintain Low Costs
- Strategic Location for Queen Creek
 - Completes Service Area SE to CAP Canal
 - Opportunities to Consolidate W/WW Services
 - Vacant Land (Publicly and Privately Held)





Benefits of Acquisition (Continued)

- Current Rates and Charges Sufficient
 - Supports Town's Current Financial Objectives
 - Repair and Replacement
 - Water Resource / CAGR Costs
 - Franchise Fees, Payment in Lieu of Property Tax & Return on Investment Policies
 - Immediately Self Funding
- No Change in Utility Rates Required



Benefits of Acquisition (Continued)

- Adds Capacity to the Queen Creek Water System & Creates Future Opportunities
- Systems Can Be Easily Interconnected
- No Change in Municipal Boundaries
- Favorable Credit Market & Low Cost of \$\$
- Willing Parties - TOQC / Diversified
 - Condemnation Required, but Consensual
 - Agreed Upon Settlement Terms



Benefits of Acquisition (Concluded)

- Town & Town Customers
 - Additional Capacity / Future Opportunities
- Developers
 - Cost Efficiency Through Pay-Go Financing
- Diversified Customers
 - Rate/Cost Stability
 - Increased Service Reliability / Redundancy
 - Possible Long-Term Investments in Repair & Replacement and Water Recourses

Next Steps / Calendar

- May 20 (Today) – Council Approval of Related Resolutions
- Concurrent Follow-Up Processes
 - Condemnation Settlement 45-90 Days
 - WIFA Loan 90-180 Days
- By Calendar Year End – Town Ownership





Questions and Comments