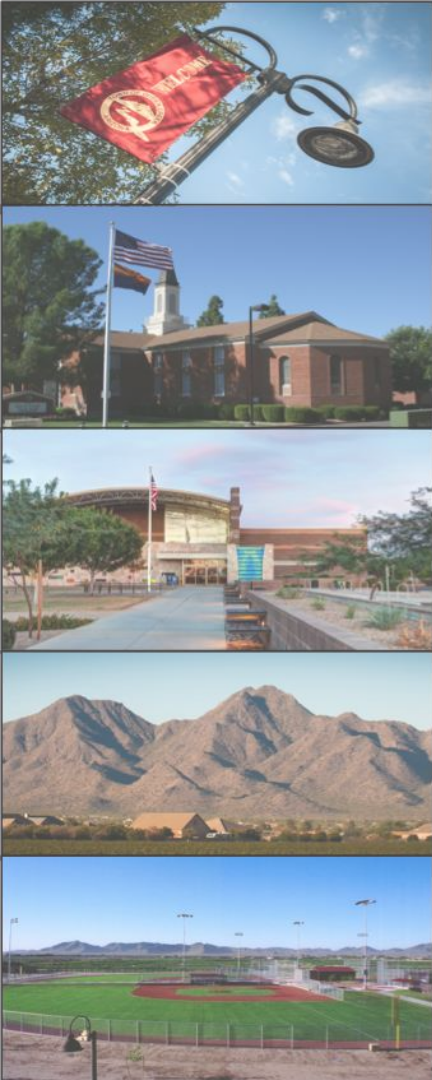


WATER RESOURCES: WIFA FINANCING

Town Council Meeting

June 17, 2020



Purpose of Presentation

- Review Strategic Financial Objectives
- Review Loan Amendments
- Review New Loans
 1. Water Exchange Agreement
 2. Groundwater Extinguishment Credits (GWECs)

Strategic Financial Objectives

- Create Rate Capacity
- Generate Cash for Reserves / Projects
- Position Ourselves for Rated, Open-Market Deals
- Improve Our Revenue to Debt Coverage Ratio
- Match the Asset's Useful Life with the Length the Debt is Outstanding



Review Loan Amendments

- Two Outstanding WIFA Loans
 1. 2008 \$22M Outstanding
 2. 2014 \$12M Outstanding
- Extend the Terms by 10 Years but Maintain the Original Call Dates
 - 20-Year Term Limit When Debt was Originally Issued
 - Recast Payment Timing to Reduce FY 19-20 Payment by \$2.5M
 - \$1.6M Reduction in Annual Payment Thereafter
 - Debt Coverage Increased by 0.4x (from 1.36x to 1.76x)
 - \$7.9M in Additional Interest Possible
- Expand the Revenues Pledged to Repay Debt to Include Water and Wastewater to Improve Debt Coverage Calculation
 - From 1.76x to 3.09x



Encanterra Water Exchange Agreement

Date	Item
December 2018	<ul style="list-style-type: none">• Approved Water Exchange Agreement with Encanterra (Shea Homes)• Town will receive up to 3 million gallons of effluent water per day from Encanterra• In exchange, Town will provide approximately 1 million gallons of recovered effluent per day• \$8.9M
December 2019	<ul style="list-style-type: none">• Town Council Approved WIFA Loan Application
February 2020	<ul style="list-style-type: none">• WIFA Board Approved Loan

WIFA Encanterra Financing

- Amount: \$8.6M
- Term: 30 Years
- Estimated Interest Rate: 2%
- Annual Payment: \$384K
- Estimated Savings: \$2.5M (Compared to 3.5% open-market financing)
 - Plus an additional \$400K from prepayment



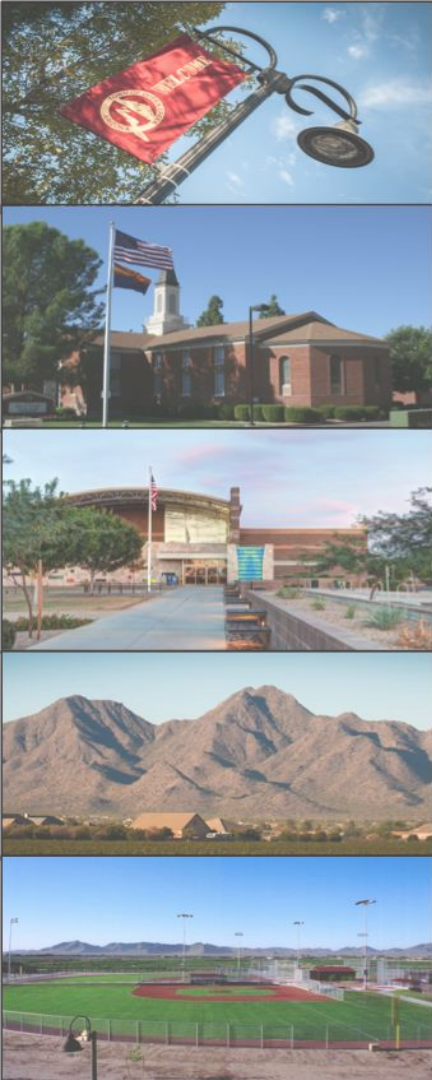
Interim GWEC Funding

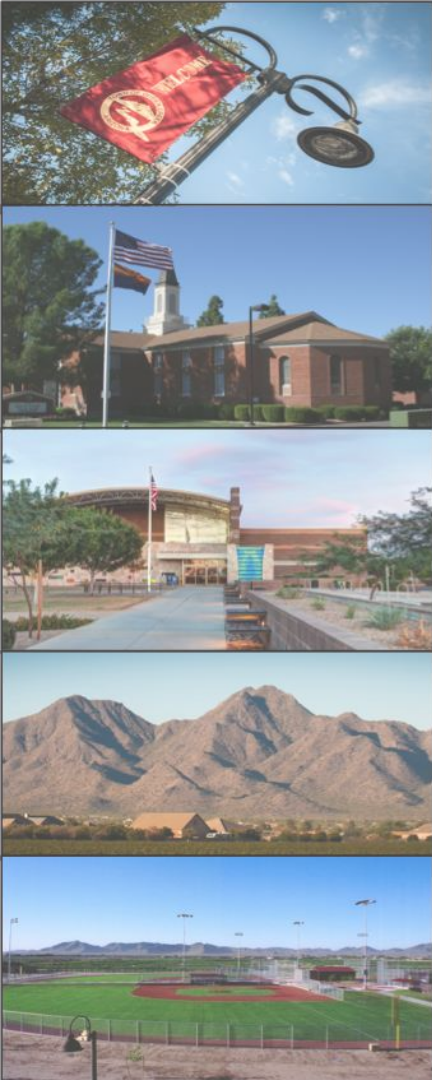
Date	Item
February 2019 December 2019	175K AF GWECs (\$49M) 23.5K AF GWECs (\$6.6M) \$1.5M Pending
August 2018 – March 2020	<ul style="list-style-type: none">• Two Interim B of A Financings• Extension Process with WIFA re. Deviation Request then Program Amendment to Allow for Financing of Water Resources

WIFA GWEC Financing

- Amount: \$58M
- Term: 30 Years
- Estimated Interest Rate: 2%
- Annual Payment: \$2.6M
- Estimated Savings: \$17.5M (Compared to 3.5% open-market financing)
- Pre-2004 Customer Savings (Compared to CAGR D)

 - \$2.4M Since 2017 (13.4K Customers)
 - \$800K Annually
 - \$200 per Customer (on a \$380 Bill, 53% Reduction)





Recommended Motion

Staff Recommends Approval of Resolution No. 1324-20
Authorizing:

- 1) Amendment No. 2 to the Loan Agreement for Loan 920132-08
- 2) Amendment No. 2 to the Loan Agreement for Loan 920243-14
- 3) Loan Agreement for Drinking Water Loan 920304-20
- 4) Loan Agreement for Clean Water Loan 910184-20
- 5) Declaration of an Emergency



QUESTIONS & COMMENTS