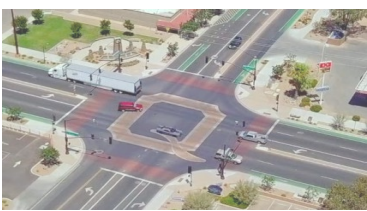# Diversified Water Company Acquisition: WIFA Loan Approval

Town Council Meeting
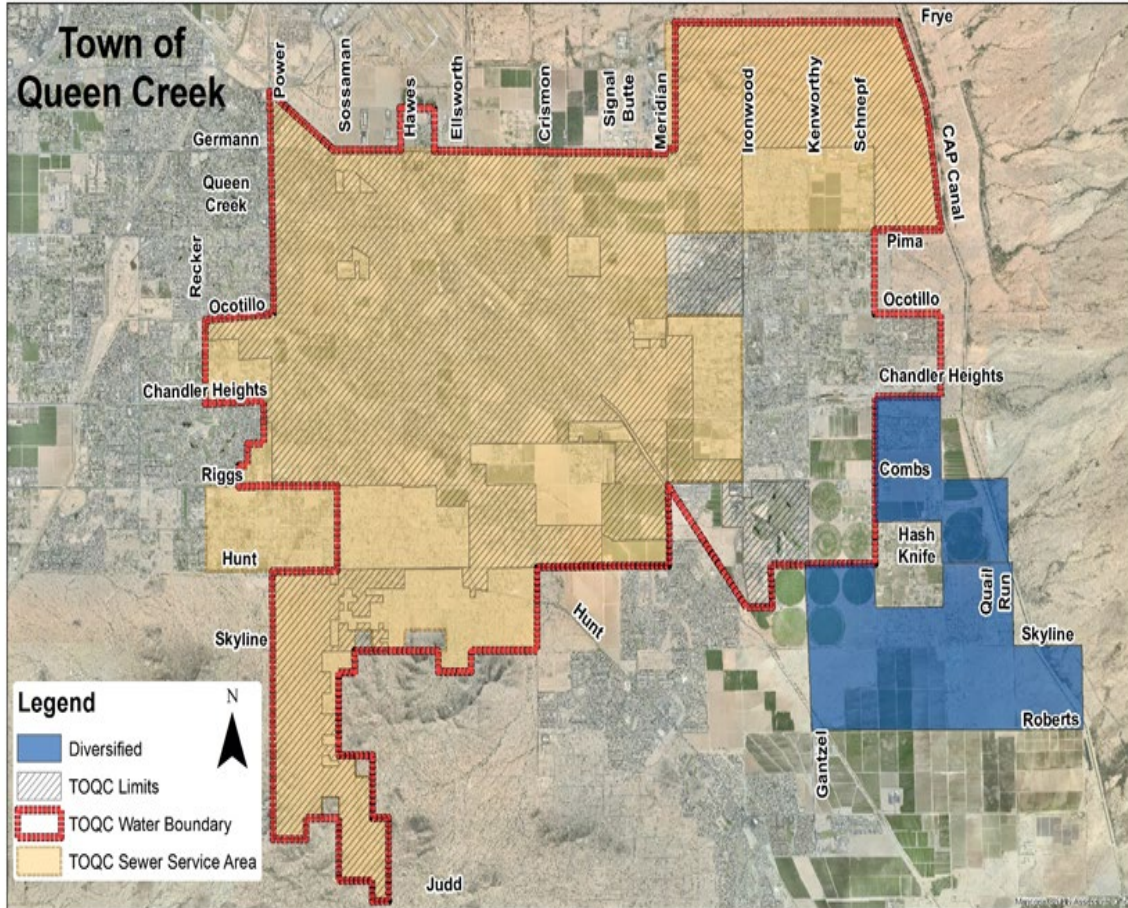
September 2, 2020

Purpose of Presentation

- Summary of Diversified Water Company / Outcomes of Acquisition

- Review Expected Loan Terms

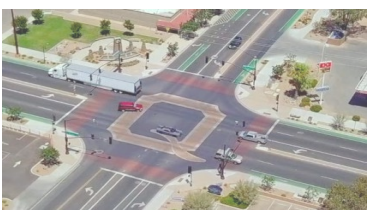- Review Acquisition Calendar

- Approve Resolution No. 1366-20

Diversified Water Company

- ~9 Square Miles
- >1,600 Accounts Today
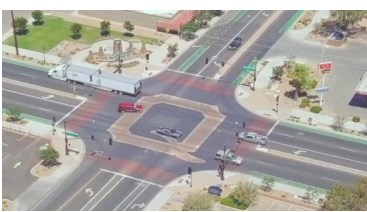- >15,000 Accounts at Buildout

3

Outcomes of Acquisition

- Increased System Reliability and Redundancy

- Rate & Financial Stability

- Allow Developers to Develop Land More Efficiently (i.e. Incremental vs. Up-Front Costs)

- Expand Build-Out Customer Base by 15,000 Customers - Maximizing Economies of Scale

- Strategically Located Between Town's Current Water Service Area and the Central Arizona Project Canal to the East

- Best Opportunity to Consolidate the Delivery of Both Water and Wastewater Services in the Area

- Future Excess Water Capacity Available - Would Allow Town to Defer Current Capital Projects

Expected WIFA Loan Terms

- Amount: $13.3M
  - $10.3M for Acquisition (Repaid from Monthly Rates)
  - $3M Interconnection of Systems (Expected to be Repaid from Capacity Fees)
    - $442.5K in "Forgivable Principal"
- Term: 30 Years
  - Interest Only for the First 2 Years
- Expected Interest Rate: ~2%
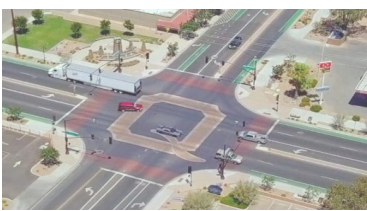- Annual Payment: ~$625K (in 3rd year)

Remaining Timeline

Date	Item
September 2 - Town Council Meeting	• Town Council Approval of WIFA Loan
September 16 - Town Council Meeting	• Overview Customer Communication Plan
Beginning September 17	• Public Outreach Campaign
September 25	• Close WIFA Loan
October 2	• Town Takes Possession of Diversified
Week of October 26	• QC 1st Bill to Diversified Customers

Recommended Motion

Approve Resolution No. 1366-20

- Includes an Emergency Clause so Immediately Effective In Order to Close the Loan on September 25

- Six Affirmative Votes Required for Approval

QUESTIONS AND COMMENTS