



Results of WIFA Water and Wastewater Infrastructure Loans

Town Council Meeting

May 18, 2022

Purpose of Presentation

Update the Town Council on the Final Terms of the \$56M Water Infrastructure Finance Authority of Arizona (WIFA) Drinking Water Loan and Clean Water Loan Authorized by the Town Council on May 4, 2022 (with Emergency Clause to Mitigate Expected Increased Interest Rates)



Recent Financings: \$130M

- Financings to Meet Projected 3-Year Infrastructure Needs
 - Updated Master Plans Forthcoming to Council for Approval

Financing Source	Funding Source: Water / Wastewater Rates	Funding Source: Capacity Fees	Total
Bank Loan	\$27M	\$47M	\$74M*
WIFA Loans	<u>\$26M</u>	<u>\$30M</u>	<u>\$56M</u>
TOTAL	\$53M	\$77M	\$130M

*85M Available

EXECUTED WIFA LOANS: \$56M



Purpose	Amount
<u>WATER</u>	
System Lines	\$23M
Tanks, Wells, Boosters and Lakes	\$18M
Other	<u>\$5M</u>
Total - Water	\$46M
<u>WASTEWATER</u>	
System Lines	<u>\$10M</u>
Total - Wastewater	\$10M

Debt Results

- Close to Expected at a 2.89% Interest Rate
 - Extremely Volatile Debt Market with Rising Interest Rates
- WIFA is the Lowest Possible Interest Rate Due to Its Association with the Federal Government Loan Program



Debt Results

- Recent Debt Issuances
 - NIA WIFA Loan: \$8.2M
 - Date: 12/03/2021
 - Interest Rate: 1.68%
 - Bank Loan: \$85M (Maximum)
 - Date: 12/08/2021
 - Interest Rate: Variable Interest Rate that Resets Weekly Based on the Current SIFMA Rate Plus 37 Basis Points; Rate 1.13% as of 05/16/2022



Drinking Water WIFA Loan Terms: \$45M



	Actual Terms	Expected Terms
Interest Rate	2.89% (+0.19)	2.7%
Annual Payment Amount	\$2.34M (+54K)	\$2.29M
Forgivable Principal	\$1M	\$1M
Loan Term	30YR	30YR
Estimated Minimum Interest Savings Compared to Open Market (Currently 4%)	\$10M	\$10M
First Principal Repayment Date	07/01/2025	07/01/2025
Final Payment Date	07/01/2052	07/01/2052

Clean Water WIFA Loan Terms: \$10M

	Actual Terms	Expected Terms
Interest Rate	2.89% (+0.19)	2.7%
Annual Payment Amount	\$531K (+12K)	\$519K
Loan Term	30YR	30YR
Estimated Minimum Interest Savings Compared to Open Market (Currently 4%)	\$2M	\$2M
First Principal Repayment Date	07/01/2025	07/01/2025
Final Payment Date	07/01/2052	07/01/2052



TOTAL DEBT OUTSTANDING

Purpose	Principal Outstanding At 6/30/22	New WIFA Loans	New Total
<u>WATER</u>			
Infrastructure	\$39.4M	\$45M*	\$84.4M
Water Company Acquisitions	\$64.0M	-	\$64.0M
Groundwater Extinguishment Credits	<u>\$56.5M</u>	=	<u>\$56.5M</u>
Total - Water	\$159.9M	\$45M*	\$204.9M
<u>WASTEWATER</u>			
Infrastructure	\$15.3M	\$10M	\$25.3M

*Note: Net of \$1M Forgivable Principal

DEBT COVERAGE



	Amount
FY 2020/21 Net Revenues Available for Debt Service	\$29.0M
120% Maximum Annual Senior Lien Utility System Debt Service (7/1/2037 \$9.2M)	\$11M
100% of Debt Payable in Fiscal Year for Subordinate Lien	<u>\$1.8M</u>
Total Coverage Requirement	\$12.8M
Debt Service Coverage Ratio	2.3

Note: Table above does not include \$85M (Maximum) Interim Bank Loan. Although the Town pledged excise taxes to secure the loan, interest costs are repaid from water and wastewater utility revenues.