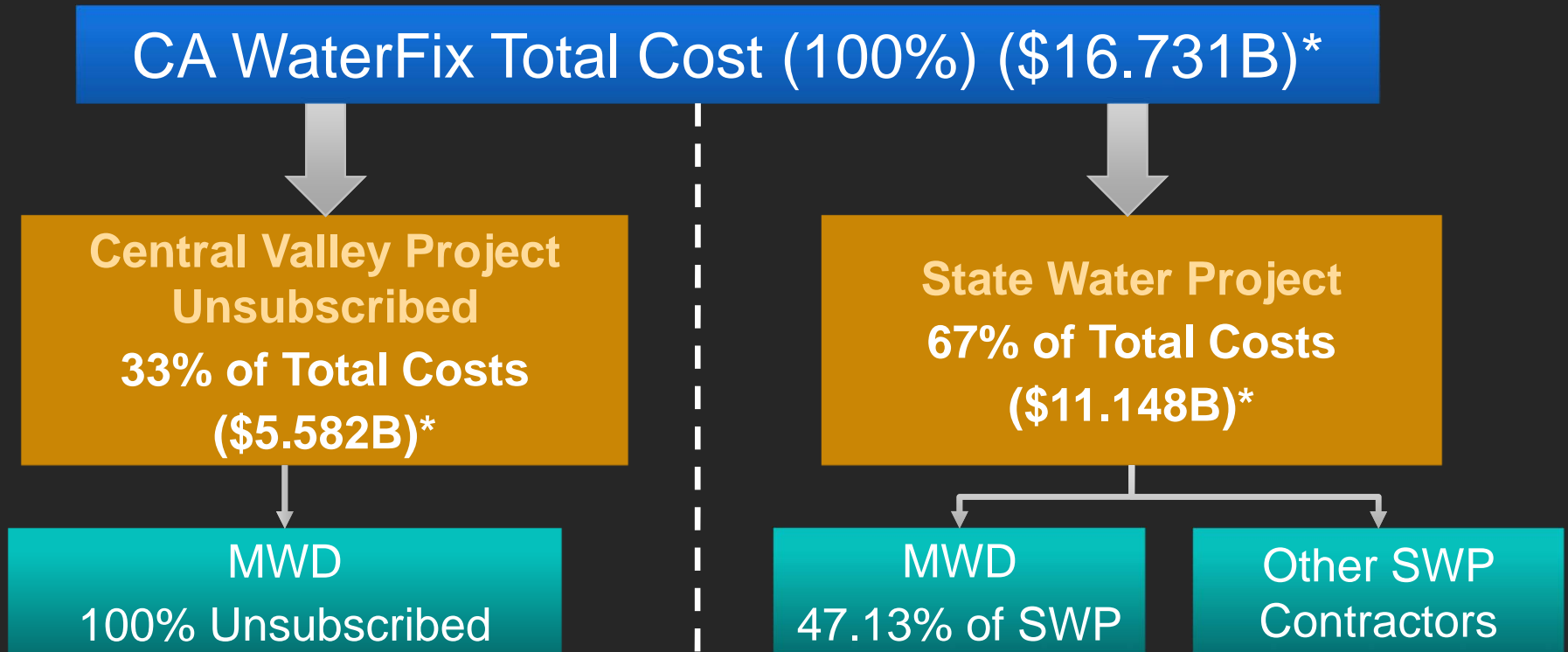


California WaterFix – Joining Delta Conveyance Financing Joint Power Authority

November 20, 2018

Item No. 6.1

Conceptual CA WaterFix Cost Allocation Framework



* 2017 Dollars

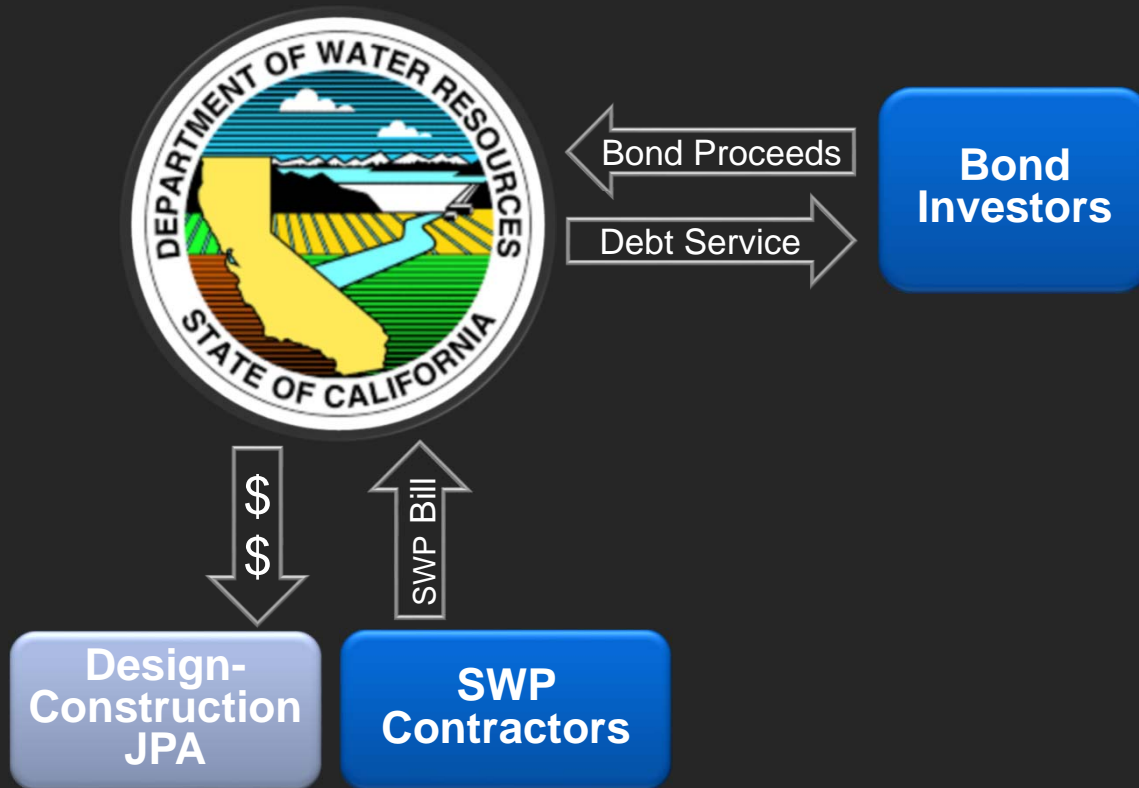
CA WaterFix Impact on SCV Water State Contract Fund (In 15 years)

- | | |
|-----------------|-------------|
| • Capital Costs | \$17.7M |
| • Minimum Costs | 1.8M |
| • Variable Cost | <u>5.0M</u> |
| • Total | \$ 24.5M |
- Increase in Agency Set Tax Rate - 4.5 cents
 - Cost for Average \$510,000 Home - \$20/Mo.

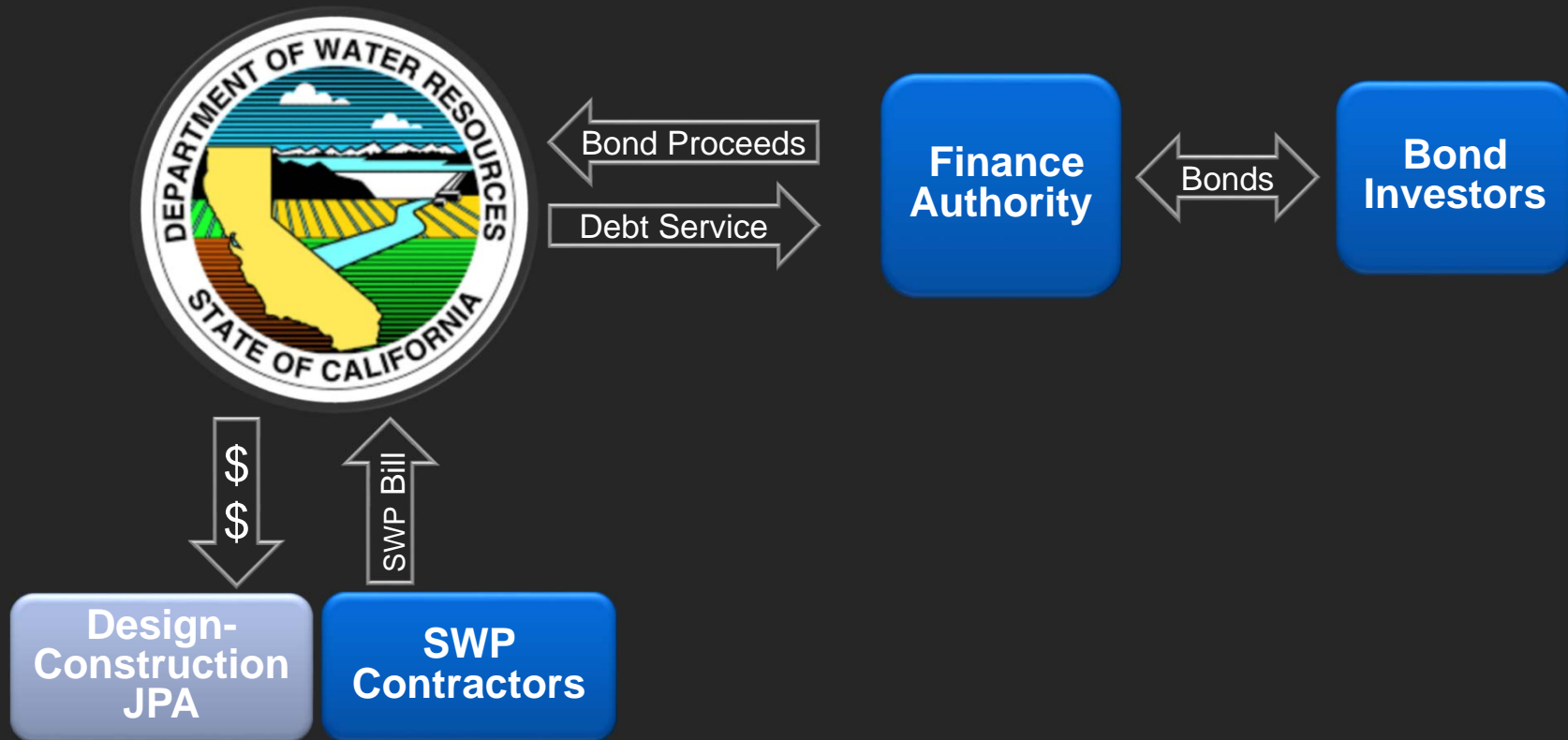
Purpose of the Finance JPA

- The Finance JPA was formed for the primary purpose of:
 - Providing a means to facilitate continued progress on the design and permitting of the CA WaterFix
 - Support the issuance of DWR WaterFix Revenue Bonds by Purchasing bonds from DWR
 - Funding the purchase of the Water Fix Bonds would come from bonds issued by the Finance JPA

California WaterFix Financing



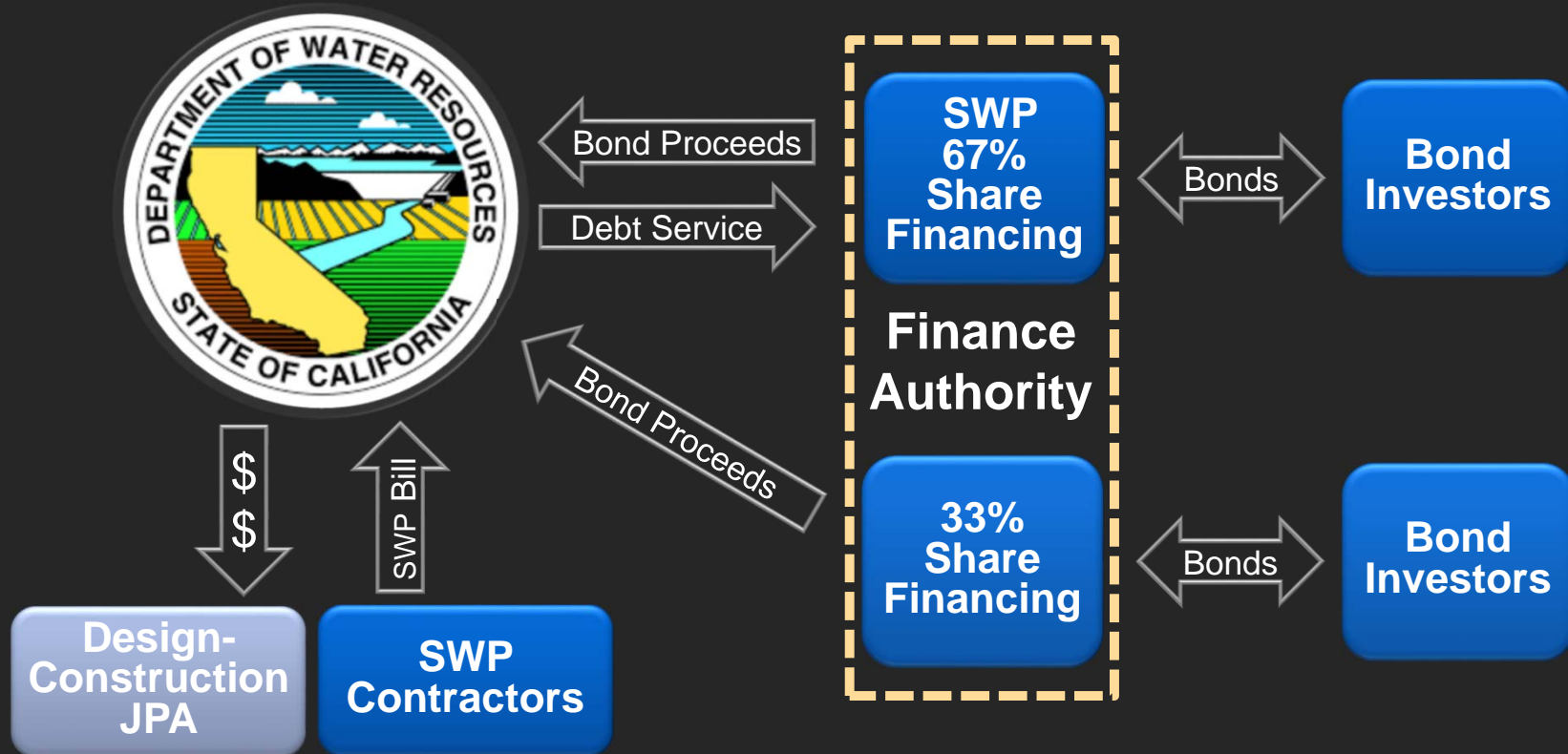
California WaterFix Financing



What Might a Finance JPA Bond Transaction Look Like?

- The Finance JPA will issue revenue bonds (the “JPA Bonds”) to the public market or as a private placement
- The Finance JPA will use the proceeds from the issuance of the JPA Bonds to purchase DWR WaterFix Bonds;
- The Finance JPA will enter into an installment purchase agreement with each member of the Finance JPA;
- Each member will purchase a portion of the DWR WaterFix Bonds in exchange for installment payments which will secure the JPA Bonds.

California WaterFix Financing



Current Members of Finance JPA

- Alameda County Flood Control and Water Conservation District, Zone 7
- Alameda County Water District
- Antelope Valley-East Kern Water Agency*
- Metropolitan Water District
- Mojave Water Agency*
- San Bernardino Valley Municipal Water District
- Santa Clara Valley Water District
- San Geronio Pass Water Agency
- Others pending

* (authorized, execution of agreement pending)

Key Agreement Terms

- Membership on Board restricted to:
 - SWP and CVP Contractors and KCWA member units
 - Passing resolution indicating an intent to finance a share of debt
- Term – 50 years or repayment of debt
- Voting
 - Initially one agency one vote (until debt is issued)
 - Weighted with financial obligation except for administrative functions
 - After Dec 3rd a unanimous vote to accept new members

Benefits and Risks of Joining JPA

■ Benefits

- Demonstrates support of CA WaterFix
- Provides seat at table to influence JPA policies and actions

■ Risks

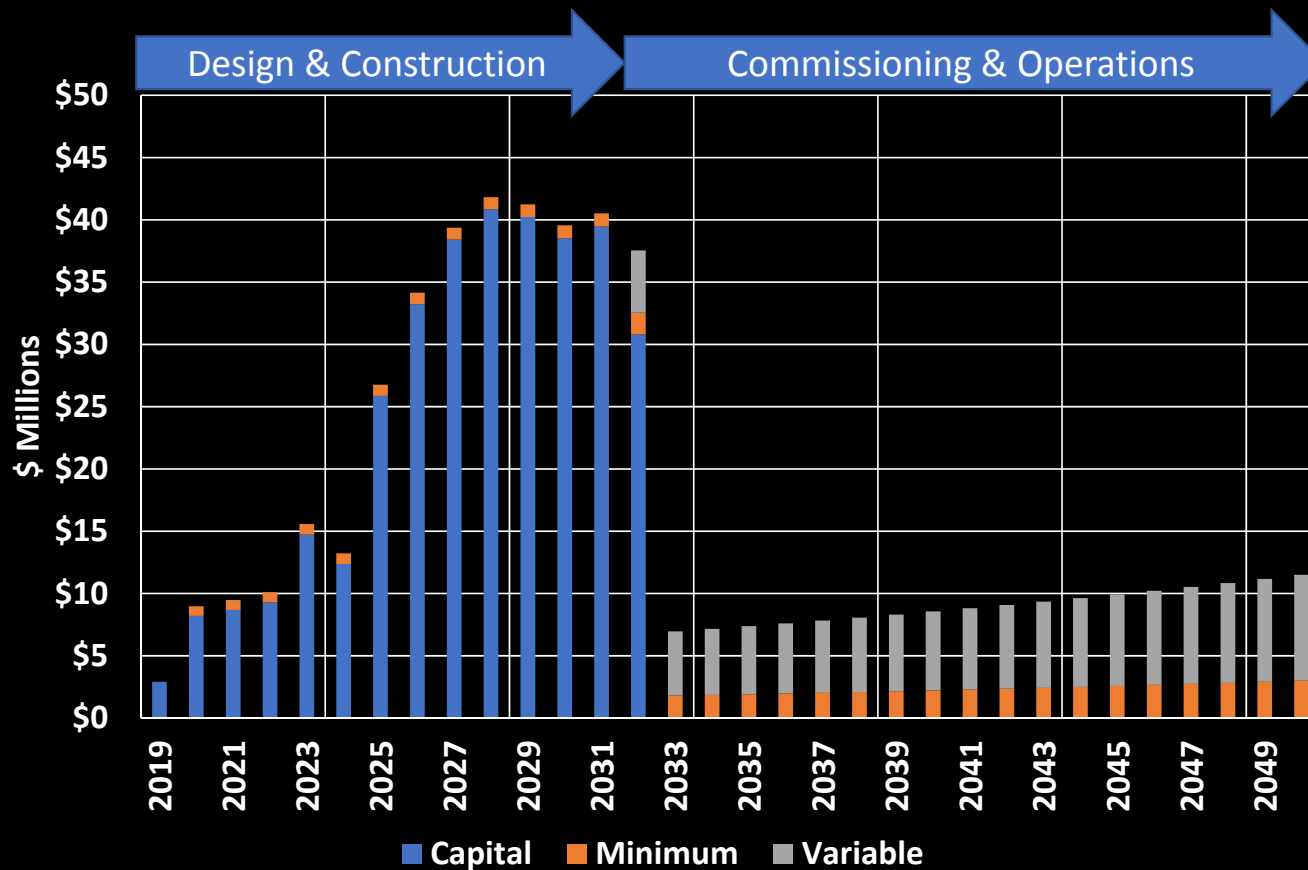
- Minimal initial financial investment
- Future financial risks will be assessed prior to issuance of JPA financial instruments

Recommendation

- The Water Resources and Watershed Committee recommends the Board adopt a resolution authorizing the General Manager enter into the Delta Conveyance Finance JPA agreement

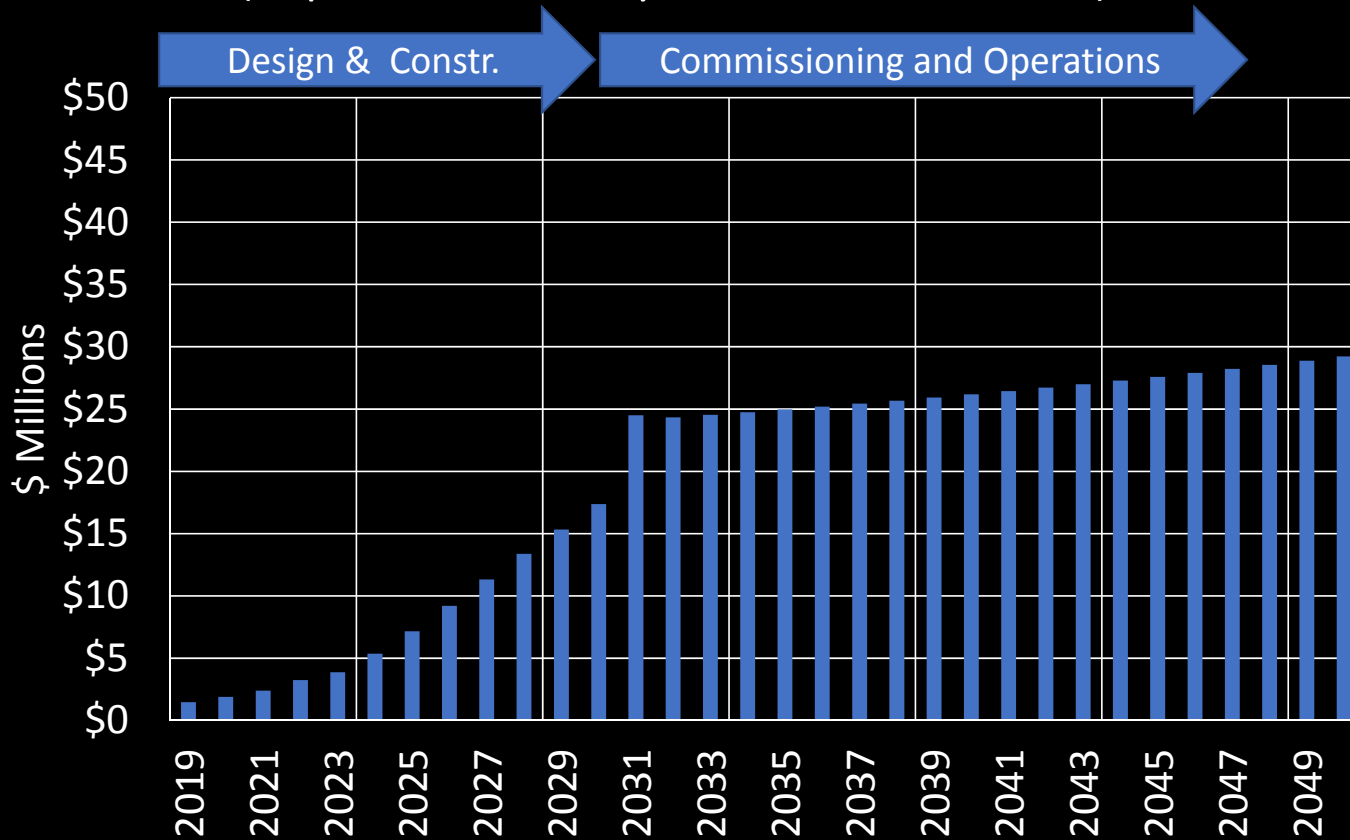
BACKUP SLIDES

Agency Share of Estimated Expenditures

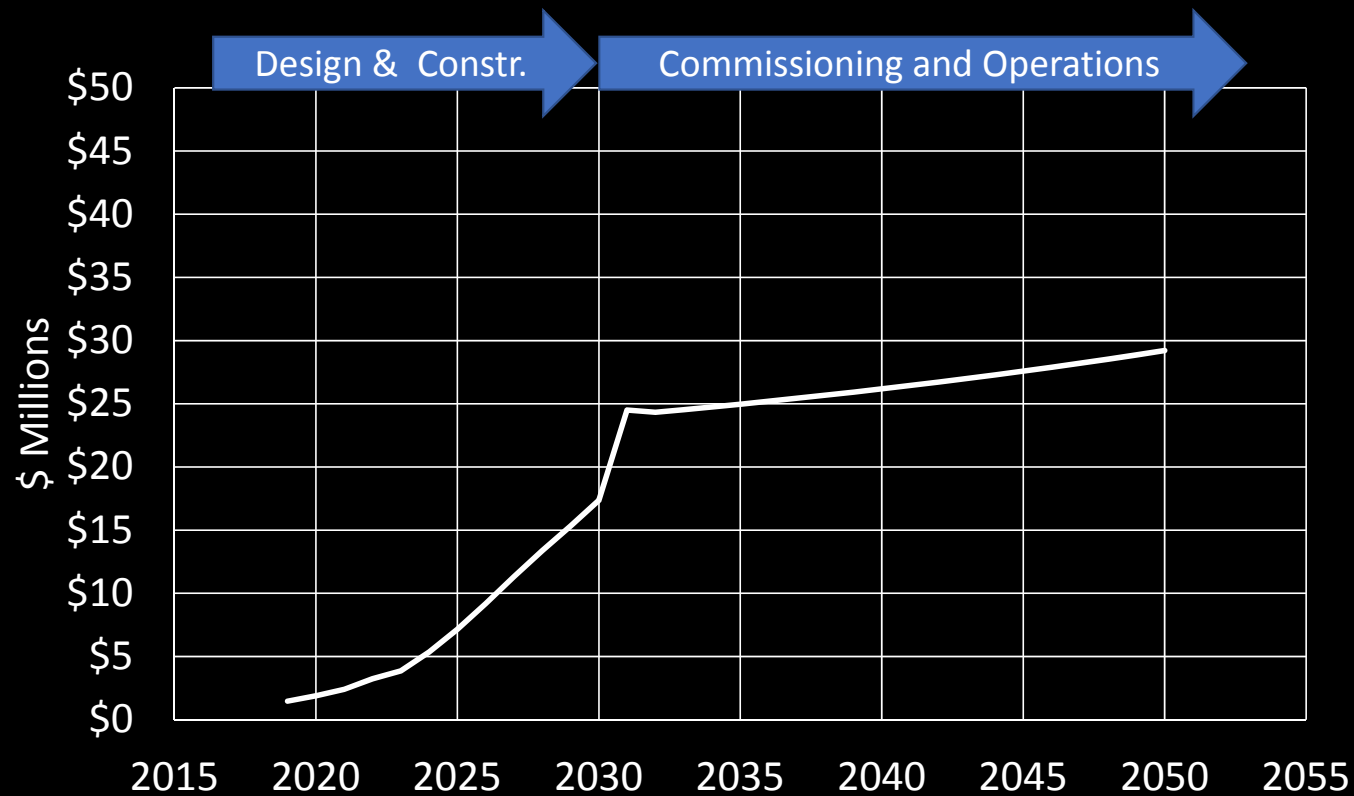


Estimated CA Water Fix Annual Costs

(Capital Financed by Finance JPA or DWR)



Estimated CA Water Fix Annual Costs (Capital Financed by DWR)



Financial Impacts

- Dependent on Board's future policy decisions
 - Potential Options
 - Pay-as-you-go
 - Costs on water rates
 - Costs on agency set tax rate
 - Some combination of the above