



Santa Clarita Valley Water Agency

Board Meeting Presentation

July 18, 2023



Tasks Completed to Date

February
2023

- Reviewed financial forecast and rate plans
- Assumptions from FY 2023 Budget

March
2023

- New PFAS regulations announced by the EPA
- Agency worked on FY 2024 Budget

April
2023

- Board approved 2023 Bonds legal documents

June
2023

- Finance Committee reviewed POS
- Updated assumptions

July
2023

Received S&P Rating of AA+

Updated Assumptions

Capital

- Following announcement of new proposed PFAS regulations, Agency added ~\$160 million in additional treatment improvements
- Additional capital costs added since February review

O&M

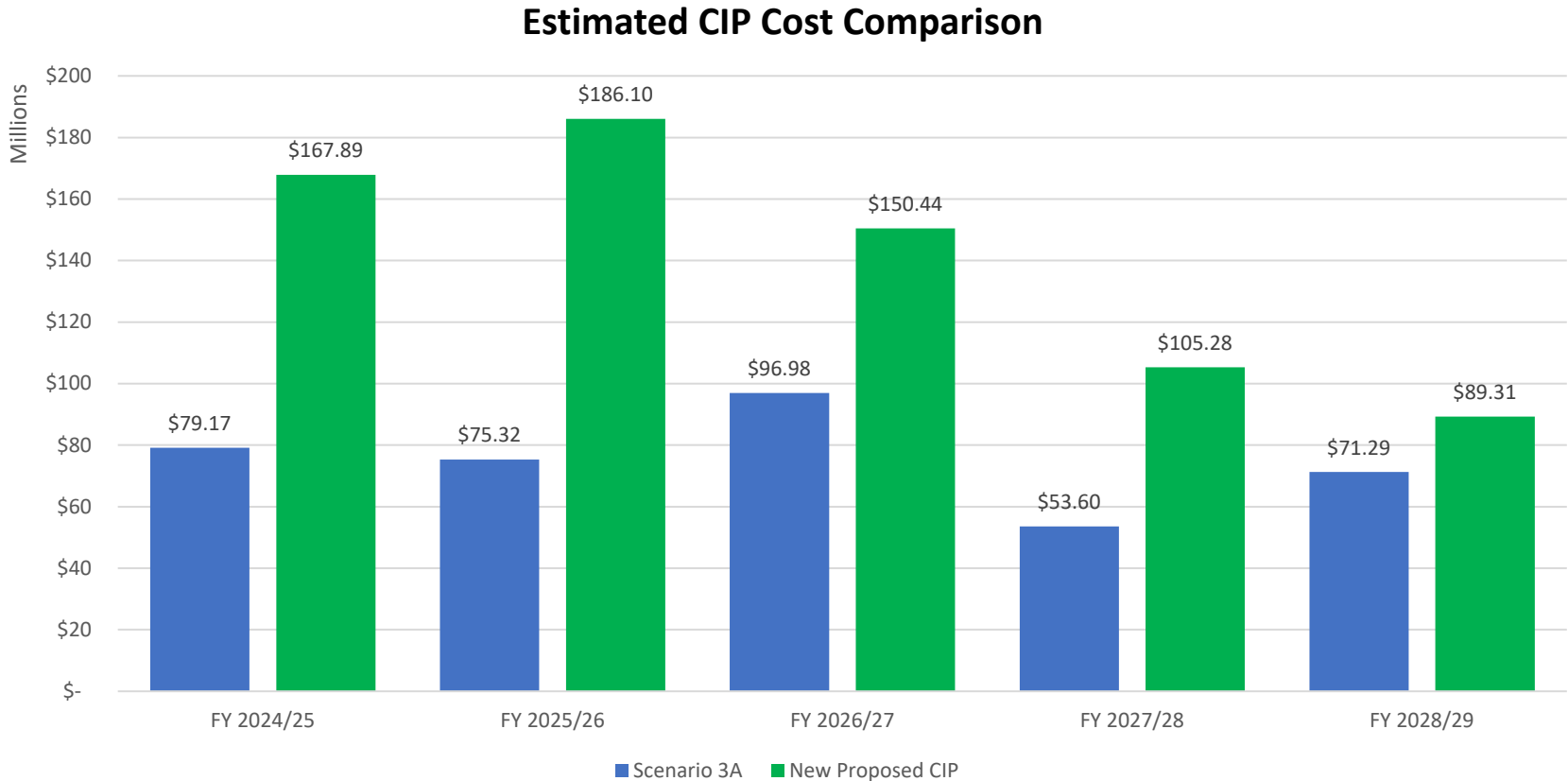
- Additional PFAS operations are projected to cost up to \$6.1 million annually over next five years

Rates

- Additional capital and operational costs may require higher rate increases than previously estimated (early rate increases up to 12%)
- Agency has opportunity to smooth out rates by approving rates one year earlier (effective July 1, 2024) to possibly reduce early rate increases to 10%, down to 4% by the end of the 10-year forecast period

CIP Cost Update for Future Analysis

- Change in capital costs is driving additional financial scenarios with revised proposed rate increases



Note: Preliminary, subject to change. Change in finance plan is largely driven by increases in capital costs.

2023A Bonds

- Agency has opportunity to minimize interest expense on its bond financing by structuring 2023 Bonds over 13-year term
- Board directs staff to make final structure decisions at pricing

2023A Revenue Bonds	30-Year Term	15-Year Term	13-Year Term
Project Amount	\$75,000,000	\$75,000,000	\$75,000,000
All-in True Interest Cost	4.36%	3.33%	3.04%
Final Maturity	8/1/2053	8/1/2038	8/1/2036
Maximum Annual Debt Service	\$12,009,375	\$12,161,625	\$15,334,000
Average Annual Debt Service	\$5,125,044	\$6,907,782	\$7,545,254
Gross Debt Service	\$153,651,658	\$103,482,418	\$97,941,594
Total Gross Debt Service Savings	-	\$50,169,240	\$55,710,064

Notes:

Preliminary, subject to change. Based on market conditions as of July 11, 2023.

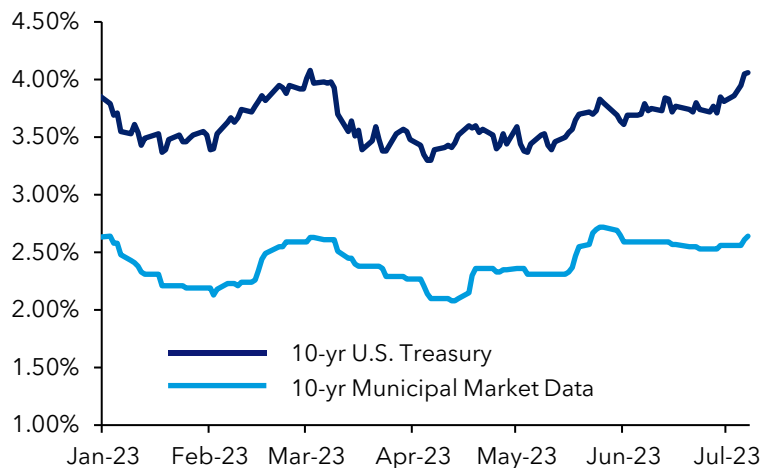
Reflects financing of \$75 million in project costs.

Assumes standard 10-year par call. Staff will review financial structures that provide long-term benefit to ratepayers.

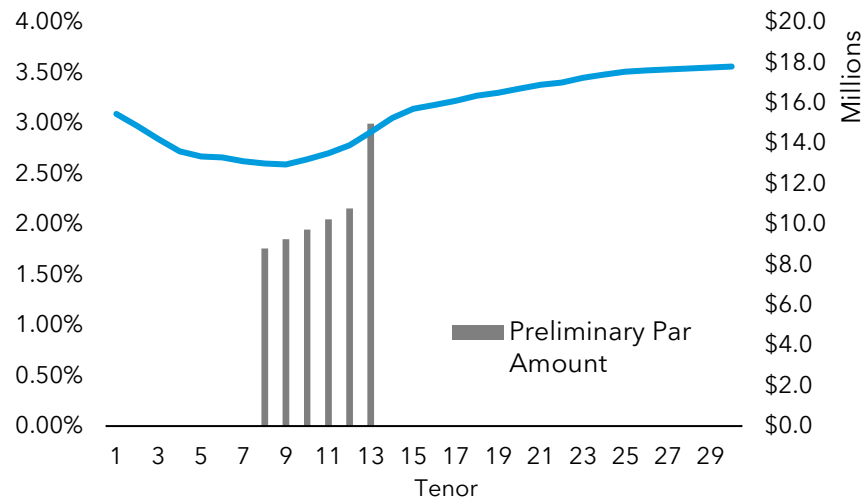
Fiscal Year	2024	2025	2026	2027	2028	2029
Scenario 3A	\$3,773,750	\$3,773,750	\$3,773,750	\$3,773,750	\$3,773,750	\$3,773,750
13-Year Term	\$1,529,969	\$3,183,750	\$3,183,750	\$3,183,750	\$3,183,750	\$3,183,750

Market Update

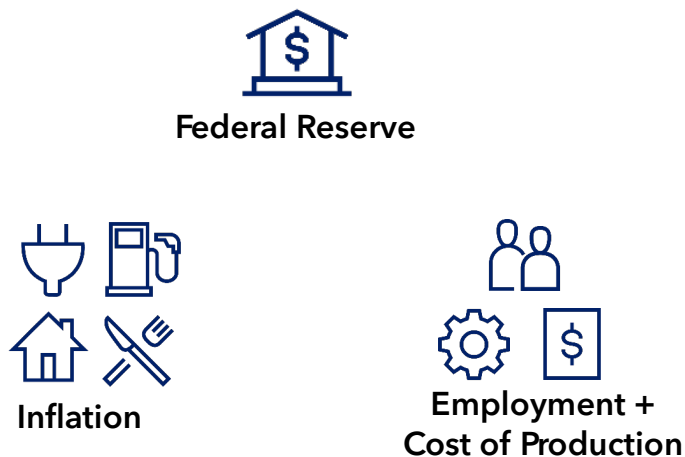
Benchmark Fixed Income Rates



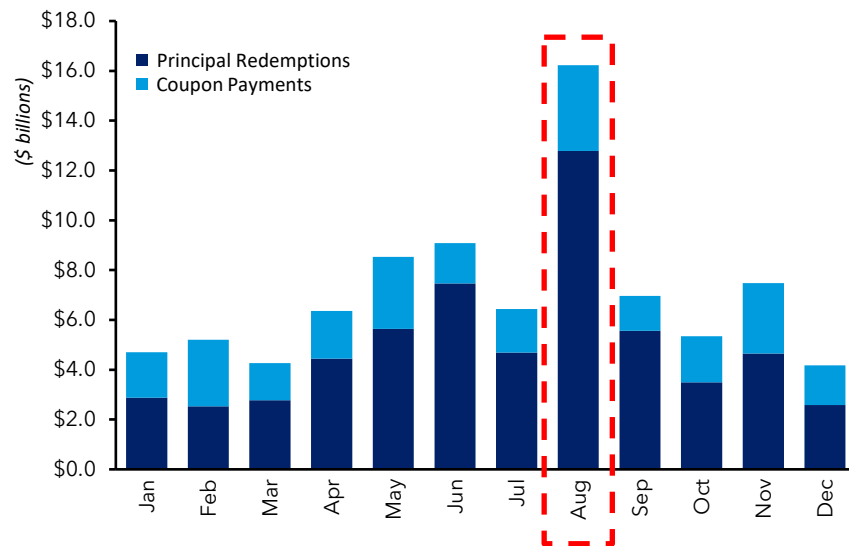
Tax-Exempt MMD Index & Proposed Amortization



Interest Rate Drivers



Cash Available from CA Municipal Bond Redemptions⁽¹⁾



Sources: Interest rates provided by Refinitiv TM3 as of 7/11/2023. California municipal bond redemption data provided by BofA Global Research.

Preliminary Official Statement

- Preliminary Official Statement (“POS”) - disclosure document to investors
 - Describes the 2023 Bonds, pledge of water revenues, Agency’s water operations and risk factors
 - Agency Board is approving “material” information about the Agency as provided in Appendix A
 - Subject to federal securities law

- Authorizing Resolutions allow the delivery of the POS and final Official Statement by the underwriter
 - ✓ Authority Resolution approves the “Authority Portion” of the POS
 - ✓ Agency Resolution approves the “Agency Portion” of the POS

Financing Schedule

July 17, 2023

- Receive Rating

July 18, 2023

- SCVWA and USCVJPA Board Meetings to approve offering document

+/- July 19, 2023

- Post Preliminary Official Statement

+/- August 1, 2023

- Pricing

+/- August 8, 2023

- Closing

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