



SANTA CLARITA VALLEY WATER AGENCY

Board Meeting

Preliminary, subject to change

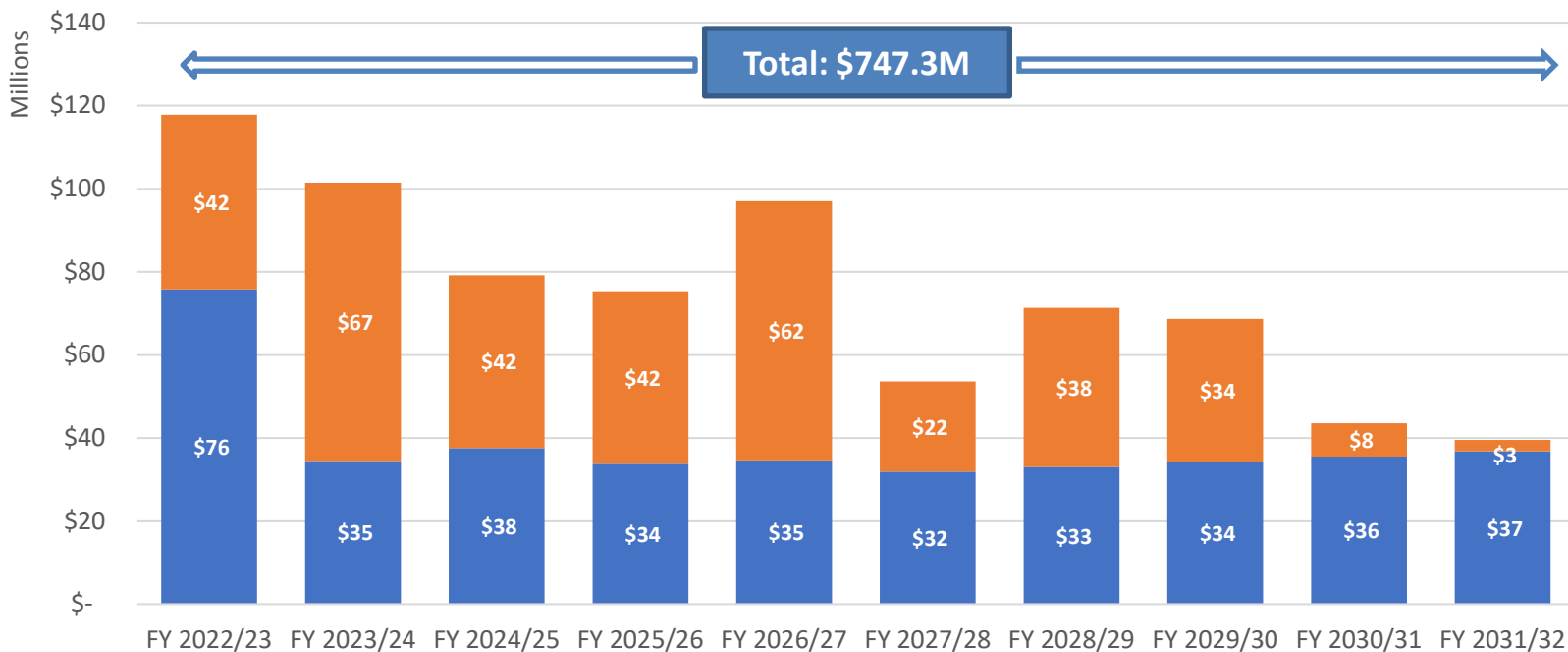
February 7, 2023

DISCLAIMER

- These materials include an assessment of current market conditions, and include Fieldman, Rolapp & Associates, Inc. assumptions about interest rates, execution costs, and other matters related to municipal securities issuance or municipal financial products. These assumptions may change at any time subsequent to the date these materials were provided. The scenarios presented herein are not intended to be inclusive of every feasible or suitable financing alternative.
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OVERVIEW OF SCVWA PROJECT NEEDS

Projected CIP Needs*



Source: SCVWA

■ Pay-go Forecast ■ Debt Funded Project Forecast

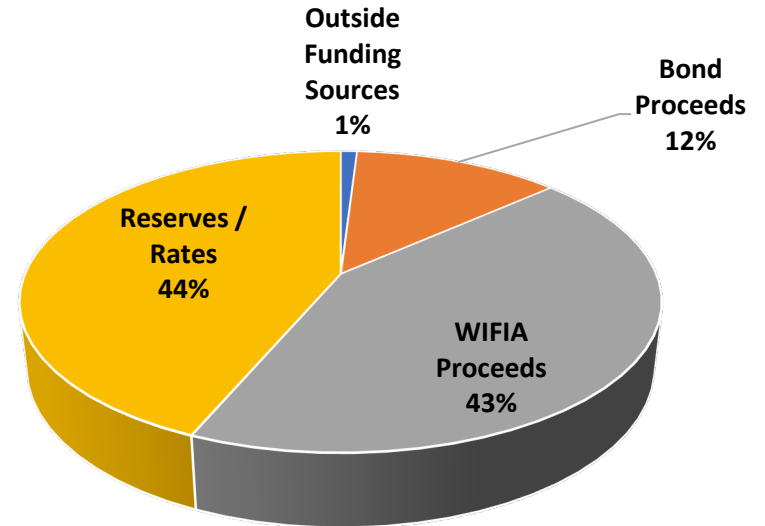
Assumptions:

1. Based upon Agency CIP from the revised FY 2022-23 Budget.
2. Debt-funded CIP project costs include inflationary adjustments from engineering and Pay-go funded CIP projects assumes 3.5% - 6.5% inflationary increases annually, following consultation with the Ratepayer Advocate.
3. CIP needs for FY 2030/31 and FY 2031/32 are subject to change based on engineering estimates from the Master Plan for additional debt-funded projects which are not included in the existing CIP.

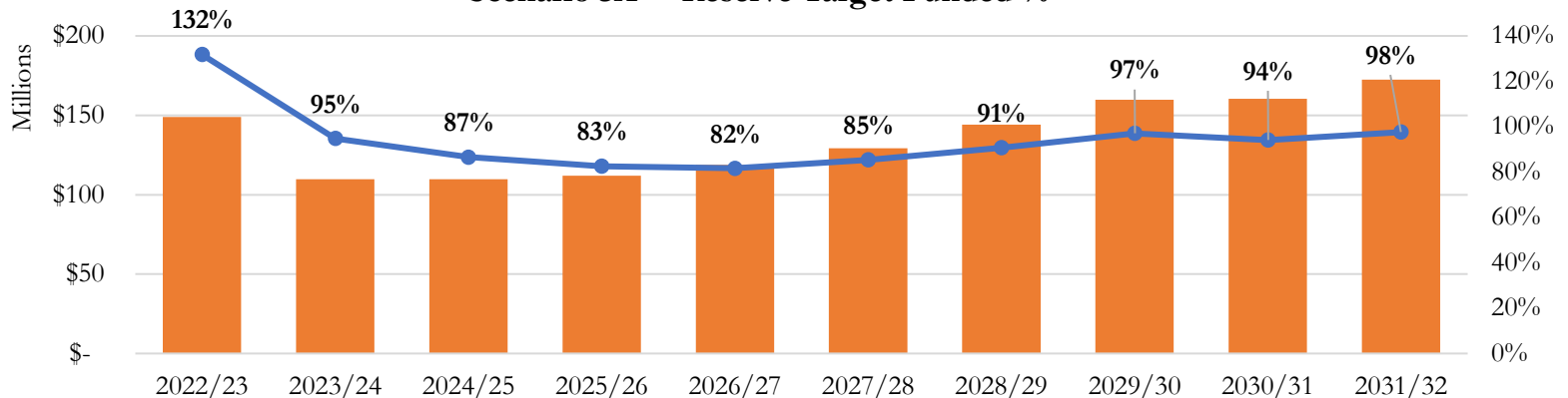
CIP FUNDING SCENARIO 3A

- EPA recently selected SCVWA to apply to the WIFIA program
- Recommended scenario assumes a bond issuance in FY 2023 for \$75 million in proceeds and WIFIA Loan funding (\$196MM Loan in FY 2025 and \$125MM loan in FY 2028)
 - Assumes rates are revised in FY 2026

Funding Sources for Current Financing Plan



Scenario 3A* - Reserve Target Funded %

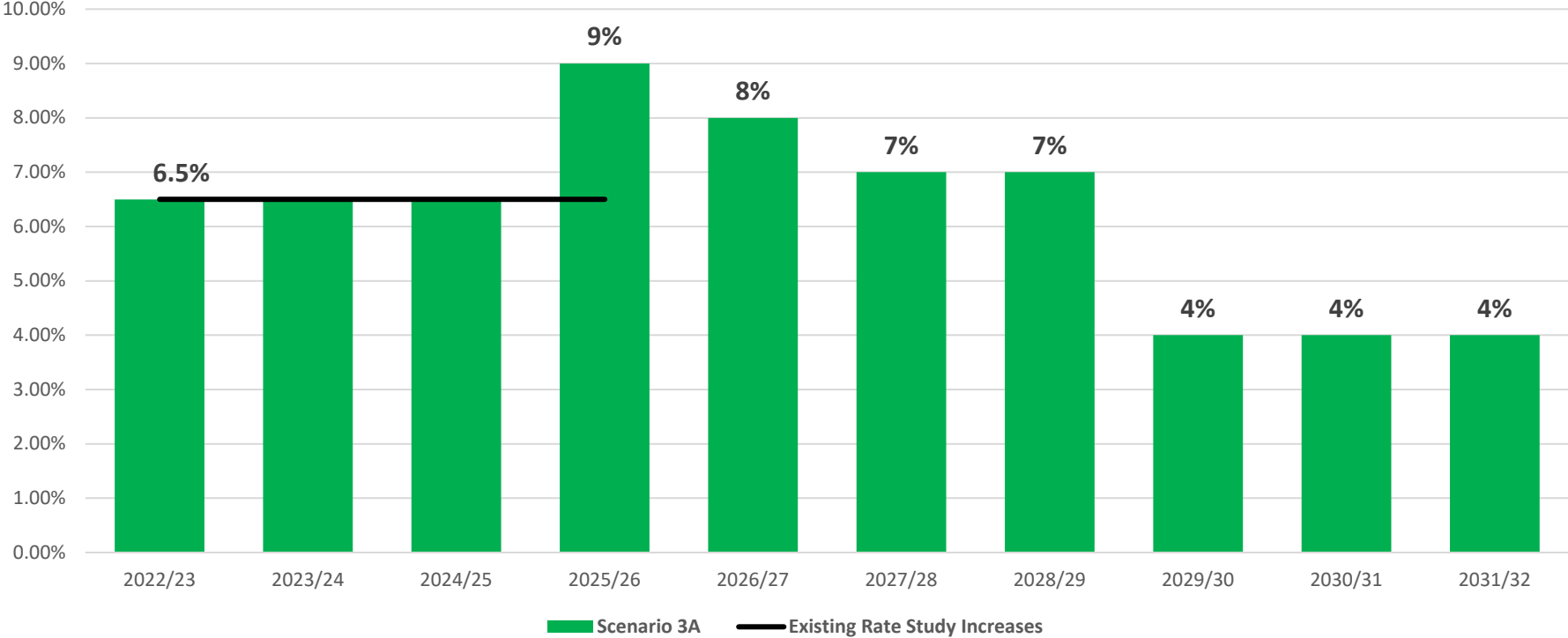


RATE SUMMARY ANALYSIS

Monthly Change to Customer Bill*

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Avg. Monthly Bill	Avg. Ann. % Rate Increase
Scenario 3A	NA	\$3.87	\$4.12	\$6.08	\$5.89	\$5.57	\$5.96	\$3.64	\$3.79	\$3.94	\$4.76	6.14%

Forecasted Rate Increases



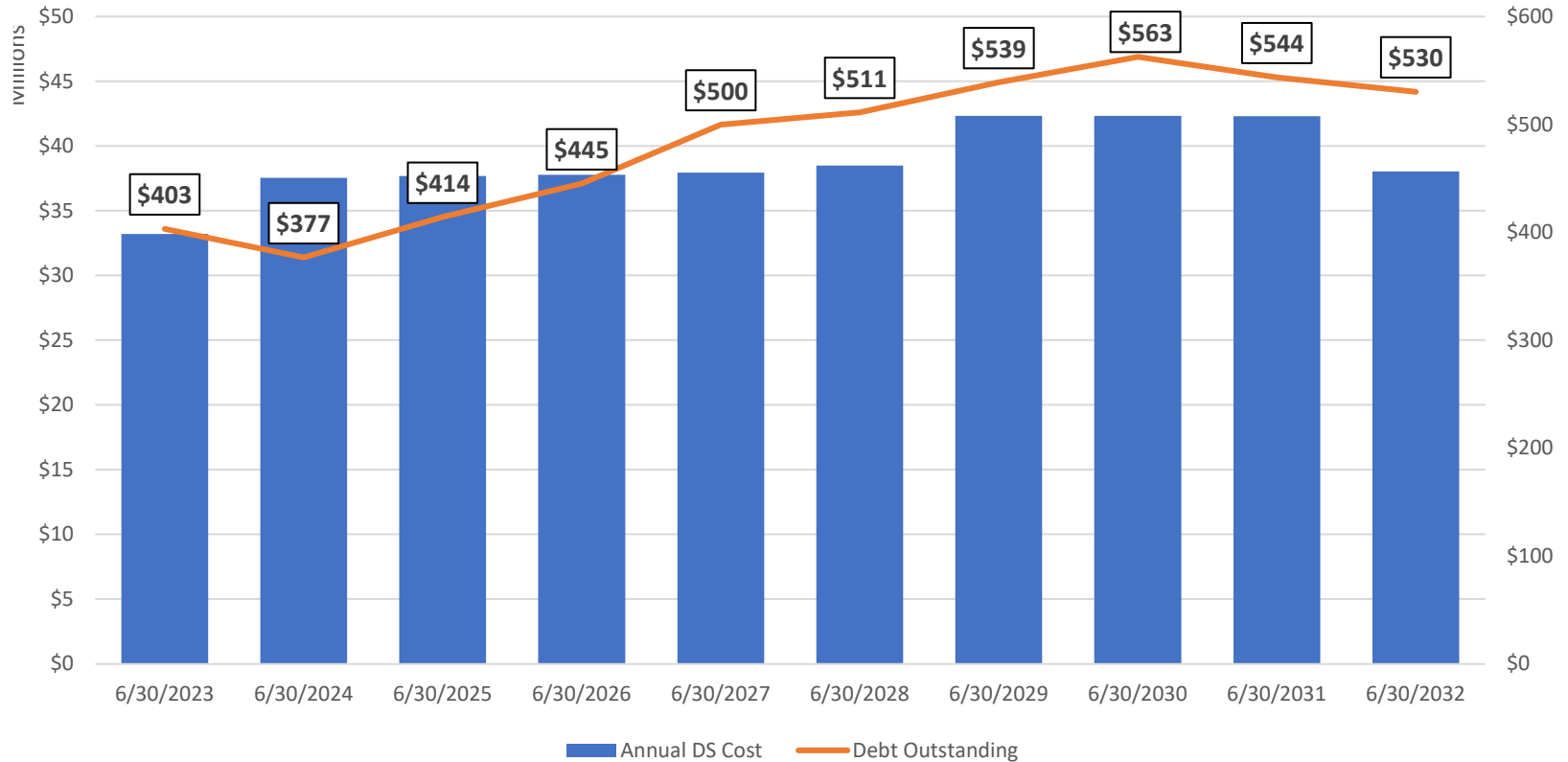
*Reflects monthly increases in customer bills for 3/4" meters and usage of 18 ccf. See the Appendix for further details on assumptions.

DEBT SUMMARY ANALYSIS*

WIFIA + upfront bonds in FY 2023

Debt Service Coverage Ratios

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>
Scenario 3A	1.64	1.30	1.41	1.59	1.71	1.85	1.86	1.95	2.04	2.35

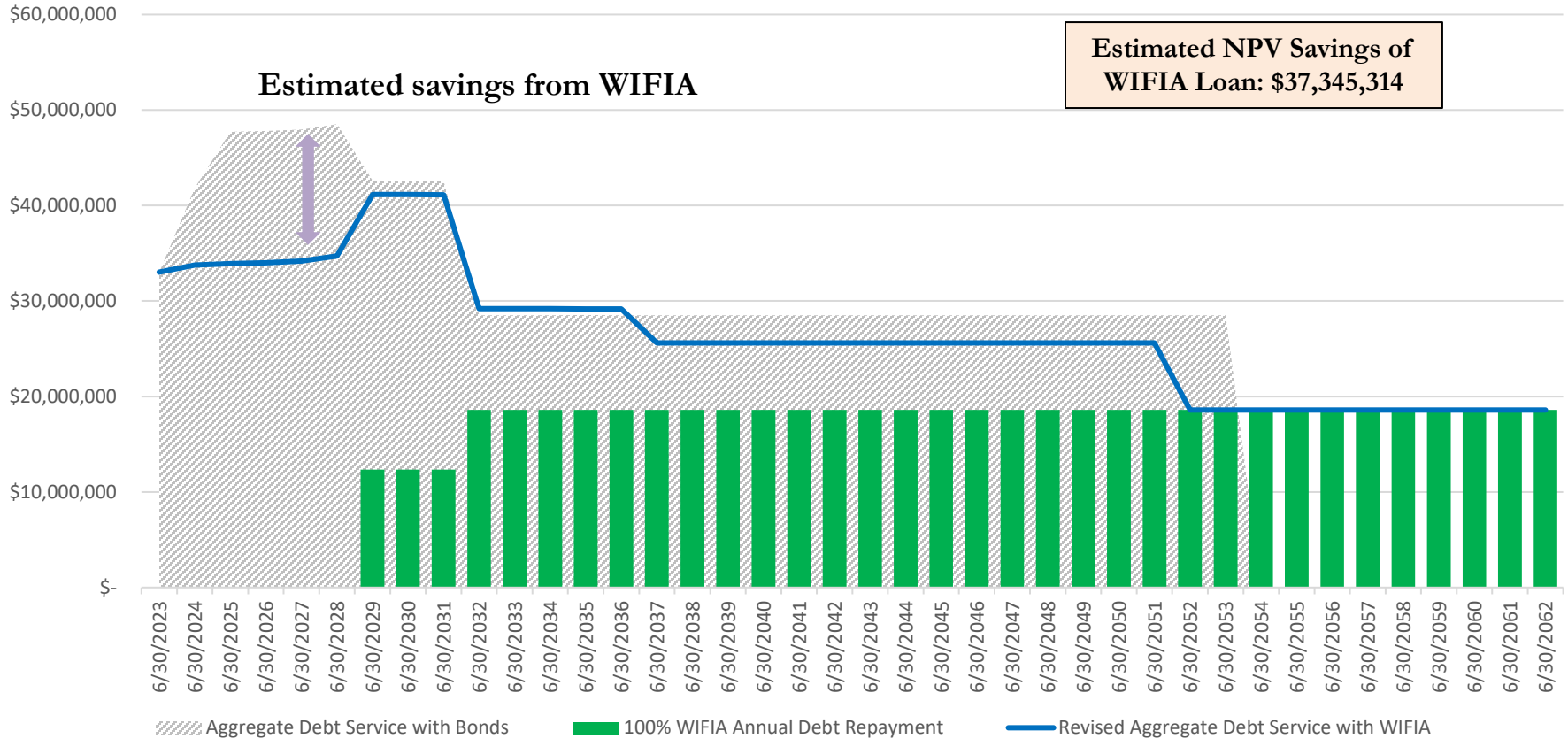


WIFIA PROGRAM BENEFITS

- WIFIA loans offer a low, fixed interest rate
 - ✓ A single fixed rate is established at closing. Based on US Treasury rate on the date of closing calculated using the weighted average life of the loan, plus 0.01%.
 - ✓ Rate is not impacted by borrower's credit or loan structure.
 - ✓ Investment grade ratings required.

- WIFIA loans provide flexible financial terms
 - ✓ Customized repayment schedules.
 - ✓ Maturity date: Must be the earlier of 35 years after the date of substantial completion of the project, or the useful life of the project.
 - ✓ Deferred payments may be deferred up to 5 years after the project's substantial completion.
 - ✓ Prepayable at any time (\$500,000 minimum).
 - ✓ Subordination under certain circumstances, WIFIA may take a subordinate position in payment priority, increasing coverage ratios for senior bond holders.
 - ✓ Maximum federal involvement: 80% of total project costs.
 - ✓ 49% of eligible costs can be funded by WIFIA
 - ✓ Secure 51% funding from cash, SRF Loan, or traditional debt

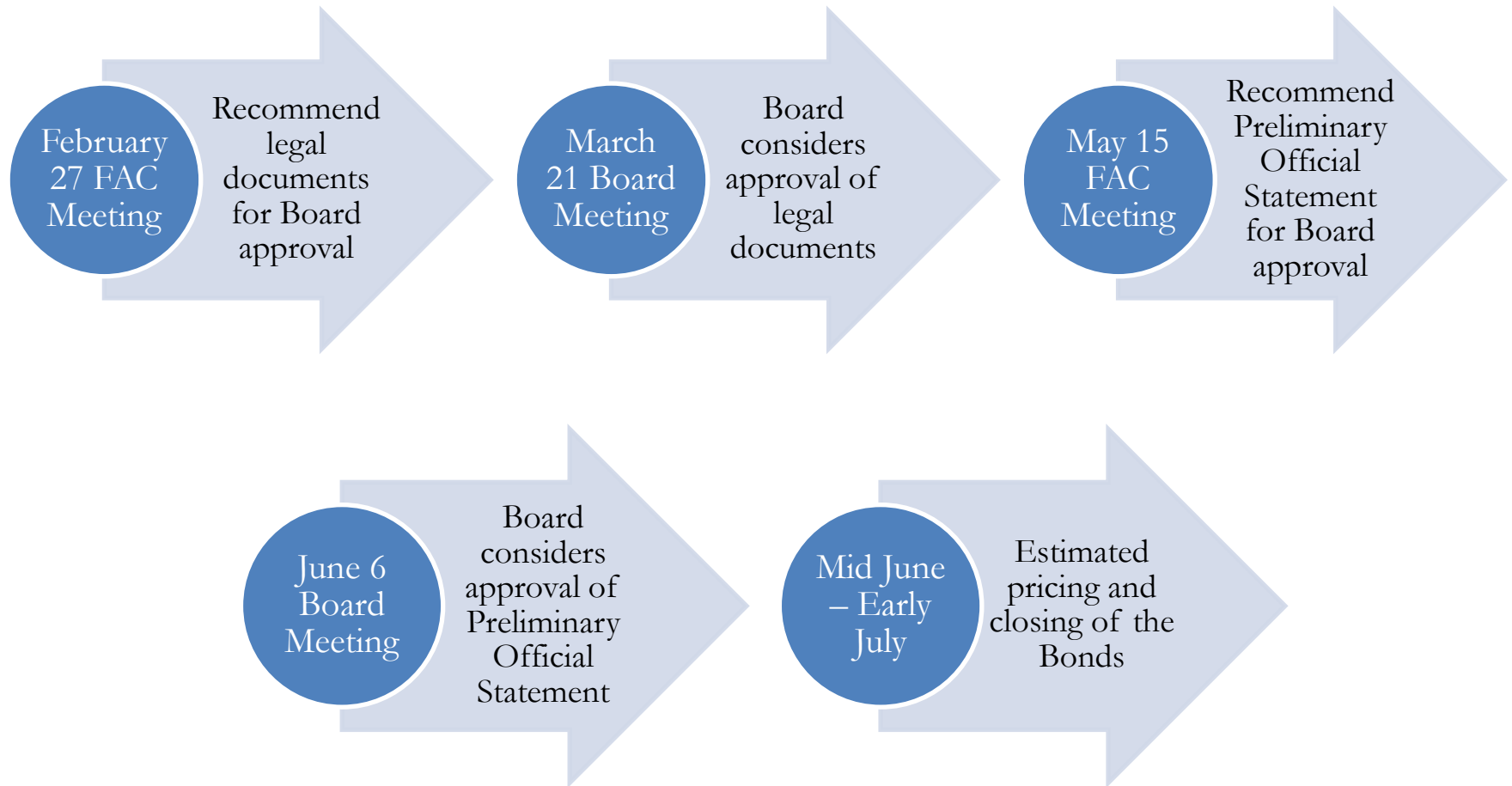
ESTIMATED SAVINGS: BONDS VS. WIFIA



Assumptions

- Assumes Market conditions as of February 2, 2023
- Assumes new debt service wrapped around existing debt
- WIFIA Loan: interest rate 3.58% over 35 year term
- Bond: All-in TIC 3.85% over 30 year term
- Estimated Project Needs: \$321 million (funded with either WIFIA or Bonds to analyze potential savings) and \$333 million pay-go; excludes \$75 million additional debt funding
- NPV savings discounted at 3.72%
- WIFIA Loan assumes three-year construction draw for the entire \$321 million financing need

BOND FINANCING SCHEDULE



RECOMMENDATION

- The recommendation is for the Board of Directors to approve the single financing plan scenario (Scenario 3A), financing schedule and begin preparing legal documentation to issue a \$75 million bond in 2023

QUESTIONS AND FURTHER DISCUSSION





APPENDIX

DEBT ISSUANCE ASSUMPTIONS

For planning purposes, all long-term public debt assumes traditional fixed rate bonds over 30-year terms. Additional structures are available to the Agency, including but not limited to variable bonds. Each bond issuance includes assumptions regarding underwriter fees and cost of issuance. The long-term forecast of revenues and expenses was provided by the Agency.

Scenarios 3A – WIFIA + upfront bond in FY 2023

Bond Issuance #1: Issuance of \$75 million in proceeds at 5.0% in FY 2023 for a 30-year term (interest only thru FY 2031)

WIFIA Loan #1: Issuance of \$196 million in proceeds at 4.5% in FY 2025 for a 35-year term

WIFIA Loan #2: Issuance of \$125 million in proceeds at 5.0% in FY 2028 for a 35-year term

Debt Service Costs

