

FY 17 Bond Financings

Board of Directors

April 25, 2017

Agenda



- Proposed Debt Issues
- Details of Water and Wastewater Bond Sales
- Green Bonds
- Authorize issuance of Water and Wastewater Revenue Bonds

FY17 Proposed Debt Issuance



Category	Description	Issue/ Approximate Size	Date of Board Action	Pricing or Issuance Date
New Money Needs	2. Issue additional “new money” Water and Wastewater Revenue Bonds	Water: \$275 million Wastewater: \$20.5 million	4/25/2017	6/7/2017
Potential Market Opportunities	3. Opportunistic Water and Wastewater restructurings for de-risking and <u>fixed rate refundings</u>	W 2007B and 2010A: \$190.6 million WW 2007B and 2010A: \$55.2 million	4/25/2017	6/7/2017

Note: Dates are approximate and subject to change.

- Larger issuance for Water than FY 17 financing plan in order to meet needs for FY 17 and FY 18
- No issuance needed for FY 17 for WW; new sale will meet FY 18 needs

Water New Money Bonds



- The District intends to sell approximately \$275 million of “new money” revenue bonds for Water
- \$125 million is for FY 17 projects and \$150 is for FY 18 projects
- Combining the two years’ sales and issuing at the end of FY 17 provides significant savings
 - Saves interest costs of roughly \$4.5 million for FY 17
 - Saves nearly \$700,000 in issuance costs for FY 18

Water Refunding Bonds



- The District continues to look for refunding opportunities that can save debt service costs without extending maturity
- In the current market, the District's 2007B and 2010A Water revenue bonds are attractive candidates for savings
- Currently, refunding \$13.1 million of outstanding 2007B bonds and \$169.3 of 2010A bonds will elicit roughly \$17 million in PV savings
- These numbers represent 97.5% of outstanding 2007Bs and 2010As, but, of course, the market could shift leading up to the sale
- Water new money and refunding bonds will be sold via negotiated sale

Wastewater New Money and Refunding Bonds



- The District intends to sell \$21 million of “new money” revenue bonds for Wastewater
- Similarly to the Water side, the Wastewater bond proceeds will provide liquidity for FY 18 projects
- Wastewater 2007B and 2010A bonds are attractive refunding candidates in the current market with \$6 million in estimated PV savings
- Wastewater bonds will be sold via competitive sale

Water Green Bonds



- The District intends to sell a portion of the new money Water bonds in the form of “Green Bonds” similar to its 2015 Water bond sale
- There is not a standard set of criteria or legal distinction for what constitutes “green”
- Discussions between Engineering, Environmental Affairs, and Finance have identified \$209 million of green projects
- Selections were made in accordance with the “Guidance for Issuing Green Bonds” adopted by the Board (4/21/15)

Authorize 2017 Bond Issues



- Water System Revenue Bonds, Series 2017A (Green Bonds) and Water System Revenue/Refunding Bonds, Series 2017B
 - Aggregate not to exceed \$500 million
 - True interest cost not to exceed 5.5%
 - Refundings must meet savings threshold of 3% of par amount refunded
 - Negotiated sale
- Wastewater System Revenue/Refunding Bonds, Series 2017A
 - Not to exceed \$80 million
 - True interest cost not to exceed 5.5%
 - Refundings must meet savings threshold of 3% of par amount refunded
 - Competitive sale

2017 Water Supply Availability and Deficiency Report

Board of Directors
April 25, 2017

Policy 9.03 - Water Supply Availability and Deficiency



- **Evaluates adequacy of the current year's (2017) water supply.**
- **Provides basis for Board's consideration of possible demand management measures as part of District's Drought Management Program Guidelines.**
- **Provides basis for the Board's determination of availability of water for potential use by others.**

Supply Outlook for 2017

(forecast as of April 1st)



Projected Runoff

*WY2017 Runoff forecast = 1.8MAF [248% of avg¹]
(Average year = 745 TAF)*

Projected Total System Storage

September 30 forecast = > 630 TAF

JSA Year Type (Apr-Sept)

Normal/Above²

1 Median Condition

2 Based on DWR Apr 1st Water Supply Forecast

Current DMP Guidelines



Total System Storage (TSS) Scenario

DMP Guidelines adopted by Board on March 22, 2016

Stage		Projected End-of-September TSS	Quantity of CVP & Supplemental Supply Needed	Customer Demand Reduction	Rate/Penalty Impacts	Regulations in Effect or Potentially Enacted
		(TAF)	(Acre-Feet)			
0	Normal	500 or more	0	Wise water use	Normal Rates	Section 29
1	Moderate	500 - 450	0	Voluntary up to 15%	Normal Rates	Section 29
2	Significant	450 - 390	0-35,000	Voluntary up to 15%	- Normal Rates - Drought Surcharge	Section 29
3	Severe	390 - 325	35,000-65,000	Mandatory up to 15%	- Normal Rates - Drought Surcharge - Excessive Use Penalty	- Section 28 - Section 29 - Excessive Use Ordinance
4	Critical	<325	>65,000	Mandatory \geq 15%	- Normal Rates - Drought Surcharge - Excessive Use Penalty	- Section 28 - Section 29 - Excessive Use Ordinance

2017 WSADR Recommended Actions



- District's water supply is sufficient for meeting customer demands in 2017.
- Projected runoff equates to 'Normal/Above' year flows for fishery protection under the District's Joint Settlement Agreement (JSA)
- JVID receives 3,850 acre-feet; WID receives 60,000 acre-feet; NSJWCD will receive up to their scheduled amount of the 20,000 acre-feet.
- District notifies the availability of surplus water to the fishery resource agencies; District has been approached by the Nature Conservancy for the potential use of surplus water for refuges.