

Proposed FY19 Financing Plan and Commercial Paper Liquidity Facility Extension

Board of Directors

October 23, 2018

FY19 Proposed Debt Activity



Description	Issue/Approximate Size	Date of Board Action	Pricing or Issuance Date
1. Extend Bank of America Revolving Credit Agreement for Commercial Paper Notes (Water Series) Subseries A-2	\$160 million	10/23/18	10/31/18
2. Issue additional new money Revenue Bonds	Water: Up to \$200 million Wastewater: None	TBD	TBD
3. Pursue State Revolving Fund or WIFIA loans	As appropriate	TBD	TBD
4. Issue refunding and de-risking financings	Based on market opportunities	TBD	TBD

Commercial Paper Subseries A-2 Liquidity Facility



- The Water System commercial paper program is backed by two liquidity facilities:

Subseries	Liquidity Provider	Amount	Term End	Liquidity Fee	Liquidity Annual Cost
A-1	Sumitomo Mitsui	\$200 million	12/1/20	31.5 bps	\$630,000
A-2	Bank of America	\$160 million	11/30/18	32.5 bps	\$512,000

- The Bank of America Revolving Credit Agreement was executed in 2015 and expires November 30, 2018
- Eight firms responded to an RFP to replace the credit facility

Recommended Selection



- Bank of America offered to extend the existing agreement three years and lower the annual fee to 30 bps from 32.5 bps
- Two proposals offered liquidity for the full \$160 million at a lower annual fee (28.5 bps and 29 bps)
- However, the transaction costs to replace the agreement are estimated to be at least \$133,000 compared with \$40,500 to extend the agreement
- Incorporating estimated transaction costs spread over three years, Bank of America's all-in annual cost is lower

Recommendations



- Approve FY19 Financing Plan
- Approve the extension of the Revolving Credit Agreement with Bank of America, N.A. for 30 bps