Vista Ridge Interest Rate Lock

Robert R. Puente

President/Chief Executive Officer

May 3, 2016



Myths, Challenges, and Protections

- Too Risky
- Draining the Carrizo Aquifer
- Abengoa Financially Unstable
- Too Expensive

Myths, Challenges, and Protections

TOO RISKY

- SAWS only pays for water made available
- Termination of rights (Convenience or Default)
- Financial close by May 2017

Myths, Challenges, and Protections

DRAINING THE CARRIZO AQUIFER

- Water managed by local Post Oak Savannah GCD residents
- Allows for local growth
- Allows for alternate water projects

Myths, Challenges, and Protections

ABENGOA FINANCIALLY UNSTABLE

- Garney Construction in the WTPA as Project Construction Firm
- SAWS absolute discretion for consent to Change of Control



Myths, Challenges, and Protections

TOO EXPENSIVE

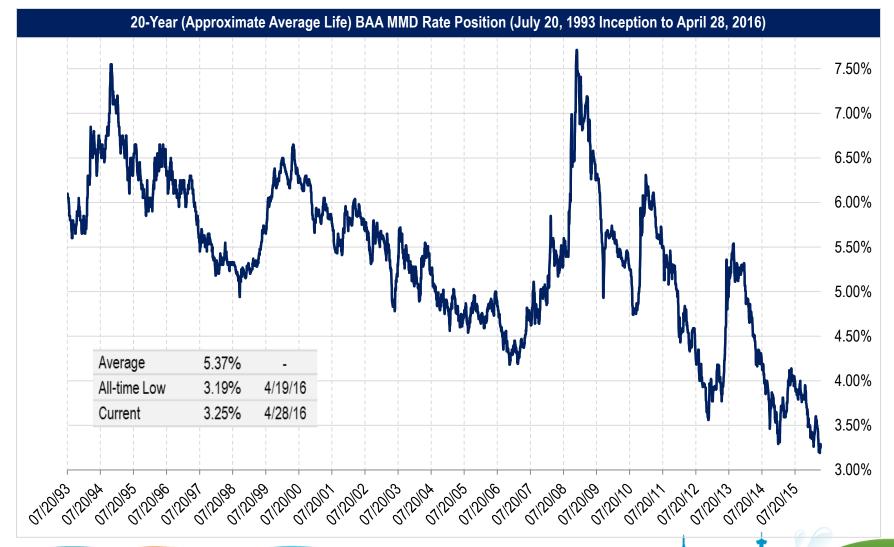
- 30 year Fixed Price
- Financial close by May 2017
- Recovery of SAWS' expenses for the Change of Control
- Interest Rate Lock



Interest Rate Lock Sets New Lower Price

- WTPA allows May 2016 interest rate lock
 - 7 business day notice
- Interest rates at historic lows
- Current interest rates allow project cost reduction by approx.
 ~\$15 Million per year
- Interest rate risks shift to Project Company

The Index Off Which Rate is Established is 6 Basis Points Off All-Time Lows





Rate Movements Impact Price

Annual Cost of Water ~ \$10 M Less than Contract Price

Date/Contractual	Determined Rate	Capital & Raw Groundwater Unit Price	Annual Cost for 50,000 AF
Maximum	6.04%	\$1,959	\$97,950,000
Contract	5.54%	\$1,852	\$92,600,000
2/18/2015	4.55%	\$1,695	\$84,750,000
7/22/2015	4.97%	\$1,760	\$88,000,000
2/19/2016	4.45%	\$1,680	\$84,000,000
3/7/2016	4.59%	\$1,702	\$85,100,000
4/28/2016	4.23%	\$1,645	\$82,250,000

Over 30 years, the cumulative savings that could be realized is more than \$300 M from the original projection and more than \$450 M from the maximum price.

Staff Recommendation

- Staff to provide 7 business days notice to Project Company and Establish final Benchmark Rate for Project in accordance with WTPA
 - Fix price for 30 years

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