

# Vista Ridge Regional Water Supply Project

**Donovan Burton**

Vice President – Water Resources & Governmental Relations

May 18, 2016

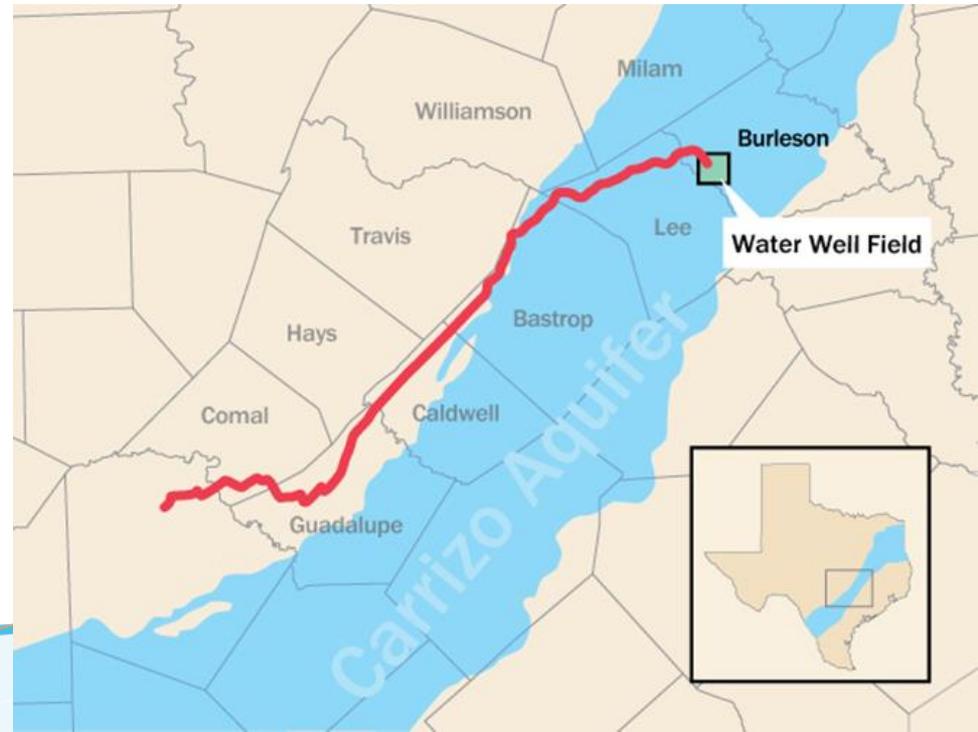
Board Meeting



# Leadership Change of Vista Ridge



ADVANCING WATER



# Vista Ridge Leadership Change

## Recommended Board Action

- Consent to “Change in Control” to Garney
- Conforming Amendments to Original Contract (WTPA)
- Related Documents/Agreements
  - Project Real Property Conveyance Agreement
  - Release of Abengoa Parent Guaranty
  - Garney Guaranty Agreement
  - Creditors Remedies Agreement

# Vista Ridge Leadership Change

## Garney Construction to Move Project Forward

- 80% Equity / 100% of Decision Making
  - Abengoa - Silent 20% Equity for money invested
- Retain risk profile in WTPA
- Garney to build project to higher quality standards
- ~ \$56 Million Equity Contribution by Financial Close
- ~\$840 Million bank loan at Financial Close

# Leadership Change of Vista Ridge

## Financial Deal Points

- Abengoa to discharge Intercompany loans
- Garney to pay unpaid contractors
- Short and Long-term financing agreements, mitigating interest rate risks and bank fees, taking draws on loans, and resolving existing Bridge Loan
- No change to SAWS customers' fixed cost
- AVR to pay SAWS due diligence costs



# Leadership Change of Vista Ridge

## High Quality Technical Standards

- Technical Memo & Discussions outline quality of pipeline
  - Steel-based Pipe with 5 year warranty on leaks
    - No Fiberglass Pipe
  - Impressed Cathodic Protection
  - Increased well standards
  - Concrete & Composite Tanks



# Leadership Change of Vista Ridge

## Operating Service Provider

- Garney may bring on Operating Service Provider
  - Part of Equity sale or solely by contract
  - 18 months prior to Commercial Operations
  - Subject to SAWS Consent



# Leadership Change of Vista Ridge

## Rights of Way Changes

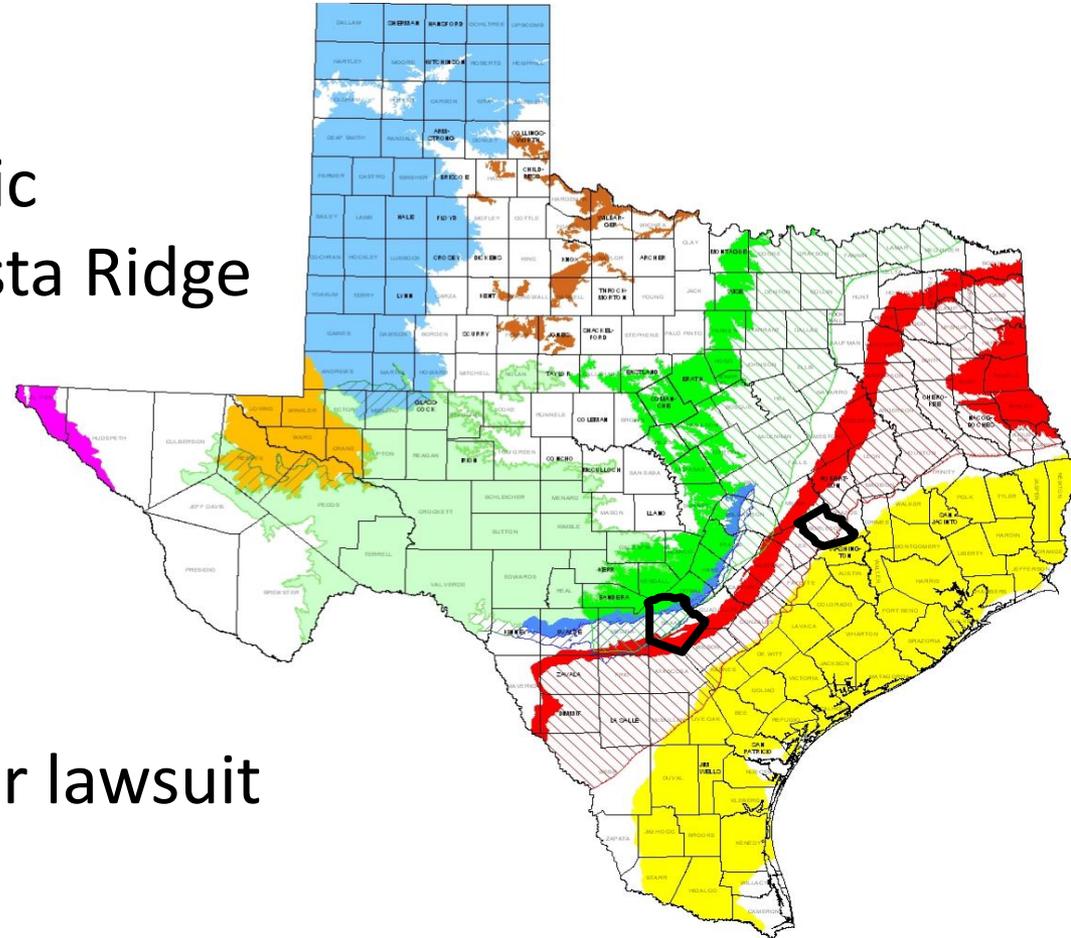
- Change from 100' to 85'
- Key easements + 25% of pipeline route to be acquired by Financial Close *(Fall 2016)*



# Groundwater

- Amendment links specific groundwater leases to Vista Ridge Project

- Met Water vs. BlueWater lawsuit being dismissed



# SAWS Path Forward

## Lowered Risk Profile

- Confident of Garney's ability to lead project
- Risk Profile of Project does not change
  - Improvements for SAWS
- Water Security for the Future
- Higher Quality project at much lower Price

# 30 Year Fixed Price for Water & Infrastructure

## Historically Low Interest Rates

- New **Fixed Price** as result of Interest Rate Lock -  
(Capital & Raw Groundwater Unit Price)

**\$1,606.00 per ac-ft**

**\$529 Million lower cost**

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