Vista Ridge Update

Tim Skoglund, P.E.
Senior Director – Vista Ridge
Public-Private Partnership

- P3 Contracts signed November 2014

- ABENGOA
  - P3 Framework: Risk Transfer
  - Global Experience: Water and Power
  - Financing: Equity + Bonds/Loans

- BLUEWATER SYSTEMS
  - Holds Groundwater Leases

- Garney CONSTRUCTION
  - Project Construction Firm (2011)

- 50,000 AFY Water Supply
- 30 Year Term + Asset Transfer
- SAWS pays only for Water Delivered: Fixed Price + O&M
Project Company Change in Control

- Change in Control – June 10, 2016


BlueWater Systems

- 80% Controlling Share of Project Company (Vista Ridge LLC)
- Project Continuity and successful SAWS track record
- Better standards for materials, equipment, construction
Project Timeline

**DEVELOPMENT PHASE**
- Commercial Close: November 4, 2014

**CONSTRUCTION PHASE**
- Rate Lock: November 2, 2016
- Financial Close: May 17, 2016
- Water Delivery Begins: ~2020

**OPERATION PHASE**
- 30 years

**PROJECT CONTINUES**
- Asset Transfer to SAWS: ~2050
- Debt Service Drops Off: SAWS pays lower price

Rate Lock: ($1,606/AF)
Tax-Exempt Interest Rates July 1993 – May 2016
Locked in the Lowest Rates in Last 30 Plus Years
Tax-Exempt Interest Rates Commercial Close to Current
Locked in 36 Basis Points off All-Time Low and 126 Basis Points Less than 12/1/16
### Millions of Dollars in Savings

Interest Rate Lock Saved SAWS ~ $1.9 Million a Year Compared to Financial Close Rate

<table>
<thead>
<tr>
<th>Date/Contractual</th>
<th>Determined Rate</th>
<th>Capital &amp; Raw Groundwater Unit Price</th>
<th>Annual Cost for 50,000 AF*</th>
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</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>6.04%</td>
<td>$1,959</td>
<td>$97,950,000</td>
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<tr>
<td>11/4/2014</td>
<td>4.83%</td>
<td>$1,739</td>
<td>$86,950,000</td>
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<tr>
<td>7/22/2015</td>
<td>4.97%</td>
<td>$1,760</td>
<td>$88,000,000</td>
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<td>2/19/2016</td>
<td>4.45%</td>
<td>$1,680</td>
<td>$84,000,000</td>
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<tr>
<td>3/7/2016</td>
<td>4.59%</td>
<td>$1,702</td>
<td>$85,100,000</td>
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<td>4/12/2016</td>
<td>4.24%</td>
<td>$1,649*</td>
<td>$82,450,000</td>
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<tr>
<td>5/17/2016</td>
<td>3.92%</td>
<td>$1,606</td>
<td>$80,300,000</td>
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<td>6/10/2016</td>
<td>3.77%</td>
<td>$1,586*</td>
<td>$79,300,000</td>
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<td>11/2/2016</td>
<td>4.19%</td>
<td>$1,643*</td>
<td>$82,150,000</td>
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<td>12/1/2016</td>
<td>5.18%</td>
<td>$1,794</td>
<td>$89,700,000</td>
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* Staff estimates.
November 2nd Project Company Locked in Rates

Financial Close Avoided Post-Election Increase in Interest Rates
Project Phases

**Development and Financing**
- Easements (25% at Financial Close)
- Hydrogeology
- Basic Engineering
- Permitting
- Survey
- Financing

**Construction**
- Detailed Design
- Construction
- Commissioning
- Performance Testing

**Commercial Operation**
- Maintenance, Repair, Replacement
- Annual Budget Review (Budget Panel)
- SAWS pays O&M and Electricity Cost
- End-of-Term Condition Assessment
Infrastructure

- 18 Wells
- 140-mile Pipeline
- 3 Pump Stations
- Treatment: T, Cl, pH
- $540 million Construction
- $927 million Capital Cost
SAWS Responsibilities

- Establish Electric Power Service
- Monitor Project Execution
- Wholesale Water
- Integration Infrastructure in San Antonio
Monitor Project Execution

• CH2M Hill Engineers hired as Technical Advisor
  – ESP Support
  – Monitor Execution

• $4.5 million over 5 years

• Time and Material Contract
Vista Ridge Integration

• Treatment Facilities
  – Calcium, (Iron?)

• New Pump Station

• Ground Storage Tanks

• Valves, Pumps, Controls
  – Condition assessment
  – Rehab/replace
  – New construction: 5 miles
Integration Project – Alternate Procurement Method

- Design-Build Method
  - Schedule and Collaboration Benefits
  - Owner’s Rep + Design Builder

- Black & Veatch hired as OR
  - Preliminary Engineering/Studies ($4.3 million)
  - Project Management
  - Construction Management

- Design Build Firm (TBD)
  - $125 million
Integration Project Timeline

November 2016 Award Owner’s Rep
1st Qtr. 2017 Advertise Builder

Design and Construction

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<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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