



PAJARO VALLEY WATER MANAGEMENT AGENCY

2024A AND 2024B WIFIA LOANS

PRESENTATION TO PV WATER BOARD

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

January 17, 2024

PV Water's Financing Team

United States Environmental Protection Agency (EPA)

- Lender for 2024A and 2024B WIFIA Loans, administrator of the WIFIA Loan program

Pajaro Valley Water Management Agency

- Issuer for the 2024A and 2024B WIFIA Loans

NHA Advisors

- PV Water's Municipal Advisor

Jones Hall

- Bond Counsel

BNY Mellon

- Trustee

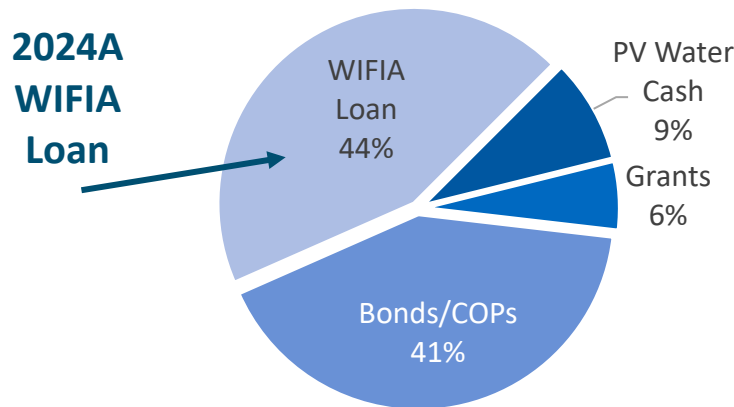
Assured Guaranty

- Reserve Surety provider

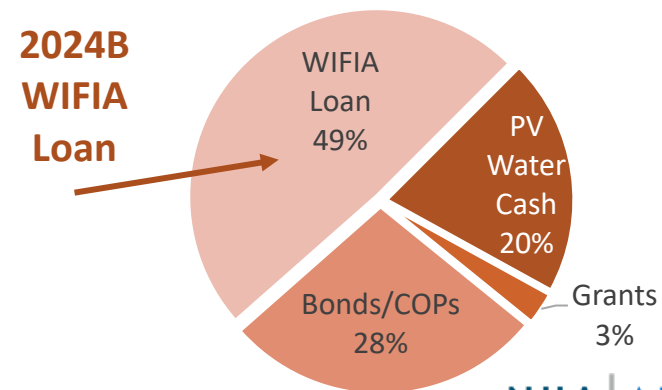
Background and Financing Need

- ▶ PV Water has two major capital projects with a combined total capital cost of over \$151.6 million
 - ▶ College Lake Project: \$92.4 million (Construction nearing halfway point)
 - ▶ Watsonville Slough Project: \$59.2 million (Under design)
- ▶ PV Water applied for a WIFIA Loan in July 2023 and is in the process of securing two WIFIA loans to fund both projects
 - ▶ College Lake Project and Watsonville Slough Project have been split apart into two separate WIFIA loans to ensure WIFIA funding
- ▶ 2024A WIFIA Loan will fund the remaining portion of the College Lake Project while the 2024B WIFIA Loan will fund a portion of the Watsonville Slough Project

College Lake Project Funding Plan

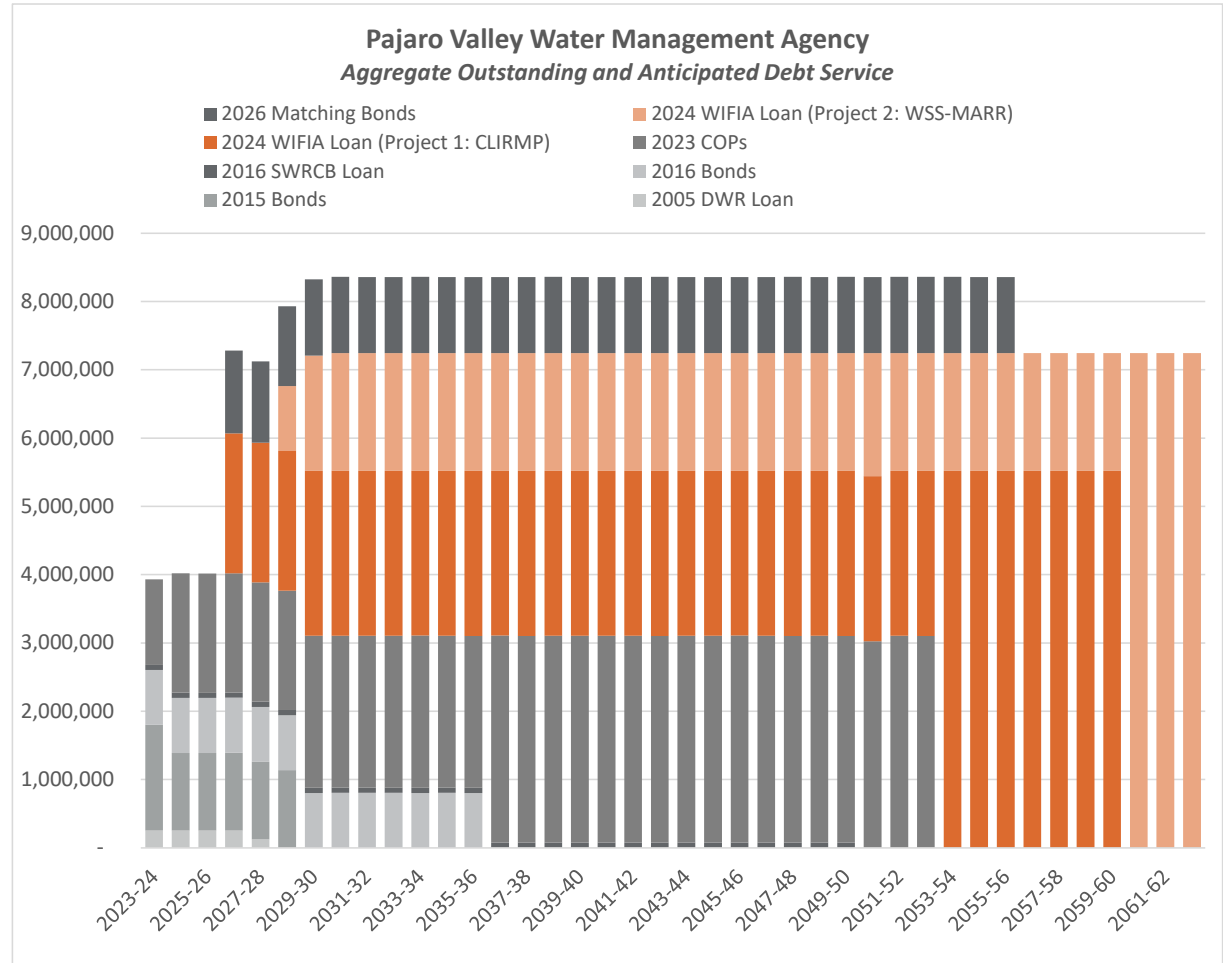


Watsonville Slough Project Funding Plan



Anticipated Structure

- ▶ 2024 WIFIA Loans are being structured to wrap around PV Water’s other outstanding debt (see two orange series in graph to the right)
- ▶ 2024A Loan begins repayment in 2026; 2024B Loan begins repayment in 2029
- ▶ WIFIA Loan benefits
 - ▶ Extended maturity and deferred payments
 - ▶ Fixed interest at US Treasury rate
 - ▶ Flexible amortization (“wrap around”)
 - ▶ Flexible prepayment options
 - ▶ Draw schedule loan
- ▶ The EPA estimates that these two loans will save PV Water over \$20 million over the life of the loans vs comparable market rate debt



Summary of Legal Documents

- ▶ Two Loans have the same key terms and conditions but different amounts, dates, project description & potentially interest rates

Authorizing Resolutions – PV Water Board & Financing Corp. Board

- Approve the legal documents and authorize PV Water staff to execute the 2024A and 2024B WIFIA Loans
- Outlines Not-to-Exceed amounts

WIFIA Term Sheet

- Summarizes the key terms related to the WIFIA loans

WIFIA Credit Agreement

- Relationship between PV Water, PV Water Financing Corporation, and the EPA
- Details the key terms related to the WIFIA loans, provides conditions and procedures for securing loan disbursements, provides for ongoing reporting requirements and other requirements

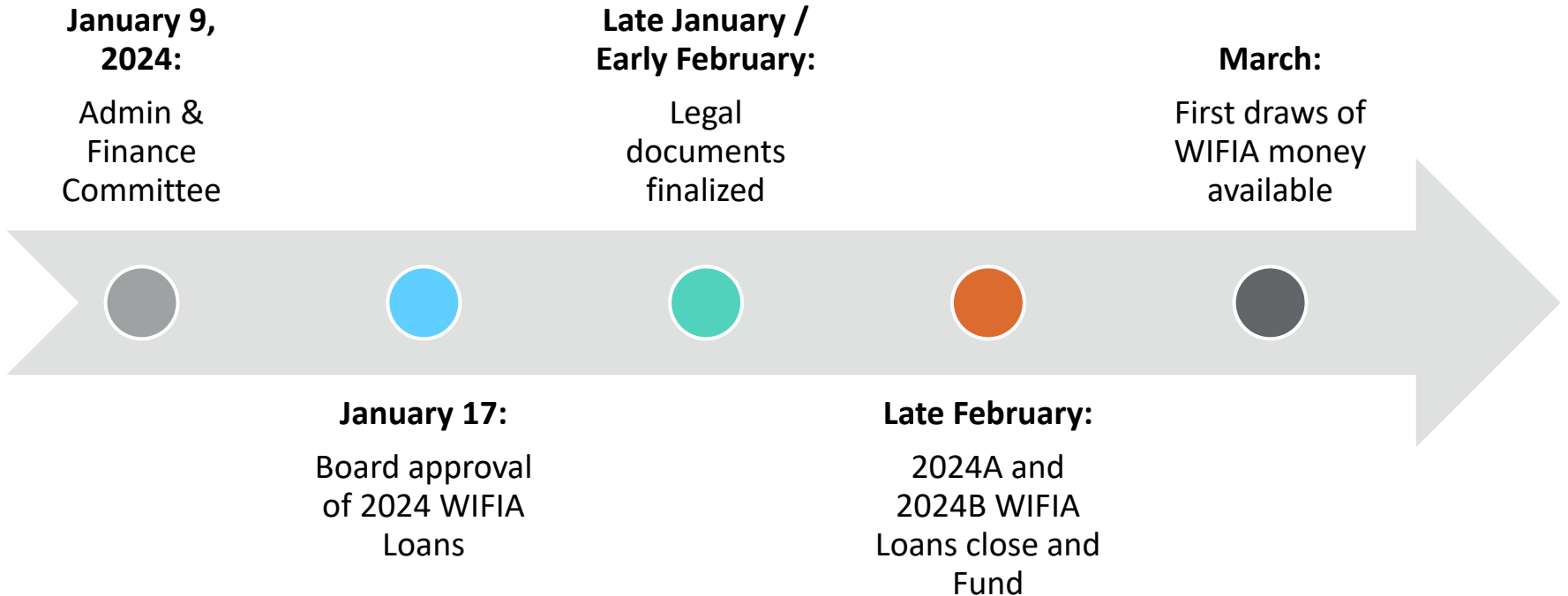
Trust Agreement

- Relationship between PV Water, PV Water Financing Corporation and BNY Mellon (Trustee)
- Sets forth key terms and conditions for COPs – allocation of proceeds, prepayment terms, covenants, role of Trustee

Installment Sale Agreement

- Outlines relationship between PV Water and PV Water Financing Corporation (Corporation provides financing for project and sells project to PV Water in exchange for installment payments)
- 110% debt service coverage agreement

Anticipated Timing





ANY QUESTIONS?