

# 2021 CIFA SRF Workshop Leveraging 2.0 and Beyond

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# Background and Perspective

- Anticipated population growth
  - 2020 to 2070
  - 29.7 to 51.5 million
  - 73% increase
- 9% increase in projected water demand
  - Safe and reliable water supply
- Economic driver
  - Tremendous legislative support
  - \$2.0 billion for SWIFT
  - \$1.5 billion for Flood

# To Leverage or Not to Leverage

	Leveraged Program	Not Leveraged Program
Benefits	Expanded Capacity	Administratively Simplistic
Challenges	Administratively Complex	Limited Capacity

## What does Administratively Complex mean?

- Bond Review Board
- Texas Attorney General
- Credit Rating Agencies
- Disclosure Responsibilities
- Investor Relations
- Arbitrage calculations

# Timing, Timing, Timing

- EPA approval to cross-collateralize the SRFs
- Increased demand in the DWSRF
- Increased prepayments
- No debt issued between 2009 and 2018
- Approximately \$288m of outstanding CW debt
- Anticipated \$172m prepayment
- Desire to add features to the indenture
- Seeking a single versatile indenture
- Vision to implementation was 12 to 15 months

# Texas 2.0 Version

- 2018, \$288m; 2019, \$221m; 2020, \$352m
- Each issue includes new money for each SRFs
- Each issue includes match for each SRFs
- Both indentures active for less than 1 year
- Excess cashflows from 1<sup>st</sup> flowed to 2<sup>nd</sup>
- Debt from new indenture is now senior
- Presentation options (4/2/1)
- Pledge excludes loan agreements
- Option to de-pledge loans



# Operational Consideration

- Program demand drive decision
- Other considerations
  - Financial advisory services
  - Bond counsel
  - Disclosure counsel
  - Underwriters
  - Trustee
  - Flow of funds
  - Financial system
  - Staff training



# Questions

