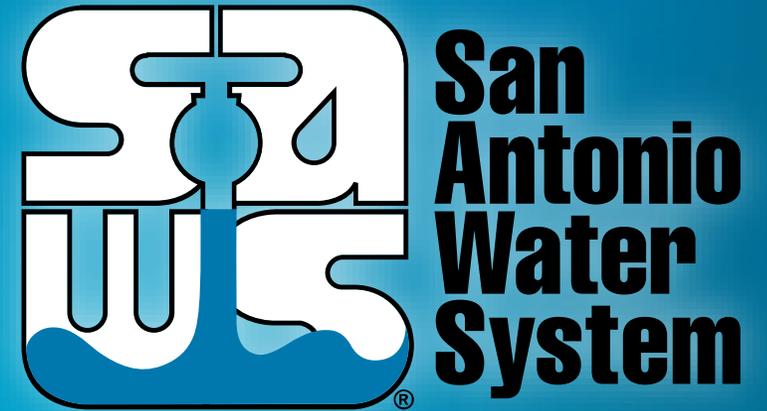


SAWS Financing Transactions

San Antonio City Council
March 21, 2024



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Capital Improvement Projects Funding

Target of 50% Cash Funding

- Cash Funding Transferred from R&R
 - Operating Revenues in Excess of O&M, Debt Service and Transfer to COSA
 - Impact Fees
 - Non-Operating Revenues (Primarily Interest Income)
- Debt
 - Tax-Exempt Revenue Bonds
 - Issued Directly in the Capital Markets
 - Issued through the Texas Water Development Board (TWDB)
 - Tax-Exempt Commercial Paper (Temporary Funding Source)

Uses of Debt

- Finance Capital Improvement Projects
- Refinance Outstanding Debt for Savings
- Refund Tax-Exempt Commercial Paper Notes
 - Converting Interim Financing to Permanent Financing

SAWS Variable Rate Revenue Bond Portfolio

Series	Amount	Mode	Interest Rate	Mandatory Tender Date
2013F	\$98,420,000	Term Mode	1.00%	October 31, 2026
2014B	\$99,590,000	SIFMA Index Mode	Weekly SIFMA + 0.65%	October 31, 2025
2019A	\$166,480,000	Term Mode	2.625%	April 30, 2024

- Existing bonds do not require liquidity
- Interest Rate reset to Step Rate if unable to Remarket at the applicable Mandatory Tender Date
 - Range of 7.00% to 8.00%

Redeem Variable Rate Series 2019A Bonds – Step 1

- Due to market volatility and increased short-term interest rates, investor interest has shifted away from Term Mode Bonds to more liquid options with bank liquidity support
- Recommended strategy from the Co-Financial Advisors is to use cash on hand and commercial paper proceeds to redeem outstanding bonds at face value

Current Balance 2019A Bonds	\$ 166,480,000
Less:	
Proceeds from Commercial Paper Issuance	(116,480,000)
Existing Cash on Hand	(50,000,000)
Ending Balance 2019A Bonds	\$ -

Issue 2024 Revenue and Refunding Bonds – Step 2

New Money to Fund 2024 CIP and Refund Tax-Exempt Commercial Paper

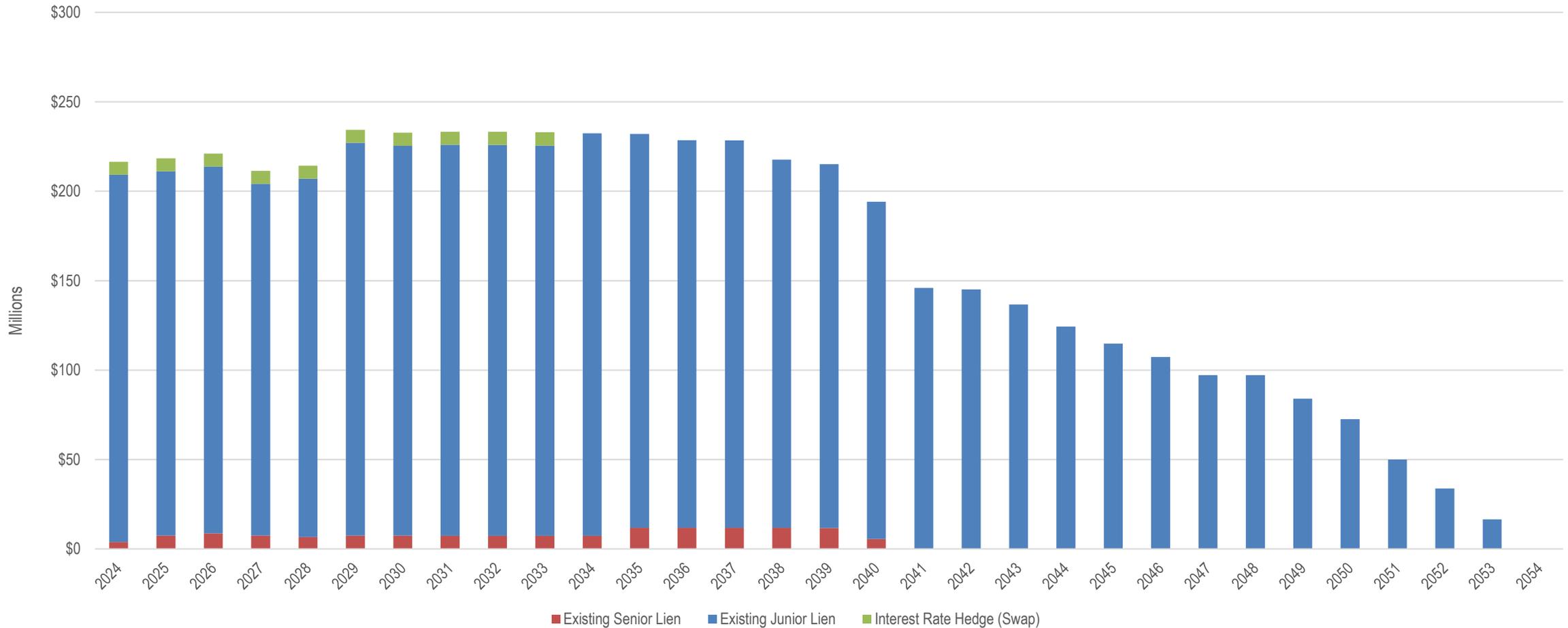
- Authorize issuance up to \$545,200,000 in revenue bonds
 - Refund \$165,200,000 Tax-Exempt Commercial Paper to convert to permanent financing
 - Provide new money proceeds of \$380,000,000 to fund CIP and pay the cost of issuance
 - Currently planning for combination of fixed rate and variable rate debt
 - Total debt service costs projected to remain within 2024 budgeted debt service levels

Junior Lien Series 2015B Bonds Refunding*

- Refunded Par - \$266,750,000
- Callable – May 15, 2025
- Projected Savings Based on Current Market Conditions
 - Cash Savings ~ \$37.2 million
 - Net Present Value Savings ~ \$27.0 million
 - Net Present Value Savings ~ 10.11%

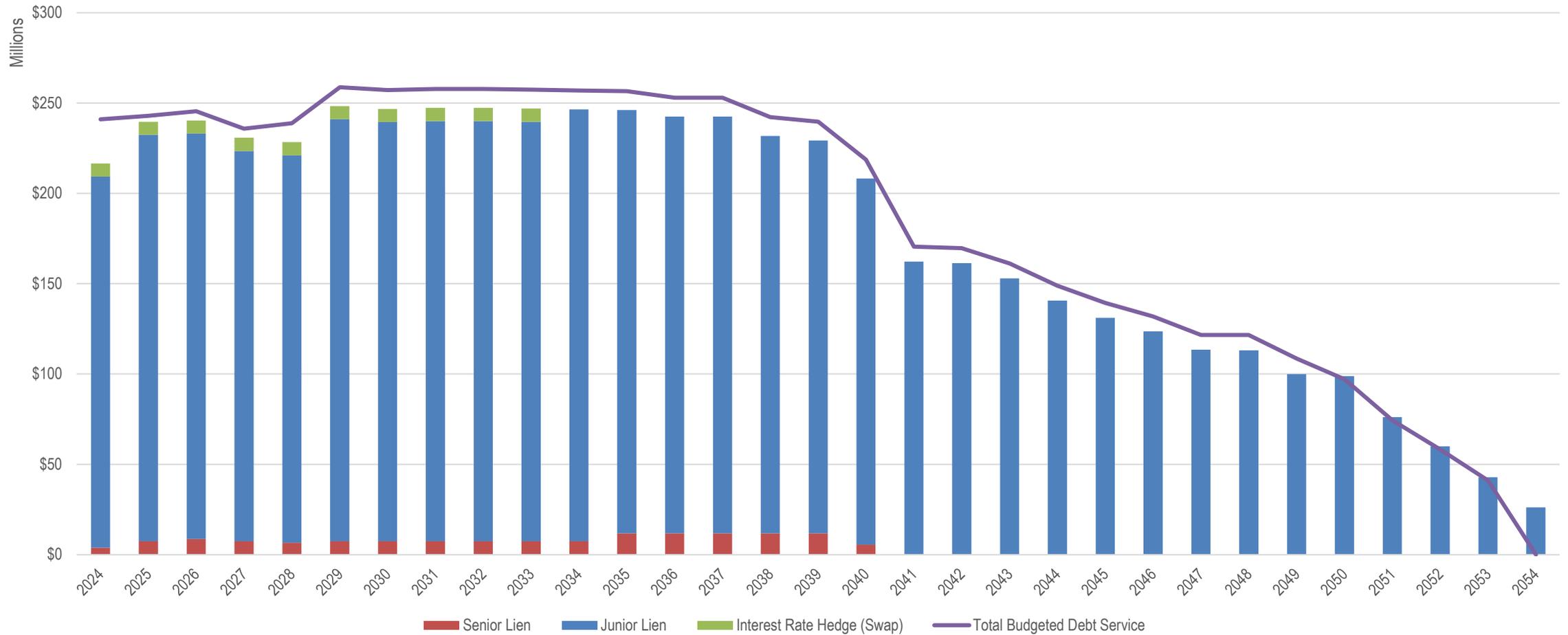
*Preliminary, subject to change, Rates as of February 13, 2024

Current Combined Debt Service



Note: Assumptions as listed in most recent Official Statement; Interest Rate Hedge includes the commercial paper associated with the outstanding Swap agreement, which is calculated at the Swap rate of 4.18%

Combined Debt Service Subsequent to Defeasance, CP Refunding, CIP Funding & 2015B Refunding



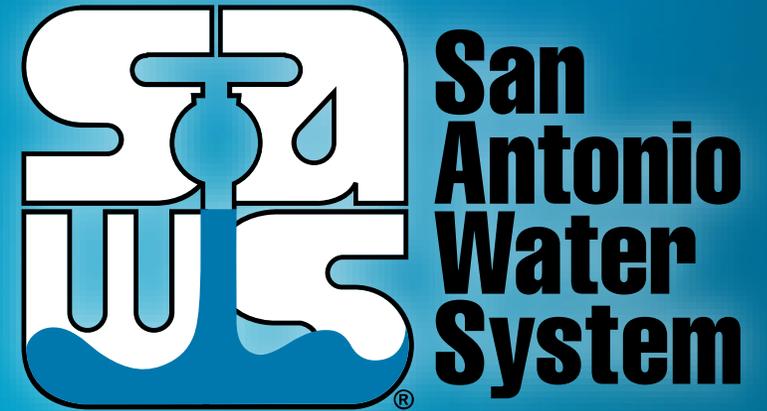
Note: Assumptions as listed in most recent Official Statement; Interest Rate Hedge includes the commercial paper associated with the outstanding Swap agreement, which is calculated at the Swap rate of 4.18%; Estimates for Series 2024A/B and the Refunding of Series 2015B calculated using interest rates as of February 13, 2024

Request

- Authorization of the following:
 - Resolution authorizing the defeasance and redemption of Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund)
 - Ordinance authorizing one or more series of revenue and refunding bonds in an amount not to exceed \$813,000,000

SAWS Financing Transactions

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