

Vista Ridge – Project Update

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December 9, 2015

CIAC Meeting



Presentation Outline

Background
and
Description

Phases &
Timeline

Progress
to Date

SAWS'
Involvement

Background on Water Supply Efforts

- Earlier attempts to secure large water supply
 - × Alcoa Wells
 - × Lower Guadalupe
 - × Applewhite Reservoir
 - × LCRA
 - × **Canyon Lake**
- Cost Escalation
- Availability



Path Toward Public-Private Partnership

- Informal proposals for water projects in 2000's
- RFCSP issued in 2011 with Addendum in 2013
- Vista Ridge Consortium selected

ABENGOA

Global Experience: Water and Power

P3 Framework: Risk Transfer

Financing: Equity + Bonds



Owns Groundwater Leases

- P3 Contracts signed November 2014
- 50,000 AFY starting Day 1

Infrastructure

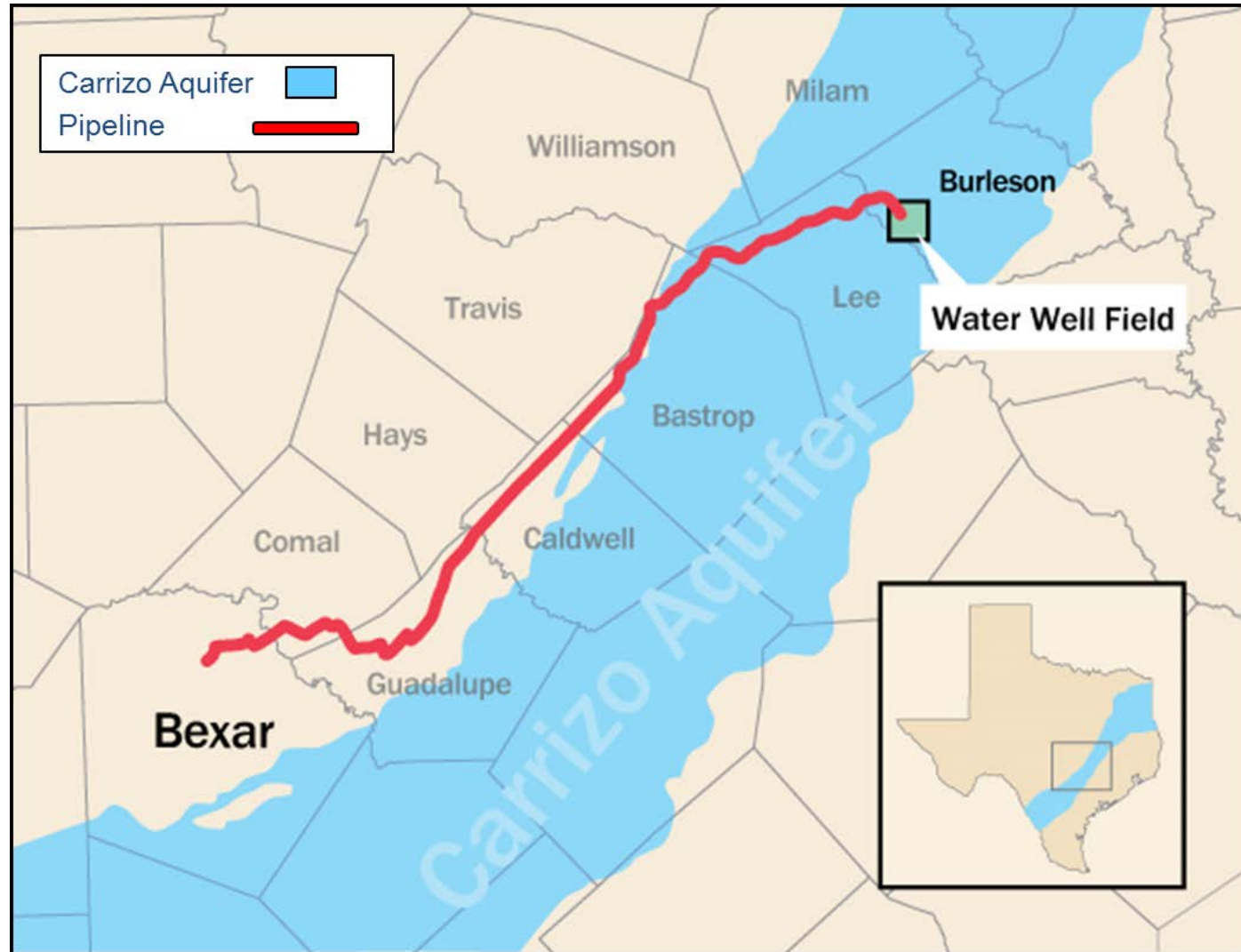
18 Wells

140 Miles

3 Pump Stations

10 MG Terminal Storage

\$840 million Capital Cost



Vista Ridge Contracts

Water Transmission and Purchase Agreement

- Abengoa Vista Ridge (AVR)
- AVR \Rightarrow Develops, Finances, Designs, Builds, Operates
- 30-year Term
- Asset Transfer to SAWS at end of term
- SAWS pays **only** for water delivered:
 - Fixed Price up to \$1,959/AF cap
(tied to bond index at Financial Close)
 - O&M Costs ~\$350/AF

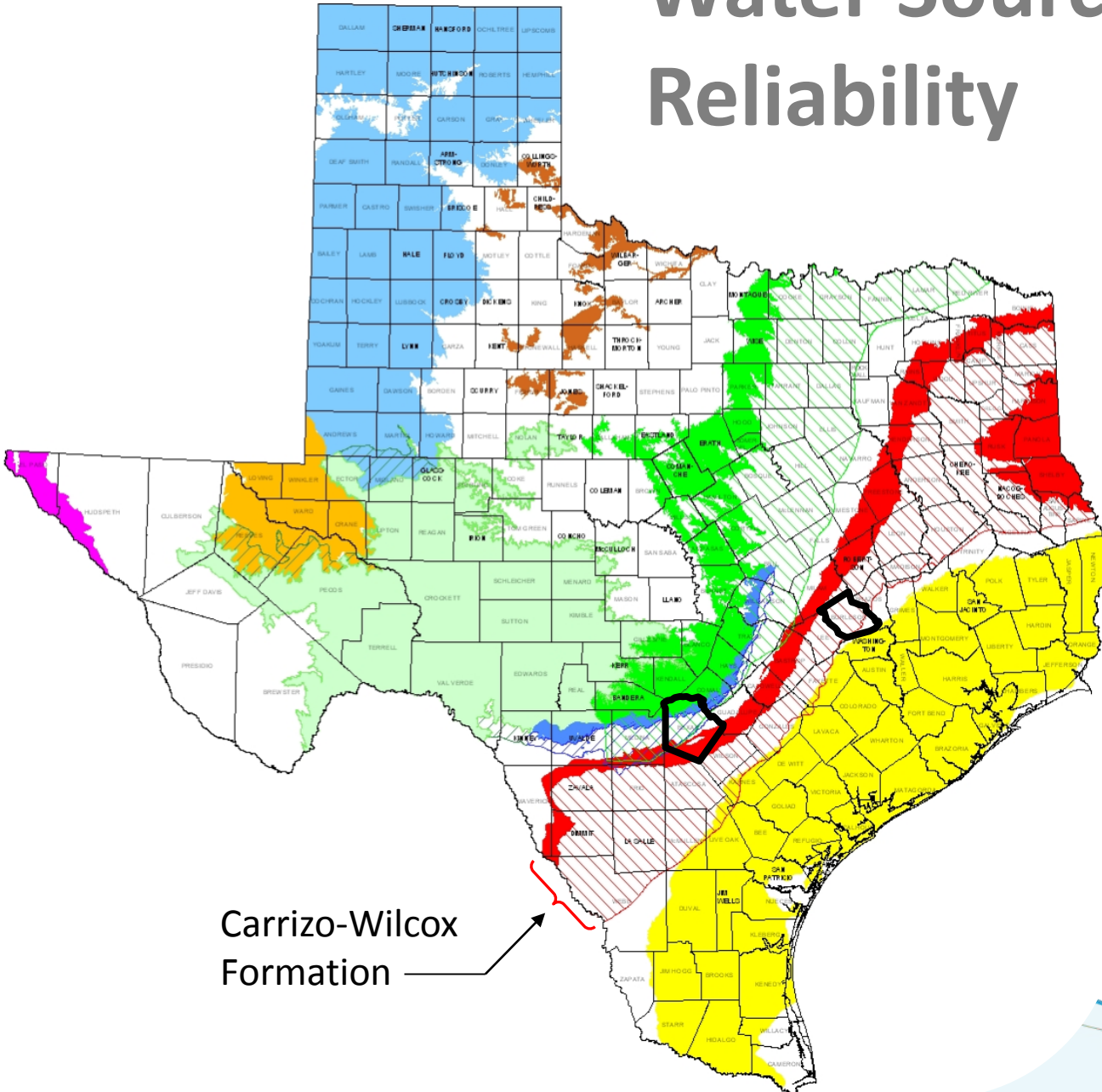


Vista Ridge Contracts (Cont'd)

Groundwater Supply Agreement

- Blue Water Vista Ridge, LLC – owner of leases
- 30-year term after expiration of AVR contract
- SAWS pays:
 - O&M Costs
 - Average Edwards lease rate (currently \$100 to \$150/AF)
- Investment in future generations

Water Source and Reliability



Carrizo-Wilcox Formation

70% Simsboro
2700' Depth

30% Carrizo
1200' Depth

170 million AF
Stored Water

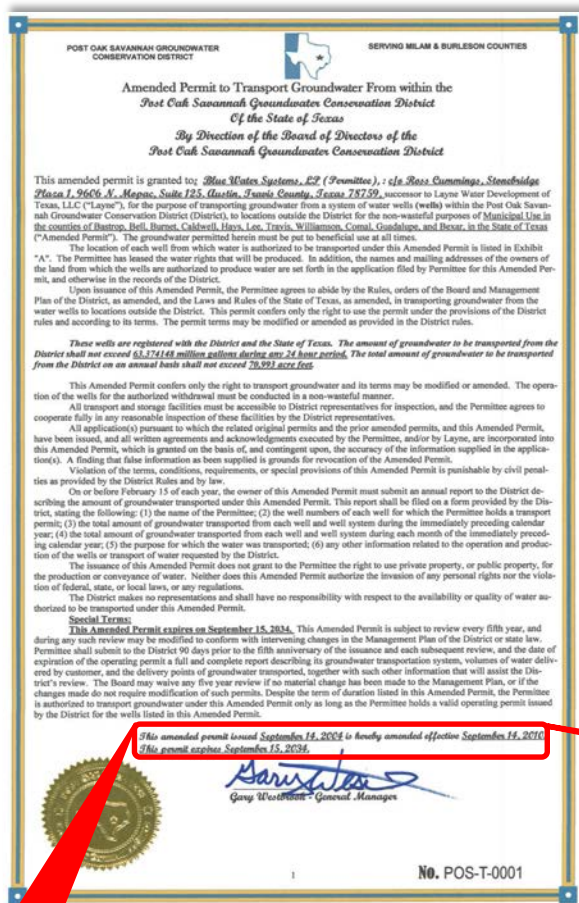
60 Years Pumping
< 2% of Storage

Local Control
of Permitting

50,000 acres
Leased Rights

Groundwater Leases

- Leases acquired starting in 1999
 - Metropolitan Water purchased leases
 - Sold in 2002 to Layne Christensen
 - Sold in 2004 to Blue Water Systems
- Permits originally issued in 2004



*This amended permit issued September 14, 2004 is hereby amended effective September 14, 2010.
This permit expires September 15, 2034.*

Contract Protections

- Risk Transfer to AVR
 - Pumping Permit Cutbacks
 - Permitting
 - Regulation Change
 - Easement Acquisition
 - Water Quality Deterioration
 - Force Majeure Events
- Convenience Termination
 - SAWS: Reimbursement to AVR up to \$40.1 million
 - AVR: Reimburses to SAWS up to \$2 million
- Buyout & Project Assumption
- AVR Default after Financial Close: Discount Purchase
 - No Abengoa equity or profits to pay
 - Bondholders willing to deal

Presentation Outline

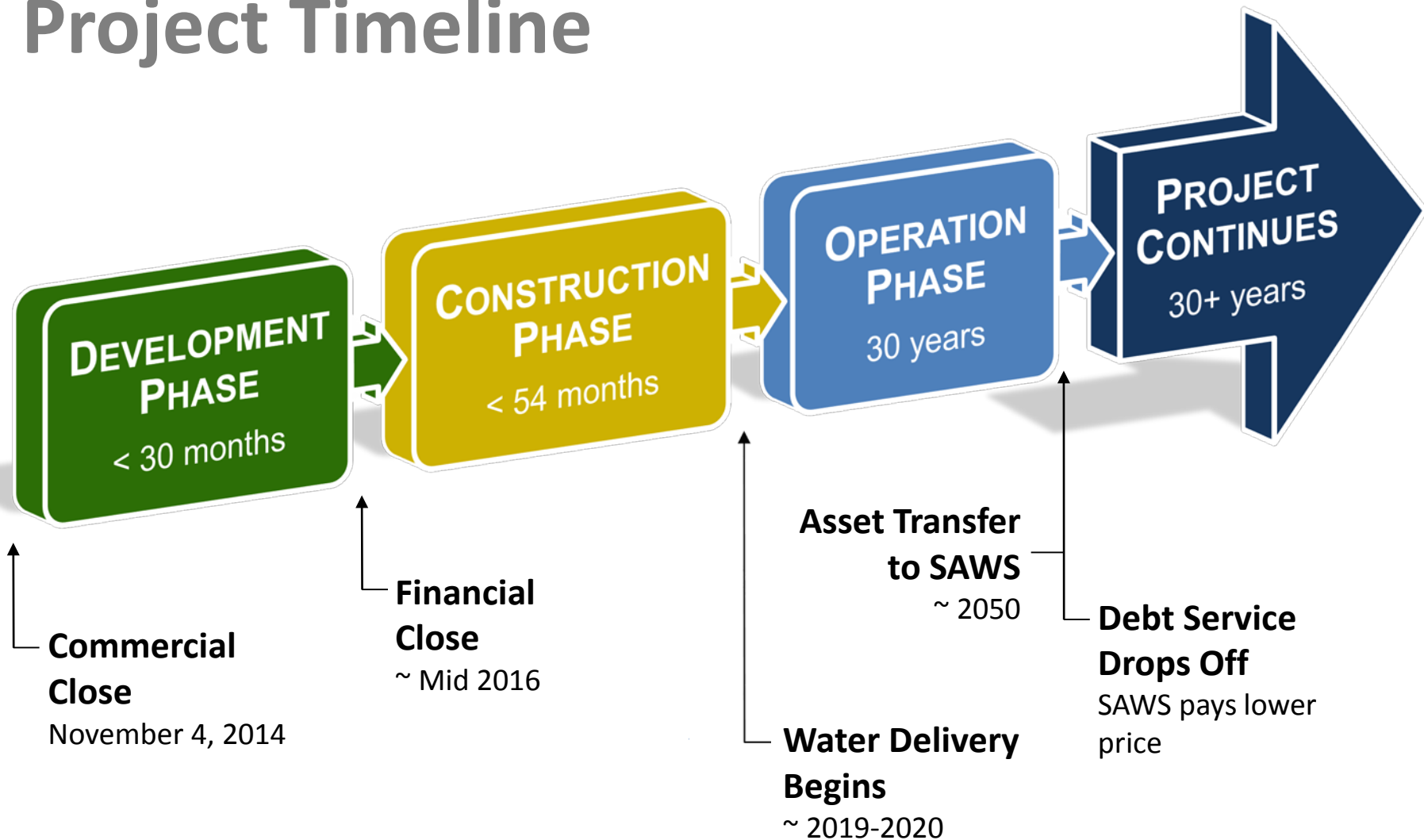
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Project Timeline



Project Phases

Development and Financing

- Easements
- Hydrogeology
- Permits
- Environmental
- Governmental
- Surveys
- Geotechnical
- Basic Engineering
- Sell Bonds



Project Phases



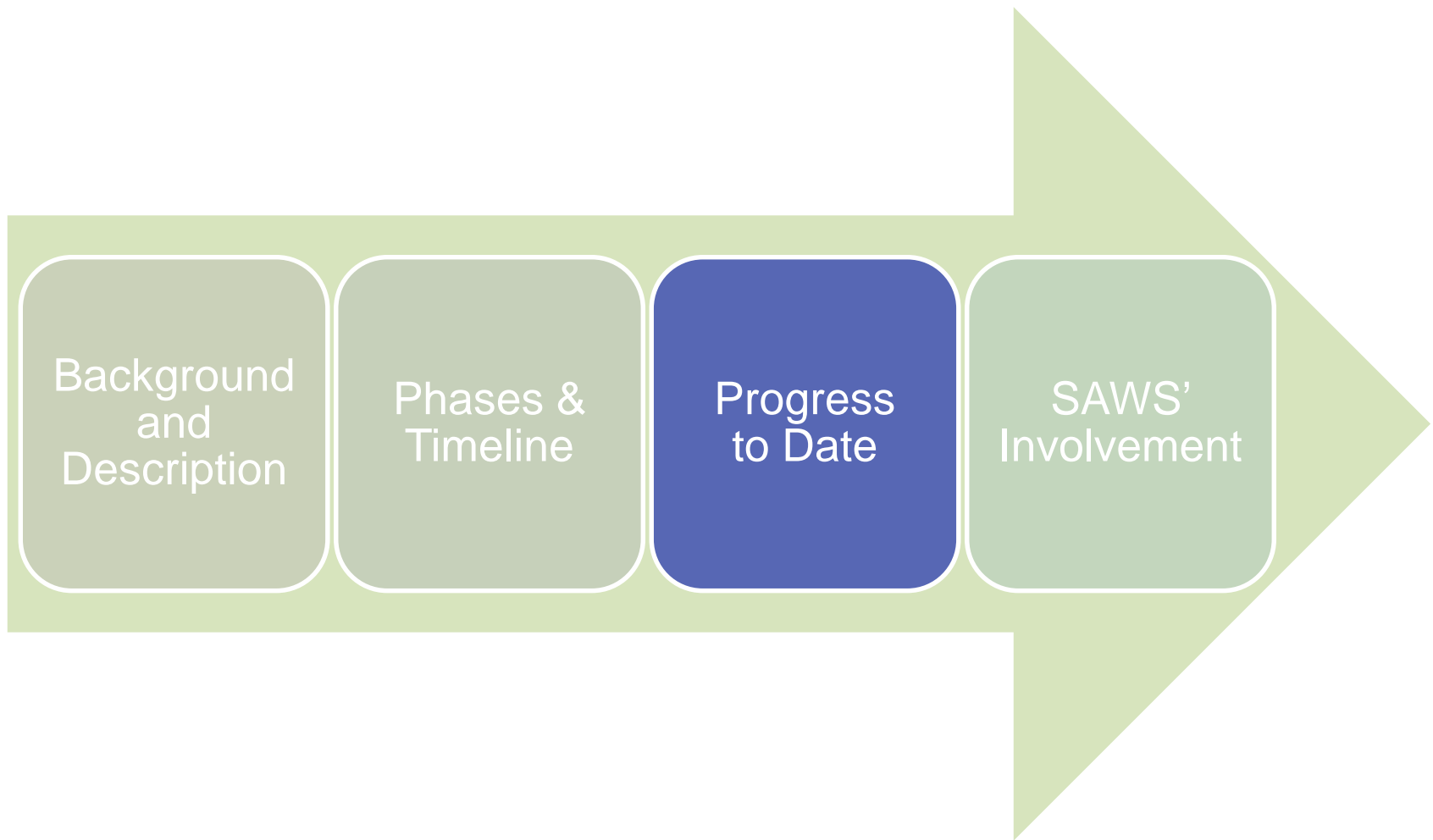
Construction

- Detailed Design
- Construction
- Commissioning
- Performance Testing

Commercial Operation

- Maintenance, Repair, Replacement
- Annual Budget Review
 - Budget Panel
- Asset Transfer

Presentation Outline



AVR Progress to Date

Easements & WSC

- Easements needed within ~ 477 parcels
- Central Texas Regional WSC – eminent domain

Test & Pilot Wells

- 4 Test Wells sampled for water quality
- 2 Pilot Well pump tests – 1 completed, 1 underway



AVR Progress to Date

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Permitting & Design

- Draft Hydraulic Report
- Pipe Selection

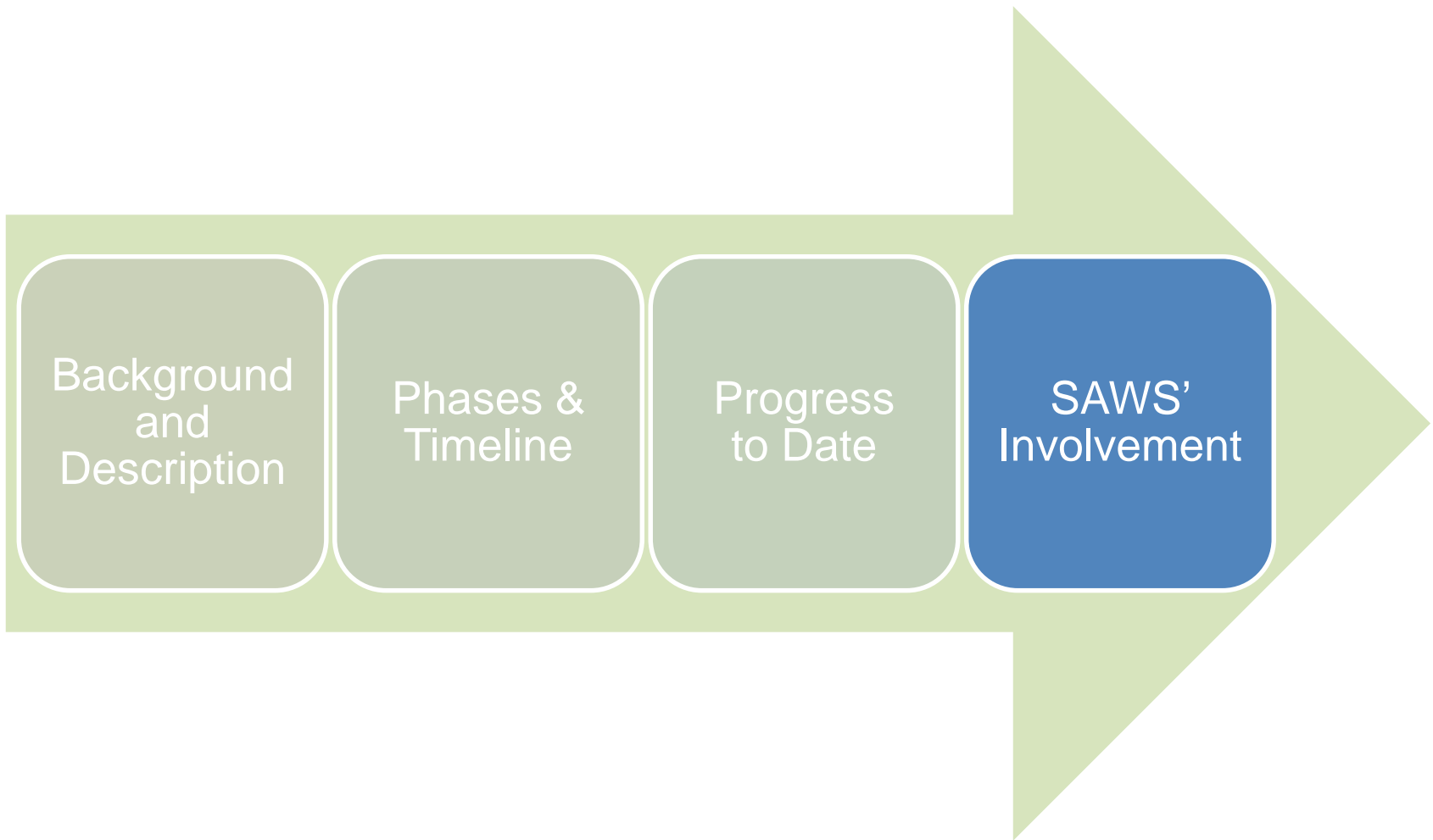
Financial Development

- Tax-free Bonds
- Bank Financing

Cumulative Expenditures

- ~ \$30 million to date

Presentation Outline



Ownership & Interests



- Need Water
- Minimize O&M
- Inherit Quality



SAWS Responsibilities



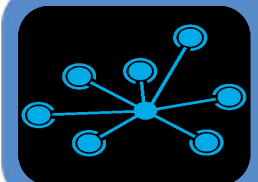
Budget and Approve Rates for SAWS' Costs



Establish Electrical Power Service



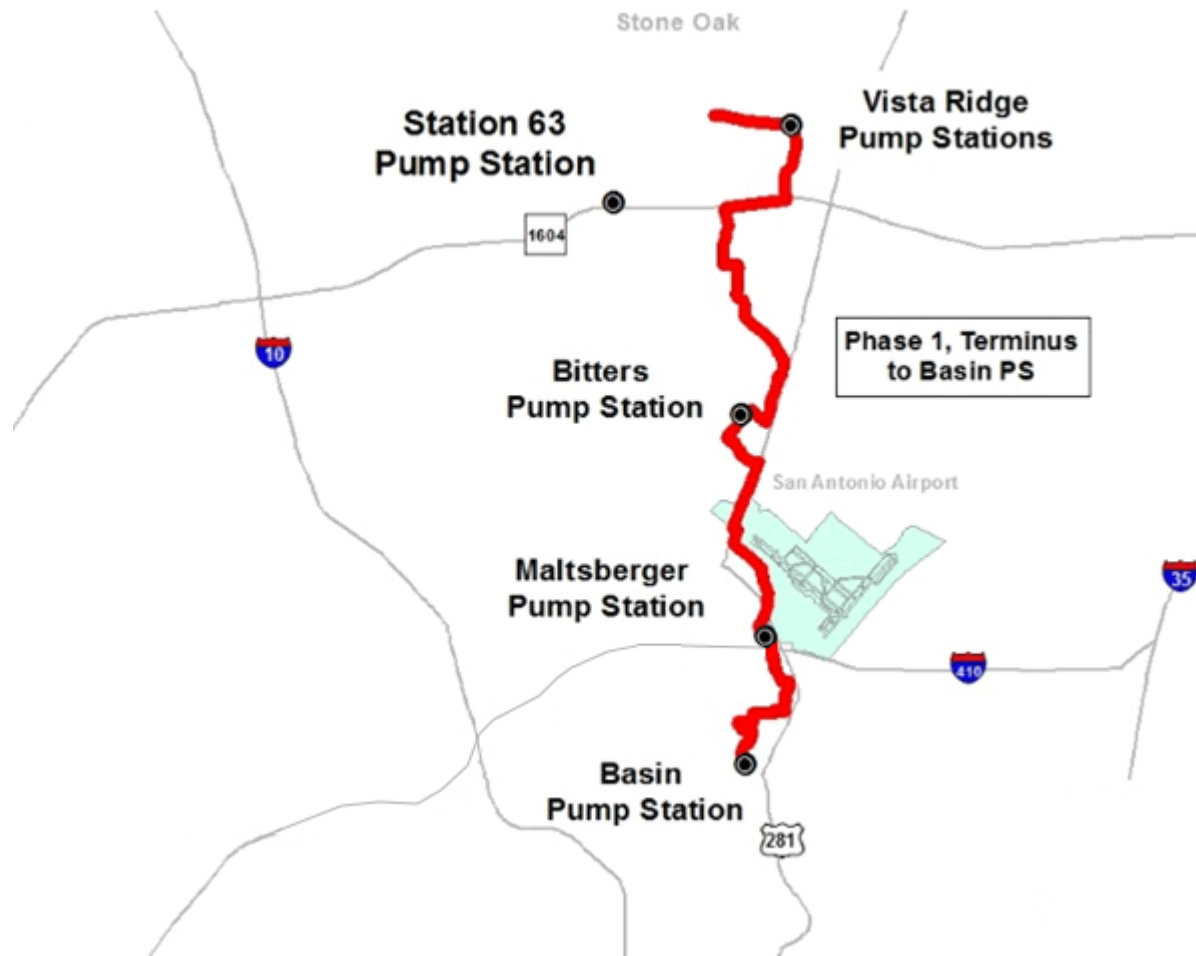
Wholesale Water



Integration Infrastructure within San Antonio

Vista Ridge Integration

Integrating in the Distribution System



Infrastructure Requirements

- Treatment facilities
 - Calcium Treatment, possibly iron
- New Pump Station
- Ground Storage Tanks
- Valves, Pumps, Controls
 - Upgrades at existing pump stations
- Pipelines
 - Condition assessment
 - Rehab/replace
 - New construction



Integration Next Steps

- Procure owner's representative contract
- Study phase
 - Pipe condition assessment
 - Route analysis
 - Phasing plan
- Hire Design-Build firm after financial close
- Aggressive design-construction schedule

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