



Big Bear Area Regional Wastewater Agency Replenish Big Bear Financing Plan

Fieldman, Rolapp & Associates, Inc.

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Introduction

Fieldman, Rolapp & Associates, Inc.

Who We Are

- California-based independent financial advisor
 - Utility practice is located at Fieldman's headquarters in Irvine
 - Employee-owned firm with focus on California municipal finance
- 55 years in business
- Focus is on public sector clients
- Registered with the MSRB and SEC

Our Experience

- The Team
 - Robert Porr, J.D. Executive Vice President
 - Lora Carpenter, Vice President
- 44 Years of Combined Experience in Municipal Finance
- Expertise in Developing Financial Models and Strategies to Fund Capital Needs
- Assisted over 45 clients in the last five years issue over 90 debt obligations in both the private and public markets
- Since 2018, the Fieldman team has advised our utility clients on approximately \$1.4 billion of WIFIA Loans

Replenish Big Bear

Financing Plan

Project Costs and Sources of Funding

PROJECT COST		SOURCES OF FUNDING	
Construction	\$59,371,200	Cost-Sharing Partners Contribution	\$1,039,000
Implementation	<u>16,606,800</u>	Grants	<u>24,057,000</u>
Total Construction	\$75,978,000	Cash and Grants	\$25,096,000
Financing Costs	<u>1,273,875</u>		
Total Project Costs	<u>\$77,251,875</u>	Remaining Funding	<u>\$52,155,875</u>

- Remaining Funding of \$52 million
 - Debt
 - Other Grants not Identified
- Funding Plan for Presentation Purposes Assumes All Debt

Funding Plan

- Estimated need is \$52 million
- How and when will this be funded?
- What will be the impact?

Project Timing Drives Funding

FY 2019-FY 2022

FY 2023-FY 2025

FY 2025-FY 2027

Feasibility Stage



Pre-Construction



Construction (and Refunding)

Funding Need



Total Expenses	\$	2,072,138
Grant Funding		<u>1,033,574</u>
Net Cash	\$	1,038,573

Total Expenses	\$	7,676,696
Grant Funding		<u>4,307,225</u>
Debt	\$	3,369,471

Total Expenses	\$	70,872,498
Grant Funding		<u>18,716,623</u>
Debt	\$	52,155,875

Funding Source



Cash and Grants

Debt and Grants

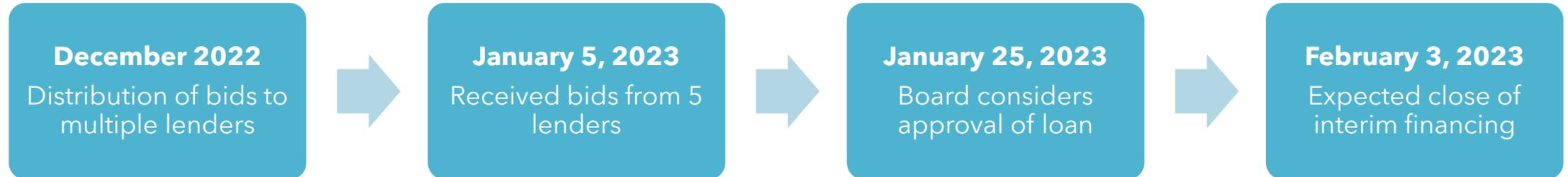
Debt and Grants



Pre-Construction Funding

The Interim Financing

Interim Financing



Loan Terms		
Amount	\$3.4 million	
Rate	4.25% Fixed	
Term	3 Years	Final Maturity May 2026
Debt Service	Interest Only	Balloon at Maturity
Prepayment	Starting 5/15/2024	Repay with Grants, Construction Funding
Priority of Payment/Lien	Subordinated	Payment after 2011 and 2018 Debt
Fees	\$70,850	Advisory, Placement and Legal Counsel Fees



Construction Funding

The WIFIA Loan and Other

Construction Funding

Uses:

- Refund the Pre-Construction Interim Financing
- Fund Construction Costs

Amount \$52 million

- WIFIA \$42 million
- Other \$10 million

Options at Beginning of Construction:

1. WIFIA Loan at US Treasury Rate OR
2. Note at Tax-Exempt Rate (Refunded with the WIFIA Loan)
 - WIFIA Loan is BBARWA's long-term funding source
 - May be drawn at the beginning of construction
 - May delay WIFIA Loan draw until after construction by issuing Tax-Exempt Notes for the Construction Period for the following reasons:
 - Tax-Exempt Rates are Lower
 - Avoid Development Default on WIFIA Loan
 - Retain opportunity to reset rate on WIFIA Loan, if market conditions allow

WIFIA Loan
\$42 million
(estimate)

- Long-Term, Low-Interest Loan for Large Portion of Funding Needs
- Water Infrastructure Finance and Innovation Act
- Federal Credit Program Administered by the EPA
- US Treasury Rate set at Close
- 35 Year-Maturity– repayment does not start until after completion of the project
- Amount Limited to 80% of Eligible Project Costs
- Amount Reduced by Other Federal Funding (BBARWA Federal Grants up to 25% ~ \$19 million)
- Prepayment in whole or in part annually at no premium

WIFIA Process and Timing



May delay draw if Tax-Exempt rates are lower than US Treasury Rates, among other reasons

Other
\$10 million
(estimate)

- Grants
- Other Debt
 - Direct Loan Similar to Interim Financing
 - Public Bond Issuance

Impact of the Funding Plan

Rates for Replenish Big Bear

Timing of Rate Collection and Rate Level

- Multi-Year Rate Increases beginning FY 2024 – FY 2027
- FY 2028
 - First Full Year of RBB Operation
 - Full Rate Collection
 - Expected Rate Collection for RBB is **estimated** to be \$220 / EDU

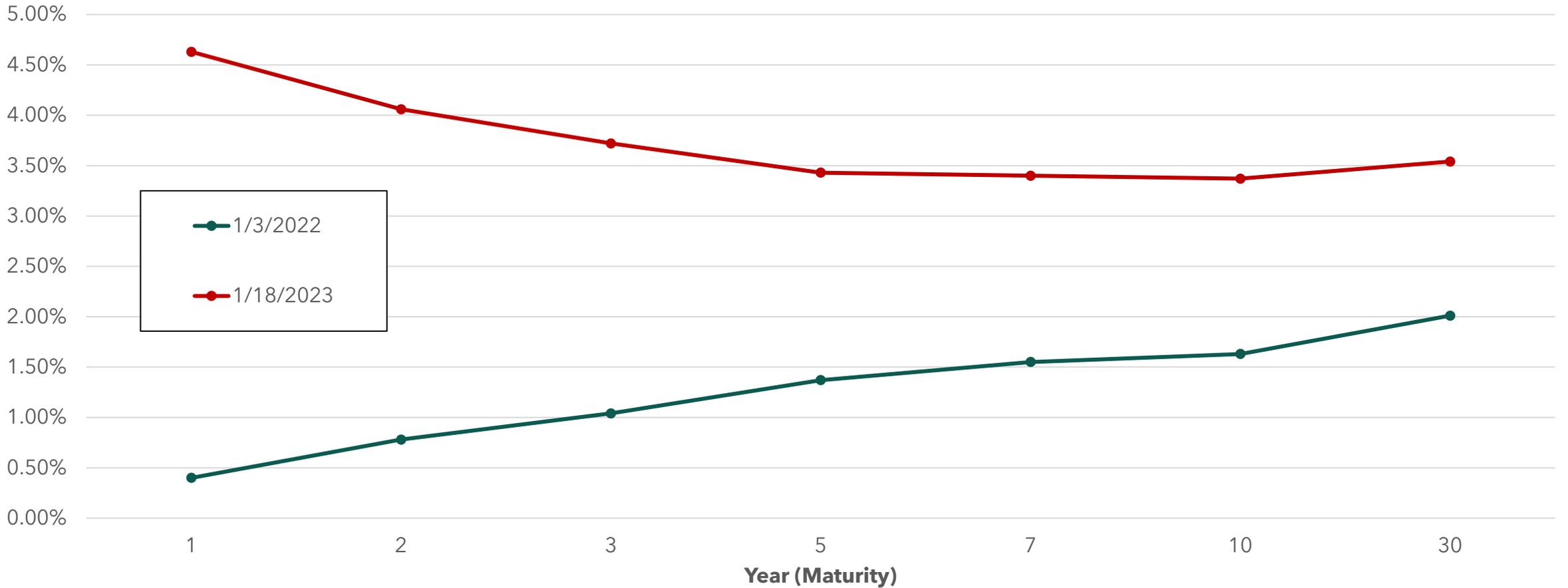


Market Update

US Treasury Rates
Tax-Exempt Rates (MMD Index)

U.S. Treasury Rates

US Treasury Yield Curve
(January 3, 2022 - January 18, 2023)



Tax-Exempt Rates – Municipal Market Yields

Historical AAA MMD Yield Curve Range: 2005 to Present Day

