

Lake Powell Pipeline Funding

Water Issues Task Force

August 24, 2011

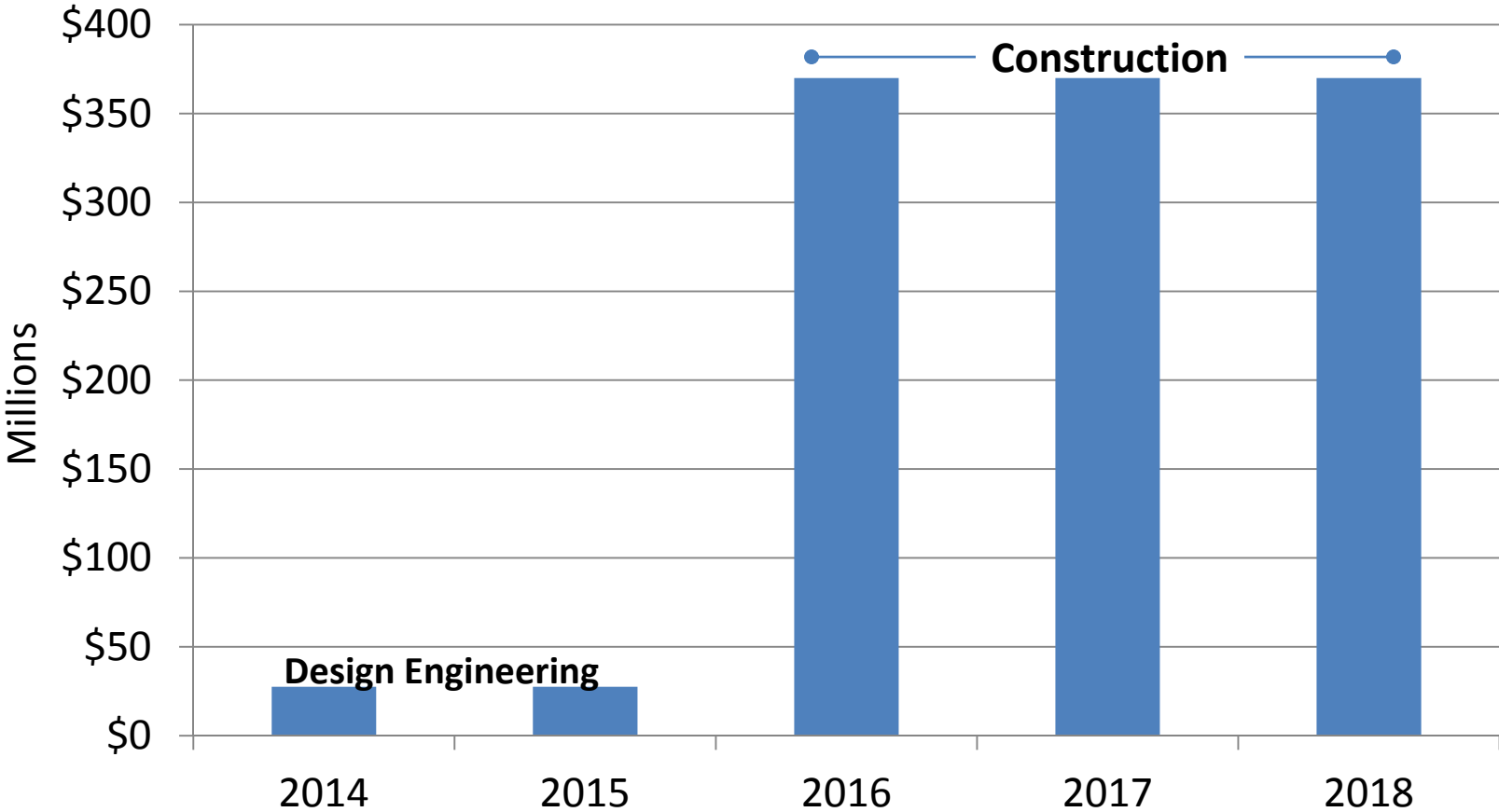
**Lake Powell Pipeline Development Act -
Section 73-28-201 (1)(a)**

*“The board [of Water Resources] shall
construct the [Lake Powell Pipeline] project as
funded by the Legislature”*

Outline

- Timing of Lake Powell Pipeline Capitol Expenditures
- Selected Financing Options & Funding Sources
- Washington County Water Conservancy District –
Projections and Payments
 - Ron Thompson, General Manager
- Comments From State Treasurer
 - Richard Ellis, State Treasurer

Lake Powell Pipeline Capitol Expenditures

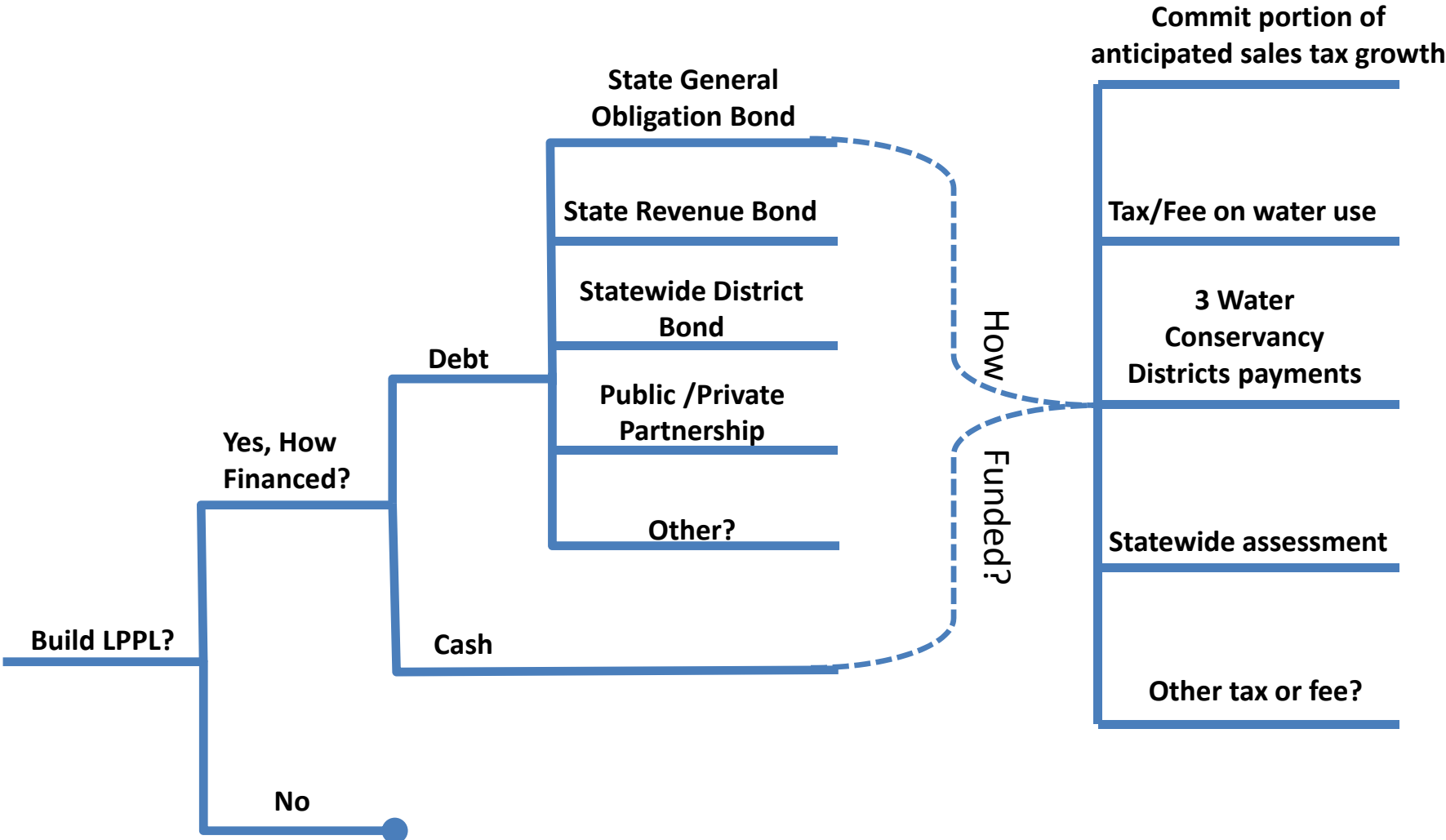


Based on 2009 projections made by Division of Water Resources Consultant

Question

Financing

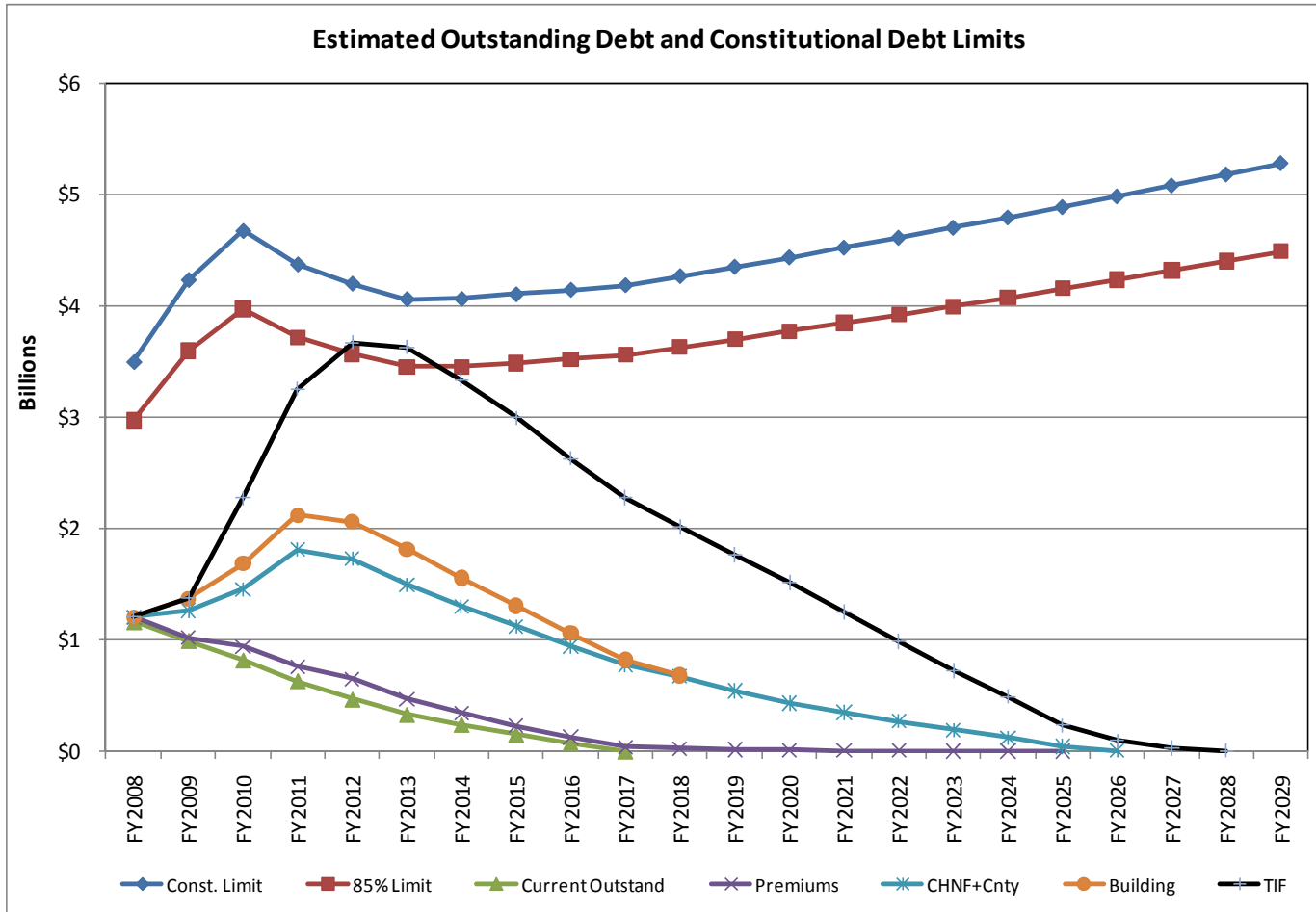
Funding



General Obligation Bonds

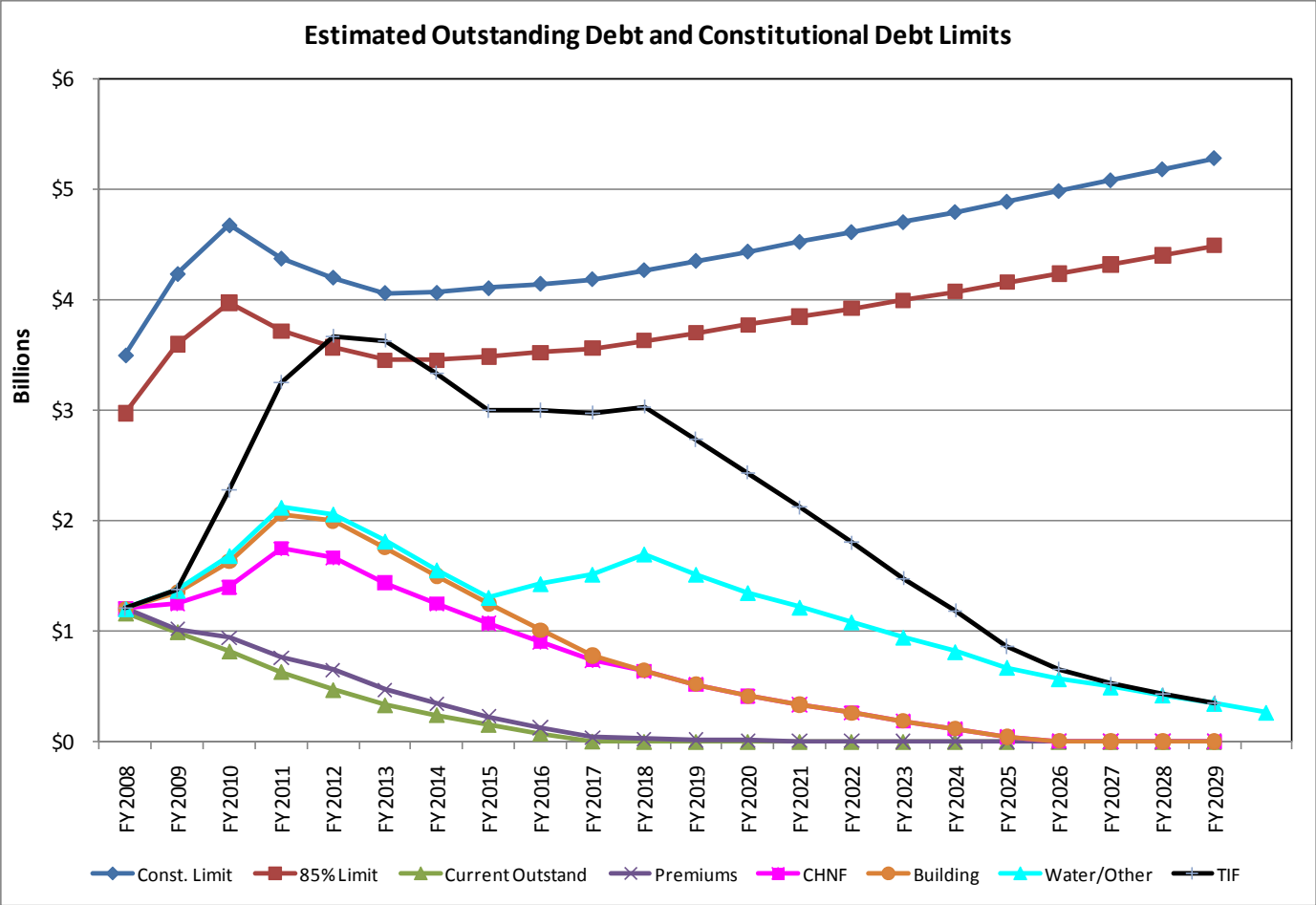
- 15 year maturities
- Lowest interest rate (AAA rating)
 - Rates in 1998 were 4.5% True Interest Cost (TIC)
 - Current rates - 2.8% TIC on July Issuance
 - Where will rates be in 2016-18?
- \$370 million issuance in 2016, 2017, and 2018
 - \$27.5 million cash-funded in 2014 and 2015 for design

Current Debt Projections



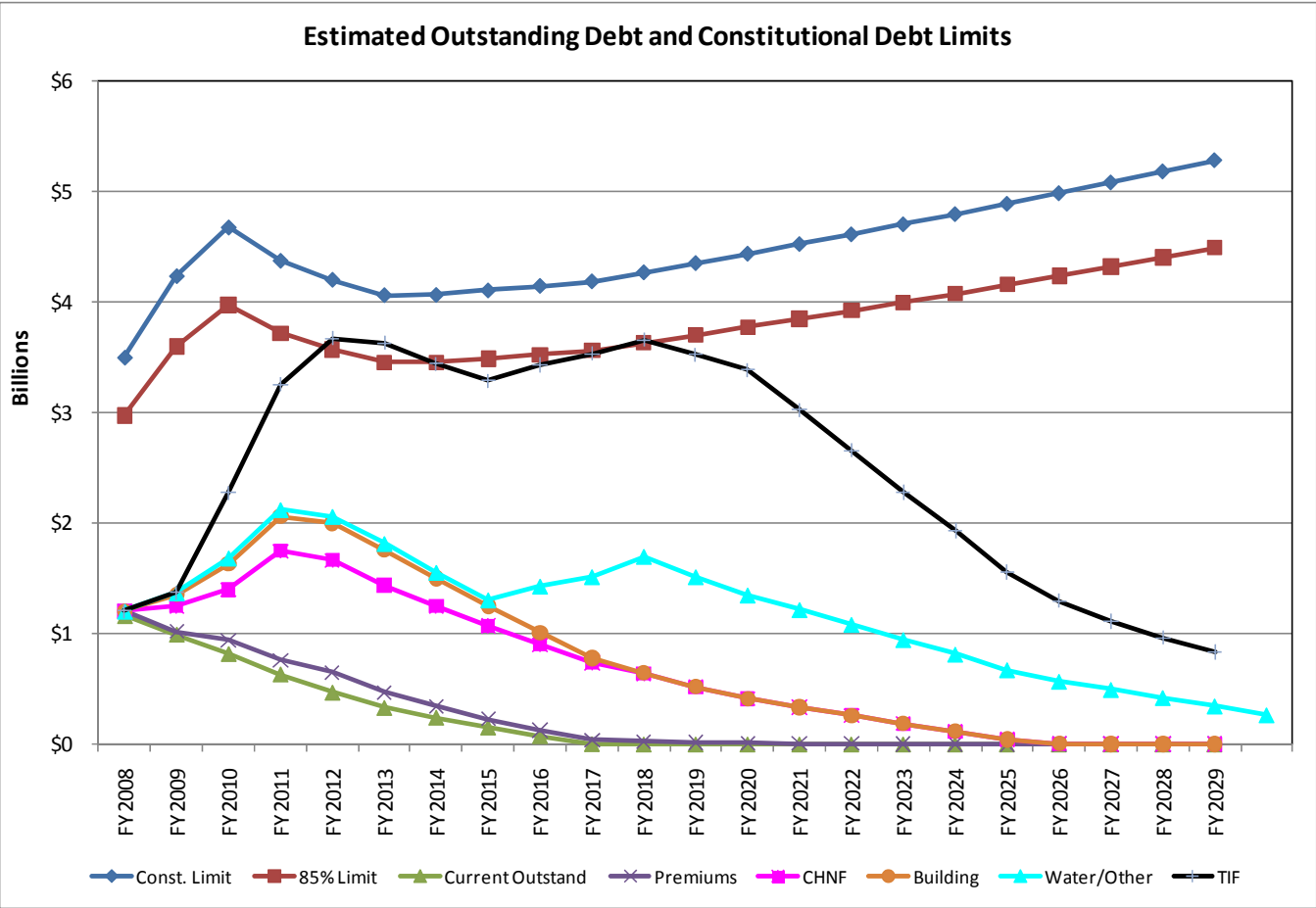
Note: Numbers in Chart are estimates based on assumptions – actual results will vary

Debt Projections with Water GO Bond



Note: Numbers in Chart are estimates based on assumptions – actual results will vary

Debt Projections with Water GO Bond and Annual Highway Bonding



Highway Bonds

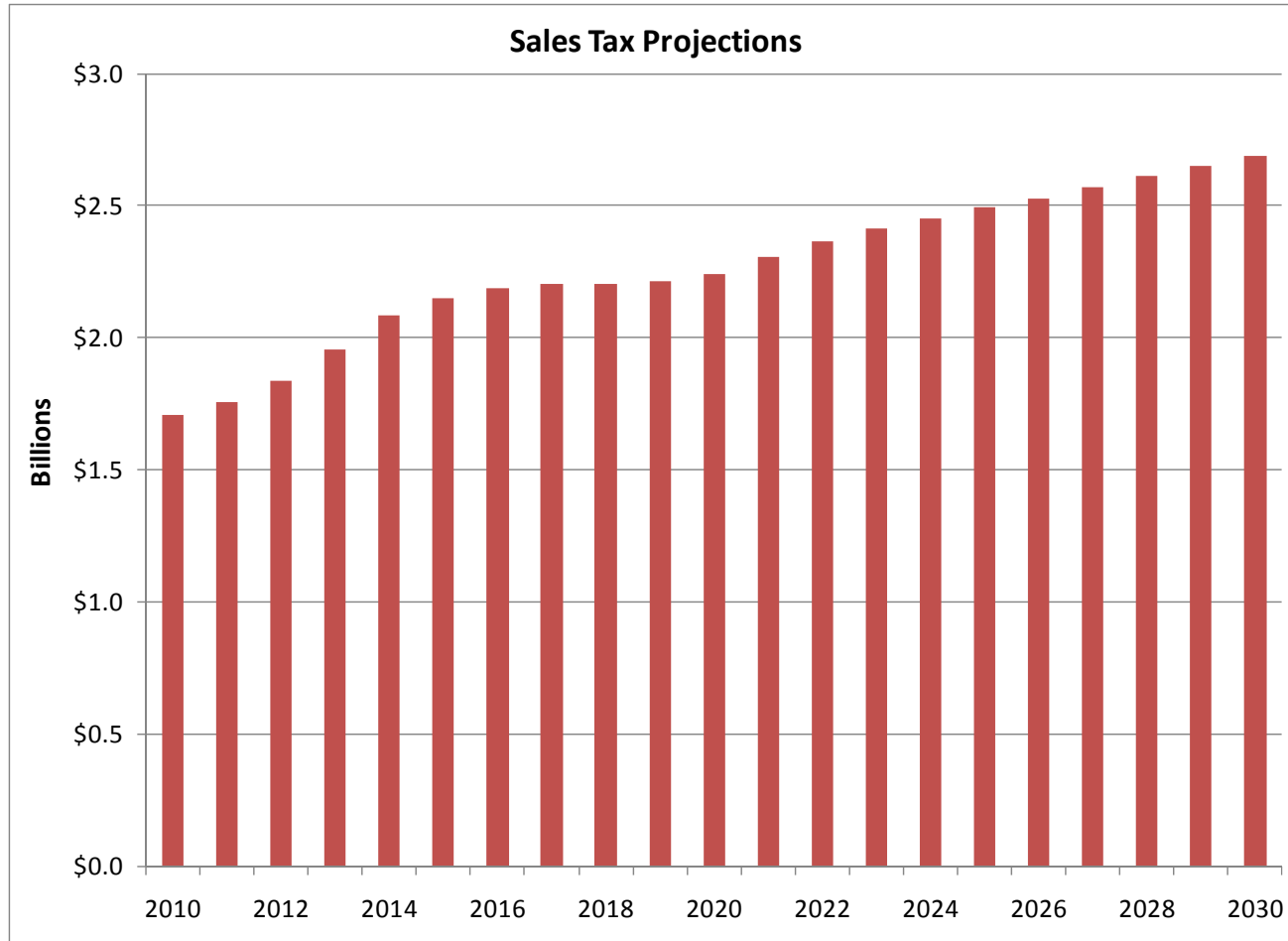
- FY14 - \$100m
- FY15 - \$200m
- FY16 - \$150m
- FY17 - \$150m
- FY18 - \$100m
- FY19 - \$200m
- FY20 - \$200m

Note: Numbers in Chart are estimates based on assumptions – actual results will vary

Estimated Debt Service

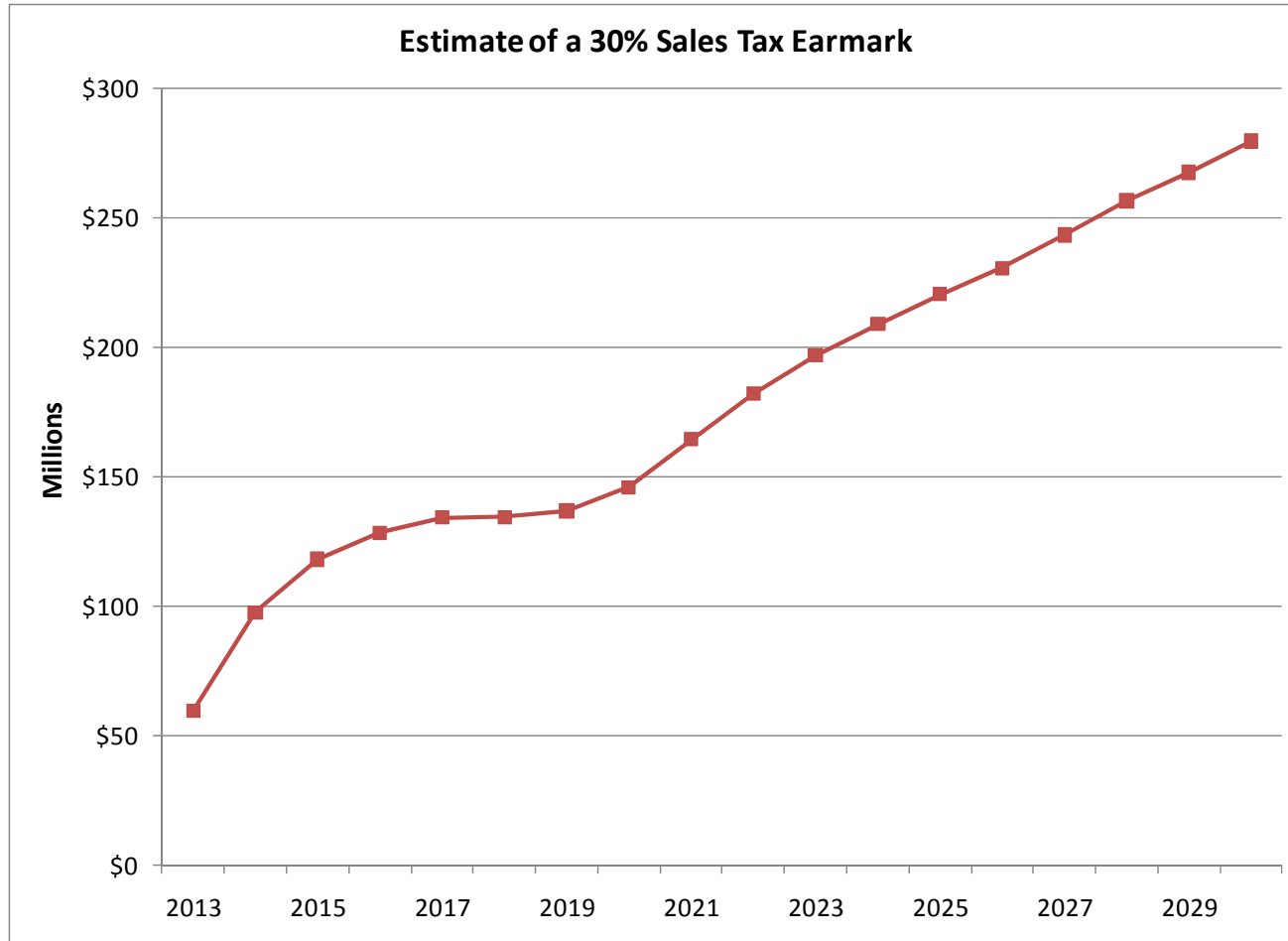
- Three \$370 Million, 15 Year GO Bonds issued in 2016, 2017, and 2018.
- Estimated debt service \$90 – \$100 Million for 18 years.

Unofficial Sales Tax Estimates



Note: Numbers in Chart are estimates based on assumptions – actual results will vary

30% of Estimated Sales Tax Growth



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Issues

- Assuming the LPPL is built, what is the best way to finance the project?
 - Cash - How much can be captured prior to construction?
 - GO Bond - Impact on the Constitutional debt limit, competition with other bonding needs (i.e. transportation)
 - Revenue Bond - Intent to avoid Constitutional debt limit? Bond revenue structured in a way that does not count against the limit
 - Statewide District Bond - Creation of district, Revenue source, Potential impact on Constitutional debt limit
 - Public Private Partnership - Higher debt service costs? Risks to State, Revenue source
 - Other??
- What are the funding sources?
 - Earmark on anticipated sales growth
 - Tax/fee on water
 - 3 Water Conservancy District payments
 - Statewide assessment or tax by a statewide local district
 - Other taxes or fees
- Impact on State Credit Rating