

RECAP OF LONG-TERM COMMITMENTS

Interfund Loan

Interfund Loan

CLWA acquired Santa Clarita Water Company's (SCWC) stock through condemnation in September 1999 for \$63 million. Repayment of the acquisition was implemented through an Interfund Loan. At the time of the purchase, the CLWA Financial Advisor prepared a financial analysis of SCWC's cash flow. This analysis demonstrated that it was financially feasible to fund the acquisition of the company with its own revenue stream. Santa Clarita Water Division (SCWD) is repaying the loan at an interest rate of 5.04%.

SCWD began making payments on the loan in FY 2000/01. In 2006, the Board of Directors formally adopted a payment schedule that includes quarterly payments to minimize accrued interest, smoothes payments throughout the fiscal year and allows the growth in customers to fund the increase in payments. This schedule is intended to provide financial stability to both CLWA and SCWD and consistent and definitive information for long-range forecasts. The payments increase by \$100,000 each fiscal year with the provision that, if necessary due to financial condition of the retail division, SCWD may make payments for interest only or pay an amount in excess of the scheduled payment. The interest rate would remain the same at 5.04%.

In June 2010 the Agency refunded the 2001 COPs with the 2010 refunding COPs, achieving an all-in true interest cost of 4.23% and, as a result, the Board of Directors directed staff to revise the Interfund Loan payment schedule based on the lower interest rate. Staff developed a revised payment schedule that applies the interest rate of 4.23% to the loan beginning in FY 2010/11, prorates the increased principal associated with the 2010 refunding COPs to the loan balance, provides monthly payments to minimize accrued interest, smooths payments throughout each fiscal year and allows increased revenues resulting from the growth in customers to fund the increase in payments. This schedule provides financial stability to both the wholesale and retail water systems and information for long-range forecasts. The Board of Directors adopted Resolution Number 2765 on January 26, 2011 adopting the revised payment schedule for the Santa Clarita Water Division Interfund Loan at the interest rate of 4.23%.

Certificates of Participation (COPs)

2010 COPs

SCWD sold \$14,475,000 million of COPs through the issuance of premium COPs, which generated \$15,293,202 million in cash to pay issuance costs and to generate construction proceeds of \$15 million.

Santa Clarita Water Division
Revised July 1, 2010 Interfund Loan Payment Schedule
Annual Interest Rate at 4.23%
FY 2011/12 Budget

FY	Principal	Interest	Total	Remaining Balance
	\$ -	\$ -	\$ -	\$ 63,000,000
2000/01	(473,234)	3,973,234	3,500,000	63,473,234
2001/02	298,763	3,201,237	3,500,000	63,174,471
2002/03	313,989	3,186,011	3,500,000	62,860,482
2003/04	329,992	3,170,008	3,500,000	62,530,490
2004/05	338,030	3,161,970	3,500,000	62,192,460
2005/06	796,891	4,933,109	5,730,000	61,395,570
2006/07	471,371	3,043,829	3,515,200	60,924,199
2007/08	819,344	3,060,856	3,880,200	60,104,854
2008/09	971,983	3,007,817	3,979,800	59,132,871
2009/10	1,124,654	2,955,346	4,080,000	58,008,217
2010/11	1,382,811	2,502,096	3,884,907	58,382,076
2011/12	1,543,230	2,440,451	3,983,681	56,838,845
2012/13	1,728,135	2,371,692	4,099,827	55,110,711
2013/14	1,914,790	2,294,996	4,209,786	53,195,921
2014/15	2,110,451	2,210,239	4,320,690	51,085,470
2015/16	2,310,045	2,117,076	4,427,121	48,775,424
2016/17	2,533,481	2,015,117	4,548,598	46,241,943
2017/18	2,761,055	1,903,575	4,664,630	43,480,889
2018/19	3,000,973	1,782,175	4,783,148	40,479,916
2019/20	3,248,032	1,650,430	4,898,462	37,231,884
2020/21	3,517,712	1,507,897	5,025,609	33,714,171
2021/22	3,796,660	1,353,740	5,150,400	29,917,512
2022/23	4,090,010	1,187,492	5,277,502	25,827,501
2023/24	4,394,722	1,008,597	5,403,319	21,432,780
2024/25	4,722,055	816,438	5,538,493	16,710,725
2025/26	5,063,138	610,128	5,673,266	11,647,587
2026/27	5,421,193	389,069	5,810,262	6,226,395
2027/28	6,226,395	152,508	6,378,903	-
Total	\$ 64,756,670	\$ 62,007,134	\$ 126,763,804	

Santa Clarita Water Division
Previous Interfund Loan Payment Schedule
Annual Interest Rate at 5.04%
FY 2011/12 Budget

FY	Principal		Interest		Total	Remaining Balance
	\$	-	\$	-	\$	63,000,000
2000/01		(473,234)		3,973,234	3,500,000	63,473,234
2001/02		298,763		3,201,237	3,500,000	63,174,471
2002/03		313,989		3,186,011	3,500,000	62,860,482
2003/04		329,992		3,170,008	3,500,000	62,530,490
2004/05		338,030		3,161,970	3,500,000	62,192,460
2005/06		796,891		4,933,109	5,730,000	61,395,570
2006/07		471,371		3,043,829	3,515,200	60,924,199
2007/08		819,344		3,060,856	3,880,200	60,104,854
2008/09		971,983		3,007,817	3,979,800	59,132,871
2009/10		1,124,654		2,955,346	4,080,000	58,008,217
2010/11		1,285,215		2,894,985	4,180,200	56,723,002
2011/12		1,445,634		2,834,166	4,279,800	55,277,368
2012/13		1,630,539		2,749,461	4,380,000	53,646,829
2013/14		1,817,194		2,663,006	4,480,200	51,829,635
2014/15		2,012,855		2,566,945	4,579,800	49,816,780
2015/16		2,212,449		2,467,551	4,680,000	47,604,331
2016/17		2,435,885		2,344,315	4,780,200	45,168,446
2017/18		2,663,459		2,216,341	4,879,800	42,504,987
2018/19		2,903,377		2,076,623	4,980,000	39,601,610
2019/20		3,150,436		1,929,764	5,080,200	36,451,174
2020/21		3,420,116		1,759,684	5,179,800	33,031,058
2021/22		3,699,064		1,580,936	5,280,000	29,331,994
2022/23		3,992,414		1,387,786	5,380,200	25,339,580
2023/24		4,297,126		1,182,674	5,479,800	21,042,454
2024/25		4,624,459		955,541	5,580,000	16,417,996
2025/26		4,965,542		714,658	5,680,200	11,452,454
2026/27		5,323,597		456,203	5,779,800	6,128,857
2027/28		6,128,857		179,606	6,308,463	-
Total	\$	63,000,000	\$	66,653,663	\$	129,653,663

Santa Clarita Water Division
2010B COP Payment Schedule - Summary
FY 2011/12 Budget

Period Ending*	Principal	Coupon	Interest	Remaining
08/01/2010			159,663.89	159,663.89
08/01/2011	245,000	2.000%	718,487.50	963,487.50
08/01/2012	250,000	2.000%	713,587.50	963,587.50
08/01/2013	255,000	3.000%	708,587.50	963,587.50
08/01/2014	265,000	3.000%	700,937.50	965,937.50
08/01/2015	275,000	4.000%	692,987.50	967,987.50
08/01/2016	285,000	4.000%	681,987.50	966,987.50
08/01/2017	290,000	3.000%	670,587.50	960,587.50
08/01/2018	305,000	3.250%	661,887.50	966,887.50
08/01/2019	315,000	5.000%	651,975.00	966,975.00
08/01/2020	330,000	5.000%	636,225.00	966,225.00
08/01/2021	345,000	5.000%	619,725.00	964,725.00
08/01/2022	365,000	5.000%	602,475.00	967,475.00
08/01/2023	380,000	5.000%	584,225.00	964,225.00
08/01/2024	400,000	5.250%	565,225.00	965,225.00
08/01/2025	420,000	5.250%	544,225.00	964,225.00
08/01/2026	445,000	5.250%	522,175.00	967,175.00
08/01/2027	465,000	5.250%	498,812.50	963,812.50
08/01/2028	490,000	5.250%	474,400.00	964,400.00
08/01/2029	515,000	5.250%	448,675.00	963,675.00
08/01/2030	545,000	5.250%	421,637.50	966,637.50
08/01/2031	570,000	5.250%	393,025.00	963,025.00
08/01/2032	600,000	5.250%	363,100.00	963,100.00
08/01/2033	635,000	5.250%	331,600.00	966,600.00
08/01/2034	665,000	5.250%	298,262.50	963,262.50
08/01/2035	700,000	5.250%	263,350.00	963,350.00
08/01/2036	740,000	5.500%	226,600.00	966,600.00
08/01/2037	780,000	5.500%	185,900.00	965,900.00
08/01/2038	820,000	5.500%	143,000.00	963,000.00
08/01/2039	865,000	5.500%	97,900.00	962,900.00
08/01/2040	915,000	5.500%	50,325.00	965,325.00
	14,475,000.00		14,631,551.39	29,106,551.39

**This schedule is not on fiscal year basis.*