



COMBINED UTILITY SYSTEM

SAMIR SOLANKI
CHIEF FINANCIAL OFFICER



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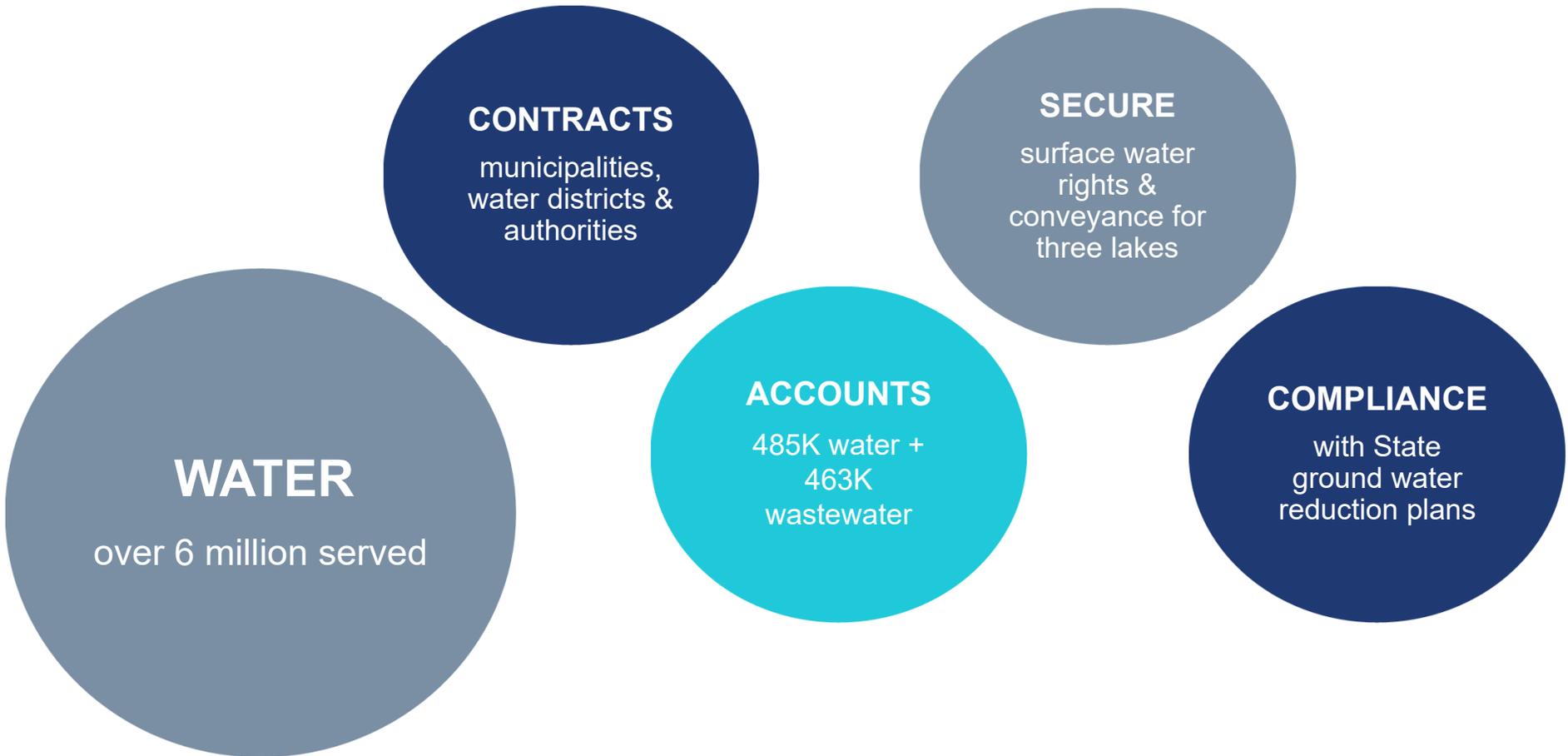
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COMBINED UTILITY SYSTEM

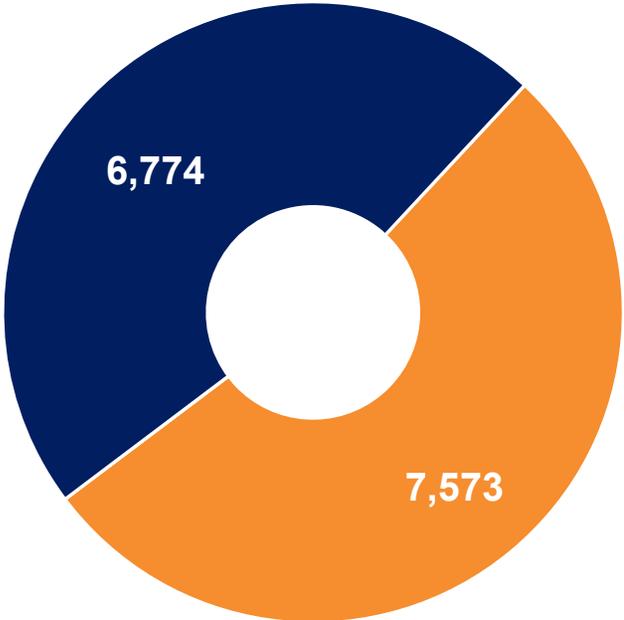
one of the largest water & wastewater systems in the nation

WHAT WE PROVIDE



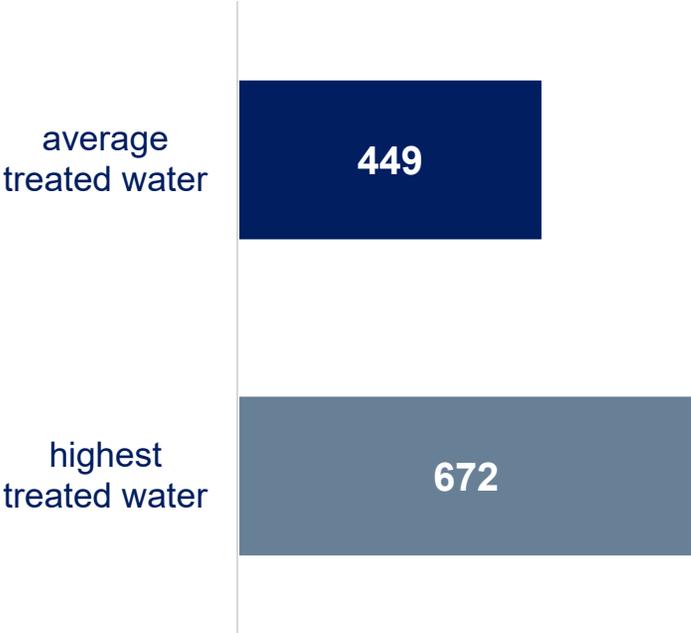
HOW MUCH WE PROVIDE

14,347 miles of water + wastewater lines



■ water lines ■ wastewater lines

170B gallons of water treated in 2018



(million gallons per day)

WHERE IT GOES

Water Supplier for the Region

- **1,550** square miles, 3 counties
- **3** surface water purification plants
- **7** major re-pump stations
- **130** groundwater wells

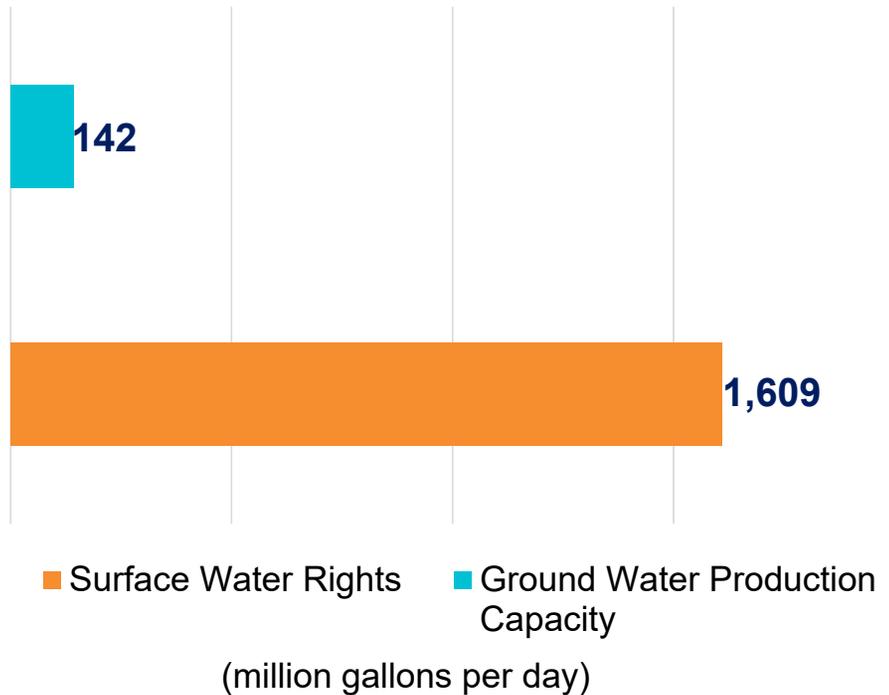
39 Wastewater Treatment Plants

- **383** lift stations
- **3** wet weather storage facilities
- **255** million gallons per day average treated wastewater

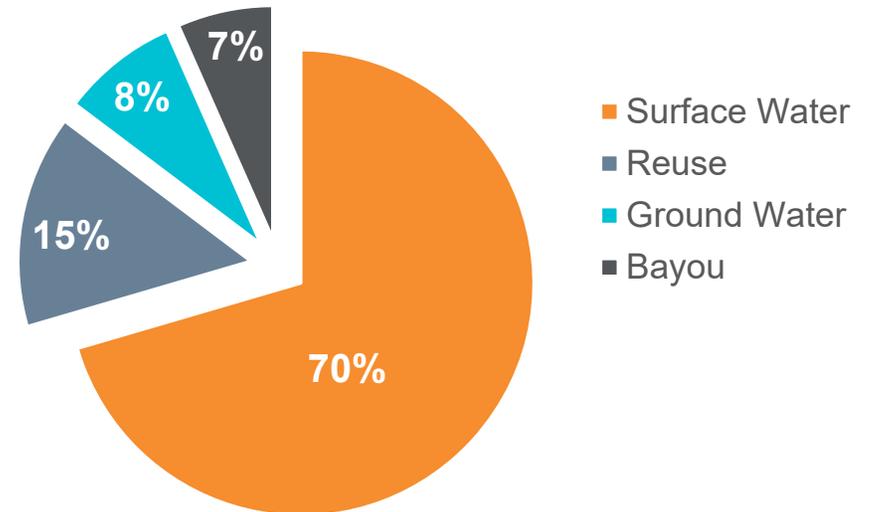
WATER SUPPLY

WHERE OUR WATER COMES FROM

1.751B gallons of water available per day



Sources of available water supply per day



SURFACE WATER SOURCES

San Jacinto River

- Lake Conroe (San Jacinto River Authority)
- Lake Houston (Coastal Water Authority)

Trinity River

- Lake Livingston (Trinity River Authority)

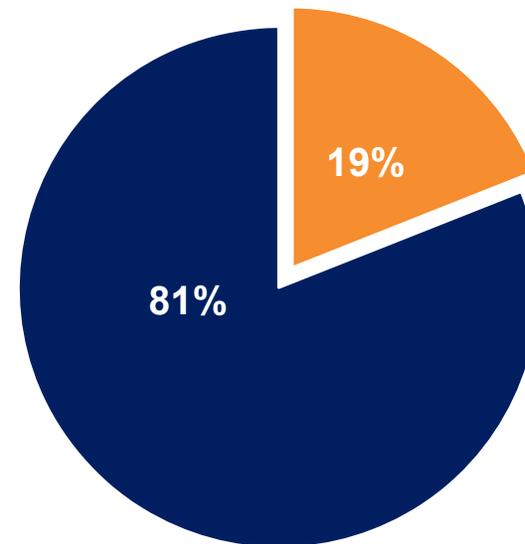
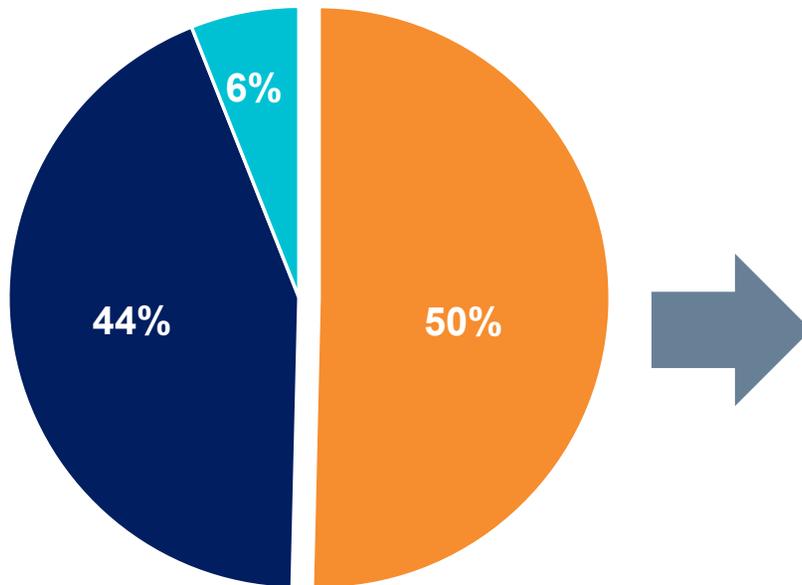


CAPITAL IMPROVEMENT PLAN

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FY 2020–2024 CIP FUNDING | \$4.2B

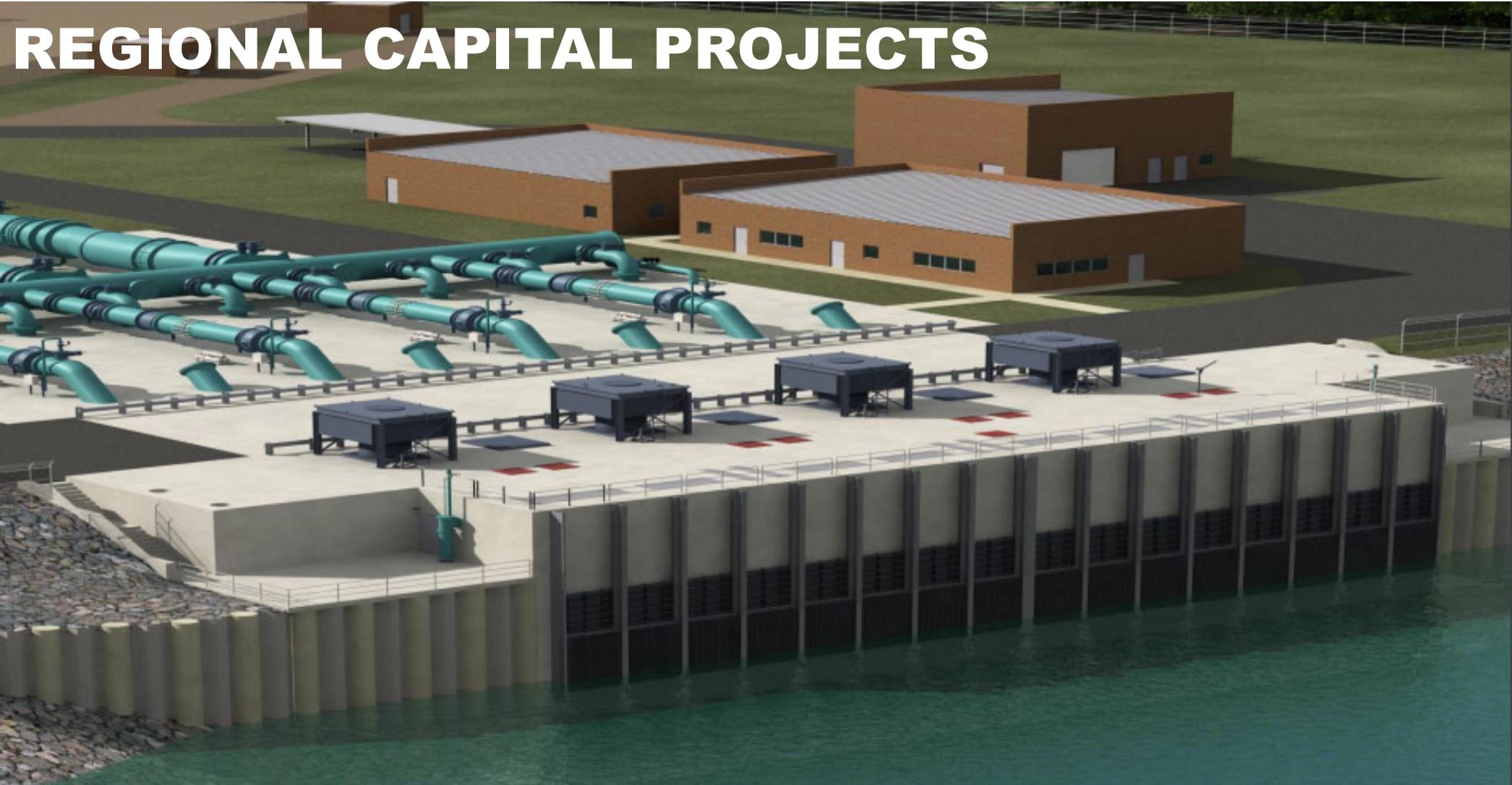
ANNUAL CIP | ~ \$370M



■ First Lien Debt ■ Other Sources ■ Subordinate Lien Debt

■ Pay-as-you-go ■ First Lien Debt

REGIONAL CAPITAL PROJECTS







RISK MANAGEMENT

COMBINED UTILITY SYSTEM

RISKS

- Large aging system
- Significant population growth

PLANNED ACTIONS

- Reduce water loss
- Secure water resources for 2060 and beyond
- Reduce electrical usage by installing efficient pumps & LEDs
- Continuous process improvements; significant reductions in chemical costs over past years

CONSENT DECREE

PLANNED ACTIONS

- Pay \$4.6M in civil penalties
- Subject to 30-day public comment period
- Entry of federal district court order; subject to appeal

CONSIDERATIONS

- Resolves past violations & avoids costly litigation
- Houston-unique scope of work; will improve sanitary sewer system for future generations
- Currently undergoing rate study
- Rate affordability expected to remain below EPA threshold of 2% of median household income

HURRICANE HARVEY

RISKS

- Significant costs related to damages
- Long term recovery period; impact operational efficiency

PLANNED ACTIONS

- Functional test assessment ongoing
- Site inspections conducted with FEMA
- Expected Federal recovery (90%)

FINANCIAL UPDATE

RATINGS & CREDIT STRENGTH

Financial Strength

- Closed system
- Strong liquidity
- Cash reserve policy of 300 days of operating cash
- Over 600 days of available operating cash
- Per ordinance since 2004; rates adjust automatically each year
- Strong long term ratings with stable outlook

	Moody's		S & P		Fitch	
First Lien	Aa2	Stable	AA	Stable	AA	Stable

as of Mar 1, 2019

FUNDAMENTALS & PERFORMANCE

CONSERVATIVE
BUDGETING

AUTOMATIC
RATE
ADJUSTMENT

OPERATIONAL
EFFICIENCIES

AFFORDABLE
RATES

GROWING
CUSTOMER
BASE

STRONG
CREDIT
RATINGS

LOW COST
OF
FINANCING

REVENUES & EXPENSES HIGHLIGHTS

DEBT SERVICE COVERAGE

FY 2017 ACTUAL* (\$M)

Revenues \$1,075
Expenses O&M (438)
Net Revenue \$637
Annual Bond Debt Service Coverage: 1.44X

FY 2018 ACTUAL* (\$M)

Revenues \$1,126
Expenses O&M (438)
Net Revenue \$688
Annual Bond Debt Service Coverage: 1.49X

* FY2018 CAFR

REVENUES & EXPENSES HIGHLIGHTS

ENDING FUND BALANCE

FY 2019

BUDGET* (\$M)

Beginning Fund Balance	\$726
Revenues	\$1,149
Expenses	(1,194)
Ending Fund Balance	\$681

* FY2019 Adopted Budget

ESTIMATE* (\$M)

Beginning Fund Balance	\$726
Revenues	\$1,149
Expenses	(1,135)
Ending Fund Balance	\$740

* May 2019 MOFR

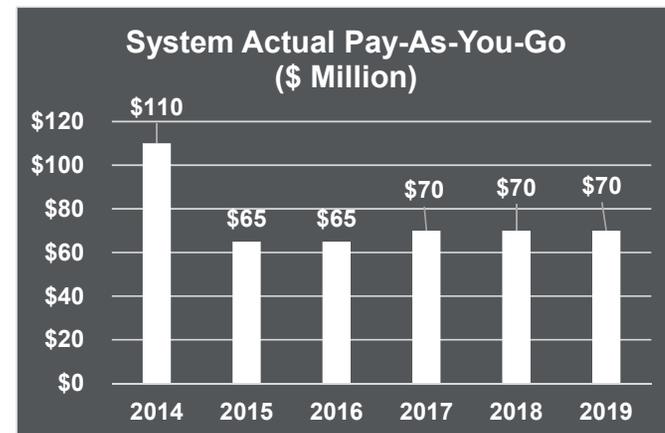
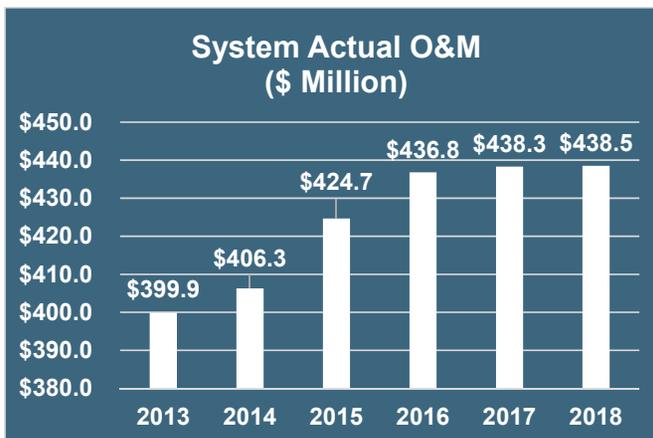
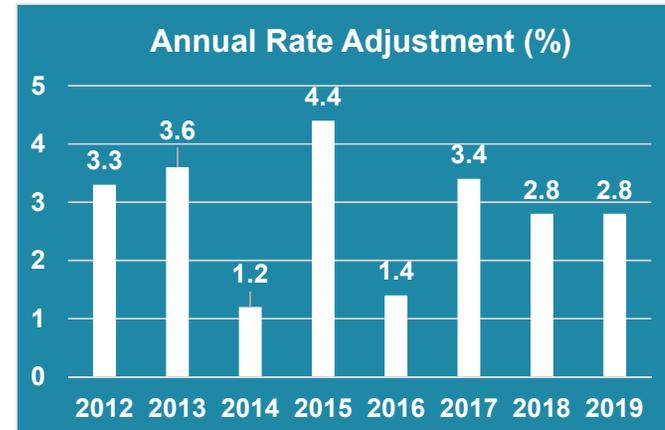
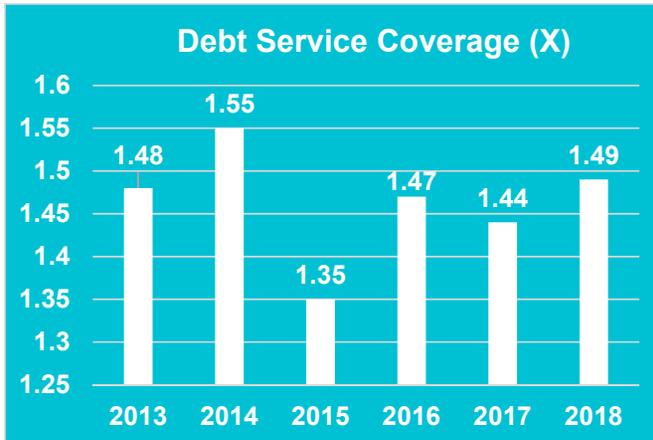
FY 2020

BUDGET* (\$M)

Beginning Fund Balance	\$819
Revenues	\$1,185
Expenses	(1,233)
Ending Fund Balance	\$771

* FY2020 Adopted Budget

STATISTICAL DATA



ANNUAL FINANCE PLAN

Transaction Name	FY 2019		FY 2020	
	Amount	Closing Date	Amount	Closing Date
New Money & Refunding	-	-	\$875M*	September 2019
Texas Water Development Board Clean Water Loan	\$64.69M	April 2019	\$46M*	April 2020
Mandatory Tender (Put Bond)	-	-	\$125M	May 2020

* Estimated transaction size - subject to market conditions

thank you!



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