



# **Debt and Interest Rate Management Report**

## **As of June 30, 2019**

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# Key Highlights

January 2019 – June 2019

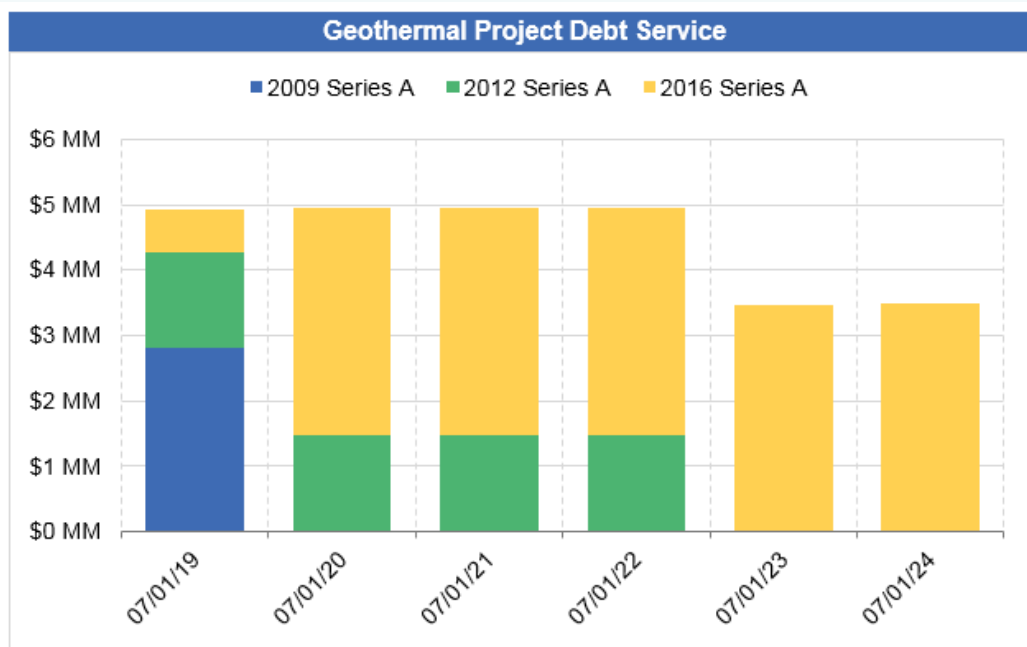
- In March. (April 2<sup>nd</sup> closing), staff refunded the 2010 Hydroelectric, Series A bonds with the 2019 Hydroelectric, Series A bonds generating \$3.6 million of Net Present Value savings (approx. \$1.6 million annually) for project participants.
- On April 30<sup>th</sup>, staff terminated the 2008 Hydroelectric, Series B swap with Citigroup and received a termination payment of \$169,400. On May 14<sup>th</sup>, the outstanding principal, \$910,000, on the 2008 Hydroelectric, Series B bonds was called for redemption.
- In June, staff completed the Letter of Credit substitution for the 2008 Hydroelectric, Series A bonds replacing Bank of Montreal with Bank of America.
- No negative material changes to any fixed or variable rate debt or outstanding swap agreements occurred since the last report.
- On May 30<sup>th</sup>, Moody's upgraded the rating on NCPA's Capital Facility Project to A1 from A2 with an outlook of stable. Ratings on all other projects remained the same.
- No defaults under the above swap agreements, fixed rate or variable rate debt have occurred.
- Counterparty ratings remained the same; no collateral posting by the counterparty has been required and the counterparty remains highly rated.
- The MTM\* on the outstanding swaps changed from a negative value of \$14.2 million on December 31, 2018 to a negative value of \$15.8 million on June 28, 2019.

\* Doesn't reflect the GASB 72 Fair Value risk profile of NCPA.

# DEBT OVERVIEW BY PROJECT

# Geothermal Project Debt Overview

Geothermal Project Participation Percentages		
Member	Entitlement Share (%)	Beneficiary Share (%)
Alameda	16.8825	16.8825
Biggs	0.2270	0.2270
Gridley	0.3950	0.3360
Healdsburg	3.6740	3.6740
Lodi	10.2800	10.2800
Lompoc	3.6810	3.6810
Palo Alto	6.1580	0.0000
Plumas-Sierra	0.8145	0.7010
Roseville	7.8830	7.8830
Santa Clara	44.3905	44.3905
TID	0.0000	6.3305
Ukiah	5.6145	5.6145



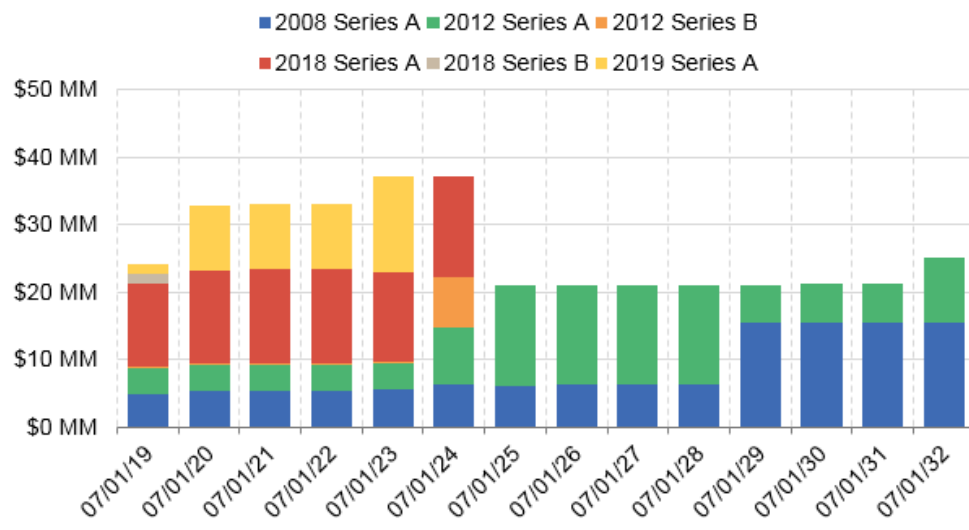
Summary of Outstanding Geothermal Project Debt							
Ratings (M/S/F): A1/A-/A+, Stable Outlooks							
Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2009 Series A	Tax-Exempt	Fixed-Rate	\$35,610,000	\$2,675,000	5.000%	-	7/1/2019
2012 Series A	Tax-Exempt	Fixed-Rate	\$12,910,000	\$4,945,000	2.289%	7/1/2017	7/1/2022
2016 Series A	Tax-Exempt	Fixed-Rate	\$17,530,000	\$16,900,000	1.670%	-	7/1/2024

# Hydroelectric Project Debt Overview

## Hydroelectric Project Participation Percentages

Member	Entitlement Share (%)
Alameda	10.000
Biggs	0.100
Gridley	1.060
Healdsburg	1.660
Lodi	10.370
Lompoc	2.300
Palo Alto	22.920
Roseville	12.000
Santa Clara	35.860
Ukiah	2.040
Plumas-Sierra	1.690

## Hydroelectric Project Debt Service



## Summary of Outstanding Hydroelectric Project Debt

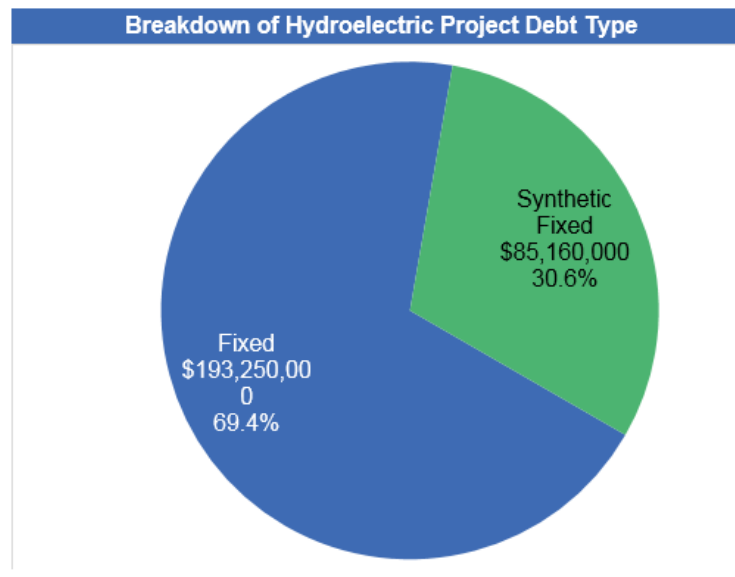
Ratings (M/S/F): Aa3/-/AA-, Stable Outlooks

Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2008 Series A	Tax-Exempt	Variable-Rate	\$85,160,000	\$85,160,000	Var. (3.819%) <sup>(S)</sup>	Current	7/1/2032
2012 Series A	Tax-Exempt	Fixed-Rate	\$76,665,000	\$76,665,000	5.000%	7/1/2022	7/1/2032
2012 Series B	Taxable	Fixed-Rate	\$7,120,000	\$7,120,000	4.320%	Make-Whole	7/1/2024
2018 Series A	Tax-Exempt	Fixed-Rate	\$68,875,000	\$68,875,000	5.000%	Non-Callable	7/1/2024
2018 Series B	Taxable	Fixed-Rate	\$1,340,000	\$1,340,000	2.350%	Non-Callable	7/1/2019
2019 Series A	Tax-Exempt	Fixed-Rate	\$39,250,000	\$39,250,000	4.000%-5.000%	Non-Callable	7/1/2023

# Hydroelectric Project Debt Overview

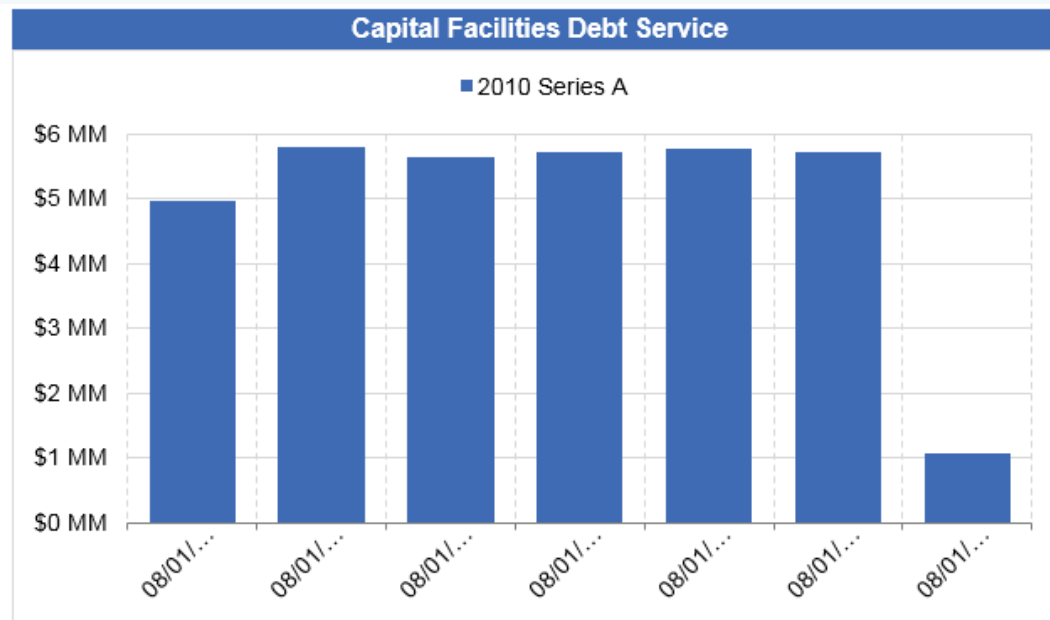
Hydroelectric Project Swap Summary									
Series	NCPA Pays	NCPA Receives	Trade Date	Effective Date	Maturity Date	MTM Value (As of 6/28/19)	Initial Notional	Current Notional	Bank Counterparty
2008 Series A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/04	11/24/04	7/1/32	(\$17,115,940)	\$85,160,000	\$85,160,000	Citibank, N.A., New York (Aa3/A+/A+)

Hydroelectric Project Liquidity Summary			
Series	LOC Provider	LOC Expiry	Reset (as of 07/30/18)
2008 Series A	Bank of America, N.A. (Aa2/A+/AA-)	June 21, 2024	1.32%



# Capital Facilities Debt Overview

Capital Facilities Participation Percentages	
Member	Entitlement Share (%)
Alameda	19.00
Lodi	39.50
Lompoc	5.00
Roseville	36.50

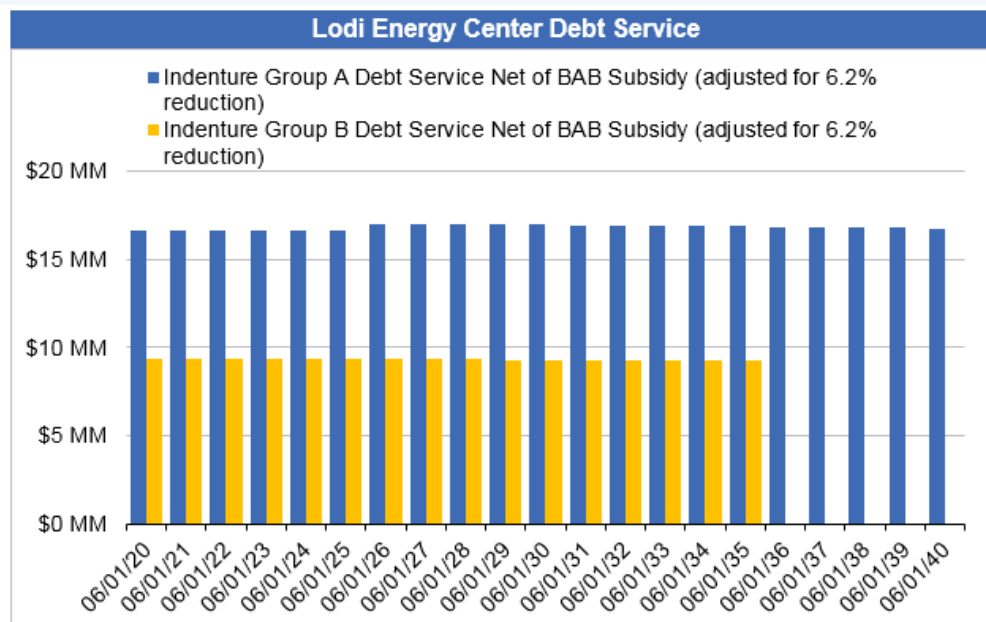


Summary of Outstanding Capital Facilities Debt							
Ratings (M/S/F): A2/A-/ , Stable Outlooks							
Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity
2010 Series A	Tax-Exempt	Fixed-Rate	\$55,120,000	\$29,645,000	5.000% - 5.250%	2/1/2020	8/1/2025



# Lodi Energy Center Debt Overview

LEC Participation Percentages		
Member	Entitlement Share (%)	Ind. Group A Cost Share (%)
CDWR	33.5000	-
Azusa	2.7857	4.9936
Biggs	0.2679	0.4802
Gridley	1.9643	3.5212
Healdsburg	1.6428	2.9448
Lodi	9.5000	17.0295
Lompoc	2.0357	3.6491
Santa Clara	25.7500	46.1588
Ukiah	1.7857	3.2010
MID	10.7143	-
Plumas-Sierra	0.7857	1.4084
PWRPA	2.6679	4.7824
SFBART	6.6000	11.8310



Summary of Outstanding Lodi Energy Center Debt							
Series	Tax Status	Coupon Type	Issue Size	Outstanding Par	Coupon Range	Next Call	Final Maturity
<b>Indenture Group A   Ratings (M/S/F): A1/A-/A, Stable Outlooks</b>							
2010 Series A	Tax-Exempt	Fixed-Rate	\$78,330,000	\$6,210,000	5.000%	6/1/2020	6/1/2020
2010 Series B	Taxable BABs	Fixed-Rate	\$176,625,000	\$176,625,000	7.311% <sup>(T)</sup>	Make-Whole	6/1/2040
2017 Series A	Tax-Exempt	Fixed-Rate	\$38,970,000	\$38,030,000	2.270%	-	6/1/2025
<b>Indenture Group B—CADWR   Ratings (M/SF): Aa2/AAA/ , Stable Outlooks</b>							
2010 Series B	Taxable BABs	Fixed-Rate	\$110,225,000	\$110,225,000	4.630%-5.679% <sup>(T)</sup>	Make-Whole	6/1/2035

<sup>(T)</sup> Taxable Build America Bonds; Interest rate gross of BAB subsidy

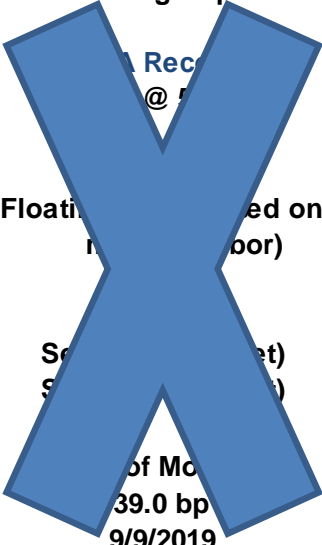
# FIXED RATE DEBT OVERVIEW

# Fixed Rate Debt Overview

- Fixed Rate Debt
  - While no new fixed rate debt was issued, staff refunded the 2010 Hydroelectric Series A bonds with the 2019 Hydroelectric Series A bonds. Final numbers for the project participants include the following:
    - NPV Savings: \$3.6 million through final maturity of 2024
    - Percentage savings of refunded bonds: 6.84%
    - Average annual savings: approx. \$1.6 million per year
- Ratings
  - Moody's upgraded the rating on NCPA's Capital Facility Project to A1 from A2 with an outlook of stable

# VARIABLE RATE DEBT OVERVIEW

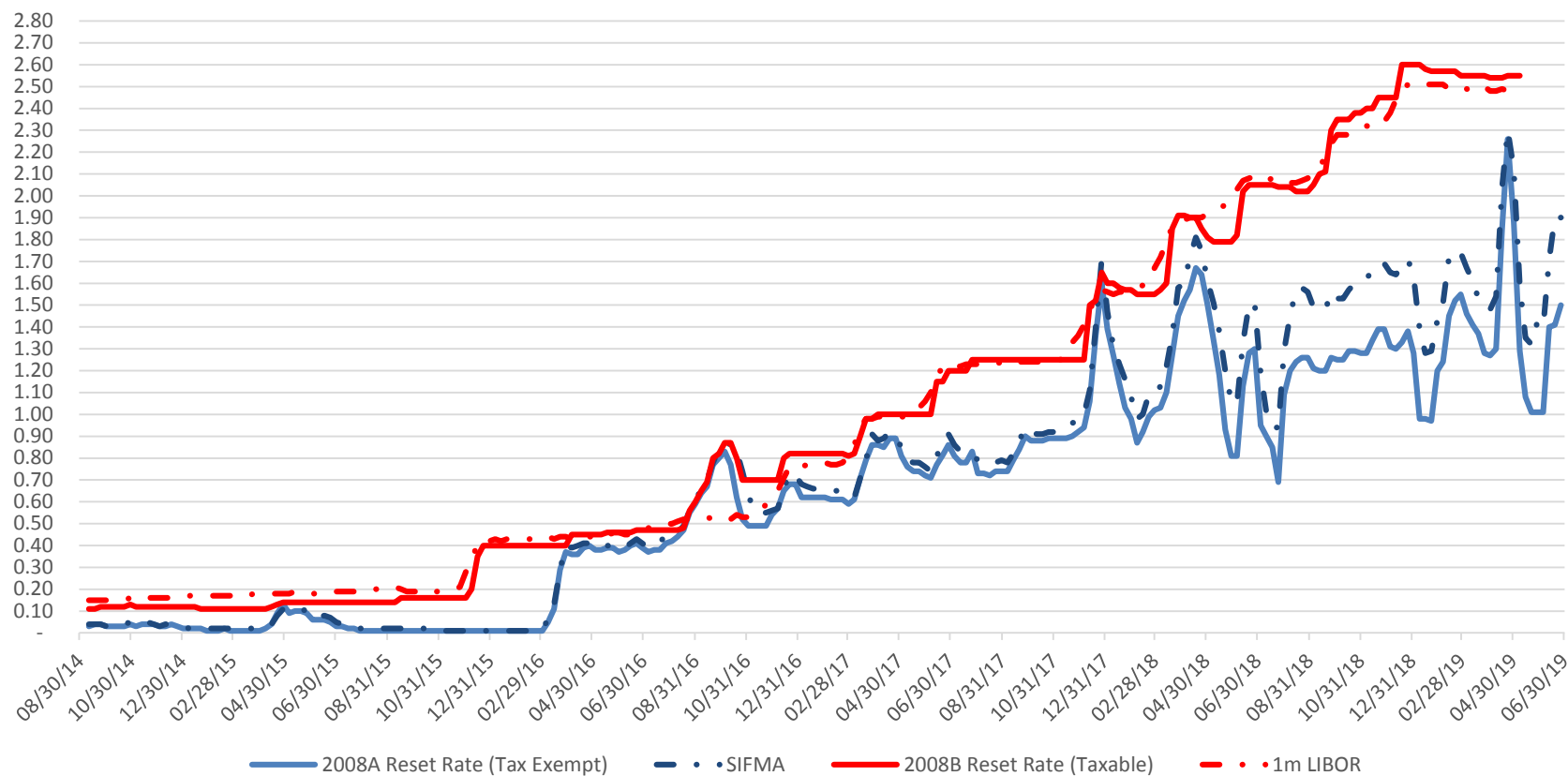
# Variable Rate Debt Overview

	Hydro 2008A	Hydro 2008B
Variable Rate Debt		<b>TERMINATED - APRIL 30TH</b>
Amount	\$85,160,000	\$910,000
Priced	Weekly	Weekly
Payment	Monthly	Monthly
Swap Counter-party:	Citigroup	Citigroup
Payments	<b>NCPA Pays</b> Fixed @ 3.819%  <b>NCPA Receives</b> Floating rate (based on 54% of monthly Libor+.54%)	 <b>NCPA Receives</b> Floating rate (based on 54% of monthly Libor+.54%)
From/To: Counterparty		
Payment terms:		
NCPA Counterparty	Semi-Annual (net) Semi-Annual (net)	Semi-Annual (net) Semi-Annual (net)
Liquidity/Letter of Credit Provider <sup>1</sup>	Bank of America	Bank of Montreal
Annual Fee	35.0 bp	39.0 bp
Expiration Date	6/21/2024	9/9/2019
Credit Ratings	Aa2/A+/AA-	A1/A+/AA-

<sup>1</sup> Effective 6/24/19 Bank of Montreal was replaced as the LOC provider with Bank of America.

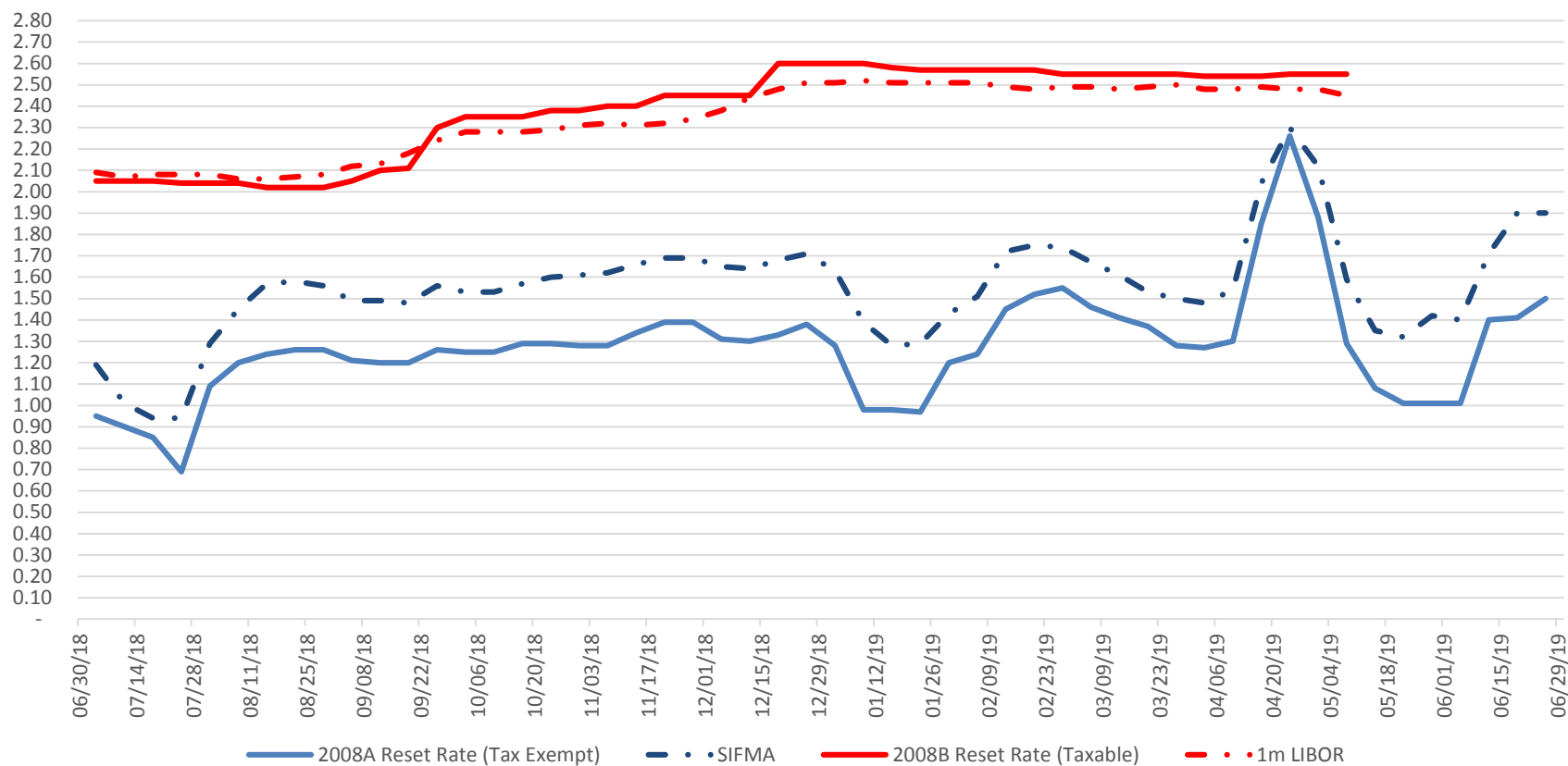
# Variable Rate Debt Overview

## NCPA Variable Rate Debt Performance Versus Indices



# Variable Rate Debt Overview

## NCPA Variable Rate Debt Performance Versus Indices



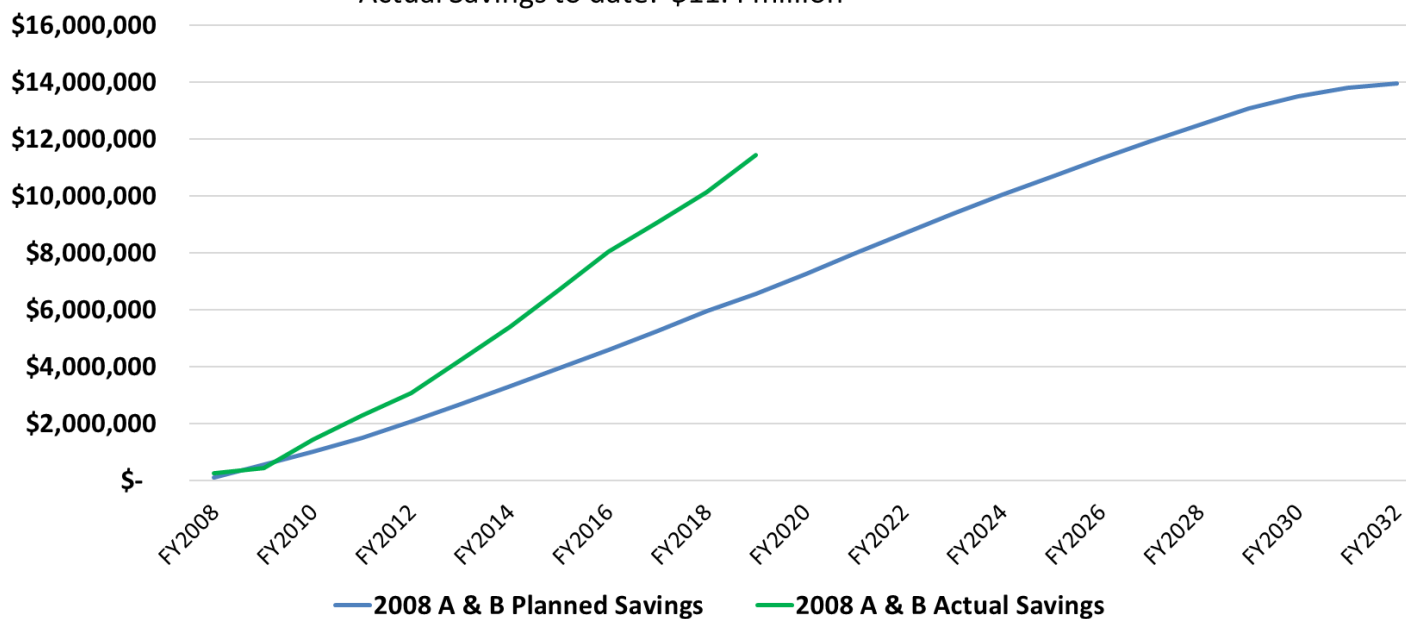
# INTEREST RATE SWAPS OVERVIEW



# Interest Rate Swaps Overview

## Northern California Power Agency Hydroelectric Project Swaps Performance to Date June 30, 2019

Total Projected Savings over life of bonds: \$13.9 million  
Total Projected Savings to date: \$6.5 million  
Actual Savings to date: \$11.4 million



# Interest Rate Swaps Overview



PFM Swap Advisors LLC

Phone: 215 567-6100

Fax: 215 567-4180

Transaction Type	Name	Associated Bonds	Client Pay	Client Receives	Trade Date	Effective Date (Initial Calc)	Maturity Date
Swap	NCPA 200411240001	Series 2008A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/2004	4/2/2008	7/1/2032
Initial Notional	Current Notional	Bank Counterparty	Counterparty Ratings Moody's / S&P / Fitch		MTM Value 6/30/2019		
\$85,160,000	\$85,160,000	Citibank, N.A., New York	A1 / A+ / A+		(\$15,800,973)		

# Interest Rate Swaps Overview



PFM Swap Advisors LLC

Phone: 215 567-6100  
Fax: 215 567-4180

Transaction Type	Name	Associated Bonds	Client Pay	Client Receives	Trade Date	Maturity Date	Current Notional
Swap	NCPA 200411240001	Series 2008A	3.8190%	54% of USD-LIBOR + 0.54%	11/24/2004	7/1/2032	\$85,160,000 <hr/> \$85,160,000

Total MTM Value	Alameda 10%	Healdsburg 1.66%	Lodi 10.37%	Lompoc 2.30%	Palo Alto 22.92%	Plumas-Sierra 1.69%	Roseville 12.00%	Santa Clara 37.02%	Ukiah 2.04%
(\$15,800,973)	(\$1,580,097)	(\$262,296)	(\$1,638,561)	(\$363,422)	(\$3,621,583)	(\$267,036)	(\$1,896,117)	(\$5,849,520)	(\$322,340)

# Interest Rate Swaps Overview

