

**Lodi Energy Center  
INDENTURE GROUP A  
December 11, 2017 - MEETING MINUTES**  
Location: Lodi Energy Center  
12745 N. Thornton Rd, Lodi CA 95242  
and by teleconference  
10:07 A.M.

**3. Meeting of Indenture Group A to Discuss Lodi Energy Center Revenue Refunding Bonds**

a) **Call Meeting to Order and Roll Call:** The meeting of Indenture Group A was called to order by Jane Luckhardt and Monty Hanks at 10:07 am. Jane Luckhardt gave background on the process for conducting a vote of Indenture Group A. Roll was called for the Indenture Group A Participants as listed below.

<b>Indenture Group A Attendance Summary</b>		
<b>Participant</b>	<b>Attendance</b>	<b>Particulars / GES</b>
Azusa - Lehr	Present	4.9936%
BART - Lloyd	Absent	11.8310%
Biggs - Sorenson	Present	0.4802%
Gridley - Borges	Absent	3.5212%
Healdsburg - Crowley	Present	2.9448%
Lodi - Chiang	Present	17.0295%
Lompoc - Singh	Present	3.6491%
Plumas-Sierra - Brozo	Absent	1.4084%
PWRPA - Bradley	Absent	4.7824%
SVP - Hance	Present	46.1588%
Ukiah - Grandi	Absent	3.2010%
<b>Summary</b>		
Present	6	75.2560%
Absent	5	24.7440%
Quorum by #:	No	
Quorum by GES:	Yes	
Meeting Date:	December 11, 2017	

b) **Appointment of Secretary for meeting of Indenture Group A:** Representatives from Indenture Group A were asked to nominate a Secretary for the meeting. The Secretary will be responsible for reviewing and signing off on the meeting minutes. Jiayo Chiang (Lodi) accepted appointment as Secretary of the meeting.

c) **Approval of Issuance of Up to \$40 Million Fixed Rate Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A:** Monty Hanks outlined the current schedule for completing the bond refinancing. Monty reviewed with the participants the dates and original dollar amounts of the bonds being considered for the refunding. Monty explained that this early refunding was possible because the Indenture Group A Bonds

were issued as callable. Since the bonds are not callable until 2020, it would be considered an advance refunding, allowable under current law which would preserve the tax-exempt status. However, with the current tax reform legislation, if passed, would potentially revoke this refund exemption status.

Monty explained there wouldn't be enough time to do a traditional capital markets refunding given the amount of time it takes to update an Official Statement and receive credit ratings. The only option would be a Direct Purchase refunding. Monty reviewed the Direct Purchase Proposals, including the rates from Bank of America. Monty explained that the rates would be locked in at the Swap index rate on the date this enters the market (estimated to be December 18<sup>th</sup>). The estimated closing date will be December 20<sup>th</sup>. Monty also reviewed the estimated savings for each Indenture Group A participant if the Bond refunding moves forward. The net present value (NPV) savings would be over \$2 million or 6% of refunded bonds. The annual savings is a little over \$300,000 per year.

Azusa expressed a concern that continuing to use bonds that are tax-exempt could limit the flexibility of operating the unit, as any facility with tax-exempt financing has to be used for a tax-exempt purpose. Azusa speculated that perhaps using taxable bonds, while possibly resulting in a higher interest rate, could offer more flexibility in the use of the plant (opening up more markets for the project). Monty explained that transitioning these bonds to the taxable market would likely result in a tax rate 35% higher than the current rates. Monty mentioned in a conversation with PFM (Agency's Financial Advisor) that the project participants can, on a short term basis, lay off their portion to taxable entities, although the definition of 'short term' is unclear and would have to be reviewed by tax counsel. Jane Luckhardt also added that we should be considerate of the fact that moving the Indenture Group A Bonds to taxable could open up other participants to risk. Azusa stated that they would like to see NCPA analyze these types of tradeoffs at some point in the future, even if this bond refunding moves forward.

Monty explained that moving forward with the refunding would still allow NCPA, in the future, to work with the bank to transition the bonds to taxable, if necessary. Ken Speer stated that these are options that NCPA staff would be willing to explore for the members in the future.

The Indenture Group A participants reviewed the motion drafted by NCPA staff. The motion was amended to remove reference to the NCPA General Manager and Assistant General Manager of Administrative Services and Chief Financial Officer from parts 2 and 3 of the motion. The Indenture Group A participants considered the following motion:

**Date:** 12/11/2017

**Motion:** Indenture Group A Participants approve and direct the Northern California Power Agency (NCPA) to: 1) approve the direct purchase by Bank of America, N.A. of the Lodi Energy Center Project Revenue Refunding bonds, Issue One, 2017 Series A (the "Bonds"), 2) delegate final negotiation of financing costs to NCPA, 3) designate NCPA as the authorized representative ("Authorized Representative") for execution of legal documents, and 4) direct the Authorized Representative to take all necessary actions to complete the direct purchase of the Bonds for no more than FORTY MILLION DOLLARS (\$40,000,000.00), and 5) recommend the NCPA Commission adopt Resolution 17-100 as presented with its associated staff report at today's meeting.

**Moved by:** Lodi

**Seconded by:** Santa Clara

Discussion: There was no further discussion.

<b>INDENTURE GROUP A - Vote Summary on Motion</b>		
<b>Participant</b>	<b>Vote</b>	<b>Particulars / GES</b>
Azusa	Abstain	4.9936%
BART	Yes	11.8310%
Biggs	Yes	0.4802%
Gridley	Absent	3.5212%
Healdsburg	Yes	2.9448%
Lodi	Yes	17.0295%
Lompoc	Yes	3.6491%
Plumas-Sierra	Absent	1.4084%
PWRPA	Absent	4.7824%
Silicon Valley Power	Yes	46.1588%
Ukiah	Absent	3.2010%
		0.0000%
		0.0000%
<b>Vote Summary</b>		
Total Ayes	6	82.0934%
Total Noes	0	0.0000%
Total Abstain	1	4.9936%
Total Absent	4	12.9130%
Result:	Motion Passes	

Jane Luckhardt thanked all Indenture Group A participants present for attending the meeting.

**Adjournment**

The meeting of Indenture Group A participants was adjourned.

Submitted by: Michelle Schellentrager

DRAFT