



# **Hydroelectric Bonds, Series 2021A (refunding) Request for Proposals**



## Hydroelectric System Series 2021A Underwriter RFP

- On October 12, 2021, NCPA issued a short-form Request for Proposals for Underwriting Services to a select group of banks in connection with the refunding of the Series 2012A Hydroelectric Bonds
- NCPA received 6 responses from the following banks:
  - Bank of America Merrill Lynch
  - Citigroup
  - Goldman Sachs
  - J.P. Morgan
  - RBC Capital Markets
  - Wells Fargo
- Underwriter spread bids ranged from \$1.25 per bond to \$2.00 per bond; averaging \$1.58 per bond
- NCPA Staff and PFM narrowed the top 3 responses to:
  - Citigroup
  - Bank of America
  - Goldman Sachs
- NCPA Staff recommends using Citigroup
  - Citi's response demonstrated the team's familiarity with the project and addressed issues specific to the bonds (par-to-proceeds restriction, potential rebate calculations)
  - The response included a comprehensive discussion of credit, including ESG considerations
  - The Citi team has provided detailed and regular refunding updates for this project, for both the 2012A Bonds and 2008A VRDOs

**Key Takeaway:** *The RFP process was very successful and produced highly competitive bids*



## Proposed Schedule

October							November							December							January							February							March						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S							
					1	2		1	2	3	4	5	6				1	2	3	4							1			1	2	3	4	5							
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12							
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19							
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26							
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29	27	28												
31																					30	31																			

Timing	Activity
Mid October, 2021	<ul style="list-style-type: none"> <li>Send out underwriter RFP</li> </ul>
Mid November, 2021	<ul style="list-style-type: none"> <li>Select Underwriter(s)</li> </ul>
Early December, 2021	<ul style="list-style-type: none"> <li>Kick-off call</li> </ul>
February 8 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Finance Committee recommendation of Commission Approval</li> </ul>
February 24 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>NCPA Commission Approval</li> </ul>
Week of February 28 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Post POS</li> </ul>
Week of March 7 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Pricing</li> </ul>
April 5 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Closing</li> </ul>
July 1 <sup>st</sup> , 2022	<ul style="list-style-type: none"> <li>Redemption of the 2012A Bonds</li> </ul>



## Sample Numbers

- \$76,665,000 of NCPA's Hydroelectric Project Number One Revenue Bonds, Series 2012A, is outstanding, all of which is callable on 7/1/2022
- At current rates, a tax-exempt current refunding would achieve NPV savings of about \$16.2 million, or 21.2% of refunded par

	Tax-Exempt Current Refunding
Delivery Date	4/5/2022
First Interest Payment Date	7/1/2022
Par	62,225,000
Total Escrow Deposit	78,572,261
<b>NPV Savings (\$)</b>	<b>16,249,076</b>
<b>NPV Savings (%)</b>	<b>21.19%</b>
<b>Average Annual D/S Savings</b>	<b>1,691,428</b>
<b>Arbitrage Yield</b>	<b>0.93%</b>
<b>Negative Arbitrage</b>	<b>165,177</b>
<b>TIC</b>	<b>0.97%</b>

NCPA Hydroelectric Project Aggregate Debt Service



