Discussion with Silicon Valley Clean Energy ("SVCE")

Goldman Sachs & Co. LLC
June 2019
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At the Core, Tax-Exempt Prepayment Transactions are Tax-Exempt Advantaged Commodity Transactions

Indicative Transaction

CCA / Municipal Utility

Commodities Delivery (@ 5% Funding Cost)

Prepayment

Tax-Exempt Bonds

Commodities Supplier

Debt Service @ 4%

Proceeds

Savings come from difference between supplier’s taxable cost of capital and CCA’s access to tax-exemption
Opportunity: Participation in Program to Reduce Purchase Power Costs

SVCE has been invited to participate in a program to lower the costs of energy purchases on existing and future power contracts.

The program provides the following benefits to SVCE:

- Minimum initial savings of 10% off of power contract price for energy assigned to the program;\(^1\)
- Retains the existing take-and-pay structure of typical PPAs;
- Allows SVCE, subject to negotiation with counterparties, to determine which energy contracts (existing or new contracts) to apply to program;
- Allows SVCE to add power contracts over time and, subject to mutual agreement, to remove or exchange power contracts;
- Maintains existing scheduling / operations of assigned PPAs, solely adding counterparty to communications;
- Any debt associated with program is non-recourse to SVCE and does not impact SVCE’s balance sheet or potential credit metrics; and
- If the program terminates early / fails to perform, SVCE forgoes the savings and goes back to receiving power / paying prior price under existing power contracts (i.e., status quo).

\(^1\) After initial financing term (5-7 years), discount will reset; under transaction terms, future discount must be at least 5%. See page 10 for more details.
The structure allows municipal utilities to assign existing and future PPAs into the transaction, providing 10% savings off of all targeted MWhs.

SVCE’s contract remains essentially unchanged besides reflecting the reduction in price.

Structure Details

1. Targeted CESI MWhs will be ~P99 production, savings will reset after initial term.
## Transaction Terms

### SVCE Contract
- Energy Purchase Contract with Municipal Conduit that will allow for:
  - SVCE to assign power contracts into the structure, and purchase assigned power at a discount to existing price
  - If no contracts are assigned, or insufficient value is assigned, Municipal Conduit will deliver to SVCE market power at index less a discount

### Term
- 30-year power purchase agreement, subject to early termination if program terminates early

### Minimum Savings
- 10% discount for initial reset period (first 5-7 years)
- Thereafter, minimum of (i) 5% discount and (ii) an amount that will ensure cumulative discount of 7%

### Financing
- SVCE will not be party to, responsible for, or account for any bond offering
- The Municipal Conduit will issue tax-exempt bonds that will be refinanced in 5-7 years, depending on market conditions
  - If the Municipal Conduit cannot remarket bonds at rate that maintains Minimum Savings, SVCE is under no requirement to take electricity; if SVCE opts to not take electricity, assigned will be terminated
Financial Summary

$14 MM Change in Net Position
Favorable adjustments impacting power supply is the driver for strong performance FYTD

15% Operating Margin
FYTD $20.2 million in operating margin to cover fixed costs, programs and contributions to reserves

4.5 Current Ratio
FYTD SVCE has 4.5x coverage of current liabilities

103 Expense Coverage Days
SVCE enters the cooling season with healthy reserves

3.5% Opt-Out
Opt-Outs have remained stable in the 3-4% range since inception
P&L - KPIs

Operating Revenues

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<tr>
<th></th>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Budget</th>
<th>Forecast</th>
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<tr>
<td>COGS</td>
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<td>Operating Revenue</td>
<td>$137.9</td>
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Operating Margin

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<tr>
<td>Operating Margin</td>
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Surplus/(Deficit)

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All Figures in Millions
Balance Sheet - KPIs

Current Assets

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<th>FYTD</th>
<th>Forecast</th>
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<tr>
<td>115.2</td>
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Current Liabilities

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<td>$25.7</td>
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Total Assets

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Total Liabilities

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All Figures in Millions
Cash Flow - KPIs

Operations

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Financing Activities

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Investing Activities

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Unrestricted Cash

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All Figures in Millions
UPCOMING TOPICS

- FY 2019-20 Operating Budget
- Renew Line of Credit
- Credit Rating process
- Power Pre-Pay
- Annual review of financial and administrative policies
- Facility updates
THANK YOU