

Discussion with Silicon Valley Clean Energy (“SVCE”)



Goldman Sachs & Co. LLC

June 2019



Public Sector and Infrastructure Banking Disclaimers

INVESTMENT BANKING
DIVISION**PROPRIETARY &
HIGHLY CONFIDENTIAL**

Goldman Sachs Is Not Acting as a Municipal Advisor

Goldman Sachs & Co. LLC ("Goldman Sachs") is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter to the California Statewide Community Development Authority (the "Issuer"). The primary role of Goldman Sachs, as an underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Issuer and Goldman Sachs and Goldman Sachs has financial and other interests that differ from those of the Issuer. Goldman Sachs is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or any other person or entity. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. The Issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer would like a municipal advisor in this transaction that has legal fiduciary duties to the Issuer, then the Issuer is free to engage a municipal advisor to serve in that capacity.

Investment Banking Division Communication

This communication, and any accompanying information, has been prepared by the Investment Banking Division of Goldman Sachs for your information only and is not a product of the research departments of Goldman Sachs. All materials, including proposed terms and conditions, are indicative and for discussion purposes only. Finalized terms and conditions are subject to further discussion and negotiation. Any opinions expressed are our present opinions only and Goldman Sachs is under no obligation to update those opinions. All information, including any price indications provided is supplied in good faith based on information which we believe, but do not guarantee, to be accurate or complete; we are not responsible for errors or omissions contained therein. Certain transactions, including those involving derivatives, give rise to substantial risk and are not suitable for all investors. Goldman Sachs does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel. Certain provided information may be based on Goldman Sachs' own good faith understanding of the application of certain accounting rules as they apply to qualifying hedges and non-hedging derivatives. Goldman Sachs makes no representation as to whether its understanding of certain accounting rules is correct and, by providing such information, is not providing you with any accounting advice, including, without limitation, any advice regarding the appropriateness of hedge accounting for a particular derivative transaction or the potential income statement impact of such derivative transaction or the analyzed portfolio of transactions. In addition, we mutually agree that, subject to applicable law, you may disclose any and all aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits, without Goldman Sachs imposing any limitation of any kind. We are under no obligation to extend, renew or otherwise restructure any proposed indicative transaction. All information provided was supplied in good faith based on information which we believe, but do not guarantee, to be accurate or complete; however, we are not responsible for errors or omissions that may occur. Further information regarding this material may be obtained upon request.

General Statement of Distribution Principles

Goldman Sachs is committed to managing securities offerings such that our clients are treated fairly and to conducting our business with integrity and according to proper standards. Our policy is that the pricing of book-built securities offerings and allocations to investors should be transparent to the issuer or seller(s), consistent with our responsibilities to our investing clients. We will endeavor to make available to the issuer or seller(s) relevant information to make its own, independent decision with respect to the price, structure, timing and other terms of the offering. The investors to whom we allocate securities may also be clients of Goldman Sachs or have other relationships with the firm. To the extent that actual or potential conflicts arise between the interests of such investors and those of the issuer or seller(s), we will endeavor in good faith to manage such conflicts fairly. We will not make allocations as an inducement for the payment of excessive compensation in respect of unrelated services, in consideration of the past or future award of corporate finance business, or expressly or implicitly conditional upon the receipt of other orders for investments or the purchase of other services. Where we underwrite an offering or otherwise guarantee a price in connection with an offering, we will take into account our prudential responsibilities to manage our risk properly when determining allocations and their manner and timing. As part of the bookbuilding process, Goldman Sachs will engage in an ongoing dialogue with both the issuer or seller(s) and investors to determine the appropriate final price of the offering. This dialogue typically involves various discussions with, and communications to, Goldman Sachs' clients regarding the status of the bookbuilding, including overall demand and price sensitivity of that demand. If you have any questions regarding aspects of the bookbuilding or allocation process, please do not hesitate to contact our Syndicate Desk.

Additional Important Disclaimers Regarding Potential Conflicts

**PROPRIETARY &
HIGHLY CONFIDENTIAL**

In the proposed financing we are discussing, Goldman Sachs would play a principal counterparty role on the electric supply and as such we will look to protect our interests in negotiating price, terms, and structure of the transaction, and, if we move forward, in exercising our rights as a principal. Even if IBD personnel may be involved in these discussions, you should not view Goldman Sachs as your advisor, fiduciary or agent, nor should you rely on Goldman Sachs to advise on whether, or on what terms, you should pursue a principal transaction. To the extent you feel you want financial advice, you should look to your financial advisor.

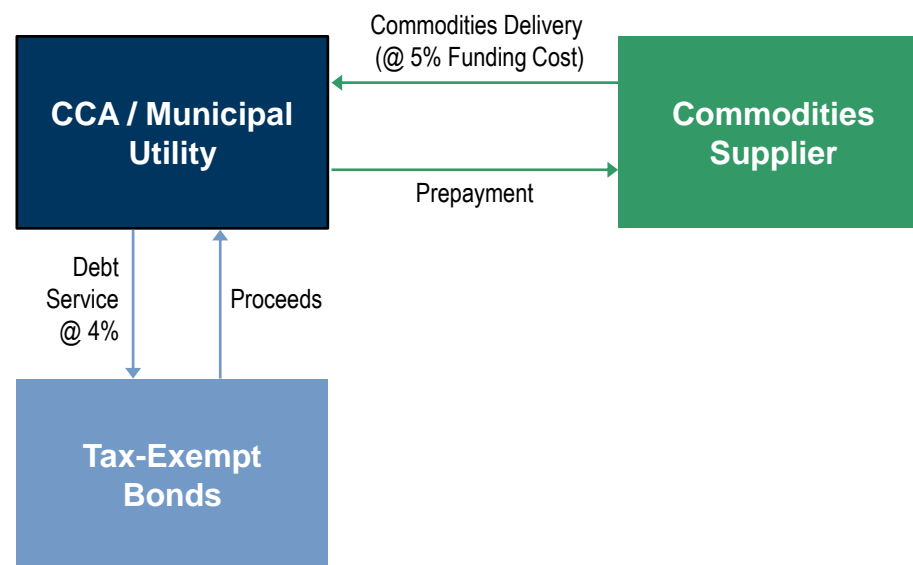
Please note that pricing, proposed terms and conditions of a specific transaction would be subject to negotiation, due diligence, and the internal review and approvals by various of the firm's committees. At this stage, there is no representation that any transaction can or could have been effected at such terms or prices. Accordingly, we cannot give you assurances at this stage that we will ultimately enter into a financing transaction.

If you or your counsel have any questions, comments or concerns on this matter, please do not hesitate to contact a members of your Goldman Sachs team. We will incorporate a conflict waiver with respect to the above in the event you determine to move forward with the Goldman Sachs team on this financing.

At the Core, Tax-Exempt Prepayment Transactions are Tax-Exempt Advantaged Commodity Transactions

**PROPRIETARY &
HIGHLY CONFIDENTIAL**

Indicative Transaction



***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

**PROPRIETARY &
HIGHLY CONFIDENTIAL**

- 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 program¹;
 - 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.

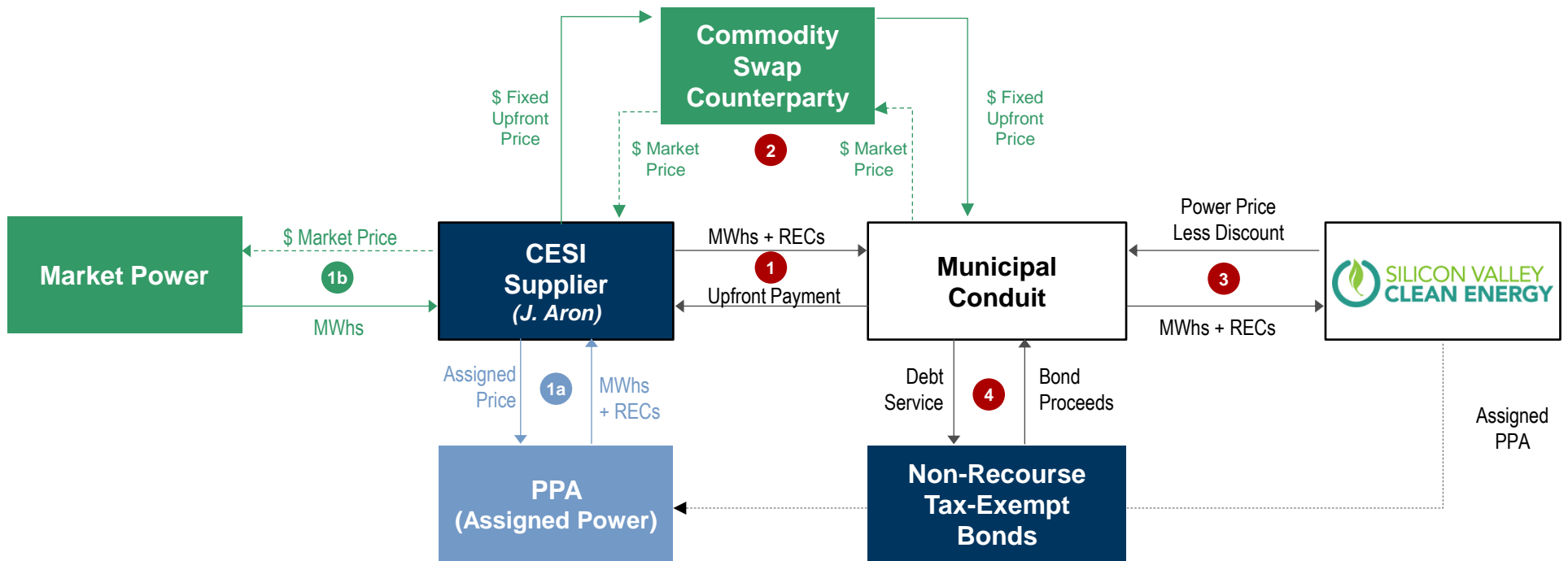


Program Structure

**PROPRIETARY &
HIGHLY CONFIDENTIAL**

- The structure allows municipal utilities to assign existing and future PPAs into the transaction, providing 10% savings off of all targeted MWhs¹
- SVCE's contract remains essentially unchanged besides reflecting the reduction in price

Structure Overview



- 1 Renewable PPA Assigned / In Effect
- 2 No Renewable PPA Assigned / In Effect; Market Power

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



Transaction Terms

INVESTMENT BANKING
DIVISION

**PROPRIETARY &
HIGHLY CONFIDENTIAL**

<p>SVCE Contract</p>	<ul style="list-style-type: none"> ■ Energy Purchase Contract with Municipal Conduit that will allow for: <ul style="list-style-type: none"> — 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
<p>Term</p>	<ul style="list-style-type: none"> ■ 30-year power purchase agreement, subject to early termination if program terminates early
<p>Minimum Savings</p>	<ul style="list-style-type: none"> ■ 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%
<p>Financing</p>	<ul style="list-style-type: none"> ■ 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 <ul style="list-style-type: none"> — 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

Finance & Administration Committee
June 17, 2019

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

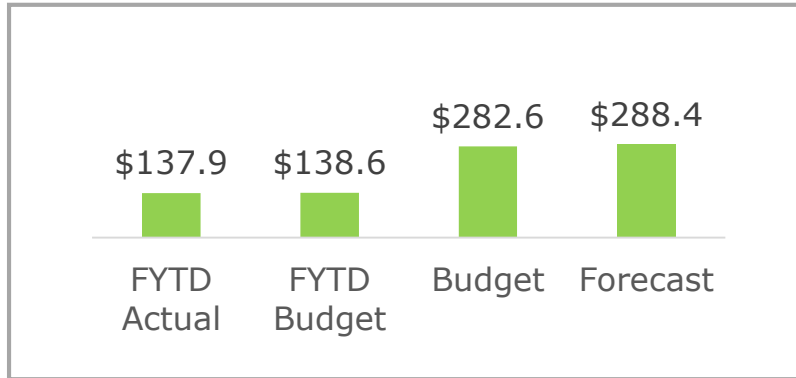
3.5%

Opt-Out

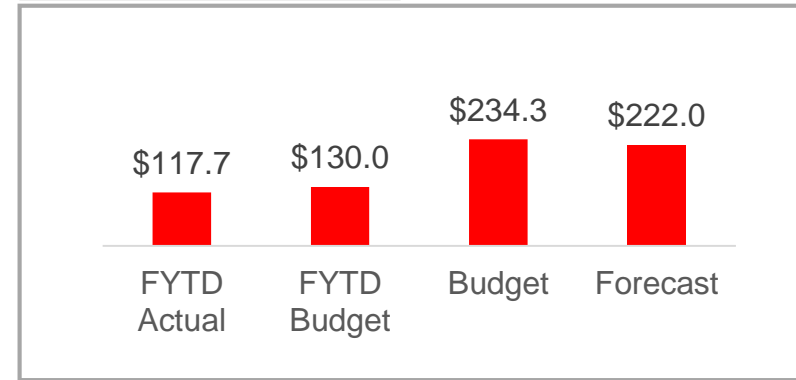
Opt-Outs have remained
stable in the 3-4% range
since inception

P&L - KPIs

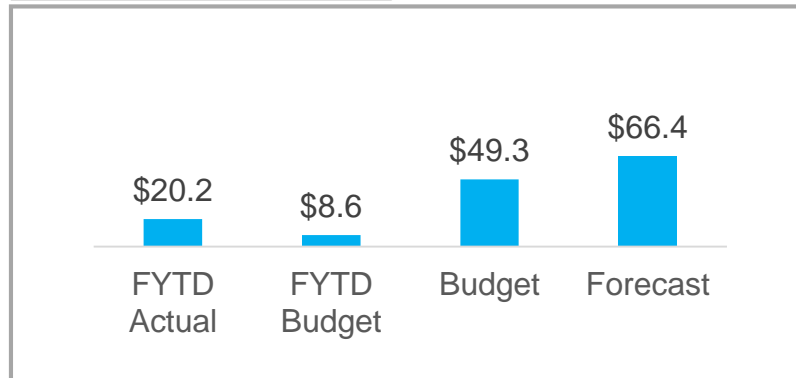
Operating Revenues



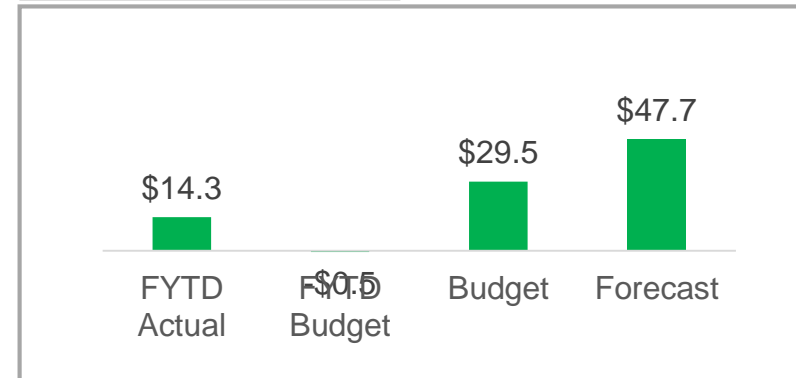
COGS



Operating Margin



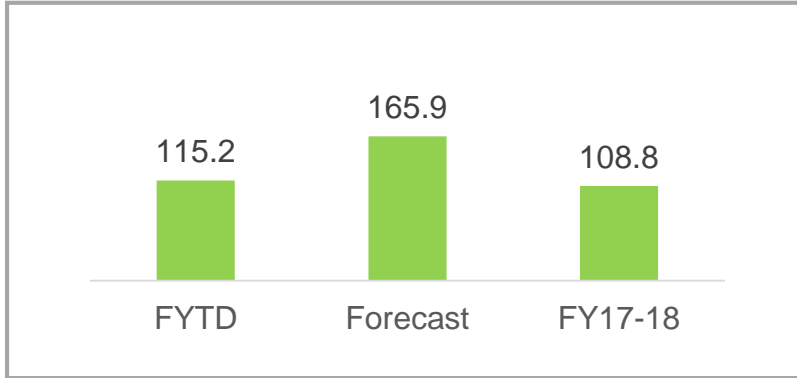
Surplus/(Deficit)



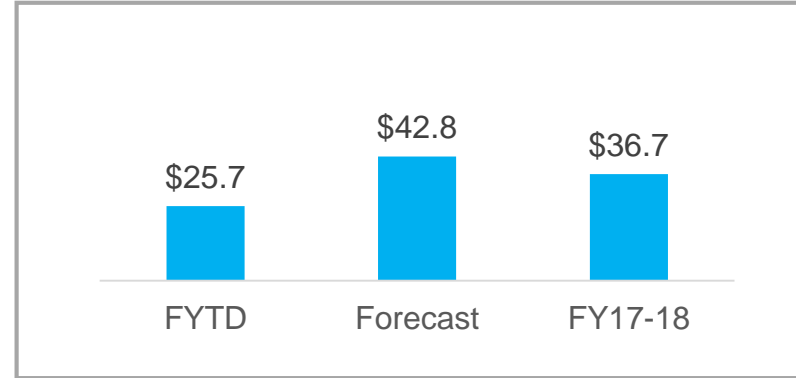
All Figures in Millions

Balance Sheet - KPIs

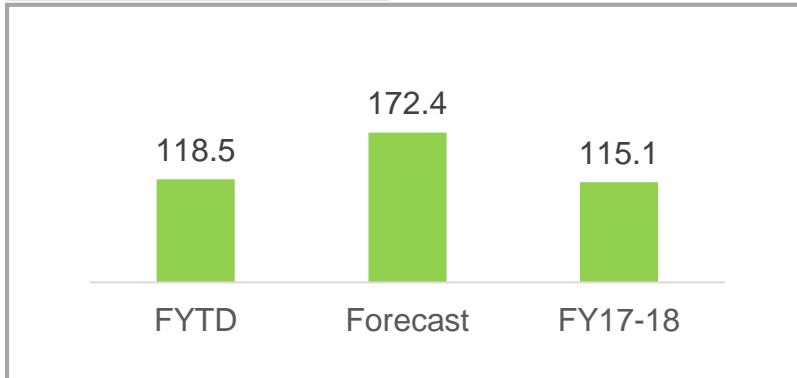
Current Assets



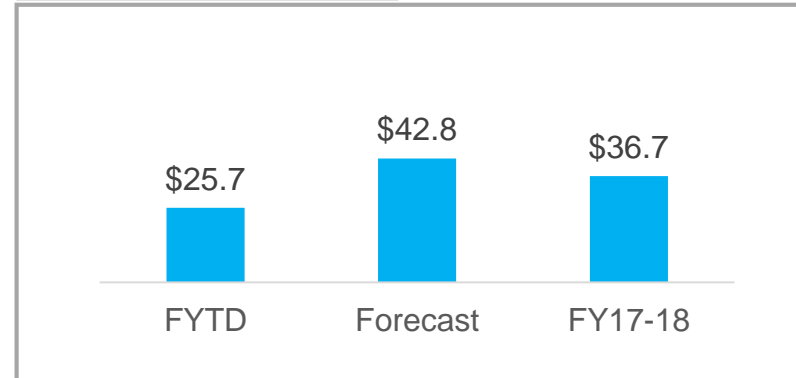
Current Liabilities



Total Assets



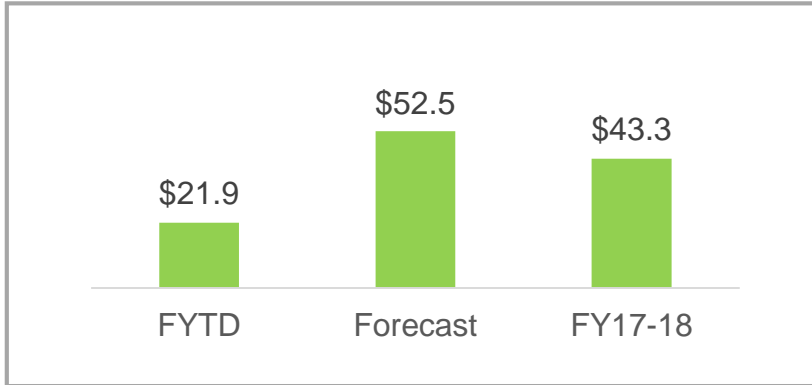
Total Liabilities



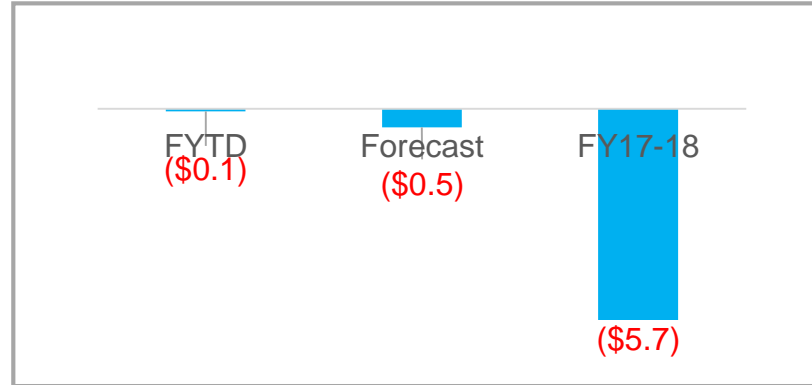
All Figures in Millions

Cash Flow - KPIs

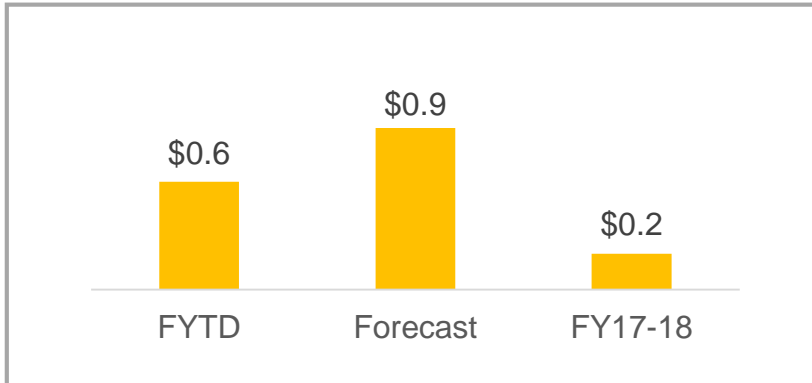
Operations



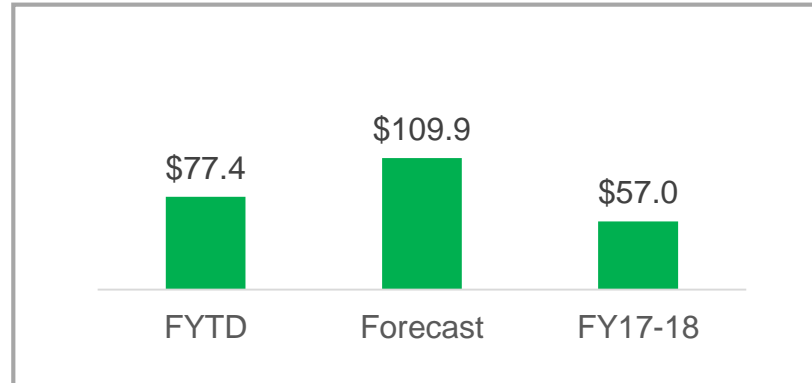
Financing Activities



Investing Activities



Unrestricted Cash



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

