

Discussion with Silicon Valley Clean Energy (“SVCE”)



Goldman Sachs & Co. LLC

June 2019

Public Sector and Infrastructure Banking Disclaimers

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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.

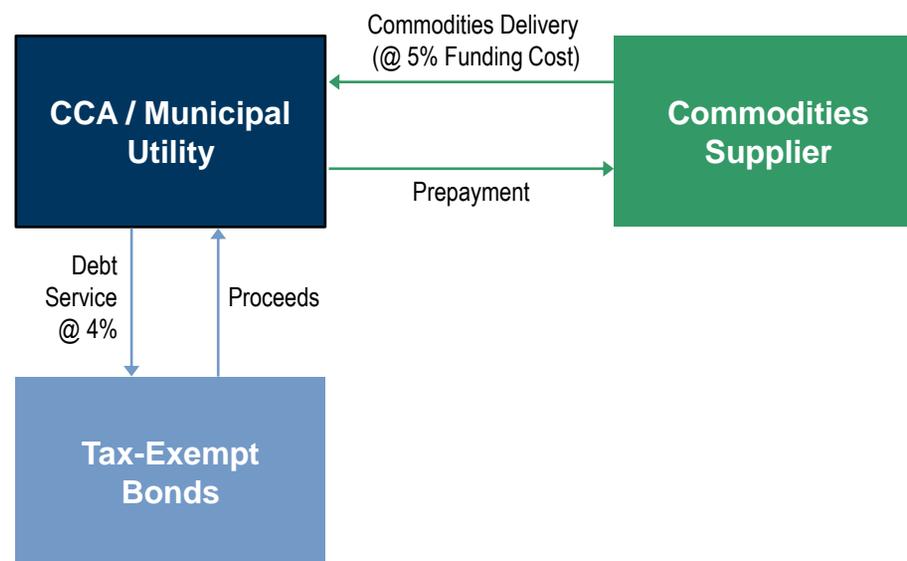
Please note that pricing, proposed terms and conditions of a specific transaction would be subject to negotiation, due diligence, and the internal review and approvals by various of the firm's committees. At this stage, there is no representation that any transaction can or could have been effected at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

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

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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

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- 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.

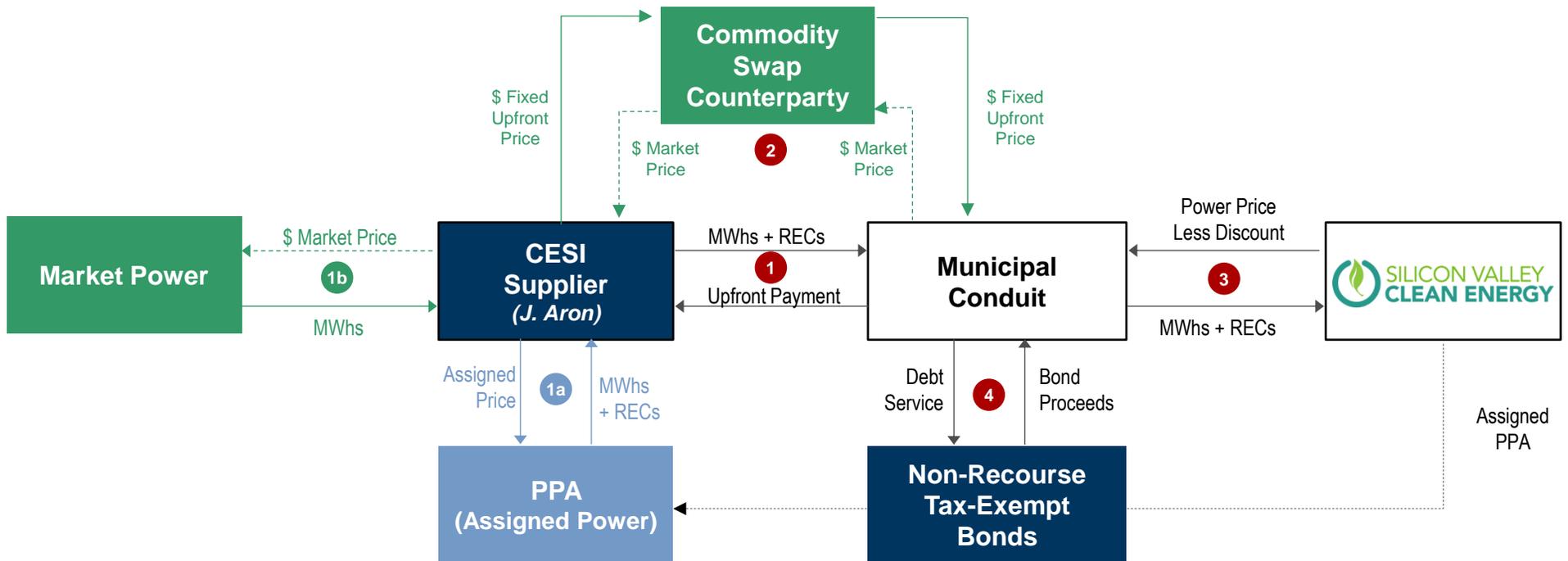


Program Structure

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- 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

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<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

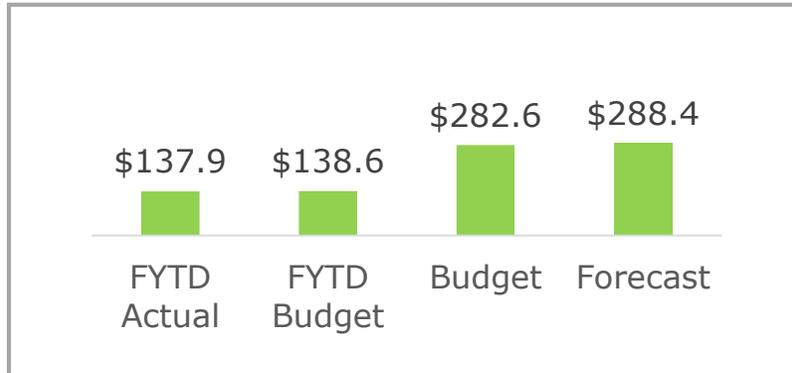
3.5%

Opt-Out

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

P&L - KPIs

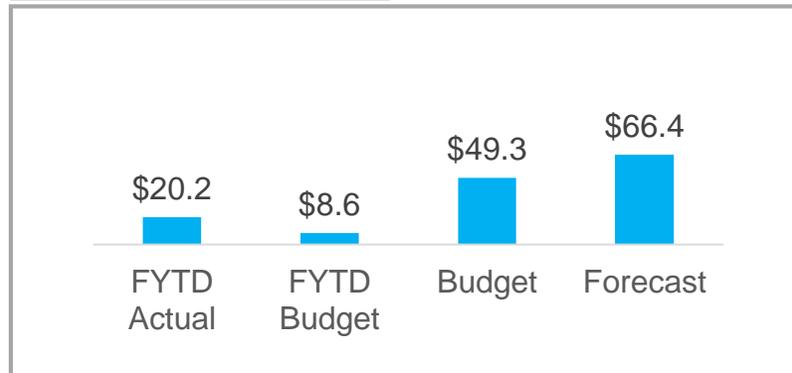
Operating Revenues



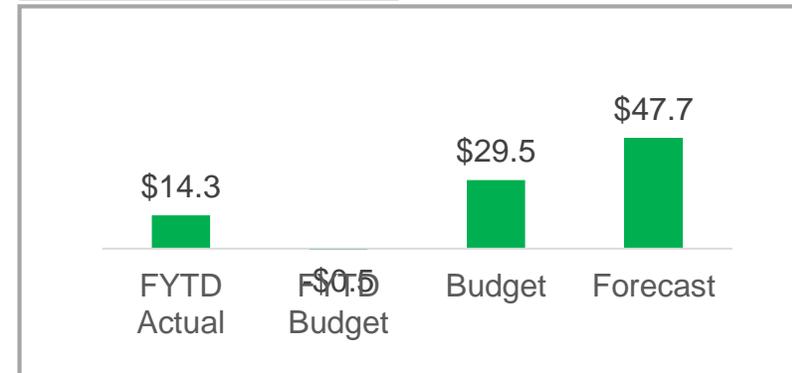
COGS



Operating Margin



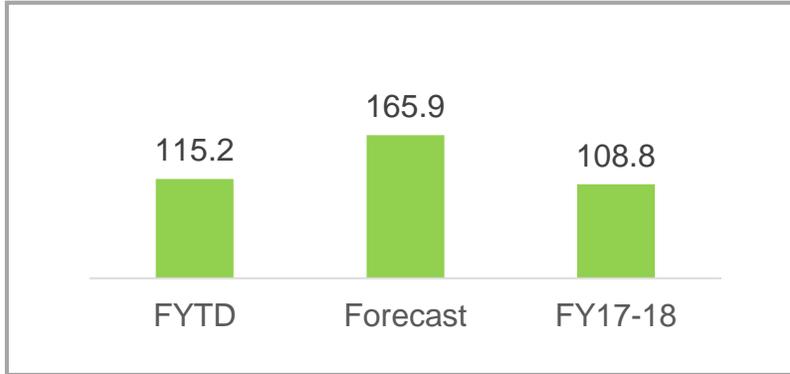
Surplus/(Deficit)



All Figures in Millions

Balance Sheet - KPIs

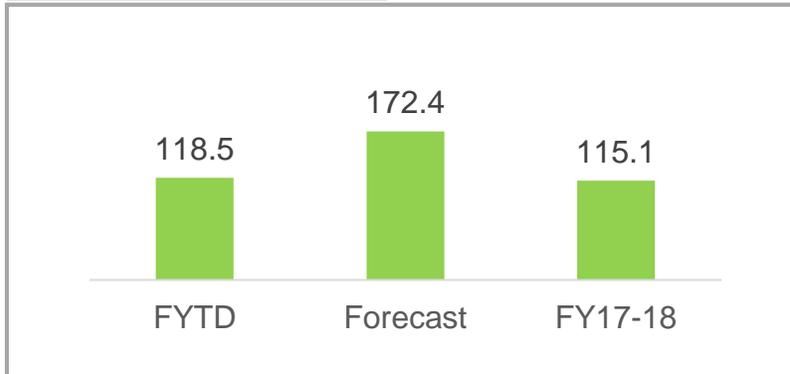
Current Assets



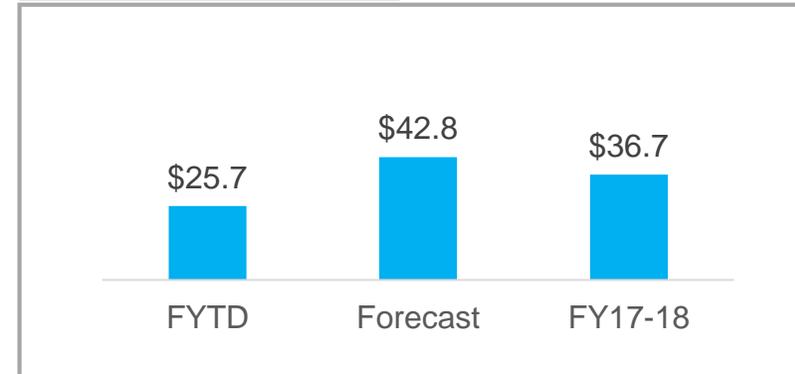
Current Liabilities



Total Assets

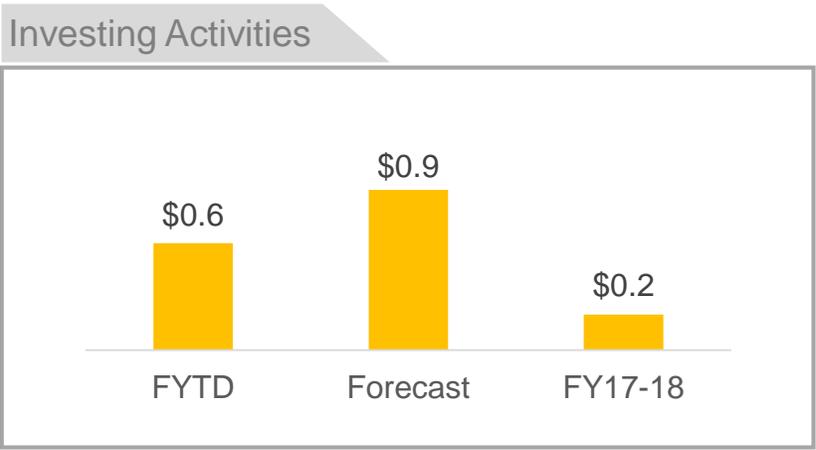
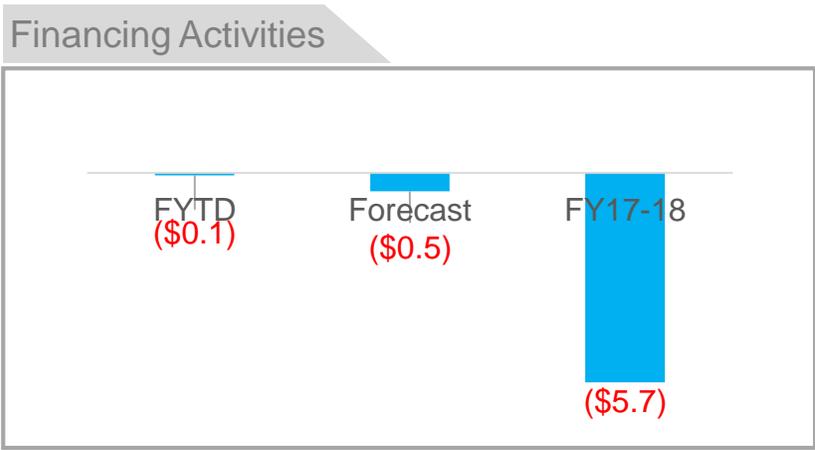
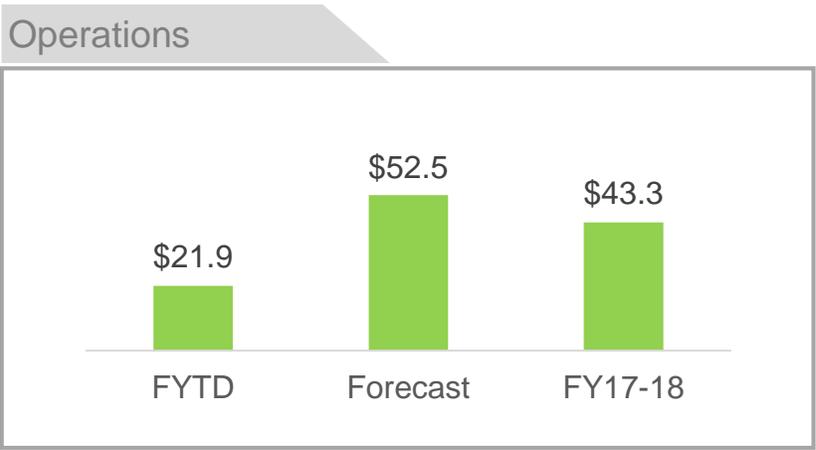


Total Liabilities



All Figures in Millions

Cash Flow - KPIs



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

