# 04-07-2020

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# Them # 4 4/6/2020





### **POST MEETING MATERIAL**



### **RFP issued and Six Proposals Received**

**Bank of America**, Merrill Lynch, RBC Capital Markets, Goldman Sachs, Wells Fargo, JP Morgan , Citigroup

### Timeline

- RFP release 9/23/2019
- Submittals 10/11/2019
- Review, Negotiation, Selection –Oct/Nov 2019
- Internal city coordination and review Nov/Dec 2019
- Due Diligence Updated savings calculation monthly
- Loan Agreement negotiations and documents review completed 4/1/2020

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### **Projected Combined NPV Savings - \$20.4 M**

Current Market (03/27/2020)*	Direct "Cinderella" Placement - Bank of America		Tax-Exempt Direct Placement	Combined
	2011A	2013A**	2014 Loan***	
Tax Status	Taxable to Tax-Exempt	Taxable to Tax-Exempt	Tax Exempt	
Delivery Date	4/10/2020	4/10/2020	4/10/2020	
First Interest Payment Date	7/1/2020	7/1/2020	7/1/2020	
Cost of Issuance	168,510	108,115	53,050	329,675
Total Refunding Par****	53,110,000	34,075,000	16,720,000	103,905,000
True Interest Cost	1.59% (Taxable); 1.24% (TE) TIC: 1.28%	1.10% (Taxable); 0.86% (TE) TIC: 0.97%	0.56%	1.16%
Gross Savings	19,630,822	2,056,195	883,981	22,570,998
Average Annual Cashflow Savings	1,605,793	249,993	209,226	1,880,916
NPV Savings (\$) @ 2.3% discount rate	17,554,811	2,011,617	825,159	20,391,587
NPV Savings (%)	32.02%	6.55%	4.25%	19.43%

\* Base rate for the calculation is as of 3/27/2020 market pricing.

\*2013A matures in 2028 with coupon rate 4%-5% and \$44M outstanding. Only \$30M of the callable portion will be refunded.
\*2014 BOA Loan current interest rate is 2.67%.

\*\*\*For 2011A, interest payments due on 7/1/2020, 1/1/2021, and 7/1/2021 (~\$4.4M) are included in the refunding par, For 2013A, all accrued interest on callable portion prior to 1/1/2023 (\$~3.8M) are include in the refunding par









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**Cant convert Scenario** 

If we can't convert the taxable to tax-exempt and therefore carry non-conversion rate (the average of taxable and tax-exempt rate) to term on both 2011A and 2013A:

Current Market (3/27/2020)	2011A (BAML- Subordinate)	2013A (BAML- Subordinate)	2014 Loan (BAML)	Combined Savings
	Non-Conversion	Non-Conversion		Non-Conversion
Gross Savings	18,775,863	1,925,173	883,981	21,585,017
Average Annual Cashflow Savings	1,535,858	234,064	209,226	1,765,646
NPV Savings (\$)	16,811,176	1,895,964	825,159	19,532,298
NPV Savings (%)	30.66%	6.17%	4.25%	18.61%

#### **Outcome:**

We will still save average ~\$1.8M per year on the debt services and achieve \$19.5M combined NPV savings.

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Valley Power.