



SCPPA

FINANCE COMMITTEE MEETING

July 8, 2024

4. PROJECT BUDGET COMPARISON REPORT Q3



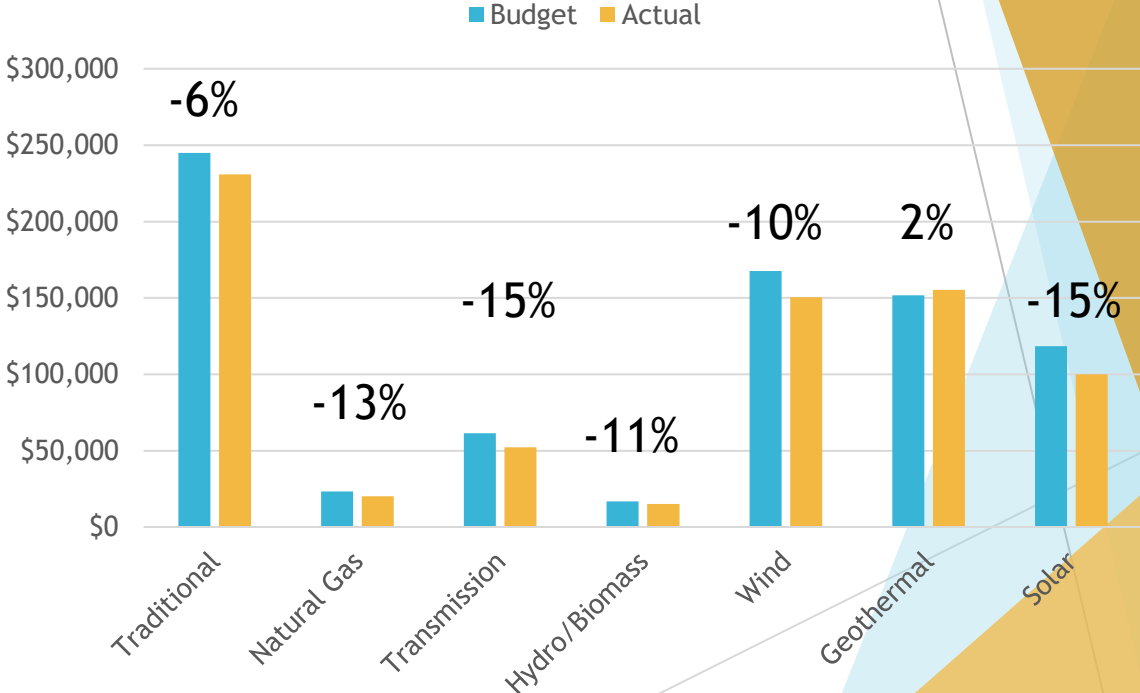
SCPPA

ASSET MANAGEMENT

CHARLES GUSS | *Senior Asset Manager*

SCPPA FY 2023-2024 Q3 Project Budget-to-Actual Variance Report

Project Type	Budget	Actual	Difference	%
Traditional	\$ 244,912	\$ 230,903	\$ (14,009)	-6%
Natural Gas	\$ 23,374	\$ 20,277	\$ (3,097)	-13%
Transmission	\$ 61,398	\$ 52,326	\$ (9,072)	-15%
Hydro/Biomass	\$ 16,935	\$ 15,067	\$ (1,868)	-11%
Wind	\$ 167,613	\$ 150,492	\$ (17,121)	-10%
Geothermal	\$ 151,695	\$ 155,187	\$ 3,492	2%
Solar	\$ 118,324	\$ 100,037	\$ (18,287)	-15%
Total	\$ 784,251	\$ 724,289	\$ (59,962)	-8%





SCPPA

Thank You

5. ANNUAL FINANCIAL AUDIT

Annual Financial Audit Schedule

- ▶ Audit field work to start August 5th
- ▶ Estimated Audit Sub-Committee Schedule
 - ▶ Week of July 15th or 29th - Pre-audit communication call with Moss Adams
 - ▶ Week of September 2nd - Check-in call with Moss Adams
 - ▶ Week of September 30th - Draft Financial Report to be made available to the sub-committee for review
 - ▶ Monday, October 7th, 9-10am - Audit results presentation from Moss Adams
- ▶ October 7th - Finance Committee Presentation
- ▶ October 17th - SCPPA Board Presentation
- ▶ Annual Financial Report to be issued by end of October



Southern California Public Power Authority

July 2024 Finance Committee Materials

PFM Financial Advisors LLC

1150 S. Olive Street, 10th Floor
Los Angeles, CA 90015

213.489.4075



6. Clean Energy Project and General Information regarding Prepay Financings



Final Numbers

- On May 20th, SCPPA priced its Clean Energy Project Revenue Bonds, Series 2024A
- The Project prepays two APU PPAs, with a total prepayment amount of ~\$590 million
- The prepay achieves 15% savings, for over \$5 million annually in the initial term (through 2030)
- The bonds received healthy interest during the order period and SCPPA was able to adjust spreads by 4 to 10 bps for the repricing:

Year	Marketing Wire 5/20/2024			Prelim. Pricing Wire 5/20/2024		Reprice / Final Scale 5/20/2024	
	Coupon	Yield	Sprd to BVAL (bps)	Yield	Adj. (bps)	Yield	Adj. (bps)
2025	5.00%	4.13%	+90	4.13%	+0	4.05%	-8
2026	5.00%	4.07%	+101	4.07%	+0	3.99%	-8
2027	5.00%	3.99%	+109	3.99%	+0	3.91%	-8
2028	5.00%	3.95%	+120	3.95%	+0	3.91%	-4
2029	5.00%	3.97%	+129	3.97%	+0	3.87%	-10
2030*	5.00%	3.99%	+133	3.99%	+0	3.91%	-8

*Put Bonds

Statistics	
Sources	
Par Amount	\$592,270,000
Premium	\$32,258,203
Total	\$624,528,203
Uses	
Prepayment Amount	\$591,326,323
Structuring Fee	\$6,700,000
Capitalized Interest	\$12,675,000
Reserves	\$8,900,000
COI / Underwriter's Discount	\$4,926,880
Total	\$624,528,203
Bond Statistics (Initial Term)	
Mandatory Tender Option	6-year
Settlement Date	5/30/2024
Mandatory Tender Date	9/1/2030
Coupon	5.00%
All-in TIC	4.10%
Total Debt Service	\$775,980,135
Savings (Initial Term)	
Total Savings (%)	15.08%
Total Savings (\$)	\$32,349,166
Average Annual Savings	\$5,173,567



Prepayment Transaction Overview

- ◆ **Goal** – Reduce cost of power purchases by 8% or more
- ◆ **How** – Leverage use of tax-exempt bonding capacity to secure long-term supply

Background

- ◆ Codified in the U.S. tax law
- ◆ Used since the 1990s largely for natural gas transactions
- ◆ Over 100 transactions totaling over \$70 billion completed in the U.S. – mostly for gas
- ◆ Twelve energy prepayment transactions totaling \$10.4 billion completed last few years for six California Community Choice Aggregators and SCPA/Anaheim Utilities



Prepayments That Have Been Completed by CCAs in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary
09/2021	1,234,720	California Community Choice Fin Auth	Elec (Green)	SVCE, EBCE
11/2021	602,655	California Community Choice Fin Auth	Elec (Green)	MCE
06/2022	931,120	California Community Choice Fin Auth	Elec (Green)	EBCE
12/2022	459,640	California Community Choice Fin Auth	Elec (Green)	Pioneer
01/2023	841,550	California Community Choice Fin Auth	Elec (Green)	SVCE
02/2023	998,780	California Community Choice Fin Auth	Elec (Green)	CPA
06/2023	958,290	California Community Choice Fin Auth	Elec (Green)	CPA
08/2023	997,895	California Community Choice Fin Auth	Elec (Green)	EBCE
10/2023	647,750	California Community Choice Fin Auth	Elec (Green)	CCCE
12/2023	1,038,285	California Community Choice Fin Auth	Elec (Green)	MCE
01/2024	1,101,625	California Community Choice Fin Auth	Elec (Green)	SVCE
Total	\$9,812,310			

All transactions to date have achieved @9.5% savings or better.

Most recent transactions have been over 12%



Prepayments That Have Been Completed by Municipal Utilities in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary
06/2006	230,845	Vernon Nat. Gas Fin Auth	Nat Gas	City of Vernon Elec
01/2007	209,350	Roseville Natural Gas Fin Auth	Nat. Gas	City of Roseville Elec
05/2007	757,055	Northern Ca Gas Auth No. 1	Nat. Gas	SMUD
09/2007	887,360	Long Beach Bond Fin Auth	Nat. Gas	City of Long Beach
10/2007	504,445	So. Ca. Pub. Power Auth	Nat. Gas	Multiple MOUs
10/2007	251,695	Long Beach Bond Fin. Auth	Nat. Gas	City of Long Beach
08/2009	901,620	M-S-R Energy Authority	Nat. Gas	MID/Redding/SVP
10/2009	514,160	So. Ca Pub Power Auth (Windy Flats)	Elec (Wind)	LADWP, Mult. MOUs
04/2010	778,665	Cal. Statewide Comm Dev Auth	Nat. Gas	SMUD
2010/11	394,700	So. Ca Pub Power Auth (Milford 1 & 2)	Elec (Wind)	LADWP, Mult. MOUs
12/2018	539,615	Northern Ca Energy Auth	Gas/Elec	SMUD
5/2024	592,270	So. Ca Pub Power Auth (Energy Prepay)	Elec	Anaheim
Total	\$6,561,780			

SCPPA/APU transaction last month saved over 15% on old/expensive PPAs



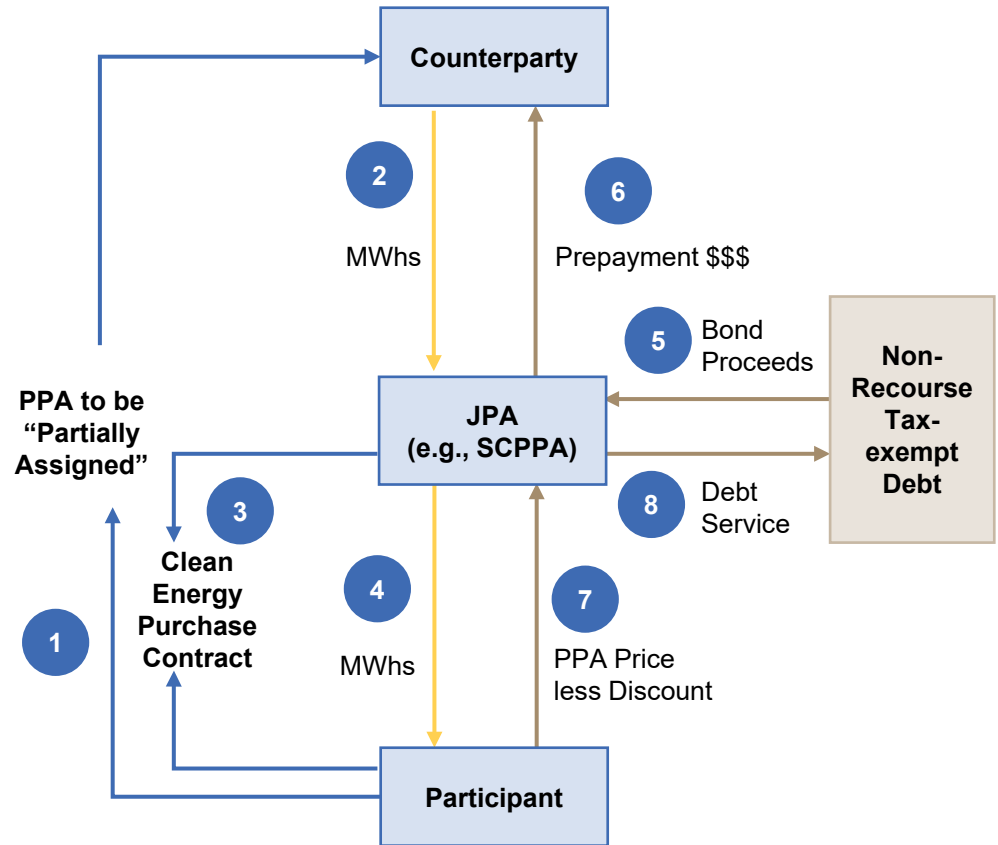
Entities Involved in an Energy Prepayment Transaction

- ◆ **Participant** – Has existing/expected Power Purchase Agreement(s) for clean energy
- ◆ **Prepay Counterparty** – Typically a financial institution with a commodity presence or a financial institution partnered with a commodity market participant
- ◆ **Issuer** – Bond issuing entity formed for sole purpose of selling the prepayment bonds, typically a Joint Powers Authority (“JPA”)
- ◆ **Existing Power Supply Counterparty** – Agrees to limited assignment of the existing PPA
- ◆ **Bond Investors** – Purchase the non-recourse tax-exempt prepayment bonds



Summary of Energy Prepayment Structure Mechanics

- 1) Participant limited assigns PPA to Counterparty
- 2) The Counterparty delivers power to JPA via a Master Power Supply Agreement
- 3) Participant and JPA execute a Clean Energy Purchase Contract
- 4) JPA delivers power to Participant
- 5) JPA issues non-recourse tax-exempt bonds
- 6) JPA makes a prepayment to the Counterparty for power supply
- 7) Participant makes payments to JPA net of >8% savings
- 8) JPA makes debt payments with payments from Participant





How are the Savings Generated?

- ◆ The Counterparty values prepayment as an alternate source of capital funding at its higher cost of capital ~ 5%
- ◆ PPA fixed price cash flows of ~\$45MM annually over the life of the deal are discounted at that 5% rate to establish the upfront prepayment amount
- ◆ JPA issues tax-exempt bonds to pay the upfront prepayment at a lower interest cost of ~ 4.25% versus the counterparty's funding rate of ~5%
- ◆ JPA bond payments ~\$40MM annually are lower than the existing ~\$45MM PPA payments
- ◆ ~\$5MM in cashflow savings are generated
- ◆ Savings are quoted net of all upfront and annual transaction expenses

Numbers are for illustration purposes only.



How Does Limited Assignment of a Power Purchase Agreement Work?

- ◆ Participant will limited assign certain rights and obligations, including the title and ownership of the energy, under the existing PPA to its Prepay Counterparty
- ◆ Rights not assigned remain with Participant. No other changes are made to the existing PPA
- ◆ Existing PPA Counterparty would then deliver energy to the Prepay Counterparty who has assumed responsibilities as energy purchaser under the PPA
- ◆ Prepay Counterparty will then sell that energy to JPA. JPA has a separate agreement with Participant to sell that energy to Participant – **at an 8% discount or higher**
- ◆ Participant will need to negotiate the limited assignment with its Existing PPA Counterparty
 - This will take place via a Limited Assignment Agreement



Notable Prepayment Structure Details

- ◆ Prepayment Bonds are non-recourse (“take and pay”) obligations to JPA and Participant
- ◆ Maximum savings is achieved with a 30-year structure
- ◆ Transaction mechanics anticipate other future PPAs to be included after initial PPAs mature
- ◆ Current market dynamics allow initial bonds to be sold with a 5- to 10-year maturity, effectively incorporating a reset mechanism every 5 to 10 years
 - Bonds will require remarketing in the future
 - If Bonds can not be remarketed, the transaction will terminate, and the Prepay Counterparty will owe a termination payment to JPA which will be used to pay bonds (no recourse to Participant)
- ◆ Prepayment savings are known for the initial reset period; estimated at 8 to 10%
 - Future reset periods’ savings are not known
 - Transaction will have a minimum savings level for future resets; estimated at 4 to 5%



Favorable Risk Allocation – “Take-and-Pay” Structure

Key Risk – Transaction terminates and Participant no longer receives expected savings

Risk

Mitigation

Prepay Counterparty default on energy delivery

Participant only pays for energy if/when Prepay Counterparty delivers the energy

Prepay Counterparty assumes debt obligations in the event of Prepay Counterparty default

Participant receives too much energy and is unable to have Qualified Use and/or has to meet new renewable mandates in the future

Prepay Counterparty will remarket the energy to qualified entities to ensure Participant compliance with Qualified Use

Debt obligation could obligate Participant over long-term

Rating agency treatment of prepay debt

Debt is non-recourse to Participant, and Participant’s obligation is take and pay. Rating agencies do not count prepay transactions as debt or fixed costs of Participant

Guaranteed Investment Contract (GIC) provider counterparty fails to perform

Documents allow for replacement of GIC provider; Supplier is likely GIC provider (thus no additional risk)

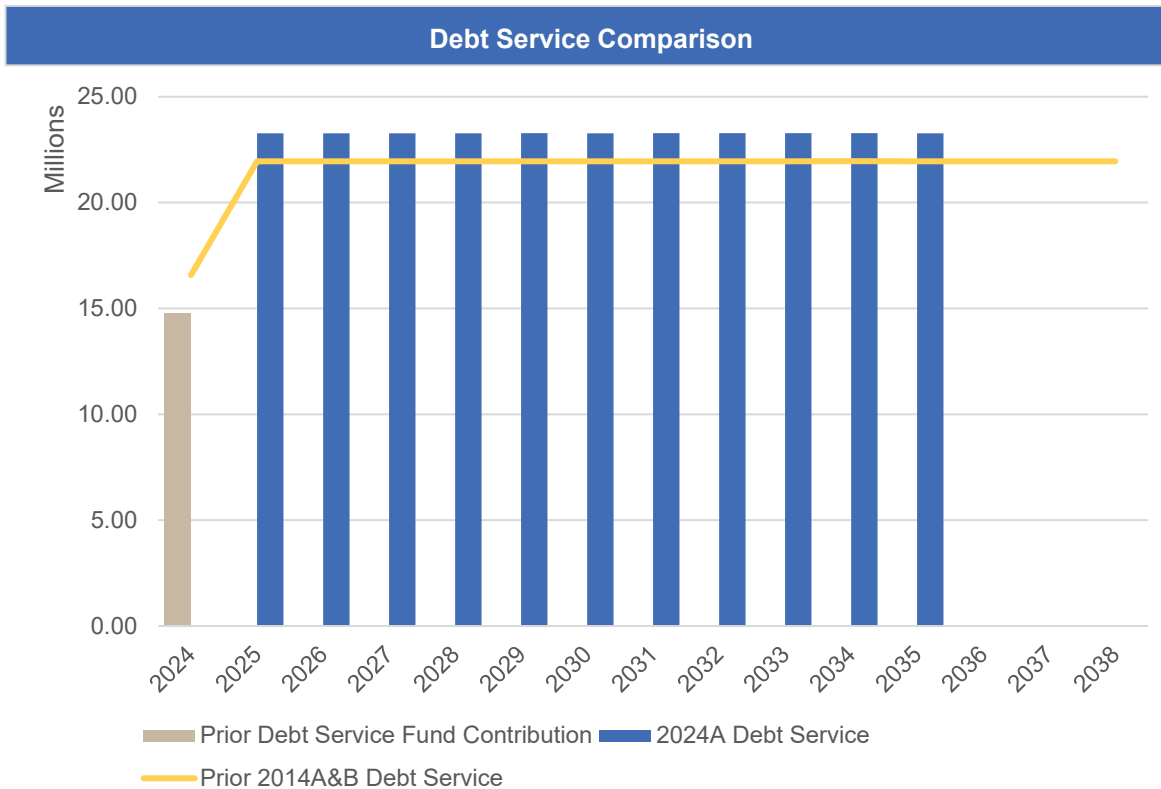


7. Apex Power Project Refunding Revenue Bonds



Final Numbers

- On May 21st, SCPPA priced the Apex 2024A Bonds, achieving NPV savings of close to \$27.9 million
- The new bonds shortened project debt to have a 2035 final maturity



Statistics	
Sources	
Par Amount	\$192,625,000
Premium	\$22,379,835
Prior Bond Funds	\$20,234,486
Total	\$235,239,321
Uses	
Escrow	\$234,286,245
Cost of Issuance	\$512,777
UW's Discount	\$440,299
Total	\$235,239,321
Refunding Bond Statistics	
Dated date	6/4/2024
Last Maturity	7/1/2035
All-in TIC	3.085
Coupon range	5.00%
Average life (yrs)	6.581
Refunded Bond Statistics	
Par amount of refunded bonds	\$230,035,000
Coupon range of refunded bonds	3.608% - 5.000%
Average life (yrs)	7.918
Savings Statistics	
Net PV savings	\$27,933,667
Savings as a % of refunded bonds	12.14%

Reflects final pricing scale. NPV savings discounted at arbitrage yield and net contributions from prior bond funds.



Market Tone

- The Apex 2024A Bonds priced in a rapidly rising interest rate environment, where rates increased by as much as 6-7 bps on both 5/20 (pre-marketing) and 5/21 (pricing)

Maturity	AAA BVAL Change from Prior Day													
	5/14/2024	5/15/2024	5/16/2024	5/17/2024	5/20/2024	5/21/2024	5/22/2024	5/23/2024	5/24/2024	5/28/2024	5/29/2024	5/30/2024	5/31/2024	
1-Year	0.00%	-0.02%	0.00%	+0.01%	+0.01%	+0.01%	+0.03%	+0.03%	+0.01%	0.00%	+0.02%	0.00%	0.00%	
2-Year	0.00%	-0.01%	0.00%	+0.01%	+0.02%	+0.02%	+0.07%	+0.04%	0.00%	+0.01%	+0.07%	0.00%	0.00%	
3-Year	0.00%	-0.01%	0.00%	+0.02%	+0.03%	+0.04%	+0.07%	+0.04%	0.00%	+0.01%	+0.05%	+0.01%	0.00%	
4-Year	0.01%	-0.01%	0.00%	+0.02%	+0.04%	+0.07%	+0.06%	+0.07%	0.00%	+0.01%	+0.11%	0.00%	0.00%	
5-Year	0.00%	-0.01%	+0.01%	+0.01%	+0.05%	+0.07%	+0.09%	+0.10%	0.00%	+0.01%	+0.12%	0.00%	0.00%	
6-Year	0.00%	-0.01%	+0.01%	+0.02%	+0.05%	+0.07%	+0.08%	+0.10%	+0.01%	+0.01%	+0.11%	0.00%	-0.01%	
7-Year	0.00%	-0.01%	+0.01%	+0.02%	+0.05%	+0.07%	+0.10%	+0.10%	0.00%	+0.01%	+0.11%	-0.01%	+0.01%	
8-Year	0.00%	-0.01%	+0.01%	+0.01%	+0.06%	+0.07%	+0.09%	+0.10%	0.00%	+0.01%	+0.11%	0.00%	0.00%	
9-Year	0.00%	-0.01%	+0.01%	+0.01%	+0.06%	+0.07%	+0.10%	+0.09%	+0.01%	+0.01%	+0.10%	0.00%	0.00%	
10-Year	0.00%	-0.01%	+0.01%	+0.01%	+0.06%	+0.06%	+0.11%	+0.10%	+0.01%	+0.01%	+0.09%	0.00%	0.00%	
11-Year	0.00%	-0.01%	+0.01%	+0.01%	+0.05%	+0.06%	+0.09%	+0.11%	0.00%	+0.01%	+0.06%	0.00%	+0.01%	
12-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.05%	+0.05%	+0.04%	+0.09%	+0.01%	+0.01%	+0.05%	0.00%	0.00%	
13-Year	0.00%	-0.01%	+0.01%	+0.01%	+0.04%	+0.04%	+0.04%	+0.08%	0.00%	+0.01%	+0.07%	0.00%	0.00%	
14-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.04%	+0.03%	+0.04%	+0.05%	0.00%	+0.01%	+0.07%	0.00%	-0.01%	
15-Year	0.00%	-0.01%	0.00%	+0.01%	+0.04%	+0.03%	+0.04%	+0.03%	0.00%	+0.01%	+0.07%	0.00%	-0.01%	
16-Year	0.00%	-0.02%	0.00%	+0.02%	+0.03%	+0.03%	+0.03%	+0.03%	+0.01%	0.00%	+0.08%	0.00%	-0.01%	
17-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.03%	+0.02%	+0.03%	+0.02%	+0.01%	+0.01%	+0.10%	0.00%	-0.01%	
18-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.03%	+0.02%	+0.03%	+0.01%	0.00%	+0.01%	+0.10%	0.00%	0.00%	
19-Year	0.00%	-0.01%	+0.01%	+0.01%	+0.03%	+0.01%	+0.03%	+0.01%	0.00%	+0.01%	+0.10%	-0.01%	0.00%	
20-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.03%	+0.01%	+0.03%	0.00%	0.00%	+0.01%	+0.06%	0.00%	-0.01%	
21-Year	0.00%	-0.01%	0.00%	+0.01%	+0.03%	+0.01%	+0.01%	+0.01%	0.00%	+0.01%	+0.06%	0.00%	-0.01%	
22-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.02%	+0.01%	+0.02%	0.00%	0.00%	+0.01%	+0.06%	-0.01%	0.00%	
23-Year	0.00%	-0.01%	0.00%	+0.01%	+0.03%	+0.01%	+0.01%	0.00%	0.00%	+0.01%	+0.08%	0.00%	-0.01%	
24-Year	0.00%	-0.01%	0.00%	+0.01%	+0.02%	+0.01%	+0.01%	0.00%	+0.01%	0.00%	+0.08%	0.00%	0.00%	
25-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.02%	+0.01%	+0.01%	0.00%	0.00%	+0.01%	+0.09%	0.00%	-0.01%	
26-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.02%	+0.01%	0.00%	0.00%	+0.01%	+0.01%	+0.11%	-0.01%	0.00%	
27-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.02%	+0.01%	0.00%	0.00%	+0.01%	0.00%	+0.10%	0.00%	-0.01%	
28-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.02%	0.00%	+0.01%	0.00%	0.00%	+0.01%	+0.11%	0.00%	-0.01%	
29-Year	0.00%	-0.02%	+0.01%	+0.01%	+0.01%	+0.01%	+0.01%	0.00%	0.00%	+0.01%	+0.11%	-0.01%	0.00%	
30-Year	0.00%	-0.02%	+0.01%	0.00%	+0.02%	+0.01%	+0.01%	-0.01%	+0.01%	0.00%	+0.13%	0.00%	-0.01%	



Series 2024A Pricing Progression

- In response to pre-marketing feedback and rate movement, SCPPA widened spreads for marketing on the day of pricing
- Due to limited investor subscription in years 2029 through 2034, additional adjustments were made to shadow expected changes in BVAL, but SCPPA held its position on the short end of the curve

Year	Pre-Marketing Wire 5/20/2024			Marketing Wire 5/21/2024				Proposed 5/21/2024				Final Scale 5/21/2024			
	Coupon	Yield	Spread to BVAL (bps)	Coupon	Yield	Spread to BVAL (bps)	Adj. (bps)	Coupon	Yield	Spread to BVAL (bps)	Adj. (bps)	Coupon	Yield	Spread to BVAL (bps)	Adj. (bps)
2025	5.00%	3.11%	-16	5.00%	3.17%	-11	+6	5.00%	3.19%	-9	+2	5.00%	3.17%	-11	-2
2026	5.00%	3.01%	-7	5.00%	3.14%	+3	+13	5.00%	3.16%	+5	+2	5.00%	3.14%	+3	-2
2027	5.00%	2.87%	-6	5.00%	3.00%	+4	+13	5.00%	3.02%	+6	+2	5.00%	3.00%	+4	-2
2028	5.00%	2.75%	-2	5.00%	2.88%	+7	+13	5.00%	2.90%	+9	+2	5.00%	2.89%	+8	-1
2029	5.00%	2.72%	+4	5.00%	2.85%	+12	+13	5.00%	2.90%	+17	+5	5.00%	2.90%	+17	+0
2030	5.00%	2.74%	+8	5.00%	2.87%	+16	+13	5.00%	2.94%	+23	+7	5.00%	2.94%	+23	+0
2031	5.00%	2.77%	+12	5.00%	2.90%	+20	+13	5.00%	2.98%	+28	+8	5.00%	2.98%	+28	+0
2032	5.00%	2.78%	+13	5.00%	2.91%	+20	+13	5.00%	2.99%	+28	+8	5.00%	2.99%	+28	+0
2033	5.00%	2.79%	+14	5.00%	2.92%	+21	+13	5.00%	3.01%	+30	+9	5.00%	3.01%	+30	+0
2034	5.00%	2.81%	+15	5.00%	2.94%	+22	+13	5.00%	3.03%	+31	+9	5.00%	3.03%	+31	+0
2035	5.00%	2.86%	+13	5.00%	2.99%	+21	+13	5.00%	3.06%	+28	+7	5.00%	3.05%	+27	-1

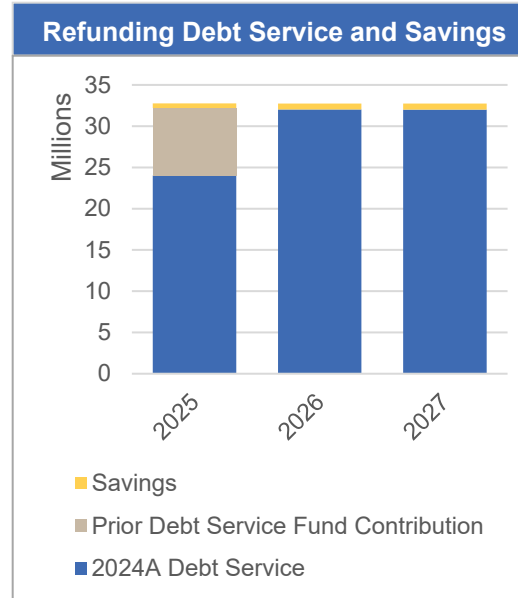


8. Southern Transmission Project Refunding Revenue Bonds



Plan of Finance

- SCPPA's Transmission Project Revenue Bonds, 2015 Subordinate Series C Bonds have a call date of 1/1/2025, meaning they are currently callable as early as 10/3/2024
- The bonds are short, maturing in 2027, but a refunding still achieves average annual savings of ~\$730k



Statistics	
Sources	
Par Amount	\$80,550,000
Premium	\$2,953,122
Prior Bond Funds	\$8,188,413
Total	\$91,691,534
Uses	
Escrow	\$91,007,006
Cost of Issuance	\$442,878
UW's Discount	\$241,650
Total	\$91,691,534
Refunding Bond Statistics	
Dated date	10/3/2024
Last Maturity	7/1/2027
All-in TIC	3.42%
Coupon range	5.00%
Average life (yrs)	1.862
Refunded Bond Statistics	
Par amount of refunded bonds	\$89,480,000
Coupon range of refunded bonds	4.00% - 5.00%
Average life (yrs)	1.78
Savings Statistics	
Net PV savings	\$1,749,223
Savings as a % of refunded bonds	1.95%

Estimated Costs of Issuance		
Firm	Role	Amount*
Norton Rose Fulbright	Bond Counsel	150,000.00
Nixon Peabody	Tax Counsel	50,000.00
PFM Financial Advisors LLC	Financial Advisor	80,000.00
Moody's / S&P / Fitch	Rating Agency (x2)	140,000.00
U.S. Bank	Trustee	13,000.00
TBD	Verification Agent	1,000.00
ImageMaster	Printer	3,500.00
	Contingency	5,000.00
		442,500.00

*Preliminary Estimate

Rates as of 7/1/2024. NPV savings discounted at arbitrage yield and net contributions from prior bond funds.



Proposed Schedule

July							August							September							October						
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	3	4	5	6					1	2	3	1	2	3	4	5	6	7			1	2	3	4	5
7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12
14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
28	29	30	31				25	26	27	28	29	30	31	29	30						27	28	29	30	31		

- Given the size and tenor of the bonds, SCPPA is considering pricing the bonds via competitive sale, which is estimated to reduce underwriting costs by 5-10 bps (\$40,000 - \$80,000)

Timing	Activity
July and August	<ul style="list-style-type: none"> Develop Documents
Week of August 26 th , 2024	<ul style="list-style-type: none"> Provide documents to rating agencies
Week of September 2 nd , 2024	<ul style="list-style-type: none"> Finalize documents for Board Approval
September 9 th , 2024	<ul style="list-style-type: none"> Finance Committee Recommendation
Week of September 16 th , 2024	<ul style="list-style-type: none"> Receive ratings
September 19 th , 2024	<ul style="list-style-type: none"> SCPPA Board Approval
September 23 rd , 2024	<ul style="list-style-type: none"> Post POS
Week of September 30 th , 2024	<ul style="list-style-type: none"> Pricing (Competitive Sale)
Week of October 14 th , 2024	<ul style="list-style-type: none"> Closing



9. Market and Variable Rate Demand Obligation (VRDO) Update

Data, rates, and related statistics and charts are as of July 1, 2024, unless otherwise indicated



Market Overview Since May 6th

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
6-May	38,852	2.68%	4.49%	3.84%	4.64%
16-May	39,869	2.64%	4.38%	3.78%	4.52%
Δ	1,017	(0.04%)	(0.11%)	(0.06%)	(0.12%)

- Early May saw strong reception from investors for primary issuances, as they reacted to the surprisingly dovish tone of the May 1st FOMC meeting and indications that the Fed is still looking for reasons to cut rates.
 - For the first time in while, investors started gravitating to the long-end of the curve (20 years or more).
- CPI released mid-May showed month-over-month core CPI at 0.29%, significantly slowed from the prior month's 0.36%, which encouraged investor market participation.

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
16-May	39,869	2.64%	4.38%	3.78%	4.52%
4-Jun	38,711	3.01%	4.33%	3.87%	4.48%
Δ	-1,158	0.37%	(0.05%)	0.09%	(0.04%)

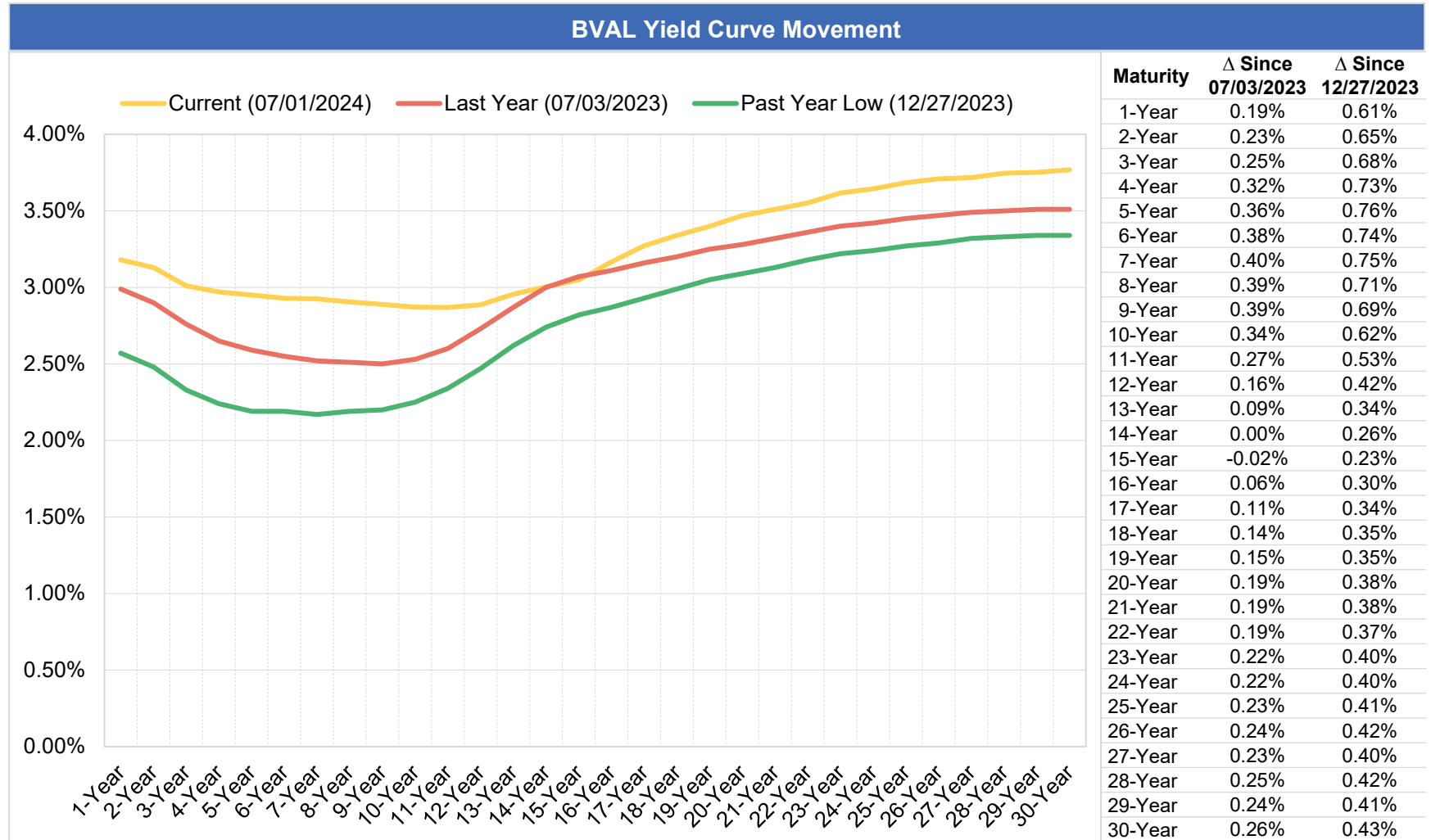
- However, high municipal bond supply, reaching \$11 billion towards the end of May, triggered a selloff that pushed yields higher and corrected previously rich tax-exempt to taxable ratios.
- Hawkish comments from several Fed speakers in the last week of May also pushed rates higher.

Date	DJIA	10-Yr BVAL	10-Yr Tsy	30-Yr BVAL	30-Yr Tsy
4-Jun	38,711	3.01%	4.33%	3.87%	4.48%
3-Jul	39,308	2.86%	4.36%	3.76%	4.53%
Δ	597	(0.15%)	0.03%	(0.11%)	0.05%

- Moving into June, economic data showed signs of softening, and investors with redemption cash to reinvest allowed the market to digest high municipal supply.
- CPI and PPI data in June came in lighter than expected, but the June FOMC meeting had a slightly hawkish tone, with the Fed revising the dot plot to have one rate cut for the year, versus three as shown previously. Nonetheless, with a couple shortened holiday weeks, the market has remained relatively stable late June going into July.



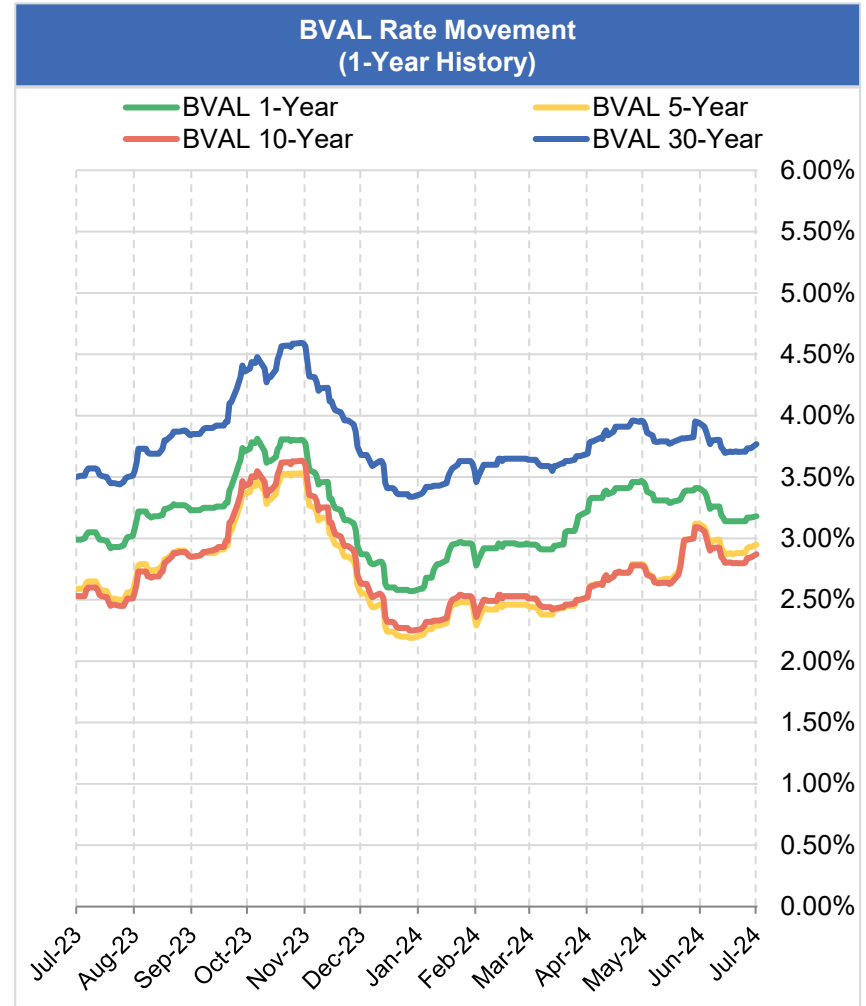
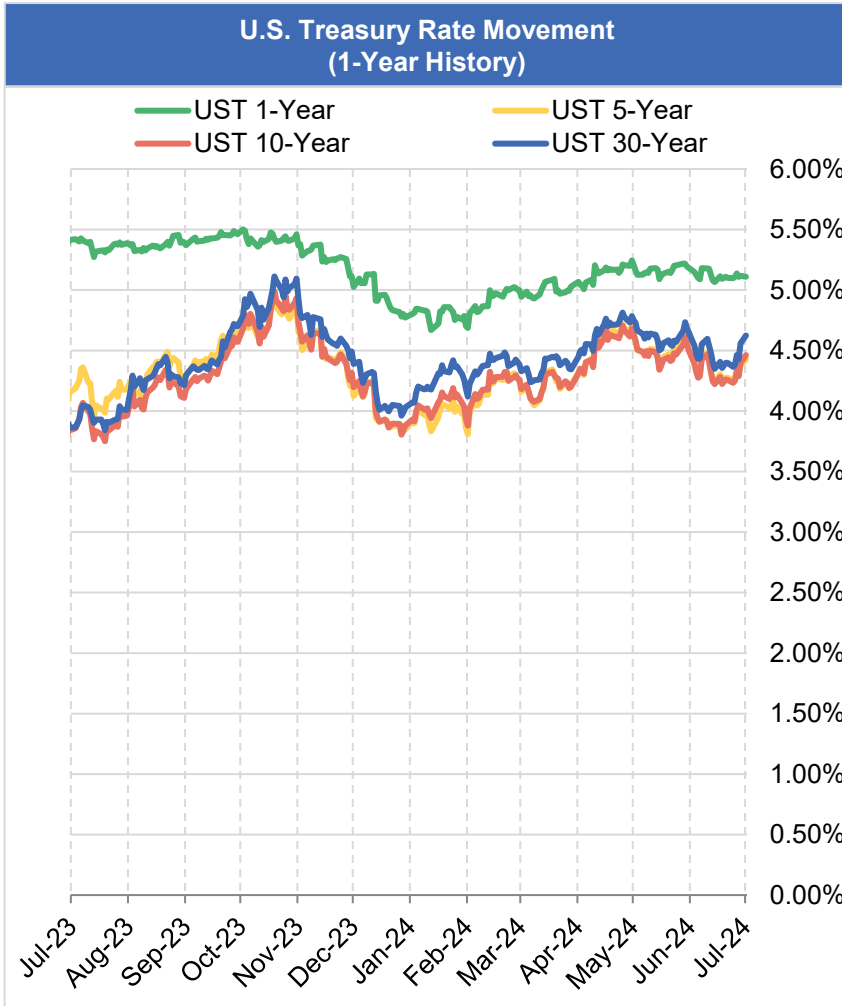
Recent BVAL Yield Curve Movement



Source: Bloomberg, PFM Research



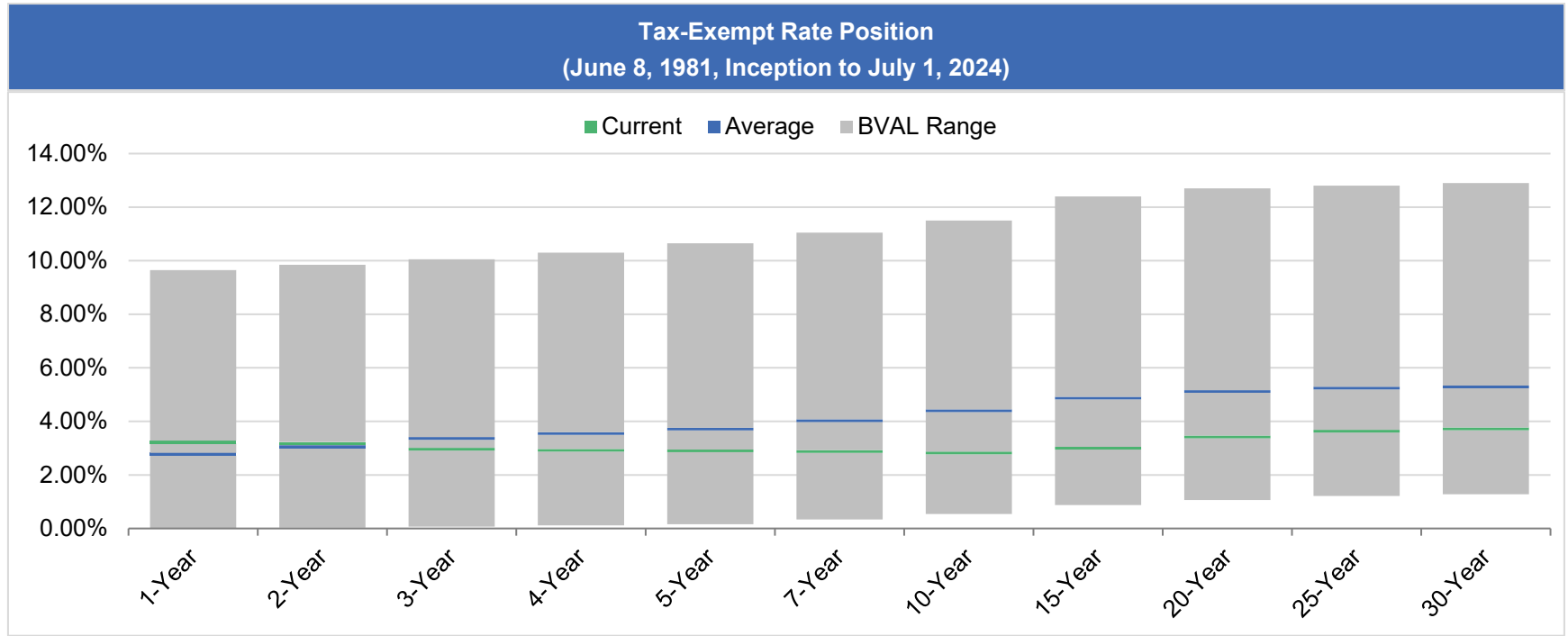
U.S. Treasury & BVAL Rate Movement



Source: Bloomberg, PFM Research



Tax-Exempt Rate Position Since Inception



Summary of July 1, 2024 vs. Historical (since Inception) Tax-Exempt Rates											
Statistic	1-Year	2-Year	3-Year	4-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	30-Year
July 1, 2024	3.18%	3.13%	3.01%	2.97%	2.95%	2.92%	2.87%	3.05%	3.47%	3.68%	3.77%
Historical Average	2.82%	3.10%	3.31%	3.50%	3.66%	3.98%	4.35%	4.82%	5.07%	5.19%	5.24%
Spread to Average	0.36%	0.03%	-0.30%	-0.53%	-0.71%	-1.05%	-1.48%	-1.77%	-1.60%	-1.51%	-1.47%
Minimum	0.01%	0.03%	0.07%	0.12%	0.16%	0.34%	0.54%	0.88%	1.06%	1.22%	1.28%
Maximum	9.65%	9.85%	10.05%	10.30%	10.65%	11.05%	11.50%	12.40%	12.70%	12.80%	12.90%
% of Time Lower	53.98%	48.10%	46.06%	43.98%	41.64%	36.25%	30.91%	25.14%	26.87%	26.85%	26.70%

Source: Bloomberg, PFM Research



Interest Rate Forecasts

- Market participants are split as to whether they anticipate a rate cut in Q3.

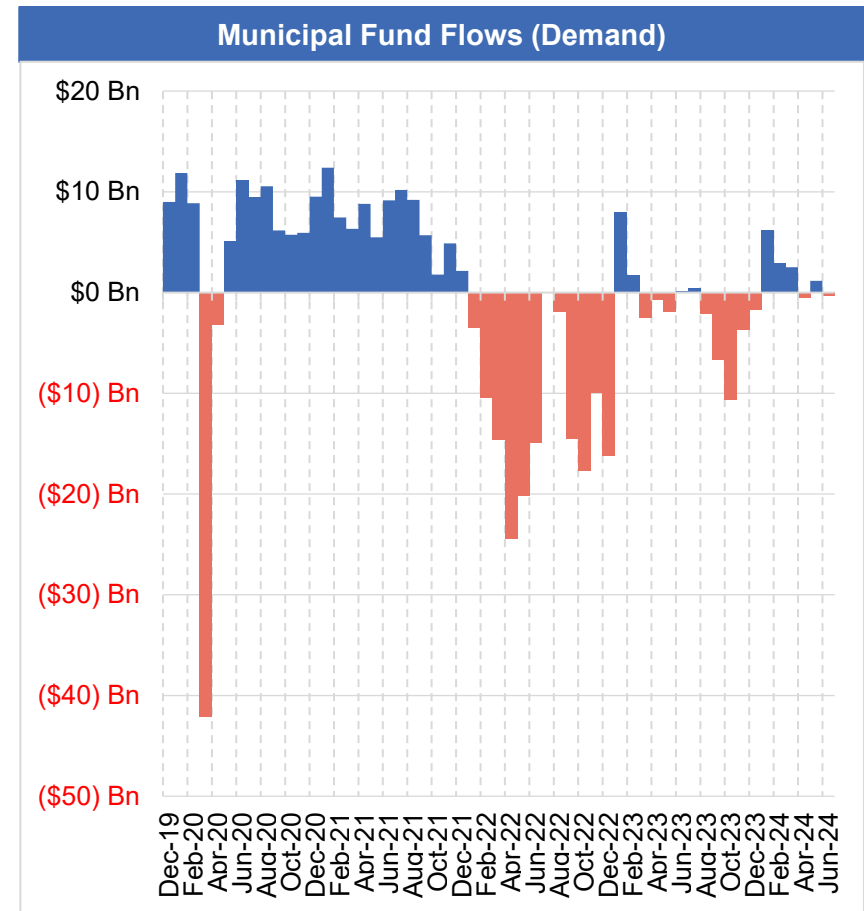
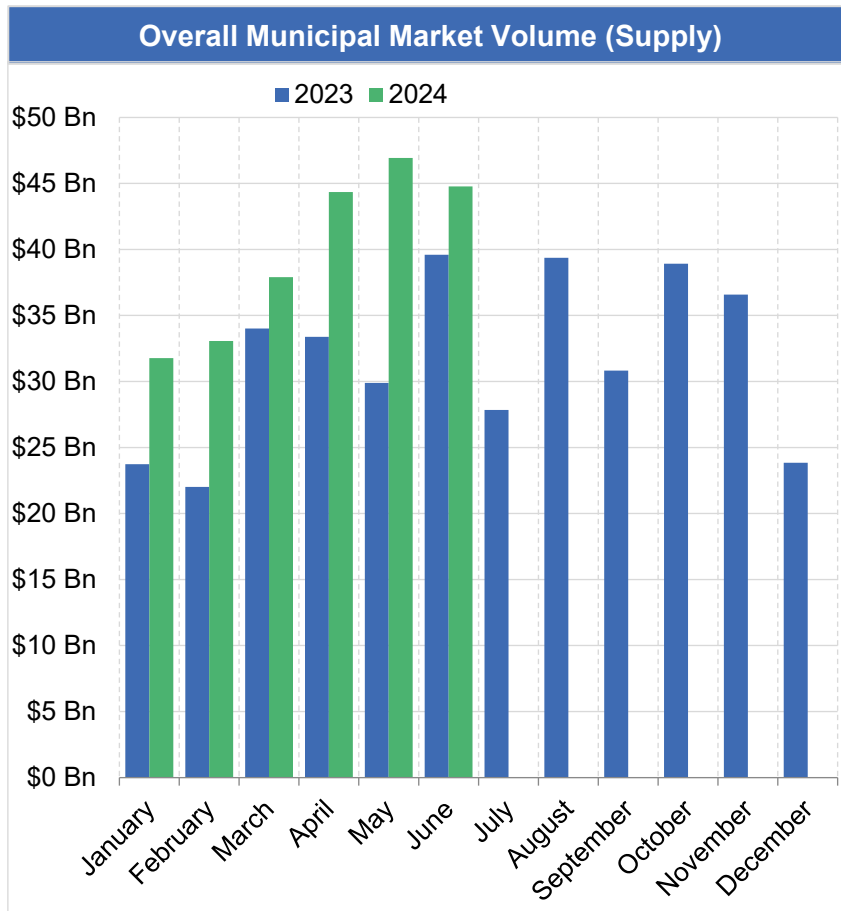
The Street's Interest Rate Forecast (As of July 1, 2024)										
Average Forecasts	Current	Q3 24	Q3 Δ vs. Current	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26
30-Year UST	4.64%	4.44%	-0.20%	4.33%	4.25%	4.22%	4.17%	4.10%	4.01%	3.98%
10-Year UST	4.48%	4.25%	-0.23%	4.13%	4.06%	4.01%	3.91%	3.85%	3.74%	3.71%
2-Year UST	4.77%	4.53%	-0.24%	4.24%	4.03%	3.85%	3.68%	3.55%	3.40%	3.33%
3M Term SOFR	5.32%	5.10%	-0.22%	4.83%	4.52%	4.19%	3.95%	3.75%	3.60%	3.42%
Fed Funds Target Rate (Lower)	5.25%	5.09%	-0.16%	4.79%	4.48%	4.17%	3.91%	3.71%	3.46%	3.29%
Fed Funds Δ Since May FC Meeting	0.03%	0.12%		0.14%	0.15%	0.10%	0.08%	0.07%	0.04%	0.31%

Source: Bloomberg



Municipal Market Supply & Demand

- Municipal funds experienced slight net outflows for the month of June. New issuance volume was up 13.1% year-over-year in June, and year-to-date new issuance volume was 30.8% higher than 2023 issuance through June.

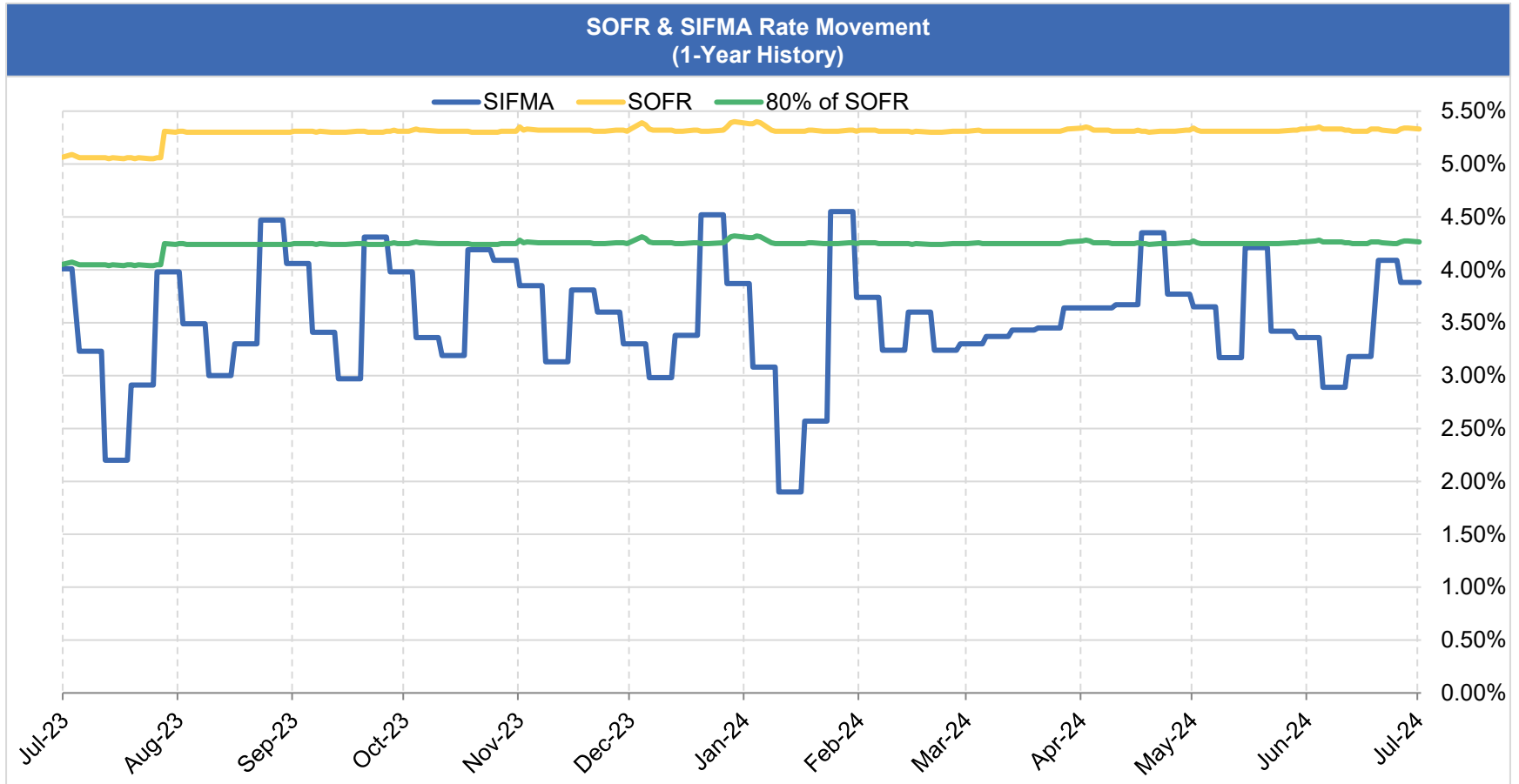


Source: Bond Buyer, Investment Company Institute



SOFR & SIFMA Rate Movement

◆ SIFMA continued to fluctuate in May and June within 2.89% and 4.21%. SOFR remains around 5.3%.



Source: Bloomberg, PFM Research



Magnolia – June Variable-Rate Resets

Magnolia Power Project A, Refunding Revenue Bonds, 2020-3			
Variable Rate Daily Resets – June 2024			
06/03/2024	3.30% – 6 bps vs. SIFMA Approximate Net Cost 3.071%	06/11/2024	2.70% – 19 bps vs. SIFMA Approximate Net Cost 2.941%
06/04/2024	2.55% – 81 bps vs. SIFMA Approximate Net Cost 2.321%	06/12/2024	3.22% + 4 bps vs. SIFMA Approximate Net Cost 3.171%
06/05/2024	2.35% – 54 bps vs. SIFMA Approximate Net Cost 2.591%	06/13/2024	3.85% + 67 bps vs. SIFMA Approximate Net Cost 3.801%
06/06/2024	2.25% – 64 bps vs. SIFMA Approximate Net Cost 2.491%	06/14/2024	4.40% + 122 bps vs. SIFMA Approximate Net Cost 4.351%
06/07/2024	2.35% – 54 bps vs. SIFMA Approximate Net Cost 2.591%	06/17/2024	4.40% + 122 bps vs. SIFMA Approximate Net Cost 4.351%
06/10/2024	2.40% – 49 bps vs. SIFMA Approximate Net Cost 2.641%	06/18/2024	4.25% + 107 bps vs. SIFMA Approximate Net Cost 4.201%
06/20/2024	4.28% + 19 bps vs. SIFMA Approximate Net Cost 3.321%	06/21/2024	4.45% + 36 bps vs. SIFMA Approximate Net Cost 3.491%
06/24/2024	4.20% + 11 bps vs. SIFMA Approximate Net Cost 3.241%	06/25/2024	4.05% – 4 bps vs. SIFMA Approximate Net Cost 3.091%
06/26/2024	4.35% + 47 bps vs. SIFMA Approximate Net Cost 3.601%	06/27/2024	4.75% + 87 bps vs. SIFMA Approximate Net Cost 4.001%
06/28/2024	4.85% + 97 bps vs. SIFMA Approximate Net Cost 4.101%		

Source: EMMA, PFM/SCPPA



Linden – June Variable-Rate Resets

Linden Wind Energy Project, Refunding Revenue Bonds, 2024 Series A			
Variable Rate Daily Resets – June 2024			
06/03/2024	3.15% – 21 bps vs. SIFMA	06/11/2024	2.25% – 64 bps vs. SIFMA
		06/20/2024	4.15% + 6 bps vs. SIFMA
		06/28/2024	4.65% + 77 bps vs. SIFMA
06/04/2024	2.35% – 101 bps vs. SIFMA	06/12/2024	2.80% – 38 bps vs. SIFMA
		06/21/2024	4.30% + 21 bps vs. SIFMA
06/05/2024	2.00% – 89 bps vs. SIFMA	06/13/2024	3.50% + 32 bps vs. SIFMA
		06/24/2024	4.40% + 31 bps vs. SIFMA
06/06/2024	2.00% – 89 bps vs. SIFMA	06/14/2024	4.10% + 92 bps vs. SIFMA
		06/25/2024	3.80% – 29 bps vs. SIFMA
06/07/2024	2.15% – 74 bps vs. SIFMA	06/17/2024	4.10% + 92 bps vs. SIFMA
		06/26/2024	4.05% + 17 bps vs. SIFMA
06/10/2024	2.20% – 69 bps vs. SIFMA	06/18/2024	3.80% + 62 bps vs. SIFMA
		06/27/2024	4.40% + 52 bps vs. SIFMA

Source: EMMA, PFM/SCPPA



Canyon – Variable-Rate Resets

Canyon Power Project, Refunding Revenue Bonds, 2022 Series B				
Variable Rate Weekly Resets				
Date	Reset	Spread to SIFMA	Spread to 70% of SOFR	Approximate Net Cost
12/28/2023	2.58%	-129 bps	-119 bps	1.92%
01/04/2024	1.67%	-141 bps	-210 bps	1.01%
01/11/2024	1.04%	-86 bps	-268 bps	0.43%
01/18/2024	1.62%	-95 bps	-210 bps	1.01%
01/25/2024	3.65%	-90 bps	-7 bps	3.04%
02/01/2024	2.45%	-129 bps	-127 bps	1.84%
02/08/2024	2.30%	-94 bps	-142 bps	1.69%
02/15/2024	2.50%	-110 bps	-121 bps	1.90%
02/22/2024	2.30%	-94 bps	-141 bps	1.70%
02/29/2024	2.30%	-94 bps	-142 bps	1.69%
03/07/2024	2.35%	-102 bps	-137 bps	1.74%
03/14/2024	2.41%	-102 bps	-131 bps	1.80%
03/21/2024	2.44%	-101 bps	-128 bps	1.83%
03/28/2024	2.91%	-73 bps	-82 bps	2.29%
04/04/2024	2.95%	-69 bps	-77 bps	2.34%
04/11/2024	3.01%	-66 bps	-71 bps	2.40%
04/18/2024	3.66%	-69 bps	-6 bps	3.05%
04/25/2024	3.08%	-69 bps	-64 bps	2.47%
06/06/2024	2.16%	-73 bps	-157 bps	1.54%
06/13/2024	2.66%	-52 bps	-106 bps	2.05%
06/20/2024	3.36%	-73 bps	-36 bps	2.75%
06/27/2024	3.26%	-62 bps	-48 bps	2.63%

Source: EMMA, PFM/SCPPA



SCPPA's Swap Portfolio

Swap Valuations							
Project	Associated Bonds	SCPPA Pays	SCPPA Receives	Maturity Date	Initial Notional (most recent trade)	Bank Counterparty	Valuation
MG	Series 2009	3.1390%	SIFMA Swap Index	7/1/2036	\$63,840,000	JPMorgan Chase Bank, N.A.	(\$76,984.27)
MG	Series 2009	3.1250%	SIFMA Swap Index	7/1/2036	\$110,888,878	The Bank of New York Mellon	(\$89,206.17)
MG	-	SIFMA Swap Index	80.4% of USD SOFR + 0.21033%	7/1/2036	\$100,000,000	Barclays Bank PLC	\$986,114.15
MG	-	SIFMA Swap Index	81.0% of 3-Month Fallback SOFR*	7/1/2036	\$100,000,000	Royal Bank of Canada	\$912,042.54
GP	Series 2007B	5.0475%	67% of 3 Month CME Term SOFR + 1.64528%	11/1/2035	\$36,000,000	J. Aron & Company	(\$2,454,649.28)
CY	Series 2022B	3.1100%	70% of SOFR	7/1/2036	\$72,415,000	Goldman Sachs Bank USA	\$628,900.52

Source: PFM SwapViewer
As of 6/28/2024

* Receipts were originally indexed to 3-Month LIBOR, calculated using 3-Month Fallback Rate (SOFR) effective 7/1/2023



10. Unsolicited Proposals



Summary of Unsolicited Proposals Received

- May 24, 2024, Wells Fargo:
 - Upcoming Refunding Opportunities: Magnolia 2020-3 Bonds
 - Constant Maturity Swaps: market dynamics, index conversion, asset-liability matching
 - Market Update
- May 28, 2024, PNC:
 - Market Update, Recent Secondary Pricing Levels, Investor Base Analysis, Current Debt Portfolio
 - Upcoming Financing Opportunities: STS Renewal, STS 2015C Subordinate Bonds
 - Variable Rate Remarketing Performance
- June 21, 2024, Wells Fargo:
 - Upcoming Refunding Opportunities: Magnolia 2020-3 Bonds
 - Constant Maturity Swaps: market dynamics, index conversion, asset-liability matching
 - Market Update
- June 24, 2024, RBC Capital Markets:
 - Refunding Opportunities: STS 2015C Subordinate Bonds, Canyon 2020A Bonds
 - Energy Prepay Update
 - Market Update



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