

Reservoir Committee and Authority Board Meeting

Agenda Item 3.3: USDA Loan Update

January 20, 2023



The USDA Rural Development Loan...

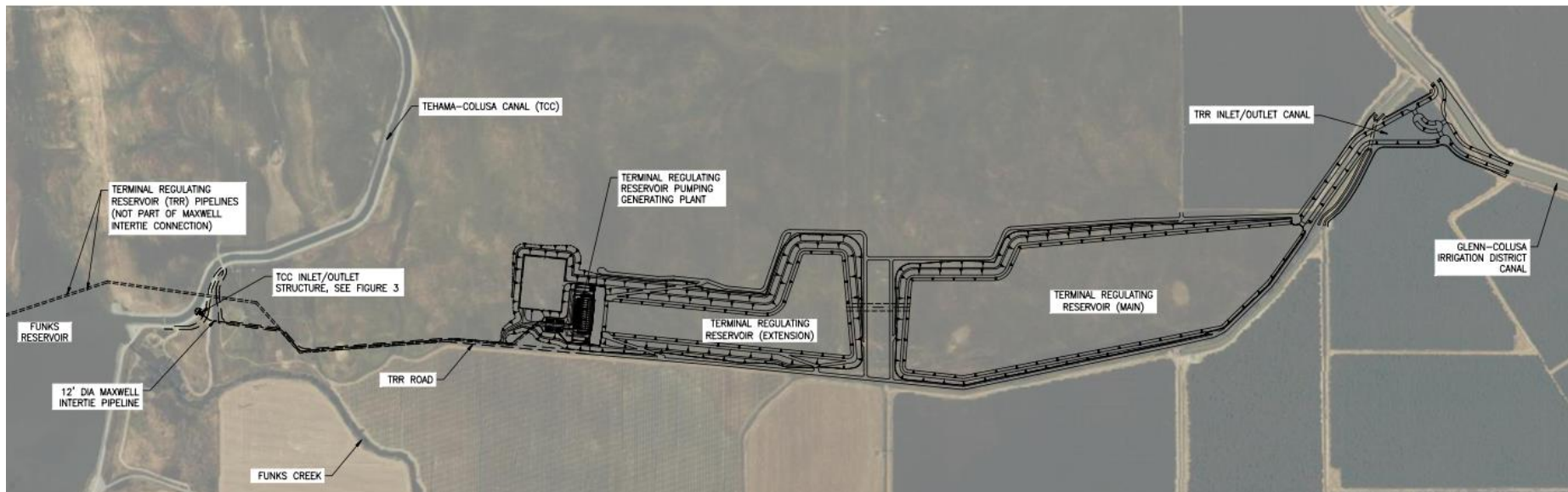
- Was awarded in 2018
- Funds the \$449M “Maxwell Intertie Project”
- Is a refinancing loan
- Has an interest rate cap of 3.875%
- Included a schedule starting construction in 2022, which has been extended by one year already by USDA staff

In December 2022, Congress extended the funding deadline to 2028 – which keeps the Authority eligible for the loan and allows USDA RD staff to amend the letter of conditions to align with the Project schedule.

The Maxwell Intertie Project is a subset of facilities on the Sites Reservoir Project

The benefits to the community by connecting the Tehama-Colusa Canal to the Glenn-Colusa Irrigation District Main Canal include:

- Improved drought resiliency for rural communities
- Economic resiliency for the rural communities



The Maxwell Intertie Project has changed since the USDA Loan was awarded in 2018

- Value Planning
- TRR Siting
- Pipeline Alignments
- Construction cost has increased from ~\$375 M to ~\$500 M
 - (+) cost of TRR, TRR pump / generating plant, power interconnect
 - (-) length of pipelines

Summary of Benefits and Risks

Benefits

- Interest rate cap 3.875% (hedge)
- Reduced debt service by 1-2% in current market*
- Demonstrates diverse political support and more financing "secured"

Risks

- Unfavorable credit structure is not changed and becomes the standard for other borrowings
- "Independent Utility"
- Additional public review process for environmental planning and permitting for project changes
- Mechanics such as forced refinance
- Additional compliance

**Assumes savings are allocated to all participants*

Questions?

