



Napa Sanitation District

Presentation to Board of Directors

February 2, 2022



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A Limited Liability Company

Role of the Municipal Advisor

- KNN has served in the role of Municipal Advisor to NapaSan since 2007, assisting with long-range financial planning and each of the District's capital market debt issuances.
- As Municipal Advisor, KNN's role is to provide NapaSan with independent financial analysis, advice and expertise.
 - Registered Municipal Advisor with the SEC and MSRB.
 - Staff of 17, with offices in Berkeley and Los Angeles.
- We have a fiduciary duty to protect the District's interests throughout the financing planning and debt issuance process, including duties of loyalty and care.
- KNN has worked with District staff on the planned refunding of the District's 2012A Certificates of Participation.

Summary of Plan of Finance

- The plan of finance is to issue a single series of fixed rate Revenue Refunding Bonds, Series 2022A to refund the existing 2012A Revenue COPs for present value savings.
- The existing 2012A COPs are currently callable on any day starting on August 1, 2022 with no premium.
- The security structure will consist of a pledge of net revenues generated by the District’s wastewater system.
 - Key covenants include a “rate covenant” and “additional bonds test”.
- The 2022A Bonds will be on a “parity” basis with the District’s other outstanding debt.

Napa Sanitation District Revenue Refunding Bonds Series 2022A	
Estimated Par:	\$20,895,000
Repayment Term/Structure:	10 years, Level annual savings
Interest Rate Mode:	Fixed
Purpose:	Refunding of 2012A COPs for cash flow savings
Source of Repayment:	Net Revenues generated from wastewater system
Anticipated Rating:	"AA" category
Capitalized Interest:	None anticipated
Debt Service Reserve Fund:	None anticipated
Method of Sale:	Competitive
Anticipated Sale Date:	Week of April 4th
Anticipated Closing Date:	Week of May 2nd
Bond and Disclosure Counsel:	Stradling Yocca Carlson & Rauth LLP
Municipal Advisor:	KNN Public Finance, LLC

Estimated Sources, Uses, and Savings

Sources

Bond Par Amount:	\$20,895,000
Bond Premium:	4,268,724
Total Sources:	\$25,163,724

Uses

Refunding Escrow Deposit: ¹	\$24,830,576
Cost of Issuance: ²	225,000
Underwriter's Discount: ³	104,475
Bond Rounding:	3,673
Total Uses:	\$25,163,724

True Interest Cost: ⁴	1.30%
Gross Savings:	\$2,375,604
Average Annual Savings:	\$215,964
Present Value Savings (\$):	\$2,237,689
Present Value Savings (%):	9.17%

¹ Assumes SLGS rates as of January 20, 2022.

² Includes estimates for bond and disclosure counsel, municipal advisor, credit rating, trustee, printing, etc.

³ Assumes \$5,000 per \$1,000 of bond par amount, to be determined by results of competitive sale.

⁴ Based upon market conditions as of January 24, 2022 for "AA" category revenue COPs.

Estimated Cash Flow Savings

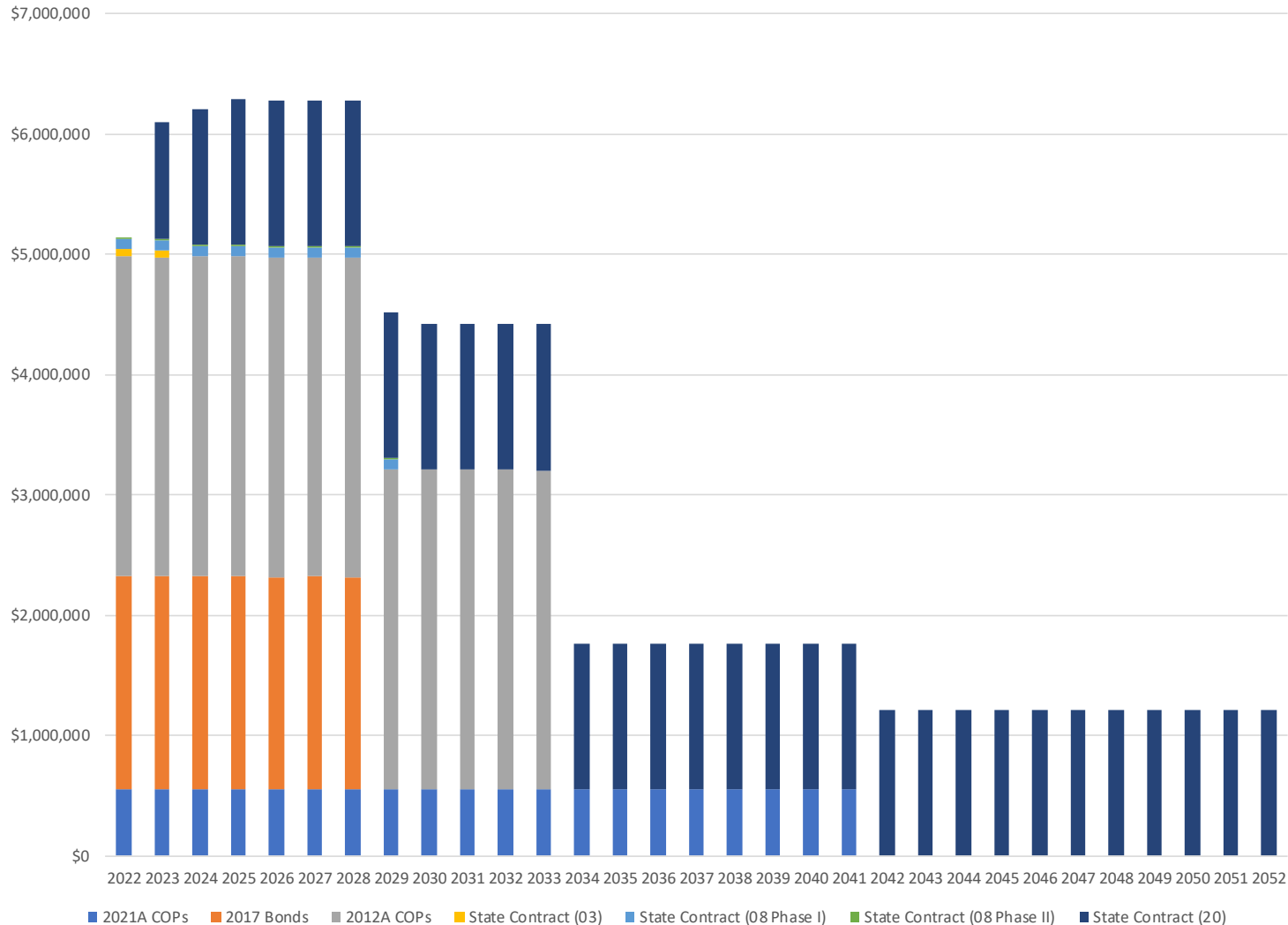
Fiscal Yr. Ending	Existing 2012A Payments	Estimated Ref. Payments	Cash Flow Savings
2023	\$2,650,675	\$2,435,258	\$215,417
2024	2,655,875	2,441,750	214,125
2025	2,657,875	2,438,875	219,000
2026	2,656,675	2,442,000	214,675
2027	2,652,275	2,436,000	216,275
2028	2,655,825	2,440,625	215,200
2029	2,657,875	2,440,500	217,375
2030	2,652,900	2,435,625	217,275
2031	2,650,900	2,435,750	215,150
2032	2,655,275	2,440,375	214,900
2033	2,650,588	2,434,375	216,213
Total:	\$29,196,738	\$26,821,133	\$2,375,604

NapaSan's Outstanding Debt

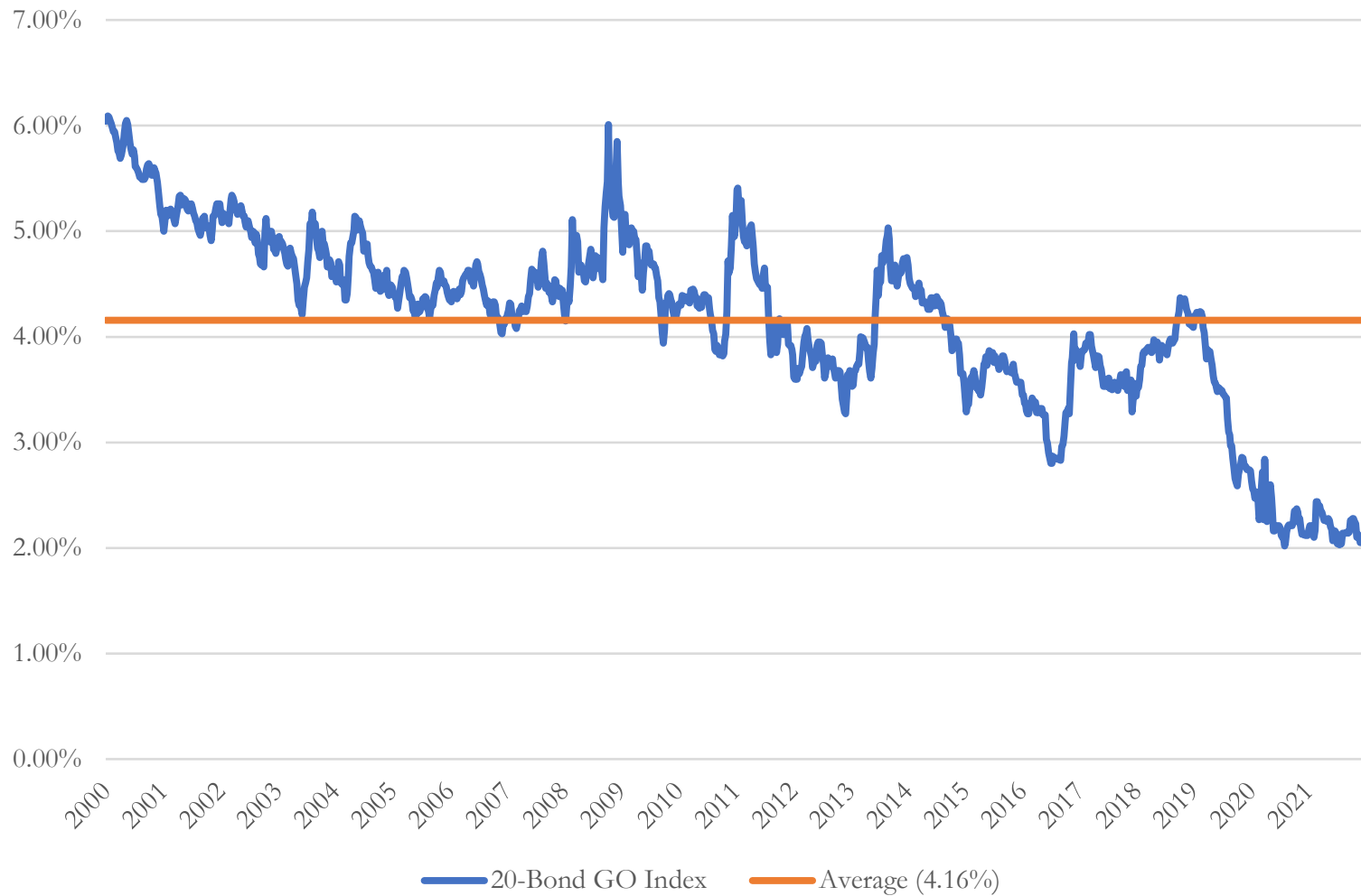
Transaction	Original Par Amount	Current Par Amount*	Purpose	Final Maturity	Fixed or Var. Rate
Public Transactions					
Revenue COPs, Series 2021A	\$8,560,000	\$8,265,000	Various new projects (66' sewer tunk main).	8/1/2040	Fixed
2017 Refunding Revenue Bonds	\$14,185,000	\$9,220,000	Refunded 09B COPs.	8/1/2027	Fixed
Revenue COPs, Series 2012A	\$37,845,000	\$24,405,000	Various new projects and refunded 09A COPs.	8/1/2032	Fixed
State Contracts					
State Contract (2020)	\$36,000,000	\$36,000,000	Pump Stn Improv Proj.	12/1/2051	Fixed
State Contract (2008 Phase 1)	\$1,712,175	\$608,670	East Spring St./Montecito Blvd. Sewer, ph. 1.	4/1/2029	Fixed
State Contract (2008 Phase 2)	\$219,444	\$87,778	East Spring St./Montecito Blvd. Sewer, ph. 2.	4/1/2029	Fixed
State Contract (2003)	\$901,376	\$58,777	Summit Avenue/Ora Drive.	12/13/2022	Fixed

* Figures as of January 20, 2022.

NapaSan's Outstanding Payments



Long-term Interest Rate Environment



Source: *The Bond Buyer*. The 20-Bond GO Index is comprised of 20 general obligation bonds that mature in 20 years with an average rating of “Aa2” / “AA”.

Timeline



January 18th:

2021A COP Kick-off conference call.



February 2nd:

Board of Directors meeting to consider conceptual approval of refunding.



Early March:

Staff credit presentation to Standard & Poor's.



March 16th:

Board of Directors meeting to consider financing Resolution and form of 2022A Bond documents.



Week of April 4th:

Competitive pricing of 2022A Bonds.



Week of May 2nd:

Closing (funds delivered to Trustee).

Appendix



Competitive Sale Results of 2021A Revenue COPs

Transaction: Napa Sanitation District
Revenue COPs, Series
2021A

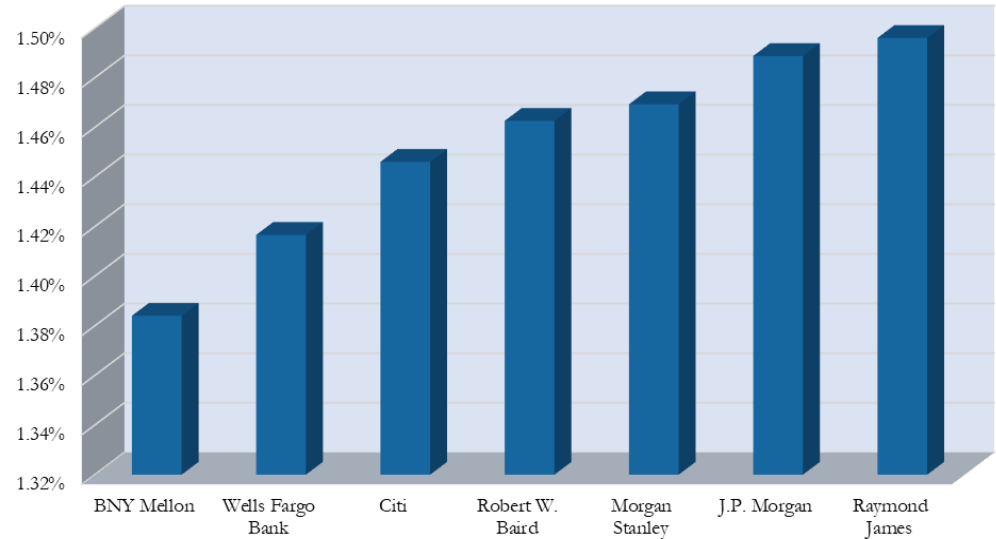
Par Amount: \$8.56 million

Sale Date: February 16, 2021

Closing Date: February 25, 2021

Rating: "AA+" (S&P)

Competitive Sale Bid Graph



Bidder	T.I.C.
BNY Mellon	1.3841%
Wells Fargo Bank	1.4167%
Citi	1.4461%
Robert W. Baird	1.4626%
Morgan Stanley	1.4693%
J.P. Morgan	1.4888%
Raymond James	1.4961%