

Nevada Irrigation District

FY 2021 Budget: 5-Year Forecast Debt Issuance Projection (Appendix D)

2023 Revenue Bonds:

| | 83,330,000 | \$83,330,000 | \$83,330,000 | \$83,330,000 |
|--------------------|------------|--------------|--------------|--------------|
| Annual Coupon Rate | 4.00% | 4.25% | 4.50% | 4.75% |
| Maturity | 35 | 35 | 35 | 35 |
| Payment Frequency | 2 | 2 | 2 | 2 |

Payments:

| | | | | |
|---------------------|-------------|-------------|-------------|-------------|
| Annual Payment | 4,444,430 | 4,596,312 | 4,750,573 | 4,907,151 |
| Total Paid | 155,555,061 | 160,870,905 | 166,270,050 | 171,750,300 |
| Total Interest Paid | 72,225,061 | 77,540,905 | 82,940,050 | 88,420,300 |

Capital Projects List:

| | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Scotts Flat Spillway Upgrades | | - | | - |
| Hydro 5-Year CIP | 16,490,000 | 12,645,000 | | 29,135,000 |
| Combie Dam Scour & Stability Improvements | | | - | - |
| E. George to LWW Backbone Extension | - | | | - |
| Lake Wildwood Treatment Plant Upgrades | | 5,745,000 | | 5,745,000 |
| Chicago Park Turbine and Generator Rewind | | 4,150,000 | | 4,150,000 |
| FERC Permanent | | 42,000,000 | | 42,000,000 |
| Chicago Park Transformer Replacement | - | 2,300,000 | - | 2,300,000 |
| | 16,490,000 | 66,840,000 | - | 83,330,000 |

This page of Appendix D of the 2021 budget shows NID's need to borrow \$83 million in 2023 to fund projects mostly affiliated with the Hydroelectric Department. NID's CFO identifies 4% as the expected interest rate for the purposes of this analysis.



2019
2020 Fcst
2021
2022
2023
2024
2025

2021 Budget: 5 Year Forecast Unrestricted Reserves

| Unrestricted Total | Budget | | | | | | | |
|--------------------------|------------|------------|------------|------------|-------------|-------------|-------------|--|
| Water | 6,633,143 | 6,333,171 | 10,139,868 | 9,848,385 | 10,266,045 | 13,217,138 | 18,889,588 | |
| Recreation | 831,854 | 470,627 | 311,392 | 207,234 | 269,981 | 530,367 | 1,012,497 | |
| Hydroelectric | 55,569,215 | 50,294,016 | 49,748,600 | 42,763,755 | 47,414,988 | 42,661,167 | 32,806,606 | |
| | 63,034,212 | 57,097,814 | 60,199,860 | 52,819,374 | 57,951,014 | 56,408,672 | 52,708,690 | |
| Dash Cash on Hand (DCOH) | 388 | 312 | 357 | 302 | 321 | 286 | 260 | |
| Debt Service Coverage | 5.21 | 4.47 | 4.63 | 4.98 | 5.32 | 2.14 | 2.11 | |

This chart, from NID’s 2021 budget, shows what happens when NID borrows the \$83 million in 2023 for capital improvements for the Hydroelectric Department. This investment is essential for federal relicensing of NID’s power plants. You see the numbers in **Red**. 5.32 is before the debt and 2.14 is after \$83 million in new debt. So, if \$83 million in new debt causes a 3 point drop in the debt service coverage ratio, it’s impossible to borrow enough money to build Centennial Dam.

The District’s bond covenants require a debt serve coverage ratio of 1.25 times. The ratio is significant as weaker ratios may have a negative impact upon the District’s bond rating and subsequent borrowing cost. See the following page.

Debt Service Coverage (DSC) Ratio

The District's bond covenants require a debt service coverage ratio of 1.25 times. The ratio indicates how many times Budgets can cover total District debt apart from reserves... The ratio is significant as weaker ratios may have a negative impact upon the District's bond rating and subsequent borrowing cost. Excluding 2012, throughout the period of 2008 through 2021, the District's audited DSC ratio has ranged 3 times stronger than the covenant's requirement. The following chart provides the historical ratio for the District.

Table 20. NID Historical Debt Service Coverage

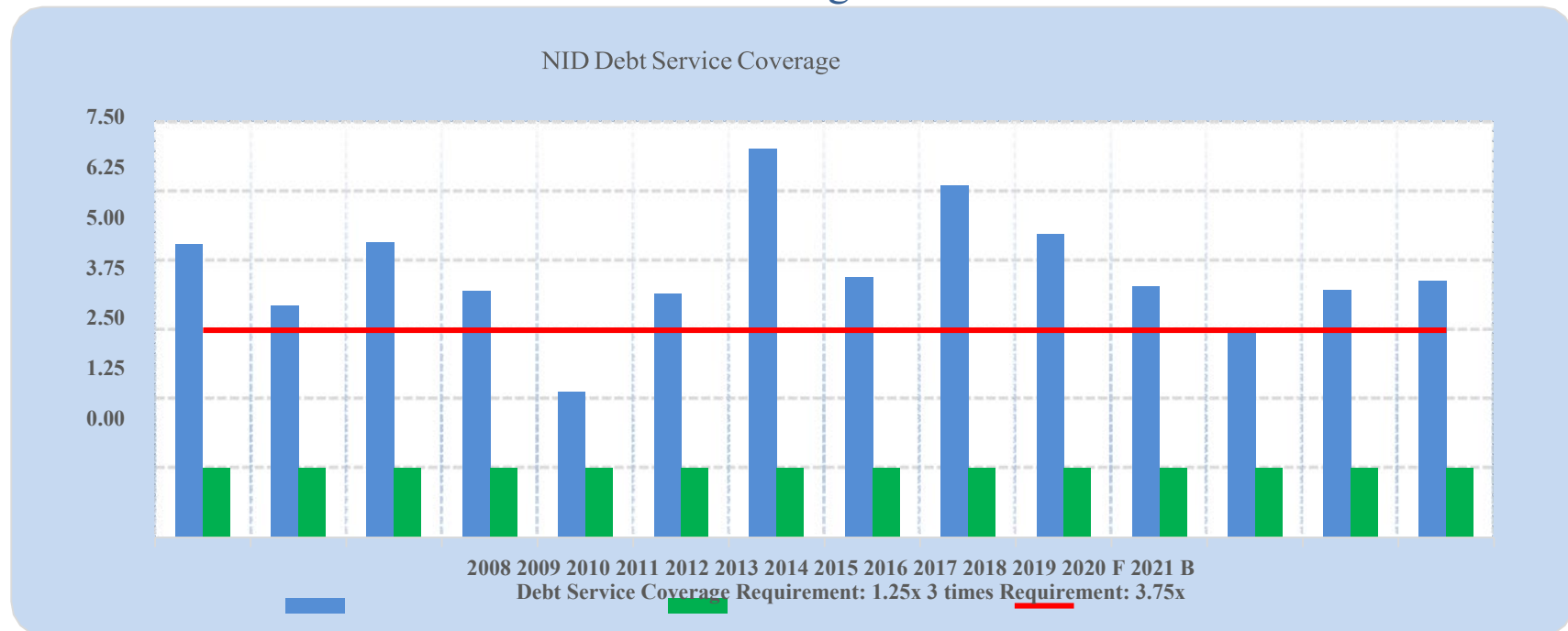


Table 20. NID Historical Debt Service Coverage