



## MEMORANDUM

To: Mark Allgire  
From: Sirikhwan K. Weaver *SKW*  
Date: September 20, 2017  
Re: 2017 General Obligation Refunding Bonds – Authorizing Resolution & Financing Documents

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Mark, as you know, on September 28<sup>th</sup>, the Board will be asked to consider a resolution authorizing the issuance of the 2017 General Obligation Refunding Bonds (or “2017 G.O. Refunding Bonds”) to refund, on an advance basis:

- A portion of the 2009 General Obligation Refunding Bonds
- A portion of the General Obligation Bonds, Election of 2004, Series 2011A
- A portion of the General Obligation Bonds, Election of 2010, Series 2011

The resolution also approves the forms of various bond documents related to the 2017 G.O. Refunding Bonds issuance. In preparation for the Board’s consideration of these items, I am writing to briefly review the role of each of the primary documents.

### Resolution

In addition to authorizing the sale of the 2017 G.O. Refunding Bonds based on a competitive bid process, the resolution also:

- Authorizes the issuance of the 2017 G.O. Refunding Bonds within certain parameter, including only if the refunding achieves a minimum present value savings (after costs) of certain percentage of the amount of the bonds to be refunded, as follows:
  - 4% for the 2009 General Obligation Refunding Bonds,
  - 6% for the Series 2011A Bonds, and
  - 6% for the Series 2011 Bonds.
- Prescribes certain terms and conditions of the 2017 G.O. Refunding Bonds, including the payment dates, the method of interest calculation, and bond redemption and defeasance procedures
- Approves the forms of various documents related to the 2017 G.O. Refunding Bonds (as further described in the following sections), and authorizes certain District officials to execute the final versions of the documents with information available after the sale

### Form of Bond

The final *Bond* will be executed by the District prior to closing and entitles the holder to receive principal and interest pursuant to the final terms of the 2017 G.O. Refunding Bonds, as finalized after the bond sale.

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Form of Bond Purchase Agreement

The *Bond Purchase Agreement* specifies the terms and conditions under which the underwriter (to be selected using a competitive bidding process) will buy the 2017 G.O. Refunding Bonds from the District, including the principal amount, interest rate, and call option.

Form of Escrow Deposit and Trust Agreement

U.S. Bank National Association is the escrow agent and, pursuant to the *Escrow and Deposit Agreement*, will be authorized to use proceeds from the 2017 G.O. Refunding Bonds to refund the outstanding bonds. The *Escrow Agreement* sets forth the establishment of the escrow fund, the escrow agent's role, the use and investment of escrow proceeds, and directs U.S. Bank National Association to give notices of the refunding to the bond market. The notices are attached as exhibits to the *Escrow Agreement*.

Form of Agreement Relating to Paying Agency, Registrar and Depository

The *Agreement Relating to Paying Agency, Registrar and Depository* outlines the responsibilities of the paying agent bank, such as keeping a record of the registered owners of the bonds, forwarding debt service payments from the District to such registered owners, and maintaining of accounts in connection with the 2017 G.O. Refunding Bonds.

**Preliminary Official Statement**

The preliminary *Official Statement* is the offering document containing material information for an investor to make an informed investment decision. Please note that the preliminary *Official Statement* provided is a draft and is not complete. The completed version of the preliminary *Official Statement* will be distributed to underwriters approximately one week before the bond sale.

Each Board member should review the preliminary *Official Statement* and let District staff know if there are any concerns that the preliminary *Official Statement* fails to provide accurate and complete information that a reasonable investor would consider significant in making a decision to purchase the 2017 G.O. Refunding Bonds. In reviewing the preliminary *Official Statement*, please keep in mind that it is written with a certain amount of disclaimer and formality. This style is consistent with the industry standard for preparing such documents and enables the 2017 G.O. Refunding Bonds to be effectively marketed to potential investors. Based on the current schedule of events, it would be very helpful if any questions or comments regarding the preliminary *Official Statement* could be shared with us by October 17.

After the sale of the 2017 G.O. Refunding Bonds, we will incorporate the terms of the sale, including the final principal amounts and interest rates, at which point the document becomes the final *Official Statement*. The *Resolution* also authorizes officers of the District to execute the final *Official Statement*.

Form of Continuing Disclosure Certificate

The *Continuing Disclosure Certificate* outlines the District's responsibilities for updating the municipal market and investors with information after the 2017 G.O. Refunding Bonds have been issued. The intent is to inform the market of the financial condition of the District at least annually, as well as other events that may be significant to investors as they occur. The required content of the annual report and the list of significant events are outlined in the *Continuing Disclosure Certificate*.

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Mark, please let me know if you have any questions or comments.

SKW/abm