

MEMORANDUM

To: Terese McNamee
From: Matt Kolker *msk*
Sirikhwan Weaver *S.W.*
Date: March 2, 2022
Re: 2022 General Obligation Refunding Bonds
Authorizing Resolution and Financing Documents

Terese, in order to assist the Board with a review and understanding of the main documents involved with refinancing the 2010 General Obligation Refunding Bonds, the General Obligation Bonds, Series 2011A and the General Obligation Bonds, Series 2012 through the issuance of the 2022 General Obligation Refunding Bonds (the "Refunding Bonds"), we have prepared this memorandum summarizing the purpose and contents of the authorizing resolution and associated legal documents.

Resolution

In addition to authorizing the sale of the Refunding Bonds to an underwriter to be selected via a competitive selection process using the negotiated sale statutes, the *Resolution* also:

- Establishes a minimum savings threshold of 3% of the total par amount of the bonds being refunded
- Establishes a not-to-exceed Refunding Bond issuance amount of \$24,000,000
- Approves the forms of various documents related to the Refunding Bond issuance (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 Refunding Bond sale
- Requests the County to levy taxes for debt service payment of the Refunding Bonds
- Prescribes certain terms and conditions of the Refunding Bonds, including the payment dates, the method of interest calculation, and bond redemption and defeasance procedures
- Identifies Dannis Woliver Kelley as bond counsel, and our firm as municipal advisor to the District with respect to the Refunding Bonds

Exhibit A: Form of Bond

The final *Refunding 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 Refunding Bonds, as finalized after the bond sale.



Exhibit B: Bond Parameters and Estimated Costs of Issuance

Exhibit B provides a good faith estimate of the costs associated with the issuance of the Refunding Bonds.

Form of Bond Purchase Agreement

The *Bond Purchase Agreement* specifies the terms and conditions under which the underwriter will purchase the Refunding Bonds, identifies the purchase price that the District will receive and the debt service due on the Refunding Bonds, outlines the documents that are required to close the financing and describes conditions under which the agreement can be canceled by the underwriter. This document will be finalized on the day of sale of the Refunding Bonds (anticipated to be April 12, 2022).

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 Refunding Bonds have been issued. The intent is to inform the market of the annual financial condition of the District, as well as other events that may be significant to investors. The required content of the annual report and the list of significant events are outlined in the *Continuing Disclosure Certificate*.

Form of Paying Agent, Bond Registrar, and Costs of Issuance Agreement

The *Paying Agent, Bond Registrar, and Costs of Issuance Agreement* outlines the responsibilities of the paying agent bank, such as keeping a record of the registered owners of the Refunding Bonds, forwarding debt service payments from the District to such registered owners, and maintaining certain accounts in connection with the Refunding Bonds, including the Costs of Issuance Account from which the costs of issuing the Refunding Bonds will be paid.

Forms of the Escrow and Deposit Agreements

Each *Escrow and Deposit Agreement* outlines the responsibilities of the escrow agent, including maintaining an escrow fund for the redemption each respective bond series to be refinanced, as well as notifying investors of each bond redemption.

Preliminary Official Statement

The *Preliminary Official Statement* (the "POS") is the offering document containing material information for an investor to make an informed investment decision. Please note that the POS provided is a draft and is not complete. The completed version of the POS will be distributed to underwriters approximately one week before the currently planned sale date of April 12, 2022.

Each Board member should review the POS and let District staff know if there are any concerns that the POS fails to provide accurate and complete information that a reasonable investor would consider significant in making a decision to purchase the Refunding Bonds. In reviewing the POS, 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 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 POS could be shared with us by April 1, 2022.

After the sale of the 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.

Terese, please let us know if you have any questions or comments.

MSK/SKW:skw

Enclosures