

MEMORANDUM

To: Bruce Colby
From: Rich Malone *REM*
Sirikhwan Weaver *S.W.*
Date: April 10, 2020
Re: General Obligation Bonds, Election of 2018, Series 2020
Authorizing Resolution and Financing Documents

Bruce, in order to assist the Board with a review and understanding of the main documents involved with the issuance of new Measure M bonds: General Obligation Bonds, Election of 2018, Series 2020 (the "Bonds"), we have prepared this memorandum summarizing the purpose and contents of the authorizing resolution.

Resolution

In addition to authorizing the sale of the Bonds either 1) to an underwriter to be selected using a competitive selection process, or 2) to a bank to be selected using a competitive selection process, both using the negotiated sale statutes, the *Resolution* also:

- Establishes a not-to-exceed Bond issuance amount of \$100,600,000
- Approves the forms of various documents related to the 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 Bond sale
- Requests the County to levy taxes for debt service payment and to provide certain bond documents to the County
- Prescribes certain terms and conditions of the Bonds, including the payment dates, the method of interest calculation, and bond redemption and defeasance procedures
- Establishes Bond proceeds accounts with the County
- Identifies Dannis Woliver Kelley as bond counsel, and our firm as municipal advisor to the District with respect to the Bonds

Exhibit A: 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 Bonds, as finalized after the bond sale.

Exhibit B: Bond Parameters and Estimated Costs of Issuance

Exhibit B provides an estimate of the costs associated with the issuance of the Bonds. Note that since the *Resolution* approves the financing documents in form only to be finalized after the sale of the Bonds, many of the financial terms in the documents are blank.



Form of Bond Purchase Agreement

The *Bond Purchase Agreement* specifies the terms and conditions under which the underwriter/bank will purchase the Bonds, identifies the purchase price that the District will receive and the debt service due on the Bonds, outlines the documents that are required to close the financing and describes conditions under which the agreement can be canceled by the underwriter/bank. This document will be finalized on the day of sale of the Bonds (anticipated to be April 28, 2020).

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 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 bonds, forwarding debt service payments from the District to such registered owners, and maintaining certain accounts in connection with the Bonds, including the Costs of Issuance Account from which the costs of issuing the Bonds will be paid.

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 28, 2020.

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 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 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 17, 2020.

After the sale of the 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.

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

REM/SKW:skw

Enclosures