Prior General Obligation Bond Refinancings

The District has been proactive in taking advantage of low interest rate environments to benefit local taxpayers

- **Measure A**
  - 2010 Refunding Bonds
    - Taxpayer savings: $3,477,935
  - 2012 Refunding Bonds
    - Taxpayer savings: $8,301,685
  - 2019 Refunding Bonds
    - Taxpayer savings: $6,290,758

- **Measure G**
  - 2016 Refunding Bonds
    - Taxpayer savings: $11,114,180

- These refinancings have saved taxpayers a total of $29,184,558
General Obligation Bond Refinancing Overview

The District has an additional series of Measure G bonds that may be a candidate for a refinancing ("Prior Bonds"):  

- **Election of 2010, Series B Bonds**

Depending on market conditions, the District may realize savings for its taxpayers by refinancing portions of the Prior Bonds

- Similar to refinancing a home mortgage, savings would be generated for the District’s taxpayers by replacing the higher interest rate Prior Bonds with lower interest rate refunding bonds ("Refunding Bonds")
  - Refinancing does NOT extend the original bond term

- In order to comply with IRS rules, the Refunding Bonds would be sold as taxable bonds

- All financing costs (except for credit ratings) are contingent upon the successful issuance of the Refunding Bonds and are paid only from bond proceeds, not the General Fund
Credit Ratings

The District has very strong credit ratings of ‘Aa1’ from Moody’s and ‘AA+’ from S&P

- Following is an overview of the credit rating factors and weighting:
  - Local economy (30%)
  - District finances (30%)
  - District management (20%)
  - District debt/pension (20%)
- Moody’s upgraded the District from ‘Aa2’ to ‘Aa1’ on February 1, 2018
- S&P upgraded the District from ‘AA’ to ‘AA+’ on March 18, 2019

<table>
<thead>
<tr>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>Rating Description</th>
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<tbody>
<tr>
<td>Aaa</td>
<td>AAA</td>
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<tr>
<td><strong>Aa1</strong></td>
<td><strong>AA+</strong></td>
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<tr>
<td>Aa2</td>
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<td>AA-</td>
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<tr>
<td>A1</td>
<td>A+</td>
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<tr>
<td>A2</td>
<td>A</td>
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<tr>
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<td>B1</td>
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<tr>
<td>B2</td>
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<tr>
<td>B3</td>
<td>B-</td>
<td></td>
</tr>
<tr>
<td>Caa1 &amp; below</td>
<td>CCC+ &amp; below</td>
<td>Extremely speculative/Default</td>
</tr>
</tbody>
</table>

Moody’s S&P Rating Description

- **Prime**
- High grade
- Upper medium grade
- Lower medium grade
- Speculative
- Highly speculative
- Extremely speculative/Default
Municipal Bond Interest Rates

The economic impact and central bank response to COVID-19 has resulted in historically low interest rates, however rates have risen in recent months due to:

- Positive sentiment surrounding vaccine distribution
- Potential inflation resulting from economic re-opening and additional stimulus

10-Year U.S. Treasury Rates

(January 2014 - Present)

Sensitivity Analysis

<table>
<thead>
<tr>
<th>Rates</th>
<th>Savings</th>
</tr>
</thead>
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<tr>
<td>+0.1%</td>
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<tr>
<td>Current Rates</td>
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<tr>
<td>-0.1%</td>
<td>$6.4M</td>
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</tbody>
</table>

(1) Source: U.S. Department of the Treasury.
Following is a summary of legal documents before the Board for approval:

- **Authorizing resolution**
  - Approves the issuance of Refunding Bonds
  - Specifies the terms and parameters of the Refunding Bonds
  - Authorizes the District administration to take the necessary steps to issue the Refunding Bonds

- **Approves the form of other legal documents**
  - Preliminary official statement
    - Offering document circulated to prospective investors describing the District and the Refunding Bonds
  - Bond purchase contract
    - Agreement in which the underwriter agrees to purchase the District’s Refunding Bonds under certain conditions and parameters
  - Continuing disclosure certificate
    - Agreement outlining the District’s duties to provide ongoing information to the investing community on its finances, tax base information and listed events
  - Escrow agreement
    - Agreement outlining the escrow agent’s duties related to monies deposited in the escrow fund and utilized to redeem the Prior Bonds
Next Steps

- **Mid-April:**
  - Receive updated credit rating from Moody’s
  - Circulate preliminary official statement to prospective investors
- **End of April: Sell bonds/lock interest rates**
- **Mid-May: Closing of refinancing**