

NOVEMBER 13,
2023



REQUEST FOR PROPOSAL FOR FINANCIAL ADVISORY SERVICES – NHA ADVISORS, LLC



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C. COVER LETTER AND EXECUTIVE SUMMARY

November 13, 2023

Office of the City Clerk
Lancaster City Hall
44933 Fern Avenue
Lancaster, CA 93534

RE: RFP NO. 805-24 for Financial Advisory Services

To whom it may concern,

[NHA Advisors, LLC](#) (“NHA”) is pleased to submit our proposal to provide financial consulting and municipal advisory services to the City of Lancaster (the “City”) in response to the City’s RFP 805-24 for Financial Advisory Services. In this cover memo and in the body of this proposal, it is our intention to succinctly state the core attributes that NHA will add to the City’s current and future financing projects – most particularly the upcoming Event Center, Public Safety Operations Facility, and repurposing the Jets Stadium from baseball to soccer as a primary use.

NHA’s value proposition to the City is direct and simple -- we will strive to be your trusted advisor by bringing our fiduciary ethos to every municipal bond offering **AND** educational and advisory engagement we work on. Period. This means that we are **NOT** transaction-driven (we are process-driven). NHA’s process is always to conduct the deepest due diligence, make sure decision-makers understand **ALL** the options, and translate complex financing structures in an objective way to allow for a thorough, client-specific decision-making process. For the City, we believe that this approach starts with a comprehensive view and understanding of your long-term financial position, objectives and constraints. Then, we would listen closely to gain an even more detailed understanding with respect to specific situations and opportunities by conducting a thorough investigation of all facts and options to develop a comprehensive plan of finance from which the City can direct its municipal advisor to execute.

NHA appreciates the City’s well known entrepreneurial spirit and has experience working closely with other California cities that also think creatively to execute / implement innovative projects and programs. We are proud to support and serve cities like Pittsburg, Industry, Chula Vista, Oxnard, Riverside, Torrance, Martinez, Berkeley, and even smaller towns like Gonzales (Monterey County), whose elected officials and staff think big and are continuously striving to make positive changes in their communities. We like to think that, through our fiduciary ethos, our decades of experience and our best-in-class level of service, NHA assists our clients to make dreams turn into reality while always being mindful that preservation of a city’s financial foundation is required to ensure that city stakeholders are provided with the high level of services and facilities that they require and deserve.

As we will demonstrate in the body of this proposal, NHA possesses the wide range of expertise and depth of experiences that a city such as Lancaster requires from its trusted financial advisor. We have executed upon all types of tax- or revenue-backed bond structures such as voter-supported bonds (GO or sales tax bonds), utility (power, water, sewer, solid waste) revenue bonds, lease revenue bonds, land secured (CFD or AD) bonds, pension obligation bonds, and RDA/SA bonds. According to data published by the California State Treasurer’s office, **NHA is the #1 municipal advisor, by number of unique bond transactions, for**



California cities since 2020 (source: California State Treasurer CDIAC data as of October 19, 2023; excludes conduit financings).

But, as noted above, achieving our objective of becoming the City's trusted advisor is a much higher bar to meet, in our opinion, than just executing bond transactions when called upon to do so. As we will illustrate in this proposal, NHA works continuously to bring a range of services and ideas that are useful to our clients. Many of these ideas have no relationship to a bond transaction. As will be shown and discussed, NHA formed 8 practice groups to address areas that our clients had told us mattered to them. NHA has made it our business to become expert in areas such as climate change impacts (i.e., wildfire risks, rising sea levels), pensions, renewable power, P3/economic development negotiations, and continuing disclosure to provide meaningful ideas and advice to our clients when those issues arise and we are called upon to contribute.

Additionally, we believe that when called upon to execute upon a consulting or financing project for our clients, it is imperative that NHA, as your consultant/advisor, "leans in" on all aspects of said project. As is evident in our past work with Lancaster and robust scope of tasks/services to serving our clients prior to being directed to execute upon the preferred plan of finance method, NHA assumes an active project management role. As such, we become our client's agent throughout the process and, instead of just passively providing coordination of the process, in all respects we energetically advocate and prosecute the interests and objectives of our client. We believe that NHA's essential role is to be the "quarterback" of a project and to be responsible and accountable to our client for realization of their objectives.

Finally, if a bond transaction does occur, we note two examples where NHA distinguishes itself compared to our competitors: **First, NHA excels in the credit rating process.** As the City of Lancaster knows firsthand, NHA takes a hands-on approach to putting together a comprehensive rating presentation and prepares our clients to deliver their "story." Several examples of this credit work are provided as attachments to this proposal (see **Appendices C-G**). We also encourage you to reach out to our references to gain a better understanding of how we helped them put their best foot forward in those meetings. **Second, NHA excels in underwriter management during the bond sale process.** NHA employs prior underwriters (including myself) as part of its professional staff. As such, NHA intimately understands municipal bond market dynamics, the underwriting process and how best to time going to market and structure a deal to secure the optimal rates and terms for our clients.

This proposal represents the terms for NHA to serve as the municipal financial advisor to the City. Eric Scriven shall be the day-to-day NHA contact for the City. He is authorized to bind the firm. NHA understands that if selected as a financial advisor, NHA is prohibited from proposing any financing transactions or serving as an underwriter or swap counterparty for any City/Agency financing for the duration of the contract and may not terminate the contract to do so. Thank you for inviting NHA to submit a statement of our credentials to the City. We stand ready to answer any questions. Thank you for your consideration.

Sincerely,

Eric Scriven, *Principal* (Day-to-Day Contact /Authorized Representative)

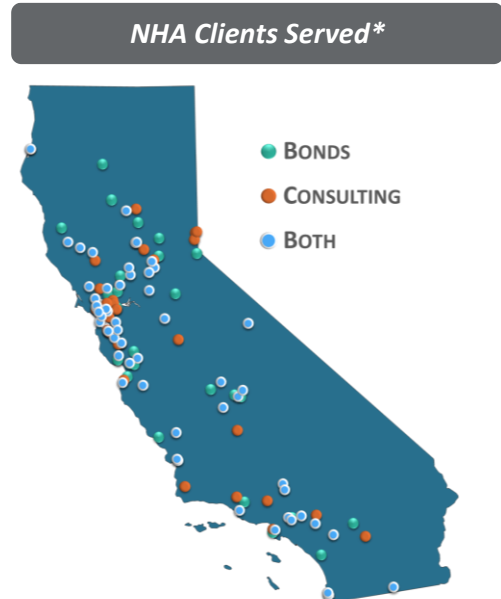
Eric@NHAAdvisors.com | 415.785.2025 x2003

D. FIRM OVERVIEW

NHA Advisors, LLC (“NHA”), a California limited liability company, is an Independent Registered Municipal Advisor registered with the SEC and MSRB and headquartered in San Rafael, California. The firm has been in existence since 1996 with two name changes over the last 20 years. Our first name change came in 2000, when we became Northcross Hill & Ach, Inc. In 2011, we then became NHA Advisors, LLC. Since 2012, NHA has provided comprehensive financial and consulting services to over **170** public agencies throughout California, with a focus on California Cities. NHA’s bond and consulting groups are currently working with 74 public agencies to develop project funding solutions, financial policies, pension liability strategies, and compliance requirements.

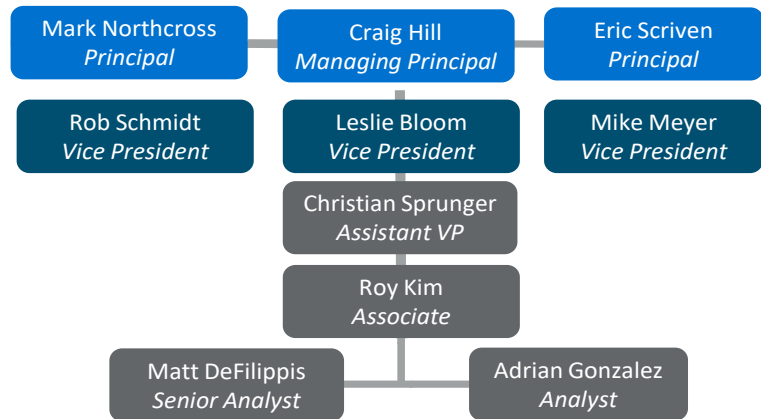
Our experience with California cities spans from rural, small cities to major metropolitan agencies, which provides us with the greatest exposure to problems facing public agencies across the State. *This allows NHA to bring creative examples and solutions to our diverse public agencies.* We understand the time and staff resource constraints required to develop funding strategies and financing plans and believe our holistic approach allows us to be an “extension of staff” that will integrate with City staff to provide the best solution and process for projects.

NHA’s municipal department is the sole department of the firm. NHA’s entire professional team of 10 registered municipal advisors is dedicated to California cities and special districts. All 10 NHA professionals are headquartered in one office in San Rafael and work remotely from various locations. NHA is led by Principals Craig Hill, Eric Scriven, and Mark Northcross, each of whom have 30+ years of public finance experience. The Principals are supported by three Vice Presidents (each with nearly two decades of experience), an Assistant Vice President, Associate, Senior Analyst, and Analyst. All 10 NHA professionals maintain their Series 50 License. Principal Eric Scriven maintains his Series 54 License.



*Dots represent client engagements from 2012 - Present

NHA Advisors, LLC



NHA’s commitment to the municipal industry can be summarized by the growth in the number of municipal advisors at the firm. Since 2014, NHA has grown from 3 advisors to 10 advisors, which represents our firm’s commitment to providing California public agencies expertise and excellent service for bond financing and consulting projects.

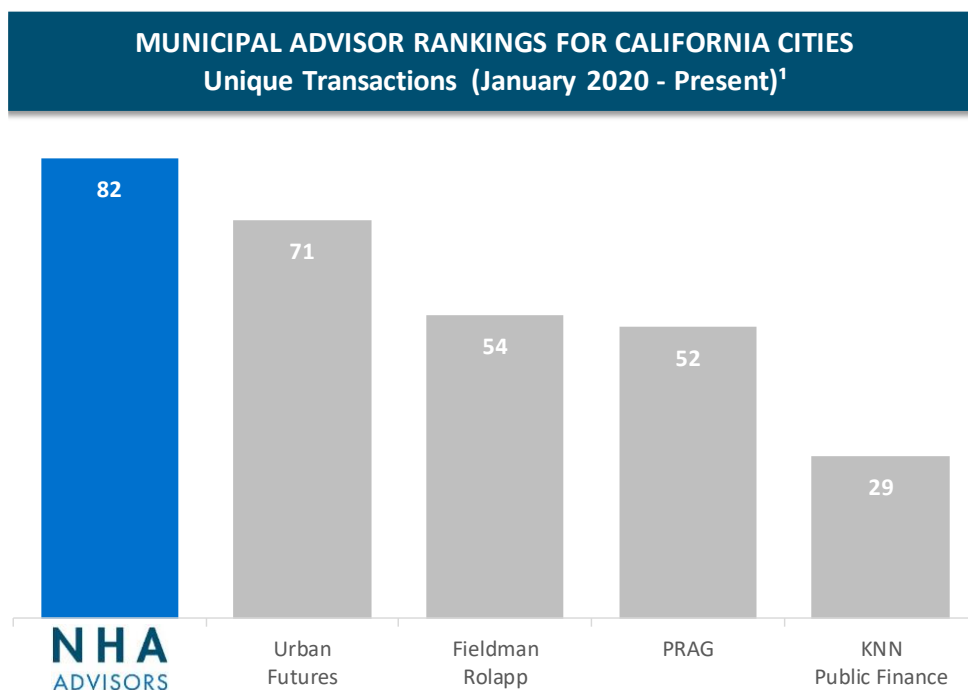


NHA is proud to have served as the **City of Lancaster’s Municipal Advisor** for multiple financings and on-call consulting projects, including most recently the City’s 2021 Lease Revenue Refunding Bonds and the Lancaster Power Authority’s 2021 Taxable Revenue Refunding Bonds for the solar renewable energy program. Our experience working on these projects has allowed us to develop familiarity with the City’s financials, and we plan to leverage this experience to hit the ground running on future projects.

In addition to working with the City, NHA has worked with many of the City’s Southern California neighbors, including El Monte, Hermosa Beach, Hidden Hills, Huntington Park, Industry, Oxnard, Palmdale Water District, Palos Verdes Library District, Riverside, Rialto, Banning, Santa Paula, South Pasadena, Torrance, Ventura, and others.

Expertise

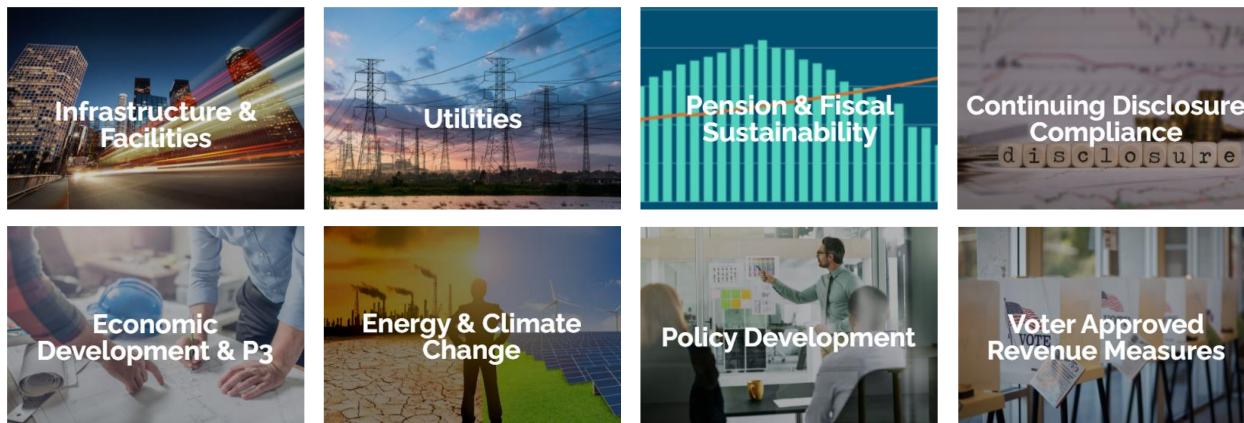
NHA’s expertise on California cities is a distinguishing factor for our firm. Based on data from the California State Treasurer’s office, NHA is ranked as the **#1** municipal advisor, by number of unique bond transactions, for California **cities** since 2020. NHA has served as municipal advisor on general fund (lease, TRAN, pension, golf course, judgment), utility revenue (sewer, water, storm water, parking, electric,



¹Source: California State Treasurer as of October 19, 2023 (excludes conduit financings)

etc.), tax-backed (general obligation, sales tax), and land secured (assessment, special tax) transactions. Financing amounts have ranged from below \$1,000,000 to over \$400,000,000 and have included all methods of sale (competitive sale, negotiated sale, and private placement).

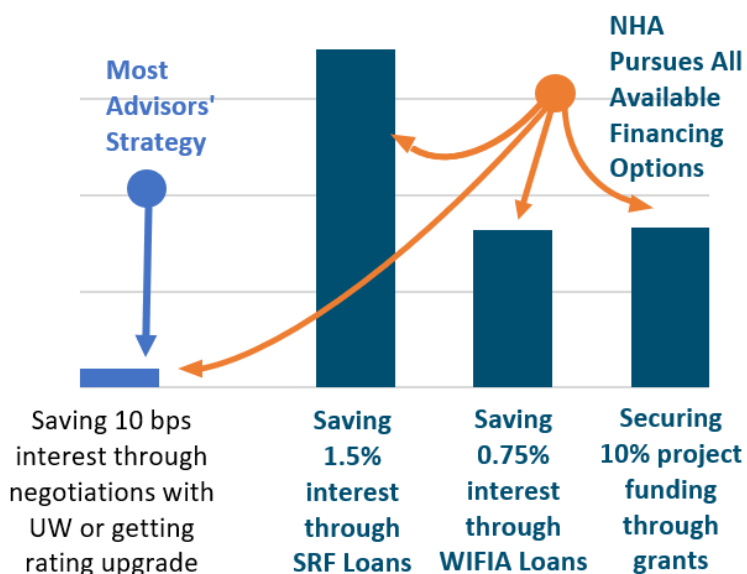
Beyond bond financings, many clients rely on NHA for strategic financial planning, policy advice, cross-collaboration with other consultants and general support to staff on a wide range of issues. NHA formed 8 practice groups to address areas that our clients had told us mattered to them. We have made it our business to become an expert in areas such as climate change impacts (i.e., wildfire risks, rising sea levels), pensions, P3/economic development negotiations, and continuing disclosure to provide meaningful ideas and advice to our clients when those issues arise. Since 2018, NHA staff has completed over 290 advisory projects, many of which did not result in a financing. Our “*extension of staff*” style has become a core part of our services and a critical benefit to many of our public agency clients.



Details on NHA’s expertise with preparation of finance plans, voter-approved revenue measures, pensions, policy development, and energy & climate change is included in the following sections.

Preparation of Finance Plans

Being an active municipal advisor for a variety of public agencies in California means that NHA has experience preparing finance plans for projects of all sizes and credits. If the City is looking to finance capital projects, NHA’s methodology for developing a funding strategy starts with a comprehensive impact analysis that incorporates long-term revenue and expenditure projections, anticipated one-time costs and any other items that may affect the overall cash flows of the City. Understanding the structural financial strength prior to developing a financing plan is critical to the viability of any plan that will



become the working document going forward for 5-10 years as capital projects and future financings are implemented. Early on in project discussions, we also evaluate the universe of potential funding sources in order to create a holistic financing plan. The adjacent graphic illustrates the relative value of a comprehensive approach to addressing capital funding needs. While a municipal advisor should always seek to save a client interest cost on a financing through advocating for a rating upgrade or negotiation with bond underwriters, the potential amount saved through this approach often pales in comparison to the potential impact from pursuing a holistic funding approach for capital projects.

For a sample presentation highlighting NHA’s approach to a holistic funding solution, please see **Appendix H**.



Once the baseline analysis is developed, NHA focuses on the identified capital projects, timing, cash flow needs and potential external funding resources. This subset will be incorporated into the analysis to calculate the cash flow impact on the overall City financials. Our modeling is dynamic and will adjust for various assumption changes (budget, project costs, etc.).

In addition, prior to any recommendation on a financial plan, NHA will review historical staff reports, presentations, or other information to help frame ancillary concerns or impacts. Often, as part of this approach, other needs or issues get incorporated into the financial solution. Maximizing the benefits of any funding strategy by solving multiple “issues” is a win-win result.

NHA also believes that any analysis must be done at both a detailed technical level as well as at a decision-making, policy level. While the financing structure may determine that the City can afford to make debt service payments given current projected revenue levels, it is critical for the City Council to understand that any long-term financial commitment will require “back-up” plans in the event there is a significant change in revenues (or expenses). Understanding what programs or services might be impacted in the event of a financial change is important and necessary as part of any planning or recommendation.

Developing Financial Plans for Revenue Measure-Supported Bonds

NHA has worked with public agencies throughout California to maximize the benefits of supplemental revenue measures. Depending on the prioritization between capital projects or services, our approach to developing funding plans adjusts accordingly.

With existing revenue measure success, it is critical to maximize the impact of the new revenue source to meet community expectations in a timely manner. As an example, excluding service enhancements or other operational needs, if there are capital projects to be funded from the new revenue source, a funding analysis plan is critical to solving for the optimal cash flow strategy. While it may be prudent to fund the capital projects from incoming revenues to avoid financing costs (interest, transaction costs), the risk of waiting to build the project (inflation, changing objectives) while accumulating sufficient funds to pay for the project may have negative effects (both financially and politically if it takes too long to get built). NHA has worked through this scenario many times and understands the strategies to solve for the best solution (whether it is accumulating cash and paying for the project at some point in the future or financing the project and using the future revenues to make debt service payments).

In addition to identifying the best financial plan for new revenues, NHA has an extensive experience list of cities that we helped to achieve successful election results necessary to secure transaction and use tax increases (sales tax), ad valorem taxes (for General Obligation Bond authorizations), special tax or assessments (for public safety services, road enhancements, library services, and general services). Our deep quantitative skills allow us to analyze the property demographics of each community and understand the equitable distribution of any potential new tax measure. Identifying this data point is critical in developing a successful revenue measure campaign. NHA has worked with most of the polling consultants, campaign strategists and other election professionals and complements their work with our analytical approach.

NHA’s Pension Expertise

NHA has worked with over 85 California public agencies, the majority being cities, on consulting projects related to CalPERS cost management strategies since 2014. These assignments have included stakeholder education, trend analysis/modeling, cost management strategy evaluation and implementation, risk



assessment, pension funding policy development, and UAL restructurings (pension bonds). NHA's Pension and Fiscal Sustainability Group is considered a national expert in this space and is often invited to speak at various industry forums, including the August 2023 CDIAC webinars on [An Integrated Approach to Strategic Pension Liability Management](#), as well as various pension webinars for CSMFO, GovInvest, and FDAC. The table below highlights agencies NHA has recently worked with, and the type of services requested. Our expertise and services include delivering information in a digestible way for staff, electeds and other stakeholders and transparently exploring all options, including the benefits and risks of each. NHA's ability to translate complex information and be agile in meeting our clients' needs is one of our strongest attributes.



NHA Pension Group Recent Experience					
	CalPERS Education / Budget Workshops	NHA Pension Report (8- Page Report Distilling Historical Actuarial Report Trends)	Cost Management Strategy Evaluation Process / Workshops (Section 115 Trust, ADPs)	POB Workshops / Evaluation Process (Pros/Cons, Options and Risks)	POB (UAL Restructuring)
Alameda, City of					
Arcata, City of					
Auburn, City of					
Belmont, City of					
Calaveras Cnty. Water Dist.					
Carmel-by-the-Sea, City of					
Chico, City of					
Chula Vista, City of					
Corcoran, City of					
Corte Madera, Town of					
El Cerrito, City of					
El Monte, City of					
Farmersville, City of					
Fort Bragg, City of					
Gilroy, City of					
Grass Valley, City of					
Grover Beach, City of					
Hanford, City of					
Hayward, City of					
Lakeport, City of					
Lancaster, City of					
Lompoc, City of					
Mammoth Lakes FPD					
Martinez, City of					
Monterey, City of					
Morro Bay, City of					
National City, City of					
Newark, City of					
North County Fire Prot. Dist.					
Novato Sanitary District					
Oroville, City of					
Oxnard, City of					
Palmdale Water District					
Palos Verdes Library District					
Paso Robles, City of					
Pittsburg, City of					
Rialto, City of					
Richmond, City of					
Riverbank, City of					
Riverside, City of					
Salinas, City of					
San Carlos, City of					
San Miguel FPD					
Sausalito, City of					
Scotts Valley, City of					
Seaside, City of					
Sebastopol, City of					
Selma, City of					
Sonoma County FD					
Stanislaus Consolidated FPD					
Torrance, City of					
Ukiah, City of					
West Covina, City of					
Winters, City of					

NHA's Expertise with Financial Management Policies

As part of our holistic “extension-of-staff” services, we often assist our clients with a reviewing and preparing holistic policies covering all finance obligations, not only to ensure compliance with California Government Code Sections 5922 and 53601 et seq., but also to optimize those policies in advance of a close review by rating agencies. Most recently, we assisted Pajaro Valley Water Management Agency in



optimizing their investment policy ahead of a bond/WIFIA loan financing for a \$160 million aquifer recharge and recovery project.

NHA has worked with numerous public agencies to develop custom debt reserve policies (including pension cost management strategies). In addition, for clients issuing General Fund debt or debt instruments for pensions, NHA has recommended and assisted in the formation of pension funding policies to support long-term fiscal sustainability. Credit rating agencies such as S&P Global have noted that many public agencies have a very weak debt and contingent liability profile characterized by large pension and OPEB liabilities. Formalized policy outlining a strategy to address rising pension costs are both a positive for fiscal sustainability and credit enhancement.

The “NHA Way” – Our Approach to Serving Clients

The “NHA Way” is one more way we distinguish ourselves from other firms. The “NHA Way” is our methodology for delivering services through a comprehensive yet efficient process which begins by (i) listening to understand the City’s goals, (ii) conducting robust due diligence, (iii) developing and presenting a comprehensive set of options, (iv) distilling complex financial subject matter in an understandable way, and (v) executing on the approved option. This process can be applied to any project the City brings us. The graphic below illustrates how various municipal advisory services align with the NHA Way.

THE “NHA WAY”

Listen to Understand

Patiently listening to gain clarity as to our clients’ goals, opportunities and constraints is a necessary starting point.

Robust Due Diligence

Combining our decades of experience and expertise with extensive due diligence effort ensures that a multi-faceted solution set is being investigated for client consideration.

Options

Development and presentation of the most comprehensive set of alternatives is a hallmark of the NHA Way. As a fiduciary, sometimes our duty to client entails advising that “the best deal is no deal.”

Translate and Educate

Distilling complexity into simplicity. Honest discussions of the pros/cons and risks of alternatives. Ensuring client decision-makers have their own clarity to make the best decisions for their public agency and its stakeholders.

Execute

Client decides and then client directs staff and NHA to implement. As client’s “go-to” representative and Quarterback to secure most effective, efficient effort is undertaken to ensure client’s interests are served and objectives are met.

MUNICIPAL ADVISORY SERVICES

Key Services

- ✓ Review Long-Range Financing Needs (CIP)
- ✓ Debt Management Strategies
- ✓ Present Alternative Funding Strategies
- ✓ Analyze and Interpret Legislation for impacts to City
- ✓ Review Business Plans and Financial Proposals
- ✓ Financing Plans
- ✓ Debt Issuance Process Optimization
- ✓ Market Analysis
- ✓ Assisting and Preparing Requests for Proposals
- ✓ Credit Rating / Debt Covenant Education and Surveillance
- ✓ Coordinating Competitive Sales
- ✓ Negotiating Terms in Negotiated Sales
- ✓ Post-sale advice on proceeds
- ✓ Transparent and Digestible Stakeholder Education
- ✓ Ad-Hoc Financial Analysis
- ✓ Reinvestment Strategies
- ✓ Pension Education + Cost Management Strategy Evaluation
- ✓ Revenue Enhancement Modeling
- ✓ Risk Assessment and General Fiscal Sustainability Analysis
- ✓ Staff Reports/Presentations

- ✓ Project Manager and Quarter-Back for ALL Debt Issuance Activities
- ✓ Structuring, Modeling
- ✓ Underwriter Management
- ✓ Lead Credit Presentation
- ✓ Comprehensive Compliance and CD Services

E. PERSONNEL AND REFERENCES

Proposed Day-to-Day Team

NHA will designate Eric Scriven (Principal) as the day-to-day point of contact and primary person responsible for managing the relationship with the City. All ten NHA team members will be available to execute assignments on behalf of the City depending upon the project scope, timing and required deliverables. All assigned team members will be committed to providing the City with rapid response, full attention and comprehensive service. NHA will designate Matt DeFilippis, Roy Kim, Christian Sprunger, and Leslie Bloom to provide any computer financial analysis services. Summaries of title, role, qualifications, certifications, and relevant technical experience for each team member are below. Full resumes for NHA's team can be found in **Appendix I**.



Eric Scriven, Principal. *Role: Day-to-day contact & Relationship Manager*

Mr. Scriven will be the City's day-to-day contact and relationship manager. His career serving California public agencies began in 1990. As a generalist, he has expertise in all facets of local government operations and finance. Recent projects have included (i) CFD formation project management and development terms negotiation, (ii) water enterprise capital planning, (iii) pension cost management education, (iv) financial forecast development, and (v) evaluation of energy efficiency project proposals. Mr. Scriven holds an MBA, from Haas School of Business, and a B.S. in Urban Land Economics and Finance from the University of California, Berkeley. He maintains his MSRB Series 50 and Series 54 License.



Mark Northcross, Principal. *Role: Resource/Practice Area Expert*

Mr. Northcross has more than 40 years of public finance experience in California. He is a leading advisor on climate change infrastructure and leads NHA's alternative financing practice that focuses on "holistic" funding solutions, with special emphasis on SRF, WIFIA, Federal and State grants. When it comes to utility expertise, Mr. Northcross has successfully delivered funding to California utilities facing the challenges of drought, earthquake, flooding, and Prop 218 litigation. His first utility revenue bond issue was for the San Bernardino Valley Municipal Water District in 1983. Outside of the utility space, Mr. Northcross has also managed the formation of CFD's for P3's throughout the State since 1987. He holds a B.A. in Social Sciences from the University of California, Irvine. He maintains his MSRB Series 50 License.



Craig Hill, Managing Principal. *Role: Resource/Practice Area Expert*

Mr. Hill's career serving California public agencies began in 1989. Mr. Hill currently manages NHA's day-to-day operations as well as NHA's Voter Approved Revenue Measure Group. Mr. Hill has extensive experience with financing infrastructure for local agencies, and focused expertise in voter-approved initiatives, budget and financial projections analysis, and public policy consulting. Mr. Hill holds a B.S. in Managerial Economics and a B.S. in Agricultural Economics, from the University of California, Davis. He maintains his MSRB Series 50 License.



Leslie Bloom, Vice President. *Role: Quantitative/Project Lead*

Ms. Bloom has 20 years of experience in accounting and financial analysis, with 16 years dedicated to public finance. Prior to joining NHA in 2021, Ms. Bloom worked in Public Finance Debt Investment Banking, most recently with Raymond James, where she completed over 250 senior managed and private placement financings totaling more than \$3.5 billion. Ms. Bloom brings to NHA clients her exceptional due diligence, credit analysis, and project management skills to ensure optimal analysis and results are secured for both consulting and financing assignments. Ms. Bloom's experience includes general fund lease, tax allocation, land secured, utility (water and wastewater), sales tax, general obligation, pension obligation, and short-term notes. Ms. Bloom holds a B.S. in Accounting and Finance from the University of Arizona. She maintains her MSRB Series 50 License.



Christian Sprunger, Assistant Vice President. *Role: Quantitative/Project Lead*

Mr. Sprunger has worked in public finance since 2016, during which time he has worked on over one hundred financings for California municipal issuers, totaling over \$2.2 billion. While he is an experienced generalist, Mr. Sprunger has honed his skill in the utility space with his experience with WIFIA loans and enterprise fund cashflows and coverage modeling. Mr. Sprunger is also NHA's lead when it comes to equipment leasing. Mr. Sprunger holds a M.S. in Finance, from Indiana University, and a B.S. in Biological Sciences, from Biola University. He maintains his MSRB Series 50 License.



Roy Kim, Associate. *Role: Quantitative/Project Support*

Mr. Kim will be available to provide support to the assigned team. Mr. Kim has provided municipal advisory and consulting services to numerous California public agencies since 2018, totaling \$2.0 billion in financings. He supports NHA's Vice Presidents and Principals on General Fund and pension cost management engagements, including through developing general fund forecasts, drafting credit rating presentations, analyzing pension plan payments strategies, researching debt refinancing opportunities and assisting in the general management of a debt issuance process. Mr. Kim holds an M.S. in Finance, from Johns Hopkins University, and a B.A. in Global Studies, from the University of California, Santa Barbara. He maintains his MSRB Series 50 License.



Matt DeFilippis, Senior Analyst. *Role: Quantitative/Project Support*

Mr. DeFilippis will be available to provide support, as needed, to the assigned team. Mr. DeFilippis began working in public finance in 2021 when he joined NHA. Since then, he has provided project management and deal support on a variety of California financings totaling over \$450 million in par. Mr. DeFilippis' recent projects have included educational workshops on pension cost management, general fund forecasting, and credit rating analysis. Mr. DeFilippis holds a B.A. in Applied Mathematics, from the University of California, Berkeley. He maintains his MSRB Series 50 License.

Additional NHA Resources



Rob Schmidt, Vice President. Mr. Schmidt's career serving California public agencies began in 2004, including several years as a special tax consultant. Mr. Schmidt leads NHA's Continuing Disclosure Compliance Practice along with supporting the Land-Secured & Development Practices. Mr. Schmidt has extensive experience evaluating and implementing a variety of revenue measures (general obligation, parcel tax, sales tax, etc.) and financing structures (special tax and assessment bonds, general fund lease obligations, utility revenue bonds, general obligation bonds, short-term notes, tax allocation bonds, etc.). His experience also includes state and federal loan and tax credit programs. Mr. Schmidt holds a B.A. in Economics with a Specialization in Computing from the University of California, Los Angeles. He maintains his MSRB Series 50 License.



Mike Meyer, Vice President. Mr. Meyer's career serving California public agencies began in 2003, with half of this time spent as a banker. Mr. Meyer manages NHA's Pension and Fiscal Sustainability Group and has analyzed pensions and POB structuring solutions since 2006. He has worked on each of the firm's pension consulting (85+) and POB (20+ / \$2.0 billion) engagements since 2014. Mike is also an experienced generalist, having completed over 200 bond financings using all types of structures, including utility revenue, lease revenue, sales tax and transportation revenue, TABs, and land secured. Mr. Meyer holds a B.S. in Management Science, from the University of California, San Diego. He maintains his MSRB Series 50 License.



Adrian Gonzalez, Analyst. Mr. Gonzalez will be available to provide support, as needed, to the assigned team. Mr. Gonzalez has worked in public finance since 2022, when he joined NHA. Since then, he has provided support on various consulting assignments and transactions for California public agencies. Mr. Gonzalez's recent projects have included pension cost analysis, lease revenue bond transactions, and utility coverage analysis. Mr. Gonzalez holds a B.B.A. in Finance from the University of Texas, El Paso. He maintains his MSRB Series 50 License.

Recent Clients of Proposed Personnel

ProvPort, Inc (Port of Providence Public-Private Partnership)

Address: 35 Terminal Rd., Providence, RI 02905

Contact Name, Title	Phone	Email
Ray Meador, <i>Founder & CFO (ret.)</i>	(415) 456-7521	raymeador@aol.com

Project Description:

- Financing for Capital Improvements (including credit presentation development), Negotiation support, continuing disclosure services.

Description of Services Provided:

- In 1994, after years of neglect by the City of Providence and a significant buildup of deferred maintenance at its City-owned Marine Terminal and Port, the City issued an RFP to secure a P3 partner. The successful responder formed ProvPort, Inc. and took ownership of the Port's



facilities and responsibility for its operations and maintenance. ProvPort, with close cooperation and oversight from the City and its redevelopment agency, has transformed the Port's facilities and operations such that it now produces significant revenues available for Port improvements, disbursements to the City and surrounding community, as well as provides for stable well-paying union jobs. This public-private partnership is a model for how a City can transfer operations and maintenance risks for large, non-essential capital projects/facilities while maintaining this type of asset's contributions to its finances and ancillary benefits for economic development, jobs, and other community contributions. Key financial considerations such as how capital financing debt should be secured and structured, as well as how to arrange for management agreements and flow of funds are critical to create a long-lasting and mutually beneficial partnership. NHA has served directly as ProvPort's municipal advisor during the past 2 years on an ongoing \$13 million financing for capital improvements. NHA's Eric Scriven is familiar with the origination of the P3 between the City and ProvPort since its inception in 1994. Please see **Appendix F** for the credit presentation NHA worked on as part of ProvPort's financing.

Tahoe Douglas Visitors Authority

Address: 169 Highway 50/ PO Box 5878, Stateline, NV 89449

Contact Name, Title	Phone	Email
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Carol Chaplin, <i>President & CEO</i>	(775) 588-5900 x302	carol@LTVA.org
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Project:

- Tahoe South Events Center Financing

Description of Services Provided:

- NHA advised the Tahoe Douglas Visitors Authority for the issuance of \$112 million in bonds to finance the construction of the \$100M Tahoe South Events Center (TSEC). The TSEC is a 138,000 square foot, 6000-seat, multi-use facility to host conventions, conferences, sporting events, trade shows, performing arts, and musical concerts. A couple of NHA's key contributions were project management and negotiation role for passage of new surcharge bill (SB 461) and tax increment pledge.

*A complete case study can be found in the **New Money (Taxable and Non-Taxable) Experience** section of the proposal.*

City of Gilroy

Address: 7351 Rosanna Street, Gilroy, CA 95020

Contact Name, Title	Phone	Email
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Jimmy Forbis, <i>City Administrator</i>	(408) 846-0250	Jimmy.Forbis@ci.Gilroy.ca.us
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Harjot Sangha, <i>Finance Director</i>	(408) 846-0294	Harjot.Sangha@ci.Gilroy.ca.us
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Project:

- Ice Rink Recreation Facility Project

Description of Services Provided:



- The City of Gilroy is partnering with the San Jose Sharks to develop a dual rink facility on their City Sports Complex (soccer, baseball, and softball fields). The ice rink will be a public facility, but the programming and operations will be managed by the Sharks organization and will include youth hockey leagues as well as recreational skating. The facility will include seating for 1,200 people to handle tournaments or exhibitions. The City anticipates financing the facility through the issuance of lease revenue bonds, paid from the City's general fund but paid from net revenues from the operations of the ice programs. As additional security, the Sharks organization anticipates maintaining a line of credit to cover the debt service payments in the event net revenues fall short in any year. The project is in design and anticipated to be under construction in late 2024.

City of Gonzales

Address: 147 Fourth St., Gonzales, CA 93926

Contact Name, Title	Phone	Email
Carmen Gil, <i>City Manager</i>	(831) 675-5000	cgil@ci.gonzales.ca.us
Patrick Dobbins, <i>Public Works Director</i>	(831) 675-5000	pdobbins@ci.gonzales.ca.us

Project Description:

- Funding for Community Center Complex (Interim in 2024, USDA in 2026)

Description of Services Provided:

- NHA has worked with the City to identify and secure multiple, alternative funding sources for the City's Community Center Complex. The financing plan aimed to acquire grants and below-market rate loans in order for the City to afford the \$25.8 million first phase of the project. NHA project managed the financing process, generating multiple funding and cashflow scenarios to determine the City's ability to afford the project, as well as assisted the City with a lengthy USDA application process, involving community economic reports, financial feasibility, modeling, and projections. NHA also created a comprehensive funding and construction draw-down schedule that will enable the City to identify the funding source to each project component.

*A complete case study can be found in the **New Money (Taxable and Non-Taxable) Experience** section of the proposal.*

City of Pittsburg

Address: 65 Civic Avenue, Pittsburg, CA 94565

Contact Name, Title	Phone	Email
Garrett Evans, <i>City Manager</i>	(925) 252-4034	Gevans@pittsburgca.gov
Paul Rodrigues, <i>Finance Director</i>	(925) 252-4848	PRodrigues@pittsburgca.gov

Project Description:

- Water Rate Study evaluation, 2022 Water Revenue Bonds, hotel development negotiation support, power company negotiation support, broadband development proposal evaluation and general fund financial forecast, among several others.

Description of Services Provided:



- NHA has provided a wide range of municipal advisory and consulting services to City of Pittsburg, including serving as the municipal advisor on the 2022 Water Revenue Bonds, and then developing a 20-year General Fund Forecast later that same year. The Water Revenue Bonds provided \$45.8 million in project funds for water treatment plant projects. The debt service on the Water Revenue Bonds was strategically structured to “wrap” around the debt service of Pittsburg’s existing 2014 IBank loan and 2016 Water Revenue Bonds. The financing received a “AA-” credit rating, which was then enhanced to an “AA” rating with bond insurance. The City achieved an all-in interest cost of 4.43% when the Bonds priced in May 2022.
- Later that year, in October, NHA began assisting Pittsburg with updating the 20-year General Fund forecast. NHA ultimately built an interactive and streamlined model that was more accessible for staff use. *A complete case study can be found in the **Long-Term Strategic Financial Planning Experience** section of the proposal.*

Three Additional Client References

Reference #1: City of El Centro	
Contact:	Cedric Ceseña, <i>City Manager</i> Karla Chaparro, <i>Finance Director</i>
Contact Address:	1275 Main Street, El Centro, CA 92243
Contact Phone & Email Address:	Cedric: (760) 336-1085 ccesena@cityofelcentro.org Karla: (760) 337-4564 kchaparro@cityofelcentro.org

Reference #2: City of Riverside	
Contact:	Edward Enriquez, <i>Assistant City Manager/CFO</i>
Contact Address:	3900 Main St, Riverside, CA 92522
Contact Phone & Email Address:	(951) 826-5660 EEnriquez@riversideca.gov

Reference #3: City of Ukiah	
Contact:	Dan Buffalo, <i>Finance Director</i>
Contact Address:	300 Seminary Avenue, Ukiah, CA 95482
Contact Phone & Email Address:	(707) 463-6220 dbuffalo@cityofukiah.com

F. LONG-TERM STRATEGIC FINANCIAL PLANNING EXPERIENCE

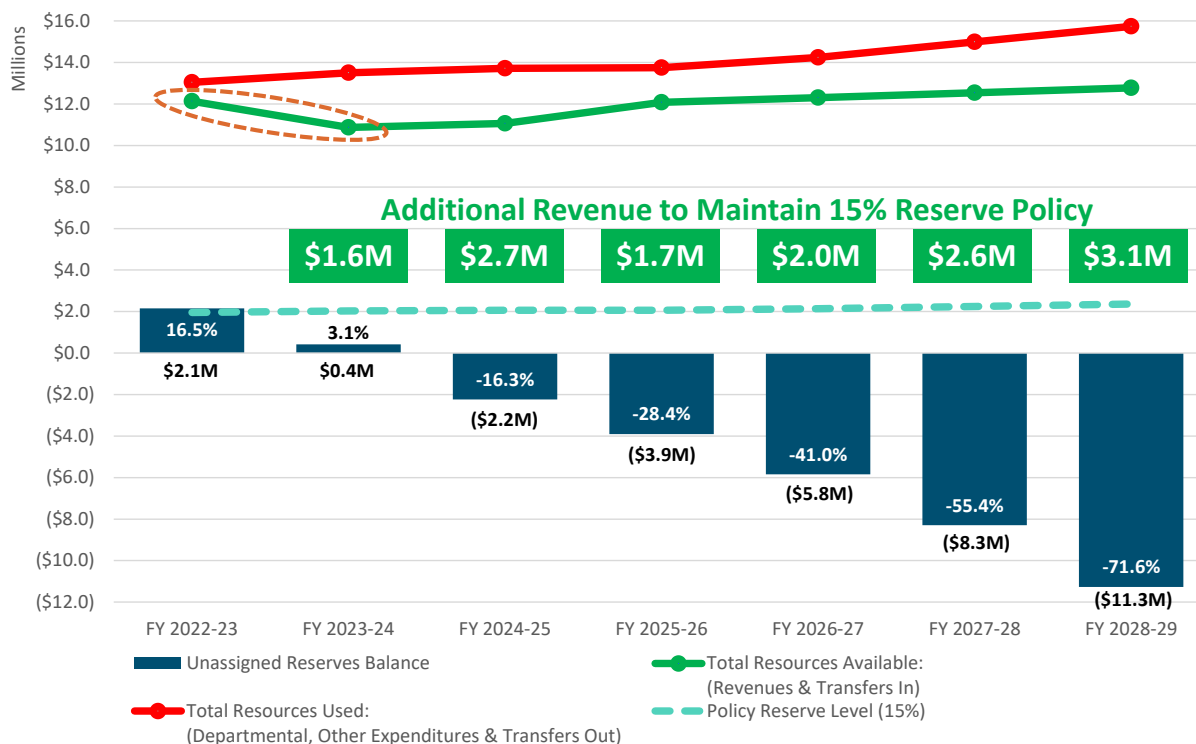
NHA’s team has provided long-term strategic planning services for more than a decade. This expertise grew out of our continued discussions with public agencies as it related to issuing debt for projects and the need to look beyond the next few years to better understand the needs and financial impacts over time. Our work has included everything from quantitative modeling/forecasting to extensive policy recommendations to maintain certain reserve levels or allocation of revenues for future capital projects to avoid the need to incur debt. NHA develops long-term strategic plans based on priorities set by each public agency. No two are alike and our expertise allows us to design a plan specific to the city, situation, and project.

NHA believes that every capital project should start with some form of long-term strategic financial plan. If a project can be funded from reserves or cash flow, it alleviates the need to incur debt and make interest payments. Without the financial plan, NHA believes that a public agency does not have a good understanding of all options for funding any capital project.

Case Study: City of Sebastopol Fiscal Assessment Project

In 2022, NHA Advisors was hired by the City of Sebastopol to evaluate the current fiscal condition of the City, including reviewing past trends and building out a projection model to forecast future scenarios based on different economic assumptions. As part of this process, NHA helped the City identify and analyze the largest potential challenges the City is facing, including rising CalPERS pension costs, inflation/labor costs, capital funding needs and potential legislative changes that could impact sales tax revenue. After several meetings with staff and the City's budget committee over a 6-month period, NHA performed extensive analysis related to strategies that City and its Council could consider in order to close the widening structural deficit. Some of these strategies included various revenue measures (Sales Tax, Parcel Tax, GO Bond, TOT, UUT, Cannabis) as well as cost containment strategies, such as utilizing a Section 115 Trust to help smooth impending mountain peak in CalPERS UAL payments.

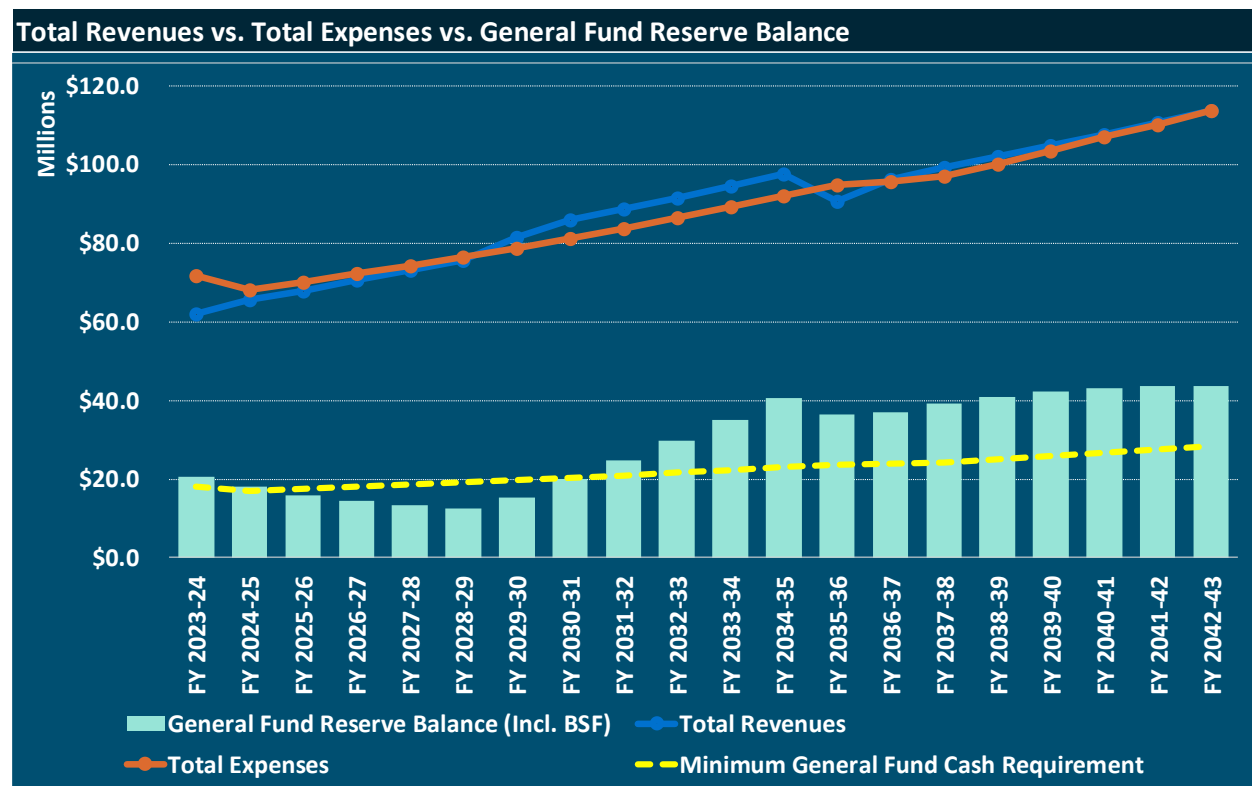
- The full Fiscal Assessment Presentation can be found [here](#).



- A video of NHA's public meeting with Sebastopol's Budget Committee on 4/5/2023 can be found [here](#).
- A video of NHA's presentation to the Sebastopol City Council can be found [here](#) (please see timestamp 43:36 for the beginning of the presentation).

Case Study: City of Pittsburg 20-Year General Fund Forecast

In October 2022, NHA began assisting the City of Pittsburg with updating the City’s 20-year General Fund forecast. The City’s existing model was effective but was lacking user accessibility and the ability to easily model and display the effects of various assumptions. NHA’s goal was to keep the same familiar structure of revenues and expenditures for City staff but streamline the model so that it would be more accessible for staff use and be dynamic enough to model various scenarios and assumptions. NHA ultimately built a 20-year forecast model with a “front end” and “back end”. The front end contained charts and tables that displayed key revenue, expenditure, and reserve balances, as well as the ability to plug in growth rates on revenue and expenditure items, which would dynamically change the charts and tables. The front end also contained a table that the City pastes into its annual budget. The back end shows detailed revenue and expenditure line items and all the assumptions used to calculate the revenues, expenditures, and general fund reserve balance. There is more detail in the back end than the front end, but the back end remains interactive, and users can modify assumptions for numerous items, such as CalPERS pension expenses, additional development, new debt, annual revenue and expenditure growth rate, and more.



Case Study: City of El Monte General Fund Financial Forecasting

In 2020, NHA was engaged by the City of El Monte to evaluate options for restructuring its CalPERS and PARS pension obligations. Unique to the city and approximately 20 other California public agencies is the existence of a property tax override that can be levied to pay for eligible, defined portions of the city’s CalPERS expenses related to pension benefits in place prior to the adoption of Proposition 13 in 1978. In the process of assisting the City with dual-tracked bond restructurings via taxable pension obligation bonds (CalPERS) and lease revenue bonds (PARS), NHA worked with staff to produce a detailed 10-year financial forecast model, specifically comparing projected General Fund expenditures prior to and post pension bond restructurings.



In light of the parameters of the pension property tax override, the estimated pension bond savings attributable to the General Fund differed from those estimated solely from comparing the pension obligation bond debt service to the city's outstanding pension unfunded liability payments. NHA's forecast model incorporated this nuance to more concretely demonstrate the impact of both restructurings to the General Fund and the scale of cash flow benefit to the city.

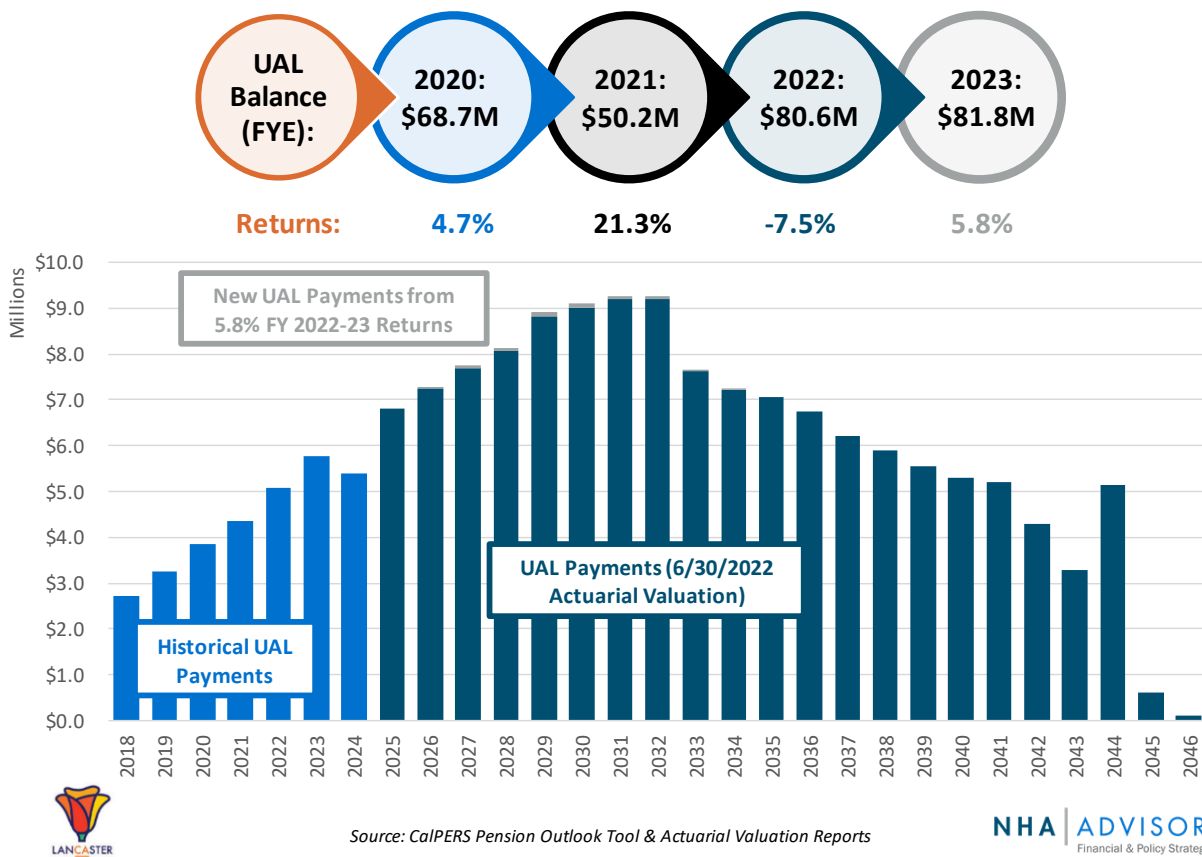
Assessment of the City's Pension Costs & Cost Management Strategies for Consideration

Like many CalPERS member agencies, the City's pension unfunded accrued liability ("UAL") is the single largest liability on its balance sheet. While the City's UAL is always a moving target based on investment performance, the past few years have been exceptionally volatile. The City's UAL had decreased from \$69 million to \$50 million as of 6/30/2021 on the back of strong FY 2021 CalPERS returns of 21.3%, but poor investment performance from CalPERS in FY 2022 of -7.5% offset the investment gains achieved in FY 2021. The City's UAL rose to \$81 million as of 6/30/2022 as a result of the -7.5% investment returns. Note that this is the amount that is currently seen in the City's latest CalPERS actuarial valuation report.

For FY 2023, CalPERS announced it achieved preliminary investment returns of 5.8%, which is below their target returns of 6.8%. As a result, the City's UAL balance is projected to increase to \$82 million. The chart below depicts the City's historical and projected payments on its UAL. The UAL payments are projected to decline slightly in FY 2024 to \$5.4 million because of the strong FY 2021 returns but will ramp up starting in FY 2025 and potentially peak at \$9.3 million in 2031. Compared to FY 2024 levels, this represents a 71% increase in payments. While strong returns in the future can mitigate the steepness of the curve, the current trend of rising UAL payments over the next decade presents a challenge for the City and other public agencies across the state.

City of Lancaster

Historical and Projected CalPERS UAL



Cost Management Strategies for Consideration

UAL Restructuring/Pension Bonds – High interest rates have changed the risk/reward calculus compared to a couple years ago, and therefore pension bonds are currently not recommended. NHA actively monitors the markets and could update the City periodically in the future if the City was ever interested in pension bonds. Pension bonds carry significant risks and NHA would recommend conducting a robust “stress testing/risk assessment” process to illuminate the potential downside risks of UAL restructurings should the City ever be interested.

Additional Discretionary Payments (ADPs) and Section 115 Trusts – ADPs represent payments made to CalPERS above and beyond the City’s required annual contributions to proactively pay down its UAL balance. An alternate option for utilizing set-aside reserves for pension is to contribute them toward a Section 115 Trust (potential strategies detailed below). The Section 115 Trust is a vehicle that can only be used for pension and OPEB costs, however it grants access to more flexible investment options than those restricted by the California Government Code. The City currently has a Section 115 Trust with Shuster Advisory Group, LLC.

A Section 115 Trust, among other strategies, can be a strong tool for managing pension costs as part of a holistic approach for enhancing Citywide fiscal sustainability. The City can make deposits into the Trust

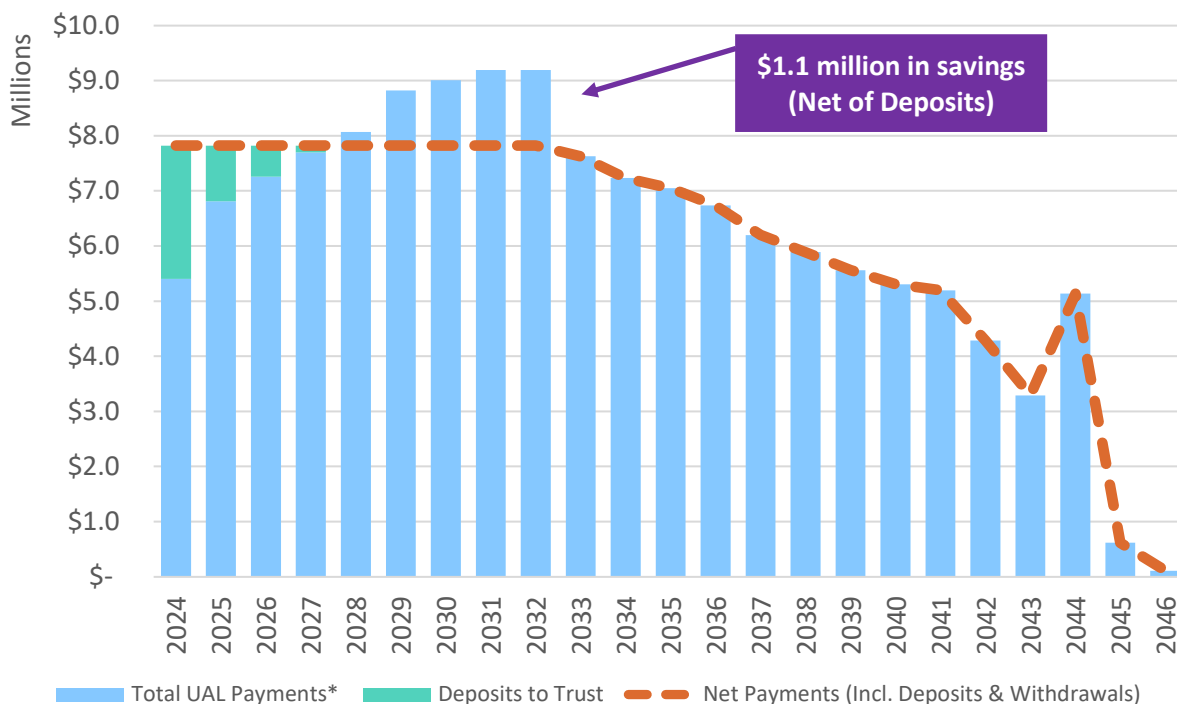


(generating investment returns) and, in the future, use the balance generated to help pay down its CalPERS costs.

One option the City can consider for flexibly leveraging Section 115 Trust funds is effectuating a “payment smoothing strategy” by funding the Trust to desired levels in the near term and then implementing a strategic drawdown on the Section 115 Trust over time such that the net impact to the General Fund each year is more manageable and predictable. Other options for utilizing a Section 115 Trust can include additional discretionary payments (“ADPs”) and growing the fund balance to pay down a more significant UAL balance in the future.

Illustrated below is a hypothetical smoothing approach that would create a reduction in the projected peak in UAL payments while providing the City the flexibility to directly manage these payment levels.

Assuming approximately \$4.1 million in total contributions from FY 2024 to FY 2027 (deposits shown below in teal bars) and 4.5% investment earnings, the City could lower the projected peak to \$7.8 million and smooth out net contributions from FY 2028 to FY 2032 (shown below in orange dotted line), resulting in \$1.1 million in net savings. Note that this is a hypothetical scenario and NHA would work with the City to refine this analysis based on several factors, including the target investment returns of the City’s Section 115 Trust portfolio with Shuster, as well as existing Trust balances and any scheduled deposits and withdrawals in the future.



**Uses assumptions from the City's 6/30/2022 CalPERS Actuarial Valuation*

Pension Funding Policies – In our experience (and also a positive for the City’s credit rating!), having a strong pension funding policy to memorialize the City’s long-term plan of attack for pension is crucial. Notably, identifying the various cost management tools the City will consider – and when, and under what

conditions – is very important. Secondly, most strategies aside from a pension bond require additional funds to be used to effectuate the strategy. In order to raise and garner support to set aside these funds, a policy will often set a protocol for how annual surplus and/or one-time revenues can be allocated between various funds/priorities, including the pension funding strategy. NHA maintains dozens of sample policies from other cities that we have helped develop and would welcome the opportunity to help the City implement one, or refine one (if needed), that already exists.

Being mindful to how rating agencies such as S&P are evaluating the credit position of public agencies, we would encourage the City to evaluate a multitude of pension cost management options (Fresh Start, ADPs, 115 Trust, POBs, etc.) to determine an approach that best meets the City's immediate and long-term objectives.

G. NEW MONEY (TAXABLE AND NON-TAXABLE) EXPERIENCE

The following case studies present some of NHA's experience in the last 3 years with new money financings.

Case Study: Tahoe Douglas Visitors Authority – Tahoe South Events Center Financing

NHA advised the Tahoe Douglas Visitors Authority for the issuance of \$112 million in bonds to finance the construction of the \$100M Tahoe South Events Center (TSEC). The TSEC is a 138,000 square foot, 6000-seat, multi-use facility to host conventions, conferences, sporting events, trade shows, performing arts, and musical concerts. The project is the realization of over two decades of work in the Tahoe basin for creating such a facility.

NHA worked with the Authority's financing and lobbying team to successfully secure the legislative approval of a new \$5/night transient lodging surcharge on the Nevada side of South Lake Tahoe. In addition, NHA worked with the Authority's financing team to formalize a pledge from Douglas County, Nevada, to convey a portion of tax increment revenues from the local redevelopment project area toward debt service payments on the bonds.



Due to the highly volatile nature of the pledged revenues (primarily hotel tax revenues), NHA worked with the Authority's financing team to help create an innovative structure that utilized a "revenue stabilization fund" as a secondary reserve while providing a secondary source of operating revenues for the Authority.

The Authority sold their unrated bonds on October 26, 2020 and the bonds were over 7x oversubscribed, receiving broad market demand, a testament to the innovative structure and strong performance of the Authority through the COVID-19 pandemic.

A couple of NHA's key contributions were project management and negotiation role for passage of new surcharge bill (SB 461) and tax increment pledge. NHA was deeply involved with crafting the message and preparing presentations to both the Nevada state legislature and to Douglas County elected officials regarding these revenue streams.

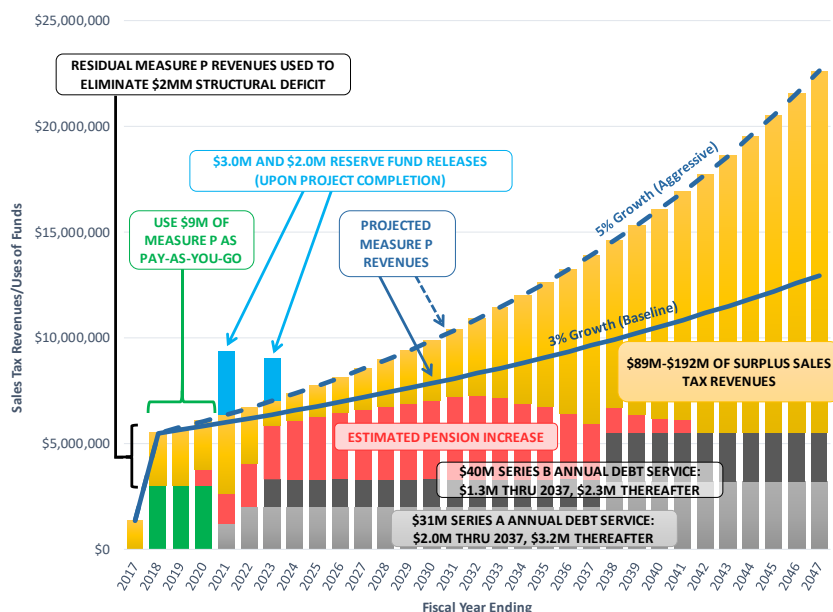
NHA worked closely with Authority finance staff to help create a cashflow projection model that tied to the Authority's budget and projected Authority cash balances on an annual basis through 2051 and on a monthly basis through the projected completion of the TSEC.

Please see **Appendix G** for the investor presentation that NHA assisted on for the financing.

Case Study: City of El Centro - Planning and Execution for Sales Tax Financing for a Police/Fire Station and Library Leveraging New Voter Approved Revenue Stream

In 2017, NHA was engaged by the City of El Centro to serve as their municipal advisor and to provide financing options for a sales tax measure (Measure P) that voters approved in November 2016. These funds were earmarked for construction of a public safety building (Police/Fire) and a new city library.

Prior to issuing bonds to fund the library (lease bonds issued in 2021) and the police station (lease bonds issued in 2023), NHA worked with city staff and the city council to develop an optimal Plan of Finance to ensure that these critical projects could get funded while not over leveraging the Measure P revenue stream. NHA's analysis incorporated the city's pension costs in modeling a multi-staged financing strategy that combined pay-as-you-go financing and a reserve fund release (represented by the blue bars in the graphic). A hallmark of NHA's work product is detail-oriented analysis presented in a way that makes the content relatable for city staff and understandable for elected officials.



After development of a sustainable Plan of Finance, NHA led the city through two bond financings, one for the \$20 million new library in 2021, and one in early 2023 for the new \$40 million police station. NHA led the credit rating efforts to help obtain a strong "A" lease revenue bond rating as well as manage the competitive underwriter selection process.



City of El Centro Issues \$40.8 Million of Bonds, backed, in part, by Measure P Sales Tax Revenues for Construction of Long-Awaited Police Headquarters Building

The City of El Centro closed on its \$40.8 million Lease Revenue Bond issue on May 23, 2023, which raised funds for the construction of a brand new and much-needed Police Headquarters building. This project is one more important advancement for the City's ambitious and extensive Measure P Plan – focusing on improving and replacing important facilities needed by the City's residents and employees. Measure P, a 1/2 percent sales tax increase approved by the voters in November 2016, with a goal to improve and enhance the day-to-day life and opportunities for the residents in the City. The Bonds were issued with an S&P Global Ratings of a very strong 'A' credit rating and sold to institutional and retail investors across the State of California and the United States. NHA Advisors, the City's financial consultant and municipal advisor, assisted with bond issuance. The Bonds were underwritten by Samuel A. Ramirez & Co., Inc., with the Norton Rose Fulbright law firm serving as bond and disclosure counsel to the City.

Case Study: City of Gonzales Funding for 2023 Community Center Complex

The City of Gonzales is a vibrant and diverse community, with a rich agricultural heritage in the Salinas Valley. It is home to many regional, national, and international agri-businesses, and most jobs in and around Gonzales are in growing, processing, and packing.

Due to strong population growth the City had experienced by the turn of the millennium, it was clear that the community needed improved and expanded services. A 2002 study found a severe shortage of recreation opportunities and proposed a 20,000 square foot community center. Ten years later, a series of environmental, engineering, and design studies resulted in an updated vision of a community center that would include a new branch library. The vision of a joint recreation center-library complex was reconfirmed and updated in 2019 and 2020 through a design process that included extensive community engagement. In November 2020, the Gonzales community approved Measure X, which extended the term and increased the rate of a 2014 sales tax measure to generate funding for the project.

The Community Center Complex will include diverse meeting, multipurpose, and performance spaces; a technology-rich teen innovation center; and a new branch of the Monterey County Free Libraries system, bringing a new level of service and vibrancy to the community of 8,000.

NHA has worked with the City over the past two years to identify and secure multiple, alternative funding sources for the City's Community Center Complex. The financing plan aimed to acquire grants and below-market rate loans in order for the City to afford the \$25.8 million first phase of the project.

Given that the City is designated a "Disadvantaged Community" due to its median income and poverty rates in a heavily agricultural community, the City qualified to apply for a loan from the USDA rural development program. The final funding package was a combination of grant funding, City accumulated funds, USDA loan and a community capital fundraising campaign. The City's Measure X sales tax will be used towards repayment of the USDA loan. Successfully securing the multiple sources for the project funding enabled the City to move forward with the first phase of the project.

Over the two-year period, NHA project managed the financing process, generating multiple funding and cashflow scenarios to determine the City's ability to afford the project, as well as assisted the City with a lengthy USDA application process, involving community economic reports, financial feasibility, modeling and projections. In addition, NHA created a comprehensive funding and construction draw-down schedule that will enable the City to identify the funding source for each project component. NHA also presented at several city council meetings to keep stakeholders informed of the Community Center Complex funding process and USDA application process.



The second phase of the funding will begin in early 2024, securing interim construction funding that the USDA loan will take out upon completion of the construction.

Preliminary Thoughts on a Comprehensive “Funding Plan” for the City’s Upcoming Capital Improvement Plans (i.e., Events Center, Public Safety Operations Facility, Stadium Conversion)

Through NHA’s recent work with ProvPort, Tahoe Douglas Visitors Authority (TDVA), Gilroy/San Jose Sharks, Gonzales, El Centro, and Lancaster; as well as many decades of additional experience working for *public agency (i.e., city and RDA) clients* (see **Potential Conflict of Interest** section), our team brings a wealth of knowledge to bear on critical aspects of bringing general public facilities out of the ground. Additionally, and very specifically, with respect to likely P3 arrangements that will be structured on the City’s new Events Center and repurposing the existing, City-owned baseball stadium towards accommodating a professional soccer team, these recent NHA project experiences will generate meaningful NHA contributions to the City’s meeting its objectives of efficient funding planning/execution and financial and operational risk mitigation to the City’s General Fund. Some initial thoughts provide insight on how NHA would assist and advise the City:

First, a word about use of “Funding Plan” terminology versus just saying “financing”. In order to “walk the talk” about NHA serving as a fiduciary (the “NHA Way”), we strongly believe that thorough due diligence is needed to uncover all ideas/options that might create a more optimal plan of finance. These options can sometimes include state and federal subsidized grant/loan programs, use of reserves, restructuring of existing debt, community fundraising, partnerships (public and private) and, finally, tax-exempt or taxable municipal financing through either a public offering or a direct placement with a financial intermediary. To our way of thinking, the City’s elected officials, its staff and their financial advisor owes it to the community to optimize the funding plan to reduce costs, increase flexibility and reduce/eliminate risks (“Black Swan” or otherwise). Simply proceeding towards a bond issue (i.e., “a financing”) is the easy approach and may be executed when all other options have been reviewed.

- **Are there alternative lump-sum or annual revenue sources for the funding plan? Public or Private?**
 - Tahoe Blue was about working with a variety of alternative revenue sources to craft a Funding Plan for the project. Lancaster’s Event Center could be similar – find a way to fund their event center at minimum financial risk to the City’s General Fund.
 - Gonzales secured a state earmark for its Teen Innovation Center, as well as several smaller pots of money for certain complimentary uses that were integrated into the project (i.e., Library, charging stations); Also, a robust community fundraising campaign has secured significant funding for the project. Given there is a dedicated annual revenue source to pay debt service, any fundraising can offset bond requirements and free up additional annual revenues for operations and maintenance.
- **Design Matters.**
 - The sizing and design of Tahoe Blue was totally unique for the Tahoe market. TDVA spent years fine tuning the design. The private company that operates Tahoe Blue and books events was brought in early to help with design. Lancaster may wish to consider this –



find a booking agent/operator who believes the Lancaster market has potential, and design the center around the kind of events that the operator thinks will work in that market. NHA can craft a limited RFP for such an operator and do outreach to secure initial interest and responses. For such a facility in Lancaster's location, NHA advises that this input is invaluable earlier in the project's development, not once it is under construction.

- With respect to converting/designing a specialized sports venue like the Jets ballpark, engaging the incoming professional soccer franchise to design the facility (based on prior experience with similar facilities) is essential (Gilroy has made use of San Jose Sharks' expertise for its new facility design).
 - Sharks will also manage operation and programming for the facility once it is open. There will be a management fee but no profit sharing.
- **Committed, Financially Sound Partner Matters.**
 - Gaining early commitment on design can also mean that a private partner may be willing to shoulder additional risk for operations and facility costs (including debt service) in return for a higher share of the profit. Special care must be undertaken to evaluate the pros/cons for this to structure an operating agreement. To the extent that a longer term and higher profit share is required for the private party commitment, then taxable and ostensibly non-recourse debt may be the required and preferred financing structure.
 - For Tahoe Blue, tax-exempt debt was issued; however, the critical planning for this occurred well in advance of construction and bonds being sold.
 - For Gilroy Ice Arena (which will serve as Sharks practice facility), Sharks will be responsible for managing the construction of facility.
 - While City will fund the project from lease revenue bond proceeds, Sharks will guarantee debt service payments through a LOC (24 month rolling line).
- **Public Safety Matters.**
 - Event center operators have learned that public safety in the parking lot can be a strong asset. Perhaps there is a potential "win-win" with respect to two (or all three?) of the City's core near-term capital facilities' plan?
- **Flow of Funds Matters.**
 - To preserve City's controlling position in these essential assets, care must be undertaken to design a proper flow of funds that may incorporate "lock-box" structures to ensure that the assets are maintained, debt service is paid and the City gains the benefit of the P3 bargain it has struck.
- **Funding Plan Security Matters.**
 - While the Public Safety Operations Facility, as an essential City asset, likely qualifies for a strong lease/appropriations credit rating (~A+) and a municipal bond insurance



commitment, it is very important that the City consider if there are other assets that may be utilized in a lease transaction that are essentially non-recourse. Recent transactions where such assets were used were Ukiah (Streets), West Covina (Streets), Torrance (Streets), Lancaster (Wastewater assets). Additionally, while a revenue only pledge would certainly carry a higher rate, that rate premium, if such a deal is available, may be worth considering in terms of reducing financial risks. A recent NHA Berkeley parking revenue bond transaction proved this point when the bonds had greatly reduced revenues to cover debt service during the pandemic, yet there was no recourse to the City's general fund or a taking of the parking structure asset.

- Understanding that the Event Center and Stadium conversion projects could each catapult their respective neighboring land values and economic activity (i.e., property, TOT, and sales tax increment), it may be wise to consider installing an enhanced infrastructure financing district (EIFD) to capture an additional revenue source to dedicate to the success of each of those projects. NHA believes that for an EIFD to be a valuable addition to the funding plan, the City should attempt to secure some participation from the County with respect to pledging of the incremental revenues derived from growth.

NHA enthusiastically applauds the City's ambitious capital facilities objectives as a means to improve the quality of life for its residents. As noted above, our team has significant expertise representing our public agency clients uncover opportunities and threats to ensure that the vision that City Council and staff have creates the intended outcomes without subjecting the City to uncovered and/or undue financial peril.

Preliminary Analysis of the Events Center Financing:

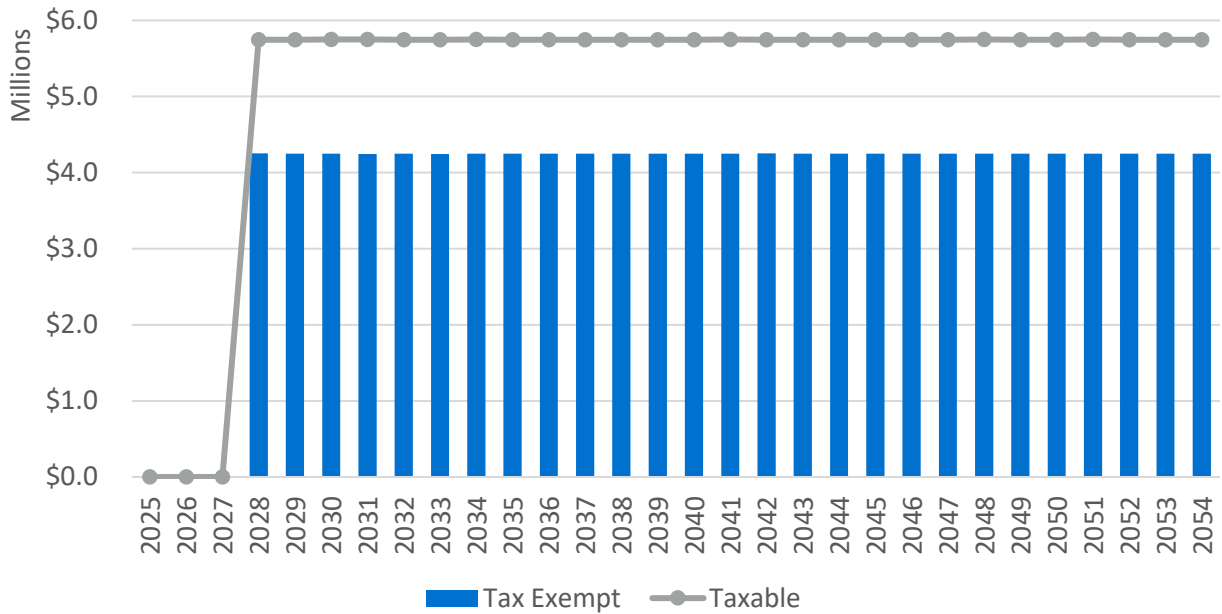
The City estimates the new Event Center facility to cost approximately \$96 million, and that approximately half of the funds are provided by other sources, leaving about \$48 million to be financed. If the City were to issue Lease Revenue Bonds to fund the \$48 million, the annual debt service for a 30-year term may range from approximately \$4.2 million for a tax-exempt financing to \$5.7 million for a taxable financing¹. Although the taxable financing results in higher borrowing costs, it may be worth considering a taxable option to have more flexibility to create specific terms of the event center operating agreement. As mentioned, to the extent that a longer term and higher profit share is required for the private party operator, then taxable debt may be the required and/or preferred financing structure.

In the event that the City is able to further lower the cost of the Event Center facility with additional grants, free/cheap money, City cash, future EIFD funding, private-party contributions or other means, the annual debt service cost will decrease. If we were to assume the City came up with another \$12 million to lower the project cost to approximately \$36 million, the annual debt service for a 30-year term may range from approximately \$3.2 million for a tax-exempt financing to \$4.3 million for a taxable financing².

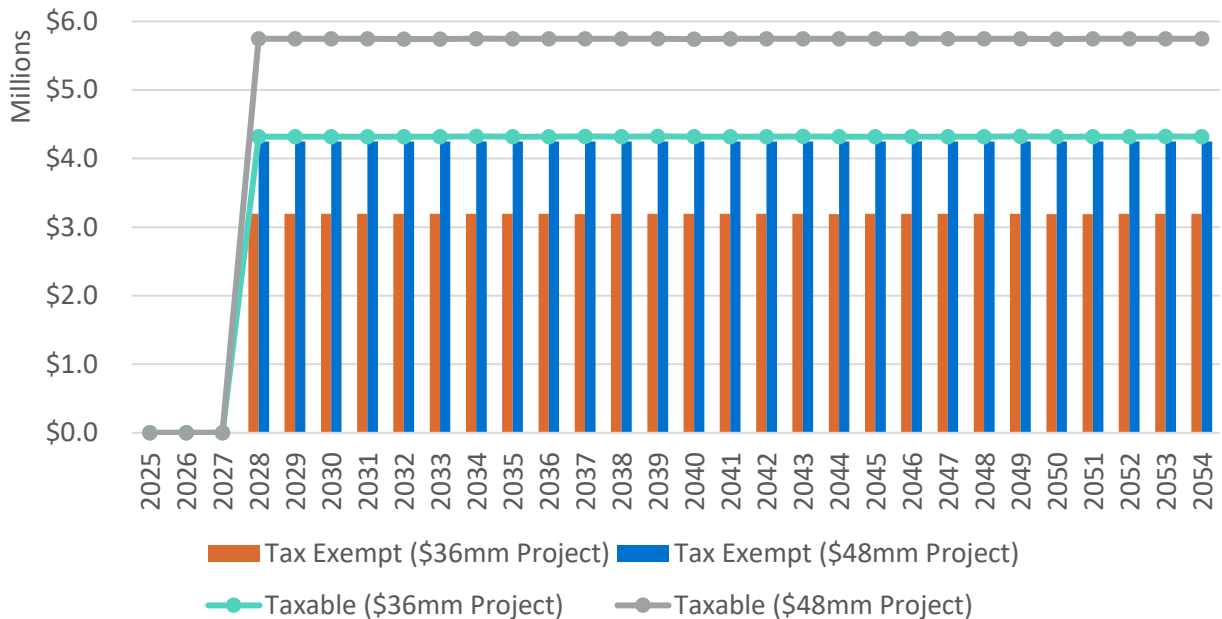
¹ Assumes 30-year term and \$48 million project fund for both the tax-exempt and taxable debt. Assumes 5% interest rate on the tax-exempt debt and 7% interest rate on the taxable debt. Assumes three years of capitalized interest. Assumes cash-funded debt service reserve. Assumes no insurance or surety.

² Assumes 30-year term and \$36 million project fund for both the tax-exempt and taxable debt. Assumes 5% interest rate on the tax-exempt debt and 7% interest rate on the taxable debt. Assumes three years of capitalized interest. Assumes cash-funded debt service reserve. Assumes no insurance or surety.

Net Debt Service on a \$48 Million Project (Assumes capitalized interest for the first three years)



Net Debt Service on a \$36 Million Project vs. \$48 Million Project (Assumes capitalized interest for the first three years)





H. ADVANCE AND CURRENT REFUNDING EXPERIENCE

NHA maintains comprehensive debt profiles for its clients, which allows us to keep track of each client's outstanding debt and any upcoming refinancing opportunities. Knowing a client's complete debt picture also allows us to strategically advise on future debt issuances, such as structuring new debt within the covenants of old debt.

NHA's recent refunding experience has ranged from vanilla refundings to uniquely structured deals tailored specifically to the needs of that public agency. One such example of a uniquely structured deal is the "Cinderella Bond" NHA worked on for the City of Gilroy in 2022 (see full case study below). A "Cinderella Bond", also known as a convertible bond, is a bond that begins as taxable and then converts to tax-exempt. The Tax Cuts and Jobs Act (TCJA) repealed the exclusion from gross income for interest on bonds issued to advance refund another bond. In other words, tax-exempt advance refundings are no longer allowed. Prior to this Act, NHA completed numerous current and advance tax-exempt refundings. Since the Act, we have done several taxable advance refundings.

Over the last two years, there has been a significant rise in interest rates (due to Fed rate increases), causing a decrease in refundings. In the current market environment, running an advance refunding on a taxable basis typically does not result in sufficient savings to justify the refinancing. For this reason, NHA anticipates that most of the "vanilla" refundings will only pencil when done as a current refunding (less than 90 days in escrow).

The following case studies present some of NHA's experience in the last 3 years with advance and current refunding deals.

Case Study: City of Lancaster Refundings – Summer 2021 General Fund Private Placement and Fall 2021 Power Public Offering

NHA assisted the City of Lancaster in Summer/Fall 2021 with two refinancing transactions to save the City over \$3.5 million in present value terms through a reduction in annual debt service payments. Each of these refunding projects had unique objectives and illustrates NHA's approach to private placements and public offerings.

Summer 2021 Refinancing

In summer of 2021, NHA assisted the city with a private placement refinancing of the 2010 Lease Revenue Bonds. The 2010 bonds had an outstanding par just above \$4 million and an average interest rate of 5.81%. This refinancing had three distinct objectives: first, to generate savings for the General Fund, second to downsize the debt, and third to release the City's Performing Arts Center from serving as security for the bonds.

The debt service for the prior 2010 Bonds was being itemized each year on the City's ROPs, but NHA worked with the City's bond counsel to determine that 100% of the savings from the refunding would go to the City's General Fund, which provided the path forward for this refunding.

NHA structured the refunding to encumber the Eastside Pool Building, releasing the Performing Arts Center (>\$18 million insured valued). The release of the Performing Arts Center freed up the General Fund's capacity for future borrowings.



Finally, the sale of the bonds directly to a bank through a private placement allowed the City's financing team to negotiate for the refunding bonds to not utilize a cash funded reserve fund as security. This release of the prior 2010 Bonds' debt service reserve fund allowed us to downsize the issue by \$412,000.

In the end, NHA assisted the City to achieve all three objectives on this private placement refunding and secured just under \$1 million in net present value savings to the General Fund (over 24% of refunded par)!

**Fall 2021
Refinancing**

Summer and Fall of 2021 was a time of historically low interest rates and NHA assisted the City to capitalize on fortuitous market timing with a second refinancing in Fall 2021.

The Fall 2021 project refinanced the 2012 Lancaster Power Authority Revenue Bonds for over \$2.5 million in present value savings. The original 2012 Bonds had ascending debt service at 3% per year. NHA explored many different financing structures, but in the end, we structured the refinancing to retain the ascending structure since we wanted to keep the primary security for the bonds the solar power sales revenues from the Lancaster School District and the Eastside Union School District (the "School Districts").

The City also desired to bolster the Lancaster Power Authority's reserves, so we structured savings in the first four years to net the City \$400,000 per year, generating an infusion of \$1.6M into reserves.

For this public offering, we took the City through a full rating process with S&P and spent considerable time clarifying the unique security structure - the refunding was secured by solar revenues from the Power Sales Agreements with the School Districts, with the General Fund providing a backstop in the event of insufficient solar revenues.

Each district also maintained a performance guarantee from Tesla Energy to approximately 85% of the system's aggregate expected annual energy output. Performance guarantee revenues are only realized if production is below the minimum. These performance guarantees essentially ensure a minimum cumulative coverage of 125% on the debt going forward. NHA assisted the City with an affirmation of the "A" underlying rating on the City's appropriation-backed debt.

Because this transaction used the General Fund as a backstop, we were required to use a real City property for the lease payment portion of the debt service security. We used the City's Sewer System (pipes, etc.) as the leased asset to keep City buildings unencumbered.

The Fall 2021 refinancing was sold in late September 2021 (during a time of historically low interest rates) and resulted in net present value savings of over \$2.5 million.

Both of these financings attempted to pave the way for future General Fund borrowings by reducing the General Fund's annual debt service payments and also by ensuring that key city assets remained unencumbered and available to serve as security on future city borrowings.



Summer & Fall 2021 Refunding Transactions: Capitalizing on Historically Low Interest Rates to Net the City Over \$3.5 million in Savings

	Summer 2021 Refinancing Refunding 2010 Lease Revenue Bonds	Fall 2021 Refinancing Refunding 2012 Power Authority Bonds
Tax Status	Tax Exempt	Taxable
Refunding Type	Current Refunding	Current Refunding
Method of Sale	Private Placement (Negotiated)	Public Offering (Negotiated)
Prior Bonds Avg Coupon	5.81%	4.25%
Refunding TIC	2.10%	2.53%
NPV Savings (\$)	\$971,176	\$2,569,420
NPV Savings (% of Refunded Par)	24.07%	12.43%

Case Study: Gilroy 2022A Convertible Lease Revenue Refunding Bonds

NHA worked with the City of Gilroy Public Financing Authority on their 2022A Convertible Lease Revenue Refunding Bonds to refund the 2013 Refunding Lease Revenue Bonds. Current tax law does not allow for an advance tax-exempt refunding. However, a City can issue taxable refunding bonds that convert to tax-exempt bonds once the bonds are within the 90-day redemption window. This is often referred to as a “convertible” or “Cinderella” structure.

NHA led and facilitated the negotiations and discussions of the deal, including the RFP process to choose a Purchaser (ultimately awarded to Wells Fargo), to get the City the best deal possible while addressing the tax implications of a conversion. The financing closed in December 2022 as a taxable financing. The original conversion date was set to be in August 2023. However, to capture positive arbitrage, the conversion date was pushed back to November 1, 2023 (the first optional call date). The SLGS (State and Local Government Series) securities in escrow were earning about 4.73%, which was higher than the tax-exempt conversion rate of 3.66%. By pushing back the conversion date to the call date, keeping the bonds taxable until then, the City was able to capture all of the positive arbitrage without having to pay the earned interest to the IRS.

Case Study: City of Chula Vista 2021 Pension Obligation Bond

NHA was hired by the City of Chula Vista to manage the issuance of a pension obligation bond that would refinance Chula Vista’s CalPERS UAL. Over the course of the engagement, NHA analyzed over a dozen pension obligation bond structures for staff to review, including various sizes, repayment shapes and sensitivity analyses using different interest rate levels. Ultimately, a 24-year option that escalated at 1% annually (including other General Fund debt) was determined to be the most optimal structure – maximizing savings while also creating enough capacity to absorb any future “shocks” by CalPERS. In order to test each structure’s resilience to future negative investment returns by CalPERS, NHA teamed with a 3rd party actuary to conduct robust stress testing analysis. The stress testing included looking at the impact of another “2008-like” recession, sustained underperformance by CalPERS, and an immediate stock market crash worse than 2008.

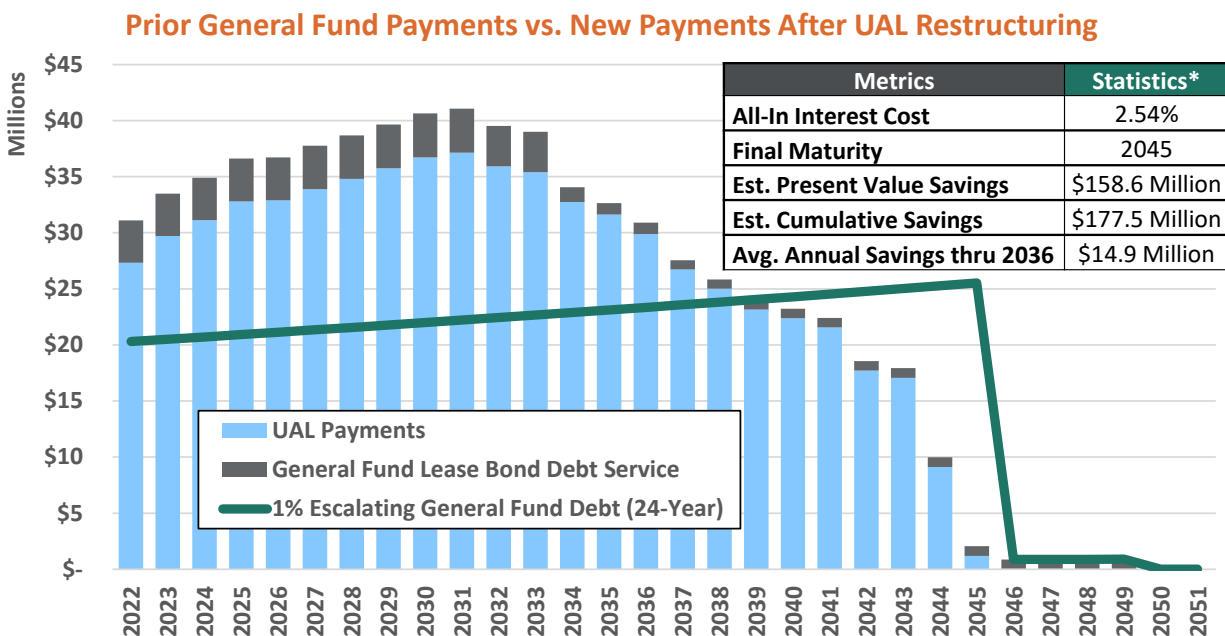
In conjunction with the pension obligation bond, NHA worked with staff to create a robust pension funding policy. This was a critical objective of the Chula Vista City Council to provide a roadmap to leveraging future pension obligation bond savings to bolster 6 distinct reserves. The pension funding policy was also an important piece of the credit rating process. NHA put together a comprehensive credit rating presentation, which led to a “AA” rating and stable outlook. The depth of stress testing and level of



detail incorporated into the pension funding policy was noted by S&P as being one of the best they have seen in the nation.

NHA also assisted with educating stakeholders about pension obligation bonds. One piece of this education process was creating a website for Chula Vista to address key questions/concerns being asked by stakeholders: <https://www.chulavista.gov/departments/finance/pension-obligation-bonds>.

When it came time for pricing, NHA played a very active role in managing the underwriting process, having daily calls with the underwriter to ask the right questions and help position Chula Vista to obtain the most aggressive interest rates possible. ***Chula Vista achieved a 2.54% all in interest rate for a 24-year maturity, the lowest rate obtained for a pension obligation bond of that term, to our knowledge.*** This pricing success was a testament to the work NHA does, in collaboration with the underwriters we work with, to evaluate the bond market ahead of pricing and do the best job to time the market and deliver a strong pricing result.



* Projected savings assumes CalPERS earns 7.0% investment earnings; green line represents combined other General Fund debt service + POB debt service

City's Debt Profile and Refinancing Opportunities

To the right is a graphic summarizing the composition of the City's debt, categorized by Governmental and Business-Type Activities as of 6/30/2023. The City's outstanding debt primarily consists of Governmental Activities with most of the outstanding debt being the 2019 Lease Revenue Bonds, which amount to \$44,695,000 in outstanding par. Most of the Business-Type Activities' Debt is comprised of the 2021 Taxable Revenue Refunding Bonds with \$17,940,000 in outstanding par, as of 6/30/2023.

NHA also recognizes that the Lancaster Redevelopment Agency has outstanding bond and note indebtedness totaling \$127,700,000, as of 6/30/2023.

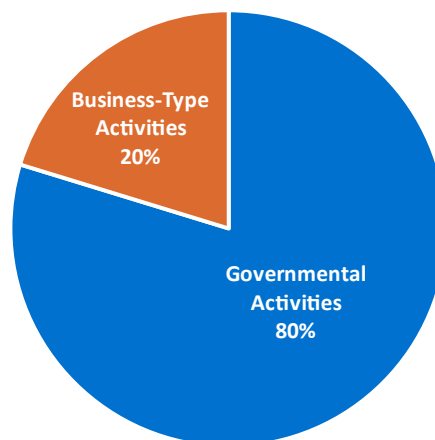
After reviewing the City's debt profile, NHA analyzed existing debt for potential economic savings above the industry standard 3% net present value savings threshold.

We assessed refunding opportunities for the City's outstanding debt obligations based on their proximity to a par call date, coupon range, and outstanding par amounts. At this time, we do not anticipate any attractive refinancing opportunities for the City given that market rates are currently at elevated levels. We note that a few of the City's debt obligations (2016 Assessment Revenue Bonds, 2018 Lease Revenue Bonds, and 2019 Lease Revenue Bonds) have outstanding coupon ranges that reach as high as 4% or 5%. These bonds maintain first optional redemption features in 2026, 2028, and 2029, respectively. Given today's elevated rate environment, a taxable advance refunding does not seem to pencil as an opportunity at this time.

Under the City's Successor Agency, we note that the 2015 Tax Allocation Refunding Bonds (Housing Programs) maintains a first optional redemption feature on August 1, 2024. However, even despite the earlier call date, the current market environment is not conducive for generating 3% net present value savings.

Given the current uncertainty in the market environment relating to the Federal Reserve's interest rate policy, it is unclear how rates may trend over the next year, but should market rates decline significantly, refunding opportunities for these issues could surface, barring non-economic considerations.

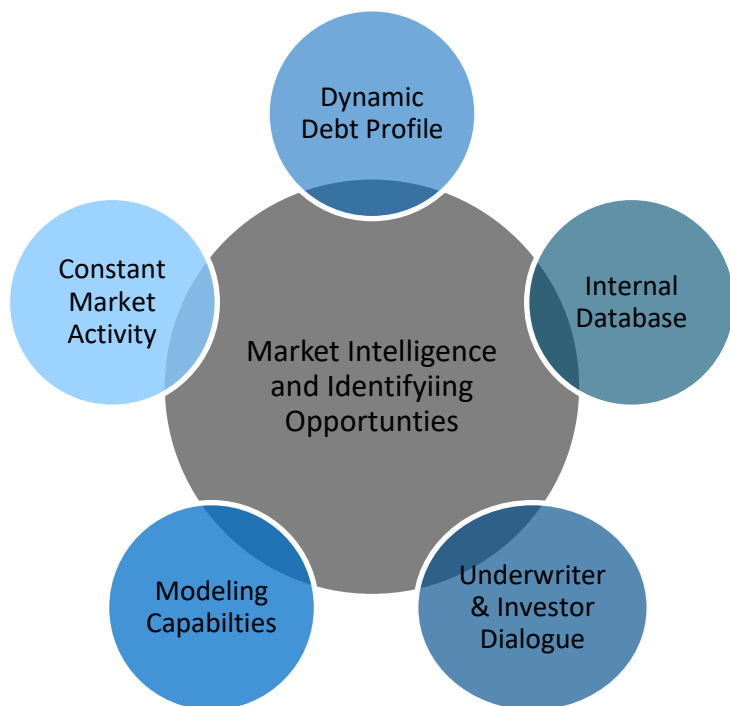
Outstanding Debt as of 6/30/2023



I. MARKET AND PRICING INFORMATION

NHA is constantly monitoring the pulse of the municipal market, relaying this information to our clients, and ultimately helping our clients identify potential opportunities and assess financing costs based on the most accurate assumptions. In addition to the market intelligence gained from our diverse financing experience (all credit types, structures, public issuances, private placements, competitive offerings,

negotiated offerings, Federal/State grants, etc.), NHA also maintains a comprehensive database of every relevant California city bond issue that prices in the market. This database tracks details of each financing, including the coupons, yields, call features, amortization structures, credit ratings, credit enhancement, and underwriting information. NHA also has constant conversations with the major underwriters in the California market who can provide additional, more nuanced, “color” on the market due to their daily investor contact.



Debt Profile Monitoring - NHA maintains a comprehensive debt profile for all our clients that is periodically updated and delivered to clients. In addition to serving as a key debt management tool that can be used by the City, we are reviewing these profiles regularly to identify any potential refinancing opportunities. While NHA will never “push” a financing or refinancing, our goal is to keep the City abreast of all its immediate and future options. Early identification of these opportunities allows us to work with our clients to establish objectives and evaluate the benefits and risks of each option. Early identification also allows NHA the opportunity to assist staff and effectively educate city councils.

Modeling Capabilities - NHA primarily uses Munex software to model financing

cash flows and also uses proprietary Excel models for more unique situations where additional customization is needed. Each of NHA’s advisors, from the analytical staff to the senior partners, is highly experienced at “running numbers.”

Interest Rate Derivatives and Non-Traditional Financing - NHA’s experience working on variable rate transactions, including those with interest rate derivatives and other non-traditional financings goes back several years. One example was the City of Gilroy 2013 Lease Revenue Bond restructuring. The bonds were originally issued in 2003 as auction rate notes (ARN). With the collapse of the ARN market during the 2007-2009 economic downturn, NHA worked with Gilroy to convert the ARN to a 1-year Bond Anticipation Note (BAN) to allow time to evaluate restructuring options. Ultimately, given the declining interest rate environment, multiple short-term notes were rolled until the Gilroy city council determined it was appropriate to lock in long-term rates with 50% portions issued in 2010 and 2013.

NHA also worked with the City of Oxnard on the 2018 Remarketing of their 2004 Variable Rate Demand Offering Wastewater Revenue Bonds, and a fixed-rate restructuring of Oxnard’s 2003 and 2006 Variable Rate Lease Revenue Bonds. These bonds were synthetically fixed with a swap agreement. NHA determined that current market conditions provided an opportunity to refinance these variable rate bonds as fixed rate bonds and use interest rate savings to pay the swap termination fees. The net savings after terminating the swap and paying costs of issuance was approximately \$1 million and removed future interest rate and letter of credit renewal risks.



In 2016, NHA worked with the City of Corcoran to develop a multipronged solution to the financial pressures facing the city's water system. The city had issued variable rate debt in 2007, but subsequent changes in the variable rates had led to a large swap termination payment. The city's water utility also had challenges renewing an expiring letter of credit securing the bonds. NHA worked to negotiate a short-term extension on the letter of credit while simultaneously pursuing a fixed-rate refinancing of the variable debt. The savings from the refinancing were applied toward the swap termination payment, helping the City of Corcoran eliminate their variable interest rate and swap-related risks.

In 2022, NHA worked with the City of Richmond to restructure and refinance multiple series of pension obligation bonds and terminate variable rate swaps associated with those bonds. At the time, the state auditor's office had conducted an audit on the city, noting that its long-term financial stability was uncertain. NHA worked closely with staff and the financing team to develop a plan that achieved multiple objectives of the city: 1) eliminate the city's exposure to credit derivatives, 2) restructure the city's prior pension obligation bonds to better match the term of its existing CalPERS pension obligations, 3) optimize savings for the General Fund with careful consideration of the city's pension property tax override, and 4) enhance the city's debt administration process by consolidating and simplifying the requirements of prior bond administration with a singular refunding bond issue. At closing, the city was successful in de-risking its exposure to variable rate credit derivatives, improving its debt administration process and strengthening its long-term fiscal outlook.

Method of Sale Evaluation

As the City's municipal advisor, NHA will evaluate public offering (competitive sale and negotiated sale) and private placement sale strategies for any future debt issuances, which can play a role in achieving lower borrowing costs for the City.

Public Offering vs. Private Placement

In the preliminary stages of a potential debt issuance, NHA evaluates whether the debt will be best sold through a public offering or a private placement. While a private placement generally requires less staff time (due to no credit rating process and preparation of disclosure documents), is a quicker financing process, and has lower fixed costs of issuance than a public offering, a private placement may have a higher cost of borrowing and less flexibility on term (25-30 year term won't have as many interested lenders). A private placement generally also is associated with a smaller par amount, as the debt is placed with a single bank rather than several investors like in a public offering. The constraint on par amount and term, as well as potentially higher borrowing costs, are often reasons why a public offering is pursued. The public offering financing process will take longer and require more staff time, but the issuer will benefit from longer-termed options and the ability to issue the amount of debt necessary to fund its projects.

Negotiated Sale vs. Competitive Sale

If it is decided that the debt will be sold as a public offering, the next decision is whether the sale will be negotiated or competitive. The Government Finance Officers Association (GFOA) recommends the use of a competitive sale whenever feasible. Below we discuss some of the key considerations for deciding on a competitive versus

Competitive Sale

- 1) Highly Rated Credit (“A” category or higher)
- 2) Strong/Known Revenue Stream (GO, utility, etc.)
- 3) “Vanilla” Structure
- 4) Well-Known, Regular Issuer

Negotiated Sale

- 1) Poor Credit (lower than “A” category)
- 2) Credit Enhancement is Unavailable or Not Cost-Effective
- 3) Complex Structure
- 4) Market Volatility
- 5) Remarketing Agent or Dealer is Required
- 6) Issuer Desires Underwriting Participation of Disadvantaged Business Enterprises or Local Firms
- 7) Refunding Transaction Dependent on Market Conditions and/or Other Structure Considerations
- 8) Other Factors, in Consultation with its Municipal Advisor

negotiated sale and provide insight into our role as municipal advisor for either sale method. Our independent due diligence of the competitive sale market often places us at the cutting edge – as evidenced by the city of Berkeley’s 2020 Housing GO Bonds that was the first California competitive GO Bond sale in the wake of the COVID-19 pandemic shut down in March 2020.

Credit Rating: An “A+/AA-” category credit rating is typically seen as the inflection point between leaning towards a negotiated sale and leaning towards a competitive sale, absent other concerns that call for a more hands-on underwriting approach.

Simplicity of the Credit vs Story Bonds: A general rule in the markets is that for “every additional sentence required to explain the credit of the bond issue to investors, you can add 0.1% (10 basis points) to the yields. 😊” Typically, credits that require a detailed explanation benefit from having a dedicated underwriting sales force that comes with a negotiated sale. A “simple” credit (such as a general obligation bond or simple water revenue bond) is often the ideal candidate for a competitive sale. The structure of the bonds is another aspect to consider regarding the method of sale – a strict level amortization being more conducive to a competitive sale while a wrap solution would point toward a negotiated sale.

Frequency of Issuance: Some of our clients are frequent issuers (e.g., City of San Francisco and City of Berkeley), but many of our clients do not issue debt as frequently. Typically, the frequency with which an issuer goes to market is a good proxy for the name recognition that the issuer has with bond investors. However, it is worth noting that even frequent issuers utilize a negotiated method of sale at times, depending on the type of bond. Conversely, we would expect a top-rated issuer with a strong revenue stream and vanilla structure to draw enough attention to make up for the infrequency of previous issuance. As the saying goes in bond trading - “size draws eyes.”

Market Volatility: During periods of market volatility, the competitive market can slow down, and issuers often delay or transition deals over to a negotiated public offering or a private placement. A negotiated public offering can benefit during times of volatility because the issuer will be able to tap into the

underwriting firm's sales and trading desk to help move the bonds. Competitive desks often go "day to day" when market volatility hits – which can make it difficult to have assurances of obtaining at least three bids on pricing day. This dynamic is difficult to predict and the NHA team will continue to assess market volatility up until pricing day.

Competitive sales typically require a higher level of service from the municipal advisor to manage the bond sales process and interact directly with investors in the bonds. NHA typically reaches out to competitive underwriting desks in the lead up to a competitive sale to prepare a list of confirmed bidders, answer any questions those bidders have, and make sure that the client's bond issue is receiving adequate attention in crowded markets. For a negotiated sale, this role is filled by the underwriter who uses their in-house sales staff to reach out to investors and gauge their willingness to buy. NHA performs a thorough review of disclosure and legal documents leading up to the bond sale, but one key aspect we find that is often "missing" during the competitive sale process is the extra set of eyes and double checks that an underwriter often provides during the preparation of the legal and disclosure documents.

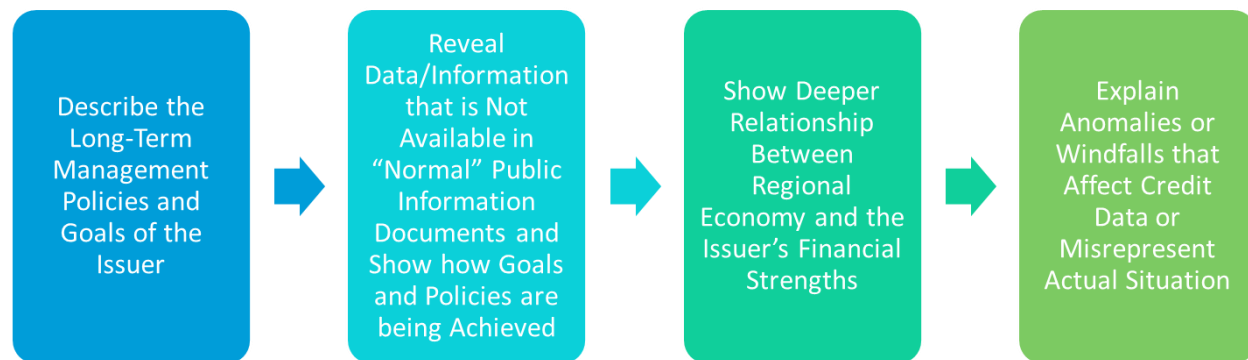
On a negotiated transaction, the municipal advisor's role during the actual sale process includes assessing the underwriter's performance and offered yields and verifying that the terms and structure of the bond issue are competitive relative to other recent bond issuers. Regardless of the method of sale, NHA will ensure that the structure and terms are optimized to balance preservation with future flexibility on the debt with present day benefits.

Credit Rating Process & Surveillance

NHA takes an active role in the credit rating process of a bond transaction, including leading the due diligence review and crafting the credit presentation. NHA understands that a portion of the rating criteria is outside of the City's control, such as economic indicators and demographics. However, a large element of the rating is controllable, and NHA has a strong record of executing a multi-pronged approach to ensure our clients obtain the highest rating possible. Achieving just a one notch increase in rating (e.g., "A" to "A+") can result in significant interest rate savings.

As the graphic below indicates, NHA equips our clients and enables them to tell their story. Our goal in the credit rating process is to ensure that the rating analysts are educated and supported with critical and key information to defend and advocate the City's position and make positive rating recommendations to their committees.

NHA Strategic Goals for Credit Rating Presentations



Note that NHA has gone through the credit rating process with City of Lancaster, and the City achieved a strong result. An example of the credit presentation that NHA put together as part of the credit process for the City's 2019 Revenue Bonds (Measure M & R) can be found in **Appendix E**. If you are interested in an additional example of NHA's active role in the credit rating process, please see the City of El Centro case study below that demonstrates how NHA explores different financing options and stays nimble so that the best pricing can be achieved for our clients.

Case Study: City of El Centro Overcoming Credit Rating Concerns to Issue Bonds for Critical Infrastructure

NHA has served as the City of El Centro's municipal advisor since 2017, including for two recent financings that leveraged their 2016-approved Measure P sales tax to fund a brand new \$20M library and most recently a new \$40M police station project. In the midst of the police station financing process in early 2023, it came to light that significant financial difficulties were being faced by the City's largest employer, the El Centro Regional Medical Center, which created uncertainty that threatened to derail the City's ability to obtain a strong credit rating and access timely financing from potential bond investors.



While the City's General Fund was not a legal obligor to pay debt service on the Medical Center's outstanding debt in default, the fact that the Medical Center's bonds were in default, that the Medical Center's finances are reported in the City's annual audit and that the City Council of El Centro committed to take over temporary oversight duties of the Medical Center raised significant concerns of potential spillover effects to the City, putting the financing of the City's high priority police station in jeopardy.

NHA assisted the City with navigating two parallel tracks: one for a publicly issued bond, and one for a private placement with a financial institution. With the financial outlook for the Medical Center evolving constantly given numerous changes occurring with hospital staffing/management and business arrangements with other consultants and hospitals, NHA remained nimble and continued to pursue both avenues for our client – preparing a comprehensive credit rating presentation and thorough disclosure strategy for both, while continuing to provide strategic advice to the City as needed through their deliberations with the Medical Center. When the financial prospects for the Medical Center improved (via positive new business arrangements made and reduced risk of bankruptcy), NHA recommended that the City quickly pursue the public offering route to obtain the lowest possible interest rates and immediately scheduled the credit rating process with S&P. While addressing concerns regarding the Medical Center, the City was able to showcase its strong credit features and maintained its strong "A" Lease Revenue Bonds rating with a "Stable" outlook reaffirmed. The City's 2023A Lease Revenue Bonds priced the week of May 8th at long-term interest rates under 4.40% (over 1.50% lower than what the City had anticipated early on in the process) and on schedule based on the City Council's goals and objectives for this crucial infrastructure project.

Evaluating Success of a Pricing and Strategies for Getting the Best Price

NHA utilizes TM3 and EMMA to maintain a database of bond market data, including all deals that have priced (detailing coupons, yields, take-downs, etc.), general interest rate data like MMD and U.S. Treasury data, and general market supply/demand information. For every public offering, NHA develops comparable scales and analyzes the proposed underwriter pricing scales to ensure that our client is receiving the most aggressive pricing (lowest interest rates and yields).



We consider a pricing successful when the City secures borrowing at the lowest possible cost of funds. For a public offering, we evaluate the underwriter’s proposed scales and pricing activities considering this objective. We actively verify the underwriter’s comparable scales and assumptions with our own assessment of municipal markets during a pre-pricing call (usually the day before the bonds price). For a private placement, we ensure a wide distribution of investor solicitations and monitor investor bids relative to recently placed bonds to ensure reasonable rates. NHA takes an active role in discussing the City’s credit with potential investors to ensure that key credit strengths are clearly communicated to those parties.

As a fiduciary to the City, NHA does not underwrite bonds and has no affiliations with underwriters. While NHA is also not an investment advisor, as the financial advisor on a transaction, NHA will work with the bond trustee to ensure that the reserve fund is invested in either Open Market Securities (“OMS”) or Treasury Securities (“SLGS”) to ensure the lowest possible cost of borrowing on a net basis.

After pricing, often one additional step NHA will take to evaluate the success of a pricing is to compare the pricing results to the hypothetical results if the pricing actually occurred at a different date in the future. NHA clients have particularly been interested in this comparison when the pricing occurred in a volatile interest rate environment. No one has a crystal ball to say when it is the perfect time to go to market, so looking back at the pricing with hindsight provides some transparency on how well the market was timed. One example of this was in February 2022, when the City of Ukiah was preparing to price Lease Revenue Bonds. At the time, the finance director was concerned whether it was the correct time to price given the higher than normal interest rates. He was wondering if waiting to price would produce a better outcome for the City. Ultimately the City decided to price the Lease Revenue Bonds as scheduled in February 2022, and two months later, in April, the finance director asked for a hypothetical comparison of the borrowing costs if the City had held off pricing until April. NHA prepared the table below comparing the results of the hypothetical April pricing. In summary, the total debt service would have been approximately \$3.5 million higher had the bond sale been delayed until April.

	Streets	Utility	Corp Yard	Aggregate Savings
Avg. Annual Increase	\$78,000	\$43,000	\$64,000	N/A
Total Increase	\$779,000	\$861,000	\$1,932,000	\$3,572,000

Note that while this example shows that the financing team and City got the timing right, NHA will prepare a comparison analysis for our clients regardless of what the results look like. NHA is transparent about the pricing outcome for our clients.

J. DISCIPLINARY ACTION

NHA certifies that there has never been any disciplinary action, administrative proceeding, malpractice claim, or other like proceeding against NHA or any of our personnel relating to NHA’s services as financial advisor current, pending, or occurring in the last five (5) years.



K. COST PROPOSAL AND REIMBURSEMENT FOR “OUT-OF-POCKET” EXPENSES

NHA commits to delivering the highest standard of municipal advisory work product. We understand and are mindful that our proposed fees must reflect the value we deliver. Our goal is not to be the low-cost provider of financial advisory services. Our fee levels are indicative of the amount of professional resources and skill applied to the City’s projects. We recognize the importance that fee containment has for clients and are willing to negotiate our fees with the City.

Staff Allocation	Hourly Rate
Principal	\$350
Director / Senior Vice President	\$325
Vice President	\$300
Assist. Vice President / Sr. Associate	\$275
Associate	\$250
Senior Analyst	\$225
Analyst	\$200
Administrative	\$100

NHA believes that fee levels are a function of the scope and effort provided by different firms. Many advisors will limit their work to managing the process, coordinating calls, and delegating to other financing team members. We take a comprehensive and active approach, whereby we ensure that all aspects of the financing process are completed to the highest standard, which directly impacts the credit and best interest rates for the City. Managing the credit rating documents allows NHA and the City to deliver a comprehensive and insightful information package to the rating agencies. This benefits the City, financing and stakeholders through a higher rating report and lower interest rates. Again, we encourage you to confirm this statement with the references provided. As a fiduciary, we put our clients' interests before ours.

We approach each project objectively and with the primary purpose of delivering agnostic options and alternatives. We believe that it is important to have no “vested interest” in advocating for a bond solution to guarantee a financing fee for the consultant. By keeping the initial work independent of the implementation of a financing solution, NHA can avoid conflicts generated by suggesting a bond financing to secure a financing fee. We believe the initial phase of work should be focused on providing alternatives that may or may not include a bond financing. Since this investigative process can greatly vary in time, we recommend it be segregated from the financing scope and subject to hourly efforts. The City controls the time and the process to avoid unforeseen costs.

NHA proposes a two-phase compensation structure, which breaks our work into a Task 1 (On Call General Municipal Advisory Services) and a Task 2 (Financing Execution). Details and rationale for each Task are found below.

Time and Expense

Compensation on a time and expense basis, with a list of hourly billing rates for the proposed personnel, any proposed increases in such rates during the contract term, and the types of reimbursable expenses with proposed charges.

Task 1: Hourly, On Call Financial Consulting and Municipal Advisory Services

NHA believes that to provide objective advice when delivering funding strategies, including scenarios that suggest not moving forward on a financing, this work must not be based on the ultimate compensation structure to the advisor. We believe that an objective, research-based work product requires compensation on a non-contingent fee basis. In our experience, sometimes information comes to light during our diligence that necessitates a decision that the “best deal is no deal” and it is incumbent upon NHA, as a fiduciary, to give that advice.



Therefore, NHA prefers a two-phase compensation structure that separates general advisory and initial work on a *potential* transaction into a Task 1 which includes hourly compensation (subject to rate structure above which shall remain the same for the contract term). Many cities that NHA works with prefer to structure Task 1 contract services with a per fiscal year not-to-exceed amount per City Manager's signing authority. However, NHA is open to discussing what amount is the right figure given the anticipated amount of time of the engagement.

Expenses (Out-of-Pocket)

All expenses will be billed directly at cost to the City. Expenses will be limited to those necessary for completion of the project. California travel expenses will not be reimbursable to NHA. Third-party expenses paid by NHA at direction of City, in writing, shall be a reimbursable expense.

A sample of services generally associated with **Task 1** are identified below:

Task 1 - General Financial Advisory Services

- ✓ **AS THE CITY'S MUNICIPAL ADVISOR AND FIDUCIARY, CONDUCT ALL DUE DILIGENCE, ANALYSIS, AND PRESENT ALL OPTIONS TO CONSIDER TO MEET OBJECTIVES; GENERALLY, PROVIDE ADVICE AND SERVICES TO FACILITATE A SOLID FINANCIAL FOUNDATION**
- ✓ Interview City to establish clear objectives, initiate due diligence process to uncover challenges and opportunities
- ✓ Provide information/updates as requested on economic, capital market conditions
- ✓ Assist City staff (upon request) in reviewing and/or analyzing legislation that may have a financial impact on the City
- ✓ Develop options: provide independent research/validate feasibility and practicality of potential financing options inclusive of market rate (bonds, loans, etc), "free and cheap money" (grants, subsidized loans) and other more creative approaches (i.e. partnerships) as directed and feasible
- ✓ Review City's financial status, recommend optimal programs
- ✓ Assist in appropriate disclosure for annual financial reporting
- ✓ Upon request, assist the City in developing and maintaining distribution channels for financial statements (primarily through EMMA)
- ✓ Review City's debt portfolio; provide recommendation on refinancing opportunities
- ✓ Review City's "suite" of financial and operational policies in place, provide recommendations and samples, as required, to ensure best-practices and / or regulatory requirements are met
- ✓ Evaluate, provide recommendations on City's credit rating posture
- ✓ Review, evaluate City's investor disclosure compliance; provide recommendations, as required, for remediation of deficiencies
- ✓ Review and advise, as requested, City's bond's arbitrage reports



- ✓ Prepare written memoranda or easy to understand presentation materials outlining options with clear discussion of advantages and disadvantages to each alternative; Typically, there is a “feedback loop” inherent in this process necessitating review and revisions and repeating this process to ensure common understanding and concurrence on option(s) selected to present to elected decision-makers that can meet the goals established
- ✓ Lead discussions with all necessary City stakeholders, including executive staff and elected decision-makers and, as required, community groups, bargaining unit leaders, developers, property owners, etc.
- ✓ As requested, provide formal advice and recommendations on issuance of bonds and project financing programs
- ✓ As directed, prepare (or review) and present (in-person or virtual), all materials, including staff reports and presentations for elected body review and decision-making / approval of financing options

Fixed, Contingency Financing Fee

Compensation on a cents-per-bond or per \$5,000 notional amount to be paid contingent on specific financing issues. proposed under this contract.

Task 2: Bond Financing

As noted in numerous instances within this proposal, NHA “walks the talk” with respect to its fiduciary duty (i.e., the “NHA Way”). This means abiding by the SEC dictated “Duty of Care” (i.e., have the expertise to do the job for the client) and “Duty of Loyalty” (i.e., placing client interests in front of one’s own / avoiding conflicts). While NHA can confidently state that it avoids the obvious conflict inherent in a contingent transaction fee by providing hourly, non-contingent advice prior to a client’s “go-no go” direction on a bond deal, there is no such conflict mitigating ability if compensation is based upon the size of a deal. In fact, SEC requires registered municipal advisors to charge reasonable and fair fees (i.e., “not excessive”) to its clients. A fee based upon the size of a transaction incentivizes all members of the financing team, including the municipal advisor if they charge on size, to increase the size of the deal to increase the compensation received. In NHA’s opinion, to abide by the spirit of the SEC direction to not charge excessive fees to our clients, we must use concrete and discernable metrics such as firm resources utilized, complexity of a deal, risks associated with transaction not closing, among other factors.

Upon the City’s decision (either at staff or Council level) to implement a financing strategy, NHA will pivot to Task 2 services. This work would be structured on a contingent basis (paid from bond proceeds at the time of closing). For potential bond financing(s), we propose a contingent fixed fee ranging from **\$29,500 to \$87,500** depending on the financing structure, complexity, method of sale of the financing, the extent of NHA’s tasking and, generally, how much time it will take to complete the financing. Expenses such as California travel will not be expensed. All project-related expenses, if paid by NHA upon written direction of City, will be invoiced at cost (and typically paid from proceeds of the financing).

For example, a simple private placement transaction would take less time to execute and would be on the lower end of the range shown above. Contrasting that, a complex pension obligation bond that might require a lengthy or extensive process which involves time to educate stakeholders, detailed analysis and



stress testing, RFP process for underwriters or other consultants may be on the higher end of the range shown.

While this range of fees for executing a funding plan or bond financing is broad, so too is the possible breadth and depth of services that might be required for NHA to successfully execute upon the desired objectives to secure the preferred outcomes of the City. NHA would be glad to provide a more detailed cost proposal for a specific project if clear (or assumed) parameters on current status, timelines, deliverables and expected NHA contributions are given.

Expenses (Out-of-Pocket)

All expenses will be billed directly at cost to the City. Expenses will be limited to those necessary for completion of the project. California travel expenses will not be reimbursable to NHA. Third-party expenses paid by NHA at direction of City, in writing, shall be a reimbursable expense.

A sample of services generally associated with **Task 2** are identified below:

Task 2 - Bond Issuance Municipal Advisory Services

- ✓ **AS THE CITY'S MUNICIPAL ADVISOR AND FIDUCIARY, MANAGE ALL ASPECTS OF, AND REPRESENT CITY'S INTEREST IN, BOND FINANCING PROCESS**
- ✓ Establish and manage finance team distribution listing, financing schedule, due diligence data needs and task list; allocate tasks and duties for efficient and effective project execution
- ✓ Work cooperatively with assembled team (i.e., underwriter or broker-dealer) to develop detailed numerical analysis of financing options; independently verify all numerical options
- ✓ Work cooperatively with assembled team (i.e., bond counsel) to develop bond legal documentation; provide detailed review and commentary
- ✓ Work cooperatively with assembled team (i.e., disclosure counsel) to develop bond investor disclosure documentation (e.g. preliminary official statement); provide detailed review and commentary
- ✓ Lead and manage the development of credit rating strategy, documentation and presentation materials
- ✓ Review, prepare and "coach", as required, City personnel for credit rating presentation
- ✓ Review and provide comment on draft financial and rating agency reports prior to publication
- ✓ Lead and manage, if applicable, solicitation and negotiation of bond insurance / reserve surety; provide independent cost-benefit analysis of same
- ✓ As directed, prepare, issue, manage RFP process for selection of financing participants (trustee, legal, specialized consulting needs, verification agents, etc.)
- ✓ For Competitive sale: verify bids, restructure as necessary



- ✓ For Negotiated sale: as directed, manage RFP for Underwriter, negotiate pricing structures, act as liaison and advocate/fiduciary for City's interests
- ✓ For Negotiated sale and underwriter due diligence questionnaire – discussion, advise and prepare City for accurate and appropriate responses
- ✓ During negotiated bond sale process, provide City independent analysis of comparable transactions and proposed bond structure and interest rates
- ✓ During negotiated bond sale process, in real time as required, provide City with clarification and explanation of bond terminology presented bond numerical analyses
- ✓ During negotiated bond sale process, negotiate and/or advise, on behalf of and in the interests of City, with underwriter on desired improvements to bond structure and interest rates/yields
- ✓ Arrange for investment of escrow (if applicable), including analysis of SLGS vs OMS
- ✓ Assist City in negotiation of contracts, such as investment agreements, for bond proceeds, if applicable
- ✓ Review, on behalf of City, bond purchase contract for accuracy of bond sale figures and acceptable terms; advise City of our recommendation to sign this document if approved
- ✓ Review final legal, disclosure and closing documents for accuracy prior to City execution
- ✓ Develop and distribute Closing Flow of Funds memorandum guiding all parties as to how bond monies will be transferred—and in what sequence—on the day of closing.
- ✓ As requested, prepare and present to City's elected governing body, a presentation outlining the results of the financing

L. POTENTIAL CONFLICT OF INTEREST

NHA, per its fiduciary duty as a SEC-Registered Municipal Advisor, must deal honestly and with the utmost good faith with the City and act in the City's best interests without regard to the financial or other interests of NHA. NHA will eliminate or provide full and fair disclosure (included herein) to the City about each material conflict of interest (as applicable). NHA will not engage in municipal advisory activities with the City if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the City's best interests.

As a general statement, NHA represents that in connection with the issuance of municipal securities, NHA may receive compensation from the City for services rendered. If this compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction then, consistent with the requirements of MSRB Rule G-42, NHA hereby discloses that such contingent and/or bond size-determined transactional compensation may present a potential conflict of interest regarding NHA's ability to provide unbiased advice to City to enter into such transaction. This conflict of interest will not impair NHA's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the City. If NHA becomes aware of any additional potential or actual conflict of interest after this disclosure, NHA will disclose the detailed information in writing to the City in a timely manner. NHA will never be compensated based upon the size of a transaction. NHA has a duty to reasonably establish its fees in relation to metrics that are fair and understandable to our clients such as amount of firm resources deployed, complexity of



the deal, breadth of services rendered, risks associated with completion, among many other considerations (see Cost Proposal in previous section).

Additionally, NHA's professional practice focusses upon serving California cities and special districts. Unlike many of our competitors, NHA does not serve school districts or county governments (with a couple of exceptions that do not present a conflict with the City). This point, in particular, is germane to the City with respect to the recent transaction executed to refinance the energy generation equipment residing on school district property, as well as possible future negotiations that may occur with the County of Los Angeles regarding certain jointly held financial assets.

Finally, NHA does not know of any potential conflicts of interest with the City and does not have any of the City's consultants as our current clients.

M. BUSINESS RELATIONSHIPS WITH OTHER ENTITIES

NHA has no (formal or informal) affiliation, ownership or relationship with any broker-dealer, municipal advisor or other consulting firm, with the exception that Craig Hill serves on the board of directors for HdL Companies.

NHA abides by all rules required of Independent Registered Municipal Advisors, which includes not allowing for finder's fees, fee splitting, payments to consultants, or other contractual arrangements that present either a real or perceived conflict of interest. NHA, per SEC rules, must report all political donations made by each of its registered municipal advisors. NHA affirms that no political donations that would create a conflict with the City, its elected officials or staff have been made in the past two years (or ever).

NHA takes this a step further: NHA does not jointly market any type of financing program with other professional firms. Examples of such programs are CSCDA's SCIP, CMFA's BOLD, CALMUNI PFA (where the municipal advisor and bond counsel firm have a common owner) and CEDA BAND (<https://ceda.caled.org/band-financing-program/>). Note: The new CEDA BAND program has two registered municipal advisors (one serving as municipal advisor, one serving as special tax consultant) jointly marketing, and informally associated with, two bond counsel firms and one underwriting firm.

Further, NHA has one business: providing financial consulting and municipal advisory services—primarily to California cities and special districts. NHA does not provide an umbrella of other services that serve both public and private entities, sometimes which may have interests within the same public jurisdiction and most of which do not require a SEC Series 50 registration and fiduciary duty. All ten of NHA's employees are registered municipal advisors and must abide by the SEC rules prescribing a fiduciary duty on all efforts on behalf of our public agency clients.

Finally, NHA certifies that the firm will not participate in any activities that directly pertain to the underwriting or, purchasing of any financing debt or bonds issued by the City or its affiliates, while contracted for services as a Municipal Advisor by the City.



N. EXCEPTIONS TO PROFESSIONAL SERVICES AGREEMENT

NHA has reviewed the City's Professional Services Agreement and insurance requirements and takes no exception to the conditions therein. NHA's insurance policies meet the requirements outlined in the City's Professional Services Agreement.

O. SIGNATURE SHEET

Please see **Appendix A** of this proposal for a completed Signature Sheet.



APPENDIX A: SIGNATURE SHEET

SIGNATURE SHEET

My signature certifies that the proposal as submitted complies with all terms and conditions as set forth in RFP No. 805-24.

My signature certifies that this firm has no business or personal relationships with any other companies or person that could be considered a conflict of interest, or potential conflict of interest to the City of Lancaster, pertaining to any and all work or services to be performed as a result of this request and any resulting Contract with the City.

The Vendor hereby certifies that it has:

- Read each and every clause of this RFP and addenda, including Addendum # 1 and #2.
- Included all costs necessary to complete the specified work in its proposed prices.
- Agreed that if it is awarded the Contract, it will make no claim against the City based upon misunderstanding of any provision of the Agreement. Should conditions turn out otherwise than anticipated by it, the Vendor agrees to assume all risks incident thereto.

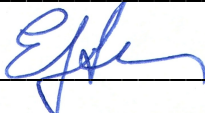
I hereby certify that I am authorized to sign as a Representative for the Firm:

Name of Firm: NHA Advisors, LLC

Address: 4040 Civic Center Drive, Suite 200, San Rafael, CA 94903

Fed ID No: 45-1633038 DIR # (if applicable): N/A

Name (print): Eric Scriven

Name (sign): 

Title: Principal

Telephone: (415) 785-2025 x2003 Fax: (415) 506-3401

Email: Eric@NHAadvisors.com Date: November 9, 2023

To receive consideration for award, this signature sheet must be returned with the Proposal.



APPENDIX B: COST PROPOSAL

EXHIBIT "B"

Cost Proposal

Please complete the information below for each of the alternatives mentioned in the proposal.

☐ **Compensation on a time and expense basis with hourly billing rates**

Insert Hourly Rate Schedule Here

Staff Allocation	Hourly Rate
Principal	\$350
Director / Senior Vice President	\$325
Vice President	\$300
Assist. Vice President / Sr. Associate	\$275
Associate	\$250
Senior Analyst	\$225
Analyst	\$200
Administrative	\$100

☐ **Compensation on a cents-per-bond (per \$5,000 notional amount) to be paid contingent on specific financing issues.**

Cents Per Bond: N/A

While NHA can confidently state that it avoids the obvious conflict inherent in a contingent transaction fee by providing hourly, non-contingent advice prior to a client's "go-no go" direction on a bond deal, there is no such conflict mitigating ability if compensation is based upon the size of a deal. In fact, SEC requires registered municipal advisors to charge reasonable and fair fees (i.e. "not excessive") to its clients. A fee based upon the size of a transaction *incentivizes* all members of the financing team, including the municipal advisor if they charge on size, to increase the size of the deal to increase the compensation received. In NHA's opinion, to abide by the spirit of the SEC direction to not charge excessive fees to our clients, we must use concrete and discernable metrics such as a expected firm resources utilized, breadth of the services provided, complexity of a deal, risk's associated with transaction not closing, among other factors. **Therefore, NHA will never propose or accept a contingent financing fee based upon the size of the transaction.**

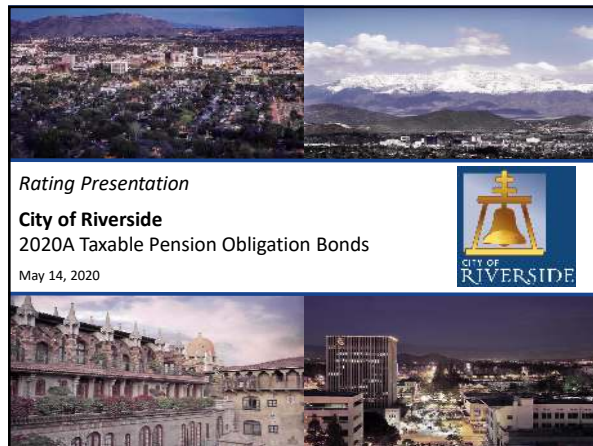
NHA's bond financing work usually is structured on a contingent basis (paid from bond proceeds at the time of closing). For potential bond financing(s), we propose a contingent fixed fee ranging from **\$29,500 to \$87,500** depending on the financing structure, complexity, method of sale of the financing, the extent of NHA's tasking and, generally, how much time it will take to complete the financing. Expenses such as California travel will not be expensed. All project-related expenses, if paid by NHA upon written direction of City, will be invoiced at cost (and typically paid from proceeds of the financing).

For example, a simple private placement transaction would take less time to execute and would be on the lower end of the range shown above. Contrasting that, a complex pension obligation bond that might require a lengthy or extensive process which involves time to educate stakeholders, detailed analysis and stress testing, RFP process for underwriters or other consultants may be on the higher end of the range shown. Using the Event Center funding plan as another example, and given the likely length of time to put all of the pieces of that funding plan in place, NHA would estimate that the contingent fee would also be on the higher end of the range.

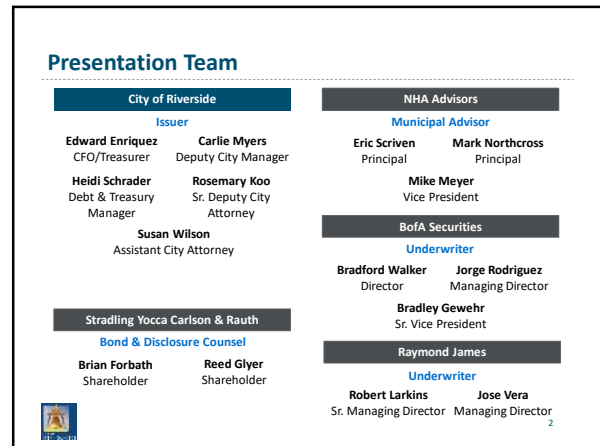
While this range of fees for executing a Funding Plan or bond financing is broad, so too is the possible breadth and depth of services that might be required for NHA to successfully execute upon the desired objectives to secure the preferred outcomes of the City. NHA would be glad provide a more detailed cost proposal for a specific project if clear (or assumed) parameters on current status, timelines, deliverables and expected NHA contributions are given.



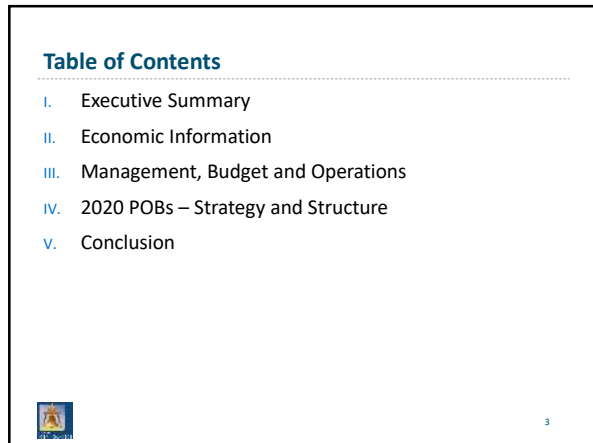
APPENDIX C: CITY OF RIVERSIDE 2020 POB CREDIT PRESENTATION



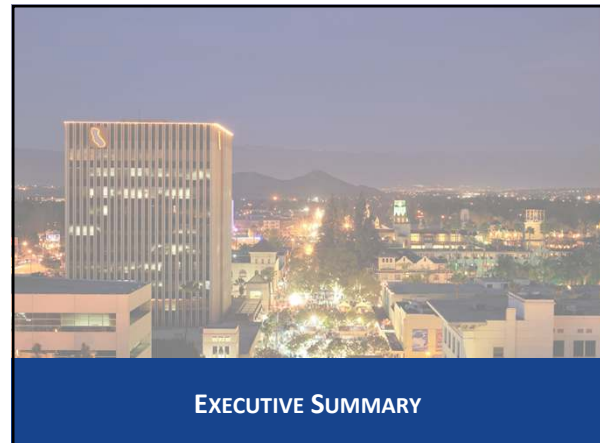
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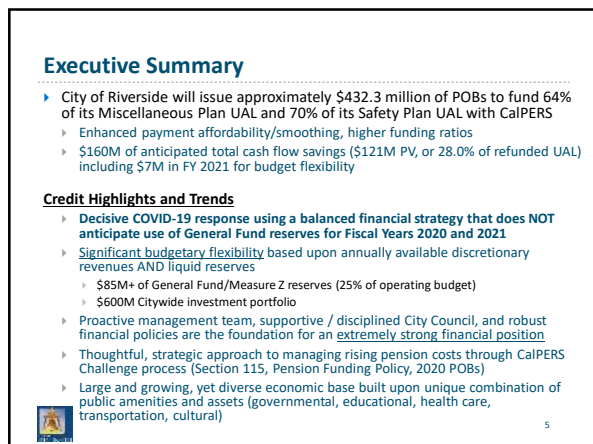
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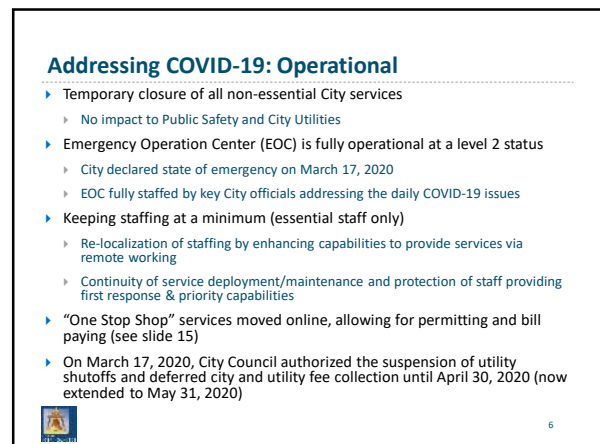
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Addressing COVID-19: Financial

- City is continuing to monitor and assess COVID-19 fiscal impacts
 - Property Taxes and Sales Tax each comprise about 25% of General Fund operating revenues
 - Property Tax: No projected negative impacts for FY 2020 and 2021 based on current information; Teeter Plan mitigates delinquency risk
 - General Fund Sales Tax revenue losses projected to be \$7.2M* for FY 2019/20 and \$7.8M for FY 2020/21**
 - TOT comprises less than 3% of GF operating revenues
- City is modifying its FY 2020/21 budgetary process
 - Emergency 1-year budget in lieu of 2-year budget; to be adopted in June
- City is projecting \$11.9M overall impact for FY 2019/20 and planning for \$28.1M impact for FY 2020/21 (10% decline based on trends experienced during 2008-2010 Great Recession)
- Multi-pronged strategy detailed on following slide



* \$2.25M of \$7.2M in projected losses comprises sales tax deferrals anticipated to be recouped in FY 2021.
** Projected sales tax losses do not reflect potential impacts on Measure Z Transaction and Use Tax.

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Addressing COVID-19: Solutions and Resources

- City has identified several primary resources/strategies to address COVID-19 impacts; many other secondary resources available if needed

FY 2019/20	
Projected Revenue Impacts: \$11.9M	Solutions/Resources: \$11.9M+
\$7.2M: Sales Tax (includes \$2.2M deferral)	- Suspend new recruitment (100+ GF positions previously budgeted)
\$2.2M: TOT	- Conduct only essential spending
\$1.6M: Business License Tax	- Diligent efforts to seek and qualify for FEMA and other reimbursements
\$800K: Transfers In	
FY 2020/21	
Projected Revenue Impacts: \$28.1M	Solutions/Resources: \$39.6M+
Planning for 10% Revenue Reduction + Reductions to Essential Spending Generating Budgetary Savings	- \$6M: Measure Z Contingency
	- \$6.5M: Restore \$18M transfer in from Measure Z (vs. \$11.5M planned)
	- \$7M: POB vs. UAL savings
	- \$4.35M: Section 115 Trust (\$9M available)
	- \$15.7M: Suspension of Recruitment
Other Available Strategies If Needed:	
1) Sale of City-owned property (in discussion)	2) Increase POB savings to \$15M for FY 2021 (not anticipated)
3) Eliminating positions (not anticipated)	4) Utilize GF reserves or additional Measure Z reserves (not anticipated)
5) Leverage \$600M Citywide investment portfolio (not anticipated)	



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Addressing COVID-19: Measure Z

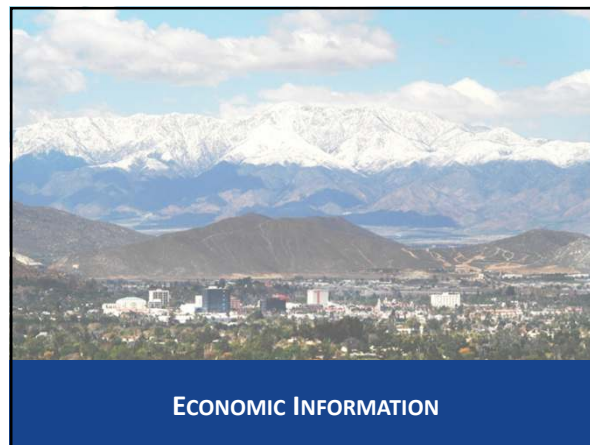
- City is projecting Measure Z revenue declines of \$9.1M* for FY 2020 and \$5.1M for FY 2021
- City's General Fund operating budget flexibility is greatly enhanced from mostly *discretionary and scalable Measure Z revenues*
 - Only about 25% (\$15M) of Measure Z is used for direct personnel expenses
 - About 30% (\$18M) is budgeted for Transfer-In to General Fund for FY 2020/21
 - Remainder (\$25M) is for various new capital improvement projects and programs
 - Library, Museum, Police HQ, Streets, Parking Garage, tree trimming, building improvements, pool, equipment and technology improvements, etc.
- Revenue declines caused by COVID-19 will dictate necessary deferrals of many discretionary capital projects and programs budgeted/approved through 5-Year Measure Z Spending Plan



* \$2.25M of \$9.1M in projected losses comprises sales tax deferrals anticipated to be recouped in FY 2021.

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ECONOMIC INFORMATION

10

City's Underlying Fundamentals Provide a Strong / Resilient Foundation to Weather the COVID-19 Storm



* As of November 2019, unemployment rate in California was 3.9% and 3.5% nationally

11

11

Dynamic and Stable Local Employment Base

- The City is the political, cultural and economic center of the Inland Empire
 - Net importer of jobs
 - Home to four universities and colleges that support more than 50,000 students
- Stable employment base: Riverside's top 10 employers are primarily government agencies, educational institutions, and hospitals

Rank	Employer	Industry	Employees
1	County of Riverside	Government Offices	22,000
2	University of California, Riverside	Education	8,750
3	March Air Force Reserve	Military	7,000
4	Stater Personnel	Healthcare	4,340
5	Riverside Unified School District	Education	4,311
6	City of Riverside	Government Offices	4,085
7	Riverside Community Hospital	Healthcare	2,300
8	Riverside Community College District	Education	2,200
9	Alondra Unified School District	Education	1,898
10	Cal Baptist University	Education	1,442
11	Porterware Community Hospital	Healthcare	1,300
12	Coltana Aerospace Systems	Aircraft Components Manufacturing	1,027
13	Riverside Medical Clinic	Healthcare	950
14	Stater Bros	Grocery Stores	700
15	M&B Engineering	Automotive Parts	700
16	Wal-Mart Supercenter	Department Stores	688
17	Pepsi Bottling Company	Bottle Manufacturing	650
18	Mission Inn Hotel and Spa	Hotels & Motels	620
19	J. Ginger Masonry	Masonry Contractors	600
20	TARGET	Department Stores	580
21	ARM Medical Response	Healthcare Services	550
22	G4S Secure Solutions	Security Guard Contractors	550
23	Riverside Transit Agency	Busing	507
24	California Air Resources Board	Government Offices	460
25	200 Laboratories	Cosmetics Manufacturing	450



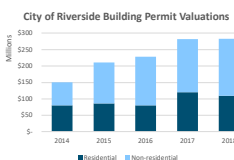
Source: City of Riverside, May 2020

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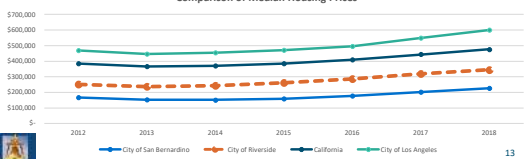
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AV History and Real Estate Market

- Building permit valuations totaled \$283M in 2018 (Construction Industry Research Board); \$375M in 2019 according to City data
- Taxable AV of \$21.7B in FY 2020
 - Compound annual average growth of 4.3% from 2014 - 2020
 - Top 10 property taxpayers account for 4.7% of total AV
- New and existing home prices in the County continue to rise but remain significantly more affordable than most Southern California counties



Comparison of Median Housing Prices



Source: United States Census Bureau, American Community Survey Table DP04

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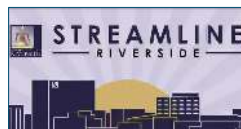
Continued New Development in the City



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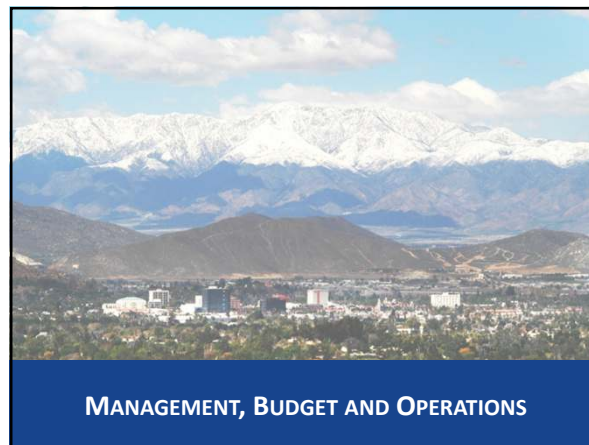
"Streamline Riverside" & "One Stop Shop" Programs

- Streamline Riverside**
 - Collaboration of City departments and key stakeholders to facilitate the development review process
 - Program has significantly reduced entitlement & building permit review times and costs
 - Beneficiaries include property & business owners, developers, design professionals and contractors
- One Stop Shop**
 - City has combined onto one floor key departments involved in the development process in order to streamline permits and approvals process
 - Allows for enhanced data collection procedures
 - Demonstrates City's commitment to innovation and excellence in municipal service
 - Award-winning program; well-received by customers
 - In light of COVID-19 challenges, the City has moved One Stop Shop services online



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Robust and Sound Financial Policies/Practices Provide Foundation for Improved Financial Position

<ul style="list-style-type: none"> Ensures issuance and administration of City debt in compliance with State laws and City Charter. In alignment with the City's strategic goals, including providing transparency of the City's debt practices and obligations 	<ul style="list-style-type: none"> Established Pension Stabilization Fund (PSF) and Section 115 Trust and developed guidelines around funding PSF using annual surplus and monies previously allocated to prior debt service 	<ul style="list-style-type: none"> Projects >\$20,000 and useful life of >10 years, identifies projects, funding source and effect of the plan on key financial variables 	<ul style="list-style-type: none"> Minimum of 15% of General Fund operating budget with goal of 20%. Surplus moved to Section 115 Trust.
Debt Policy	Pension Funding Policy	Multi-Year Capital Planning and Fiscal Policy	Reserve Policy
<ul style="list-style-type: none"> Mandate to preserve principal, ensure sufficient liquidity, and generate a market rate of return (updated as of 4/21/20) 	<ul style="list-style-type: none"> Ensures adequate cash flow and liquidity for City operations and minimizes idle cash for investment in City portfolio 	<ul style="list-style-type: none"> Finance Department updates the City Council, management and public through monthly and quarterly investment and debt reports 	<ul style="list-style-type: none"> City is working with Consultant to develop new tool for use by anyone (released Summer 2020)
Investment Policy	Cash Management Policy	Financial Reporting	10-Year Dynamic Forecasting Tool

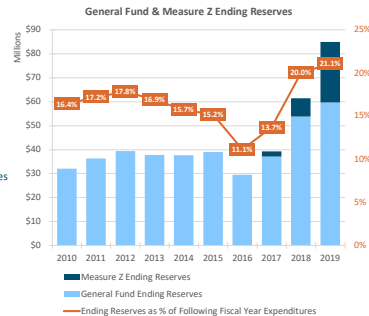
All Policies can be accessed here: <https://riversideca.gov/finance/Fiscal-Policies.asp>

17

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General Fund Reserves Provide Substantial Liquidity to Weather the COVID-19 Crisis

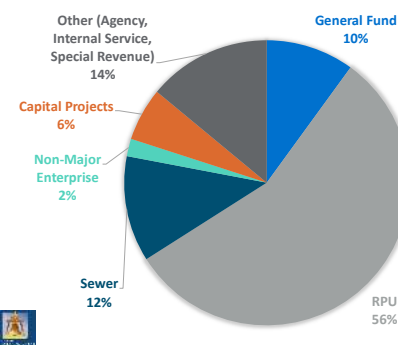
- General Fund ending reserves (\$59.7M) represent 21.1% of following fiscal year expenditures
 - Per reserve policy, surplus GF reserves exceeding 20% of expenses are committed to City's Section 115 Trust
 - \$56.0M maintained as economic contingency reserves
 - ~\$4M unassigned reserves moved to Section 115
- Measure Z total fund balance grew to \$42.5 million in FY 2019
 - \$5.0M reserve (committed)
 - \$20.2M unassigned balance



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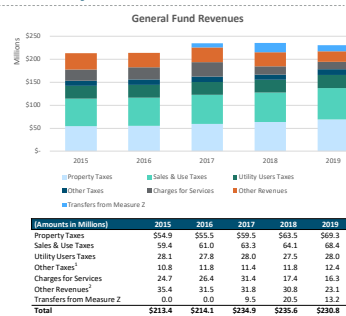
\$600M of Liquid Citywide Resources



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General Fund Revenues by Source

- FY 2019 tax revenues represented 89% of General Fund revenues
- Property taxes grew at a compound average annual 7.6% rate over FY 2015-2019
- FY 2019 growth of 9.1%
- Sales & Use taxes grew at a compound average annual 4.1% rate over FY 2015-2019
- FY 2019 growth of 6.7%



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Conservative Budgeting: 2019 Budget vs Actuals

- FY 2018/19 revenues came in \$10M higher than budgeted
- Expenses lower by \$31M due to:
 - Unspent appropriations for grants, capital projects and other special programs not completed during FY 2019
 - Cost saving efforts by City
- Ending fund balance \$43M higher than budgeted (\$78M to \$121M)

General Fund Budget Versus Actuals (Amounts Expressed in Thousands)			
	2018-19 Final Budget	2018-19 Actual	Variance
Revenues			
Taxes	\$232,218	\$240,416	\$8,198
Licenses and permits	10,188	10,357	169
Intergovernmental	3,654	3,466	(188)
Charges for services	16,551	16,393	(158)
Fees and forfeitures	1,209	2,078	869
Special assessments	505	535	30
Rental and investment income	3,700	3,389	(311)
Miscellaneous	3,799	3,287	(512)
Total revenues	\$259,834	\$279,819	\$19,985
Expenditures			
General government	\$29,859	\$30,004	\$145
Public safety	129,214	126,962	(2,252)
Highways and streets	22,122	20,289	(1,833)
Culture and recreation	\$2,218	20,806	18,588
Capital Outlay	3,444	1,815	(1,629)
Debt service: Principal	-	-	-
Debt service: Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	\$275,827	\$248,777	(\$27,050)
Deficiency of revenue under expenditures	(\$10,003)	\$31,042	\$41,045
Other financing sources (uses)			
Transfers in	\$64,378	\$51,763	(\$12,615)
Transfers out	(66,215)	(\$1,262)	14,953
Proceeds from issuance of long-term debt	-	-	-
Payment to Escrow for Advance Refunding Capital Lease Proceeds	-	-	-
Sale of capital assets	68	-	(68)
Total other financing sources (uses)	(1,769)	501	2,270
Net change in fund balance	(\$11,772)	\$33,543	\$45,315
Fund balance, beginning	\$9,624	\$9,624	\$0
Fund balance, ending	\$77,852	\$123,167	\$45,315

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FY 2020 Budget vs. Amended vs. FY 2020/21

- Emergency FY 2021 Budget to be adopted on June 16th in lieu of biennial budget
- Table below includes \$40M of budget balancing measures for FY 2020/21 as detailed on slide 8

General Fund FY 2020 Adopted Budget & FY 2021 Emergency Budget			
	Adopted Budget 2019-20	Amended Mid-Cycle Budget 2019-20	Emergency Budget 2020-21
Total Revenues	\$280,999,020	\$279,136,415	\$278,400,277
Total Expenditures	\$282,235,032	\$280,372,427	\$278,400,277
Revenue Over/(Under) Expenditures	(\$1,236,012)	(\$1,236,012)	-
Net Change in Fund Balance	(\$1,236,012)	(\$1,236,012)	-
Fund balance, Beginning	\$60,433,966	\$60,433,966	\$56,000,000
Fund balance, Ending	\$59,197,954	\$59,197,954	\$56,000,000
Measure Z – Transaction & Use Tax	55,085,400	59,100,000	\$56,200,000
Measure Z – Appropriations	57,528,914	59,139,201	\$54,252,010

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Measure Z: Three Year History

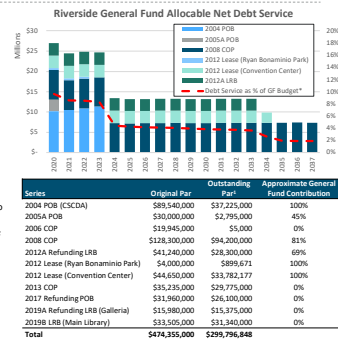
- Measure Z is a one-cent transaction and use tax approved by City voters in November 2016
- Expires in 2036; up for reauthorization in 2035
- Separate oversight/management by Budget Engagement Commission
- Ending FY 2019 fund balance: \$42.5M
 - Committed: \$5.0M
 - Assigned: \$17.3M
 - Unassigned: \$20.2M
- Projected COVID-19 revenue impacts:
 - \$9.1M for FY 2020 and \$5.0M for FY 2021
 - Given scalability of Measure Z program, discretionary capital projects and programs will be deferred

(Amounts Expressed in Thousands)			
	FY 2017	FY 2018	FY 2019
Revenues			
Measure Z Tax Revenue	\$12,605	\$56,202	\$62,283
Rental and investment income	3	6	409
Total Revenues	\$12,608	\$56,208	\$62,692
Expenditures			
General Government	\$27	\$1,454	\$1,957
Public Safety	449	18,404	14,968
Highways and Streets	-	115	890
Culture and Recreation	-	-	-
Total Expenditures	\$476	\$19,973	\$17,815
Revenue Over (Under) Expenditures	\$12,130	\$36,235	\$44,877
Other financing sources (uses)			
Transfers in	-	\$10,935	\$3,460
Transfers out	-	(11,088)	(13,790)
Transfers Out to General Fund	(9,489)	(20,482)	(13,739)
Total Other Financing Sources (Uses)	(\$9,489)	(\$20,482)	(\$20,569)
Net Change in Fund Balances	\$2,641	\$15,600	\$24,258
Fund Balances - Beginning	-	2,641	18,241
Fund Balances - Ending	\$2,641	\$18,241	\$42,499

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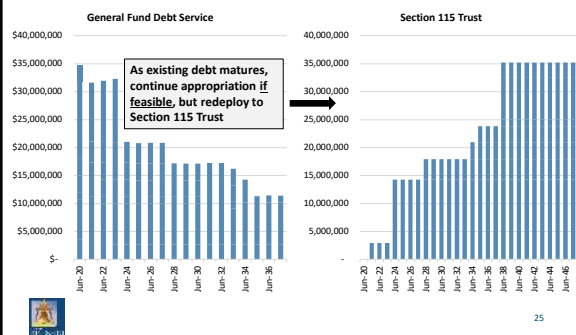
Declining General Fund Debt Burden

- City has maintained manageable General Fund debt levels
 - 11.2% of GF budget in FY 2019
- General Fund receives significant contributions from external sources to help manage debt service
 - General Fund allocable share of debt about 55% currently, dropping to ~45% after FY 2023
 - Total net debt service scheduled to step down after FY 2023 from approximately \$25M (8% of budget) to \$13M (4% of budget)
- In conjunction with smoothing of pension costs through 2020 POB (see next section), overall annual debt (bonds/UAL) payments are projected to be lower and more affordable/predictable



24

Per Pension Funding Policy, City Intends to Redeploy Maturing Debt Payments Towards Section 115 Trust



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CalPERS Pension and OPEB

- ▶ \$642.1 million projected UAL for 6/30/2020
- ▶ \$328.8 million Safety Plan (71.5% funded status)
- ▶ \$313.3 million Miscellaneous Plan (77.9% funded status)
- ▶ Modest \$38.3 million OPEB liability
- ▶ OPEB benefit is not vested nor contractually binding

City of Riverside – Unfunded Liability and Funded Ratios (6/30/2018)

Pension Plans	Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Status	Valuation Date
Miscellaneous	\$1,401,014,728	\$1,090,728,598	\$310,286,130	77.9%	6/30/2018
Safety	\$1,111,845,886	\$794,903,449	\$316,942,437	71.5%	6/30/2018
Total	\$2,512,860,614	\$1,885,632,047	\$627,228,567	75.04%	6/30/2018

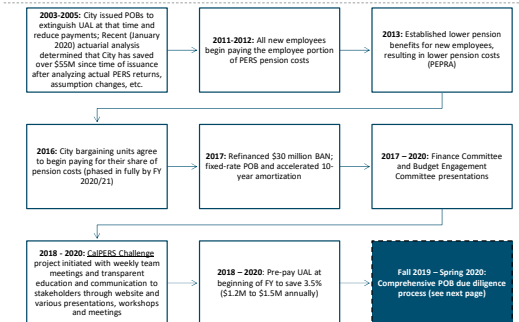
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Parada v. City of Riverside ("Parada II")

- ▶ Filed Sept. 12, 2018: Challenges the use of certain non-rate revenues to fund the General Fund Transfer
 - ▶ On April 17, 2020, tentative ruling finding that the use of that certain non-rate revenue violates Article XIII C of the CA Constitution; estimated at \$19-\$25M annually (beginning January 1, 2019 until settlement)
- ▶ **Plaintiffs NOT seeking relief from the General Fund**
 - ▶ Risk to General Fund is loss of future General Fund Transfer (GFT) revenues
 - ▶ Loss of future GFT is \$19-\$25m if the City is unable to identify additional non-rate revenue
- ▶ If City loses litigation and a refund is required, the City expects refund to come from the Electric Fund
 - ▶ Available Electric Fund reserves are \$336M
- ▶ If tentative ruling becomes final, appeal would be allowed only after second phase of trial on remedies and damages
- ▶ City has variety of revenue sources to address potential reduction in transfer, including going to voters to approve transfers (as was done for Water Fund transfers) and Measure Z revenues (general tax, use fully discretionary)

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Track Record of Proactively Managing Pension Costs



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2020 POBs – The Process

Stakeholder Education and Involvement

- Workshops and presentations since Fall of 2019

Thorough evaluation of 25+ structuring options to achieve City objectives, optimize results and manage risk

- Size: \$100M to \$642M analyzed
- Maturity: Same term vs. shorten/lengthen
- Shape: Proportional, level, wrap, etc.
- Base Selection: Optimal UAL amortization bases to pay off

Risk Assessment and Stress Testing of Options

- What happens to POB savings under adverse CalPERS returns scenarios

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2020 POBs – STRATEGY AND STRUCTURE

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2020 POBs – Security Features

Purpose	(1) Increase funding ratios of City's CalPERS Plans to 92% (2) Pay Costs of Issuance
Security	(1) Issued under 2004 Indenture (2) Absolute and unconditional obligation of the City (3) Parity with \$63.3M outstanding 2004 POB and 2017 POB (4) Secured by validated pledge of "all available funds" (5) Debt service pre-funded by August 1 of each year
Debt Service Reserve Fund	N/A
Par Amount	\$432,330,000
Payment Dates	6/1 and 12/1 principal and interest; 6/1 principal First interest payment date 12/1/2020

- City has historically pre-paid its UAL, so prepayment feature on 2020 POBs does not add any additional cash flow pressure



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2020 POBs - Financing Plan

- Increase Funding Ratios for Both Safety and Miscellaneous Plans
 - Target 92% for both plans
 - Pay \$230.1M to reduce UAL Payments for Safety Plan and \$200.6M to reduce UAL Payments Miscellaneous Plan
- General Fund responsible for 100% of Safety Plan but only 46% of Miscellaneous Plan
- Generate significant savings for the City and its General Fund
 - Approximately \$159.9M in total projected savings and \$120.5M in PV savings
 - Approximately \$120.1M in projected savings for the General Fund and \$92.8M in PV savings
 - At least \$7M in projected annual savings for the first 12 fiscal years

Summary of Financing	
% of Safety UAL Funded	70%
% of Miscellaneous UAL Funded	64%
Total UAL Funded (\$ millions)	\$430.70
Target Funding Ratio (Both Plans)	92%
All-in Interest Rate with Costs	3.53%
Average Life of Bonds (Years)	11.6

Projected Benefit Summary	
Projected Cumulative Benefit (\$ millions)	\$159.88
Projected Present Value Benefit (\$ millions)	\$120.56
Projected Present Value Benefit (% UAL Funded)	27.99%
Projected Annual General Fund Savings (2021-2032, \$ millions)	\$7.0 - \$10.9



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2020 POBs – Structuring Rationale and Objectives

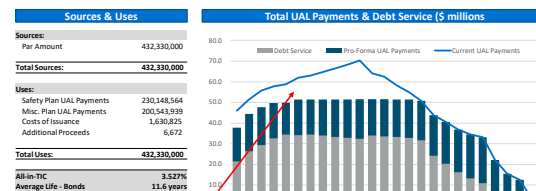
- Refunding of certain existing UAL amortization bases, to be selected strategically by a linear optimization model to meet the following objectives
 - Create a more affordable/sustainable repayment profile by smoothing payments over the next 15 to 20 years
 - No dissavings projected for any year & no maturity extension
 - Final maturity and average life of POB do not exceed those of the UAL bases being prepaid
 - Achieve \$7M - \$11M of annual savings to General Fund thru FY 2032
 - Minimize both Maximum Annual Debt Service and Total Pension Related Liabilities
 - Levelling maximum annual total liabilities is consistent with recent funding risk management changes by CalPERS for amortization of future unfunded liabilities (shift from level % of payroll to level dollars)



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Estimated S&U, Debt Service & Unrefunded UAL



- \$160M of savings projected through FY 2035
- Gradual ramp up in payments and then relatively level (POB + Unrefunded UAL) from FY 2024 to FY 2036



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Estimated Savings: Citywide and Just General Fund

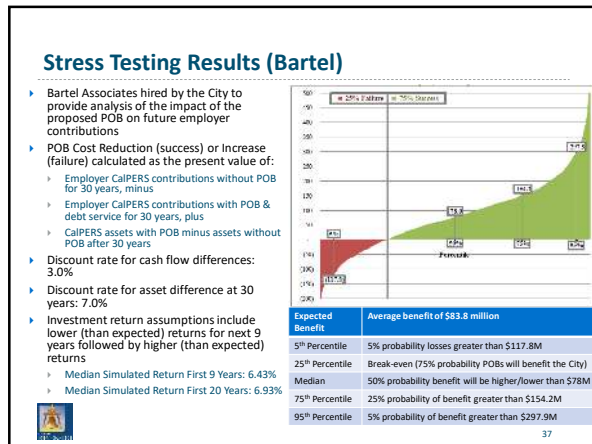
- Total Cumulative Savings of \$160M

- General Fund cumulative savings of \$120M

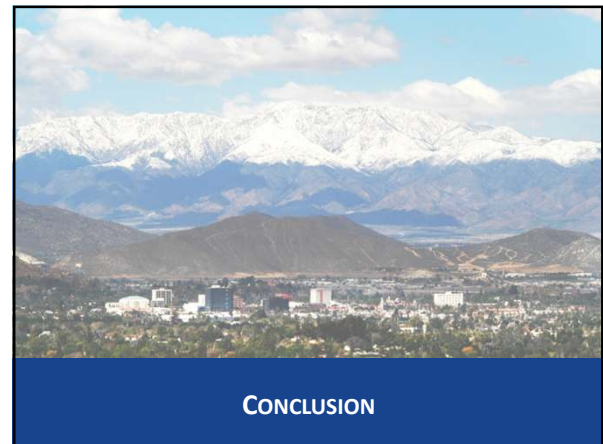
- Maximum Annual Total Pension Payment reduced \$18.7M to \$70.2M to \$51.5M

- Maximum Annual General Fund Payment reduced \$10.9M from \$51.2 to \$40.3M

Fiscal Year	Current UAL					Proposed Financing				
	Payments	Debt Service	Payments	Debt Service	Savings	Payments	Debt Service	Payments	Debt Service	Savings
2021	46.1	15.1	21.1	8.2	8.9	11.1	14.9	20.1	7.9	7.9
2022	51.5	18.1	24.1	9.5	7.0	12.1	17.2	21.1	9.1	7.0
2023	55.9	18.5	26.1	10.8	8.0	13.1	19.5	22.1	10.1	8.0
2024	57.8	17.2	24.1	10.8	8.0	12.6	21.7	24.1	8.0	8.0
2025	59.0	15.6	22.1	10.8	9.0	11.0	23.8	25.1	9.0	9.0
2026	62.0	13.8	20.1	10.8	10.5	10.4	25.7	26.1	10.4	10.4
2027	64.9	12.2	18.1	10.8	11.5	10.0	27.4	27.1	10.0	10.0
2028	66.8	10.7	16.1	10.8	12.2	10.2	29.1	28.1	10.2	10.2
2029	68.5	9.1	14.1	10.8	13.0	10.0	30.8	29.1	10.0	10.0
2030	69.7	7.6	12.1	10.8	13.9	10.0	32.5	30.1	10.0	10.0
2031	70.2	6.2	10.1	10.8	14.7	10.2	34.2	31.1	10.2	10.2
2032	68.1	4.6	8.1	10.8	15.4	10.2	35.9	32.1	10.2	10.2
2033	64.4	3.1	6.1	10.8	16.2	10.4	37.6	33.1	10.4	10.4
2034	59.9	1.6	4.1	10.8	16.8	10.4	39.3	34.1	10.4	10.4
2035	55.0	0.1	2.1	10.8	17.3	10.3	41.0	35.1	10.3	10.3
2036	50.9	-	-	10.8	17.8	10.3	42.7	36.1	10.3	10.3
2037	46.9	-	-	10.8	18.3	10.3	44.4	37.1	10.3	10.3
2038	43.0	-	-	10.8	18.8	10.3	46.1	38.1	10.3	10.3
2039	39.1	-	-	10.8	19.3	10.3	47.8	39.1	10.3	10.3
2040	35.2	-	-	10.8	19.8	10.3	49.5	40.1	10.3	10.3
2041	31.3	-	-	10.8	20.3	10.3	51.2	41.1	10.3	10.3
2042	27.4	-	-	10.8	20.8	10.3	52.9	42.1	10.3	10.3
2043	23.5	-	-	10.8	21.3	10.3	54.6	43.1	10.3	10.3
2044	19.6	-	-	10.8	21.8	10.3	56.3	44.1	10.3	10.3
2045	15.7	-	-	10.8	22.3	10.3	58.0	45.1	10.3	10.3
2046	11.8	-	-	10.8	22.8	10.3	59.7	46.1	10.3	10.3
2047	7.9	-	-	10.8	23.3	10.3	61.4	47.1	10.3	10.3
2048	4.0	-	-	10.8	23.8	10.3	63.1	48.1	10.3	10.3
2049	0.1	-	-	10.8	24.3	10.3	64.8	49.1	10.3	10.3
2050	-	-	-	10.8	24.8	10.3	66.5	50.1	10.3	10.3
2051	-	-	-	10.8	25.3	10.3	68.2	51.1	10.3	10.3
2052	-	-	-	10.8	25.8	10.3	69.9	52.1	10.3	10.3
2053	-	-	-	10.8	26.3	10.3	71.6	53.1	10.3	10.3
2054	-	-	-	10.8	26.8	10.3	73.3	54.1	10.3	10.3
2055	-	-	-	10.8	27.3	10.3	75.0	55.1	10.3	10.3
2056	-	-	-	10.8	27.8	10.3	76.7	56.1	10.3	10.3
2057	-	-	-	10.8	28.3	10.3	78.4	57.1	10.3	10.3
2058	-	-	-	10.8	28.8	10.3	80.1	58.1	10.3	10.3
2059	-	-	-	10.8	29.3	10.3	81.8	59.1	10.3	10.3
2060	-	-	-	10.8	29.8	10.3	83.5	60.1	10.3	10.3
2061	-	-	-	10.8	30.3	10.3	85.2	61.1	10.3	10.3
2062	-	-	-	10.8	30.8	10.3	86.9	62.1	10.3	10.3
2063	-	-	-	10.8	31.3	10.3	88.6	63.1	10.3	10.3
2064	-	-	-	10.8	31.8	10.3	90.3	64.1	10.3	10.3
2065	-	-	-	10.8	32.3	10.3	92.0	65.1	10.3	10.3
2066	-	-	-	10.8	32.8	10.3	93.7	66.1	10.3	10.3
2067	-	-	-	10.8	33.3	10.3	95.4	67.1	10.3	10.3
2068	-	-	-	10.8	33.8	10.3	97.1	68.1	10.3	10.3
2069	-	-	-	10.8	34.3	10.3	98.8	69.1	10.3	10.3
2070	-	-	-	10.8	34.8	10.3	100.5	70.1	10.3	10.3
2071	-	-	-	10.8	35.3	10.3	102.2	71.1	10.3	10.3
2072	-	-	-	10.8	35.8	10.3	103.9	72.1	10.3	10.3
2073	-	-	-	10.8	36.3	10.3	105.6	73.1	10.3	10.3
2074	-	-	-	10.8	36.8	10.3	107.3	74.1	10.3	10.3
2075	-	-	-	10.8	37.3	10.3	109.0	75.1	10.3	10.3
2076	-	-	-	10.8	37.8	10.3	110.7	76.1	10.3	10.3
2077	-	-	-	10.8	38.3	10.3	112.4	77.1	10.3	10.3
2078	-	-	-	10.8	38.8	10.3	114.1	78.1	10.3	10.3
2079	-	-	-	10.8	39.3	10.3	115.8	79.1	10.3	10.3
2080	-	-	-	10.8	39.8	10.3	117.5	80.1	10.3	10.3
2081	-	-	-	10.8	40.3	10.3	119.2	81.1	10.3	10.3
2082	-	-	-	10.8	40.8	10.3	120.9	82.1	10.3	10.3
2083	-	-	-	10.8	41.3	10.3	122.6	83.1	10.3	10.3
2084	-	-	-	10.8	41.8	10.3	124.3	84.1	10.3	10.3
2085	-	-	-	10.8	42.3	10.3	126.0	85.1	10.3	10.3
2086	-	-	-	10.8	42.8	10.3	127.7	86.1	10.3	10.3
2087	-	-	-	10.8	43.3	10.3	129.4	87.1	10.3	10.3
2088	-	-	-	10.8	43.8	10.3	131.1	88.1	10.3	10.3
2089	-	-	-	10.8	44.3	10.3	132.8	89.1	10.3	10.3
2090	-	-	-	10.8	44.8	10.3	134.5	90.1	10.3	10.3
2091	-	-	-	10.8	45.3	10.3	136.2	91.1	10.3	10.3
2092	-	-	-	10.8	45.8	10.3	137.9	92.1	10.3	10.3
2093	-	-	-	10.8	46.3	10.3	139.6	93.1	10.3	10.3
2094	-	-	-	10.8	46.8	10.3	141.3	94.1	10.3	10.3
2095	-	-	-	10.8	47.3	10.3	143.0	95.1	10.3	10.3
2096	-	-	-	10.8	47.8	10.3	144.7	96.1	10.3	10.3
2097	-	-	-	10.8	48.3	10.3	146.4	97.1	10.3	10.3
2098	-	-	-	10.8	48.8	10.3	148.1	98.1	10.3	10.3
2099	-	-	-	10.8	49.3	10.3	149.8	99.1	10.3	10.3
2100	-	-	-	10.8	49.8	10.3	151.5	100.1	10.3	10.3
2101	-	-	-	10.8	50.3	10.3	153.2	101.1	10.3	10.3
2102	-	-	-	10.8	50.8	10.3	154.9	102.1	10.3	10.3
2103	-	-	-	10.8	51.3	10.3	156.6	103.1	10.3	10.3
2104	-	-	-	10.8	51.8	10.3	158.3	104.1	10.3	10.3
2105	-	-	-	10.8	52.3	10.3	160.0	105.1	10.3	10.3
2106	-	-	-	10.8	52.8	10.3	161.7	106.1	10.3	10.3
2107	-	-	-	10.8	53.3	10.3	163.4	107.1	10.3	10.3
2108	-	-	-	10.8	53.8	10.3	165.1	108.1	10.3	10.3
2109	-	-	-	10.8	54.3	10.3	166.8	109.1	10.3	10.3
2110	-	-	-	10.8	54.8	10.3	168.5	110.1	10.3	10.3
2111	-	-	-	10.8	55.3	10.3	170.2	111.1	10.3	10.3
2112	-	-	-	10.8	55.8	10.3	171.9	112.1	10.3	10.3
2113	-	-	-	10.8	56.3	10.3	173.6	113.1	10.3	10.3
2114	-	-	-	10.8	56.8	10.3	175.3	114.1	10.3	10.3



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Conclusion

Institutionally Embedded Policies/Practices	Have led to very strong and growing reserve levels; allowed City to not overcommit annual Measure Z revenue, which remains mostly available for current, internal liquidity needs
Numerous Tools in Toolbox	City has tremendous financial flexibility to act deliberately and aggressively as required to right-size/tailor organization to fit required revenue limits
POB Structure Carefully Crafted and Stress-Tested	Tool used thoughtfully to enhance internal liquidity and create ability to absorb potential additional PERS shocks (resiliency) in future
City is Hub of Inland Empire	Well positioned with higher education, health care and transportation assets to continue strong economic growth

Proactive management, supportive City Council, and a stable, diversified economic base have placed the City in an extremely strong financial position. We respectfully request consideration of an upgrade to our rating.

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Financing Schedule

May 5	Received City Council Approval
May 14	Rating Presentations
May 22	Receive Ratings
June 4	Pricing
June 18	Closing & Wire Proceeds to CalPERS

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APPENDIX D: CITY OF EL CENTRO 2023 LRBs CREDIT PRESENTATION



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Interested Parties	
City of El Centro Issuer Cedric Ceseña Interim City Manager Karla Chaparro Finance Director Abraham Campos Public Works Director Adriana Nava Community Services Director Angel Hernandez Community Development Director Robert Sawyer Police Chief Elizabeth Martyn City Attorney	NHA Advisors Municipal Advisor Eric Scriven Principal Mike Meyer Vice President Roy Kim Associate Matt DeFilippis Senior Analyst Norton Rose Fulbright Bond & Disclosure Counsel Russ Trice Partner Stepan Haytayan Senior Counsel Ramirez & Co. Underwriter Raul Amezcua Senior Managing Director Michael Mejia Managing Director Esthela Carreón Vice President Shayan Golshan Associate

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I. Executive Summary & Credit Highlights
II. Local Economy Strength and Development
III. Management, Budget and Operations
IV. El Centro Regional Medical Center
V. Measure P Sales Tax
VI. City Police Station Project
VII. 2023A Lease Revenue Bonds
VIII. Conclusion
Appendix A: City Overview & Demographic Information
Appendix B: Additional Detailed Information on Economic Development and Growth

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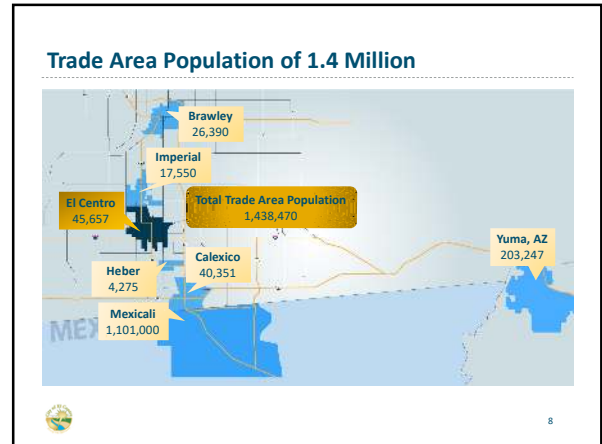
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Executive Summary & Credit Highlights
2023A Lease Revenue Bond Transaction
<ul style="list-style-type: none"> City intends to fund a new \$40M police station project, the second strategic Measure P capital project after the Public Library project which opened successfully in November 2022, on time and within budget 2047 final maturity same as that for the 2021A LRB (Public Library) and ties to Measure P (General Sales Tax) sunset \$7.5M of 2022 Measure P receipts > \$3.8M combined est. debt service on 2021A + 2023A LRBs
Economy
<ul style="list-style-type: none"> City is the regional center for government, healthcare, retail activity and jobs; continued and strong economic growth leading to increased employment and revenue growth Assessed value has grown an annual average 7.0% from \$2.02B in 2015 to \$3.15B in 2023 Annual border crossings up 43% since 2020 from 10.8M to 15.4M
Liquidity, Budgetary Strengths & Debt
<ul style="list-style-type: none"> Tax revenues up 22% since FY 2020 (\$34.0M → \$41.6M), supported by Measure P sales tax growth Unassigned reserves have grown from 67% → 114% of annual expenditures (\$22.6M → \$38.8M) <ul style="list-style-type: none"> Annual Measure P sales tax receipts have increased 43% since 2020 (\$5.2M → \$7.5M) Extremely strong liquidity with 377 days cash on hand
Management
<ul style="list-style-type: none"> Proactive management, conservative budgeting, prudent capital planning and robust financial policies continue to improve on a strong & resilient financial position City adopted and implemented a pension funding policy (2021); established Section 115 Trust (\$4.0M)

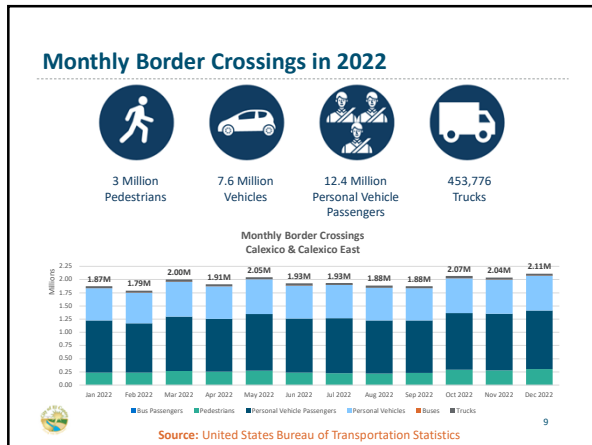
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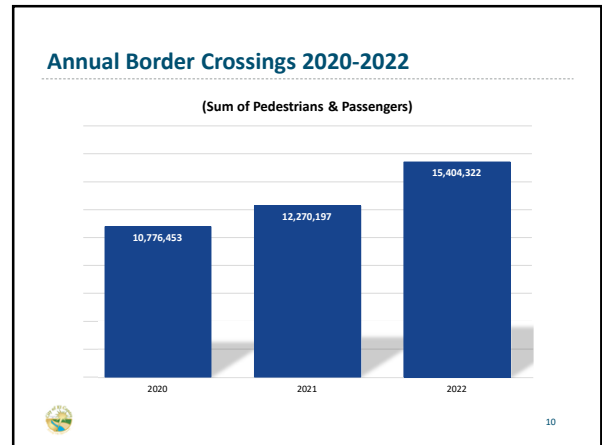
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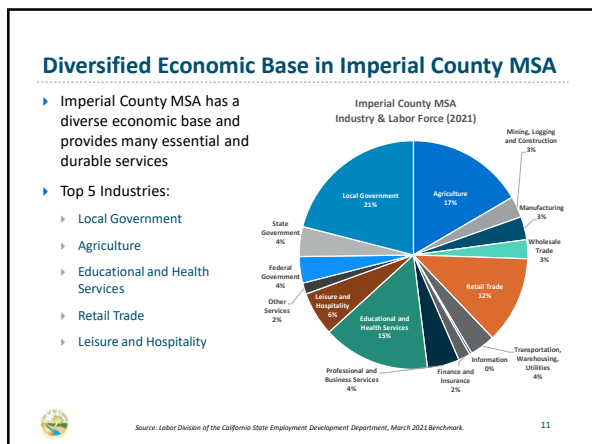
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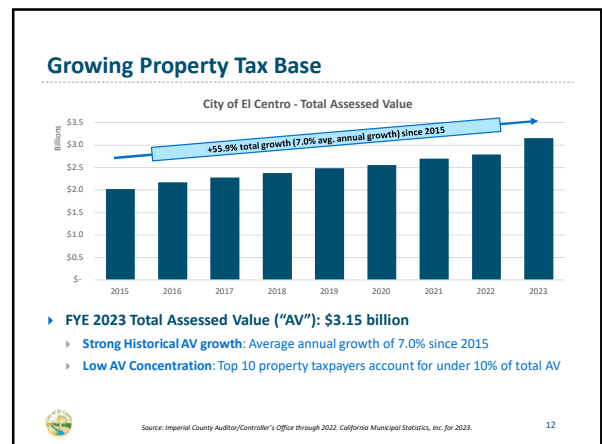
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Diversified Property Taxpayer Base

City of El Centro – Top Ten Property Taxpayers (as of June 30, 2022)

Taxpayer	Assessed Value ("AV")	% of Total AV	Primary Business Use
IV Plaza LLC (RJP LLC)	\$56,506,642	2.03%	Retail
Imperial Valley Mall II, LP	\$50,876,479	1.82%	Retail/ Prof. Offices
Town Center Courtyard	\$32,962,760	1.18%	Retail
RJ Development Co. LLC	\$23,057,946	0.83%	Retail
Wal-Mart Stores Inc.	\$21,589,830	0.77%	Retail/ Prof. Offices
PMB EL CENTRO LLC	\$18,144,145	0.65%	Multi-Family Units
Target Corporation	\$15,308,996	0.55%	Retail
Lakeside Investment LLC	\$12,575,311	0.45%	Auto Dealership
El Centro Miraflores LP	\$12,500,000	0.45%	Multi-Family Units
EG P CH EL Centro LLC	\$11,800,000	0.42%	Prof. Offices
Top Ten Total	\$255,322,109	9.15%	

Diversified tax base: Top 10 taxpayers represent less than 10% of FYE 2022 AV

Strong Brand-Name Presence: Key tenants (e.g., Walmart, Target) provide a sturdy baseline for sales tax revenues



Source: Imperial County Assessor's Office

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Dynamic and Stable Local Employment Base

- Many of the County's top employers provide essential services (i.e., government agencies, educational institutions, and healthcare institutions)

Employee Name	Location	Industry
BA Pecking LLC	El Centro	Labor Organizations
Academic Services	Imperial	University/College Dept./Facility/Office
Calipatria State Prison	Calipatria	Government Offices-State
Centennial State Prison	Imperial	Government Offices-State
Central Union High School District	El Centro	School Districts
El Centro Naval Air Base	El Centro	Federal Government-National Security
El Centro Regional Medical Ctr	El Centro	Hospitals
Imperial County Behavioral	El Centro	Mental Health Services
Imperial County Coroner	El Centro	Government Offices-County
Imperial County OK- Edu Frdn	El Centro	Educational Associations
Imperial County Sheriff	El Centro	Government Offices-County
Imperial Date Gardens	Winterhaven	Nurserymen
Imperial Irrigation District	El Centro	Distribution Services
Jail LLC	Calipatria	Labor Contractors
Pioneers Memorial Healthcare	Brawley	Health Care-Management
Quechan Casino Resort	Felcity	Casinos
Spreckels Sugar Co Inc	Brawley	Sugar Refiners (mfrs)
Target	El Centro	Department Stores
United States Gypsum Co	Imperial	Gypsum & Gypsum Products (mfrs)
US Border Patrol	El Centro	Federal Government-Police
Vulcan-Bn Geothermal Power	Calipatria	Power Plants
Walmart Supercenter	Brawley	Department Stores
Walmart Supercenter	El Centro	Department Stores
Western Mesquite Mines Inc	Calipatria	Department Stores
	Brawley	Mines



Source: Employment Development Department extracted from America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition.

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Development Map



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Adaptive Reuse of Vacant Commercial Buildings

- Citywide, vacant large commercial sites have been repurposed
- Coyne PowerSports Center
 - 6.4-acre vacant auto dealership
 - Flagship store for regional off-road dealership
 - Site of new businesses:



- National brands brought in on similar projects since 2016



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Continuing Demand for Hotel Rooms

Hotel	Status	Rooms
Fairfield Inn & Suites	Built 2010	94
TownPlace Suites	Built 2010	88
Hampton Inn	Built 2015	97
Home 2 Suites	Under Construction	79
Residence Inn	Building Permit Review	128
Surya Boutique Hotel	Planning Review	99



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Continued New Development in the City



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Strategic Leveraging of Funds

LEVERAGING FUNDS TO SUPPORT GROWTH

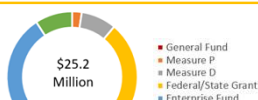
- City maintains diversified funding sources for streets and facilities CIP projects, including:

- Measure P Sales Tax for facilities
- Measure D Sales Tax for transportation projects
- Gas Tax (SB1) for transportation projects
- Federal and State Grants, including STPL, HIP, ATP, STBG and CMAQ for transportation projects

- City maintains separate funding sources for water and wastewater CIP, including:

- Water Enterprise Funds
- Wastewater Enterprise Funds

REPRESENTATIVE MAJOR FY23 and FY24 CIP



Representative Projects:

Imperial Avenue Extension	\$5.9M
Dogwood/Wake Intersection	\$1.4M
2023 Street Maintenance	\$3.3M
Southern Pump Station	\$7.0M
McGee Park Improvements	\$900K
Buena Vista Park	\$1.3M
Gomez Park	\$5.7M



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Infrastructure That Supports Economic Growth

TRANSPORTATION



SEWER INFRASTRUCTURE



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Active Investment in Growth and Modernization

2022 – El Centro Library – \$17M



2020 – First Responders Park – \$2M



2019 – Aquatic Center – \$18M



2015 – Skate Park – \$3.2M



2014 – MLK Sports Pavilion – \$6M



2013 – Regional Bus Transfer Station – \$5M



Proven city project delivery experience

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MANAGEMENT, BUDGET AND OPERATIONS

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Robust and Sound Financial Policies & Practices

- 7 financial policies ensure City's finances are managed prudently to deliver quality services, deliver balanced budgeting and establish sufficient reserve levels

Comprehensive Financial Policies

- Workers Compensation
- Liability Insurance
- Estimated Retiree Medical Payments
- Equipment Depreciation
- Major Maintenance
- 10% General Fund reserve target

Financial Reserve Policy

- Establishes procedures for effective governance, management and administration of debt and financing obligations

Debt Management Policy

- Conservative investment philosophy minimizes risk and aims to maintain safety and liquidity
- Detailed criteria and established parameters for investment instruments

Investment Policy

- Provides guidelines for budgeting, financial reporting, logging, inventory, transfers, depreciation and disposal of fixed assets

Fixed Assets Capitalization and Control Policy

- City maintains cybersecurity insurance through CIPIA
- City currently reviewing establishment of comprehensive policy

Cybersecurity Policy

- Pension Reserve Fund (PRF) established to be funded after funding of 3 General Fund reserves
- 50-75% of surplus funds above reserve minimums to be transferred to PRF
- \$4.0M Section 115 Trust balance as of 2/28/23

Pension Funding Policy

- City develops five-year capital improvements plan, updated at least bi-annually
- Identifies projects, funding source and effect of the plan on key financial variables

Capital Improvement Policy



Policies can be accessed here: <https://nha.egmtye.com/II/6DnfpC9ZC3>

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General Fund Revenues by Source

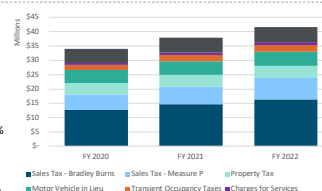
- Combined sales tax revenues represented 57% of General Fund revenues in FY 2022

- Bradley Burns % = 39% of revenues
- Measure P % = 18% of revenues

- Strong annual growth of 10-11% since FY 2020 pandemic

- FY 2022 General Fund revenues 19% over pre-pandemic (2019) high of \$35.0M

- Estimated \$1.2M – \$1.5M in cannabis community benefit fees to be collected annually



Revenue Source	Actual FY 2020	Actual FY 2021	Actual FY 2022	% of General Fund Revenues (FY 2021)	% of General Fund Revenues (FY 2022)
Sales Tax - Bradley Burns	\$12,842,770	\$14,738,209	\$16,342,832	39%	39%
Sales Tax - Measure P	\$2,221,987	\$2,116,180	\$2,519,268	10%	10%
Property Tax	\$977,671	\$1,088,991	\$1,197,853	11%	12%
Motor Vehicle in Lieu	\$4,551,788	\$4,793,060	\$4,918,467	13%	12%
Transient Occupancy Taxes	\$1,807,981	\$2,153,327	\$2,423,575	6%	6%
Charges for Services	\$714,401	\$913,914	\$1,000,693	2%	2%
Other	\$4,915,268	\$5,126,363	\$5,236,348	14%	13%
Totals	\$34,031,866	\$37,908,054	\$41,639,036		

Source: City of El Centro

¹ Rounded

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General Fund Operating Statement

- General Fund has achieved operating surpluses for the past 5 fiscal years, including during the COVID-19 pandemic (FY 2020)
- Increase in tax revenue attributable to collection of Measure P sales tax beginning in April 2017
- Increased capital outlay attributable in part to Measure P projects
- Transfers in and out in FY 2022 largely attributable to \$2.5M deposit into PARS Trust Fund and 2021A LRB debt service payments

	2018	2019	2020	2021	2022
Revenues					
Taxes	\$25,945,816	\$25,284,478	\$24,600,486	\$27,900,100	\$51,276,087
Licenses and permits	423,868	266,735	299,970	324,355	441,200
Intergovernmental	5,679,992	6,234,930	6,738,296	6,866,079	7,480,152
Charges for services	848,953	727,044	734,401	933,924	1,000,693
Fines and forfeitures	76,671	66,376	47,633	37,300	34,508
Interest	1,118,789	340,253	498,236	95,613	
Other	1,108,095	1,271,897	1,341,267	1,298,060	2,130,783
Total revenues	\$32,084,095	\$34,076,351	\$34,031,455	\$37,400,054	\$64,033,036
Expenditures					
Current:					
General government	\$4,007,539	\$3,675,448	\$3,428,969	\$3,538,826	\$3,928,636
Public safety	16,016,794	15,879,598	16,562,864	16,383,141	14,770,364
Public works	1,134,529	1,439,809	1,389,888	1,412,547	1,497,117
Parks and recreation	3,181,583	3,375,179	3,352,874	3,582,223	2,707,453
Community development	1,809,277	1,786,103	1,975,223	2,239,860	1,981,524
Capital Outlay	2,155,096	6,192,328	6,897,355	2,641,078	4,206,362
Total expenditures	\$28,504,429	\$34,464,455	\$33,697,911	\$32,883,676	\$39,093,515
Excess (Deficiency) of Revenues over (under) Expenditures	\$3,579,667	\$621,886	\$424,851	\$8,104,379	\$7,546,521
Other Financing Sources (Uses)					
Transfers in	\$2,421,273	\$3,075,436	\$2,584,212	\$1,028,500	\$5,630,142
Transfers out	(1,214,588)	(2,084,000)	(1,500,000)	-	(3,087,750)
Total Other Financing Sources (Uses)	\$1,206,685	\$1,011,436	\$1,084,212	\$1,028,500	\$2,542,392
Net Change in Fund Balances	\$4,786,352	\$1,633,322	\$1,509,063	\$9,132,879	\$10,088,913
Fund balances - Beginning of Fiscal Year	\$18,241,276	\$22,227,448	\$24,180,970	\$25,696,035	\$34,832,914
Fund balances at End of Year	\$22,527,648	\$24,180,970	\$25,690,035	\$34,828,914	\$44,921,827

Source: City of El Centro Audited Financial Statements

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Budget to Actual

- City generated significantly higher revenues than budgeted in FY 2022
- Increase in intergovernmental revenues tied to receipt of COVID-19 relief funds
- Balanced FY 2022 operations achieved netting out increase in intergovernmental revenues
- City projects to achieve a balanced budget in FY 2023

	Fiscal Year 2022 Final Budget	Fiscal Year 2022 Actual	Variance	Fiscal 2023 Budget
Revenues				
Taxes	\$28,077,000	\$31,376,087	\$3,299,087	\$30,790,760
Licenses and permits	346,000	440,200	94,200	346,200
Intergovernmental	1,380,000	7,480,152	6,100,152	6,398,000
Charges for services	918,200	1,000,693	82,493	934,540
Fines and forfeitures	68,000	34,208	(33,792)	65,300
Interest	145,000	95,613	(49,387)	155,300
Other	1,211,000	2,130,783	919,783	1,023,000
Total Revenues	\$31,840,200	\$42,636,035	\$10,795,835	\$39,648,100
Expenditures				
Current:				
General government	3,686,501	3,928,636	(242,135)	4,447,203
Public safety	17,740,364	14,770,364	2,970,000	20,030,141
Public works	1,590,204	1,497,117	93,087	2,484,420
Parks, recreation and culture	4,583,087	2,707,453	1,875,634	6,037,621
Community Development	2,038,086	1,981,524	56,562	2,140,413
Capital Outlay:	5,022,582	4,206,362	816,220	2,731,301
Total Expenditures	\$35,650,804	\$34,082,452	\$1,568,352	\$38,762,029
Excess (deficiency) of revenues over (under) expenditures	(3,810,604)	\$7,546,521	\$11,357,125	\$93,071
Other Financing Sources (Uses):				
Transfers in	1,178,024	3,086,140	2,451,128	1,337,550
Transfers out	-	(3,087,750)	(3,087,750)	(601,469)
Total Other Financing Sources (Uses)	1,178,024	(50,360)	\$1,228,384	(263,919)
Net Change in Fund Balances	(1,706,141)	\$7,496,161	\$8,202,302	\$1,829,162
Fund Balances at Beginning of Year	34,822,915	34,822,915	-	42,911,628
Fund Balances at End of Year	\$33,116,774	\$42,319,076	\$9,202,302	\$44,740,790

Source: City of El Centro

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General Fund Balance Sheet

- Very strong liquidity with \$35.2M in unrestricted cash and investments
- General Fund assets 12x greater than liabilities in FY 2022
- City has significantly bolstered reserve balances with conservative application of Measure P revenues
- As of January 2023, Measure P accounts comprise \$18.1M of General Fund unassigned fund balances
- Majority of restricted balances attributable to pension Section 115 Trust (\$4.0M balance as of 2/28/23); assigned balances attributable to OPEB reserves

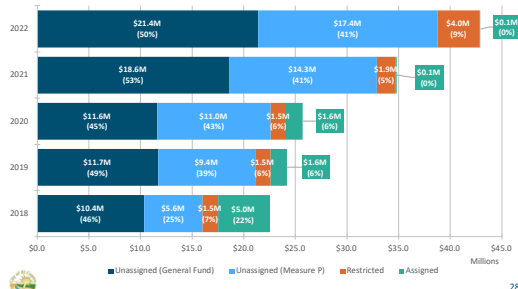
	2018	2019	2020	2021	2022
Assets					
Cash and investments	19,185,217	23,460,208	21,267,085	26,831,056	35,175,772
Receivables:					
Accounts	258,883	160,808	13,317	115	-
Taxes	2,636,827	2,884,244	2,442,018	4,321,737	3,869,982
Interest	95,325	112,760	95,325	39,417	39,417
Grants	-	-	-	68,902	113,500
Notes	-	-	-	382,680	827,990
Leases	-	-	-	-	453,390
Other	477,986	633,431	699,487	1,185,778	748,236
Due from other funds	2,051,417	2,961,410	2,596,184	2,509,767	2,067,114
Restricted Assets:					
Cash and investments	1,500,000	1,500,000	1,500,000	1,850,641	3,892,206
Cash and investments with Fiscal Agent	-	-	-	341,225	458,725
Total Assets	\$24,069,128	\$28,693,840	\$26,937,451	\$34,650,236	\$44,732,020
Liabilities and Fund Balances					
Accounts payable	1,745,387	5,152,639	1,155,616	1,376,106	2,006,030
Salaries/Benefits Payable	720,255	725,250	758,109	188,968	754,834
Unearned Revenue	189,416	67,130	13,205	-	-
Deposits	517,098	908,931	920,445	1,018,247	1,209,367
Total Liabilities	\$3,172,056	\$6,853,950	\$2,847,375	\$3,573,321	\$4,960,231
Deferred Inflows of Resources					
Lease Revenue	-	-	-	-	449,181
Total Deferred Inflows of Resources	-	-	-	-	449,181
Fund Balances					
Restricted	1,500,000	1,500,000	1,500,000	1,850,641	4,039,220
Assigned	5,039,317	1,500,061	1,588,408	89,304	89,361
Unassigned	10,099,812	21,113,902	22,651,028	32,689,320	38,789,438
Total Fund Balances	\$25,639,129	\$24,180,970	\$25,690,035	\$34,629,265	\$42,911,628
Total Liabilities and Fund Balances	\$28,811,185	\$31,034,920	\$28,537,411	\$37,450,236	\$47,371,940

Source: City of El Centro Audited Financial Statements

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General Fund Reserves – Fund Balance History

- Combined unassigned balances have grown to \$38.8M in FY 2022 and comprise 90% of total General Fund balances. \$4.0M in restricted balances designated for CalPERS Section 115 Trust.
- The Measure P fund balance has grown to approximately \$18.1M as of January 2023



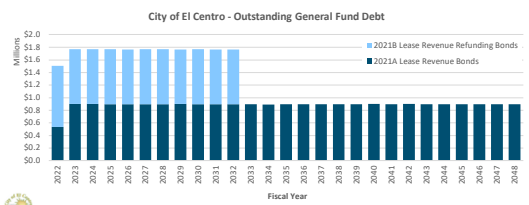
Note: The ACFR displays combined General Fund unassigned reserves, inclusive of Measure P amounts.

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General Fund Debt Profile

- Outstanding General Fund debt obligations:
 - 2021A Lease Revenue Bonds (Library Project)
 - 2021B Lease Revenue Refunding Bonds (Transportation Improvements)

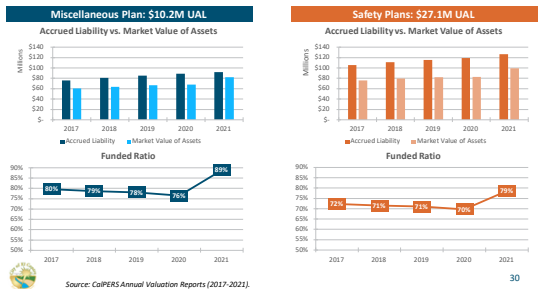
Obligation	Outstanding Par	Final Maturity (Fiscal Year)
2021A Lease Revenue Bonds	\$16,180,000	2048
2021B Lease Revenue Refunding Bonds	\$6,585,000	2032



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Funded Status of CalPERS Pension Plans

- City has a \$37.3M Unfunded Accrued Liability ("UAL") as of 6/30/2021 based on the most recent CalPERS Valuation Reports
- CalPERS reported investment returns of -7.5% for FY 2021-22, which is projected to increase the City's UAL balance to approximately \$61.6M. Increases in annual UAL payments will begin in FY 2024-25



Source: CalPERS Annual Valuation Reports (2017-2021).

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Fully Addressed OPEB Liability

- ▶ Total OPEB Liability: \$6.3 million
- ▶ City has **over-funded** 188% of \$6.3M OPEB liability with \$11.6M balance in CalPERS trust

Membership of OPEB Plan	Total
Inactive employees or beneficiaries currently receiving benefit payments	50
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	232
Total	282



Source: City of El Centro 2022 ACFR

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EL CENTRO REGIONAL MEDICAL CENTER

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Local Hospital Financial Difficulties

El Centro Regional Medical Center ("ECRMC"):

- ▶ Provides medical services within the City as a municipal hospital, separate agency and enterprise operation of the City
 - ▶ ECRMC's finances are currently reported within the Proprietary Funds of the City's financial statements
- ▶ The Authority has \$123.8 million of outstanding hospital limited obligation revenue bonds (no City pledge) issued for the benefit of ECRMC
 - ▶ Supported by installment purchase payments that constitute special limited obligations of the City, secured solely by all revenues, income, receipts and money received by the Medical Center
 - ▶ Other than donor-restricted gifts, grants, bequests, donations contributions and tax revenues
- ▶ Neither the full faith and credit nor the taxing power of the City is pledged to the repayment of ECRMC's bonds
- ▶ The Medical Center Bonds do not constitute a debt of the City, the Authority (other than as provided in the financing documents for such bonds) or of the State of California
- ▶ ECRMC is currently experiencing significant operational and financial difficulties
 - ▶ ECRMC's auditor has opined that ECRMC does not have recurring income sufficient to meet its ongoing operating expenditures or debt service obligations that raise substantial doubt about its ability to continue as a going concern



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Local Hospital Financial Difficulties (Continued)

- ▶ In November 2022, members of the City Council re-assumed governance of ECRMC's Board of Trustees to help stabilize the financial and operational situation and the Medical Center
- ▶ Potential City impacts:
 - ▶ The City would expect to incur site security and legal costs if conditions with ECRMC deteriorate
 - ▶ ECRMC is one of the largest employers in the City and there could be indirect impacts to the City's revenues
 - ▶ There may be unanticipated costs to the City's General Fund, although the City does not expect any such costs to impair the City's ability to make payments in connection with the 2023A Bonds or any other outstanding long-term obligation of the City
- ▶ Given the ongoing challenges at ECRMC, the City, ECRMC and UC San Diego Health ("UCSD") have entered into an agreement pursuant to which UCSD will assume actual management and day-to-day operations of ECRMC, subject to the ultimate oversight of ECRMC's Board of Trustees
 - ▶ ECRMC, the City and UCSD entered into a Letter of Intent on February 27, 2023 for UCSD to provide interim management and operations of ECRMC while a formal Operations and Administrative Support Agreement is developed in the next several months



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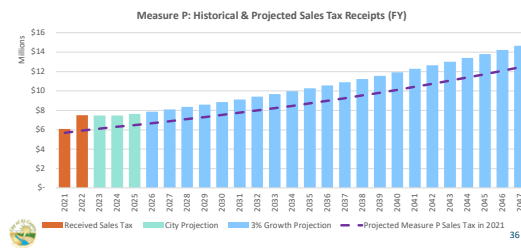


MEASURE P SALES TAX

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Measure P Sales Tax

- ▶ 30-year, 1/2 cent sales tax approved in Nov. 2016 to fund general City services, such as police, fire protection, senior programs, and street maintenance
 - ▶ Collection began April 2017 and sunsets in 2047
- ▶ Received \$6.1M in FY 2021 and \$7.5M in FY 2022; projected at \$7.5M in FY 2023
 - ▶ Above HdL projections from FY 2021



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El Centro Public Library (2021A LRB)

- ▶ In 2021, the El Centro Financing Authority issued \$16.7 million of Lease Revenue Bonds, 2021 Series A to finance the acquisition, construction and improvement of a new library facility
 - ▶ Payments of approx. \$900k are supported by revenues of Measure P
- ▶ In November 2022, the City successfully opened the new El Centro Public Library on time and within budget



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CITY POLICE STATION PROJECT

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Existing Police Station

2018 SPACE NEEDS ASSESSMENT STUDY FINDINGS

- ▶ El Centro's Police Department is housed in an amalgamation of buildings that date back to the end of WWII.
- ▶ Original station designed for a department of 26, currently it serves staffing levels three times the amount.
- ▶ Buildings predate California Essential Services Buildings Seismic Safety Act.
- ▶ Police Department works in severely overcrowded spaces.
- ▶ Any expansion or renovations would trigger complete reinforcement of all major structural systems.
- ▶ Not cost effective to reinforce a building that does not serve the current or future needs of El Centro



original police station – dedicated 1950

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City Police Station Project (2023A LRB)

- ▶ City intends to finance a new, \$40 million Police Station to replace the existing facility built in 1950
- ▶ The Police Station Project consists of two buildings totaling 44,477 square feet
 - ▶ The main building is 32,671 square feet and will include a public lobby, a community meeting/multipurpose space, offices for administration, investigators and records and patrol related functions including: lockers, fitness, report writing areas, etc.
 - ▶ The second support building is 11,806 square feet the ground floor and will house property and evidence, k-9, the fingerprint laboratory and various police support and storage functions. The upper floor may house an indoor police firearms range, depending on the overall cost of the project.
- ▶ The development will also contain approximately 128 parking spaces on grade
- ▶ Estimated annual operational costs of \$1,075,000 upon completion of the Police Station

Project Status

- ▶ Feasibility Study Completed 2018 by McClaren, Wilson & Lawrie, Inc.
- ▶ Environmental Completed 2022
- ▶ Design Completed January 2023 by Arrington Watkins Architects
- ▶ Statement of Probable Cost completed March 2022 by CUMMING



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2023A LEASE REVENUE BONDS

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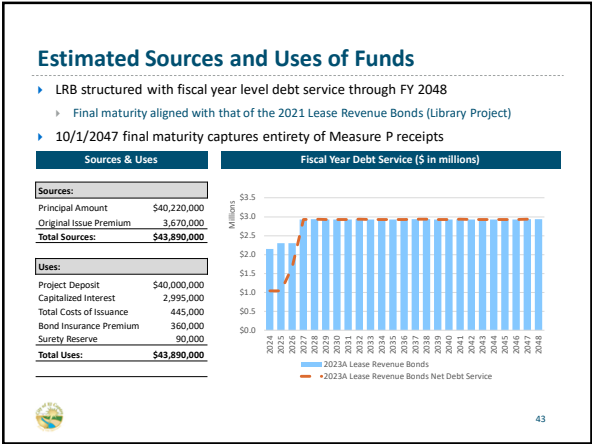
2023A Lease Revenue Bonds – Security Features

Purpose	(1) Finance the acquisition, construction, and improvement of a new police station in the City (2) Pay Costs of issuance
Security	Base rental payments from City's General Fund
Debt Service Reserve Fund	3-pronged test; may be satisfied with surety
Estimated Par Amount	\$40,220,000
Payment Dates	4/1 and 10/1 principal and interest; 10/1 principal First interest payment date 10/1/2023, First principal date 10/1/26 (occupancy expected 4/1/25)
Principal Amortization	Level annual payments through 2047, beginning FY 2026
Leased Properties	Aquatic Center & real property of Police Station Project during construction; Police Station Facilities after occupancy

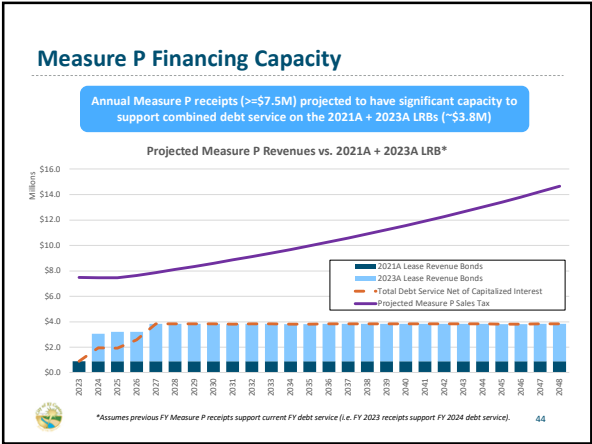


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Credit Comparison

Credit Name	S&P	Population	Unemployment Rate	Median Housing Value	Estimated Full Value per Capita	Total Rev	Total Direct Debt	General Fund Surplus	Fund Balance (Ending) / Exp (%)	Days Cash on Hand
Bell Gardens	A+	39,501	10.8	402,600	53,777	41,219	4,836	3,846	76.88	124
Coachella	AA-	41,941	13.5	238,500	54,509	39,408	28,561	3,756	96.10	136
El Centro	A+	44,158	10.2	221,500	63,174	58,169	28,856	7,544	125.87	377
Maywood	A+	25,138	9.1	427,300	46,597	19,261	2,590	2,428	48.91	187
Monterey Park	AA	61,096	10.0	641,700	139,291	67,556	124,821	-101,600	23.90	91
National City	AA-	56,173	10.2	428,800	86,258	100,664	10,697	4,324	83.85	149
Paramount	AA-	53,733	11.1	388,300	86,101	43,777	190	5,805	77.61	242
Yuba City	A+	70,117	10.2	304,600	88,644	55,158	11,835	5,057	39.61	32

Source: CreditScope. Data as of 4/11/2023.

Notes:
All numbers are based on fiscal year ending 6/30/2021, except El Centro, which is based on fiscal year ending 6/30/2022.
A+ rating for Bell Gardens and Yuba City reflects the city's Lease Appropriation rating. S&P Capital IQ does not show an ICR rating.

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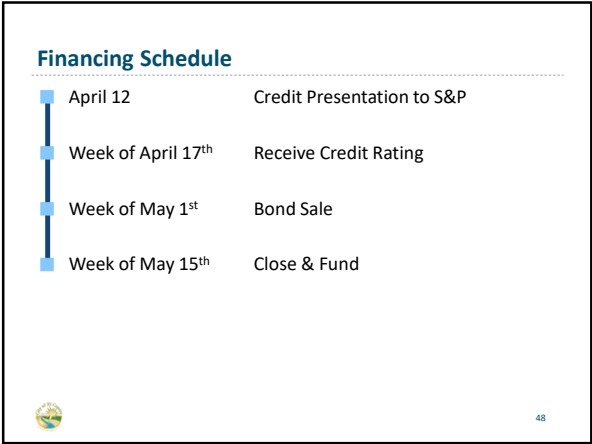
Conclusion

- Pro-Active Management, Comprehensive Policies & Prudent Practices**
The City continues to showcase exceptional budgetary performance, with operating surpluses over 20% in 2021 & 2022. Unassigned General Fund reserves have grown to over 110% of FY 2022 expenditures and have created very strong budget flexibility and liquidity.
- Fiscal Restraint, Opportunistic Investments and Patient Execution**
Robust policy framework and conservative budgeting support the City to manage service levels and ongoing obligations in a sustainable and fiscally prudent manner. Pension Reserve Policy (2021) established Pension Reserve Fund (\$4.0M Section 115 Trust) with defined funding mechanisms to proactively address pension liabilities. City strategically leverages multiple CIP funding sources including state & federal grants.
- Thoughtful Financing Structure and Resiliency**
Level combined payments on 2021A & 2023A LRBs with same 2047 final maturity ensures project costs, including expected incremental operations/maintenance costs, will be well covered by earmarked Measure P revenues. Measure P revenues project to be >2.1x combined debt service over life of 2021A + 2023A LRB issuances, leaving significant funding for additional pay-go projects from this source of revenue.
- Unique Crossroads Location and Robust Trade Area Economy**
City's economy has grown to support a total trade area population (1.4 million) 30x its own. Annual border crossings (15.4 million) have grown 43% since 2020. Ideal way-station for efficient east-west and north-south logistics operations. Hub for governmental, retail, healthcare and agricultural activities creates strong buffer to volatility and prospects for sustained growth in the City and region.

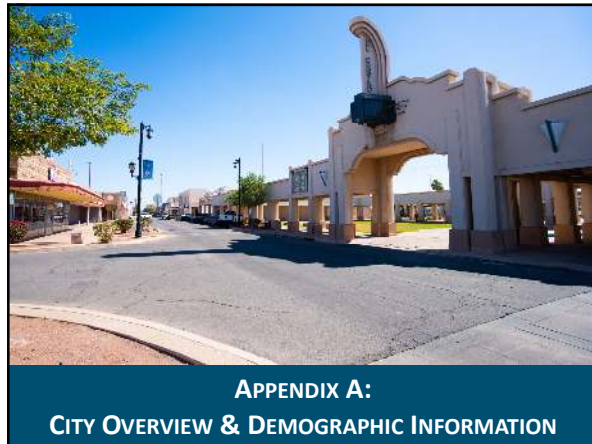
City's proven economic resiliency, high-growth trade area demographics and history of exceptionally strong reserves & operational performance warrant consideration for an enhanced rating assessment.

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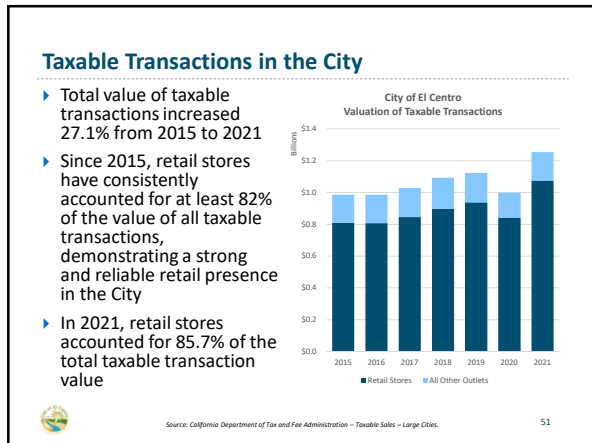
APPENDIX A: CITY OVERVIEW & DEMOGRAPHIC INFORMATION

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City Overview

- Population: 44,508
- Area: 11 square miles
- Incorporated in 1908
 - Charter city (Adopted 2009)
 - Council-Manager government
- Full-service city
- 120 miles east of San Diego, 13 miles north of Mexicali, Mexico and 60 miles from Yuma, AZ
- Economic link between northern Mexico and the western coast of the United States

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APPENDIX B: ADDITIONAL DETAILED INFORMATION ON ECONOMIC DEVELOPMENT AND GROWTH

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Governmental and Employment Center

- El Centro is the County Seat for Imperial County
- Administration offices for Imperial County, US Social Security Admin, Imperial Irrigation District, El Centro SD, CA Dept. etc.
- Numerous additional facilities under construction, including 27,000 ft² highway patrol station and 46,000 ft² state courthouse

Central Union High School STEM Building

Superior Court of California El Centro Courthouse

United States Courthouse El Centro Courthouse

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El Centro is a Retail Center

- Imperial Valley Mall
 - Local mall attracts visitors from surrounding cities as well as those from other areas such as, Yuma, Arizona and Mexicali, Mexico
 - Sears closed but the mall maintains several anchor tenants that remained open for business, including Dillards, Macy's and JC Penney
 - Continues to have a very diverse retail footprint that includes traditional retail, food and entertainment
- Big box retailers have become a critical component of growth
 - Walmart Supercenter opened in 2005 with 235K sq. ft and Costco opened in 1992 with 150K sq. ft including gas
 - Operations were critical for the community and remained open during entire COVID shutdown (essential business designation)
 - Operations have expanded to online fulfillment centers for the entire region

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Diversified Retail Outlets



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Growing the Economy



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Planning for Development

El Centro 2040 General Plan Update

- Opportunity Areas:** The updated General Plan identifies five areas targeted for new growth and redevelopment. This will be achieved through permitting mixed-use "by-right," expanding allowed uses in the Downtown District, and matching growth areas with investments in public infrastructure.
- Reduced Environmental Review:** Projects consistent with the General Plan will benefit from a Program Environmental Impact Report for the project. This translates in reduced time and costs for environmental compliance.
- Implementation Plan:** Policies and goals included in the General Plan update will be put into place through the Implementation Plan. This plan will provide instructions on zoning code changes, development policy reforms, and the implementation of city programs to pursue the goals of the General Plan.



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APPENDIX E: CITY OF LANCASTER 2019 REVENUE BONDS CREDIT PRESENTATION



Presentation to Standard and Poor's

Lancaster Financing Authority

Revenue Bonds, Series 2019

(Measure M & R Street Improvements Project)



Presentation Team

City of Lancaster

Issuer

Jason Caudle
City Manager

Ronda Perez
Assistant City Manager

Pam Statsmann
Finance Director

Michael Allen
Senior Operations Manager

NHA Advisors

Municipal Advisor

Eric Scriven
Principal

Mike Meyer
Vice President

Christian Sprunger
Associate

Nixon Peabody

Bond & Disclosure Counsel

Danny Kim
Partner

Travis Gibbs
Partner

Piper Jaffray

Underwriter

Ralph Holmes
Managing Director

Dennis McGuire
Managing Director

Tony Rapista
Vice President



Table of Contents

- ▶ Executive Summary
- ▶ Community Overview and Overview of New Developments
- ▶ Measures M & R Overview
- ▶ 2019 Revenue Bonds and the Projects
- ▶ Conclusion and Schedule

Appendix A: General Fund Financials and Management

Appendix B: New Developments and Initiatives



EXECUTIVE SUMMARY

Executive Summary

- ▶ City of Lancaster plans to issue approximately \$49.8 million sales tax revenue bonds
- ▶ Bond proceeds will be used to finance street improvements throughout the City
- ▶ Security: City's local return of Measures M & R
 - ▶ Stable and growing revenue stream based on entire LA County sales
 - ▶ Bonds conservatively structured with 1.5x coverage assuming 0% growth past FY 2019

Key Credit Strengths

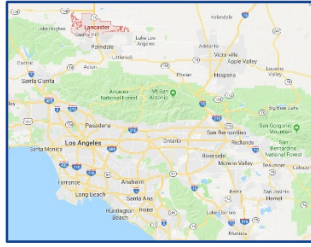
- ▶ Strong economic indicators and trends
 - ▶ Unemployment rate of 6.6%; 51.6% AV increase since 2013; stable population
- ▶ Experienced and conservative financial management with adopted financial controls/policies
- ▶ Pro-growth outlook of management and large amount of new development occurring within the City
- ▶ High Financial Flexibility: Very little General Fund debt & "scalable" cost structure
- ▶ Very Strong Financial Condition: strong general fund balance



COMMUNITY OVERVIEW

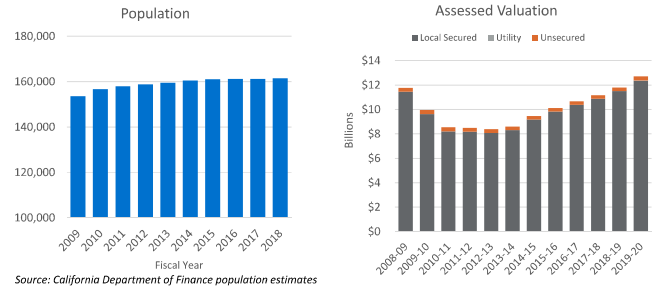
Location and General Overview

- Located 60 miles northeast of the City of Los Angeles in the southwest portion of the Antelope Valley
- The City was incorporated on November 22, 1977 as a general law city
 - On April 13, 2010, electorate voted to convert the City to a charter city; Council-Manager form of government.
- Along with neighboring City of Palmdale, Lancaster is a primary commercial center for the Greater Antelope Valley with a diversified economic base composed of aerospace and defense, distribution, agriculture and related businesses, retail, various services, and governmental agencies
- City services include highway, street, drainage, sewer, and infrastructure construction and maintenance; planning and zoning; and parks, recreation and cultural activities; lighting, LCE and municipal utilities
- Sheriff's and animal control services are provided under contract with the County
- Fire protection, water, sanitation, school, and library are funded by special districts not under City control
- As of June 30, 2019, the City had approximately 250 full-time equivalent employees



Stable Population; Strong Property Value Growth

- 2018 population: 161,485; steady 0.5% average annual growth
- Assessed values have grown 51.6% since bottoming out in FY 2013, up from \$8.4B to \$12.7B in FY 2019-20
 - FYE 2020 Assessed value growing at 7.78% over FYE 2019 values



Top Property Taxpayers

- Top 20 largest property taxpayers represents 5.7% of total secured AV
 - Top 10 represent 3.8% of total AV



Largest Property Taxpayers (Secured) Fiscal Year 2018-19				
Property Owner	Primary Land Use	Assessed Valuation	2018-19	% of Total (1)
1 Kaiser Foundation Hospitals	Medical Offices	\$100,344,944	0.87%	
2 Wal Mart Real Estate Business Trust	Shopping Center	50,784,622	0.44	
3 MG Granada Villas Apt I LP	Apartments	50,027,029	0.43	
4 Vereit Real Estate LP	Industrial	45,150,000	0.39	
5 CP Antelope Shops LLC	Shopping Center	42,017,372	0.36	
6 Thrifty Payless Inc.	Industrial	38,778,005	0.34	
7 MGP IX Properties LLC	Apartments	32,218,235	0.28	
8 BYD Coach and Bus LLC	Industrial	28,852,300	0.25	
9 Eretz Lancaster Properties LLC	Skilled Nursing Center	25,862,353	0.22	
10 Lancaster SPE TIC LLC	Apartments	25,555,222	0.22	
11 Rami Darghalli	Residential Properties	25,409,982	0.22	
12 Castleblack Lancaster	Hotel	24,610,995	0.21	
13 Grandis Land Holding LLC	Undeveloped	23,874,106	0.21	
14 Sigma Network Inc.	Industrial	23,722,202	0.21	
15 Quartz Hill Station LLC	Shopping Center	22,727,461	0.20	
16 43300 Gadsden Ave LLC	Apartments	20,652,666	0.18	
17 Valley Central LP	Shopping Center	20,537,871	0.18	
18 Spirit Master Funding X LLC	Shopping Center	20,359,517	0.18	
19 Riva Park Development LLC	Apartments	20,130,122	0.17	
20 Winco Foods LLC	Shopping Center	19,677,415	0.17	
		\$661,292,419	5.74%	

(1) 2018-19 Local Secured Assessed Valuation: \$11,518,606,212.
Source: California Municipal Statistics, Inc.

Top Sales Tax Generators

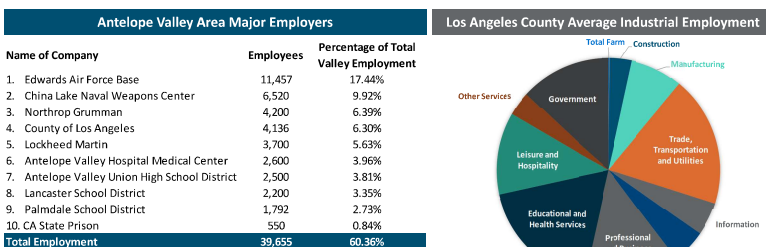
- Top 20 sales tax generators responsible for about 43% of the City's FYE 2019 sales tax revenues
 - Nationally recognized, stable, household brands



City of Lancaster FYE 2019 Top 20 Sales Tax Generators (Listed Alphabetically)	
Antelope Valley Chevrolet	
Antelope Valley Ford	
Arco	
BYD Coach & Bus	
Costco w/Gas	
G&M Oil	
Home Depot	
Honda Lancaster	
Hunter Dodge Chrysler Jeep	
Kelly's Shell	
Lowe's	
McDonald's	
Quinn CAT Company	
Ross	
Sky Ready Mix	
Subaru Antelope Valley	
Target	
Toyota of Lancaster	
USA Gas	
Walmart Supercenter	

Employment by Industry

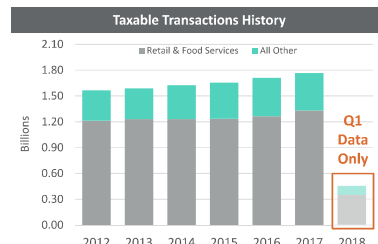
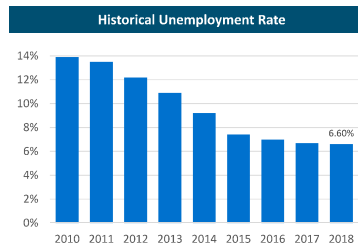
- City serves as a primary commercial center of the Greater Antelope Valley
- Diversified industry base
 - Private employers in the area include aerospace and manufacturing, healthcare, and retail industries
 - Public sector employers include the Edwards Air Force base, China Lake Naval Weapons Center, County and several local school districts



Source: California Employment Development Department and City's FYE 2018 CAFR

Key City Statistics and Trends

- Unemployment rate in calendar year 2018 less than half of 2010 unemployment rate
- Taxable transactions rose 13% from calendar year 2012 – 2017
 - Total taxable transactions exceeded \$1.76B in 2017



Overview of Recent Developments



Experienced and Dedicated Senior Management

- ▶ **Jason Caudle, City Manager**
 - ▶ 11 years with the City of Lancaster; former City Manager of the City of Tehachapi
 - ▶ Former public finance professional
- ▶ **Ronda Perez, Assistant City Manager**
 - ▶ 12 years with the City of Lancaster; in current role since 2018
 - ▶ Provides direction to City's operational departments including:
 - ▶ Development Services
 - ▶ Planning
 - ▶ Code Enforcement
 - ▶ Park, Recreation and Arts
 - ▶ Communications and IT
 - ▶ Administration and Community Services
- ▶ **Pam Statsmann, Finance Director/Treasurer**
 - ▶ 29 years with the City of Lancaster; multiple roles in the finance department during that time
 - ▶ Former banking industry professional

Management and Financial Policies

- ▶ **Reserve Policy**
 - ▶ Adopted June 1996
 - ▶ Link: <https://nha.egnyte.com/dl/z9G7G93Hqp>
 - ▶ City has adopted a reserve policy providing for the maintenance of an unallocated reserve in the General Fund (minimum 10% of expenditures and transfers out)
- ▶ **Investment Policy**
 - ▶ Adopted February 2018
 - ▶ Link: <https://nha.egnyte.com/dl/GHHT3dMQ26>
 - ▶ City Council receives report at 2nd meeting each month
- ▶ **Debt Management Policy**
 - ▶ Adopted March 2017, in accordance with SB 1029
 - ▶ Link: <https://nha.egnyte.com/dl/elroXK5ExI>
- ▶ **Post Issuance Compliance/Continuing Disclosure Policy**
 - ▶ Adopted September 2016
 - ▶ Link to Approval: <https://www.cityoflancasterca.org/home/showdocument?id=33812>
 - ▶ Link to Document: <https://nha.egnyte.com/dl/vvHYkATpZ>
 - ▶ To ensure ongoing compliance with requirements, the City has engaged Willdan Financial Services as dissemination agent for their continuing disclosure requirements



OVERVIEW OF MEASURES M & R

Measure M Sales Tax Overview

- Administered by Metropolitan Transportation Authority
- Approved by over 71% of voters in November 2016
 - 66.67% supermajority vote necessary
- County-wide 0.5% retail transactions and use tax
- Commenced July 1, 2017; no sunset
 - Will increase to 1% after July 1, 2039 after Measure R sunset

Entity	Allocation
Regional Rail	1%
Metro State of Good Repair	2%
ADA Paratransit and Senior/Student Discounts	2%
Metro Active Transportation Program	2%
MTA Rail Operations	5%
Highway Construction	17%
Local Return	17%
Transit Operations	20%
Transit Construction	35%
Total	101%*

*Does not sum due to inclusion of 1% Administration to supplement Measure M Local Return

Source of City's share

Measure R Sales Tax Overview

- Approved by 67.93% of voters in November 2008
- Official title: Traffic Relief. Rail Extensions. Reduce Foreign Oil Dependence.
- County-wide 0.5% retail transactions and use tax (on sale of tangible property) and a 0.5% use tax upon storage, use or other consumption
- Commenced July 1, 2009
 - June 30, 2039 sunset

Entity	Allocation
MTA Rail CIP	2%
Metrolink CIP	3%
Rail Operations for New Transit	5%
Local Return	15%
Highway CIP	20%
Bus Operations	20%
Special Transit Capital Proj.	35%
Total	100%

Source of City's share

Collection and Allocation of Measures M & R

Both collected/administered by California Department of Tax and Fee Administration (CDTFA)

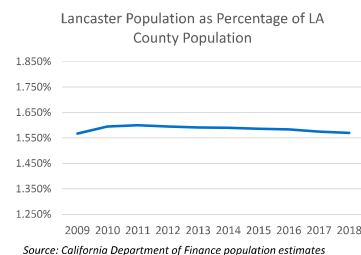
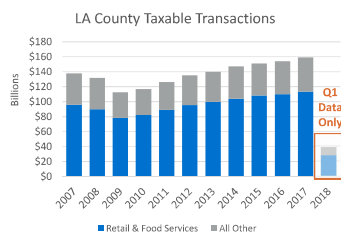
- Measure M**
- Measure M 17% local return (includes a 1% administration supplement) **allocated monthly on per capita basis**
 - Uses projected populations from annual estimates made by CA Dept. of Finance
 - Increases to 20% local return on July 1, 2039
 - Includes a 1% administration component
 - CDTFA deducts administration costs and will remit to trustee for MTA's outstanding bond issues
 - At this time MTA has not issued any MTA Measure M bonds
 - Currently, funds distributed to 88 cities and the County (for unincorporated areas)
 - Each jurisdiction must sign an assurances and understanding agreement with MTA and must annually adopt a resolution approving the jurisdiction's 5-year plan for Measure M revenues and demonstrate compliance

- Measure R**
- Measure R 15% local return (includes a 1% administration supplement) **allocated monthly on per capita basis**
 - Projected populations are revised annually; uses CA Dept. of Finance estimates
 - CDTFA deducts administration costs and will remit to trustee for MTA's outstanding bond issues
 - At this time MTA has issued several MTA Measure R bonds (2010, 2014, 2015, 2016, 2017)
 - Similar to Measure M, Measure R funds distributed to 88 cities and the County (for unincorporated areas)
 - Annual resolutions approving 5-year plan for expenditure of Measure R funds and demonstrate compliance

The City has received written approval from MTA to use the City's share of Local Return for the projects financed with the 2019 Revenue Bonds

Stable Underlying Metrics for Measures M & R

- LA County taxable transactions have increased 15.6% from 2007 through 2017
 - 41.3% increase from lows in 2009
- Allocation of Measures R & M revenues based on DOF population estimates
- Lancaster City population as % of LA County population has remained stable between 1.567%-1.600% over last 10 years



Historical Measure M & R Collections

- MTA began distributing Measure M receipts to the City in October 2017
 - FYE 2019 represents first full year of Measure M collections
- Measure R has increased 62% since 2011

FYE	Measure M Receipts	% Change	Measure R Receipts	% Change	Total Measures M & R
2010*	N/A	N/A	\$922,309	N/A	\$922,309
2011	N/A	N/A	\$1,216,511	32%	\$1,216,511
2012	N/A	N/A	\$1,317,541	8%	\$1,317,541
2013	N/A	N/A	\$1,400,623	6%	\$1,400,623
2014	N/A	N/A	\$1,756,923	25%	\$1,756,923
2015	N/A	N/A	\$1,745,661	-1%	\$1,745,661
2016	N/A	N/A	\$1,796,381	3%	\$1,796,381
2017	N/A	N/A	\$1,825,625	2%	\$1,825,625
2018*	\$1,649,797	N/A	\$1,820,508	0%	\$3,470,305
2019**	\$2,219,424	34.5%	\$1,971,646	8%	\$4,191,070

*Partial Year
**Unaudited

Monthly Measure M & R Receipts

- County remits tax to the City in the month after the taxes are collected
 - Typically, City receives a check early in the month related to period ending mid-way through prior month
 - Cashflows at the end of the fiscal year detailed in table

Tax Period Ending	Money Received from MTA
March 18	Beginning of April
April 18	Mid May
May 18	End of May/Beg. June
June 18	End of June
July 17	Beginning of August

Measure R Receipts												
Month	July	August	September	October	November	December	January	February	March	April	May	June
FYE 2018	0	119,060	158,811	180,050	120,801	161,068	183,683	129,980	173,511	164,195	289,191	140,159
FYE 2019	0	158,701	143,404	210,278	191,134	126,004	171,698	161,131	183,263	165,468	159,405	301,160
Increase (Decrease)	0	39,641	(15,407)	30,228	70,333	(35,064)	(11,985)	31,151	9,753	1,273	(129,786)	161,001

Measure M Receipts												
Month	July	August	September	October	November	December	January	February	March	April	May	June
FYE 2018	N/A	N/A	N/A	120,474	119,887	159,850	230,030	135,161	180,215	216,207	127,131	360,841
FYE 2019	0	183,609	167,209	233,460	0	133,401	191,682	180,704	410,465	188,034	179,110	341,748
Increase (Decrease)	N/A	N/A	N/A	112,986	(119,887)	(26,449)	(38,348)	45,543	240,250	(28,173)	51,979	(119,093)

Bond debt service payments on June 1 (Principal & Interest) and December 1 (Interest only)

Measure M & R Projections

- In FYE 2040, when Measure R sunsets, Measure M sales taxes increase from 0.5% to 1% and the Measure M local return increases from 17% to 20%

- Includes a 1% administrative component that is included in the local return

- For conservative bond sizing purposes, current projections **assume no growth** in Measure R or Measure M revenues

- Assumes 1.50x coverage requirement

- Projections of Lancaster local return portion of Measures M & R revenues based on unaudited FY 2019 Measure M & R receipts.

FYE	Estimated Measure M and R Revenues	Available for Debt Service (Assumes 1.5x Coverage)
2019	\$4,191,070	\$2,794,047
2020	\$4,191,070	\$2,794,047
2021	\$4,191,070	\$2,794,047
2022	\$4,191,070	\$2,794,047
2023	\$4,191,070	\$2,794,047
2024	\$4,191,070	\$2,794,047
2025	\$4,191,070	\$2,794,047
2026	\$4,191,070	\$2,794,047
2027	\$4,191,070	\$2,794,047
2028	\$4,191,070	\$2,794,047
2029	\$4,191,070	\$2,794,047
2030	\$4,191,070	\$2,794,047
2031	\$4,191,070	\$2,794,047
2032	\$4,191,070	\$2,794,047
2033	\$4,191,070	\$2,794,047
2034	\$4,191,070	\$2,794,047
2035	\$4,191,070	\$2,794,047
2036	\$4,191,070	\$2,794,047
2037	\$4,191,070	\$2,794,047
2038	\$4,191,070	\$2,794,047
2039	\$4,191,070	\$2,794,047
2040	\$4,191,070	\$2,794,047
2041	\$4,976,896	\$3,317,930
2042	\$4,976,896	\$3,317,930
2043	\$4,976,896	\$3,317,930
2044	\$4,976,896	\$3,317,930
2045	\$4,976,896	\$3,317,930
2046	\$4,976,896	\$3,317,930
2047	\$4,976,896	\$3,317,930
2048	\$4,976,896	\$3,317,930
2049	\$4,976,896	\$3,317,930

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Flow of Funds for Security

- City has covenanted to apply Measure M & R receipts to payment of annual installment payments prior to any other expenditures
 - First pledge of all Measure M & R receipts and any other amounts held by the trustee in any fund established under the Indenture
 - Measure M & R receipts means Measure M & R revenues allocated by the MTA to the City from the Local Return Subfund
- City establishing a Measure M Receipts Fund and Measure R Receipts Fund where all Measure M & R revenues will be deposited
- On/before each June 1 (principal & interest) and December 1 (interest) payment date, City to withdraw from each fund and transfer to trustee an amount sufficient to pay debt service
- M & R revenues to be deposited by trustee into Bond Fund
 - Bond Fund consists of Interest Account, Principal Account, Reserve Account, and Sinking Account
- Balance of receipts free and clear of lien once debt service is funded for the bond year and transferred to trustee. City plans to use additional Measure M & R receipts for:
 - Pay-Go approved projects
 - Other staff costs

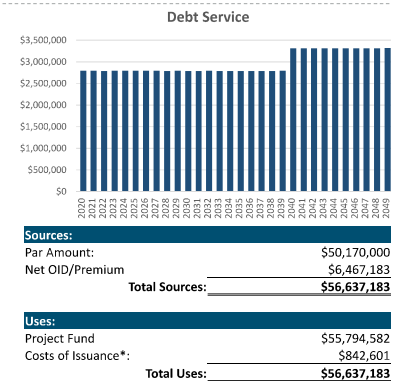
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2019 REVENUE BONDS AND THE PROJECT

Estimated Sources and Uses and Debt Service

- Pledge of Measure M and R Local Returns to pay annual installment payments
 - Installment payments transmitted directly to Trustee
- Debt service sized such that Measure M & R Local Returns provide 1.5x coverage
 - Conservatively assumes no growth in Measures M and R above FYE 2019 receipts
 - Assumes 100% Insured
 - Potential for transaction to be partially insured
 - Surety bond policy sized to lesser of 3 IRS tests
- June 1 principal due dates

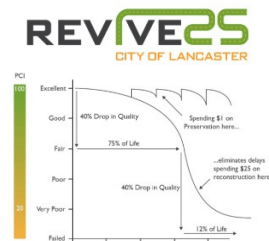


*Costs of issuance include Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, and Trustee, premiums for the surety bond and municipal bond insurance policy, printing expenses, rating fee and other costs related to the issuance of the Bonds.

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Revive 25 Project

- Launched in 2015
- Innovative, cost effective road maintenance program for Lancaster's 1,700 lane miles of roads
- Goal is to maximize life of roads by investing in preventative maintenance and treating all of Lancaster's roads by FYE 2025
 - Lancaster City Council committed \$105M to the Revive 25 program
- City estimates Revive 25 will save taxpayers \$280M over next 10 years



City plans to use the 2019 Revenue Bonds to leverage non-General Fund revenues for a significant portion of the financing

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Street Improvements – Measure R

Description	Measure R Amount	Approval Status
2015 Pavement Management Program	\$0	As Amended
16/17 Pavement Management/Revive 25	\$1,556,974	As Amended
Street Rehab/Repair 20th W and Lancaster Blvd to Avenue J	\$210,555	As Amended
Street Rehab/Repair Lancaster Blvd/ 30th - 40th E	\$0	As Amended
Avenue J-2 Street Improvements at 17th Street E	\$72,637	As Amended
17/18 Pavement Management Program - R-25	\$1,018,504	As Amended
Avenue H and 7th Street W Improvements	\$515,000	Ongoing
Lancaster Blvd Road Diets, 10th ST W to Valley Central Way	\$0	As Amended
Reconstruction projects: Ave J, Division, Ave M, 15th West, 25th	\$9,342,446	New
Neighborhoods: Blvd to Ave J, Ave J to Ave J-8, Ave J-8 to Ave K,	\$10,630,135	New
15/16 Neighborhood Speed Humps	\$0	As Amended
15th ST West/Lancaster Blvd Roundabout	\$192,356	Ongoing
15th ST East/Lancaster Blvd Roundabout	\$866,583	Ongoing
10th St W Gap Closures, Avenue L to Avenue M	\$0	As Amended
Ave I St Improvements Challenger to Price	\$289,688	As Amended
Ave I St Improvements Price to 35th St E	\$274,076	As Amended
Trevor Avenue Widening	\$60,964	As Amended
5th St E Corridor Improvements	\$336,503	As Amended
Intersection Improvements 10th W and 30th W at Avenue K	\$1,321,647	As Amended
Avenue K-8 and 10th Street W Improvements	\$0	As Amended
Cole Middle School/Tierra Bonita Pedestrian Improvements	\$355,278	Ongoing
10th ST W Road Diet and Bikeway Improvement Project	\$229,943	Ongoing
2020 ATP - Safe Routes to School (SRTS) Pedestrian Improvement	\$915,505	As Amended
Total:	\$22,188,794	

Source: LACMTA Measure R Local Return – Approved Projects Notification
As of May 29, 2019

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Street Improvements – Measure M

Measure M		
Description	Amount	Approval Status
Street Rehab/Repair 20th W and Lancaster Blvd to Avenue J	\$277,000	Ongoing
17/18 Pavement Management Program - R-25	\$1,195,925	Ongoing
Avenue I Street Improvements Price Lane to 35th Street East	\$27,000	Ongoing
18/19 Pavement Management Program R-25	\$757,659	Ongoing
2020 Pavement Management Program	\$200,000	Ongoing
Reconstruction Projects: Avenue L, Avenue J, 10th St West (Ave J)	\$9,896,918	As Amended
Neighborhoods: SWC Lanc Blvd, Ave J, 10th St W, Ave J-8, Blvd to	\$8,857,375	As Amended
Reconstruction Projects: Ave K, 20th West, 35th West, Ave J-12, A	\$10,831,678	New
Gadsden and Kildare Improvements	\$800,000	Ongoing
Pedestrian Gap Closure Improvements	\$124,049	Ongoing
ATP-SRTS Pedestrian Improvements	\$172,207	As Amended
Total:	\$33,139,811	

Source: IACMTA Measure M Local Return – Approved Projects Notification
As of May 29, 2019



CONCLUSION AND SCHEDULE

Conclusion

2019 Revenue Bonds Summary

- Approximately \$49.8 million new money financing for City street improvement programs

Improving Demographic Trends Driven by Many New Developments

- Strong economic indicators and trends with unemployment rates down and AV increasing
- City experiencing a revitalization since the 2008-09 Recession, with multiple new residential, commercial, and industrial developments in various stages of progress
- Robust aerospace and defense industry has driven local development for decades
- City staff and elected officials have demonstrated innovative thinking to make Lancaster a pioneer in several areas

Strong General Fund Credit Profile

- Experienced and dedicated management with adopted financial controls and policies
- Strong historical general fund performance
- Diversified tax base with stable top 10 tax payers and historically low delinquencies
- Low general fund debt burden

Financing Schedule

July 23	City Council Approval financing
September 12	Credit Presentation
September 20	Receive Rating and Insurance Bids
October 2	Pricing
October 16	Closing

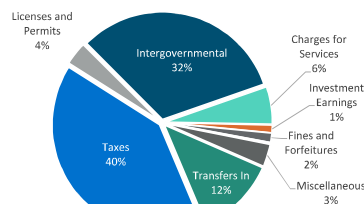


APPENDIX A: GENERAL FUND FINANCIALS AND MANAGEMENT

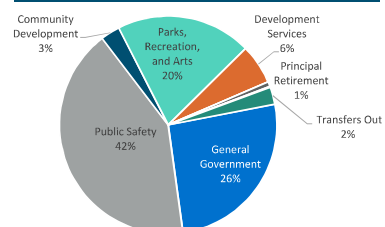
Composition of General Fund Revenues and Expenditures

- Audited FYE 2018 revenue and expenditures of \$62.1M and \$68.2M, respectively
 - \$627,000 net revenues after Transfers (net Transfers in of \$6.8M)
- Majority of General Fund revenues comprised of property taxes (\$20.4M) and sales taxes (\$21.4M)
 - Re-categorization of state shared sales tax revenues in FYE 2018 from "taxes" to "intergovernmental"
- Majority of General fund expenses on public safety and general government

General Fund Revenue Sources (FYE 2018)



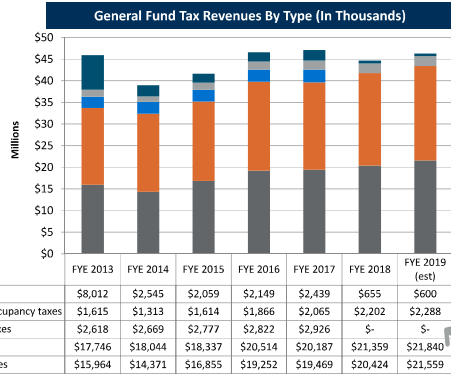
General Fund Revenue Expenditures (FYE 2018)



General Fund Tax Revenues by Source

- FYE 2019 estimated total tax revenue \$46.3M

- Property and sales tax revenues account for 93% of total tax revenues

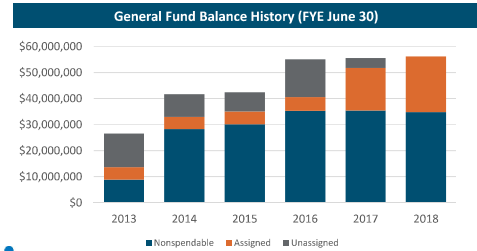


Source: City of Lancaster

Franchise taxes and fees have been re-categorized as a charge for current service

General Fund Balance History

- \$56.2M fund balance for FYE 2018 (83% of total GF expenses, excluding transfers)
 - Total assigned and unassigned General Fund balance equivalent to approximately 31% of total GF expenses
- Decrease in unassigned fund balance from FYE 2016 to FYE 2017 due to recategorization of funds
 - \$13.65M Financial Stability Reserve included in the Assigned category
- \$25.6M of Nonspendable Fund Balance related to Advances from Successor Agency (i.e. approved loan on ROPS)



City CalPERS Plan

- The City contributes to the California Public Employees' Retirement System (CalPERS), a multiple-employer public employee defined benefit pension plan
 - One plan (Miscellaneous); 66.6% Funded ratio
- 1,039 total participants (282 inactive and receiving benefits, 483 transferred and terminated members, 274 active members)

City of Lancaster – Miscellaneous Plan Net Pension Liability

Accrued Liability	Market Value of Assets	UAL	Valuation Date
\$179,739,272	\$119,768,294	\$59,970,978	6/30/2017

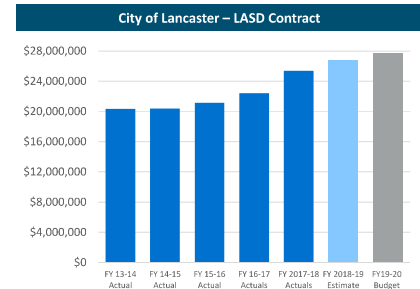
City of Lancaster – Estimated UAL Payments

	Required 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
	\$3,853,603	\$4,343,334	\$4,886,000	\$5,340,000	\$5,636,000	\$5,920,000

SOURCE: CalPERS Actuarial Valuation Reports (June 30, 2018)

Public Safety – LASD Contract

- City has ongoing contract with Los Angeles County Sheriff's Department ("LASD") to provide police services
 - Total Contract cost composed of personnel costs, pension expenses, liability insurance component
- Contract cost has increased on average 3.6% per year since FYE 2013
- Lancaster is not obligated for ongoing pension obligations for LASD employee pensions through LACERA
 - If City reduces contract with LACSD, the costs reduce commensurately
- Hybrid police model is projected to generate \$10 million of cost savings



Labor Relations

- City recognizes two employee organizations:
 - California Teamsters, Public, Professional and Medical Employees Union ("Local 911")
 - Lancaster Code Enforcement Association ("LCEA")
- These collectively represent approximately 1/3 of all full-time, regular City employees in a variety of classifications.
- Approximately 2/3 of City employees are unrepresented in a variety of regular full-time and temporary part-time classifications.
- The contracts with Local 911 and LCEA are in effect from January 1, 2019 through December 31, 2021
- Key Features of New Contracts
 - 1% cost of living allowance (COLA) Effective July 2019, 2020, 2021
 - Salary increases (excluding COLA) based on merit
 - Full-time employees have option to cash in at 100% compensation 80 hours of vacation (up from 40 hours)
 - FTEs who maintain a minimum balance of 320 hours of sick leave may cash out annual accrual of sick leave (up to 96 hours) at 50%

City has not experienced a major work stoppage by City Employees in the last five years

Other Post-Employment Benefits

- The City provides post-employment healthcare benefits for retired employees
 - Plan is closed to new employees and future benefit levels are frozen as of January 1, 2016
 - City has 349 participants (253 active, 96 inactive) and \$703,733 premiums for retirees paid in FYE 2017
 - City contributed \$8M to a CalPERS Trust Fund to partially offset Liability
- \$19,529,820 net OPEB liability as of June 30, 2017 valuation date

Fiscal Year	Net OPEB Liability
2015	\$19,313,048
2016	19,570,583
2017	19,352,679
2018	19,529,820

Existing Long-Term Debt

- City's General Fund obligations total \$53.8 million
 - CalPERS UAL obligations comprise majority of General Fund debt obligations
 - No direct bank debt or loans other than as shown in table below

City of Lancaster - General Fund Obligations as of August 2019			
Deal Name / Type of Issue	Outstanding Amount	Outstanding Coupon Range	Final Maturity
2011 CEC Loan*	\$918,442	3.00%	12/22/2025
2018 Lease Revenue Bonds	\$14,340,000	3.375-5.00%	5/1/2048
GF share of CalPERS UAL (66.5% of total UAL)**	\$35,741,655	-	6/30/2048
Costco Settlement Agreement *	\$1,600,000	-	8/1/2026
Capital Leases (Lease Purchase Agreements)	\$1,234,427	3.05% - 5.09%	7/30/2020 - 3/31/2026
Total General Fund Obligations	\$55,833,524		

* Amounts outstanding as of 6/30/2019
** from 6/30/2017 Valuation Reports



APPENDIX B: NEW DEVELOPMENTS AND INITIATIVES

Overview of Recent Developments



Downtown Developments at The BLVD

- The BLVD is a property-based improvement district composed of property and business owners in downtown Lancaster
 - Downtown revitalization has attracted over \$150 million in private investment
- In Fall 2019, The BLVD was named as an official state cultural district
- 2018 developments in The BLVD include new restaurants, renovated movie theaters, a new bowling alley, and a **\$18 million Marriott poised to begin construction this Fall**



New Developments

- Parkway Village**
 - 170-acre site designed for commercial, residential, and institutional development in a pedestrian-friendly, mixed-use environment
 - Plans to accommodate up to 3,000 new housing units and aims to diversify local housing stock with market-rate and upscale apartments and townhomes
- Lancaster Business Park**
 - Featuring approx. 160 acres of industrial and office uses and home to more than 100 firms and 4,000+ employees
 - Utilities, roads and infrastructure in place; master-planned for quick approvals
 - 100,000 SF of office space recently renovated; 100,000 SF office renovation underway
 - 43,000 SF of spec industrial space currently under construction
 - 18,000 SF build-to-suit anticipated to break ground by December
- Freeway Interchange Renovations**
 - City has secured \$65 million in grant funding to renovate its freeway interchanges
 - The interchanges at Avenues M, L, K, J, and G will be fully renovated, providing improved accessibility as well as superior aesthetics and branding for the community
 - Design is currently under way, with construction slated to begin in FY 19-20



Early Mover in Cannabis Industry

- Developments near Fox Field (Airport)**
 - Key industrial corridor featuring warehouse and distribution, private air service, and the regional Fairgrounds
 - Prime growth opportunity for manufacturing and distribution
 - 583,000 square feet of industrial space for medical cannabis cultivation currently under construction



Lancaster Choice Energy has developed a plan which will allow growers to meet their power needs by providing an energy source (i.e., Micro-Grid) on-site at their facility. Excessive green waste will be diverted from the landfill and converted into renewable synthetic gas, which will power natural gas generators at a grower's facility

Industrial and Manufacturing Developments

BYD Electric Bus Manufacturing Plant Expansion (10/17)

- World's largest such plant after expansion to over 550,000 sf; BYD has had facilities in Antelope Valley since 2013
- Employees expected to grow from 830 to 1200 earning union wages
- BYD is seeking to double in size and employment in the near term, and has purchased 160 vacant acres on which to build its next expansion
- The two BYD plants are expected to generate \$1.4M annually in tax revenue for the City's General Fund
- City has negotiated to be the point of sale for all BYD national sales



- Lance Camper** (manufactures truck campers, travel trailers, and toy haulers)
 - Business is up 60% year-over-year
 - Expanded to over 200,000 SF and 650 employees in the Lancaster Business Park
 - In early 2018, Lance was bought by REV Group, a nationwide manufacturer of specialty vehicles that will substantially expand Lance's distribution footprint

Current Commercial Developments

- The Oasis at 10K**, a new construction commercial center at 10th St. W. and Ave. K
 - Featuring The Habit, Blaze Pizza and Dunkin' Donuts, Opened Summer 2018
 - Expansion opening Winter FY 2019/20; new tenants include Chop Stop and WaBa Grill



- Learn4Life**
 - Founded in Lancaster, network of charter schools serves more than 40,000 students at 90 schools throughout California and beyond
 - Fall 2017 full-scale renovation of 100,000 square feet of office space in the Lancaster Business Park, which now serves as their corporate headquarters

Morton Manufacturing (manufactures bolts for the aerospace industry)

- New 88,000 SF state-of-the-art corporate headquarters and manufacturing facility in the Lancaster Business Park
- 350 employees; continues to grow



Current Commercial Developments - Continued

- Burlington**: In September 2018, Burlington opened its first Lancaster location in 40,000 square feet of redeveloped commercial space



Paloma West, a new construction neighborhood commercial center at 60th St. W. and Ave. L-8 featuring eateries and services, opened in the summer



- Lancaster Auto Mall**: Sales at the Lancaster Auto Mall are hitting record highs, and several auto dealers are making substantial new investments to capture even more of the market.

- Ribbon cutting at RAM of the West, North America's largest RAM truck center, and company has seen a 34% increase in sales in their first month alone.
- Lancaster Honda/Subaru Antelope Valley recently completed renovations on their Honda showroom, are performing renovations to their Subaru showroom. They have also leased 7 acres of additional land from the City.
- Toyota of Lancaster purchased 8 acres in August 2018 to store additional vehicles and has plans to construct a collision center on the property as well.



- Aldi recently opened a 11,000 SF shopping center

Aerospace and Defense Development

- Northrop Grumman** in was awarded the contract to build the B-21 Raider

- Contract valued at over \$70 billion,
- Estimated that thousands of new engineers will be hired at Northrop's Antelope Valley facility,
- Edwards Air Force Base announced in March 2018 that it will conduct all flight testing for the project.
- Approximately 75% of EAFB employees live in Lancaster.



- B-21 is projected to create and sustain thousands of high-paying jobs for a minimum of 20 years.

- Additional, non-classified projects at Northrop include the James Webb Space Telescope, a state-of-the-art instrument designed to replace the Hubble



Current Residential Developments

Copper Square Apartments (204 Units)

- Completed in 2017



Harris Homes

- Units range from 2060 – 2630 SF (4 bedroom homes)

Pacific Larkspur Community

- 6 floor plans ranging from 2500 – 4600 SF (3-4 bedroom homes)
- 106 total units



Current Residential Developments - Continued

- Avanti North**: 237-acre development (developed by City Ventures)

- 753 residential units, two parks, walking and bike trails
- Approved; in plan check

- Avanti South**: 234-acre development (Royal Investors)

- 1,700 dwelling units, 213,600 square feet of commercial uses, 31.5 acres of open space/parks, 12.8-acre school site, 1.3-acre fire station, and 38.4 acres of internal streets

- Approved by Planning Commission and City Council

- Sunset Landing at Lancaster** (Beazer Homes)

- 143 single-family lots currently under construction

- KB Homes**

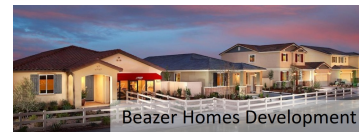
- 98 single-family lots
- Tract approved; pending Architectural & Design Commission approval

- Housing Authority Projects**

- 500 (single-family/duplex design)



Figure 2-3 Avanti South



Beazer Homes Development

Housing Infill Developments

Front Row Center

- Regional commercial and entertainment destination; envisioned as a walkable environment with integrated housing
- Current features: single-A professional baseball stadium, Cinemark 22 Theatres, 2 Hilton hotels, retail
- 120 vacant acres, 100 of which are owned by the City and County, for future development
- Pending projects include:
 - Two new upscale hotels
 - 15-acre mixed-use project featuring up to 1,000 units of market-rate multi-family housing before City Council in October 2018



Medical Main Street

- In partnership with Antelope Valley Hospital, the City is spearheading the creation of a state-of-the-art health district located in the heart of Lancaster
- The 350-acre district encompasses 100 acres of vacant land, 40% of which is owned by the hospital
- Uses will include shopping, dining, entertainment, and hospitality in a walkable, vibrant urban setting
- Integrated housing will serve health care professionals and patients alike
- \$15 million in grant funding and local match is committed to build the needed infrastructure
- In November, voters will consider a \$350 million obligation bond for construction of a new 230-bed hospital in the center of the district



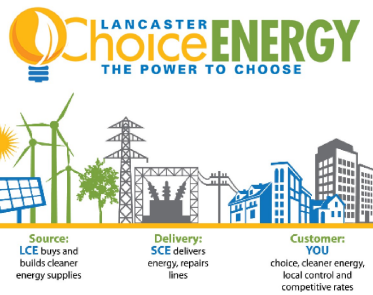
Initiatives to Address Homelessness

- Homelessness decreased in 2017, but increased by 50% in the Antelope Valley region in 2018
- City council created a multi-faceted approach, including a new facility (Kensington Campus), a Homeless Impact Commission, and a Homelessness Plan
 - Kensington Campus is a 14-acre village with five uniquely-designed townships, 3 community shelter buildings, medical clinic, mental health therapy facility, job training services, communal kitchen, laundry facilities, central piazza and outdoor amphitheater, and a pet kennel
 - In partnership with InSite Development, The People Concern, and LA County
 - Broke ground in June 2018; opening December 2019



Lancaster Choice Energy (LCE)

- City's community choice aggregator (CCA)
 - First municipal CCA in California
- Driving force in advancing City's net-zero electricity goals
- LCE provides the energy; SoCal Edison provides transmission of power
- Off-grid options available through LCE (i.e., Cannabis)
- City loan to LCE repaid; City anticipates LCE to carry an increasing share of City overhead
- City anticipates L will provide significant opportunities to attract new businesses and development
 - Example: LCE / Zero-Carbon City initiative instrumental in securing BYD electric bus development (and taxes)



Streetlight Acquisition Program

- City of Lancaster acquired its streetlights from Southern California Edison
 - Acquisition financed with \$14.25M 2016 Assessment Revenue Bonds
 - Allows the City to substantially cut maintenance costs, saving taxpayers approximately \$1.5M each year
- City also converted approximately 18,000 streetlight bulbs to LED, making them more energy-efficient and environmentally friendly
 - City received funding from SCE which covered 70% of the costs of the LED lights
 - Retrofit for all 18,000 streetlights was completed in just six months.



Net Zero Energy Ambitions

- Mayor Parris set goal of becoming the world's first net-zero electricity city by 2020
 - Lancaster has been named the Solar Capital of California by the California Solar Initiative (CSI) based on solar energy per capita, with hundreds of megawatts of solar now operational throughout Lancaster
 - State of California named Lancaster the "Alternative Energy Research Center of Excellence," the only city in California to receive such designation
- City boasts streamlined, fast-track approval process for solar developments
- City spearheaded unique collaboration with BYD and KB Home to construct the first affordable solar residential community in the nation
- Unique partnership with Southern California Edison to establish first-of-its-kind pilot hydrogen power plant



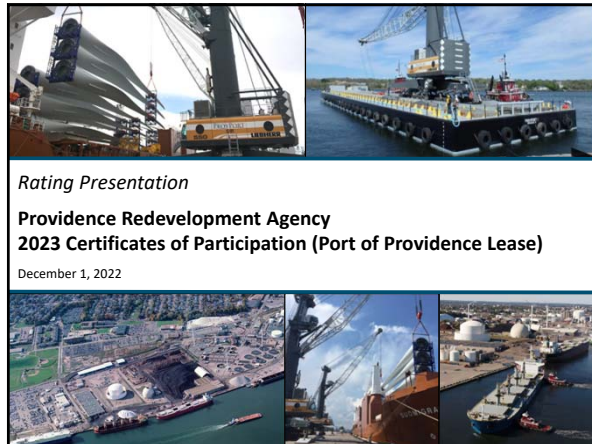
Smart City / Connectivity

- anyCOMM
 - 18,000 smart nodes to be installed on all city-owned lights to assist with traffic counts, economic development efforts, infrastructure maintenance and public safety
- Landmark
 - 15 cell towers installed in known dead zones to enhance connectivity of cellular & wireless systems
 - Multiple providers can ride a single tower
- 5G Ready
 - Fiber installed
 - Connection to One Wilshire complete





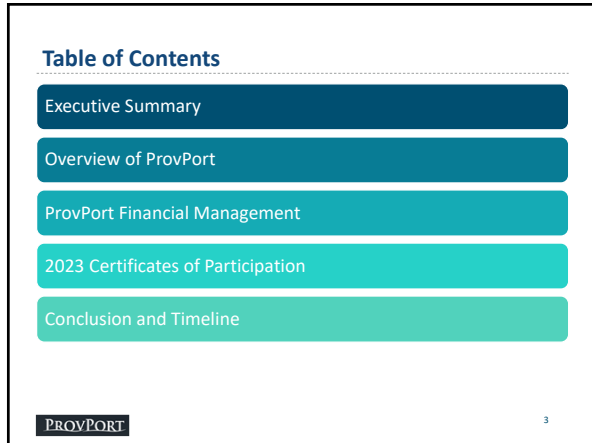
APPENDIX F: PROVPORT 2023 COPs CREDIT PRESENTATION



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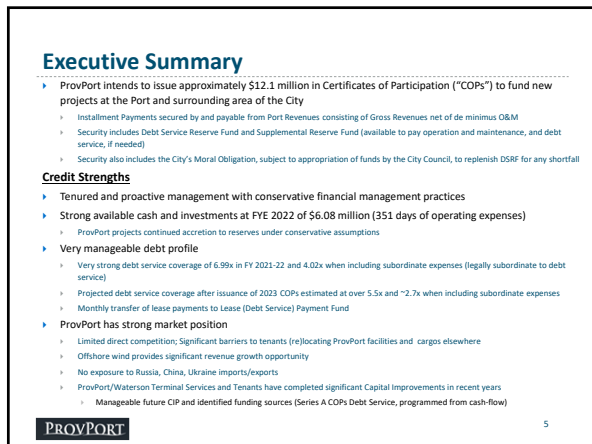
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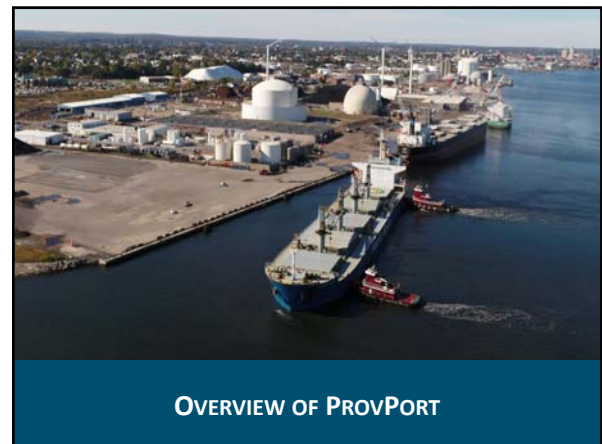
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ProvPort Overview

- City of Providence developed the Port in the 1920s for maritime shipping
- ProvPort was created in 1994 as a non-profit, public-private partnership
 - ProvPort purchased the Port from the City for \$16.5 million; paid the City an additional \$6 million in 2006
 - ProvPort pays the City an annual percentage of gross revenues and other fees
 - ProvPort's investments and management have stabilized and increased the Port's status as an economic engine for the City producing union jobs and other ancillary taxes to the City and benefits to the local and regional economy
- Port facilities are strategically located in an intensive industrial-commercial harbor complex located at the head of Narragansett Bay within the City
- Facilities comprise a large deep-water port in the Narragansett Bay
 - Approximately 5,000 linear feet of docks comprising 6 berths with a depth of up to 38.5 feet
 - 50,000 square feet of covered storage space
 - 13 acres of docks and open storage



PROVPORT

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ProvPort Imports, Exports & Intermodal Opportunities

- International, maritime commerce utilize the deep-water federal channel
 - Petroleum, asphalt, cement, LPG, aluminum oxide, off-shore wind turbines, road salt, and project cargoes are the primary imports
 - Primary exports are scrap metals, automobile and project cargoes
- Adjacent access to Interstate 95 and 195 and railways
 - On-site rail is connected to all major railroads offering service to all US and Canadian destinations



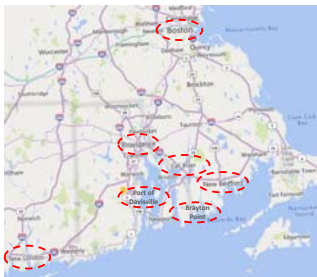
PROVPORT

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Nearby Ports, Yet Little Direct Competition

- ProvPort benefits from primarily importing commodities, which is unique compared to the surrounding ports
 - Only Boston, New London and ProvPort have berths and channels dredged to 40 feet
 - As a result, ProvPort does not face direct competition from nearby ports
- The surrounding ports are primarily dedicated to the following
 - Port of Davisville/Quonset Point - Auto imports
 - New Bedford - Offshore wind; limited capacity
 - New London - On-shore staging for offshore wind
 - Boston - Cruises and containers
 - Fall River - Fishing
 - Brayton Point - landing point for the electricity generated by off-shore wind turbines
 - Portsmouth and New Haven - Out of market area



PROVPORT

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Terminal Management Agreement

- Terminal Management Agreement between ProvPort and Waterson Terminal Services ("WTS") effective May 2007
 - Expires at end of proposed financing
 - Agreement grants WTS license to manage all port operations and requires WTS to complete necessary capital improvements
- General Duties
 - Manage all vessel activity
 - Provide security throughout the Port area
 - Provide business development services to assure continued growth of the Port
 - Maintain all buildings and grounds
 - Negotiate leases subject to final approval by the ProvPort Board
 - Manage all existing leases and tenant relationships
 - Provide long term planning to assure that ProvPort's competitive advantage is secure
 - Interact with Coast Guard, Corps of Engineers and other maritime agencies

PROVPORT

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Terminal Management Agreement, Cont'd

- Agreement states that all Terminal Management Fees are subordinate to Debt Service
 - Monthly Terminal Management Services payments occur only after the required monthly transfer to the Lease (Debt Service) Payment Fund

Priority of Cash Disbursements from General Revenue Account (Identified in Article IX of Agreement)

ProvPort Operations and Maintenance

Lease Payments (Debt Service) for 2003, 2006 & 2023 Certificates

Subordinate Payments - Terminal Management Services Fees
And
Payments to City for In Lieu taxes, payments to Neighborhood Improvement¹, Sustainability Fund and Community Benefit Fund

PROVPORT

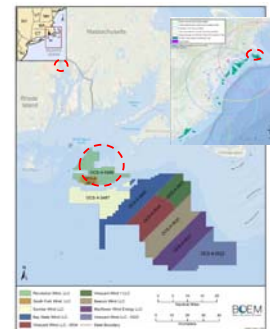
¹ Beginning in FYE 2024, ProvPort no longer makes payment to Neighborhood Improvement

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OffShore (OSW) Wind Power Generation

- US OSW Development Pipeline – 35 gigawatts (GW)
- Primary development areas < 200 NM from ProvPort
- Network of ports required:
 - Manufacturing, construction, and operations
 - Multiple component packages
- ProvPort OSW Hub Current Operations:
 - Foundation component fabrication (secondary steel)
 - Survey vessel terminal support
 - Long-term cable storage & maintenance
 - Cable installation support & marshalling
- Opportunities Actively under Development:
 - Scour protection stone staging/stevordoring
 - Wind turbine generator (WTG) component marshalling/manufacturing
 - Foundation marshalling (primary steel)
 - Offshore supply/crew vessel support
 - Sea fastening/grillage fabrication and disposal
 - Grouting logistics and stevedoring
 - Marine coordination



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ProvPort Tenant: Ørsted's OSW New Development

- Energy company Ørsted and utility Eversource recently constructed a wind manufacturing facility at ProvPort
- The new facility is now operational
 - Facility used for fabrication and assembly of foundation platforms for Ørsted and Eversource's joint-venture offshore wind projects serving Rhode Island, Connecticut, and New York
- With the new facility, Ørsted area under lease increased from 7.3 to 19 acres
- Facility will benefit the region by offering union jobs, lowering energy costs, and decreasing air pollution



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Recent Expansion and Improvements to Facilities ProvPort/WTS Improvements

- ProvPort and WTS have completed Capital Improvements in recent years, expanding and maintaining state-of-the-art port facilities

ProvPort Area	Improvement	Cost of Improvement
Acquisition of Adjacent Property	Acquired approximately 8-acre site adjacent to ProvPort along with existing warehouse structure	\$8,400,000
Berth 6	Capping of former municipal dump, installation of water collection system, complete community park area	2,500,000
Streets	Repairing of interior streets within ProvPort	1,500,000
Berth 1	Ace Warehouse demolition and creation of additional storage area	1,200,000
Rebuild of Berth 1 Area	Consisted of removing existing paving and sub-structures of repaving area for heavy loads	775,000
Berth 6 Orsted	Construct retaining wall in conjunction with Orsted's new building. Created approximately 1.5 acres of new property for lease.	750,000
Ace Warehouse	Demolition of structure	440,000
Security	General improvements at entry gate and surveillance cameras	100,000
Administration Building	General upgrades to building and roof	50,000
Crane	Repairs	400,000
Barge	Repairs	250,000
Total		\$16,365,000

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Recent Expansion and Improvements to Facilities Recent Tenant Improvements

- Over the last five years, Tenants have also made significant investments in their ProvPort facilities
- Tenant improvements total more than \$86 million

Tenant	Improvement	Cost of Improvement (if available)
Orsted	Complete Construction of New Building	\$25,000,000
Sea 3	Upgrade of Terminal and Storage Dome	12,300,000
Green Energy	Build New Wind Turbine	2,750,000
	Convert Marine Terminal Building to Cement Facility	15,000,000
McInnis	Build New Dome for Cement Storage;	18,000,000
	Dock Improvements	1,500,000
Snitzer	Upgrade to Yard;	4,500,000
	Paving of Access Road from Yard to Dock	750,000
New England Petroleum	General Yard and Distribution Improvements	5,500,000
Morton	General Yard and Scale Improvements	800,000
Total		\$86,100,000

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PROVPORT FINANCIAL MANAGEMENT

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Historical Cash Balances

- As of June 30, 2022, the Port's available cash and investments totaled approximately \$6.08M (351 days cash on hand)
- Cash balance decreased in FYE 2016, 2017 and 2018 due to accelerated paydown of a loan with BofA (\$6 million loan for barge; 10-year loan paid off in 3 years)
- 6-year old barge sold for \$5 million; proceeds received in 2022
- ProvPort will continue to strengthen reserves

Historical Cash and Investments Balance

FYE	2017-18	2018-19	2019-20	2020-21	2021-22
Total Cash & Investments	\$214,676	\$1,264,304	\$2,933,468	\$2,483,811	\$6,085,000
Total Operating Expenses¹	4,879,532	4,989,663	5,955,296	5,393,341	6,315,797
Days Cash on Hand	16.1	92.5	179.8	168.1	351.7

¹ Operating expenses for days cash includes operating expenses and subordinate expenses comprised of base terminal management fees, payments in lieu to the City and neighborhood improvement fund. Excludes non-cash items (depreciation), capital expenses and discretionary CIP/Terminal Mgt Incentive.

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Historical and Projected Debt Service Coverage

	Historical (in \$)					Projected (in \$)				
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Gross Revenues¹										
Terminal	5,919,791	5,551,646	5,717,715	4,258,112	4,912,828	5,172,000	5,527,580	5,486,975	5,651,584	5,821,132
Wharfage/Dockage	5,685,249	4,117,356	4,458,358	4,246,418	5,095,111	6,168,000	6,813,040	6,541,611	6,730,940	6,942,118
Storage	108,658	128,512	255,044	312,885	565,514	430,000	482,800	445,718	458,945	472,744
Charter ²	467,412	0	487,580	614,000	527,250	0	0	0	0	0
Security assessment	714,230	462,688	488,397	512,008	718,813	600,000	628,000	639,540	657,638	675,307
Comms and charges - related party	0	513,623	520,114	396,486	944,065	700,000	721,000	742,630	764,909	787,456
Other income, net	0	6,783	185,420	4,712	6,495	100,000	45,000	68,664	89,564	89,512
Total Gross Revenues	8,148,414	8,954,637	10,660,167	10,264,635	11,706,627	13,120,000	13,114,420	13,058,098	13,438,718	14,766,676
Operating Expenses^{2,3}										
Personal Costs, net and general expenses	1,788,146	659,892	1,213,686	691,461	847,165	920,200	986,105	1,014,410	1,049,131	1,118,387
Total Operating Expenses	1,788,146	659,892	1,213,686	691,461	847,165	920,200	986,105	1,014,410	1,049,131	1,118,387
Net Operating Revenues	6,360,268	8,294,745	9,446,481	9,573,174	12,859,462	12,199,800	12,128,315	12,043,688	12,389,587	13,648,289
Debt										
2022 Bonds (Preliminary, Subject to Change) ⁴	0	0	0	0	0	0	443,283	442,838	443,813	444,418
2004 CIP ⁵	0	0	0	0	0	0	808,000	1,891,000	1,891,000	1,891,000
2004 CIP ⁶	1,891,200	1,891,425	1,891,500	1,891,625	1,891,750	1,891,875	1,891,900	0	0	0
Total Debt Service	1,891,200	1,891,425	1,891,500	1,891,625	1,891,750	1,891,875	2,277,883	2,277,838	2,278,813	2,278,418
Debt Service Coverage	6.69	4.38	4.76	5.22	6.91	6.49	5.31	5.27	5.45	6.10
Net Income Before Subordinate Expenses	6,778,546	6,438,180	6,909,981	7,738,551	11,022,612	10,307,925	10,280,212	10,026,760	10,092,695	11,368,851
Subordinate Expenses⁷										
Terminal Management Fees (TMF) - Base Operating Mgt Fees ⁸	3,874,000	3,874,000	4,164,000	4,164,000	4,717,200	5,197,700	5,197,700	5,197,700	5,197,700	6,016,987
Payments in lieu of taxes, City of Providence ⁹	490,214	490,214	490,214	515,874	727,632	652,720	945,912	974,331	1,003,560	1,031,667
Neighborhood Improvement ¹⁰	24,000	24,000	24,000	22,000	24,000	24,000	24,000	24,000	24,000	24,000
Community Benefit Fund ¹¹	0	0	0	0	0	0	125,136	125,136	143,366	147,667
Sustainability Fund ¹²	0	0	0	0	0	0	125,136	125,136	143,366	147,667
Total Subordinate Expenses	4,388,214	4,388,214	4,678,214	4,701,874	5,468,632	5,874,426	6,413,824	6,720,236	7,020,756	7,345,988
Debt Service Coverage after Subordinate Expenses¹³	2.32	2.34	2.24	2.66	4.02	3.44	2.69	2.72	2.76	2.76
Deposit to Restricted Supplemental Reserve Fund¹⁴										
	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
End	2,427,632	2,086,340	2,468,371	3,036,671	5,553,980	4,488,851	3,095,288	3,116,465	3,171,879	4,022,861

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Source: ProvPort Inc. Audited Financial Statements for FYE 2017-2022, ProvPort Revised Budget (December 2022) for FYE 2023 projects, Projected Expenses for FYE 2024-2027 provided by ProvPort.

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Historical and Projected Debt Service Coverage Footnotes

- ¹ Change in gross revenues from FYE 2018 to FYE 2019 due to the lease cancellation by TEPCO for the propane terminal (\$690,000), the decline of Storage as coal, stored on a short-term basis was shipped out (\$130,000) and crane rental charges decreased by \$180,000 as volume declined.
- ² Charter revenues no longer budgeted for or projected due to sale of barge in FYE 2022.
- ³ Excludes non-cash items (such as depreciation) and capital expenses.
- ⁴ Change in "Personnel costs, rent and general expense" from FYE 2019 to FYE 2020 primarily due to a one-time expense of \$608,292 in FYE 2020.
- ⁵ 2023 Current Interest COPs amortize beginning in FYE 2024. 2023 CABs begin amortize FYE 2038 though FYE 2053, after maturity of 2006 CABs in FYE 2037. 2023 CABs will carry reduced level of debt service as 2006 CABs.
- ⁶ Pursuant to the Proposed Amended and Restated Trust Agreement, these expenses are subordinate to debt service.
- ⁷ Terminal Management Fees (TMFs) are composed of all operating expenses to operate ProvPort by Waterson, including all salaries, maintenance of all docks, berths, buildings, general equipment, cranes and barges.
- ⁸ "Payments in lieu of taxes" are budgeted at 5% of total gross revenues and will increase to 7% of gross revenues in FYE 2024.
- ⁹ Beginning in FYE 2024, ProvPort no longer has Neighborhood Improvement expense.
- ¹⁰ Beginning in FYE 2024, ProvPort contributes to the Community Benefit Fund and the Sustainability Fund based on a formula of 1% of gross revenues each.
- ¹¹ Debt service coverage after subordinate expenses are for informational purposes only. By legal definition, Terminal Management Fees, Payments to the City and Neighborhood Improvement expenses are subordinate to debt service.
- ¹² Deposit to Restricted Supplemental Reserve Fund is required per the Trust Agreement and occurs over a 3-year period.
- ¹³ FY 2022-23 figures based on Revised Budget (December 2022).
- ¹⁴ For FYE 2024, 2025, 2026 and 2027 all Operating Revenues assume annual growth of 3% and Operating Expenses assume annual growth of 5%.

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Historical Statement of Financial Position

ASSETS	2018	2019	2020	2021	2022
Current Assets:					
Cash and cash equivalents	\$214,676	\$1,264,304	\$2,933,468	\$2,483,811	\$6,085,493
Restricted cash and cash equivalents	3,499,120	2,866,276	3,454,433	3,063,930	5,491,426
Accounts receivable, net	946,823	665,249	694,094	1,020,307	1,238,296
Prepaid expenses and other current assets	6,937	6,937	6,937	6,937	6,937
Total current assets	\$4,667,556	\$4,802,766	\$7,084,932	\$6,574,985	\$12,823,152
Non-current Assets:					
Property and equipment, net	\$33,356,084	\$12,737,213	\$12,307,839	\$13,343,449	\$25,365,888
Other assets	\$210,240	\$210,240	\$210,240	\$210,240	\$210,240
Restricted cash and cash equivalents	1,858,221	1,893,400	1,845,516	1,845,702	1,846,357
Total non-current assets	\$35,424,545	\$14,840,853	\$14,363,595	\$15,399,391	\$27,422,485
TOTAL ASSETS	\$40,092,101	\$19,643,619	\$21,448,527	\$21,974,376	\$40,245,637
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current portion of certificates payable	\$1,425,000	\$1,500,000	\$1,575,000	\$1,660,000	\$1,745,000
Current portion of note payable - bank	0	0	0	0	0
Accounts payable and accrued expenses	203,324	187,403	483,014	330,975	154,949
Deferred revenue	281,087	248,554	356,675	430,365	302,576
Due to City of Providence, payments in lieu of taxes	450,914	439,831	455,408	515,181	722,512
Total current liabilities	\$2,360,325	\$2,365,788	\$2,869,097	\$3,936,421	\$3,925,037
Non-current Liabilities:					
Accrued terminal management incentive fees	\$1,843,347	\$0	\$2,307,367	\$2,053,633	\$4,662,312
Accrued interest	6,344,370	7,076,488	7,849,211	8,664,803	9,325,612
Certificates payable, less current portion and debt issuance costs	13,880,752	12,475,240	10,986,558	9,414,303	7,759,240
Note payable - bank, less current portion	0	0	0	0	0
Total liabilities	\$24,417,794	\$21,937,516	\$24,612,233	\$23,864,786	\$32,762,201
Net Assets:					
Without donor restrictions	\$15,674,307	\$7,706,103	\$6,836,294	\$8,109,590	\$7,483,436
TOTAL LIABILITIES AND NET ASSETS	\$40,092,101	\$19,643,619	\$21,448,527	\$21,974,376	\$40,245,637

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Source: ProvPort, Inc. Audited Financial Statements

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Projected Capital Improvement Plan

- Near-term CIP expenditures to be completed with bond proceeds and pay-go
 - Pay-go CIP is required to be paid out of Terminal Management Services fee and is very manageable
 - Series A COPs will fund the following projects totaling \$4.75 million
 - ProvPort is preparing a Master Plan that creates longer term capital improvement plan
- | Project | |
|---|--------------------|
| Improvement of adjacent properties for port expansion | \$2,000,000 |
| Master Plan preparation | 500,000 |
| Purchase of two streets vacated by City of Providence | 600,000 |
| Workforce Training Facility | 750,000 |
| Other | 900,000 |
| Total | \$4,750,000 |
- The State of Rhode Island has approved \$20 million to fund ProvPort expansion and improvements to the Port's facilities
 - \$12 million in funding still available

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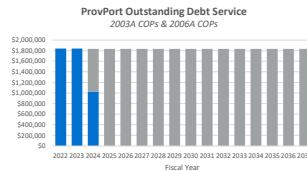
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ProvPort Outstanding Obligations 2003A COPs & 2006A COPs

- The 2003A COPs mature on 9/1/2023
- The 2006A COPs mature on 9/1/2036

- When the 2003A COPs mature, the \$1.835 million 2003A DSRF will be transferred to the 2006A COPs
- When 2006A COPs mature, the 2006A DSRF will be transferred to the 2023B COPs
- Assured Guaranty* insures both the 2003A COPs and 2006A COPs



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* Assured Guaranty was the original insurer and was acquired by Assured Guaranty in April 2015

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Financial Policies and Practices

- Financial budget and reporting practices:
 - Budget adopted annually with reports to the ProvPort Board on a quarterly basis
 - Monthly transfers to Lease (Debt Service) Payment Fund required
 - Current Capital Improvement Plan established in 2019 and Master Plan will establish the new longer-term CIP
- Cybersecurity:
 - Recently ProvPort upgraded all its on-premises servers under the direction of its IT provider, Braver Technologies, and is undergoing the transition to secure, cloud-based platforms supported by risk-based controls.
 - Advanced security systems were recently installed on all computers and ProvPort/Waterson Terminal Services has implemented a robust IT Security policy which has been approved by the US Coast Guard.

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2023 CERTIFICATES OF PARTICIPATION

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Financing Overview

- Approximately \$12.1 million of COPs issued in two series
 - Series A: Approximately \$5.375 million Taxable Current Interest COPs
 - Series B: Approximately \$6.734 million Tax-Exempt Capital Appreciation COPs
- Series A will be issued as Current Interest COPs
 - Proceeds of the Certificates will be used for ProvPort capital projects and rights-of-way acquisition
 - Level debt service structure; Final maturity of September 1, 2052
 - The 2023A COPs will have a DSRF requirement of Maximum Annual Debt Service
 - 10-year par call on Current Interest COPs
- Series B will be issued as Capital Appreciation COPs
 - Proceeds of the COPs will be used for payment to the City of Providence for capital projects
 - CABs will mature September 1, 2037 through September 1, 2052
 - The 2023B COPs will have a DSRF requirement of Maximum Annual Debt Service
 - Upon maturity of the 2006A COPs on September 1, 2036, the 2006A COP reserve balance will be transferred to the 2023B COPs reserve fund in an amount equal to Maximum Annual Debt Service for the Series B COPs

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Legal Structure

Provisions	Description
Estimated Par Amount	Series A \$5,375,000* Taxable Current Interest COPs and Series B \$6,734,432* Tax-Exempt Capital Appreciation COPs
Payment Dates	March 1 and September 1 (principal)
Purpose	Capital improvement projects
Security	The COPs are secured with Port Revenues consisting of Gross Revenues less de minimus ProvPort Operations & Maintenance (as detailed below) of the Port with moral obligation backstop of City of Providence, subject to appropriation of the funds by City Council
Revenue Pledge	Gross Revenues less de minimus ProvPort Operations & Maintenance (All other expenses are subordinate to debt service, including Terminal Management Services Operating Expenses, Payments to City for In Lieu Taxes, Neighborhood Improvement Fund and contributions to Sustainability Fund and Community Benefit Fund)
Parity Debt	2003 COPs and 2006 COPs
Reserve Requirement	Series A: Maximum Annual Debt Service Series B: Maximum Annual Debt Service: Upon maturity of the 2006A COPs on September 1, 2036, the 2006A COP reserve balance will be transferred to the 2023B COPs reserve fund in an amount equal to Maximum Annual Debt Service on the Series B COPs.
Supplemental Reserve	ProvPort to make monthly payments to a Supplemental Reserve Account through June 30, 2026 until Supplemental Reserve Account equals Maximum Annual Debt Service for all Parity Indebtedness
Additional Parity Debt	Net Revenues at least equal to 1.25x all parity debt; plus estimated 3-year consecutive test following capital improvements/project of Net Revenues at least equal to 1.25x parity debt

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*Preliminary, subject to change

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Estimated S&U and Debt Service*

	Series A (CIBs)	Series B (CABs)	Total
Period Ending			
6/30/2023	\$20,000	\$438,108	\$458,108
6/30/2024	55,000	387,488	442,488
6/30/2025	60,000	384,463	444,463
6/30/2026	60,000	379,088	444,088
6/30/2027	70,000	374,363	444,363
6/30/2028	75,000	368,388	444,388
6/30/2029	80,000	363,863	443,863
6/30/2030	85,000	358,088	443,088
6/30/2031	95,000	351,788	446,788
6/30/2032	100,000	344,963	444,963
6/30/2033	105,000	337,788	442,788
6/30/2034	115,000	329,944	444,944
6/30/2035	125,000	321,244	446,244
6/30/2036	135,000	311,819	446,819
6/30/2037	145,000	301,669	446,669
6/30/2038	155,000	290,794	445,794
6/30/2039	165,000	279,184	444,184
6/30/2040	180,000	266,688	446,688
6/30/2041	190,000	253,275	443,275
6/30/2042	200,000	238,966	438,966
6/30/2043	220,000	223,440	443,440
6/30/2044	240,000	206,535	446,535
6/30/2045	255,000	188,344	443,344
6/30/2046	275,000	168,866	443,866
6/30/2047	295,000	147,919	442,919
6/30/2048	320,000	125,318	445,318
6/30/2049	345,000	100,879	445,879
6/30/2050	370,000	74,603	444,603
6/30/2051	400,000	46,305	446,305
6/30/2052	430,000	15,803	445,803
6/30/2053			
Total	\$5,375,000	\$7,359,432	\$12,734,432

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*Preliminary, subject to change.

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Aggregate Debt Service After Bond Issuance*

	Series 2023A (CIBs)	Series 2023B (CABs)	2003A COPs	2006A COPs	Total All Series
Period Ending					
6/30/2023	\$448,108	\$1,021,000	\$810,000	\$1,383,108	\$3,662,216
6/30/2024	442,488	1,815,000	1,815,000	2,277,488	\$6,350,976
6/30/2025	444,463	1,815,000	1,815,000	2,277,463	\$6,351,926
6/30/2026	444,088	1,815,000	1,815,000	2,279,088	\$6,353,176
6/30/2027	444,363	1,815,000	1,815,000	2,279,363	\$6,353,726
6/30/2028	444,388	1,815,000	1,815,000	2,279,388	\$6,353,776
6/30/2029	443,863	1,815,000	1,815,000	2,278,863	\$6,352,726
6/30/2030	443,088	1,815,000	1,815,000	2,278,088	\$6,351,176
6/30/2031	446,788	1,815,000	1,815,000	2,281,788	\$6,354,576
6/30/2032	444,963	1,815,000	1,815,000	2,279,963	\$6,350,926
6/30/2033	442,788	1,815,000	1,815,000	2,277,788	\$6,348,576
6/30/2034	444,944	1,815,000	1,815,000	2,279,944	\$6,350,896
6/30/2035	446,244	1,815,000	1,815,000	2,281,244	\$6,353,488
6/30/2036	446,819	1,815,000	1,815,000	2,281,819	\$6,354,637
6/30/2037	446,669	1,815,000	1,815,000	2,281,669	\$6,354,337
6/30/2038	445,794	1,815,000	1,815,000	2,280,794	\$6,352,588
6/30/2039	444,184	1,815,000	1,815,000	2,279,184	\$6,350,368
6/30/2040	446,688	1,815,000	1,815,000	2,281,688	\$6,354,376
6/30/2041	443,275	1,815,000	1,815,000	2,280,275	\$6,353,550
6/30/2042	443,966	1,815,000	1,815,000	2,280,966	\$6,354,932
6/30/2043	443,440	1,815,000	1,815,000	2,280,440	\$6,353,880
6/30/2044	446,535	1,815,000	1,815,000	2,281,535	\$6,356,070
6/30/2045	443,344	1,815,000	1,815,000	2,280,344	\$6,354,688
6/30/2046	443,866	1,815,000	1,815,000	2,280,866	\$6,355,732
6/30/2047	442,919	1,815,000	1,815,000	2,279,919	\$6,353,838
6/30/2048	445,318	1,815,000	1,815,000	2,281,318	\$6,356,636
6/30/2049	445,879	1,815,000	1,815,000	2,281,879	\$6,357,567
6/30/2050	444,603	1,815,000	1,815,000	2,280,603	\$6,355,206
6/30/2051	446,305	1,815,000	1,815,000	2,281,305	\$6,357,610
6/30/2052	445,803	1,815,000	1,815,000	2,280,803	\$6,356,406
6/30/2053					
Total	\$13,344,874	\$26,352,142	\$4,700,375	\$24,665,000	\$69,062,391

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*Debt Service for the Series 2023A (CIBs) and Series 2023B (CABs) is preliminary and subject to change

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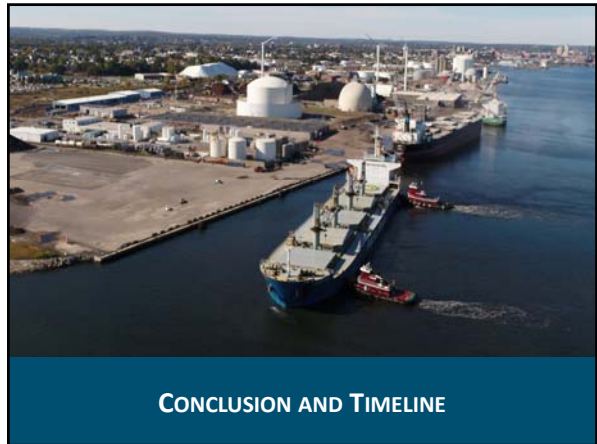
City of Providence Moral Obligation

- The 2023 COPs will be on parity with the 2003A COPs and 2006A COPs
- The City of Providence adds further security to the COPs by providing its moral obligation pledge on the Port's outstanding COPs' DSRF
- The City has agreed as a party to the trust agreement to pay, subject to appropriation, to the trustee, no later than the September 1 next following the receipt of such notice, the amount of any shortfall in the series 2003A, 2006A and 2023A & 2023B DSRF

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CONCLUSION AND TIMELINE

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Conclusion

- ▶ Tenured and proactive management with conservative financial management practices
- ▶ Available cash and investments at FYE 2022 of \$6.08 million (351 days of operating expenses)
 - › Strong accretion to reserves under conservative projection assumptions
- ▶ **Very manageable debt profile**
 - › Very strong debt service coverage of 6.99x in FY 2021-22 and 4.02x when including subordinate expenses (legally subordinate to debt service)
 - › Projected debt service coverage after issuance of 2023 COPs estimated at over 5.5x and ~2.7x when including subordinate expenses
 - › Monthly transfer of Lease (debt service) payments to Debt Service Payment Fund
- ▶ **ProvPort has strong market position**
 - › Competition: ProvPort has unique market position, limited competition; Difficult to replicate facilities in trade area
 - › Revenue Stability: Long-term credit tenants with significant facility investments and no viable alternatives
 - › Revenue Growth: Offshore wind provides significant revenue growth opportunity
 - › Key Risks: Port has no exposure to Russia, China, Ukraine imports/exports
 - › Facilities / Capital: ProvPort/Watsonson Terminal Services and Tenants have completed significant Capital Improvements in recent years to propel Port to sustained, growing revenues and reduced unforeseen capital needs and operational costs
 - › Manageable near-term CIP; CIP inclusive of Series 2023A COPs proceeds

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Timeline

- November 28
Public Hearing held and the matters were voted out of Finance Committee with recommendation of passage by full City Council
- December 1, 2022
Rating Presentation
- December 1, 2022
ProvPort Board Meeting Approving Financing: City Council consideration of bond resolution and lease extension and first passage of the Tax Stabilization Agreement
- December 7
Distribute Revised Legal Documents & POS
- December 8
City Council tentative second/final passage of the Tax Stabilization Agreement
- December 19
Receive Rating Assessment
- December 20
Decision on Whether to Publish Rating
- December 21
Receive Insurance Bids
- Week of January 3, 2023
Post POS
- Week of January 16, 2023
Price COPs
- Week of January 30, 2023
Close

PROVPORT

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APPENDIX G: TDVA 2020 STATELINE REVENUE BONDS INVESTOR PRESENTATION



Financing Team

► Issuer

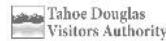
- Tahoe-Douglas Visitors Authority (TDVA)

► Financing Team

- NHA Advisors - Municipal Advisor
- Stradling Yocca Carlson & Rauth - Bond and Disclosure Counsel
- Stifel Nicolaus - Underwriter
- Jones Hall - Underwriter's Counsel
- Saddle Peak Hotel Advisors - Hotel Tax Consultant
- MuniCap, Inc. - Tax Increment Consultant



Investor Presentation
Stateline Revenue Bonds, Series 2020
October 21, 2020



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Table of Contents

- I. Stateline Revenue Bonds – Overview
- II. Tahoe Douglas Visitors Authority (TDVA)
- III. Tahoe South Events Center
- IV. Tahoe Township Economic Context
- V. Tahoe Township Lodging Market
- VI. Douglas County Redevelopment Area No. 2
- VII. Plan of Finance



3

Stateline Revenue Bonds (Events Center) – Overview

► Tahoe-Douglas Visitors Authority (TDVA)

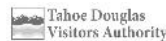
- A Nevada public agency, created in 1997, to promote tourism in the Tahoe Township through promotional marketing efforts and the development and operation of an events center

► Tahoe South Events Center Project (the Events Center)

- Planned year-round, multi-use facility to host conventions and conferences, sporting events, trade shows, performing arts and musical concerts
- Located at the corner of U.S. Highway 50 and Lake Parkway in Stateline, Nevada, among the casino core
- Total project cost of approximately \$100 million
- Groundbreaking occurred July 2020 with initial Phase 1 site work underway

► Stateline Revenue Bonds (Events Center)

- Not-to-exceed \$120 million, non-rated financing
- Secured by a combination of lodging-related revenues collected on hotel stays and vacation rentals in Tahoe Township, and tax increment revenues derived from Douglas County Redevelopment Area No. 2
- Further secured by a Debt Service Reserve and a Revenue Stabilization Reserve Fund



6

I. STATELINE REVENUE BONDS – OVERVIEW

II. TAHOE DOUGLAS VISITORS AUTHORITY



TDVA Overview

► Mission

- Provides marketing, advertising and events designed to bring tourists to the south shore of Lake Tahoe
- Goal to increase hotel occupancy and gaming revenues in the Tahoe Township portion of Douglas County
- Collaborative efforts with the Lake Tahoe Visitors Authority (LTVA) and the South Lake Tahoe Tourism Improvement District, commemorated by Memorandum of Understanding (LTVA MOU)

► Funding and Budgets

- Receives portions of lodging revenues within the Tahoe Township
- Sponsors a range of marketing and events, such as firework shows, golf tournaments, and concerts

► Staff

- Carol Chaplin, Chief Executive Officer and President
- Katharine McComb, Financial Manager

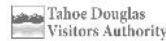
► Governed by five-member Board

- Tim Tretton – Chair, Vice President & General Manager of MontBleu Resort Casino & Spa
- Mike Bradford – Treasurer, CEO of the Lakeside Inn & Casino (closed but still retains active casino license)
- John Koster – Secretary, Senior Vice President and General Manager, Caesars Entertainment, Inc.
- Wesley Rice – Member, Douglas County Commissioner District 4
- Xenia Wunderlick – Member, Vice President of Casino Operations, Harrah's Lake Tahoe



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IV. TAHOE TOWNSHIP ECONOMIC CONTEXT



III. TAHOE SOUTH EVENTS CENTER



Lake Tahoe Economy

► Tahoe Basin is a year-round tourist destination

- Anchored by Lake Tahoe, largest Alpine lake in North America
- Straddles the border between California and Nevada

► Wide variety of tourist amenities

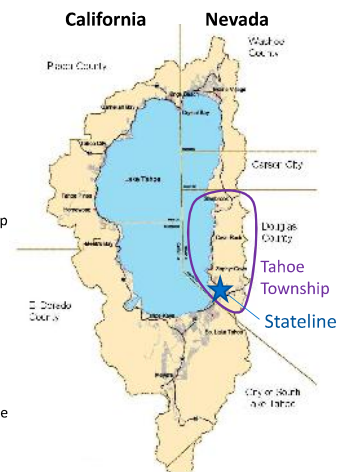
- Skiing, swimming, boating, hiking, camping, golfing, entertainment and gaming (on Nevada side of the Basin)
- Heavenly Mountain Resort, owned by Vail, the largest ski area in the area, has two entrances within Tahoe Township and two in South Lake Tahoe
- Heavenly Village, with gondola access to Heavenly Mountain, movie theater, restaurants and lodging

► Tahoe Township

- Includes the portion of Douglas County, Nevada west of the ridge separating Tahoe Basin and Carson Valley

► Stateline

- Census-designated place within Douglas County and Tahoe Township, immediately adjacent to South Lake Tahoe



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The Events Center Project

► Purpose

- Supports increased off-peak tourism visitation

► Project

- Approximately 138,000 square foot multi-purpose facility with flexible configurations
- Located on Highway 50 at Lake Parkway, adjacent to MontBleu Resort Casino & Spa

► Project team

- Designed by Perkins and Will
- Project management by International Coliseum Company (ICC)
- Construction managed by CORE Construction

► Operator

- The Events Center will be operated by a third-party operator
- TDVA is planning to issue a request for qualifications by December 2020 to engage a third-party operator



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Tahoe Visitor Draws

► Drive-to destination for large population centers in Northern California and Northern Nevada

- Sacramento is approximately 100 miles southwest
- San Francisco Bay Area is approximately 200 miles southwest

► Expansive network of direct and connecting flights from Reno-Tahoe International Airport

- Reno is approximately 60 miles northeast from Stateline/Tahoe Township



Flights to/from Reno-Tahoe International Airport



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Tahoe's Drive-To Market Appeal Has Mitigated COVID-19 Impacts

- ▶ **COVID-19 and measures to contain its spread have severely impacted the travel industry**
 - ▶ Shelter-in-place orders, quarantines and social distancing measures limited travel beginning in spring 2020
 - ▶ Nevada's Governor ordered certain businesses, including hotels and casinos, to close in March 2020
 - ▶ The Governor's orders were lifted for hotels in May 2020 and for casinos, with limitations, in June, 2020
- ▶ **Tahoe Township has captured a large share of pent up demand as travel has resumed**
 - ▶ Stateline hotels and vacation home rentals had active visitation throughout the summer
 - ▶ National lodging data shows muted impact on Tahoe Township lodging revenues relative to national trends

Relative Lodging Performance of Tahoe Township, June-August 2020				
	National Lodging Market		Tahoe Township ^(H2)	
	Room Revenue	Year over Year % Change	Room Revenue	Year over Year % Change
June	\$5,823,702,874	-63 %	\$9,799,000	-16 %
July	7,592,528,082	-54	17,498,000	-5
August	8,020,493,841	-49	17,014,000	0
3 Month Total ⁽²⁾	\$21,436,724,797	-55 %	\$44,311,000	-6 %

- (1) Tahoe Township includes primary casino hotels, Edgewood, and VHR market as reported by Airdna.
 (2) Casino and Edgewood Tahoe Resort combined supply down 24% year over year compared to the same period for 2019 due to property closures and renovations.
 (3) The Hotel Tax Consultant reports that September 2020 room revenue for VHRs in Tahoe Township represents a 37% increase over September 2019.
 Source: STR, Airdna and Hotel Tax Consultant.

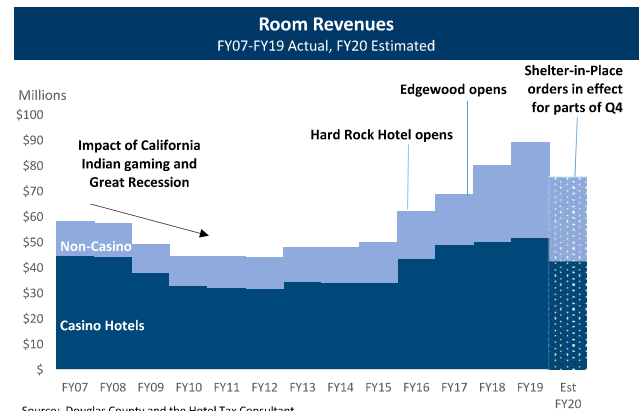
Non-Casino Lodging Supply

- ▶ **Edgewood Tahoe Resort**
 - ▶ 154 room lakeside luxury hotel opened in 2017
 - ▶ 2019 Preferred Hotel of the Year
 - ▶ 2020 Forbes Travel Guide 4-star ratings
 - ▶ Planned expansion will include 40 new ultra-luxury suites, expected to be complete by 2023
- ▶ **Tahoe Beach Club**
 - ▶ 143-unit for-sale condominium development; first 46 units and Clubhouse were completed in summer 2020
 - ▶ 14 units expected to be available for transient rental
- ▶ **Other Lodging**
 - ▶ 2 older hotel properties and 3 RV resorts/cabin rentals
 - ▶ 7 timeshare resorts consisting of 550 one, two and three bedroom suites
 - ▶ Nearly 600 privately owned single family homes, townhomes and condominiums rented on a short-term basis by owner or third-party rental agency



Taxable Lodging Revenue History

Vacation home rentals and Edgewood have increased share of Room Revenues relative to casino hotels



V. TAHOE TOWNSHIP LODGING MARKET

Four Major Casino Hotels Straddle Highway 50 in Stateline

- ▶ **Source of majority of Tahoe Township room revenues**
 - ▶ Harrah's and Harveys are both owned by Vici Properties and operated by Caesars Entertainment Inc. (formerly El Dorado Resorts)
 - ▶ Montbleu sale pending to Twin River Worldwide Holdings
 - ▶ Hard Rock, owned by Paragon gaming, opened in 2015
 - ▶ Fifth casino, the Lakeside Inn, permanently closed in spring 2020
- ▶ **Represented approximately 58% of FY19 room revenues**
 - ▶ Down from approximately 83% of room revenues in FY02



Hard Rock Hotel & Casino Lake Tahoe
 Rooms: 539
 History: Originally opened June 1965; reopened as Hard Rock in January 2015



Harveys Lake Tahoe
 Rooms: 742
 History: Opened in June 1963



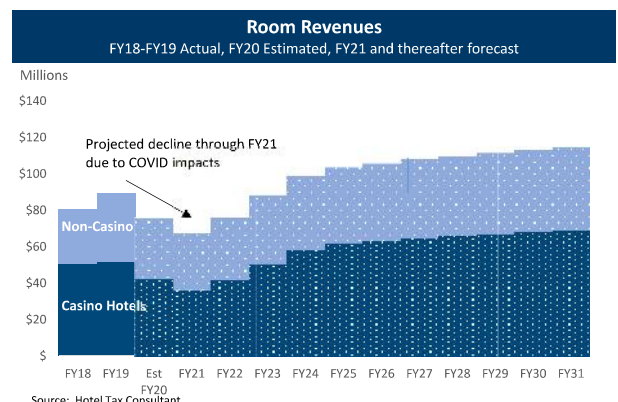
Harrah's Lake Tahoe Casino
 Rooms: 535
 History: Opened in June 1973



Montbleu Resort Casino Spa
 Rooms: 440
 History: Opened June 1979

Taxable Lodging Revenue Projections

Room Revenues are driven by available supply, occupancy rate and average daily room rate (ADR)



Taxable Lodging Revenue Drivers – Supply

Fairly stable “bed base”

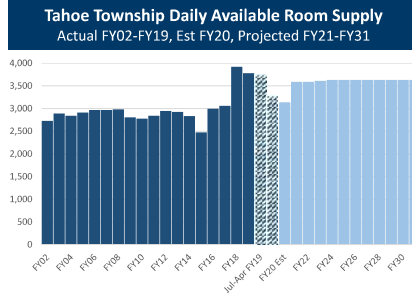
- Four casino hotels represent 2,256 rooms
 - 124-room Lakeside Inn closed in March 2020
 - Swings due to room renovations and maintenance
- Edgewood Lodge added 154 rooms in 2017
 - 40 new, ultra-luxury suites planned by 2023
- Tahoe Beach Club added 46 condominiums
 - 14 are expected to be available for transient rental beginning in FY21

Variable vacation home rentals

- Use by owners and rental of timeshare units lock-off room options can be highly variable
- Material spike in available offerings since FY18, possibly due to growth in AirBnB, etc.

Daily Available Room Supply

- Averaged 2,870 from FY02-FY17; peaked at 3,921 in FY18; dropped to 3,276 in first 10 months of FY20
- Projections assume recovery to 3,620



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Overview of Tahoe Township Occupancy Taxes

14% combined tax rate in Tahoe Township

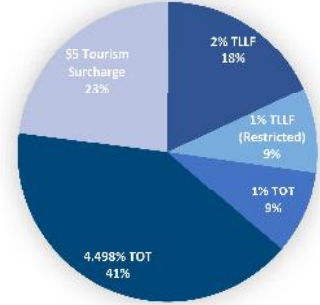
- 4% Transient Lodging and License Tax (“TLT”)
 - TDVA gets 3% TLT - 2% TLT plus 1% TLT restricted for the Events Center
 - Douglas County gets the remaining 1% TLT
 - 8% Transient Occupancy Tax (“TOT”)
 - TDVA gets 5.498% of collections - 1% TOT plus 4.498% TOT (65% residual)
 - Douglas County gets approximately 2.5%
 - 2% Transient Lodging Rental Tax (“TLRT”)
 - TDVA does not get these revenues
- => TDVA's combined share = 8.498% of collections

\$5/night Tourism Surcharge

- Per paid room in Tahoe Township, not charged on “comped” rooms
- Collections phased in during 2019
- TDVA gets 100% to support the Events Center construction and operation

Projected TDVA FY20 Occupancy Tax Revenues

\$9.3 million projected total (Cash basis)



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Taxable Lodging Revenue Drivers – Occupancy

Occupancy Rate

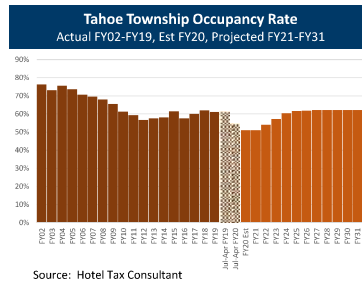
- Dropped from 76% in FY02 to 57% in FY12
- Leveled off at 62% in FY18
- Projections assume dip to 51% in FY21 before recovering to 62% in FY25 and thereafter

Complimentary Rooms

- Casino hotels may offer free hotel rooms to frequent guests to encourage visitation and gaming
- “Comped” rooms are not subject to occupancy taxes
- Projections assume comped rooms represent as much as 37% of occupied casino hotel rooms based on interviews with casino hotel managers

Event Center Demand

- Expected to generate incremental lodging demand beginning in FY23, growing to approximately 5% of total demand upon stabilization



21

VI. DOUGLAS COUNTY RDA PROJECT No. 2

Taxable Lodging Revenue Drivers – Room Rates

Average Daily Room Rate (ADR)

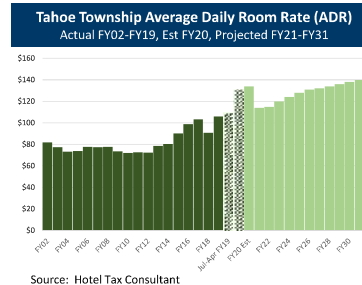
- Highly variable between casino and non-casino segments due to variable nature of offerings in vacation home rental (VHR) segment

Casino ADR

- Rose from \$67 in FY14 to \$93 in FY19
- Estimated actual \$104 in FY20
- Projections assume dip to \$92 in FY21 with strong recovery from FY22 to FY25 and steady 2% annual growth thereafter

Non-Casino ADR

- Between FY14 and FY19 ranged from a low of \$101 in FY18 to high of \$195 in FY16; \$132 in FY19
- Estimated actual \$209 in FY20 due to strong summer
- Projections assume dip to \$163 in FY21 with recovery to FY27, steady 1% annual growth thereafter



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Douglas County RDA No. 2

Redevelopment Plan

- Adopted in 2016

Land Use

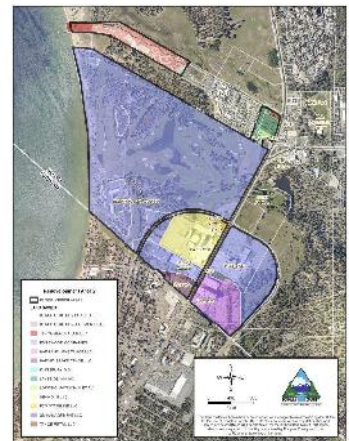
- Approximately 375 acres
- Includes Casino core hotels, Edgewood Lodge and Golf Course and Tahoe Beach Club project

FY21 Projections

- \$179.67 million assessed value
- \$1.03 million tax increment revenues

Tax Increment Pledge Agreement

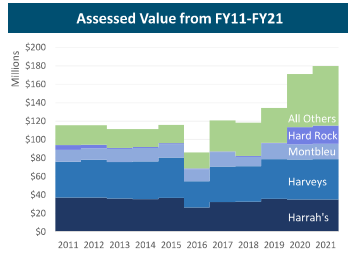
- Adopted by Douglas County in April 2020
- Allocates tax increment received by the RDA, up to \$1.3 million annually to TDVA, capped at \$34.25 million cumulatively
- Terminates at the earlier of (i) March 2, 2046, (ii) repayment of bonds issued to finance Events Center, (iii) date on which cumulative cap is reached
- Use of proceeds suspended if Events Center construction isn't completed by April 2027



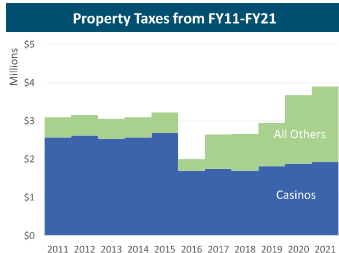
25

RDA Project Area No. 2 Historic Assessed Values

- Under Nevada statutes, Assessed Value (AV) equals 35% of taxable value
 - FY16 AV decline attributable to bankruptcy of Caesar's, owner of Harrah's and Harveys at that time
 - Four major casino hotels represent approximately 64% of FY21 AV, down from approximately 81% in FY11
 - Edgewood opened in 2017, now 11% of FY21 AV ; first phases of Tahoe Beach Club recently completed, now 17% of FY21 AV
- Property tax payments may be reduced by property tax caps and LEED abatements
 - Consequently, four major casinos account for only approximately half of property tax revenues



Tahoe Douglas
Visitors Authority



26 Source: Douglas County Assessor's Office and Douglas County Clerk-Treasurer's Office, via Tax Increment Consultant

Major Property Taxpayers

- Four major casino hotels represent majority of FY21 Assessed Value but only roughly half of Property Tax Revenues
 - Note: on the prior page, Harveys' parking garage is excluded from casino AV and Property Tax totals; in the table below, Harveys' casino hotel and parking garage are combined
- Edgewood and Tahoe Beach Club together represent 28% of FY21 Assessed Value and 42% of Property Tax Revenues; as Tahoe Beach Club condominium units are sold, its share of property tax base may diversify

Development	Land Use	Property Area			Assessed		Property Taxes	% of Prop. Taxes
		Parcels	Units	Rooms	GSF	Value		
Tahoe Beach Club	Condo Development	58	46	-	151,703	\$29,867,806	17%	\$1,049,659 27%
Harveys Lake Tahoe	Casino/Hotel & Garage	2	-	742	1,678,610	52,825,113	29%	1,013,415 26%
Harrah's Lake Tahoe	Casino/Hotel	1	-	535	730,860	35,099,508	20%	776,578 20%
Lodge at Edgewood Tahoe	Hotel & Golf Course	5	-	154	180,538	20,549,420	11%	580,083 15%
Montbleu Resort Casino and Spa	Casino/Hotel	1	-	440	581,540	16,522,300	9%	319,185 8%
Lakeside Inn and Casino	Casino/Hotel	6	-	124	101,617	2,356,172	1%	46,215 1%
Dotty's Casino	Casino	1	-	-	22,963	1,444,427	1%	40,821 1%
Hard Rock Hotel and Casino	Casino/Hotel	1	-	539	488,760	19,840,335	11%	38,487 1%
CVS	Retail	1	-	-	18,216	550,431	0%	15,556 0%
Wells Fargo	Retail	1	-	-	12,042	455,980	0%	12,342 0%
Other parcels	Vacant	3	-	-	-	157,899	0%	4,511 0%
Total development		80	46	2,534	3,966,849	\$179,669,391	100%	\$3,896,852 100%

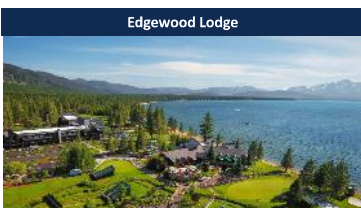
Source: Tax Increment Consultant

Tahoe Douglas
Visitors Authority

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Future Development

- Tahoe Beach Club
 - First 46 for-sale condominiums and lakeside Clubhouse completed in July 2020
 - 97 more condos expected to be built in three phases through 2026
- Edgewood Lodge
 - Planning to add 40 ultra-luxury suites by 2023



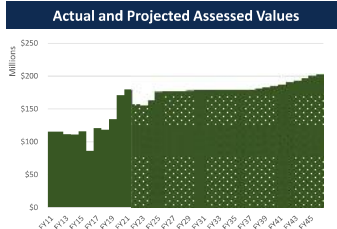
Tahoe Douglas
Visitors Authority

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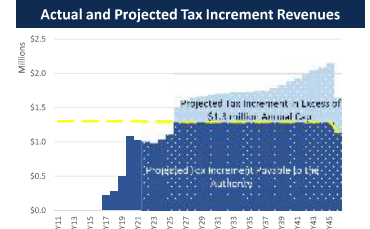


Projected Assessed Values and Tax Increment Revenues

- Assessed Value projections assume decline due to COVID, no new development
 - Casinos can opt to use income based assessment; currently, only one of four is assessed based on income
 - Projections assume all four shift to income approach amid COVID-related gaming declines
- Tax increment projections reflect incremental value, tax rates by tax rate areas, application of property tax caps and LEED abatements
 - Tax increment revenues expected to increase in future years largely driven by roll off of LEED abatements
 - Authority's share is capped at up to \$1.3 million annually and \$34.25 million cumulatively
 - The Authority has received \$2.238 million to date; from FY17-FY20 and first installment of FY21



Tahoe Douglas
Visitors Authority



29 Source: Tax Increment Consultant

VII. PLAN OF FINANCE

Tahoe Douglas
Visitors Authority

Security for Stateline Revenue Bonds

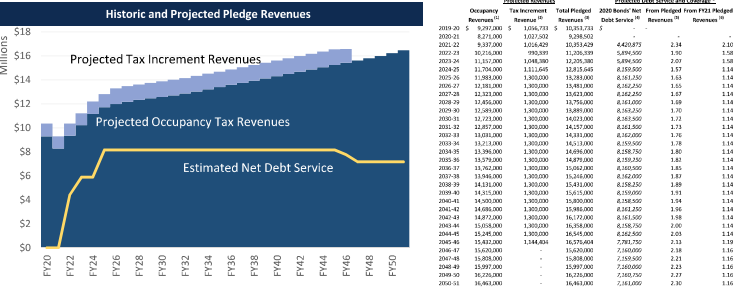
- Pledged Revenues
 - (a) TDVA's share of its four occupancy-related tax revenues: (i) 2% unrestricted TLLT, (ii) 1% restricted TLLT, (iii) approximately 5.498% TOT, and (iv) \$5 per night per paid room Tourism Surcharge
 - (b) Tax increment revenues from Douglas County RDA No. 2 pursuant to the Tax Increment Pledge Agreement
 - (c) All interest or other income from any investment of any money in any fund or account established under the indenture (other than the Project Fund and the Rebate Fund)
- Debt Service Reserve Fund (DSRF)
 - Sized at lessor of Maximum Annual Debt Service, 125% of Average Annual Adjusted Debt Service, or 10% of Par
 - Funded from bond proceeds at closing
- Revenue Stabilization Fund (RSF)
 - RSF Minimum Amount = 50% of maximum annual debt service (MADs)
 - After satisfying debt service payments and DSRF replenishment, amounts in excess of RSF Minimum Amount, if any, may be drawn to fund the annual Administrative Expense Requirement for the fiscal year that begins on last day of the Bond Year
 - Excess above RSR Requirement (100% of MADs) may be released from the lien for other lawful purposes
- Additional Bonds Test
 - Permitted upon satisfaction of several conditions, including: Pledged Revenues from 12 of the prior 18 months must provide debt service coverage of (i) at least 150% of MADs and (ii) at least 150% of annual debt service in each succeeding year, netting out Tax Increment Revenues for years in which those revenues are projected to be no longer available

Tahoe Douglas
Visitors Authority

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Preliminary Debt Service Coverage and Reserves

- TDVA will deposit RSF Minimum Amount (50% of MADs) with trustee at closing; expects Pledged Revenues to be sufficient to bring balance to RSF Amount (100% of MADs) in FY22



(1) From Table 9; presented on a cash basis reflecting expected fiscal year in which revenues are received by the Authority.
(2) From Table 18; assumes final collections in Fiscal Year 2045-46.
(3) Sum of Occupancy Taxes, presented on a cash basis, and Tax Increment Revenues.
(4) Debt service for the Bond Year beginning in the fiscal year; estimated based on market conditions as of October 19, 2020 plus a 50 basis point interest rate cushion.
(5) Projected Annual Pledged Revenues received in the Fiscal Year divided by annual debt service for the Bond Year.
(6) Projected FY21 Pledged Revenues, adjusted for the sunset of Tax Increment Revenues in FY2046-47 and thereafter, divided by annual debt service for the Bond Year.
Source: Saddle Peak Hotel Advisors for projected Occupancy Revenues; MuniCap Inc. for projected Tax Increment Revenues and Stifel for estimated debt service, coverage and reserve deposits.
* Preliminary, subject to change

Select Bondholder Risks¹

- COVID19 Pandemic**
 - The Tahoe Township experienced reductions in tourism with Shelter-in-Place orders in effect last spring resulting in a sharp decline in occupancy-related revenues
 - Continuing or resurgent COVID-related health concerns could result in future restrictions on travel or business closures resulting in a reduction in economic activity and Pledged Revenues in the future
 - Development and construction activity of the Events Center or other planned projects in Tahoe Township could be delayed; reduced demand could impact property values and resulting Tax Increment Revenues
- Passive Nature of Revenues and Dependence on Tourism and Gaming**
 - Pledged Revenues consist of a mix of occupancy tax revenues and tax increment revenues that are highly dependent on factors beyond the control of the Authority
 - Pledged Revenues are highly dependent on the tourist industry, which is based in part on legalized gaming
 - Reductions in travel for any reasons – including economic recession, terrorist attacks, road closures, natural disasters or pandemics – could reduce tourism and economic activity resulting in lower Pledged Revenues
- Concentration of Taxpayers**
 - Both Occupancy Tax Revenues and Tax Increment Revenues are derived principally from a small number of taxpayers; any negative impact on a major taxpayer could have a detrimental impact on Pledged Revenues

(1) See POS section “Certain Risk Factors” for additional risks and details



APPENDIX H: NHA HOLISTIC FUNDING PRESENTATION

HOLISTIC FUNDING PLAN APPROACH SAMPLE

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

1

Background / Objectives

- ▶ District plans comprehensive CIP of its Wastewater Treatment Plant over the next 5 years
 - ▶ Expansion to take the WWTP from the current 7.5 MGD capacity to 12 MGD
 - ▶ Advanced treatment for expanded recycled water operations
 - ▶ Potential Renewable Power Generation for power cost hedging/savings, grid independence, resiliency
 - ▶ Potential Biosolid conversion to fertilizer for regulatory hedging, potential added net revenue
- ▶ Core Objective - Develop Plan of Finance that achieves multiple goals
 - ▶ Retain affordable rates for District's customers...
 - ▶ Through a comprehensive funding plan using available subsidized funding sources, reserves and debt to secure the lowest cost of borrowing and favorable terms
 - ▶ Maintain long-term fiscal sustainability and operational flexibility

2

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

2

Project Description

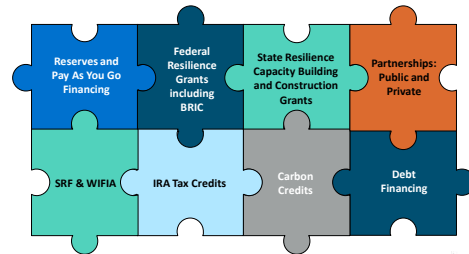
- ▶ Expansion to take the Wastewater Treatment Plant
 - ▶ Increases current capacity of 7.5 MGD to 12 MGD
- ▶ Advanced treatment for expanded recycled water operations
 - ▶ Tertiary Treatment

3

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

3

Comprehensive Financing Approach



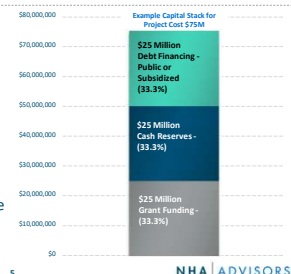
4

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

4

"Capital Stack"

- ▶ The capital stack refers to the layers of capital that go into funding a project
- ▶ Capital stack can be comprised of multiple funding components such as cash, grants, subsidized funding (SRF, WIFIA), debt financing, etc., that when added together equal the total project cost



5

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

5

Holistic Funding for Resilience

- ▶ Major Funding Categories
 - ▶ Federal grants (e. g. FEMA BRIC)
 - ▶ State grants (e. g. OPR capacity building)
 - ▶ Carbon credits (e. g. State of Michigan sale of carbon credits)
 - ▶ Local utility rate increases (e. g. funding groundwater recycling projects)
 - ▶ Inflation Reduction Act (IRA) Tax Credits
 - ▶ State Earmarks for LADWP and Valley Water
- ▶ What is a resilient project?
 - ▶ Recycled water
 - ▶ Groundwater storage using alternative water sources
 - ▶ Stormwater capture
 - ▶ Biosolids disposal
 - ▶ Renewable energy generation

6

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

6

Detailed Project Draw Schedule is Critical

Quarter Ending Date	Pre-Construction (Design, Permitting)	Construction	Commissioning	Use of Funds Quarterly Project Cashflow
12/15/2022	500,000			500,000
3/15/2023	500,000			500,000
6/15/2023	500,000			500,000
9/15/2023	500,000			500,000
12/15/2023	1,000,000			1,000,000
3/15/2024	1,000,000			1,000,000
6/15/2024	1,000,000			1,000,000
9/15/2024		5,000,000		5,000,000
12/15/2024		5,000,000		5,000,000
3/15/2025		5,000,000		5,000,000
6/15/2025		5,000,000		5,000,000
9/15/2025		10,000,000		10,000,000
12/15/2025		10,000,000		10,000,000
3/15/2026		10,000,000		10,000,000
6/15/2026		10,000,000		10,000,000
9/15/2026		10,000,000		10,000,000
12/15/2026		10,000,000		10,000,000
3/15/2027		6,000,000		6,000,000
6/15/2027		5,000,000	2,000,000	7,000,000
9/15/2027			2,000,000	2,000,000
	5,000,000	91,000,000	4,000,000	100,000,000

- Quarterly funding requirements detailed by various uses and specific components of the Project
- Assists in matching to specific funding sources
- Most grants and subsidized loan programs (i.e. "Capacity-Building," Inflation Reduction Act grants, USDA or SRF Loans) have narrow terms for use and timelines for funding

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NHA ADVISORS
Expenditure & Policy Analysis, Inc.

Baseline: Match Project Draw Requirements to Funding Sources

Quarter Ending Date	Pre-Construction (Design, Permitting)	Construction	Commissioning	Use of Funds Quarterly Project Cashflow
12/15/2022	500,000			500,000
3/15/2023	500,000			500,000
6/15/2023	500,000			500,000
9/15/2023	500,000			500,000
12/15/2023	1,000,000			1,000,000
3/15/2024	1,000,000			1,000,000
6/15/2024	1,000,000			1,000,000
9/15/2024		5,000,000		5,000,000
12/15/2024		5,000,000		5,000,000
3/15/2025		5,000,000		5,000,000
6/15/2025		5,000,000		5,000,000
9/15/2025		10,000,000		10,000,000
12/15/2025		10,000,000		10,000,000
3/15/2026		10,000,000		10,000,000
6/15/2026		10,000,000		10,000,000
9/15/2026		10,000,000		10,000,000
12/15/2026		10,000,000		10,000,000
3/15/2027		6,000,000		6,000,000
6/15/2027		5,000,000	2,000,000	7,000,000
9/15/2027			2,000,000	2,000,000
	5,000,000	91,000,000	4,000,000	100,000,000

Source of Funds	Pay-Go	Reserves	Sewer Revenue Bonds (the "Plug" Figure)
12/15/2022	-	-	500,000
3/15/2023	-	-	500,000
6/15/2023	-	-	500,000
9/15/2023	-	-	500,000
12/15/2023	-	-	1,000,000
3/15/2024	-	-	1,000,000
6/15/2024	-	-	1,000,000
9/15/2024	-	-	5,000,000
12/15/2024	-	-	5,000,000
3/15/2025	-	-	5,000,000
6/15/2025	-	-	5,000,000
9/15/2025	-	-	10,000,000
12/15/2025	-	-	10,000,000
3/15/2026	-	-	10,000,000
6/15/2026	-	-	10,000,000
9/15/2026	-	-	10,000,000
12/15/2026	-	-	10,000,000
3/15/2027	-	-	6,000,000
6/15/2027	-	-	7,000,000
9/15/2027	-	-	2,000,000
	-	-	100,000,000

FUNDING SOURCES TOTAL: 100,000,000

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- Sewer Revenue Bonds may be considered as a "plug figure" as various other no- or low-cost funding sources are identified and pursued
- "Worst Case" option to be improved upon

NHA ADVISORS
Expenditure & Policy Analysis, Inc.

Further Refining Timing of Uses to Sources

Quarter Ending Date	Pre-Construction (Design, Permitting)	Construction	Commissioning	Use of Funds Quarterly Project Cashflow
12/15/2022	500,000			500,000
3/15/2023	500,000			500,000
6/15/2023	500,000			500,000
9/15/2023	500,000			500,000
12/15/2023	1,000,000			1,000,000
3/15/2024	1,000,000			1,000,000
6/15/2024	1,000,000			1,000,000
9/15/2024		5,000,000		5,000,000
12/15/2024		5,000,000		5,000,000
3/15/2025		5,000,000		5,000,000
6/15/2025		5,000,000		5,000,000
9/15/2025		10,000,000		10,000,000
12/15/2025		10,000,000		10,000,000
3/15/2026		10,000,000		10,000,000
6/15/2026		10,000,000		10,000,000
9/15/2026		10,000,000		10,000,000
12/15/2026		10,000,000		10,000,000
3/15/2027		6,000,000		6,000,000
6/15/2027		5,000,000	2,000,000	7,000,000
9/15/2027			2,000,000	2,000,000
	5,000,000	91,000,000	4,000,000	100,000,000

Source of Funds	Pay-Go	Reserves	Sewer Revenue Bonds (the "Plug" Figure)
12/15/2022	-	-	500,000
3/15/2023	-	-	500,000
6/15/2023	-	-	500,000
9/15/2023	-	-	500,000
12/15/2023	-	-	1,000,000
3/15/2024	-	-	1,000,000
6/15/2024	-	-	1,000,000
9/15/2024	-	-	5,000,000
12/15/2024	-	-	5,000,000
3/15/2025	-	-	5,000,000
6/15/2025	-	-	5,000,000
9/15/2025	-	-	10,000,000
12/15/2025	-	-	10,000,000
3/15/2026	-	-	10,000,000
6/15/2026	-	-	10,000,000
9/15/2026	-	-	10,000,000
12/15/2026	-	-	10,000,000
3/15/2027	-	-	6,000,000
6/15/2027	-	-	7,000,000
9/15/2027	-	-	2,000,000
	-	-	100,000,000

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- Use of Pay-go and Reserves, while there is a cost in lost interest earnings, may be considered appropriate for reducing the bond amount and managing customer rates

NHA ADVISORS
Expenditure & Policy Analysis, Inc.

Additional Granularity Allows for Further Optimization of Funding

- Similarly, securing low- and no-cost funding sources will also reduce bonding and customer rate impacts

Quarter Ending Date	Pre-Construction (Design, Permitting)	Construction	Commissioning	Use of Funds Quarterly Project Cashflow
12/15/2022	500,000			500,000
3/15/2023	500,000			500,000
6/15/2023	500,000			500,000
9/15/2023	500,000			500,000
12/15/2023	1,000,000			1,000,000
3/15/2024	1,000,000			1,000,000
6/15/2024	1,000,000			1,000,000
9/15/2024		5,000,000		5,000,000
12/15/2024		5,000,000		5,000,000
3/15/2025		5,000,000		5,000,000
6/15/2025		5,000,000		5,000,000
9/15/2025		10,000,000		10,000,000
12/15/2025		10,000,000		10,000,000
3/15/2026		10,000,000		10,000,000
6/15/2026		10,000,000		10,000,000
9/15/2026		10,000,000		10,000,000
12/15/2026		10,000,000		10,000,000
3/15/2027		6,000,000		6,000,000
6/15/2027		5,000,000	2,000,000	7,000,000
9/15/2027			2,000,000	2,000,000
	5,000,000	91,000,000	4,000,000	100,000,000

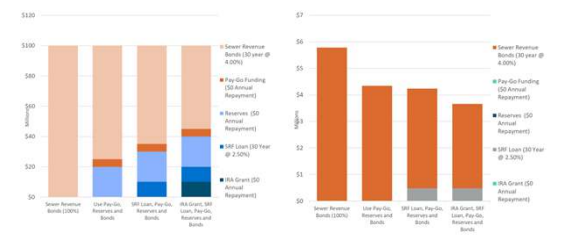
Source of Funds	Pay-Go	Reserves	SRF Loan	"Capacity-Building" Grant	Inflation Reduction Act Grant	Sewer Revenue Bonds (the "Plug" Figure)
12/15/2022	-	-	-	-	-	500,000
3/15/2023	-	-	-	-	-	500,000
6/15/2023	-	-	-	-	-	500,000
9/15/2023	-	-	-	-	-	500,000
12/15/2023	-	-	-	-	-	1,000,000
3/15/2024	-	-	-	-	-	1,000,000
6/15/2024	-	-	-	-	-	1,000,000
9/15/2024	-	-	-	-	-	5,000,000
12/15/2024	-	-	-	-	-	5,000,000
3/15/2025	-	-	-	-	-	5,000,000
6/15/2025	-	-	-	-	-	5,000,000
9/15/2025	-	-	-	-	-	10,000,000
12/15/2025	-	-	-	-	-	10,000,000
3/15/2026	-	-	-	-	-	10,000,000
6/15/2026	-	-	-	-	-	10,000,000
9/15/2026	-	-	-	-	-	10,000,000
12/15/2026	-	-	-	-	-	10,000,000
3/15/2027	-	-	-	-	-	6,000,000
6/15/2027	-	-	-	-	-	7,000,000
9/15/2027	-	-	-	-	-	2,000,000
	-	-	-	-	-	100,000,000

FUNDING SOURCES TOTAL: 100,000,000

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NHA ADVISORS
Expenditure & Policy Analysis, Inc.

Optimizing the Capital "Stack" to Reduce the Annual Payment



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NHA ADVISORS
Expenditure & Policy Analysis, Inc.



APPENDIX I: NHA RESUMES



**Public Finance
Professional Since:
1990**

Expertise

- Cities, Special Districts
- All security types – tax or revenue backed
- All fund types – general, utilities, RDA, special
- Land-secured, pension, energy, utility, successor agency projects
- Policy development, fiscal sustainability, forensic analysis, negotiation support
- Translator, educator, project manager, client advocate, credit analysis, communications

Education



- B.S. Urban Land Economics and Finance
- MBA, Haas School of Business

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License
- Series 54 License
- FINRA Series 7 (Inactive)
- FINRA Series 52 (Inactive)
- Real Estate Broker by CA Dept. of Real Estate (Inactive)

Eric Scriven, *Principal*

Since 1990, Mr. Scriven has sought to earn the status of trusted advisor to his municipal and special district clientele. During his career, Mr. Scriven has developed a generalist background and common-sense approach to solving problems and “going the extra mile” to serve his clients. He provides second-to-none level of due diligence, always developing the widest array of strategic options, using his skills (and his fiduciary ethos towards his clients) to be their agent and energetic advocate during negotiations with other parties, and an efficient and effective project manager when called upon to act in a municipal advisory or investment banking (at prior firms) role.

During his career – roughly half as a banker and half as an advisor – Mr. Scriven has successfully managed and closed 300+ financings totaling over \$5 billion. Importantly, as an advisor to his clients during his consulting and transaction-related assignments, Mr. Scriven always “leans in” with his creativity, ideas, advice, templates, referrals – “whatever it takes”—to facilitate a complete understanding of their options. Mr. Scriven believes strongly that his job is to serve his clients by listening closely to what their goals, opportunities and challenges are, doing the due diligence, uncover and provide all alternatives and executing upon his clients’ directives. He provides, upon request, his thoughts and recommendations, yet always is mindful that his Duty of Loyalty (i.e. placing their interests before his own) is unequivocal.

Mr. Scriven’s objective is always to be part of his client’s “inside team.” He takes pride in deploying his experience to advise and assist his clients to optimally position their policies, practices and finances with an emphasis upon best-practices forecasting methods for capital planning, budgeting and investment. These efforts are always complemented by Mr. Scriven’s efforts to advise and assist in creating (or enhancing) an excellent suite of policies that “telegraph” to an audience a public agency’s efforts to optimize their financial accountability, planning, decision-making, transparency and disclosure by staff and the elected body.

Mr. Scriven’s career has been lengthy, varied and enjoyable. His assignments have ranged from large, AAA metropolitan city credits to non-rated, “story bond” financings in remote locations. As banker and advisor, he has successfully structured and closed, variable rate notes, interest rate swaps and caps, forward closing bonds, anticipation notes, transactions with extraordinary redemption flexibility, as well as many, many long-term fixed rate bonds. Mr. Scriven draws upon many years as an investment banker to advise his clients on how they best can match their goals and objectives with feasible solutions that will be accepted by underwriters and investors. Additionally, he uses this detailed experience to assist his clients during the bond sale process to secure optimal results.

He has a number of “1sts” or notable projects that he is proud of: 1st CFD escrow bond (Fontana, 1990); Detention Facility Construction Bond (Rhode Island, 1998), Water Bank Land Acquisition (Madera ID, 2005) 24 hour RDA Note Refinancing Sale/Closing (Gonzales, 2011), Numerous recent CalPERS Liability Restructuring Bonds, Solid waste Green Bond (Napa, 2016), and numerous recent consulting assignments that provided stakeholder education, advocacy or numerical analysis that facilitated better understanding and better financial results for his clients.

Between virtual client visits and office time, Eric actively seeks out outdoor adventures. Kings Canyon, Colorado’s Crested Buttes, Half Dome, Glacier NP, the Mt. Shasta summit and the Grand Canyon—and always the Pacific Ocean—are recent and very memorable destinations!



**Public Finance
Professional Since:
1981**

Expertise

- Climate change finance
- Utility Revenue Bonds
- Development/Land-Secured Financing
- P3

Education



- B.A. Social Sciences

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Mark Northcross, *Principal*

During a California public finance career that spans back to 1981, Mr. Northcross has structured debt for nearly every kind of issuer and nearly every kind of revenue source legally available in the State.

A leader in climate change adaptation, Mr. Northcross works with Resilient by Design, the Bay Conservation and Development Commission, the Mayor of Sacramento, The Resources Legacy Fund, the North Richmond Living Levee Project and the Yuba Water Agency on climate change adaptation projects. Mr. Northcross serves as financial advisor to the Town of Paradise for their wildfire recovery program. He also prepared an article on financing recovery from wildfires at the invitation of the Federal Reserve Bank of San Francisco.

Mr. Northcross has structured about 90 sewer and water revenue bond issues for over 30 sewer districts, water districts and cities since 1983, including private placements with commercial banks. He has successfully delivered funding to California utilities facing the challenges of drought, earthquake, flooding, and Prop 218 litigation.

Mr. Northcross is a leader in California in negotiating both public-private partnerships for both land secured debt and redevelopment. He has negotiated public-private partnerships (P3) for the successful development of major mixed-use projects throughout the State.

He is also a leader in negotiating joint ventures between different public agencies – with notable success in putting together bond funded risk sharing programs for cities, counties, and school districts in California. In the mid 1980's, Mr. Northcross structured four financings to fund nearly \$100 million in reserves for new JPA's formed to provide liability insurance for California cities, counties and school districts

When not working on solutions to tough problems for his clients, Mr. Northcross serves on a variety of non-profit corporation boards. He is also a proud recipient of the Norman Bright trophy in the annual Dipsea Race, the oldest cross country foot race in the nation. Mr. Northcross is also the Treasurer of the West Point Inn Association, a non-profit that runs a 118-year-old hike-in hotel in the parklands of Mt. Tamalpais.



**Public Finance
Professional Since:
1989**

Expertise

- Utility – Water, Wastewater, Refuse
- Renewable & Energy Efficiency Financing
- Educational Presentations, Public Speaking
- Public Finance and Policy Leadership
- Voter-Approved Financing

Education



- B.S. Managerial Economics
- B.S. Agricultural Economics

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Craig Hill, *Managing Principal*

Mr. Hill has been a public finance professional since 1989 and is a founding partner of NHA Advisors, LLC. His clients include California cities, special districts, counties, K-12 school districts and former redevelopment agencies throughout the State. In addition to providing traditional financial advisory expertise on public finance, Mr. Hill's expertise includes advising on public policies related to financial matters, appropriate reserve levels and capital finance requirements. His understanding of local government and the operational components (public safety, water, sewer, marinas, airports, golf courses and other enterprise funds) provides a professional basis to assist public agencies in developing sound financial planning practices.

Mr. Hill's technical experience includes advising on the issuance of water and sewer revenue bonds, general obligation bonds, tax allocation bonds, certificates of participation, tax and revenue anticipation notes, land-secured improvement bonds, and bond anticipation notes. In addition to traditional projects, Mr. Hill is also active in energy efficiency and renewable energy project financing including power purchase agreements.

Mr. Hill regularly speaks on public finance, renewable and energy efficiency project finance and public policy matters to professional associations including the League of California Cities, the California Society of Municipal Finance Officers, California Debt and Investment Advisory Commission, Municipal Management Association of Northern California (MMANC), the Milken Institute and Carbon War Room.

Prior to founding NHA Advisors, Mr. Hill began his public finance career as a financial analyst for the Sacramento Municipal Utility District (SMUD) to evaluate the financial and economic feasibility of the Rancho Seco Nuclear Power Plant Plan. In addition to working for the SMUD, Mr. Hill worked for the State of California (Office of Energy Assessments) to develop financing programs for statewide facility upgrades mandated by the governor. Since joining the private practice, he managed the financial services group of Jones Hall Hill & White, a premier bond counsel firm in San Francisco. Mr. Hill began his own municipal advisory practice with Mark Northcross in 1996 after working for Kelling, Northcross & Nobriga.

In addition to working as a municipal advisor, Mr. Hill serves as a board member for the HdL Companies and has served as a member of the Novato Park & Recreation Commission, Novato Investment Committee, and Novato Budget Committee. He has also served on the board of directors for the Novato Youth Soccer Association and as President of the Novato Lacrosse Club.



**Public Finance
Professional Since:
2007**

Expertise

- Utility Financing
- Project Management
- Financial Modeling
- Credit Analysis and Presentations
- General Fund Financing
- Land-secured Debt

Education



THE UNIVERSITY
OF ARIZONA

- B.S. Accounting and Finance

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Leslie Bloom, *Vice President*

Since 2007, Ms. Bloom has provided municipal advisory and investment banking services for public agencies throughout California. Prior to joining NHA Advisors, Ms. Bloom worked in Public Finance Debt Investment Banking, most recently with Raymond James. In an investment banking role, Ms. Bloom completed over 250 senior managed and private placement financings totaling more than \$3.5 billion par, working with a wide variety of public agencies throughout the State. Ms. Bloom's experience includes utility (water and wastewater), general fund lease, tax allocation, land secured, sales tax, general obligation, pension obligation, and short-term notes.

Ms. Bloom is active with Women in Public Finance and is currently a Board Member for the San Diego Chapter of Women in Public Finance. Ms. Bloom is also active with CSMFO, the National Federation of Municipal Analysts and California Society of Municipal Analysts.

Ms. Bloom received her BS in both Accounting and Finance from the University of Arizona.



**Public Finance
Professional Since:
2016**

Expertise

- Utility Financing
- Budgeting and Cashflow Analysis
- Market Research and Refinancing Analysis
- Demographic Research and Credit Presentations

Education



- M.S. Finance
- B.S. Biological Sciences (Biola University)

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Christian Sprunger, *Asst. Vice President*

Mr. Sprunger has covered a variety of public finance assignments for California special districts and cities throughout the State. He has assisted on over 100 financings for California agencies, representing over \$2.2 billion in par.

In recent years, Mr. Sprunger has developed expertise in a variety of utility financings – from combination SRF/USDA fundings for Treatment facilities, to WIFIA Loans for groundwater recharge, to energy efficiency financings for plant improvements, to traditional water and sewer bonds.

Mr. Sprunger's recent utility financings have included the Oxnard 2022 WIFIA Loan, Pittsburg 2022 Water Bonds, Central Basin MWD 2022 Bonds, North Marin WD 2022 Water Loan, Mendota 2021 Wastewater Bonds, West County WD 2021 Wastewater Bonds, and Suisun Solano Water Authority 2021 Water Bonds

Outside of his utility expertise, Mr. Sprunger has experience with equipment leases, competitive general fund and general obligation bond financings, tax and revenue anticipation notes, and pension obligation bonds.

Prior to making a career switch into public finance in 2016, Mr. Sprunger was an R&D microbiologist at a veterinary pharmaceutical company and taught microbiology laboratory techniques as adjunct faculty at Biola University for several years.



**Public Finance
Professional Since:
2018**

Expertise

- Pension Obligations
- Fiscal Sustainability
- General Fund Financing
- Financial Modeling
- Credit Analysis and Research

Education



- M.S. Finance
- B.A. Global Studies (UC Santa Barbara)

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Roy Kim, Associate

Since joining the firm in 2018, Mr. Kim has committed to providing the highest level of support to California public agencies as a municipal advisor and consultant. He works closely with the firm's Pension and Fiscal Sustainability Group and also has assisted on all major types of financings available to California municipalities, representing over \$2 billion in par. Mr. Kim has worked with municipalities and special districts serving communities of all sizes across the state.

As part of NHA's Pension and Fiscal Sustainability Group, Mr. Kim has worked on nearly all of the firm's recent engagements to assist clients with CalPERS education, unfunded liability cost management strategies and UAL restructuring projects. As the nuances of managing CalPERS-related costs differ for each agency, Mr. Kim and the NHA team have prepared tailored educational materials for numerous councils, boards, commissions, staff and community stakeholders over the course of the past several years.

With the re-emergence of the pension obligation bond market in recent years, Mr. Kim has provided support on over \$1 billion of unfunded liability restructuring transactions for cities and special districts. This experience includes all types of UAL financing structures: both privately placed debt as well as publicly offered, validated and non-validated POBs, as well as alternative structures including lease revenue bonds, utility revenue bonds and pension tax override secured bonds.

Mr. Kim has also enjoyed working with clients on fiscal sustainability initiatives, including budgetary forecasting & cost management strategies, in addition to new project financings.



**Public Finance
Professional Since:
2021**

Expertise

- Utility Financing
- Financial Modeling
- Credit Research and Presentations
- Pension Obligations

Education



- B.A. Applied Mathematics

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Matt DeFilippis, *Senior Analyst*

Since joining NHA in 2021, Mr. DeFilippis has provided quantitative, research, and management support to his colleagues so that NHA can best serve California special districts and cities. His work has covered a variety of assignments, including coverage analysis for utility financings, refinancing discovery and analysis, CalPERS pension liability analysis and modeling, and more. Mr. DeFilippis has assisted on several financings for California agencies, totaling over \$450 million in par.

Over the past year, Mr. DeFilippis has provided support for NHA's Pension and Fiscal Sustainability Group. Most recently, he has worked on unfunded accrued liability ("UAL") restructuring transactions for Hanford, Sonoma County Fire District, and San Miguel Consolidated Fire Protection District, totaling a combined \$71.9 million in par.

While not assisting the Pension and Fiscal Sustainability Group, Mr. DeFilippis provides support for a variety of the firm's other projects, such as recently managing a \$32.9 million wastewater revenue refinancing for the City of Turlock, drafting credit presentations, and writing proposals.

Mr. DeFilippis received his B.A. in Applied Mathematics from the University of California, Berkeley.

In his spare time, Mr. DeFilippis enjoys exploring the outdoors, both on foot and on bike. Some of his favorite trips include backpacking Southern Oregon/Northern California, climbing Mount Shasta, and watching the sunrise from Half Dome.



**Public Finance
Professional Since:
2004**

Expertise

- Continuing Disclosure
- General Fund Financing
- Utility Financing
- Land-Secured Debt
- Financial Modeling

Education

UCLA

- B.A. Economics
- Specialization in Computing

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Rob Schmidt, Vice President

Mr. Schmidt is a founding member of NHA Advisors, LLC. He has served as a municipal advisor and consultant to cities, special districts, school districts, and counties on hundreds of financial transactions and consulting assignments. His clients have come in all shapes and sizes, ranging from small rural farming communities to the largest cities and counties in the California.

Mr. Schmidt's experience spans a variety of financing structures, including general fund lease obligations, utility revenue bonds (water, wastewater, etc.), general obligation bonds, short-term notes (TRANS, BANs, etc.), special tax and assessment bonds, tax allocation bonds, sales tax revenue bonds, and pension obligation bonds. His experience also includes state and federal loan and tax credit programs.

Mr. Schmidt has established himself as a subject matter expert in continuing disclosure compliance and leads NHA Advisors' Continuing Disclosure Compliance Group, which provides SEC and CDIAC reporting and compliance services.

While Mr. Schmidt's financial and analytical acumen serves as a key benefit to his clients, he believes the most important attribute of any advisor is integrity, which drives Mr. Schmidt to serve his clients to the utmost of his ability. His willingness to listen and learn allows him to gain a full understanding of a client's objectives and needs, creating an opportunity to develop a wide spectrum of funding options and deliver a successful solution.

As a trusted confidant to each of his clients, Mr. Schmidt provides impartial, financially sound, and creative solutions to meet their long-term objectives and ensure integrity and accountability throughout the financial process.

Prior to beginning his career as a municipal advisor, Mr. Schmidt served as a Senior Associate and Northern California manager for a public finance consulting firm, for which he formed and administered dozens of public financing districts throughout California.

In his spare time, Mr. Schmidt enjoys spending time with his wife and three kids, expanding his knowledge on topics ranging from personal finance to global economics, coaching youth sports, and participating in a wide range of his own competitive and recreational sports.

Mr. Schmidt earned a B.A. in Economics and a Specialization in Computing from the University of California, Los Angeles.



**Public Finance
Professional Since:
2003**

Expertise

- Fiscal Sustainability
- General Fund Financing
- Pension Obligations
- Project Management
- Financial Modeling
- Credit Analysis and Presentations

Education

UC San Diego

- B.S. Management Science

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Mike Meyer, Vice President

Since 2003, Mr. Meyer has been providing a high level of support to California municipalities as an advisor, consultant, and an investment banker. He manages NHA's Pension and Fiscal Sustainability Group.

Mr. Meyer has executed all types of financings available to California municipalities, including pension obligation bonds, utility revenue (water/wastewater/storm drain), general fund backed leases, tax increment, general obligation, transportation, land secured, housing and sales tax transactions.

As the firm's resident pension expert, Mr. Meyer also manages NHA's Pension and Fiscal Sustainability Group, which has advised over 80 California local agencies on topics ranging from basic CalPERS education, to UAL cost management strategies (Section 115 Trusts, Additional Discretionary Payments, etc.), to UAL restructuring projects. In 2015, he led the firm's efforts to pioneer some of the first UAL "smoothing" transactions, which were executed as privately placed lease revenue bonds given that POBs were not feasible at that time. During the re-emergence of the POB market, Mr. Meyer worked on over \$2.0 billion of pension bond transactions for cities, utilities districts and fire districts. This experience includes all types of UAL financing structures: both privately placed debt as well as publicly offered, validated and non-validated POBs, as well as alternative structured like lease revenue bonds and utility revenue bonds.

Mr. Meyer has worked on several unique financing programs in his career including the 2004 Vehicle License Fee (VLF) pooled financing (>100 different city participants), 2009 Beverly Hills OPEB Buyout, 2016 Berkeley Parking Revenue Bonds for a new downtown garage, transportation revenue secured financings (gas tax and local sales tax return) for Oxnard and Lancaster, and lease bonds to fund CalPERS UAL in the cities of Torrance, Ukiah, West Covina, Lakeport and Arcata.

Prior to NHA Advisors, Mr. Meyer served as a Principal with Eric Scriven (NHA partner) at p2 Capital Advisors (2012 to 2014), providing independent consulting and advisory work to numerous California public agencies. Prior to that, he served as a Vice President at De La Rosa Investment Bankers.

From 2013 to 2017, Mr. Meyer also helped coach the Division I UC Davis Men's Tennis team and obtain the program's first national ranking and NCAA tournament berth. Mr. Meyer enjoys being active and in nature, spending his free time backpacking, hiking, surfing, playing sports and is a dedicated practitioner of yoga and meditation.



**Public Finance
Professional Since:
2022**

Expertise

- Financial Modeling
- Credit Research and Presentations
- Utility Financing
- General Fund Financing

Education



- B.B.A. Finance

Licenses & Registrations

- Registered with the SEC and MSRB
- Series 50 License

Adrian Gonzalez, *Analyst*

Mr. Gonzalez provides research, modeling, and project management support to his colleagues so that NHA can best serve its clients. Since joining NHA in Spring 2022, Mr. Gonzalez has assisted on several bond financings for both utility and general fund credits, as well as a variety of consulting projects.

Recently, Mr. Gonzalez provided project support on the City of Martinez Financing Authority 2022 Lease Revenue Bonds, which closed in early November 2022. This financing allowed the City of Martinez to purchase a parcel of undeveloped land to retain its use as open space and parkland for the benefit of the community. The Lease Revenue Bonds were based on a parcel tax passed by the City in its June 2022 election.

While not assisting on bond financings, Mr. Gonzalez provides support to NHA through his research and development of financial models.

Mr. Gonzalez received his B.B.A. in Finance from the University of Texas, El Paso.

In his spare time, Mr. Gonzalez enjoys playing strategy-intensive tabletop games, writing poetry, playing and composing music, and playing recreational sports.



APPENDIX J: NHA'S REQUIRED DISCLOSURES



Fiduciary Duty

NHA Advisors, LLC (“NHA”) is registered as a Municipal Advisor with the U. S. Securities and Exchange Commission (“SEC”) and Municipal Securities Rulemaking Board (“MSRB”). As such, NHA has a fiduciary duty to the City and must provide both a Duty of Care and a Duty of Loyalty that entail the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the City with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the City’s determination as to whether to proceed with a course of action or that form the basis for any advice provided to the City; and
- d) undertake a reasonable investigation to determine that NHA is not forming any recommendation on materially inaccurate or incomplete information; NHA must have a reasonable basis for:
 - i. any advice provided to or on behalf of the City;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the City, any other party involved in the municipal securities transaction or municipal financial product, or investors in the City securities; and
 - iii. any information provided to the City or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

NHA must deal honestly and with the utmost good faith with the City and act in the City’s best interests without regard to the financial or other interests of NHA. NHA will eliminate or provide full and fair disclosure (included herein) to the City about each material conflict of interest (as applicable). NHA will not engage in municipal advisory activities with the City as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the City’s best interest.

Conflicts of Interest and Other Matters Requiring Disclosures

As of the commencement date of the Project, there are no actual or potential material conflicts of interest, other than those potential conflicts noted below, that NHA is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If NHA becomes aware of any material potential conflict of interest that arises after this disclosure, NHA will disclose the detailed information in writing to the City in a timely manner.

Pursuant to MSRB Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of NHA and its associated persons.



The following are potential conflicts of interest to be considered.

- NHA represents that in connection with the issuance of municipal securities, NHA may receive compensation from the City for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, NHA hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding NHA' ability to provide unbiased advice to enter into such transaction. The contingent fee arrangement creates an incentive for NHA to recommend unnecessary financings or financings that are disadvantageous to the City, or to advise the City to increase the size of the issue. This potential conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the City.
- NHA' fees under this potential agreement may be based on hourly fees of NHA' personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for NHA to recommend alternatives that would result in more hours worked. This conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the City.
- NHA' fees under this potential agreement may be a fixed amount established at the outset of this potential agreement. The amount is usually based upon an analysis by the City and NHA of, among other things, the expected duration and complexity of the transaction and the scope of services to be performed by NHA. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, NHA may suffer a loss. Thus, NHA may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair NHA' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the City.
- The fee paid to NHA increases the cost of investment to the City. The increased cost occurs from compensating NHA for municipal advisory services provided.
- NHA serves a wide variety of other clients that may, from time to time, have interests that could have a direct or indirect impact on the interests of another NHA client. For example, NHA serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the City. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, NHA could potentially face a conflict of interest arising from these competing client interests. NHA fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the City.
- Gerald Craig Hill, the Managing Principal of NHA Advisors is currently serving as an outside director for the HdL Companies based in Diamond Bar, CA. HdL Companies is a software and professional



services consulting company providing revenue data and collections information to local governments, potentially including NHA Advisors' clients. HdL Companies have affiliates including, but not limited to, HdL Coren & Cone. From time to time, NHA Advisors utilizes the services of HdL Coren & Cone for its clients. NHA Advisors is mindful of this conflict of interest and fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith when this situation arises.

- NHA does not have any affiliate that provides any advice, service, or product to or on behalf of the City that is directly or indirectly related to the municipal advisory activities to be performed by NHA.
- NHA has not made any payments directly or indirectly to obtain or retain NHA' municipal advisory business.
- NHA has not received any payments from third parties to enlist NHA' recommendation to the City of its services, any municipal securities transaction, or any municipal finance product.
- NHA has not engaged in any fee-splitting arrangements involving NHA and any provider of investments or services to the City.
- NHA does not have any legal or disciplinary event that is material to the City's evaluation of the municipal advisory or the integrity of its management or advisory personnel.
- NHA does not act as principal in any of the transaction(s) related to this potential agreement.

Legal Events and Disciplinary History

NHA does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The City may electronically access NHA' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

www.sec.gov/edgar/searchedgar/companysearch.html

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If NHA makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the City and is within the scope of the engagement, NHA will determine, based on the information obtained through reasonable diligence of NHA whether a municipal securities transaction or municipal financial product is suitable for the City. In addition, NHA will inform the City of:



- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which NHA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the City; and
- whether NHA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the City objectives.

If the City elects a course of action that is independent of or contrary to the advice provided by NHA, NHA is not required on that basis to disengage from the City.

Municipal Securities Rulemaking Board Rule G-10 Disclosure

Pursuant to MSRB Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- NHA is currently registered as a Municipal Advisor with the SEC and MSRB.
- Within the MSRB website at www.msrb.org, the City may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

Record Retention

Effective July 1, 2014, pursuant to the SEC record retention regulations, NHA is required to maintain, in writing, all communication and created documents between NHA and the City for five (5) years.

If there are any questions regarding the above, please do not hesitate to contact NHA.