



County of Monterey

Capital Projects Financing Analysis

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Role of the Municipal Advisor

- KNN Public Finance, LLC (KNN) is the County of Monterey’s “Municipal Advisor.”
- Our role is to provide the County with independent, objective analysis and advice to assist the County in making prudent decisions about debt financing. We provide both planning and transaction execution services.
- KNN is a Registered Municipal Advisor with the SEC and MSRB. All advisors are Registered Municipal Representatives (MSRB Series 50).
 - SEC rules assign a fiduciary duty to the Municipal Advisor, including duty of loyalty and duty of care. By law, we must put our clients’ interest ahead of our own.
 - SEC rules require issuers to have an Independent Registered Municipal Advisor (IRMA) under contract in order for broker-dealers to be able to provide tailored ideas or advice, with limited exceptions.
- KNN currently provides Municipal Advisor services to more than 30 counties in California.

Overview of Analysis

- The County asked KNN to examine financing scenarios for a group of high-priority capital projects.
- Our analysis focuses upon the issuance of General Fund backed tax-exempt lease financings to fund each of the following projects:
 - **Financing Scenario #1:** Seaside Office Replacement Project (Broadway Avenue).
 - **Financing Scenario #2:** New Bradley Library and Pajaro Mansion Restoration projects.
 - **Financing Scenario #3:** MHRC, Outpatient Urgent Care Facility, Parking Structure, and CSB Primary Care Facility.
 - **Financing Scenario #4:** Potential energy resiliency and generation projects.

Introduction to Tax-Exempt Lease Financing

- **WHAT:**

- Certificates of Participation (“COPs”) are a form of a municipal debt instrument that do not require voter approval.
- General fund credit – covenant to annually budget and appropriate lease payments.
- Requires a pledge of real property as “leased asset” for the financing. Leased asset can be an existing County asset or the project to be financed by financing proceeds.
- Can be issued as “tax-exempt” obligations.

- **WHY USE FINANCING:**

- Spread cost of capital project over useful life of the asset and ensure costs are paid by those who benefit from the project.
- Achieve savings when cost of borrowing is lower than construction inflation or rate of earnings on available cash reserves.
- Preserve cash for reserves or other purposes.

- **PURPOSES:**

- Capital improvement projects - e.g., administrations centers, libraries, fire/police stations, community centers, parking garages, parks, etc.
- Refinancing – reduce interest costs, consolidate or restructure debt.

Local Governments Benefit from Tax-Exemption

- Most municipal bonds issued for infrastructure or capital improvements qualify to be issued on a **tax-exempt** basis.

- Bondholders do not pay Federal income tax on interest earnings.
 - As a result, bondholders typically will purchase tax-exempt bonds at lower yields than taxable bonds.
 - Allows a municipal issuer like the County to raise capital at lower interest rates as compared to taxable/corporate bonds.

- Issuers must meet IRS requirements to qualify bonds as tax-exempt
 - For governmental purposes – not for private use.
 - Reasonable expectation that proceeds will be expended in 3 years from borrowing.
 - Certain invested proceeds may not earn arbitrage (earnings rate > borrowing rate).
 - Certification required to be made by issuer at time of issuance – i.e., tax certificate.

Financing Scenario #1: Seaside Office Replacement Project (Broadway Avenue)

Key Assumptions:

- Issuance Date: August 1, 2027
- Asset transfer structure (no capitalized interest)
- Financing term/structure: 30 years, level fiscal year payments
- Market Conditions: “AA” COP as of October 24, 2024 +50 basis points
- Additional assumptions and detailed payment structure in Appendix

Sources

Par Amount:	\$103,630,000
Bond Premium:	4,600,217

Total Sources: \$108,230,217

Uses

Project Fund Deposit: ¹	\$107,209,824
Cost of Issuance: ²	500,000
Underwriter's Discount: ³	518,150
Rounding:	2,243

Total Uses: \$108,230,217

Financing Term:	30 years
True Interest Cost: ⁴	4.67%
Average Annual Payments: ⁵	\$6,668,942
Total Principal and Interest:	\$202,659,000
Total Interest:	\$99,029,000

See slide 20 for key assumptions.

Financing Scenario #2: New Bradley Library and Pajaro Mansion Restoration Projects

Key Assumptions:

- Issuance Date: August 1, 2027
- Asset transfer structure (no capitalized interest)
- Financing term/structure: 30 years, level fiscal year payments
- Market Conditions: “AA” COP as of October 24, 2024 +50 basis points
- Shared cost of issuances across both projects
- Additional assumptions and detailed payment structure in Appendix

	New Bradley Library	Pajaro Mansion Restoration	Total
Sources			
Par Amount:	\$3,550,000	\$4,915,000	\$8,465,000
Bond Premium:	157,558	218,598	376,156
Total Sources:	\$3,707,558	\$5,133,598	\$8,841,156
Uses			
New Bradley Library: ¹	\$3,573,074	-	\$3,573,074
Pajaro Mansion Restoration: ¹	-	4,947,815	4,947,815
Cost of Issuance: ²	104,843	145,157	250,000
Underwriter's Discount: ³	26,625	36,863	63,488
Rounding:	3,016	3,764	6,780
Total Uses:	\$3,707,558	\$5,133,598	\$8,841,156
Financing Term:	30 years	30 years	30 years
True Interest Cost: ⁴	4.69%	4.69%	4.69%
Average Annual Payments: ⁵	\$228,258	\$316,246	\$544,504
Total Principal and Interest:	\$6,936,500	\$9,610,250	\$16,546,750
Total Interest:	\$3,386,500	\$4,695,250	\$8,081,750

See slide 20 for key assumptions.

Financing Scenario #3: MHRC, Outpatient Urgent Care Facility, Parking Structure, and CSB Primary Care Facility

Key Assumptions:

- Issuance Date: August 1, 2026
- Asset transfer structure (no capitalized interest)
- Financing term/structure: 30 years, level fiscal year payments
- Market Conditions: “AA” COP as of October 24, 2024 +50 basis points
- Shared cost of issuance across all projects
- Additional assumptions and detailed payment structure in Appendix

	MHRC	Outpatient Urgent Care	Parking Structure	CSB Primary Care Facility	Total
Sources					
Par Amount:	\$53,005,000	\$66,645,000	\$28,975,000	\$37,665,000	\$186,290,000
Bond Premium:	2,352,926	2,958,370	1,286,140	1,671,633	8,269,069
Total Sources:	\$55,357,926	\$69,603,370	\$30,261,140	\$39,336,633	\$194,559,069
Uses					
MHRC: ¹	\$54,877,354	-	-	-	\$54,877,354
Outpatient Urgent Care: ¹	-	69,000,000	-	-	69,000,000
Parking Structure: ¹	-	-	30,000,000	-	30,000,000
CSB Primary Care: ¹	-	-	-	39,000,000	39,000,000
Cost of Issuance: ²	213,397	268,312	116,653	151,639	750,000
Underwriter's Discount: ³	265,025	333,225	144,875	188,325	931,450
Rounding:	2,150	1,834	-388	-3,330	265
Total Uses:	\$55,357,926	\$69,603,370	\$30,261,140	\$39,336,633	\$194,559,069
Financing Term:	30 years	30 years	30 years	30 years	30 years
True Interest Cost: ⁴	4.67%	4.67%	4.67%	4.67%	4.67%
Average Annual Payments: ⁵	\$3,411,071	\$4,288,954	\$1,864,746	\$2,423,821	\$11,988,592
Total Principal and Interest:	\$103,657,250	\$130,334,750	\$56,666,750	\$73,656,250	\$364,315,000
Total Interest:	\$50,652,250	\$63,689,750	\$27,691,750	\$35,991,250	\$178,025,000

See slide 20 for key assumptions.

Financing Scenario #4: Various Energy Projects

Key Assumptions:

- Issuance Date: February 1, 2025
- Asset transfer structure for public sale (no capitalized interest)
- Financing term/structure: 20 years, level fiscal year payments
- Market Conditions: Direct purchase indicative rate for “AA” lease as of October 24, 2024 +50 basis points, public sale rate as of same date, +50 basis points.
- Additional assumptions and detailed payment structure in Appendix

	Direct Purchase	Public Sale
Sources		
Par Amount:	\$30,175,000	\$28,480,000
Bond Premium:	-	1,916,540
Total Sources:	\$30,175,000	\$30,396,540
Uses		
Project Fund Deposit: ¹	\$30,000,000	\$30,000,000
Cost of Issuance: ²	175,000	250,000
Underwriter's Discount: ³	-	142,400
Rounding:	-	4,140
Total Uses:	\$30,175,000	\$30,396,540
Financing Term:	20 years	20 years
True Interest Cost: ⁴	4.80%	4.30%
Average Annual Payments: ⁵	\$2,380,406	\$2,285,388
Total Principal and Interest:	\$47,608,120	\$45,707,750
Total Interest:	\$17,433,120	\$17,227,750

See slide 20 for key assumptions.

Overview of the County of Monterey's Debt Program

- The County currently has 3 series of outstanding General Fund backed Certificates of Participation.
- Each transaction carries a credit rating of “AA+” from S&P and “AA-” from Fitch Ratings.

Issue	Original Par	Outstanding Par	Final Maturity	Optional Call Date	Current Rating
2015 Certificates of Participation	\$48,400,000	\$40,290,000	10/1/2045	10/1/2025	AA+ (S&P) / AA- (F)
2017 Certificates of Participation	\$78,565,000	\$48,865,000	10/1/2036	10/1/2027	AA+ (S&P) / AA- (F)
2019 Certificates of Participation	\$29,005,000	\$10,950,000	10/1/2027	non callable	AA+ (S&P) / AA- (F)

- The 2015 COPs can be refunded starting 90 days in advance of the first optional call date in 2025 with proceeds from a tax-exempt borrowing. Current estimated present value savings are approximately \$1.64 million, or 4.1% of the par amount of refunded COPs (see following page for additional detail).

Refunding of 2015 COPs

Sources

Par Amount:	\$37,180,000
Bond Premium:	4,229,323
Total Sources:	\$41,409,323

Uses

Escrow Deposit: ¹	\$40,918,533
Cost of Issuance: ²	300,000
Underwriter's Discount: ³	185,900
Rounding:	4,890
Total Uses:	\$41,409,323

Present Value Savings (\$): ⁴	\$1,641,976
Present Value Savings (%): ⁴	4.1%
Financing Term:	21 years
True Interest Cost: ⁵	3.80%
Average Annual Payments:	\$2,821,541
Total Principal and Interest:	\$59,252,353
Total Interest:	\$22,072,353

	FY	Existing 2015	2025 Refunding	Cash Flow
	Ending	COP Payments	COP Payments	Savings
1	2026	\$2,930,769	\$2,825,478	\$105,291
2	2027	2,927,144	2,822,125	105,019
3	2028	2,930,519	2,822,500	108,019
4	2029	2,930,644	2,825,000	105,644
5	2030	2,927,519	2,819,625	107,894
6	2031	2,926,019	2,821,250	104,769
7	2032	2,925,894	2,819,625	106,269
8	2033	2,926,894	2,819,625	107,269
9	2034	2,930,672	2,825,875	104,797
10	2035	2,925,825	2,818,375	107,450
11	2036	2,930,200	2,822,000	108,200
12	2037	2,929,825	2,821,375	108,450
13	2038	2,929,575	2,821,375	108,200
14	2039	2,929,200	2,821,750	107,450
15	2040	2,930,000	2,822,250	107,750
16	2041	2,927,800	2,822,625	105,175
17	2042	2,926,900	2,822,625	104,275
18	2043	2,927,100	2,822,000	105,100
19	2044	2,928,200	2,820,500	107,700
20	2045	2,930,000	2,822,750	107,250
21	2046	2,917,833	2,813,625	104,208
		\$61,488,530	\$59,252,353	\$2,236,178

¹ Assumes 2025 COP closing of July 8, 2025 and 85 day escrow to first optional call date of October 1, 2025.

² Cost of issuance includes estimated fees for bond counsel, disclosure counsel, municipal advisor, credit rating, title insurance, trustee, verification agent, financial printer, etc.

³ Underwriter's discount assumes fee of \$5.00 per \$1,000 of bond par amount.

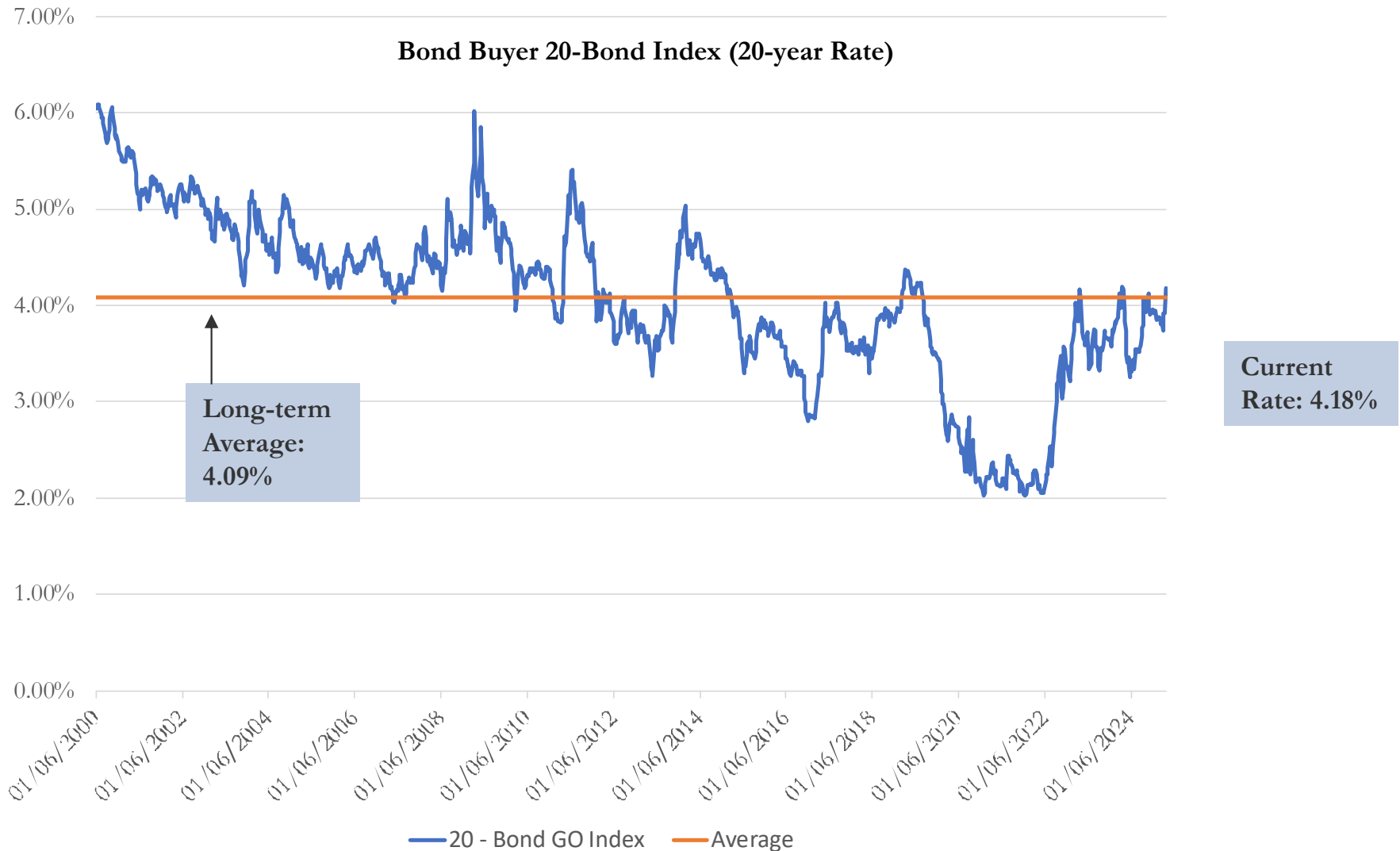
⁴ Present value calculated based upon estimated arbitrage yield of 2025 COPs, 3.39%.

⁵ True Interest Cost (T.I.C.) based upon market for "AA" category rated COP/LRB as of October 25, 2024 with no market cushion. Preliminary and subject to credit rating and market conditions as time of pricing. Assumes asset-transfer structure.

Asset Analysis

- KNN is working with County staff to identify eligible County-owned assets that could be available to be pledged for a future lease financing, therefore avoiding the need to capitalized interest and defer the amortization of principal.
- The analysis includes identifying which assets are currently pledged to the County's 2015, 2017, and 2019 COPs, assets that have been released from a prior financing lien, and potential free and clear assets.
- Several factors are considered in the asset analysis, including original year of construction, insured replacement value, essentiality of the facility, seismic condition, most recent (and scope of) renovations, and estimated remaining useful life of the facility.

Long-Term Tax-Exempt Market Update



Source: *The Bond Buyer*.

*General obligation bonds maturing in 20 years are used in compiling the indexes. The 20-bond index has an average rating equivalent to Moody's Aa2 and S&P's AA.

Next Steps

- Continue work with County staff to identify County-owned assets available to serve as leased facility for financing(s).
- Board and staff prioritization of projects.
- Assess “affordability” of each financing scenario utilizing new rating agency criteria.

Appendix



Financing Scenario #1 Payment Structure

	<u>FY Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
0	2028	\$0	\$2,590,750	\$2,590,750
1	2029	1,525,000	5,143,375	6,668,375
2	2030	1,605,000	5,065,125	6,670,125
3	2031	1,685,000	4,982,875	6,667,875
4	2032	1,775,000	4,896,375	6,671,375
5	2033	1,865,000	4,805,375	6,670,375
6	2034	1,960,000	4,709,750	6,669,750
7	2035	2,060,000	4,609,250	6,669,250
8	2036	2,165,000	4,503,625	6,668,625
9	2037	2,275,000	4,392,625	6,667,625
10	2038	2,395,000	4,275,875	6,670,875
11	2039	2,515,000	4,153,125	6,668,125
12	2040	2,645,000	4,024,125	6,669,125
13	2041	2,780,000	3,888,500	6,668,500
14	2042	2,925,000	3,745,875	6,670,875
15	2043	3,075,000	3,595,875	6,670,875
16	2044	3,230,000	3,438,250	6,668,250
17	2045	3,395,000	3,272,625	6,667,625
18	2046	3,570,000	3,098,500	6,668,500
19	2047	3,755,000	2,915,375	6,670,375
20	2048	3,945,000	2,722,875	6,667,875
21	2049	4,150,000	2,520,500	6,670,500
22	2050	4,360,000	2,307,750	6,667,750
23	2051	4,585,000	2,084,125	6,669,125
24	2052	4,820,000	1,849,000	6,669,000
25	2053	5,065,000	1,601,875	6,666,875
26	2054	5,325,000	1,342,125	6,667,125
27	2055	5,600,000	1,069,000	6,669,000
28	2056	5,885,000	781,875	6,666,875
29	2057	6,190,000	480,000	6,670,000
30	2058	6,505,000	162,625	6,667,625
		<u>\$103,630,000</u>	<u>\$99,029,000</u>	<u>\$202,659,000</u>

See slide 20 for key assumptions.

Financing Scenario #2 Payment Structure

		New Bradley Library			Pajaro Mansion Restoration		
FY	Ending	Principal	Interest	Total Payment	Principal	Interest	Total Payment
0	2028	\$0	\$88,750	\$88,750	\$88,750	\$122,875	\$122,875
1	2029	55,000	176,125	231,125	231,125	244,000	314,000
2	2030	55,000	173,375	228,375	228,375	240,375	315,375
3	2031	60,000	170,500	230,500	230,500	236,500	316,500
4	2032	60,000	167,500	227,500	227,500	232,375	317,375
5	2033	65,000	164,375	229,375	229,375	228,000	318,000
6	2034	70,000	161,000	231,000	231,000	223,375	318,375
7	2035	70,000	157,500	227,500	227,500	218,500	318,500
8	2036	75,000	153,875	228,875	228,875	213,500	313,500
9	2037	80,000	150,000	230,000	230,000	208,250	318,250
10	2038	80,000	146,000	226,000	226,000	202,625	317,625
11	2039	85,000	141,875	226,875	226,875	196,750	316,750
12	2040	90,000	137,500	227,500	227,500	190,625	315,625
13	2041	95,000	132,875	227,875	227,875	184,250	314,250
14	2042	100,000	128,000	228,000	228,000	177,500	317,500
15	2043	105,000	122,875	227,875	227,875	170,375	315,375
16	2044	110,000	117,500	227,500	227,500	162,875	317,875
17	2045	115,000	111,875	226,875	226,875	155,000	315,000
18	2046	120,000	106,000	226,000	226,000	146,750	316,750
19	2047	130,000	99,750	229,750	229,750	138,000	318,000
20	2048	135,000	93,125	228,125	228,125	128,875	313,875
21	2049	140,000	86,250	226,250	226,250	119,375	314,375
22	2050	150,000	79,000	229,000	229,000	109,375	314,375
23	2051	155,000	71,375	226,375	226,375	98,875	313,875
24	2052	165,000	63,375	228,375	228,375	87,750	317,750
25	2053	175,000	54,875	229,875	229,875	76,000	316,000
26	2054	185,000	45,875	230,875	230,875	63,750	313,750
27	2055	190,000	36,500	226,500	226,500	50,875	315,875
28	2056	200,000	26,750	226,750	226,750	37,250	317,250
29	2057	210,000	16,500	226,500	226,500	22,875	317,875
30	2058	225,000	5,625	230,625	230,625	7,750	317,750
		\$3,550,000	\$3,386,500	\$6,936,500	\$6,936,500	\$4,695,250	\$9,610,250

See slide 20 for key assumptions.

Financing Scenario #3 Payment Structure

FY		MHRC		
Ending		Principal	Interest	Total Payment
0	2027	\$0	\$1,325,125	\$1,325,125
1	2028	780,000	2,630,750	3,410,750
2	2029	820,000	2,590,750	3,410,750
3	2030	865,000	2,548,625	3,413,625
4	2031	905,000	2,504,375	3,409,375
5	2032	955,000	2,457,875	3,412,875
6	2033	1,000,000	2,409,000	3,409,000
7	2034	1,055,000	2,357,625	3,412,625
8	2035	1,110,000	2,303,500	3,413,500
9	2036	1,165,000	2,246,625	3,411,625
10	2037	1,225,000	2,186,875	3,411,875
11	2038	1,285,000	2,124,125	3,409,125
12	2039	1,355,000	2,058,125	3,413,125
13	2040	1,420,000	1,988,750	3,408,750
14	2041	1,495,000	1,915,875	3,410,875
15	2042	1,570,000	1,839,250	3,409,250
16	2043	1,655,000	1,758,625	3,413,625
17	2044	1,735,000	1,673,875	3,408,875
18	2045	1,825,000	1,584,875	3,409,875
19	2046	1,920,000	1,491,250	3,411,250
20	2047	2,020,000	1,392,750	3,412,750
21	2048	2,120,000	1,289,250	3,409,250
22	2049	2,230,000	1,180,500	3,410,500
23	2050	2,345,000	1,066,125	3,411,125
24	2051	2,465,000	945,875	3,410,875
25	2052	2,590,000	819,500	3,409,500
26	2053	2,725,000	686,625	3,411,625
27	2054	2,865,000	546,875	3,411,875
28	2055	3,010,000	400,000	3,410,000
29	2056	3,165,000	245,625	3,410,625
30	2057	3,330,000	83,250	3,413,250
		\$53,005,000	\$50,652,250	\$103,657,250

Outpatient Urgent Care Facility		
Principal	Interest	Total Payment
\$0	\$1,666,125	\$1,666,125
980,000	3,307,750	4,287,750
1,030,000	3,257,500	4,287,500
1,085,000	3,204,625	4,289,625
1,140,000	3,149,000	4,289,000
1,200,000	3,090,500	4,290,500
1,260,000	3,029,000	4,289,000
1,325,000	2,964,375	4,289,375
1,390,000	2,896,500	4,286,500
1,465,000	2,825,125	4,290,125
1,540,000	2,750,000	4,290,000
1,620,000	2,671,000	4,291,000
1,700,000	2,588,000	4,288,000
1,790,000	2,500,750	4,290,750
1,880,000	2,409,000	4,289,000
1,975,000	2,312,625	4,287,625
2,075,000	2,211,375	4,286,375
2,185,000	2,104,875	4,289,875
2,295,000	1,992,875	4,287,875
2,415,000	1,875,125	4,290,125
2,540,000	1,751,250	4,291,250
2,665,000	1,621,125	4,286,125
2,805,000	1,484,375	4,289,375
2,950,000	1,340,500	4,290,500
3,100,000	1,189,250	4,289,250
3,260,000	1,030,250	4,290,250
3,425,000	863,125	4,288,125
3,600,000	687,500	4,287,500
3,785,000	502,875	4,287,875
3,980,000	308,750	4,288,750
4,185,000	104,625	4,289,625
\$66,645,000	\$63,689,750	\$130,334,750

Parking Structure		
Principal	Interest	Total Payment
\$0	\$724,375	\$724,375
425,000	1,438,125	1,863,125
450,000	1,416,250	1,866,250
470,000	1,393,250	1,863,250
495,000	1,369,125	1,864,125
520,000	1,343,750	1,863,750
550,000	1,317,000	1,867,000
575,000	1,288,875	1,863,875
605,000	1,259,375	1,864,375
635,000	1,228,375	1,863,375
670,000	1,195,750	1,865,750
705,000	1,161,375	1,866,375
740,000	1,125,250	1,865,250
775,000	1,087,375	1,862,375
815,000	1,047,625	1,862,625
860,000	1,005,750	1,865,750
905,000	961,625	1,866,625
950,000	915,250	1,865,250
1,000,000	866,500	1,866,500
1,050,000	815,250	1,865,250
1,105,000	761,375	1,866,375
1,160,000	704,750	1,864,750
1,220,000	645,250	1,865,250
1,280,000	582,750	1,862,750
1,350,000	517,000	1,867,000
1,415,000	447,875	1,862,875
1,490,000	375,250	1,865,250
1,565,000	298,875	1,863,875
1,645,000	218,625	1,863,625
1,730,000	134,250	1,864,250
1,820,000	45,500	1,865,500
\$28,975,000	\$27,691,750	\$56,666,750

CSB Primary Care Facility		
Principal	Interest	Total Payment
\$0	\$941,625	\$941,625
555,000	1,869,375	2,424,375
585,000	1,840,875	2,425,875
615,000	1,810,875	2,425,875
645,000	1,779,375	2,424,375
680,000	1,746,250	2,426,250
710,000	1,711,500	2,421,500
750,000	1,675,000	2,425,000
785,000	1,636,625	2,421,625
825,000	1,596,375	2,421,375
870,000	1,554,000	2,424,000
915,000	1,509,375	2,424,375
960,000	1,462,500	2,422,500
1,010,000	1,413,250	2,423,250
1,060,000	1,361,500	2,421,500
1,115,000	1,307,125	2,422,125
1,175,000	1,249,875	2,424,875
1,235,000	1,189,625	2,424,625
1,300,000	1,126,250	2,426,250
1,365,000	1,059,625	2,424,625
1,435,000	989,625	2,424,625
1,510,000	916,000	2,426,000
1,585,000	838,625	2,423,625
1,665,000	757,375	2,422,375
1,750,000	672,000	2,422,000
1,840,000	582,250	2,422,250
1,935,000	487,875	2,422,875
2,035,000	388,625	2,423,625
2,140,000	284,250	2,424,250
2,250,000	174,500	2,424,500
2,365,000	59,125	2,424,125
\$37,665,000	\$35,991,250	\$73,656,250

See slide 20 for key assumptions.

Financing Scenario #4 Payment Structure

		Direct Purchase			Public Sale		
FY		Principal	Interest	Total Payment	Principal	Interest	Total Payment
Ending							
1	2026	\$930,000	\$1,448,400	\$2,378,400	\$860,000	\$1,424,000	\$2,284,000
2	2027	975,000	1,403,760	2,378,760	905,000	1,381,000	2,286,000
3	2028	1,025,000	1,356,960	2,381,960	950,000	1,335,750	2,285,750
4	2029	1,075,000	1,307,760	2,382,760	995,000	1,288,250	2,283,250
5	2030	1,125,000	1,256,160	2,381,160	1,045,000	1,238,500	2,283,500
6	2031	1,180,000	1,202,160	2,382,160	1,100,000	1,186,250	2,286,250
7	2032	1,235,000	1,145,520	2,380,520	1,155,000	1,131,250	2,286,250
8	2033	1,295,000	1,086,240	2,381,240	1,210,000	1,073,500	2,283,500
9	2034	1,355,000	1,024,080	2,379,080	1,275,000	1,013,000	2,288,000
10	2035	1,420,000	959,040	2,379,040	1,335,000	949,250	2,284,250
11	2036	1,490,000	890,880	2,380,880	1,405,000	882,500	2,287,500
12	2037	1,560,000	819,360	2,379,360	1,475,000	812,250	2,287,250
13	2038	1,635,000	744,480	2,379,480	1,545,000	738,500	2,283,500
14	2039	1,715,000	666,000	2,381,000	1,625,000	661,250	2,286,250
15	2040	1,795,000	583,680	2,378,680	1,705,000	580,000	2,285,000
16	2041	1,885,000	497,520	2,382,520	1,790,000	494,750	2,284,750
17	2042	1,975,000	407,040	2,382,040	1,880,000	405,250	2,285,250
18	2043	2,070,000	312,240	2,382,240	1,975,000	311,250	2,286,250
19	2044	2,165,000	212,880	2,377,880	2,075,000	212,500	2,287,500
20	2045	2,270,000	108,960	2,378,960	2,175,000	108,750	2,283,750
		\$30,175,000	\$17,433,120	\$47,608,120	\$28,480,000	\$17,227,750	\$45,707,750

See slide 20 for key assumptions.

2015 COP Refunding Payment Structure

		A	B	C	D	E
	FY	Existing 2005	2025 Refunding COPs			Gross
	Ending	COP Payments	Principal	Interest	Total Payment	Savings
1	2026	\$2,930,769	\$1,505,000	\$1,320,478	\$2,825,478	\$105,291
2	2027	2,927,144	1,065,000	1,757,125	2,822,125	105,019
3	2028	2,930,519	1,120,000	1,702,500	2,822,500	108,019
4	2029	2,930,644	1,180,000	1,645,000	2,825,000	105,644
5	2030	2,927,519	1,235,000	1,584,625	2,819,625	107,894
6	2031	2,926,019	1,300,000	1,521,250	2,821,250	104,769
7	2032	2,925,894	1,365,000	1,454,625	2,819,625	106,269
8	2033	2,926,894	1,435,000	1,384,625	2,819,625	107,269
9	2034	2,930,672	1,515,000	1,310,875	2,825,875	104,797
10	2035	2,925,825	1,585,000	1,233,375	2,818,375	107,450
11	2036	2,930,200	1,670,000	1,152,000	2,822,000	108,200
12	2037	2,929,825	1,755,000	1,066,375	2,821,375	108,450
13	2038	2,929,575	1,845,000	976,375	2,821,375	108,200
14	2039	2,929,200	1,940,000	881,750	2,821,750	107,450
15	2040	2,930,000	2,040,000	782,250	2,822,250	107,750
16	2041	2,927,800	2,145,000	677,625	2,822,625	105,175
17	2042	2,926,900	2,255,000	567,625	2,822,625	104,275
18	2043	2,927,100	2,370,000	452,000	2,822,000	105,100
19	2044	2,928,200	2,490,000	330,500	2,820,500	107,700
20	2045	2,930,000	2,620,000	202,750	2,822,750	107,250
21	2046	2,917,833	2,745,000	68,625	2,813,625	104,208
		\$61,488,530	\$37,180,000	\$22,072,353	\$59,252,353	\$2,236,178

See slide 10 for key assumptions.

Financing Assumptions

1. Assumes gross deposit to project fund, no interest earnings.
2. Cost of issuance includes estimated fees for bond counsel, disclosure counsel, municipal advisor, credit rating, title insurance, trustee, financial printer, etc.
3. Underwriter's discount assumes fee of \$5.00 per \$1,000 of bond par amount.
4. True Interest Cost (T.I.C.) based upon market for "AA" category rated COP/LRB as of October 25, 2024 + 50 basis points. Preliminary and subject to credit rating and market conditions as time of pricing. Assumes asset-transfer structure.
5. Average annual payments reflect level fiscal year financing structure and excludes first fiscal year.

Overview of Lease Financing Structure

- Certificates of Participation (“COPs”) or Lease Revenue Bonds (“LRBs”) are contingent obligations– that do not require voter approval.
- General fund credit – covenant to annually budget and appropriate lease payments.
- Issued as long-term fixed rate tax-exempt borrowing that typically includes optional call provision after 10 years.
- Pledged asset(s) – real property pledged for term of the financing.
 - Existing County asset or project to be financed by financing proceeds. The latter may necessitate funding capitalized interest.
 - Key factors of asset pledge relevant to investors: essentiality, value, and useful life.
- Subject to Abatement – Payments are subject to the use and occupancy of pledged asset(s) and can be “abated” if asset is damaged or unable to be occupied.
- Generally structured with level fiscal year payments for term of financing.
- Financing can be structured as either a public sale or direct purchase.