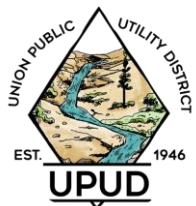




# Union Public Utility District

## Capital Improvement Financing Overview



September 25, 2024

The Power of  **OPPENHEIMER** Thinking  
Wealth Management | Capital Markets | Investment Banking

# California Public Finance Presence

## Capabilities

- Our California presence dates back over 40 years
- 5 offices, 149 employees including 46 financial advisors covering over 30,000 accounts
- Underwrote/Placed 173 transactions in California since 2021
- Oppenheimer is a member of the California Society of Municipal Finance Officers
- Oppenheimer has a strong connection to Calaveras County, having served on 7 different transactions throughout the region over the last few years



## Local Area Clients

- Amador County
- Calaveras County
- Calaveras County Water District
- Murphys Sanitary District
- Tuolumne County
- Twain Harte Community Services District

## Notable 2024 Transactions

| Issuer                                  | County        | Financing                             | Par           | Status     |
|---|---------------|---------------------------------------|---------------|------------|
| City of Selma                           | Fresno        | Lease Revenue Bonds                   | \$24,745,000  | Closed     |
| City of Stockton, CFD No. 2018-2        | San Joaquin   | Special Tax Bonds                     | \$14,020,000  | Closed     |
| Marin Emergency Radio Authority         | Marin         | Special Parcel Tax Bonds              | \$5,800,000   | Closed     |
| City of Laguna Beach                    | Orange        | Limited Obligation Bonds              | \$8,820,000   | Closed     |
| Perris Joint Powers Authority           | Riverside     | Local Agency Revenue Bonds            | \$9,595,000   | Closed     |
| City of St. Helena                      | Napa          | Water Revenue Bonds                   | \$21,500,000  | Closed     |
| St. Ignatius College Preparatory School | San Francisco | Revenue Bonds                         | \$126,940,000 | Closed     |
| Town of Windsor                         | Sonoma        | Wastewater Installment Sale Agreement | \$7,500,000   | In Process |

# CSDA Finance Corporation (CSDAFC) Overview

- Affiliate organization to the California Special Districts Association (CSDA) since 1988
- Designed to facilitate financings for special districts of all types and sizes
- Provides financing solutions for capital improvements, equipment and land purchases, refinancing of prior debt
- Responsive, full-service team of experts which includes
  - Placement Agent = Oppenheimer
  - Bond Counsel = Kutak Rock
- Competitive interest rates, low cost transaction fees
- Prompt delivery of funds
- CSDAFC has engaged Oppenheimer & Co. Inc. as a broker-dealer to provide financing options for specific projects within the program

# Financing Structure / Method of Sale

## Net Revenue Pledge

- Net revenue pledge financing provides public agencies with the ability to finance capital improvements to their enterprise systems through installment payments.
- Installment payments are established as a net revenue pledge after O&M of the enterprise system.
- Net revenue pledge financing allows public agencies to avoid depleting reserves for large capital projects.
- Installment Sale or Loan Agreement are used as the structure for the financing documents
- Security:
  - Typically the market will require a debt service coverage covenant (“DSC”) of 1.15 X 1
  - An additional bonds test (“ABT”) of 1.15 X 1
  - 1.25 X 1 DSC and ABT is better for credit rating



## Private Placement

- Placement Agent places the financing directly with an accredited investor via RFP process.
- Rating is not needed, and preliminary official statement is not produced nor distributed; responsibility of due diligence resides with the purchaser.
- One fixed tax-exempt interest rate.
- Low costs of issuance and fast process.
- Limited continuing disclosure requirements.
- Typical maximum term of 20 years.
- Economics ideal for smaller issue size.



# Private Placement Model: 10-Year Term

*An overview of the financing for a 10-year term private placement*

|                             |                          |
|-----------------------------|--------------------------|
| Estimated Project Fund      | <b>\$1,500,000</b>       |
| Estimated Cost of Issuance* | <b>\$80,000</b>          |
| Estimated Par Value         | <b>\$1,580,000</b>       |
| Total Debt Service          | <b>\$1,990,387</b>       |
| Average Annual Debt Service | <b>\$196,737</b>         |
| Final Maturity              | <b>September 1, 2034</b> |
| Interest Rate               | <b>4.56%</b>             |
| Arbitrage Yield             | <b>4.56%</b>             |
| All-In TIC                  | <b>5.65%</b>             |

\*Includes placement agent, bond counsel, and bank counsel fees, and CDIAC/contingency

# Financing Model Comparisons

*Comparing the savings from the new interest rate*

| Financing as of September 19, 2024 |                          | Financing as of August 28, 2024 |                          |
|------------------------------------|--------------------------|---------------------------------|--------------------------|
| Estimated Project Fund             | \$1,500,000              | Estimated Project Fund          | \$1,500,000              |
| Estimated Cost of Issuance*        | \$80,000                 | Estimated Cost of Issuance*     | \$80,000                 |
| Estimated Par Value                | \$1,580,000              | Estimated Par Value             | \$1,580,000              |
| <b>Total Debt Service</b>          | <b>\$1,990,387</b>       | Total Debt Service              | \$2,022,897              |
| <b>Average Annual Debt Service</b> | <b>\$196,737</b>         | Average Annual Debt Service     | \$199,395                |
| Final Maturity                     | <b>September 1, 2034</b> | Final Maturity                  | <b>September 1, 2034</b> |
| <b>Interest Rate</b>               | <b>4.56%</b>             | Interest Rate                   | 4.85%                    |
| <b>Arbitrage Yield</b>             | <b>4.56%</b>             | Arbitrage Yield                 | 4.85%                    |
| <b>All-In TIC</b>                  | <b>5.65%</b>             | All-In TIC                      | 5.93%                    |

\*Includes placement agent, bond counsel, and bank counsel fees, and CDIAC/contingency

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