



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **November 5, 2020**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning General  
Obligation Bond Refinancing**

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**Agenda Item:**

Resolution \_\_\_\_\_ authorizes the issuance and sale of General Obligation Refunding Bonds, Series 2020 in an amount not to exceed \$8,500,000 for the purpose of refinancing the outstanding 2012 General Obligation Bonds for savings and reduced debt service payments. For repayment security, the Resolution obligates the Board of Directors to have the County levy ad valorem taxes upon all property within the District subject to taxation without limitation of rate or amount, for the payment of debt service on the Series 2020 Bonds.

**Background:**

In 2001, District voters approved by 82% a proposition authorizing the issuance of up to \$19 million of general obligation bonds to finance the acquisition and improvement of the local water system. In 2003, the District issued \$17.5 million of General Obligation Bonds to acquire the water system and fund capital projects to improve water system reliability and fire protection. In 2012, the District refinanced the 2003 Bonds via a competitive RFP process resulting in issuance of 2012 General Obligation Bonds issued as a private placement with First Republic Bank at a reduced interest rate of 2.40%. The 2012 Bonds fully refunded the 2003 Bonds and generated \$1.5 million of additional debt that had been previously authorized by voters. The 2012 Bonds also resulted in lower annual debt service payments.

If authorized, the General Obligation Refunding Bonds, Series 2020 would be issued to refund the District's outstanding 2012 Bonds for additional savings and result in lower debt service payments and tax levies on property within the District. The outstanding 2012 Bonds have \$8,316,608 of remaining principal, an annual interest rate of 2.40%, and a final maturity of August 1, 2028. The final issue size of the Series 2020 Refunding Bonds is expected to be below \$8,000,000 due to the anticipated availability of accrued funds that previously were remitted by the County for debt service payments due on the outstanding 2012 General Obligation Bonds and remain available to apply to the refunding.

**Bids Solicited via Competitive RFP Process**

To take advantage of historically low interest rates and potential for debt service savings, Bartle Wells Associates (BWA) solicited bids from a wide range of banks



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and lenders via a competitive RFP process. The winning bid was provided by JP Morgan Chase with an annual interest rate of 1.14%.

Bids were received from 8 lenders with interest rates ranging from 1.14% to 2.52%. The average of all bids was 1.64% and the median was 1.53%. As expected, a number of banks declined to bid due to a variety of factors.

## Summary of Bids:

	Interest Rate	Day Count	Principal/Interest Payments	Bank Fees		Rough Est. Annual Pymt
				Legal Review	Other	
Bank 1	1.14%	30/360	Semi-Annual	\$10,000	\$0	\$1,005,861
Bank 2	1.25%	30/360	Annual/Semi-Ann	\$8,500	\$0	\$1,013,263
Bank 3	1.44%	30/360	Semi-Annual	\$0	\$0	\$1,017,150
Bank 4	1.50%	30/360	Semi-Annual	\$8,500	\$0	\$1,020,812
Bank 5	1.56%	30/360	Semi-Annual	\$0	\$0	\$1,022,215
Bank 6	1.72%	tbd	tbd	\$0	\$7,500	\$1,029,999
Bank 7	1.99%	tbd	Semi-Annual	\$7,500	\$0	\$1,041,503
Bank 8	2.52%	30/360	Semi-Annual	\$10,000	\$0	\$1,064,644



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## Savings Estimates:

Savings estimates are summarized below and account for anticipated availability of accrued funds that previously were remitted by the County for debt service payments due on the outstanding 2012 General Obligation Bonds and remain available to apply towards refunding these bonds. The savings estimates account for all costs related to issuance of the Series 2020 Refunding Bonds which are expected to be paid from proceeds of the bonds. The Series 2020 Refunding Bonds are being issued with a final payment of August 1, 2028, which corresponds with the final maturity of the outstanding 2012 General Obligation Bonds.

Gross Savings:	\$409,014 over the term of the refunding bonds
Present Value Savings:	\$356,980
Present Value Savings %:	4.29% of refunded bond principal
Annual Debt Service Reduction:	\$148,627 per fiscal year (accounts for reduced issue size due to anticipated availability of remaining fund balances)

## Good Faith Estimates of Debt:

California Government Code Section 5852.1, which became effective on January 1, 2018, requires that prior to authorization of the issuance of bonds with a term greater than 13 months, the governing body of a public body shall obtain and disclose all of the following information in a meeting open to the public:

The true interest cost of the bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds is estimated at 1.1401%.

The finance charge of the bonds, which means the sum of all fees and charges paid to third parties is estimated at \$70,000.00 including costs for bond counsel, bank counsel, municipal advisor, and miscellaneous expenses.

The amount of proceeds received by the public body for sale of the bonds less the finance charge of the bonds described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the bonds is estimated at \$7,593,716 estimated at the total issue of \$ \$7,663,716 less an estimated finance charge of \$70,000.00.

The total payment amount, which means the sum total of all payments the borrower will make to pay debt service on the bonds plus the finance charge of the bonds described in subparagraph (B) not paid with the proceeds of the bonds. The total payment amount shall be calculated to the final maturity of the bonds. Total payments through final maturity including all principal and interest payments on the bonds are estimated at \$8,014,475.



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TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

## RECOMMENDATION:

Adopt Resolution No.\_\_\_\_, Resolution of the Board of Directors of the Montara Water and Sanitary District, County of San Mateo, Authorizing the Issuance and Sale of Montara Water and Sanitary District (San Mateo County, California), General Obligation Bonds, Series 2020, in an Aggregate Principle Amount not to Exceed \$8,500,000 to Refund Outstanding General Obligation Bonds, and Directing Related Actions/

Attachment

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**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTARA WATER AND  
SANITARY DISTRICT, COUNTY OF SAN MATEO, AUTHORIZING THE ISSUANCE  
AND SALE OF MONTARA WATER AND SANITARY DISTRICT (SAN MATEO  
COUNTY, CALIFORNIA), GENERAL OBLIGATION REFUNDING BONDS, SERIES  
2020, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,500,000 TO  
REFUND OUTSTANDING GENERAL OBLIGATION BONDS, AND DIRECTING  
RELATED ACTIONS**

**Adopted November 5, 2020**

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EXHIBIT A FORM OF SERIES 2020 BOND

**WHEREAS**, an election was duly and regularly held in the Montara Water and Sanitary District (formerly the Montara Sanitary District) (the "District") on November 6, 2001, for the purpose of submitting to the qualified electors of the District the question whether general obligation bonds should be issued in the aggregate principal amount of \$19,000,000 to finance the acquisition and improvement of a domestic water system and service area for the District (the "Project"), at which election more than two-thirds of the votes cast were in favor of the issuance of such bonds;

**WHEREAS**, pursuant to such voter approval, and upon the authority of Section 31304 of the California Water Code and Resolution No. 1241 adopted September 5, 2002, this Board has heretofore authorized, issued, sold and delivered its \$2,750,000 Montara Sanitary District (San Mateo County, California) General Obligation Promissory Notes, Series 2002, dated October 24, 2002 (the "Notes") to finance a portion of the Project;

**WHEREAS**, pursuant to such voter approval, and upon the authority of Section 31425 of the California Water Code (the "Bond Law"), Articles 9 and 11 of Title 5 of the California Government Code (the "Refunding Bond Law") and Resolution No. 1261 adopted June 26, 2003 (the "2003 Bond Resolution"), this Board has heretofore authorized, issued, sold and delivered its \$17,500,000 Montara Sanitary District (San Mateo County, California) General Obligation Bonds, Series 2003, dated July 31, 2003 (the "Series 2003 Bonds") to refinance the Notes and finance a portion of the Project not financed with the proceeds of the Notes;

**WHEREAS**, pursuant to such voter approval, and upon the authority of Section 31425 of the California Water Code, Articles 9 and 11 of Title 5 of the California Government Code (the "Refunding Bond Law") and Resolution No. 1509 adopted April 5, 2012 (the "2012 Bond Resolution"), this Board has heretofore authorized, issued, sold and delivered its \$15,635,000 Montara Sanitary District (San Mateo County, California) General Obligation Bonds, Series 2012, dated April 18, 2012 (the "Series 2012 Bonds") to refinance the Series 2003 Bonds and finance a portion of the Project not financed with the proceeds of the Notes or the Series 2003 Bonds;

**WHEREAS**, the District's records indicate that certain ad valorem property taxes that have been levied and collected for the repayment of the Series 2012 Bonds are available and the District wishes to contribute such amount to the refunding of the Series 2012 Bonds to further amortize the debt and to increase the amount of savings generated by the refunding transaction for taxpayers;

**WHEREAS**, at this time, the Board of Directors of the District intends to issue and sell bonds designated "Montara Water and Sanitary District (San Mateo County, California) General Obligation Refunding Bonds, Series 2020" (the "Series 2020 Bonds") in an aggregate principal amount not to exceed \$8,500,000 to refund the outstanding Series 2012 Bonds and to pay for costs of issuing the Series 2012 Bonds;

**WHEREAS**, the Board of Directors of the District is informed and finds that all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of the Series 2020 Bonds and within all limits prescribed by law;

**NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the Montara Water and Sanitary District, as follows:



## ARTICLE I

### DEFINITIONS; AUTHORITY

**Section 1.01. Definitions.** The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

**“Articles,” “Sections”** and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

**“Act”** means, collectively, Section 6512.7 of the California Health and Safety Code and Sections 31370, et seq. of the California Water Code as they are in effect on the date of adoption hereof and as amended hereafter.

**“Authorized Investments”** means any investments permitted by law to be made with moneys belonging to, or in the custody of, the District, including, but not limited to, the Local Agency Investment Fund in the California State Treasury and in investment agreements, including guaranteed investment contracts and repurchase agreements exceeding one year in maturity, with a financial entity whose long-term debt is rated by Moody’s Investors Service or S&P AA- or better, and whose short-term debt is rated no lower than the corresponding level of rating category for such debt. Any such investment agreement shall provide that the financial entity shall deposit collateral with a third party in accordance with criteria established by Moody’s Investors Service or S&P in the event that the rating of short- or long-term debt of the financial entity is downgraded below then-current requirements of Moody’s Investors Service or S&P for such investment agreements.

**“Board of Directors”** means the duly elected Board of Directors acting as the governing body of the District.

**“Bond Counsel”** means (a) Jones Hall, A Professional Law Corporation or (b) any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

**“Bond Year”** means the period from August 2 through August 1 of the next calendar year, except the first Bond year shall commence on the Closing Date and end on August 1, 2021.

**“Certificate of Bond Terms”** means a certificate signed by a District Representative dated the Closing Date setting forth or modifying certain terms of the Series 2020 Bonds, as provided in Section 2.01.

**“Closing Date”** means the date upon which there is an exchange of Series 2020 Bonds for the proceeds representing the purchase price of the Series 2020 Bonds by the Original Purchaser.

**“Costs of Issuance”** means all items of expense directly or indirectly reimbursable to the District relating to the issuance, execution and delivery of the Series 2020 Bonds including, but

not limited to, the origination fee of the Original Purchaser, fees of counsel to the Original Purchaser, fees of the California Debt and Investment Advisory Commission, filing and publication costs, settlement costs, reproduction costs, escrow and verification report fees, legal fees and charges, fees and expenses of any escrow bank, municipal advisor and other professional consultant fees, and charges and fees in connection with the foregoing, as and to the extent applicable.

**"County"** means the County of San Mateo, California.

**"Debt Service"** means the scheduled amount of interest and amortization of principal payable on the Series 2020 Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

**"Debt Service Fund"** means the fund designated "Montara Water and Sanitary District, General Obligation Bonds, Series 2020, Debt Service Fund" established and held by the Treasurer under Section 4.03.

**"District"** means the Montara Water and Sanitary District and any successor thereto, a sanitary district exercising powers of a county water district pursuant to Health and Safety Code Section 6512.7, located within the County, encompassing the territory as of the date of the adoption hereof and any service areas within or without such territory acquired thereby or thereafter annexed thereto, by purchase or otherwise.

**"District Manager"** means the general manager or other chief administrative officer of the District.

**"District Representative"** means the President or Vice President of the Board of Directors, the District Manager, the Secretary, the Treasurer, the District Counsel or any other person authorized by action of the Board of Directors to act on behalf of the District with respect to this Resolution and the Series 2020 Bonds.

**"Fair Market Value"** means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of the investment.

**"Federal Securities"** means United States Treasury Series 2020 Bonds, bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

**“Financial Advisor”** or **“Municipal Advisor”** means Bartle Wells Associates, Berkeley, California, or other firm or firms acting as the District’s municipal advisor.

**“Interest Payment Dates”** means each February 1 and August 1, commencing on February 1, 2021, or as otherwise specified in the Certificate of Bond Terms.

**“Notes”** means the \$2,750,000 Montara Sanitary District (San Mateo County, California) General Obligation Promissory Notes, Series 2002.

**“Original Purchaser”** means the initial purchaser of the Series 2020 Bonds on the Closing Date, its successors and assigns.

**“Outstanding,”** when used as of any particular time with reference to Series 2020 Bonds means all Series 2020 Bonds except:

(a) Series 2020 Bonds theretofore canceled by the District or surrendered to the District for cancellation;

(b) Series 2020 Bonds paid or deemed to have been paid within the meaning of Section 9.02 hereof; and

(c) Series 2020 Bonds in lieu of or in substitution for which other Series 2020 Bonds shall have been authorized, executed, issued and delivered by the District pursuant to the Resolution.

**“Owner”** or **“Bondowner”** mean any person who shall be the registered owner of any Outstanding Bond.

**“Project”** has the meaning given to such term in the recitals.

**“Refunding Fund”** means the fund designated “Montara Water and Sanitary District, General Obligation Refunding Bonds, Series 2020, Refunding Fund” that may be established and held by the Treasurer under Section 4.02.

**“Regulations”** means temporary and permanent regulations promulgated under the Tax Code.

**“Resolution”** means this Resolution authorizing the Series 2020 Bonds and any supplements and amendments thereto.

**“S&P”** means S&P Global Ratings, and its successors.

**“Secretary”** means the Secretary or other official who is the duly appointed and acting Secretary of the District.

**“Series 2003 Bonds”** means the bonds of the District designated “Montara Sanitary District (San Mateo County, California), General Obligation Bonds, Series 2003,” issued under the Series 2003 Bond Resolution in the original principal amount of \$17,500,000.

**"Series 2003 Bond Resolution"** means Resolution No. 1261 of the Board of Directors of the District, entitled "A Resolution of the Board of Directors of the Montara Sanitary District, County of San Mateo, Authorizing the Issuance and Sale of Montara Sanitary District (San Mateo County, California), General Obligation Bonds, Series 2003, in the Aggregate Principal Amount of Not to Exceed \$17,500,000 to Refund Outstanding Notes and Finance Water System and Service Area Acquisitions and Improvements and Directing Related Actions", adopted on June 26, 2003, authorizing the issuance and sale of the Series 2003 Bonds.

**"Series 2012 Bonds"** means the bonds of the District designated "Montara Sanitary District (San Mateo County, California), General Obligation Bonds, Series 2012," issued under the Series 2012 Bond Resolution in the original principal amount of \$15,635,000.

**"Series 2012 Bond Resolution"** means Resolution No. 1509 of the Board of Directors of the District, entitled "A Resolution of the Board of Directors of the Montara Sanitary District, County of San Mateo, Authorizing the Issuance and Sale of Montara Sanitary District (San Mateo County, California), General Obligation Bonds, Series 2012, in an Aggregate Principal Amount of Not to Exceed \$15,635,000 to Refund Outstanding Bonds and Finance Water System Improvements, and Directing Related Actions", adopted on April 5, 2012, authorizing the issuance and sale of the Series 2012 Bonds.

**"Series 2020 Bonds"** means the bonds of the District designated "Montara Water and Sanitary District (San Mateo County, California), General Obligation Refunding Bonds, Series 2020," as specified in Section 2.01.

**"Supplemental Resolution"** means any resolution supplemental to or amendatory of this Resolution, adopted by the Board of Directors in accordance with Article VIII hereof.

**"Tax Code"** means the Internal Revenue Tax Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final Regulations promulgated under the Tax Code.

**"Treasurer"** means the official of the District who is the financial officer of the District responsible for maintaining funds and accounts of the District.

**"Written Request of the District"** means an instrument in writing signed by the District Representative or by any other officer of the District duly authorized by the District and listed on a Written Request of the District for that purpose.

**Section 1.02. Authority for this Resolution.** This resolution is adopted pursuant to the Act, the Refunding Bond Law and the proceedings of the Board for the Project.

**ARTICLE II**  
**THE SERIES 2020 BONDS**

**Section 2.01. Authorization.** The Series 2020 Bonds are hereby authorized to be issued by the District under and subject to the terms of the Refunding Bond Law and this Resolution; provided that the aggregate principal amount of the Series 2020 Bonds shall not exceed \$8,500,000.

A District Representative is hereby authorized to execute a Certificate of Bond Terms dated the Closing Date, setting forth or modifying any terms of the Series 2020 Bonds that are described herein, provided that the par amount of the Series 2020 shall not exceed \$8,500,000, the maturity date of the Series 2020 Bonds shall not extend past August 1, 2028, and the net present value savings of issuing the Series 2020 Bonds shall be at least equal to 3.0%.

Each District Representative is further authorized and directed to execute and deliver such additional term sheets, certificates, documents, paying agent agreements, or other agreements as may be required by the Original Purchaser or the District in connection with the issuance and sale of the Series 2020 Bonds to the Original Purchaser, such execution and delivery to be conclusive evidence of the authorization thereof by this Board of Directors. Any term sheets, certificates, documents or agreements executed and delivered by a District Representative in connection with the issuance and sale of the Series 2020 Bonds prior to the date hereof are hereby ratified and confirmed.

**Section 2.02. Terms of Series 2020 Bonds.**

(a) **Form; Numbering.** The Series 2020 Bonds shall be issued as fully registered Series 2020 Bonds, without coupons, in the principal amount not to exceed \$8,500,000, and shall be numbered R-1.

(b) **Date of Series 2020 Bonds.** The Series 2020 Bonds shall be dated the Closing Date.

(c) **Interest and Payment.** The Series 2020 Bonds shall mature on August 1, 2028, unless sooner redeemed in accordance herewith. The Series 2020 Bonds shall bear interest at the rate set forth in the Certificate of Bond Terms, which interest shall be payable on the Series 2020 Bonds on each Interest Payment Date. For the purposes of this Resolution, interest on the Series 2020 Bonds shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Each Series 2020 Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2020, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the

Series 2020 Bonds including the final interest payment upon maturity is payable, so long as the Series 2020 Bonds are owned by the Original Purchaser, by a pre-authorized debit of a District account maintained with the Original Purchaser, and if the Series 2020 Bonds are not owned by the Original Purchaser, by check of the District mailed on the Interest Payment Date via first-class mail to the Owner thereof at such Owner's address as it appears on records maintained by the District at the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date"), or at such other address as the Owner may have filed with the District for that purpose, or upon written request filed with the District as of the Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Series 2020 Bonds, by wire transfer without any need of presentment.

(d) **Appointment of Paying Agent.** The District may at any time, without the consent of the Bondholders, appoint a paying agent for the Bonds, which paying agent may be the County if consented to by the County.

**Section 2.03. Redemption.**

(a) **No Optional Redemption.** The Series 2020 Bonds are not subject to optional redemption prior to maturity.

(b) **Mandatory Sinking-Fund Redemption.** The Series 2020 Bonds are subject to mandatory sinking fund redemption on each February 1 and August 1 and in the amounts set forth in the Certificate of Bond Terms, in each case at a redemption price equal to such amounts, plus interest accrued to the redemption date, without premium.

The District shall not be required to give notice of sinking fund redemption of the Series 2020 Bonds pursuant to paragraph (b) above.

**Section 2.04. Form of Series 2020 Bonds.** The Series 2020 Bonds, and the form of assignment to appear thereon shall be substantially in the forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution, as set forth in Exhibit A attached hereto.

**Section 2.05. Execution of Series 2020 Bonds.** The Series 2020 Bonds shall be executed on behalf of the Board of Directors by the facsimile signatures of the President of the Board of Directors, countersigned by the Secretary who are in office on the date of adoption of this Resolution or at any time thereafter, and the seal of the District may be impressed, imprinted or reproduced by facsimile thereon. If any officer whose signature appears on any Series 2020 Bond ceases to be such officer before delivery of the Series 2020 Bonds to the Original Purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Series 2020 Bonds to the purchaser. Any Series 2020 Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond shall be the proper officers of the District although at the nominal date of such Series 2020 Bond any such person shall not have been such officer of the District.

**Section 2.06. Transfer of Series 2020 Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept by the District, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond

for cancellation at the Principal Office at the District, accompanied by delivery of a written instrument of transfer in a form approved by the District, duly executed. The District shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Series 2020 Bonds shall be surrendered for transfer, the District shall execute and deliver a new Bond or Series 2020 Bonds, for like aggregate principal amount.

**Section 2.07. Series 2020 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Series 2020 Bond shall become mutilated, the District, at the expense of the Owner of such Series 2020 Bond, shall execute and deliver, a new Series 2020 Bond of like principal amount in exchange and substitution for the Series 2020 Bond so mutilated, but only upon surrender to the District of the Bond so mutilated. Every mutilated Series 2020 Bond so surrendered to the District shall be canceled by it. If any Series 2020 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and, if such evidence be satisfactory to the District and indemnity satisfactory to it shall be given, the District, at the expense of the Owner, shall execute and deliver, a new Series 2020 Bond of like principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the District in the premises. Any Series 2020 Bond issued under the provisions of this Section 2.08 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Series 2020 Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Series 2020 Bonds issued pursuant to this Resolution.

### ARTICLE III

#### ISSUE AND SALE OF BONDS; APPROVALS; SECURITY FOR BONDS

**Section 3.01. Sale of the Series 2020 Bonds.** The Series 2020 Bonds shall be sold to the Original Purchaser at their face amount or such other amount set forth in the Certificate of Bond Terms.

**Section 3.02. Issuance and Delivery of Series 2020 Bonds.** At any time after the adoption of this Resolution and the sale of the Series 2020 Bonds, the District may issue and deliver the Series 2020 Bonds. The District Representative shall be, and is hereby, directed to cause the Series 2020 Bonds to be prepared, executed, registered and to be delivered to the Original Purchaser upon the District's receipt of the purchase price therefor and upon the Original Purchaser's performance of the conditions imposed by the District.

**Section 3.03. Official Actions.** For the purposes hereof, each District Representative and any and all other officers of the District are each authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all certificates, requisitions, notices, consents and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful sale, issuance and delivery of the Series 2020 Bonds. The Secretary is hereby authorized and directed to cause a copy of this resolution, duly certified as to adoption, to be filed with the Treasurer immediately upon the adoption hereof.

## ARTICLE IV

### APPLICATION OF BOND PROCEEDS, FUNDS

**Section 4.01. Application of Proceeds of Sale of Series 2020 Bonds.** On the Closing Date, the proceeds of the sale of the Series 2020 Bonds shall be paid to or upon the direction of the Treasurer. On the Closing Date, the Treasurer is hereby authorized and directed to cause to be established and administered as special funds, separate and distinct from other funds, the Refunding Fund, which is further described in Section 4.02, and the Debt Service Fund, which is further described in Section 4.03. The proceeds of the Series 2020 Bonds shall be deposited in such funds or transferred in the amounts provided in the Certificate of Bond Terms.

**Section 4.02. Refunding Fund.**

(a) **Establishment.** On or before the Closing Date, the Treasurer shall establish and hold the Refunding Fund to receive the proceeds of the sale of the Series 2020 Bonds as provided in Section 4.01 and to be held by the Treasurer for the benefit of the District.

(b) **Disbursement.** Amounts in the Refunding Fund shall be disbursed from time to time to redeem the Series 2012 Bonds and to pay Costs of Issuance as set forth in a requisition therefor containing respective amounts to be paid to the designated payees and delivered to the Treasurer concurrently with the delivery of the Series 2020 Bonds. The Treasurer shall redeem the Series 2012 Bonds in accordance with the Series 2012 Bonds Resolution. In addition, the Treasurer shall pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of a Written Request of the District requesting payment of a Cost of Issuance not listed on the initial requisition delivered to the Treasurer on the Closing Date.

(c) **Investment.** Moneys in the Refunding Fund shall be invested in accordance with Section 4.04 hereof. Interest earnings and profits resulting from such investment shall be retained by the Treasurer in the Refunding Fund to be used for the purposes of such fund, pending its closing.

(d) **Closing of Fund.** The Treasurer shall maintain the Refunding Fund for a period of 90 days from the Closing Date or until the last known Costs of Issuance have been paid, whichever is earlier, and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Debt Service Fund and the Refunding Fund shall be closed.

(e) **Payment of Amounts Directly by Original Purchaser.** Notwithstanding the foregoing provisions of this Section 4.02, the Original Purchaser may directly pay, on behalf of the District, the redemption price of the Series 2012 Bonds and the Costs of Issuance, in which case the Treasurer need not establish a Refunding Fund.



**Section 4.03. Debt Service Fund.**

(a) **Establishment.** On or before the Closing Date, the Treasurer shall establish and hold the Debt Service Fund as a separate fund to the credit of which deposits shall be made from the proceeds of taxes levied pursuant to Section 5.01 and any other amounts required to be deposited therein by this Resolution, the Refunding Bond Law, or the Act. Moneys in the Debt Service Fund shall be held by the Treasurer for the benefit of the District and the Bond Owners, shall be disbursed for the payment of the principal of, and interest and any premium on, the Series 2020 Bonds as provided below.

(b) **Disbursements.** Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Series 2020 Bonds as the same become due and payable, shall be applied by the Treasurer, on or before each Interest Payment Date, to make payments of principal and interest on the Series 2020 Bonds to the Bondowners.

(c) **Investment.** Moneys in the Debt Service Fund and the accounts therein shall be invested in accordance with Section 4.04. Interest earnings and profits resulting from such investment and deposit shall be retained in the Debt Service Fund and any account therein.

(d) **Closing of Fund.** The Debt Service Fund shall be closed when all of the principal of and interest on the Series 2020 Bonds has been paid. If, after payment in full of the Series 2020 Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District, and used in accordance with applicable law.

**Section 4.04. Investment of Moneys in Funds.** Subject in all respects to the provisions hereof, moneys in any fund or account created or established hereunder shall be invested by the Treasurer in Authorized Investments and the following shall apply:

(a) **Principal or Agent.** The Treasurer may act as principal or agent in the acquisition or disposition of any investment. The Treasurer shall incur no liability for losses arising from any investments made pursuant to this Section.

(b) **Commingle.** Subject in all respects to the provisions of Section 4.04(e), investments in any and all funds and accounts may at the discretion of the Treasurer be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of the Treasurer hereunder, provided that the Treasurer shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Resolution.

(c) **Sale of Investments.** The Treasurer shall sell at the highest price reasonably obtainable, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and the Treasurer shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

(d) **Fair Market Value.** Except as otherwise provided in subsection (e) of this Section, the District covenants that all investments of amounts deposited in any fund or account under this Resolution, or otherwise containing gross proceeds of the Series 2020 Bonds (under section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Resolution or the Tax Code) at Fair Market Value.

(e) **Yield Restricted Funds.** Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) shall be valued at their present value (within the meaning of section 148 of the Tax Code).

## ARTICLE V

### COVENANTS OF THE BOARD

**Section 5.01. Levy of Taxes; Statutory Lien.** The Series 2020 Bonds are general obligations of the District, and the Board of Directors has the power, is obligated and shall cause to be levied by the County ad valorem taxes upon all property within the District subject to taxation without limitation of rate or amount, for the payment of the Series 2020 Bonds, so as to enable the District to punctually pay, or cause to be paid, the principal of and interest on the Series 2020 Bonds, in conformity with the terms of the Series 2020 Bonds and of this Resolution. The District shall cause such collection to commence on the County tax roll for the fiscal year 2021-22. Nothing herein contained shall prevent the District from making payment or advances of its own moneys, howsoever derived, to any of the uses or purposes permitted by applicable law.

In accordance with California Government Code Section 53515(a), the Series 2020 Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem taxes described in this Section 5.01. The lien shall automatically arise without the need for any action or authorization by the District or the Board of Directors, and shall be valid and binding from the time the Series 2020 Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the ad valorem tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

**Section 5.02. Extension of Time for Payment.** In order to prevent any accumulation of claims for interest after maturity, the Board will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Series 2020 Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default by the District hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Series 2020 Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

**Section 5.03. Federal Tax Covenants.** The following shall apply to the Series 2020 Bonds under the Tax Code:

(a) **Private Activity Bond Limitation.** The District shall assure that the proceeds of the Series 2020 Bonds are not so used as to cause the Series 2020 Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

(b) **Federal Guarantee Prohibition.** The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2020 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

(c) **Rebate Requirement.** The District shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2020 Bonds.

(d) **No Arbitrage.** The District shall not take, or permit or suffer to be taken by the Treasurer, or otherwise, any action with respect to the proceeds of the Series 2020 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2020 Bonds would have caused the Series 2020 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

(e) **Maintenance of Tax-Exemption.** The District shall take all actions necessary to assure the exclusion of interest on the Series 2020 Bonds from the gross income of the Owners of the Series 2020 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the Series 2020 Bonds.

(f) **Bank Qualification.** The District hereby designates the Bonds for purposes of paragraph (3) of section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the Bonds, has been or will be issued by the District, including all subordinate entities, during the calendar year 2020.

**Section 5.04. Information to be Provided to Bondowners.** The District hereby covenants and agrees that it will provide to the Bondowners the following information on an annual basis, no later than March 1 of each year, commencing March 1, 2021:

(a) Audited financial statements of the District, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (GASB).

(b) Assessed valuation of taxable property in the District for the most recent fiscal year available.

(c) Collection information for property taxes levied on taxable property in the District for the most recent fiscal year available.

(d) Such other financial and operating information concerning the District as shall be reasonably requested by the Bondowners.

## ARTICLE VI

[RESERVED]

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

**Section 7.01. Events of Default.** Any one or more of the following events shall constitute an “event of default:”

(a) **Principal.** If default shall be made by the District in the due and punctual payment of the principal of or redemption premium, if any, on any Series 2020 Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) **Interest.** If default shall be made by the District in the due and punctual payment of any installment of interest on any Series 2020 Bond when and as such interest installment shall become due and payable;

(c) **Covenants.** If default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in this Resolution or in the Series 2020 Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the District Representative; or

(d) **Bankruptcy.** If the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

**Section 7.02. Application of Funds Upon Default.** All of the sums in the Debt Service Fund and accounts provided for in Section 4.02 hereof upon the occurrence of an Event of Default as provided in Section 7.01 hereof, shall be applied in the following order, and upon the surrender thereof if fully paid:

(a) **Expenses.** First, to the payment of the costs and expenses of the Bondowners in declaring such event of default, including reasonable compensation to their agents, attorneys and counsel;

(b) **Interest.** Second, in case the principal of the Series 2020 Bonds shall not have become due and payable, to the payment of the interest in default in the order of the maturity of the installments of such interest, with interest on the overdue installments at the interest rate on the Series 2020 Bonds plus 3.0% (to the extent that such interest on overdue installments shall have been collected), such payments to be made ratably to the persons entitled thereto without discrimination or preference;

(c) **Principal.** Third, in case any principal of the Series 2020 Bonds shall have become and shall be then due and payable, all such sums shall be applied to the payment of the whole amount then owing and unpaid upon the Series 2020 Bonds for principal and interest, with interest on the overdue principal and installments of interest at the interest rate on the Series 2020 Bonds plus 3.0% (to the extent that such interest on overdue installments of interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2020 Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

**Section 7.03. Remedies of Bondowners.** Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(a) **Mandamus.** By mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Series 2020 Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) **Equity.** By suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights; or

(c) **Trust.** Upon the happening of any event of default (as defined in Section 7.01 hereof), by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the trustees of an express trust.

**Section 7.04. Non-Waiver.** Nothing in this Article VII or in any other provision of this Resolution, or in the Series 2020 Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Series 2020 Bonds to the respective Owners of the Series 2020 Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action against the District, which is also absolute and unconditional, of such Owners to institute suit against the District to enforce such payment by virtue of the contract embodied in the Series 2020 Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Series 2020 Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence

therein, and every power and remedy conferred upon the Bondowners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Series 2020 Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the District and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 7.05. Remedies Not Exclusive.** No remedy herein conferred upon the Owners of Series 2020 Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Bondowners.

## ARTICLE VIII

### SUPPLEMENTAL RESOLUTIONS

**Section 8.01. Supplemental Resolutions Effective Without Owner's Consent.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Board of Directors may be adopted, which shall be approved by the Original Purchaser in writing, to the extent the Original Purchaser is the Owner of the Series 2020 Bonds, or if the Original Purchaser is not the Owner of the Series 2020 Bonds, without the consent of the Owners of the Series 2020 Bonds, and which shall be fully effective in accordance with its terms:

(a) **Covenants.** To add covenants and agreements of the Board of Directors in this Resolution, which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) **Restrictions.** To add limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Board of Directors which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) **Pledge.** To confirm, as further assurance, any pledge of the District under this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) **Cure.** To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(e) **Taxation.** To make such additions, deletions or modifications as may be necessary to assure exclusion from gross income for purposes of federal income taxation of interest on the Series 2020 Bonds.

**Section 8.02. Supplemental Resolutions Effective With Owner's Consent.** Any modification or amendment of this Resolution and of the rights and obligations of the District and of the Owners of the Series 2020 Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of the Owners of at least two-thirds in aggregate principal amount of the Series 2020 Bonds Outstanding at the time such consent is given. No such

modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Series 2020 Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Series 2020 Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in Section 7.01 hereof relating to Events of Default, or shall reduce the amount of moneys pledged by the District for the repayment of the Series 2020 Bonds without the consent of all the Owners of such Series 2020 Bonds.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Benefits of Resolution Limited to Parties.** Nothing in this Resolution, expressed or implied, is intended to give to any person other than the Board of Directors, the District and the Owners of the Series 2020 Bonds, any right, remedy, or claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners of the Series 2020 Bonds.

**Section 9.02. Defeasance.**

(a) **Discharge of Resolution.** Series 2020 Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District by:

(i) paying or causing to be paid the principal of and interest on Series 2020 Bonds Outstanding, as and when the same become due and payable; or

(ii) depositing, in trust, at or before maturity, money or securities (as in Section 9.02(c)) in the necessary amount to pay the Series 2020 Bonds Outstanding.

If the District shall pay all Series 2020 Bonds Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District, and notwithstanding that any Series 2020 Bonds shall not have been surrendered for payment, this Resolution and other assets made under this Resolution and all covenants, agreements and other obligations of the District under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b).

(b) **Discharge of Liability on Series 2020 Bonds.** Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c) to pay any Outstanding Series 2020 Bond (whether upon or prior to its maturity date), then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Series 2020 Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities

deposited in trust as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

The District may at any time cancel any Series 2020 Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Series 2020 Bonds, upon such cancellation, shall be deemed to be paid and retired.

**(c) Deposit of Money or Securities with Escrow Bank.** Whenever in this Resolution it is provided or permitted that there be deposited with or held in trust by an escrow bank money or securities in the necessary amount to pay any Series 2020 Bonds, the money or securities so to be deposited or held may include money or securities held by such escrow bank in the funds and accounts established pursuant to this Resolution and shall be:

**(i)** lawful money of the United States of America in an amount equal to the principal amount of such Series 2020 Bonds and all unpaid interest thereon to maturity; or

**(ii)** Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant, knowledgeable in calculation of amounts necessary to defease municipal securities, delivered to the District, will provide money sufficient to pay the principal of and all unpaid interest to maturity, on the Series 2020 Bonds to be paid, as such principal and interest become due;

provided, in each case, that such escrow bank shall have been irrevocably instructed (by the terms of this Resolution or by request of the District) to apply such money to the payment of such principal and interest with respect to such Series 2020 Bonds.

**(d) Payment of Series 2020 Bonds After Discharge of Resolution.** Notwithstanding any provisions of this Resolution, subject to Section 4.04, any moneys held by the District in trust for the payment of the principal of, or interest on, any Series 2020 Bonds and remaining unclaimed for two years after the principal of all of the Series 2020 Bonds has become due and payable, if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Series 2020 Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Resolution, and all liability of the District with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the District may first mail to the Owners of all Series 2020 Bonds which have not been paid at the addresses shown on the records maintained by the District a notice in such form as may be deemed appropriate by the District, with respect to the Series 2020 Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

**Section 9.03. Execution of Documents and Proof of Ownership by Bondowners.** Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor, and shall be executed by Bondowners in person or by their attorneys appointed in writing.



Except as otherwise herein expressly provided, the fact and date of the execution by any Bondowner or Bondowner's attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Series 2020 Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the District or the District Representative in good faith and in accordance therewith.

**Section 9.04. Waiver of Personal Liability.** No board member, officer, agent or employee of the Board of Directors or the District shall be individually or personally liable for the payment of the principal of or interest on the Series 2020 Bonds; but nothing herein contained shall relieve any such boardmember, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.05. Waiver of Jury Trial and Sovereign Immunity; Judicial Reference.** To the fullest extent permitted by law, the District waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, the Bonds, or any documents relating to the Bonds, or the enforcement of any remedy under any law, statute, or regulation. To the extent such waiver is not enforceable, the District hereby consents to the adjudication of any and all such matters pursuant to Judicial Reference as provided in Section 638 of the California Code of Civil Procedure, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law.. To the extent the District has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to the Bonds.

**Section 9.06. Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The Board of Directors hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Series 2020 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the District is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the District hereunder shall be assumed by and vest in the District Representative in trust for the benefit of the Bondowners. Nothing in this Section 9.05 is intended to create, nor shall the remaining portions of this Resolution create, any liability or obligation of the Board of Directors or the District beyond those specifically imposed by statute.

**Section 9.07. Effective Date of Resolution.** This Resolution shall take effect immediately upon adoption.

**Section 9.08. Website Disclosure.** If the District elects or is required to post documentation related to this Resolution on a national public market repository, the District may do so with certain information redacted pursuant to this Section. With respect to any such posting, the District shall provide such documentation to the Original Purchaser for review with reasonable advance notice prior to any posting deadline imposed by applicable law and shall consider in good faith reasonable redaction requests of the Bank Sensitive Data (defined below) that are provided within a reasonable period prior to such posting deadline. The District shall redact such “Bank Sensitive Data” as directed by the Original Purchaser. For the purpose of this Section, “Bank Sensitive Data” means signatures/names, account numbers, wire transfer and payment instructions and any other data that could be reasonably construed as sensitive information.

I HEREBY CERTIFY that the foregoing Resolution No. \_\_\_\_\_ was duly and regularly adopted and passed by the Board of Directors of the Montara Water and Sanitary District, San Mateo County, California, at a meeting on November 5, 2020 by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

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Secretary, Montara Water and Sanitary District

**EXHIBIT A**

**FORM OF SERIES 2020 BOND**

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN MATEO**

**MONTARA WATER AND SANITARY DISTRICT  
GENERAL OBLIGATION REFUNDING BOND  
SERIES 2020**

INTEREST RATE:  
\_\_\_\_%

MATURITY DATE:  
August 1, 2028

BOND DATE  
\_\_\_\_\_, 2020

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL SUM: \_\_\_\_\_ DOLLARS

The MONTARA WATER AND SANITARY DISTRICT, a sanitary district, duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated on an Interest Payment Date (as defined below), in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such interest payment date, or (iii) this Bond is authenticated on or prior to January 15, 2021, in which event it shall bear interest from the Bond Date stated above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable on February 1 and August 1 (each an "Interest Payment Date"), in each year, commencing February 1, 2021, calculated on the basis of a 360-day year and the actual number of days elapsed. Principal hereof is payable at the office of the District, in Montara, California. Interest hereon (including the final interest payment upon maturity) is payable by pre-authorized debit of a District account maintained by the District with the Registered Owner, so long as the Bonds are owned by the Registered Owner, and otherwise payable by check or draft of the District mailed by first-class mail to the Owner at the Owner's address as it appears on the records maintained by the District as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the District for that purpose.

This Bond is one of a duly authorized issue of Series 2020 Bonds of the District designated as "Montara Water and Sanitary District (San Mateo County, California) General Obligation Refunding Bonds, Series 2020" (the "Series 2020 Bonds"), in an aggregate principal amount of \$8,500,000 all of like tenor and date (except for such variation, if any, as may be required to

designate varying numbers, maturities, interest rates or redemption and other provisions). The Series 2020 Bonds have been issued by the District to optional redeem certain outstanding general obligation bonds of the District. The Series 2020 Bonds have been issued pursuant and subject to the conditions specified in Resolution No. \_\_\_\_ of the Board of Directors of the District adopted November 5, 2020 (the "Resolution").

This Bond and the issue of which this Bond is a part are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. In accordance with California Government Code Section 53515(a), this Bond is secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem taxes described in the Resolution. The lien automatically arises without the need for any action or authorization by the District or the Board of Directors, and shall be valid and binding from the time this Bond is executed and delivered. The revenues received pursuant to the levy and collection of the ad valorem tax are immediately subject to the lien, and the lien immediately attaches to the revenues and is effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

This Bond is not subject to optional redemption prior to maturity.

This Bond is subject to mandatory redemption on February 1, 2021 and each February 1 and August 1 thereafter in the amounts set forth below, in each case at a redemption price equal to such amounts, plus interest accrued to the redemption date, without premium.

[Sinking funds redemption table to come]

The District shall not be required to give notice of any sinking fund redemption of this Bond.

This Bond is a "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for eighty percent (80%) of that portion of such financial institutions' interest expense allocable to interest on this Bond.

This Bond is transferable by the Owner hereof, in person or by his or her attorney duly authorized in writing, at said office of the District in Montara, California, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange therefor. The District may treat the Owner hereof as the absolute owner hereof for all purposes, and the District shall not be affected by any notice to the contrary.

Reference is hereby made to the Resolution (copies of which are on file at the office of the District) for a description of the terms on which this Bond is issued and the rights thereunder of the owners of this Bond and the rights and obligations of the District thereunder, to all of the provisions of which Resolution the Owner of this Bond, by acceptance hereof, assents and

agrees. The Resolution may be amended without the consent of the Owners of this Bond to the extent set forth in the Resolution.

The District has certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that all things necessary to consummate the lawful issuance and sale of the this Bond, the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of this Bond permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the Montara Water and Sanitary District, San Mateo County, California, has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the President of the Board of Directors of the District and to be countersigned by the manual or facsimile signature of the Secretary of the District, all as of the Bond Date stated above.

MONTARA WATER AND SANITARY  
DISTRICT

By: \_\_\_\_\_  
President of the Board of Directors

COUNTERSIGNED:

\_\_\_\_\_  
Secretary

(FORM OF ASSIGNMENT)

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_,  
attorney, to transfer the same on the registration books of the District, with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed  
by a qualified guarantor.

NOTICE: The signature on this assignment  
must correspond with the name(s) as written  
on the face of the within Bond in every  
particular without alteration or enlargement  
or any change whatsoever.



# Montara Water and Sanitary District



## General Obligation Refunding Bonds, Series 2020 *Refunding of 2012 General Obligation Bonds*

Bond Numbers & Savings Analysis  
Draft 10/30/20



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS



Table 1  
Montara Water & Sanitary District  
General Obligation Bonds, Series 2012  
Outstanding Debt Service

Original Loan Amount	\$15,635,000
Interest Rate (Actual/360)	2.400%
Term (Years)	16.29
Payments/Year	2
Dated Date	04/18/12

Payment Date	Principal	Interest	Period Debt Svc	Annual Debt Svc	Fiscal Year Debt Svc
02/01/21	473,200.98	102,017.06	575,218.04		575,218.04
08/01/21	480,574.26	94,643.78	575,218.04	1,150,436.08	
02/01/22	484,900.62	90,317.42	575,218.04		1,150,436.08
08/01/22	492,224.32	82,993.72	575,218.04	1,150,436.08	
02/01/23	496,886.69	78,331.35	575,218.04		1,150,436.08
08/01/23	504,159.60	71,058.44	575,218.04	1,150,436.08	
02/01/24	509,166.19	66,051.85	575,218.04		1,150,436.08
08/01/24	516,062.03	59,156.01	575,218.04	1,150,436.08	
02/01/25	521,742.32	53,475.72	575,218.04		1,150,436.08
08/01/25	528,909.90	46,308.14	575,218.04	1,150,436.08	
02/01/26	534,630.32	40,587.72	575,218.04		1,150,436.08
08/01/26	541,743.28	33,474.76	575,218.04	1,150,436.08	
02/01/27	547,833.84	27,384.20	575,218.04		1,150,436.08
08/01/27	554,890.85	20,327.19	575,218.04	1,150,436.08	
02/01/28	561,360.59	13,857.45	575,218.04		1,150,436.08
08/01/28	568,322.43	6,895.61	575,218.04	1,150,436.08	575,218.04
Total	8,316,608.22	886,880.42	9,203,488.64	9,203,488.64	9,203,488.64

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Table 2  
Montara Water & Sanitary District  
Refunding Requirement

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<b>Outstanding Principal</b>	\$8,316,608.22
<b>Accrued Interest Through Redemption Date</b>	
Interest Rate (Actual / 360)	2.40%
Daily Interest	\$554.44
Prior payment date	08/02/20
Refunding date	11/13/20
Days of Accrued Interest	103
Accrued Interest	\$57,107.38
<b>Total Refunding Requirement on 11/13/20</b>	<b>\$8,373,715.60</b>

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*Verification of calculations provided by First Republic Bank.*

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Table 3  
Montara Water & Sanitary District  
Sources & Uses of Funds

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**Sources**

Debt Proceeds		\$7,663,715.60
Cash Contribution	tbd	<u>780,000.00</u>
Total sources		8,443,715.60

**Uses**

Refunding Requirement on 11/13/20		8,373,715.60
Costs of Issuance/Contingency	est	<u>70,000.00</u>
Total uses		8,443,715.60

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Table 4  
 Montara Water & Sanitary District  
 Refunding Issue

Dated Date	11/13/20
Principal	\$7,663,715.60
Interest Rate	1.140%
Day Count	30/360

	Payment Date	Principal	Interest	Period Debt Service	Annual Debt Service	Outstanding Balance
1	02/01/21	\$481,975.31	\$18,929.38	\$500,904.69		7,181,740.29
2	08/01/21	459,968.77	40,935.92	500,904.69	1,001,809.38	6,721,771.52
3	02/01/22	462,590.59	38,314.10	500,904.69		6,259,180.92
4	08/01/22	465,227.36	35,677.33	500,904.69	1,001,809.38	5,793,953.57
5	02/01/23	467,879.15	33,025.54	500,904.69		5,326,074.41
6	08/01/23	470,546.07	30,358.62	500,904.69	1,001,809.38	4,855,528.35
7	02/01/24	473,228.18	27,676.51	500,904.69		4,382,300.17
8	08/01/24	475,925.58	24,979.11	500,904.69	1,001,809.38	3,906,374.59
9	02/01/25	478,638.35	22,266.34	500,904.69		3,427,736.23
10	08/01/25	481,366.59	19,538.10	500,904.69	1,001,809.38	2,946,369.64
11	02/01/26	484,110.38	16,794.31	500,904.69		2,462,259.26
12	08/01/26	486,869.81	14,034.88	500,904.69	1,001,809.38	1,975,389.44
13	02/01/27	489,644.97	11,259.72	500,904.69		1,485,744.47
14	08/01/27	492,435.95	8,468.74	500,904.69	1,001,809.38	993,308.53
15	02/01/28	495,242.83	5,661.86	500,904.69		498,065.70
16	08/01/28	498,065.70	2,838.97	500,904.67	1,001,809.36	0.00
	Total	7,663,715.60	350,759.42	8,014,475.02		

Table 5  
Montara Water & Sanitary District  
Savings Analysis

Dated Date: 11/13/20

2012 General Obligation Bonds				2020 Refunding Bonds				Gross Savings		Present Value Savings	
Payment Date	Debt Service	Period	PV 1.1400%	Payment Date	Debt Service	Period	PV 1.1400%	Gross Savings	Savings by FY	PV Savings	Savings by FY
02/01/21	575,218.04	0.43	573,803.03	02/01/21	500,904.69	0.43	499,672.49	74,313.35	74,313.35	74,130.54	74,130.54
08/01/21	575,218.04	1.43	570,550.89	08/01/21	500,904.69	1.43	496,840.50	74,313.35		73,710.39	
02/01/22	575,218.04	2.43	567,317.18	02/01/22	500,904.69	2.43	494,024.56	74,313.35	148,626.70	73,292.63	147,003.02
08/01/22	575,218.04	3.43	564,101.80	08/01/22	500,904.69	3.43	491,224.58	74,313.35		72,877.23	
02/01/23	575,218.04	4.43	560,904.64	02/01/23	500,904.69	4.43	488,440.46	74,313.35	148,626.70	72,464.18	145,341.40
08/01/23	575,218.04	5.43	557,725.61	08/01/23	500,904.69	5.43	485,672.13	74,313.35		72,053.47	
02/01/24	575,218.04	6.43	554,564.59	02/01/24	500,904.69	6.43	482,919.49	74,313.35	148,626.70	71,645.10	143,698.57
08/01/24	575,218.04	7.43	551,421.49	08/01/24	500,904.69	7.43	480,182.45	74,313.35		71,239.03	
02/01/25	575,218.04	8.43	548,296.20	02/01/25	500,904.69	8.43	477,460.93	74,313.35	148,626.70	70,835.27	142,074.31
08/01/25	575,218.04	9.43	545,188.62	08/01/25	500,904.69	9.43	474,754.82	74,313.35		70,433.80	
02/01/26	575,218.04	10.43	542,098.66	02/01/26	500,904.69	10.43	472,064.06	74,313.35	148,626.70	70,034.60	140,468.40
08/01/26	575,218.04	11.43	539,026.21	08/01/26	500,904.69	11.43	469,388.54	74,313.35		69,637.67	
02/01/27	575,218.04	12.43	535,971.18	02/01/27	500,904.69	12.43	466,728.19	74,313.35	148,626.70	69,242.98	138,880.65
08/01/27	575,218.04	13.43	532,933.46	08/01/27	500,904.69	13.43	464,082.92	74,313.35		68,850.54	
02/01/28	575,218.04	14.43	529,912.95	02/01/28	500,904.69	14.43	461,452.64	74,313.35	148,626.70	68,460.31	137,310.85
08/01/28	575,218.04	15.43	526,909.57	08/01/28	500,904.67	15.43	458,837.25	74,313.37	74,313.37	68,072.32	68,072.32
<b>Total</b>	<b>9,203,488.64</b>		<b>8,800,726.07</b>		<b>8,014,475.02</b>		<b>7,663,746.00</b>	<b>1,189,013.62</b>	<b>1,189,013.62</b>	<b>1,136,980.07</b>	<b>1,136,980.07</b>
<b>Total Savings</b>								<u>Gross Savings</u>		<u>PV Savings</u>	
Debt Service Savings								1,189,013.62		1,136,980.07	
Less Cash Adjustment on Closing Date								<u>(780,000.00)</u>		<u>(780,000.00)</u>	
Total								<b>409,013.62</b>		<b>356,980.07</b>	
<b>Refunded Principal</b>								8,316,608.22		8,316,608.22	
<b>Savings % of Refunded Principal</b>								4.9180%		4.2924%	

Table 6  
 Montara Water & Sanitary District  
 Average Life

Dated Date	11/13/20
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	Payment Date	Principal	Period	Period Debt Service
1	02/01/21	\$481,975.31	0.21667	\$104,427.98
2	08/01/21	459,968.77	0.71667	329,644.29
3	02/01/22	462,590.59	1.21667	562,818.55
4	08/01/22	465,227.36	1.71667	798,640.30
5	02/01/23	467,879.15	2.21667	1,037,132.13
6	08/01/23	470,546.07	2.71667	1,278,316.81
7	02/01/24	473,228.18	3.21667	1,522,217.31
8	08/01/24	475,925.58	3.71667	1,768,856.74
9	02/01/25	478,638.35	4.21667	2,018,258.40
10	08/01/25	481,366.59	4.71667	2,270,445.77
11	02/01/26	484,110.38	5.21667	2,525,442.50
12	08/01/26	486,869.81	5.71667	2,783,272.43
13	02/01/27	489,644.97	6.21667	3,043,959.56
14	08/01/27	492,435.95	6.71667	3,307,528.11
15	02/01/28	495,242.83	7.21667	3,574,002.43
16	08/01/28	498,065.70	7.71667	3,843,406.95
	Total	7,663,715.60		30,768,370.25
A Total Principal x Period				30,768,370.25
B Total Principal				7,663,715.60
C Average Life (Years) = A / B				4.01481

Table 7  
Montara Water & Sanitary District  
True Interest Cost (TIC)

Dated Date	11/13/20
Principal	\$7,663,715.60
Interest Rate	1.140%
Day Count	30/360

	Payment Date	Period Debt Service	Semi-Annual Period	TIC 1.1401%	All-In TIC 1.3769%
1	02/01/21	\$500,904.69	0.43333	499,672.38	499,417.72
2	08/01/21	500,904.69	1.43333	496,840.13	496,003.09
3	02/01/22	500,904.69	2.43333	494,023.94	492,611.80
4	08/01/22	500,904.69	3.43333	491,223.72	489,243.70
5	02/01/23	500,904.69	4.43333	488,439.36	485,898.62
6	08/01/23	500,904.69	5.43333	485,670.79	482,576.42
7	02/01/24	500,904.69	6.43333	482,917.91	479,276.93
8	08/01/24	500,904.69	7.43333	480,180.64	476,000.01
9	02/01/25	500,904.69	8.43333	477,458.88	472,745.48
10	08/01/25	500,904.69	9.43333	474,752.55	469,513.21
11	02/01/26	500,904.69	10.43333	472,061.56	466,303.04
12	08/01/26	500,904.69	11.43333	469,385.82	463,114.82
13	02/01/27	500,904.69	12.43333	466,725.25	459,948.39
14	08/01/27	500,904.69	13.43333	464,079.75	456,803.62
15	02/01/28	500,904.69	14.43333	461,449.26	453,680.34
16	08/01/28	500,904.67	15.43333	458,833.65	450,578.41
	Total	8,014,475.02		7,663,715.60	7,593,715.60
<b>TIC Target Value</b>					
	Par Amount of Bonds			7,663,715.60	7,663,715.60
	+ Premium, or - Discount			0.00	0.00
	- Bond Insurance Premium			0.00	0.00
	- Reserve Fund Surety Bond Fee			0.00	0.00
	- Underwriter's Discount			0.00	0.00
	- Costs of Issuance/Contingency			0.00	(70,000.00)
	+ Accrued interest			0.00	0.00
	TIC Target			7,663,715.60	7,593,715.60
	<b>True Interest Cost (TIC)</b>			1.1401%	1.3769%