

MEMORANDUM

TO: Financial, Expenditure and Legal Subcommittee

SUBJECT: Refinancing of Series 2019-2020 Flood Control and Water Quality Enhancement Bonds

DATE: June 1, 2023

FROM: John Winkler, General Manager

The District currently has outstanding its (i) Flood Protection and Water Quality Enhancement Refunding Bonds, Taxable Series 2019, presently outstanding in the principal amount of \$31,255,000 (the “2019 Bonds”) and (ii) Flood Protection and Water Quality Enhancement Refunding Bonds, Taxable Series 2020, presently outstanding in the principal amount of \$18,750,000 (the “2020 Bonds”). The market value of the 2019 Bonds and the 2020 Bonds have declined such that the District can achieve savings by making a tender offer for some or all of the 2019 Bonds and the 2020 Bonds. The bondholders will receive information with instructions on how to tender their bonds in exchange for cash although the District retains the right to purchase, at its discretion, some or all of the 2019 Bonds and 2020 Bonds tendered by bondholders. The proceeds of the 2023 Refunding Bonds of the District will finance the purchase of the tendered bonds. D.A. Davidson will act as Underwriter and as Dealer-Manager on this transaction and Globic Advisors will act as the Information Agent and Tender Agent. D.A. Davidson’s role as Underwriter for the 2023 Refunding Bonds will be consistent with prior bond issuances. With respect to the tender offer, the D.A. Davidson, as Dealer Manager, will solicit tenders of the 2019 Bonds and 2020 Bonds, distribute materials, and take related actions. As Information Agent and Tender Agent, Globic will communicate with various parties and facilitate the tender process.

The resolution authorizes (i) the District to initiate a tender offer for the 2019 Bonds and the 2020 Bonds, (ii) the District to issue its Flood Protection and Water Quality Enhancement Refunding Bonds, Series 2023, in the aggregate principal amount of not to exceed Fifty-Five Million Dollars (\$55,000,000), and (iii) Authorized Officers of the District to determine the final terms of the 2023 Refunding Bonds and approve, execute, and deliver any and all agreements, amendments, documents and instruments (including but not limited to any agreement related to the issuance of the 2023 Refunding Bonds, the tender offer of the 2019 Bonds and the 2020 Bonds, and the purchase of the tendered bonds) and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the transactions contemplated by the resolution and to do and cause to be done any and all acts and things required to perform the District’s obligations under the Dealer Manager Agreement, the Invitation to Tender, the Bond Purchase Agreement, the Information Agent Engagement Letter and any other documents relating to the issuance of the 2023 Refunding Bonds, the tender offer of the 2019 Bonds and the 2020 Bonds, and the purchase of the tendered bonds.

Management recommends that the Subcommittee recommend to the Board of Directors that the Board authorized the possible refinancing of 2019 and 2020 Series Flood Control and Water Quality Enhancement bonds subject to approval by District Legal Counsel and the General Manager.