



Ladera Recreation District

2021 Pool Project Financing

District Special Board Meeting - April 5, 2021

Overview of Oppenheimer & Co. Inc.

Oppenheimer checks the boxes and stands apart for its ability to focus its resources on an issuer's financings

- National Firm: Publicly traded on NYSE (Symbol: OPY)
- Large, independent full service retail broker-dealer
- 92 offices in 24 states, the District of Columbia, and 5 foreign jurisdictions
- 2,908 total employees
 - Women and minorities make up approximately 46% of the Firm's workforce
- 1,002 financial advisors; over 350,000 accounts
 - \$104.8 billion of client assets under administration*
 - \$38.8 billion of client assets under management*
- \$685.7 million of Total Equity Capital*
 - \$250.1 million of Excess Net Capital, allowing the Firm to sole manage a fixed rate bond issue of over \$1.5 billion*

*As of December 30, 2020

New York City Headquarters



Oppenheimer checks the boxes:

- ✓ ***Distribution – well-rounded***
- ✓ ***Banking – sophisticated and resourceful***
- ✓ ***Capital – sufficient to sole-manage \$1.5 BN***
- ✓ ***Underwriter – “name brand” with demonstrated willingness to employ capital***

Municipal Capital Markets Overview

- Oppenheimer’s public finance bankers advise and raise capital for state and local governments, public agencies, private developers and other borrowers
- Product groups:
 - Education (K-12, charter schools, and higher ed.)
 - Senior Housing
 - Healthcare
 - Project Finance
 - General Municipal, Transportation and Utilities
 - Public-Private Partnership (P3) Advisory
- **Oppenheimer’s Q4 activity moved the Firm into the top 10 of municipal underwriters by total number of deals and top 25 by total par amount**



Public Finance Activity						
Role	2018		2019		2020	
	# of Transactions	Par Amount (\$mm)	# of Transactions	Par Amount (\$mm)	# of Transactions	Par Amount (\$mm)
Senior Manager	361	2,508.5	326	2,379.2	349	3,517.1
<i>Negotiated</i>	48	886.9	56	989.9	93	1,988.1
<i>Competitive</i>	313	1,621.6	270	1,389.3	256	1,529.0
Co-Manager	619	27,690.3	728	29,584.8	697	34,087.2
<i>Negotiated</i>	47	14,623.5	57	16,054.3	69	19,588.8
<i>Competitive</i>	572	13,066.8	671	13,530.5	628	14,498.4
Total	980	30,198.8	1,054	31,964.0	1,046	37,604.3

Retail Distribution

Oppenheimer has a large retail brokerage network with over 1,100 Financial Advisors.

Municipal Underwriting

Our underwriting capabilities include tax-exempt, taxable, fixed-rate, long and short-term municipal securities. We price transactions on a daily basis and frequently commit Firm capital on behalf of our clients.

Institutional Sales and Trading

Oppenheimer provides comprehensive taxable and tax-exempt bond distribution through its fixed income institutional sales force.

Municipal Research

Our fixed income research department includes dedicated municipal research analysts in New York and Los Angeles who provide thoughtful, insightful, and differentiated municipal market and issuer analysis.

Issuer

CSDA Finance Corporation

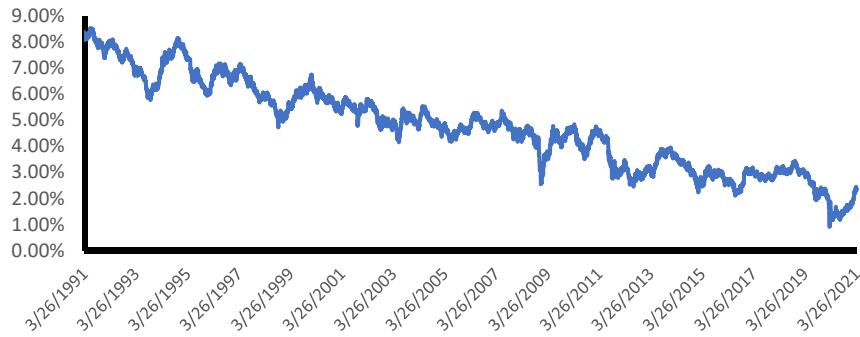
- The California Special Districts Association (CSDA) is a 501c(6), not-for-profit association that was formed in 1969 to promote good governance and improved core local services through professional development, advocacy, and other services for all types of independent special districts.
- For 25 years, CSDA has provided special districts and other public agencies with financing for capital improvement projects and equipment purchases. CSDA Finance Corporation's consultants are specialists in municipal finance and uniquely qualified to help special districts.
- The Financial Consulting Team has financed nearly \$1 billion in capital improvement programs for special districts in California.
- CSDA's goal is to help all special districts with:
 - Building/Construction
 - System Upgrades
 - Equipment
 - Land Purchases
 - Refinancing



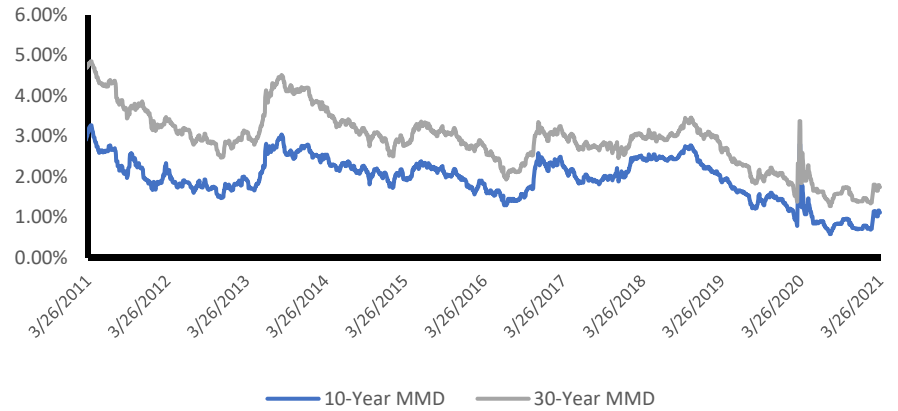
**California Special
Districts Association**
Districts Stronger Together

Overview of Municipal Bond Market

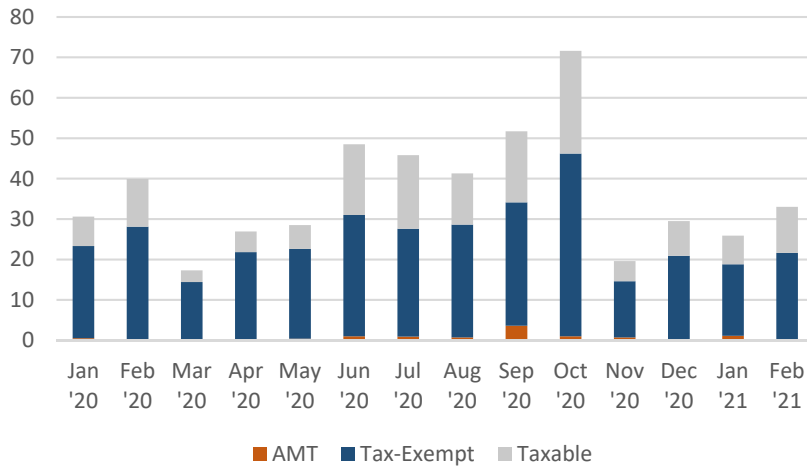
30-Year Treasury Yields 1991-2021



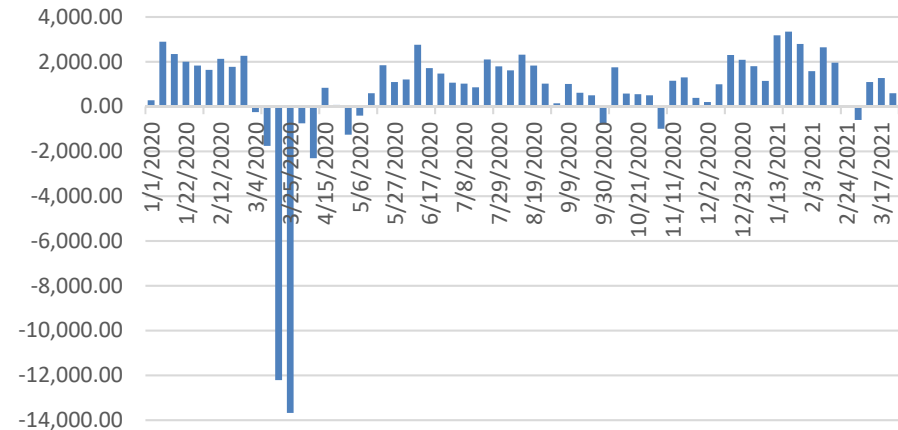
MMD Yields -Past Decade



Municipal Bond Issuance (\$ billions)



Weekly Flows (\$mils)



Lease/Leaseback Structure

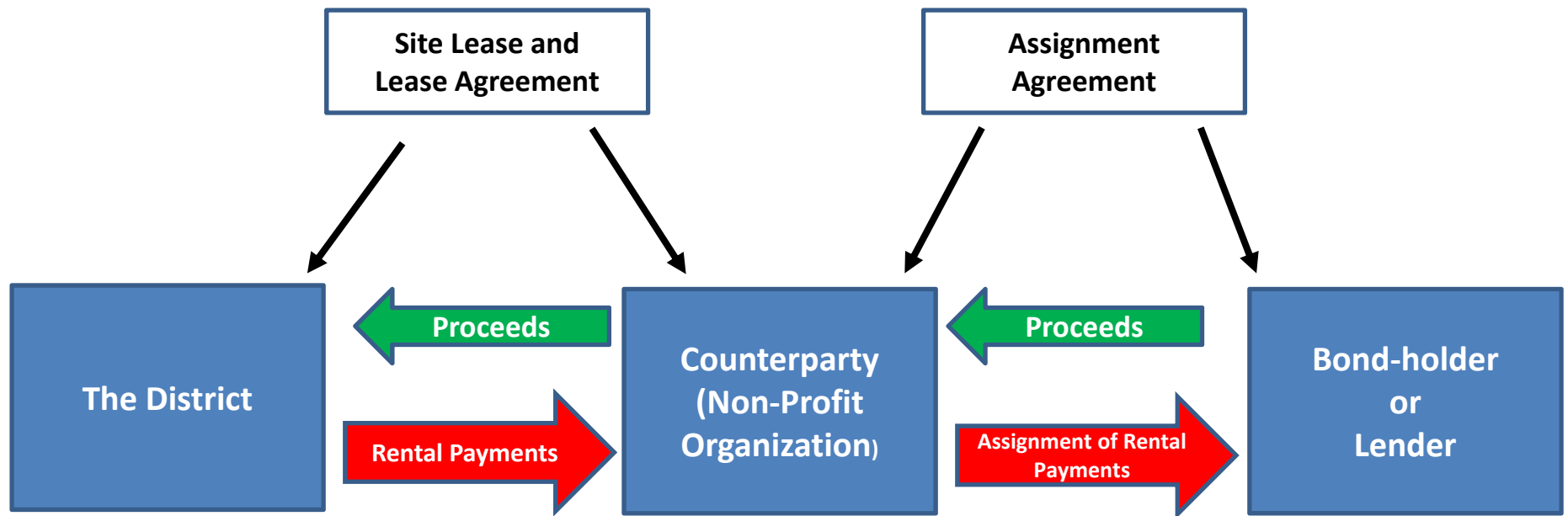
Lease/Leaseback

- Pursuant to the Site Lease, the District leases real property to the CSDAFC (the Counterparty) for a one-time site lease payment.
- Pursuant to the Lease Agreement, the District agrees to lease the property back from the Counterparty and makes rental payments to the Counterparty.
- Pursuant to the Assignment Agreement, the Counterparty assigns its right to receive the rental payments to Sterling National Bank (the Lender).
- As consideration for the assignment of rental payments, the Lender provides the funding for the project (i.e., the one-time site lease payment to the Counterparty).
- The lease requires an asset of equal or greater value.

Counterparty

- A counterparty is needed to facilitate the lease and act as lessor under the lease agreement since the District cannot lease the property to itself.

Lease/Leaseback Structure



Lease/Leaseback Structure

Associated Legal Documents

- **Site Lease:** Pursuant to the site lease, the District leases property to the CSDA Finance Corporation, (the “Counterparty”) in order to facilitate the financing of the project. The District will then lease the property back from the Counterparty pursuant to the lease agreement described below.
- **Lease Agreement:** Under the Lease Agreement, the District agrees to lease the property back from the Counterparty and make rental payments to the Counterparty (representing a principal component and an interest component). The lease agreement describes certain covenants, representations and warranties of the District and the Counterparty, as well as, among other things: (i) the terms and conditions related to the deposit and application of funds, (ii) the term of the financing and (iii) provisions related to the lease payments.
- **Assignment Agreement:** The Counterparty will assign its right to receive the lease payments as well as the right to enforce said payments to Sterling National Bank . As consideration for such assignment, Sterling National Bank provides the funding for the project and as such is entitled to receive the assigned lease payments the District makes pursuant to the lease agreement.

Lease Financing: A Common Financing Tool for Public Facilities

We have worked with well over 50 issuers on lease/leaseback structured financings since 2016, including:

Cities and Counties

City of Belvedere
City of Calistoga
City of Chula Vista
City of Gardena
City of Kerman
City of Madera
City of Marysville
City of Pismo Beach
City of San Dimas
City of Sanger
Calaveras County
Imperial County
Kern County
Madera County
Mono County
Monterey County
Sonoma County
Town of Fairfax
Town of Yountville

Special Districts

Cordova R&P District
Cosumnes CSD
Fulton-El Camino R&P District
Graton FPD
Highlands R&P District
Lakeside FPD
Orangevale R&P District
Pleasant Hill R&P District
Richgrove CSD
Scotia CSD
Woodside FPD
San Ramon Valley FPD
State Bar of California

School Districts

Benicia USD
Cardiff School District
Elk Grove USD
Linden USD
Los Gatos-Saratoga JUHSD
Oak Grove USD
Sonora ESD
Yosemite USD

Direct Placement Financing

Direct Placement – Lease Financing

- Placement Agent places the financing directly with an accredited investor (Bank) through a RFP process.
- Rating is not needed, and POS is not produced nor distributed; responsibility of due diligence resides with the purchaser.
- Typically higher yields than public offering; but reduced costs of issuance and faster process. Ideal for smaller financings.

Cost Difference with a Public Offering

Current Private Placement Fee Breakdown		Estimated Public Offering Expenses	
Bond Counsel	17,500	Bond and Disclosure Counsel	45,000
Placement Agent	17,500	Underwriter's Counsel	7,500
Counterparty	3,500	Trustee	5,000
Counterparty Counsel	3,500	Counterparty	3,500
Lenders Legal	-	Counterparty Counsel	3,500
CDIAC	313	Rating Agency	15,000
Title	1,563	Printing	3,500
Miscellaneous	6,125	CDIAC	343
Total	\$50,000	Title	1,715
		Miscellaneous	6,125
		Underwriter's Discount	20,000
		Debt Service Reserve Fund	89,253
		Total	\$200,436

Direct Placement Financing

Lender RFP process

- Oppenheimer distributed a lender RFP to present the transaction to our portfolio of investors, creating a competitive environment to yield the most aggressive interest rates and favorable terms in the market.
- Lender RFP includes a description and key terms of the transaction, financial reports, economic and demographic information, and all other relevant information.

Requested in the Proposal

- Interest rate
- Rate lock ability and terms
- Prepayment terms
- Any proposer costs

RFP was distributed to 17 banks

Bank of Marin

Bank of the West

BB&T

BBVA Compass

Banner Bank

BCI Capital Management

California Bank and Trust

Capital One

First Foundation

JP Morgan

Municipal Finance Corp

Pacific Western Bank

Pinnacle Public Finance

River City Bank

Signature Public Funding

Sterling National Bank

Western Alliance Bank

Direct Placement Financing – RFP Results

Ladera Recreation District
 2021 Lease Financing
 Summary of Proposals Received
 March 17, 2021



	<u>Capital One Public Funding</u>		<u>First Foundation Bank</u>		<u>Sterling National Bank</u>		<u>Western Alliance Bank</u>	
	15-Year Term	20-Year Term	15-Year Term	20-Year Term	15-Year Term	20-Year Term	15-Year Term	20-Year Term
Interest Rate:	3.15%	3.55%	2.34%	2.63%	2.40%	2.63%	3.35%	3.53%
Rate Lock Terms:	Rate is locked through closing		Rate is locked for 60 days		Rate is locked through closing		Rate may be locked 2 weeks prior to closing	
Prepayment Terms:	15-Year Term: In whole on any payment date on or after 5/1/29 at par 20-Year Term: In whole on any payment date on or after 5/1/31 at par		Years 1-2 at 103% Years 3-4 at 102% Years 5-6 at 101% Year 7 and thereafter at 100%		15-Year: Years 1-3 at 102% Years 4-7 at 101% Thereafter at 100% 20-Year: Years 1-5 at 102% Years 6-10 at 101% Thereafter at 100%		From funds on hand, grants and state reimbursement: Any date on or after 5/1/2023 at par From Refinancing: Any date on or after 5/31/2031 at par	
Costs:								
Bank Counsel	-		Nixon Peabody		Gilmore & Bell		Stradling	
Bank Counsel Fee	None		\$13,000		None		\$8,500	
Term Sheet Expiration:	March 23, 2021				March 25, 2021			
Numerical Analysis:			15-Year Term	20-Year Term	15-Year Term	20-Year Term		
Par Amount			\$1,260,000	\$1,260,000	\$1,250,000	\$1,250,000		
All-in TIC			3.02%	3.16%	2.97%	3.07%		
Average FY D/S			\$100,156	\$81,499	\$99,791	\$80,822		
Total Debt Service			\$1,502,342	\$1,629,988	\$1,496,869	\$1,616,443		

Financing Results – Sterling National Bank Proposal

Lease Financing Results	15-Year ⁽²⁾	20-Year ⁽³⁾
Par Amount	\$1,250,000	\$1,250,000
Project Fund	\$1,200,000	\$1,200,000
Estimated Costs of Issuance	\$50,000	\$50,000
Interest Rate ⁽¹⁾	2.40%	2.63%
All-in True Interest Cost ⁽¹⁾	2.97%	3.07%
Average Fiscal Year Debt Service	\$99,791	\$80,822
Total Debt Service	\$1,496,869	\$1,616,443

(1) Interest Rate is locked through closing on April 20, 2021

(2) Callable years 1-3 at 102%, years 4-7 at 101%, and thereafter at par

(3) Callable years 1-5 at 102%, years 6-10 at 101%, and thereafter at par

Current Financing Schedule

Week of	Date	Action Item	Lead Party
February 22	Tues. February 23	Distribute draft Lender RFP for comments	PA
	Fri. February 26	Distribute Lender Request for Proposal	PA
March 8	Wed. March 10	First draft of legal documents distributed	BC
March 15	Wed. March 17	Lender Request for Proposal responses due	PA
	Thurs. March 18	Comments on first draft of legal documents due	ALL
	Fri. March 19	Conference call with District to review bids: 2:30pm	PA, ISS
March 22	Tues. March 23	Term Sheet signed	ISS
March 29	Mon. March 29	Agenda Deadline for April 5 Board Meeting	ISS
April 5	Mon. April 5	Board Meeting to approve legal documents	ISS
April 12	Week of April 12	Finalize and execute financing documents	ALL
April 19	Tues. April 20	Close Transaction	ALL

ISS= Issuer

PA= Placement Agent

BC=Bond Counsel



All materials, including proposed terms and conditions, are indicative and for discussion purposes only. Finalized terms and conditions are subject to further discussion and negotiation and will be evidenced by a formal agreement. Opinions expressed are our present opinions only and are subject to change without further notice. The information contained herein is confidential. By accepting this information, the recipient agrees that it will, and it will cause its directors, partners, officers, employees and representatives to use the information only to evaluate its potential interest in the strategies described herein and for no other purpose and will not divulge any such information to any other party. Any reproduction of this information, in whole or in part, is prohibited. Except in so far as required to do so to comply with applicable law or regulation, express or implied, no warranty whatsoever, including but not limited to, warranties as to quality, accuracy, performance, timeliness, continued availability or completeness of any information contained herein is made. Opinions expressed herein are current opinions only as of the date indicated. Any historical price(s) or value(s) are also only as of the date indicated. We are under no obligation to update opinions or other information.

The information contained herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy. Oppenheimer does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and or counsel. The materials should not be relied upon for the maintenance of your books and records or for any tax, accounting, legal or other purposes. In addition, we mutually agree that, subject to applicable law, you may disclose any and all aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits, without Oppenheimer imposing any limitation of any kind.

Oppenheimer shall have no liability, contingent or otherwise, to the user or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the data or formulae provided herein or for any other aspect of the performance of this material. In no event will Oppenheimer be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of the user using the data provided herein or this material, even if Oppenheimer has been advised of the possibility of such damages. Oppenheimer will have no responsibility to inform the user of any difficulties experienced by Oppenheimer or third parties with respect to the use of the material or to take any action in connection therewith. The fact that Oppenheimer has made the materials or any other materials available to you constitutes neither a recommendation that you enter into or maintain a particular transaction or position nor a representation that any transaction is suitable or appropriate for you.

© 2018 Oppenheimer & Co. Inc. Transacts Business on All Principal Exchanges and Member SIPC. All rights reserved. No part of this presentation may be reproduced in any manner without the written permission of Oppenheimer. Oppenheimer & Co. Inc., including any of its affiliates, officers or employees, does not provide legal or tax advice. Investors should consult with their tax advisor regarding the suitability of Municipal Securities in their portfolio.