

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING AGENDA
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CALIFORNIA
ADMINISTRATIVE FACILITY, BOARD ROOM
THURSDAY, MAY 16, 2024 AT 5:30 PM
(OR AS SOON THEREAFTER AS SUCH MEETING CAN BE HELD)**

THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY WAS FOUNDED FOR THE PURPOSES OF ASSISTING THE TRABUCO CANYON WATER DISTRICT AND ITS COMMUNITY FACILITIES DISTRICTS IN ISSUING POOLED FINANCING SECURITIES.

AUTHORITY PRESIDENT: Ed Mandich
AUTHORITY VICE PRESIDENT: Stephen Dopudja

AUTHORITY TREASURER: Cindy Byerrum
AUTHORITY SECRETARY: Michael Perea

AGENDA NOTE:

Trabuco Canyon Water District (District) will make this Regular Board Meeting available by telephone audio as follows:

Telephone Audio:	1 (669) 900-6833 (Toll Free)	Access Code:	913-8681-1652
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Persons desiring to monitor the Board meeting agenda items may download the Board meeting agenda and documents on the internet at www.tcwd.ca.gov. You may submit public comments by email to the Board at mperea@tcwd.ca.gov. In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 4:00 p.m. (PDT) on the day of the meeting.

CALL MEETING TO ORDER

PLEDGE OF ALLEGIANCE

VISITOR PARTICIPATION

Members of the public wishing to address the Board regarding a particular item on the agenda are requested to complete a speaker card and submit it to staff. The Board President will call on the visitor following the Board's discussion about the matter. Members of the public will be given the opportunity to speak prior to the Board taking action on that item. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

ORAL COMMUNICATION

Members of the public who wish to make comment on matters not appearing on the agenda are invited to identify themselves and encouraged to make comment at this time. Under the requirements of State Law, Directors cannot take action on items not identified on the agenda and will not make decisions on such matters. The Board President may direct District Staff to follow up on issues as may be deemed appropriate. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

ACTION CALENDAR

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

RECOMMENDED ACTION:

Approve the minutes of the following Meeting(s):

- 1. April 18, 2024 Regular Meeting*

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING AGENDA | MAY 16, 2024**

ITEM 2: SELECTION OF PRIVATE PLACEMENT BANK FOR REFINANCING AND FINANCING OF CAPITAL IMPROVEMENT PROJECTS FOR THE TRABUCO CANYON WATER DISTRICT

RECOMMENDED ACTION:

Selection of Capital One Public Funding, LLC as Private Placement Bank for the purpose of financing and refinancing of capital projects pursuant to the Installment Purchase Agreement between the Trabuco Canyon Public Financing Authority and the Trabuco Canyon Water District.

ITEM 3: OTHER MATTERS/REPORTS

RECOMMENDED ACTION:

Hear Other Matters/Reports that may have arisen after the posting of the agenda.

END ACTION CALENDAR & ADJOURNMENT

AVAILABILITY OF AGENDA MATERIALS

Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Trabuco Canyon Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available in the lobby area of the District Administrative Facility at the same time as they are distributed to the Board Members, except that, if such writings are distributed immediately prior to or during the meeting, they will be available in the Board Meeting Room at the District Administrative Facility.

COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2

In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING | MAY 16, 2024**

ACTION CALENDAR

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

RECOMMENDED ACTION

Approve the minutes of the following Meeting(s):

1. *April 18, 2024 Regular Meeting*

EXHIBIT

1. April 18, 2024 Trabuco Canyon Public Financing Authority Regular Meeting Minutes

CONTACTS (staff responsible): PALUDI/PEREA

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY | APRIL 18, 2024

The Annual Meeting of the Board of Directors of the Trabuco Canyon Public Financing Authority (TCPFA) was called to order by President Mandich at 7:17 p.m. at the Trabuco Canyon Water District's ("District") Administration Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Authority Secretary Mr. Michael Perea transcribed the minutes thereof.

DIRECTORS PRESENT

President Ed Mandich
Vice President Stephen Dopudja
Director Glenn Acosta
Director Don Chadd
Director Mike Safranski

TCWD STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer

DISTRICT CONSULTANTS

Claire Collins, District General Legal Counsel - Hanson & Bridgett, LLP – Virtually
Lora Nichols, Fieldman Rolapp & Associates
Lawrence Chan, Stradling Yocca Carlson & Rauth

PUBLIC PRESENT

There were members of the public present.

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

None

ACTION CALENDAR

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

MOTION: Approve the minutes of the March 21, 2024 Trabuco Canyon Public Financing Authority Regular Meeting – Director Dopudja
SECOND: Director Acosta
AYES: Directors Mandich, Dopudja, Acosta, Chadd & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0.

ITEM 2: ADOPT RESOLUTION APPROVING INSTALLMENT PURCHASE AGREEMENT BETWEEN TRABUCO CANYON PUBLIC FINANCING AUTHORITY AND TRABUCO CANYON WATER DISTRICT

Mr. Paludi presented this matter for Board consideration, and he reported that the proposed resolution is the mirror of the resolution adopted by the TCWD at the regular meeting earlier.

MOTION: Adopt Resolution No. 2024-22 approving the execution and delivery of an installment purchase agreement between the Trabuco Canyon Public Financing Authority and the Trabuco Canyon Water District for the purpose of refinancing and financing capital projects and authorizing the execution and delivery of certain related documents and certain other matters – Director Dopudja

SECOND: Director Acosta

AYES: Directors Mandich, Dopudja, Acosta, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0.

ITEM 3: OTHER MATTERS/REPORTS

None

ACTION: None

ADJOURNMENT

President Mandich adjourned the April 18, 2024 Trabuco Canyon Public Financing Authority Regular Annual Meeting at 7:20 p.m.

DRAFT

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING | MAY 16, 2024**

ACTION CALENDAR

ITEM 2: SELECTION OF PRIVATE PLACEMENT BANK FOR REFINANCING AND FINANCING OF CAPITAL IMPROVEMENT PROJECTS FOR THE TRABUCO CANYON WATER DISTRICT

Background

On February 11, 2022, the Trabuco Canyon Water District (the “District”) entered into a credit agreement with BMO (as successor to Bank of the West), to finance certain capital projects in the amount of \$10 million. The final maturity of this loan is July 1, 2024 and requires the payment of the \$10 million in principal at maturity. This debt may be prepaid at any time without premium.

The District’s staff has identified between \$10 million and \$12 million in additional capital project funding needs for its water, wastewater and recycled water enterprises over the current five-year rate period. The District has an opportunity to refinance the BMO credit agreement and obtain additional funds for capital projects to be repaid over 20 to 25 years. The District’s 2023 Cost of Service Study included this debt financing strategy in the rate analysis.

Discussion

On April 21, 2024 the District and the Trabuco Canyon Public Financing Authority (Authority) authorized entering into an Installment Purchase Agreement (Agreement). The Agreement establishes the specific terms and conditions under which the District’s combined water revenues, wastewater revenues and reclaimed water revenues are pledged to pay the installment payments securing the loan to pay off the BMO credit agreement and finance additional capital projects. The Authority also authorized entering into an Assignment Agreement with a private placement bank in order to convey certain powers relevant to the borrowing transaction to the bank, including the ability to receive installment payments from the District. The Authority is a joint powers entity formed by the District and Community Facilities District No. 7 to assist the District with its financing needs.

On April 17 the District’s placement agent Oppenheimer issued a Request for Proposals (RFP) to several private placement banks using the terms and conditions approved by the Board of Directors of both the District and the Authority. The District received five (5) bank proposals that merited consideration but Capital One Public Funding, LLC (COPF) was recommended by both the financing team and the Finance and Audit Committee due to their combination of favorable terms and lowest total debt service cost to the District. The COPF Term Sheet is included as Exhibit 1. The Summary of RFP Responses and Bid Results Comparison are included as Exhibits 2 and 3, respectively.

COPF’s proposal will expire May 17, 2024. Should the District and the Authority select COPF as the lender, the District and the Authority will execute all agreements and other necessary documentation, close the loan, and receive funds on or around June 19, 2024.

RECOMMENDED ACTION

Select Capital One Public Funding, LLC as Private Placement Bank for the purpose of financing and refinancing of capital projects pursuant to the Installment Purchase Agreement between the Trabuco Canyon Public Financing Authority and the Trabuco Canyon Water District.

EXHIBITS

1. Capital One Public Funding Installment Purchase Agreement Term Sheet, dated May 7, 2024
2. Summary of RFP Responses prepared by Oppenheimer, dated May 8, 2024
3. Numerical Comparison of Proposals Received prepared by Oppenheimer, dated May 8, 2024

CONTACTS (staff responsible): PALUDI/PEREA/COLLINS/BYERRUM



May 7, 2024

Dan Shaw
daniel.shaw@opco.com

Eric Staniek
eric.staniek@opco.com

Subject: Trabuco Canyon Water District, California
 2024 Installment Purchase Agreement (the “Loan”)

Dear Dan and Eric:

This Term Sheet is presented in response to that certain Request for Proposal dated April 15, 2024 (“RFP”) that you have presented to Capital One Public Funding, LLC (“COPF”). All terms, provisions and covenants set forth in the RFP are incorporated herein except as described below. We are very interested in working with Trabuco Canyon Water District, California (“Borrower”) and are pleased to present the following summary terms:

Structure	Directly purchased 2024 Installment Purchase Agreement .	
Estimated Amount	\$20,550,000	
Use of Proceeds	Pay off an existing loan and finance capital improvements.	
Security Provisions / Repayment Sources	Secured by a pledge of and lien on Net Revenues of the District’s Water, Wastewater, and Reclaimed Water Systems as described in the RFP. Additionally secured by bond insurance purchased by the Borrower.	
Loan Rate*	4.61%	4.76%
Payments	Payments of principal due annually and interest due semi-annually. The Loan will be payable in installments on the dates and in the amounts set forth on the payment schedule identifying payment dates, principal, interest and total payment due, which shall be attached to the loan.	
Avg Life / Final	Approximate average life of 11.9 years; final maturity 07/01/44.	Approximate average life of 15.6 years; final maturity 07/01/49.
Call Provisions	No call until 07/01/34, then in whole at par on any date with 30 days notice.	No call until 07/01/37, then in whole at par on any date with 30 days notice.
Tax Treatment	Tax-exempt	

*The Loan Rate is subject to change as described below.

Interest Rate Assumptions

COPF shall lock the rate when the Borrower provides a final debt service schedule and firm closing date. On such date (the “Lock Date”), the final Loan Rate shall be determined by observing the then-yielding 10-year SOFR (ticker USOSFR10 on Bloomberg) and comparing it to its yield of 4.04% (the “Base Rate”) on May 7, 2024 (the “Base Time/ Date”).



On the Lock Date, if the USOSFR10 remains between 3.99% and 4.09% (i.e. within the “Collar”), there shall be no change to the Loan Rates quoted in the table above. However, if the USOSFR10 is above 4.09% or below 3.99% on the Lock Date, then the Loan Rate shall be adjusted by one basis point up or down for every basis point the USOSFR10 is outside the Collar.

Documentation

Loan documentation shall be prepared by qualified bond counsel subject to review by COPF and its counsel. Borrower shall provide, at its expense, an opinion of legal counsel (acceptable to COPF) attesting to the legal, valid, and binding nature of the transaction and the tax-exempt nature of the interest component of the Loan payments.

Costs of Issuance

The Borrower shall be responsible for normal borrower costs of issuance including a financial advisor, placement agent and bond counsel. No fees will be due to COPF, which shall be responsible for the costs of its own legal review.

Audited Financial Statements

Upon request, as soon as available, the Borrower shall send COPF a copy of its audited financial statements as of the end of the fiscal year.

Municipal Advisor Rules

As noted, this term sheet is submitted in response to your Request for Proposals dated April 15, 2024. The contents of this term sheet and any subsequent discussions between us, including any and all information, recommendations, opinions, indicative pricing, quotations and analysis with respect to the Loan, are provided to you in reliance upon the exemption provided for responses to requests for proposals or qualifications under the municipal advisor rules of the Securities and Exchange Commission (Rule 15Ba1-1 et seq.).

Role of Capital One Public Funding, LLC

The Borrower acknowledges and agrees that: (i) the information contained in this term sheet is for discussion purposes only and sets forth certain proposed terms and conditions of an arm’s-length commercial transaction between the Borrower and COPF and does not constitute advice, an opinion or a recommendation by COPF; (ii) the Borrower will make its own determination regarding whether to enter into the proposed transaction and the terms thereof, and will consult with and rely on the advice of its own financial, accounting, tax, legal and other advisors; (iii) COPF is acting solely for its own account in connection with the proposed transaction, and is not acting as a municipal advisor, financial advisor, agent or fiduciary to the Borrower or any other person or entity (including to any financial advisor or placement agent engaged by the Borrower) and the Borrower, its financial advisor and placement agent are free to retain the services of such advisors (including as it relates to structure, timing, terms and similar matters and compliance with legal requirements applicable to such parties) as it deems necessary or appropriate; (iv) COPF has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; (v) neither COPF nor any of its affiliates is acting as a broker, dealer, underwriter or placement agent with respect the transactions contemplated hereby; (vi) the only obligations COPF has to the Borrower with respect to the transaction contemplated hereby expressly are set forth in this term sheet; and (vii) COPF is not recommending that the Borrower take an action with respect to the transaction contemplated by this term sheet. Before taking any action with respect to the Loan, the Borrower should discuss the information contained herein with the Borrower’s own legal, accounting, tax, financial and other advisors, as it deems appropriate. If the Borrower would like a municipal advisor in this transaction that has legal fiduciary duties to it, Borrower is free to engage a municipal advisor to serve in that capacity.



Other Information

To the extent that updated financial and other credit materials have not already been provided to COPF or are not available through public resources, COPF may require and request reasonable and customary information relevant to the Borrower's credit quality and the source(s) of repayment.

Confidentiality

The information contained herein is strictly confidential and is intended for review by the parties, their advisors and legal counsel only and may not be disclosed to any other person or entity, except as required by law or otherwise consented to by COPF.

Closing

This term sheet shall expire if not accepted by the Borrower by May 17, 2024. Once accepted, this term sheet shall expire if the transaction has not closed by June 19, 2024, unless extended by COPF at its sole discretion.

Subject to Final Credit and Documentation Approval

This is not a commitment; rather, the funding of the Loan will occur only after, among other things, (i) COPF's final internal committee approval, and (ii) COPF and the Borrower, and their respective counsels, are fully satisfied with the terms of the Loan documents and all of the terms and conditions contained herein and in the Loan documents have been met. Any obligation of COPF to provide financing or otherwise shall arise only upon the execution of final Loan documents signed by authorized signatories of COPF and not from statements (oral or written) made during the course of discussions among the parties (whether or not prior to or after the date hereof).

Should the above-stated terms be acceptable to you, a formal decision through COPF's internal credit process will be pursued as quickly as possible.

Thank you for the opportunity to offer this term sheet. Should you have any questions, please do not hesitate to contact me at (505) 400-0860 or jeffrey.sharp@capitalone.com.

Sincerely,

Jeffrey D. Sharp
Senior Vice President, Director of Business Development
Capital One Public Funding, LLC

cc: Jonathan Lewis, Capital One Public Funding, LLC
Brenda Barnes, Capital One Public Funding, LLC

ACCEPTED BY: Trabuco Canyon Water District, California

By

Name

Title

**Trabuco Canyon Water District
2024 Installment Purchase Agreement
Summary of Proposals Received
May 8, 2024**



	<u>California Bank and Trust</u>	<u>Capital One</u>	<u>BMO</u>	<u>Western Alliance Bank</u>	<u>EverBank</u>
Interest Rate:					
15-Year Term:			4.72%		
20-Year Term:	*5.04%	4.61%	*4.72%	5.60%	5.15%
25-Year Term:		4.76%		5.66%	
	*rate fixed for 10 years then will reset annually based on 1-year FHLB Advanced Rate index plus 90 bps		*20-Year Amortization with a mandatory put at Year 10		
Rate Lock Terms:	Upon formal credit approval, rate can be locked 30 days prior to closing	Locked upon final DS schedule and set closing date	Will use best efforts to hold quoted rate until June 19, 2024	May be locked two weeks prior to the Closing Date, or District can pay 23bps to lock the rate now through closing	Rate is locked through July 7, 2024
Optional Prepayment:	Anytime at par (in whole or in part)	20-Year Term: Callable on any date on or after 7/1/34 at par (in whole only) 25-Year Term: Callable on any date on or after 7/1/37 at par (in whole only)	Both Financing Options: Bank requires a 'make-whole' payment upon any prepayment prior to final maturity or put date	Both Financing Options: Callable on any payment date as set forth in the table below: 1/1/31 & 7/1/2031: 103% 1/1/32 & 7/1/2032: 102% 1/1/33 & 7/1/2033: 101% 1/1/34 & thereafter: 100%	Callable on any payment date as set forth in the table below: Years 1-2 at 103% Years 3-4 at 102% Years 5-6 at 101% Year 7 & thereafter at par
Fees:	None	None	\$10,000 (Lender's Counsel)	\$20,000 NTE (Lender's Counsel)	\$10,000 (Lender's Counsel)
Other:	Requires depository relationship of \$2 million		Requires District to continue to maintain banking relationship	50% MADS reserve requirement, which can be released after two consecutive years of attaining 120% debt service coverage	
Proposal Expiration:		May 14, 2024			May 14, 2024

**Trabuco Canyon Water District
 2024 Installment Purchase Agreement
 Numerical Comparison of Proposals Received
 May 8, 2024**



	BMO Proposal (15-Year)	Capital One Proposal (20-Year)	Capital One Proposal (25-Year)	CB&T Proposal (1) (20-Year Amort, 10-Year Fixed Rate)	EverBank Proposal (20-Year)
Project Fund	20,400,000	20,400,000	20,400,000	20,400,000	20,400,000
Estimated Costs of Issuance	150,000	140,000	140,000	140,000	150,000
Par Amount	20,550,000	20,540,000	20,540,000	20,540,000	20,550,000
True Interest Cost	4.72%	4.61%	4.76%	5.04%	5.15%
All-In True Interest Cost	4.83%	4.69%	4.83%	5.12%	5.24%
Final Maturity	7/1/2039	7/1/2044	7/1/2049	7/1/2044	7/1/2044
Average Fiscal Year Debt Service	1,973,891	1,607,938	1,428,971	1,667,351	1,683,325
Total Debt Service	29,119,089	31,859,955	35,529,319	33,037,596	33,360,007

Notes:

(1) California Bank & Trust's proposal offers a 20-year financing term, however the interest rate is fixed for only 10 Years. After Year 10, the interest rate resets annually based on the 1-year FHLB Advanced Rate index plus 90 basis points. Therefore, the Average Fiscal Year debt service shown here will only apply to the first 10 years of the financing.

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING | MAY 16, 2024**

ACTION CALENDAR

ITEM 3: OTHER MATTERS/REPORTS

Other Matters/Reports may be provided at the time of the Regular Annual Meeting.

RECOMMENDED ACTION

Hear Other Matters/Reports that may have arisen after the posting of the agenda.

EXHIBIT

None

CONTACTS (staff responsible): PALUDI/PEREA