

## MEMORANDUM

To: John Pappalardo  
From: Sirikhwan Weaver *S.W.*  
Date: August 6, 2024  
Re: Measure R General Obligation Bonds  
Authorizing Resolution and Financing Documents

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John, as you know, on August 15<sup>th</sup>, the Board will be asked to consider a resolution authorizing the issuance of Measure R bonds, "Cambrian School District (Santa Clara County, California) General Obligation Bonds, Election of 2020, Series 2024" (the "Bonds"). The resolution also approves the forms of various bond documents related to the Bond issuance. In preparation for the Board's consideration of these items, we are writing to briefly review the role of each of the primary documents

### **Resolution**

In addition to authorizing the sale of the Bonds via a competitive bid process using the negotiated sale statutes, the *Resolution* also:

- Establishes not-to-exceed Bond issuance amounts of \$29,320,000
- Approves the forms of various documents related to the Bond issuance (as further described in the following sections), and authorizes certain District officials to execute the final versions of the documents with information available after the Bond sale
- Establishes Bond proceeds accounts with the County
- Identifies Parker & Covert LLP as Bond Counsel, Zions Bancorporation, National Association as Paying Agent, and our organization as Public Finance Consultant to the District with respect to the Bonds
- Provides, in Exhibit A, a good faith estimate for the Bonds to be issued, including the True Interest Cost, Finance Charge, Amount of Proceeds to be received, and Total Payment Amount

Note that since the *Resolution* approves the financing documents in form only to be finalized after the sale of the Bonds, many of the financial terms in the documents are blank.

### **Form of Second Supplemental Paying Agent Agreement**

The *Second Supplemental Paying Agent Agreement* (which is a supplement to the original Paying Agent Agreement of Measure R Series 2020 Bonds) prescribes certain terms and conditions of the Bonds, including the principal maturity dates, interest payment dates, and how these Bonds may be refinanced in the future.

The final Bonds, the form of which is attached as Exhibit A to the *Second Supplemental Paying Agent Agreement*, will be executed by the District prior to closing and entitle the holders thereof to receive principal and interest pursuant to the terms described in the *Second Supplemental Paying Agent Agreement*. Attached to the form of Bonds is the form of the legal opinion from Bond Counsel. The legal opinion documents bond counsel's opinion that 1) the Bonds have been legally authorized and issued and 2) the Bonds are exempt from federal and state income tax.



### **Form of Bond Purchase Agreement**

The *Bond Purchase Agreement* specifies the terms and conditions under which the underwriter will purchase the Bonds, identifies the purchase price that the District will receive and the debt service due on the Bonds, outlines the documents that are required to close the financing and describes conditions under which the agreement can be canceled by the underwriter. This document will be finalized on the day of sale of the Bonds (anticipated to be August 27<sup>th</sup>).

### **Form of Continuing Disclosure Certificate**

The *Continuing Disclosure Certificate* outlines the District's responsibilities for updating the municipal market and investors with information after the Bonds have been issued. The intent is to inform the market of the annual financial condition of the District as well as other significant events. The required content of the annual report and the list of significant events are outlined in the *Continuing Disclosure Certificate*.

### **Form of Preliminary Official Statement**

The *Preliminary Official Statement* (the "POS") is the offering document containing material information for an investor to make an informed investment decision. Please note that the POS provided is a draft and is not complete. The completed version of the POS will be distributed to underwriters approximately one week before the currently planned sale date of August 27<sup>th</sup>.

Each Board member should review the POS and let District staff know if there are any concerns that the POS fails to provide accurate and complete information that a reasonable investor would consider significant in making a decision to purchase the Bonds. In reviewing the POS, please keep in mind that it is written with a certain amount of disclaimer and formality. This style is consistent with the industry standard for preparing such documents and enables the Bonds to be effectively marketed to potential investors. Based on the current schedule of events, it would be very helpful if any questions or comments regarding the POS could be provided by August 16<sup>th</sup>.

After the sale of the Bonds, final terms, including the final principal amounts and interest rates, will be incorporated, at which point the document becomes the final Official Statement. The *Resolution* also authorizes officers of the District to execute the final Official Statement.

John, please let us know if you have any questions or comments.

SKW:abm

Enclosures