

**GREATER VALLEJO
RECREATION DISTRICT**

Addressing Your CalPERS Pension Liability

November 2021



Background

Pension Funding Concepts



Defined
Contribution

Corporate 401/457(k)

- Employer Matching Contributions
- Investor-directed
- Employees assume risk of funding shortfall



Defined
Benefit

Government - CalPERS

- Required Annual Payments
- CalPERS directed
- **Employer assumes risk of funding shortfall**

Primary Contributing Factors

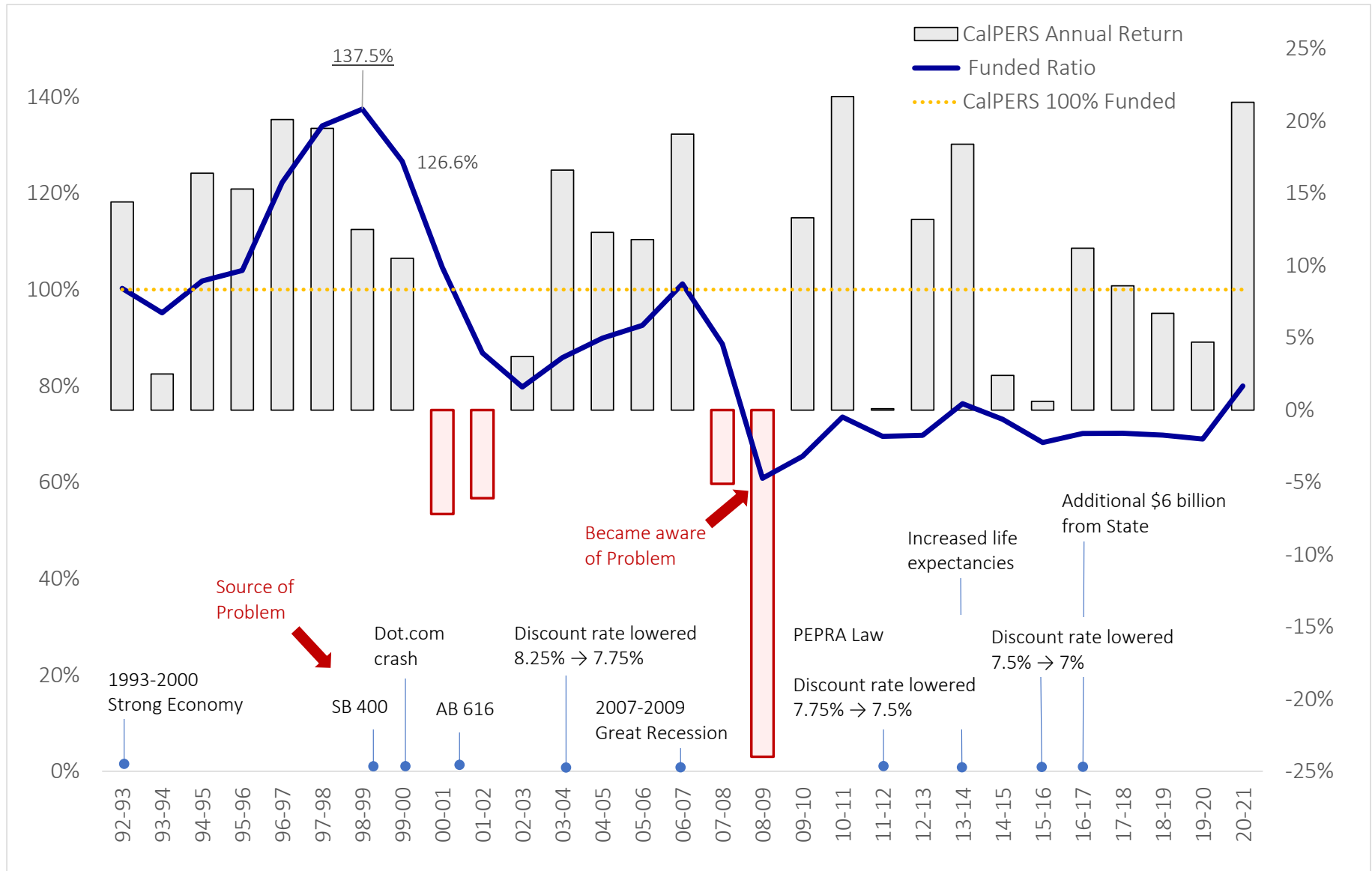
California League of Cities

2018 Pension Sustainability Report

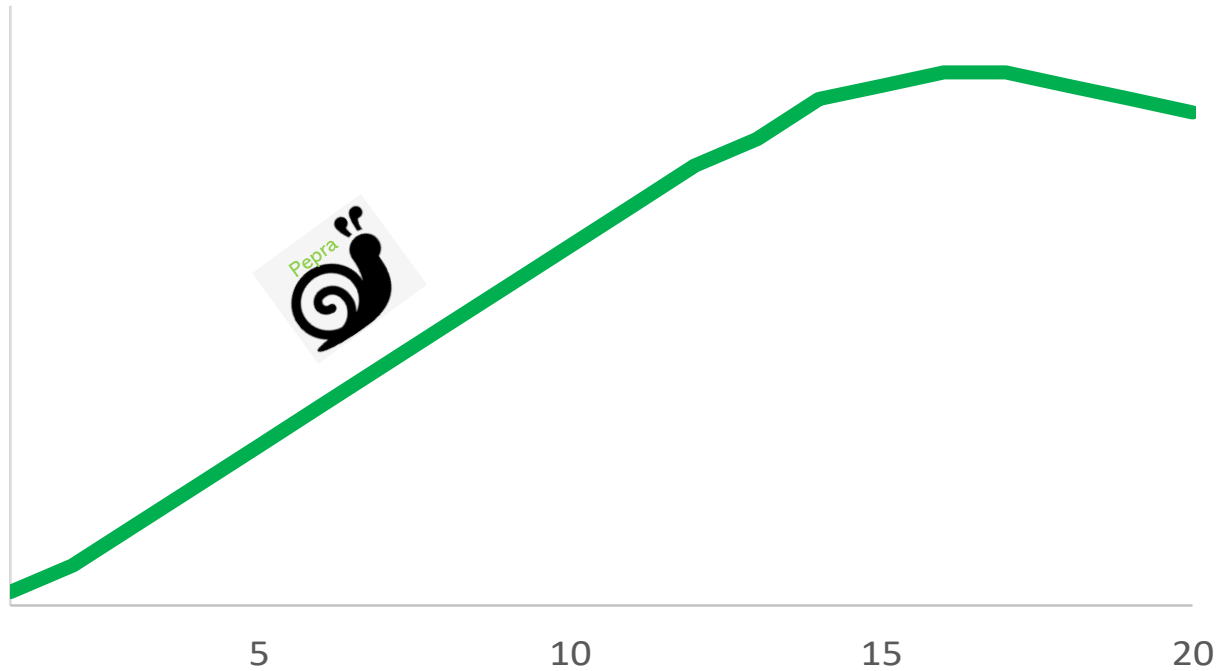
- **SB 300 (1999)** Safety Officers
2.0% @ 50 to 3.0% @ 50
- **AB 616 (2001)** Miscellaneous
2.0% @ 55 to 2.7% @ 55



Can we Out Earn the Problem?



How Long Before PEPRA takes Hold?



2013 Pension Reform (PEPRA)

PEPRA - New Employees

- 2.0% @ 62 Misc. &
- 2.7% @ 57% Safety
- 50% Normal

Legacy Costs: UAL



"Past Due Payment"

Can I Reduce the Level of Benefits ?

California Rule

Pension benefits for employees must be maintained throughout their career

- *Prohibits reduction of benefits unless they are offset by “comparable” benefits.*
- *Prevented legislative and ballot-based initiatives to reduce pension levels.*

However, recent Court Rulings have provided mixed results.....

Marin decision not entitled to an immutable, unchanging pension benefit for the entirety of employment, but are entitled only to a “**reasonable**” pension.

Alameda County decision applying detrimental changes to the pension benefits of Classic employees is only justified by *compelling evidence that the required changes manifest a material relation to the successful operation of the pension system.*

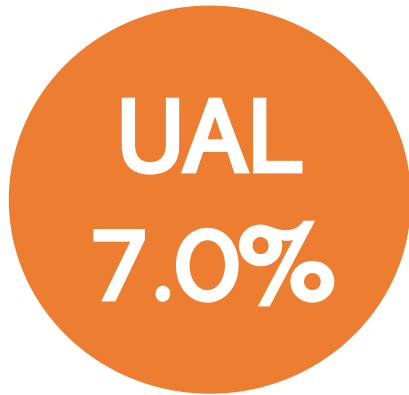
Cal Fire 2881 decision not have a vested right to purchase “airtime” (i.e., spiking)

So... changes can be made at the margins...?

Can I Get Out of CalPERS ?

Yes, you can, but it will cost you....

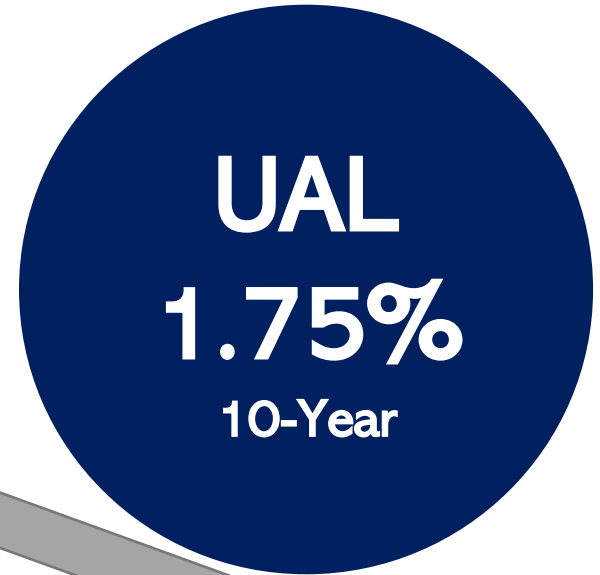
\$5.9 million



**Termination
Payment**

\$ 490 million

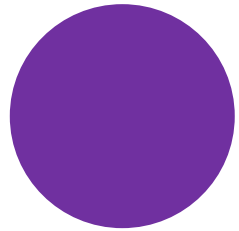
**US TREASURY BONDS
(Risk-Free Strategy)
Termination Agency Pool**



City Funds Future Shortfall

Risk Transfer Payment

CalPERS Funds Future Shortfall



Your Pension Liability

CalPERS Annual Pension Costs

Current Year Payment

Past Due Payment



+



*Benefits earned this year
by employees*

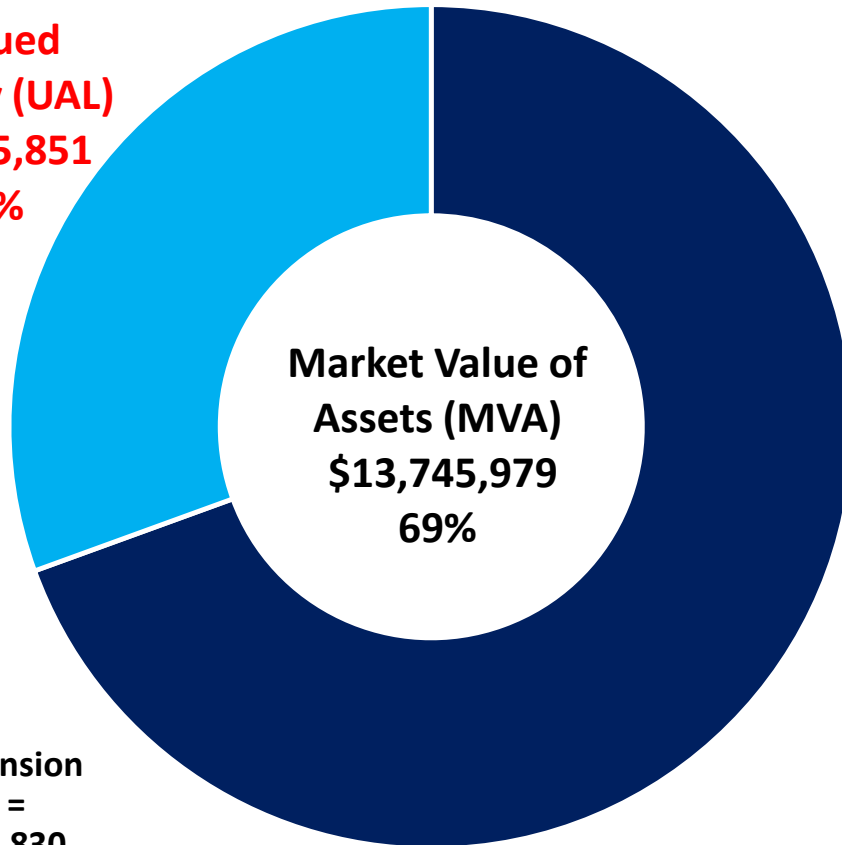
*Benefits previously earned
by employees + retirees*

% of Payroll

Fixed \$ Amount

Unfunded Accrued Liability (UAL)

**Unfunded
Accrued
Liability (UAL)
\$6,045,851
31%**



**Total Pension
Liability =
\$19,791,830**

+ Net OPEB Liability =
\$2.0 Million (0% funded)

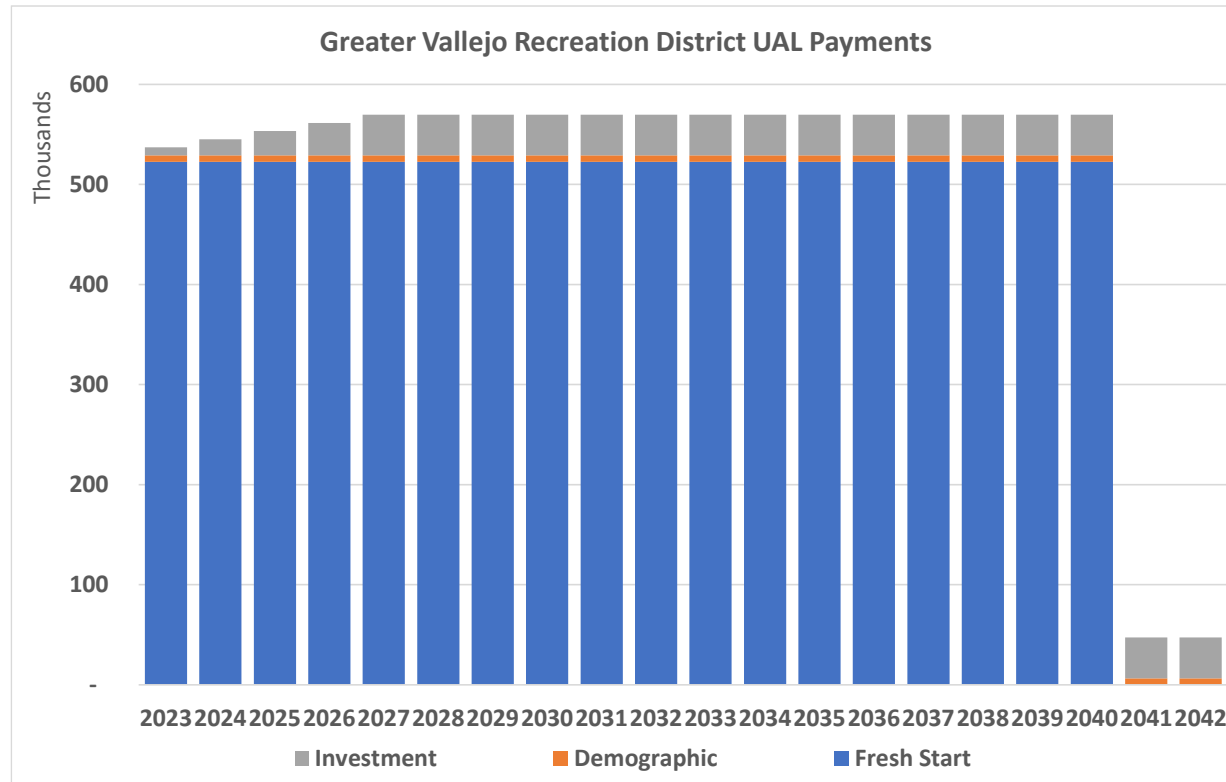
+ PEPRAs = \$109,649 – 89%

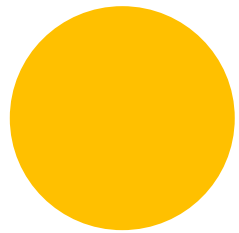
CalPERS Actuarial Report June 30, 2020

Amortization Bases for FY 22-23 UAL

UAL is a dynamic liability. New bases added each year for investment performance, change in assumptions, demographic adjustments

MISCELLANEOUS PLAN						
Year	Reason	Ramp	Term	Balance	Payment	
1	2019	Fresh Start	NO	18	5,436,401	\$ 522,470
2	2020	Non-Investment (Gain)/Loss	No	20	70,895	6,469
3	2020	Investment (Gain)/Loss	20%	20	371,925	8,132
UAL FY 2022-23				\$ 5,879,221	\$ 537,071	



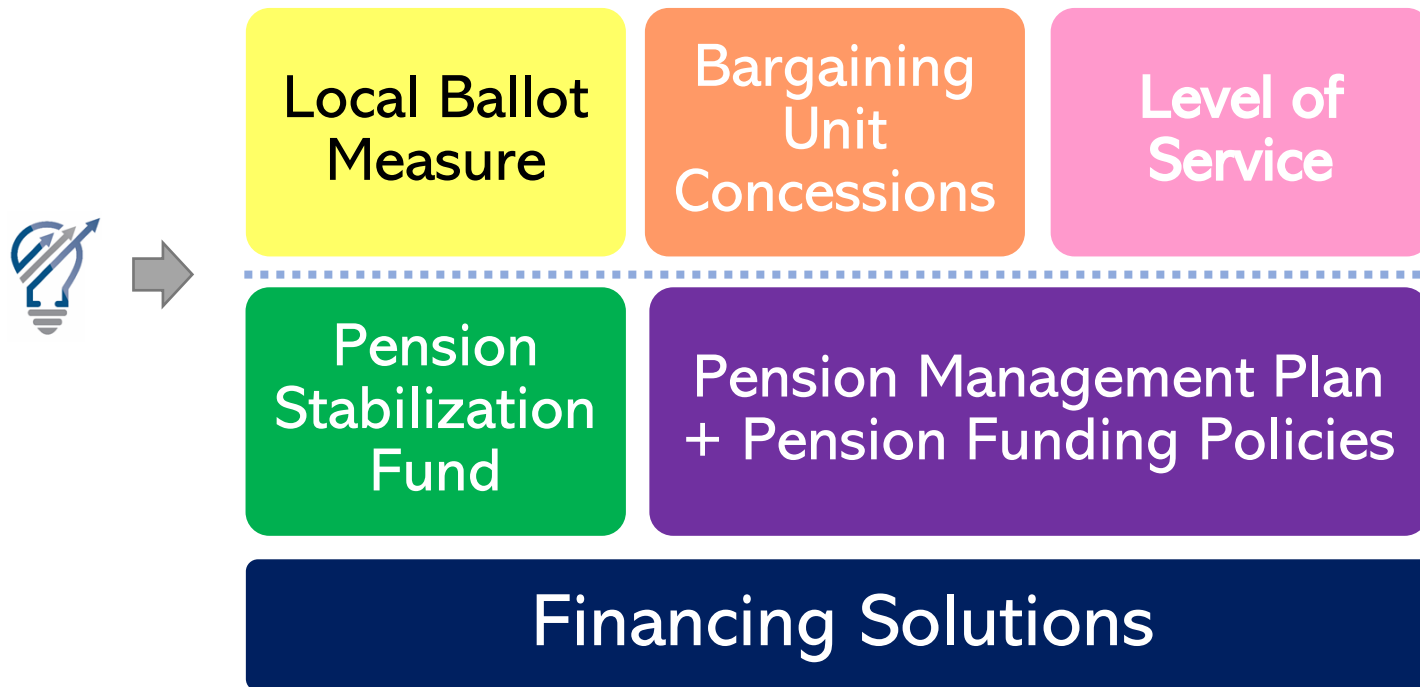


Funding Strategies

Measures to Address Pensions

California League of Cities

2018 Pension Sustainability Report



Funding Strategies

1 Use of Reserves & 1-Time Monies (ADPs)

2 *Soft* Fresh Start

3 Pension Stabilization Fund - 115 Trust

4 Leveraged Refunding

5 Tax-Exempt Exchange

6 Pension Obligation Bonds

7 Recycling Savings

Budgeting Approaches

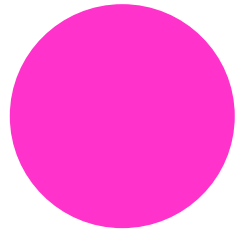
Financing Approaches

Use of Reserves / ADP

\$1.0 Million UAL Payment

**1.78X
Savings**

		Balance	Payments
1	2023	\$1,000,000	\$ 93,535
2	2024	973,247	93,535
3	2025	944,621	93,535
4	2026	913,992	93,535
5	2027	881,218	93,535
6	2028	846,150	93,535
7	2029	808,628	93,535
8	2030	768,479	93,535
9	2031	725,519	93,535
10	2032	679,553	93,535
11	2033	630,368	93,535
12	2034	577,741	93,535
13	2035	521,430	93,535
14	2036	461,177	93,535
15	2037	396,706	93,535
16	2038	327,723	93,535
17	2039	253,910	93,535
18	2040	174,931	93,535
19	2041	90,423	93,535
20	2042	(0)	
		178%	\$ 1,777,159



Impact of FY21 Return

Funding Risk Mitigation Policy

- Funding Risk Mitigation Policy seeks to reduce CalPERS Funding risk over time.
 - Integrated view of pension assets and liabilities
 - Actively managing funding risk through an ALM framework
- When CalPERS significantly outperforms its target, triggers adjustments to
 - Discount Rate
 - Expected Investment Return
 - Strategic Asset Allocation

Determined by the Asset Liability Management Committee:

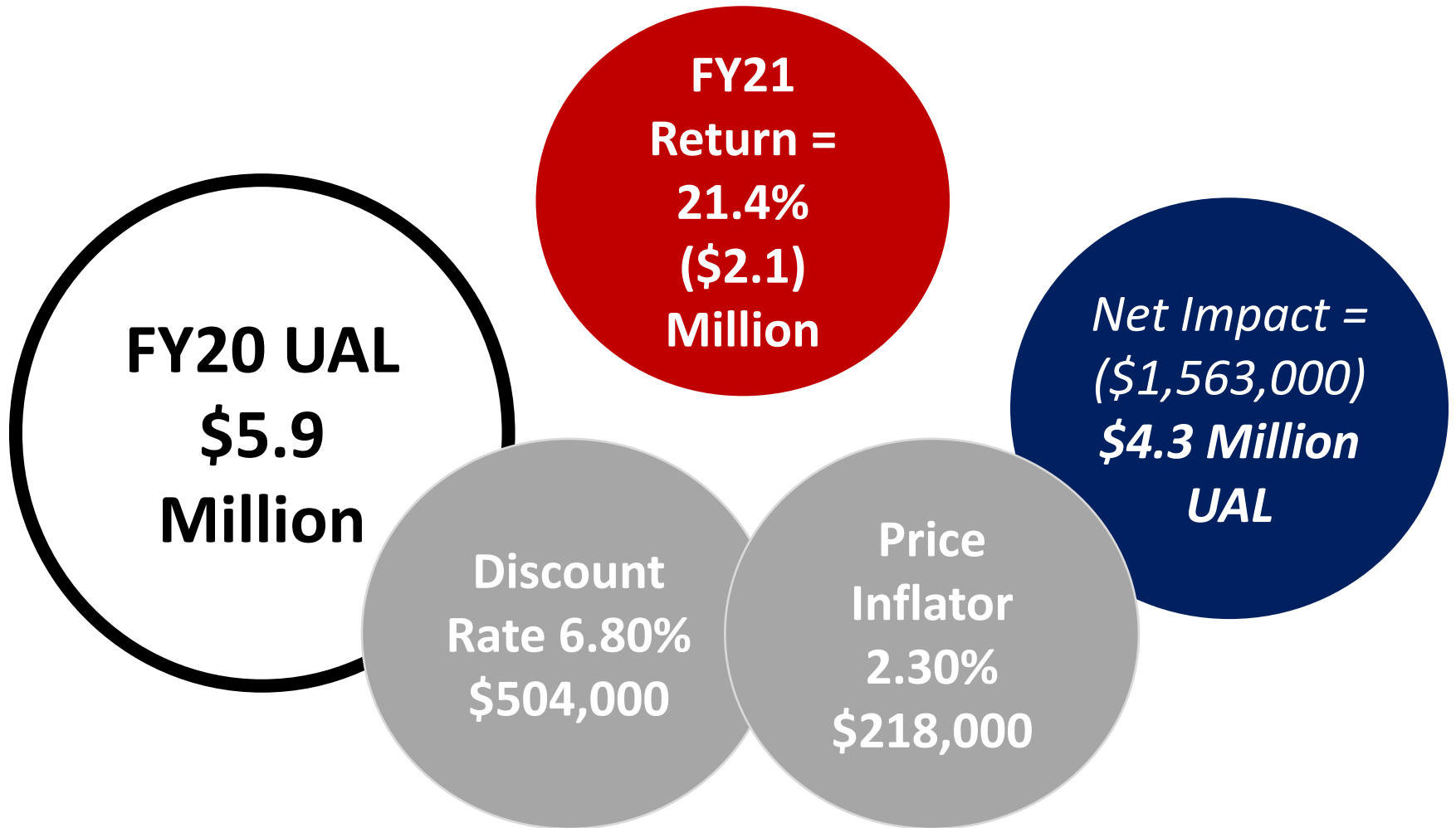
- CFO, Investment, Finance, Actuarial, Legal, and Stakeholder Relations

Returns Exceed Discount Rate	Reduce Discount Rate	Reduction Expected Investment Return
2.00%	0.05%	0.05%
7.00%	0.10%	0.10%
10.00%	0.15%	0.15%
13.00%	0.20%	0.20%
17.00%	0.25%	0.25%

ALM Meeting: November 15th Investment Committee & November 17th Full Board

** Change will be reflected in Event Year – June 20, 2021 Actuarial Report*

Projected Impact FY 21- 6.80%

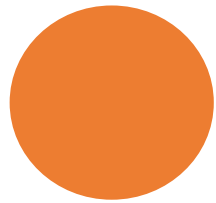


Normal Costs = + \$27,000

Projected Impact FY 21- 6.80%

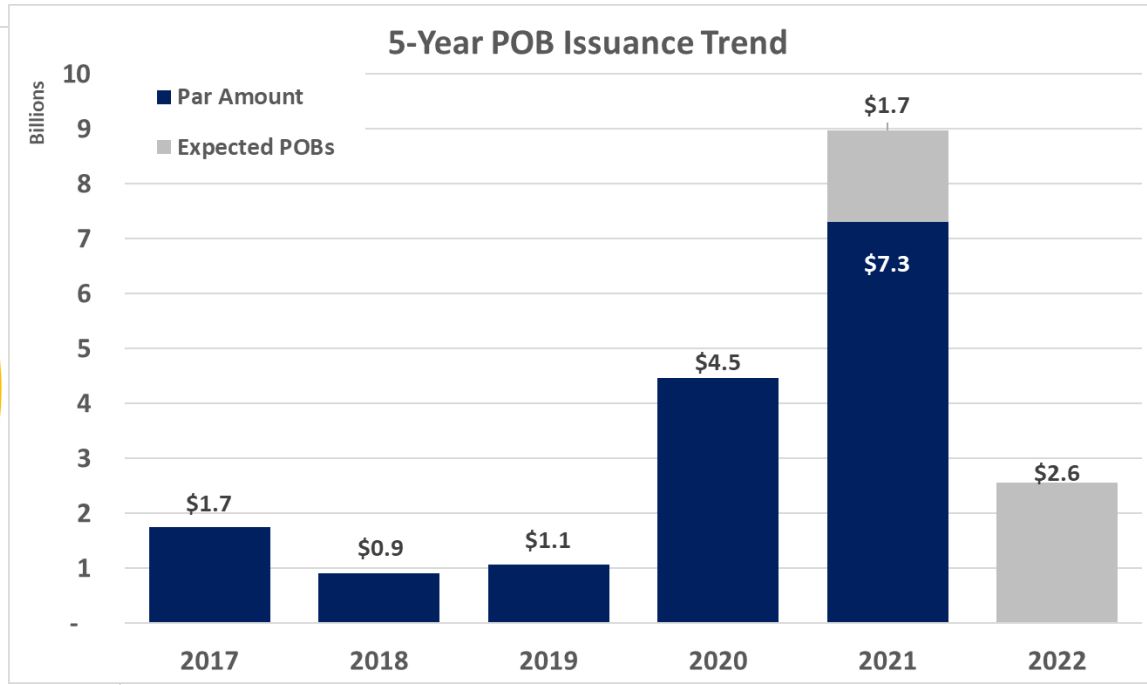
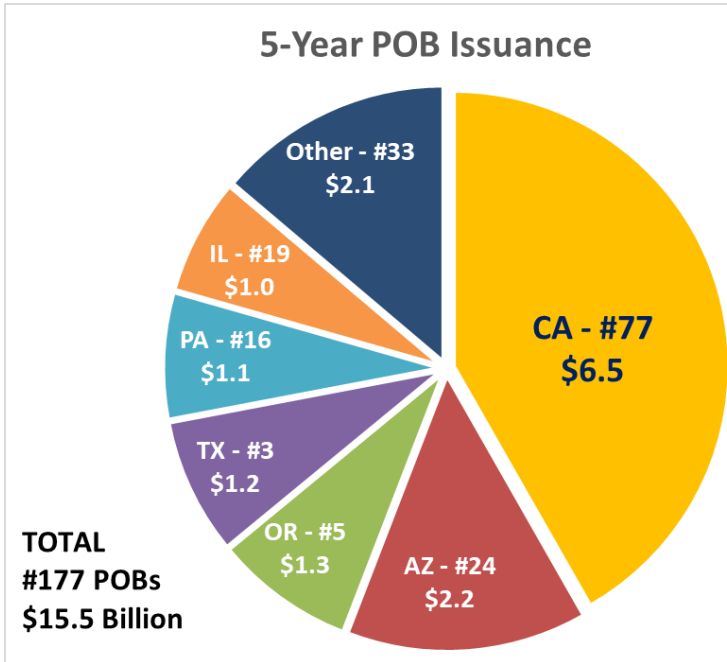
	Current UAL Payments	Discount Rate 6.80%	Price Inflation 2.30%	FY21 CalPERS Return 21.15%	Net Impact	Net UAL Payments
1 2023	537,071	-	-	-	-	537,071
2 2024	545,203	50,094	21,661	(49,071)	22,684	567,887
3 2025	553,335	50,094	21,661	(98,143)	(26,388)	526,947
4 2026	561,467	50,094	21,661	(147,214)	(75,459)	486,008
5 2027	569,599	50,094	21,661	(196,286)	(124,530)	445,069
6 2028	569,599	50,094	21,661	(245,357)	(173,602)	395,997
7 2029	569,599	50,094	21,661	(245,357)	(173,602)	395,997
8 2030	569,599	50,094	21,661	(245,357)	(173,602)	395,997
9 2031	569,599	50,094	21,661	(245,357)	(173,602)	395,997
10 2032	569,599	50,094	21,661	(245,357)	(173,602)	395,997
11 2033	569,599	50,094	21,661	(245,357)	(173,602)	395,997
12 2034	569,599	50,094	21,661	(245,357)	(173,602)	395,997
13 2035	569,599	50,094	21,661	(245,357)	(173,602)	395,997
14 2036	569,599	50,094	21,661	(245,357)	(173,602)	395,997
15 2037	569,599	50,094	21,661	(245,357)	(173,602)	395,997
16 2038	569,599	50,094	21,661	(245,357)	(173,602)	395,997
17 2039	569,599	50,094	21,661	(245,357)	(173,602)	395,997
18 2040	569,599	50,094	21,661	(245,357)	(173,602)	395,997
19 2041	47,129	50,094	21,661	(245,357)	(173,602)	-
20 2042	47,129	50,094	21,661	(245,357)	(173,602)	-
21 2043	-	50,094	21,661	(245,357)	(173,602)	-
22 2044	-	-	-	-	-	-
23 2045	-	-	-	-	-	-
24 2046	-	-	-	-	-	-
25 2047	-	-	-	-	-	-
	\$ 10,265,720	\$ 1,001,874	\$ 433,228	\$ (4,416,424)	\$ (2,981,322)	\$ 7,710,945
UAL	\$ 5,879,221	\$ 504,723	\$ 218,251	\$ (2,068,426)	\$ (1,563,704)	\$ 4,315,517

Normal Costs \$ 27,880



POB 2.0

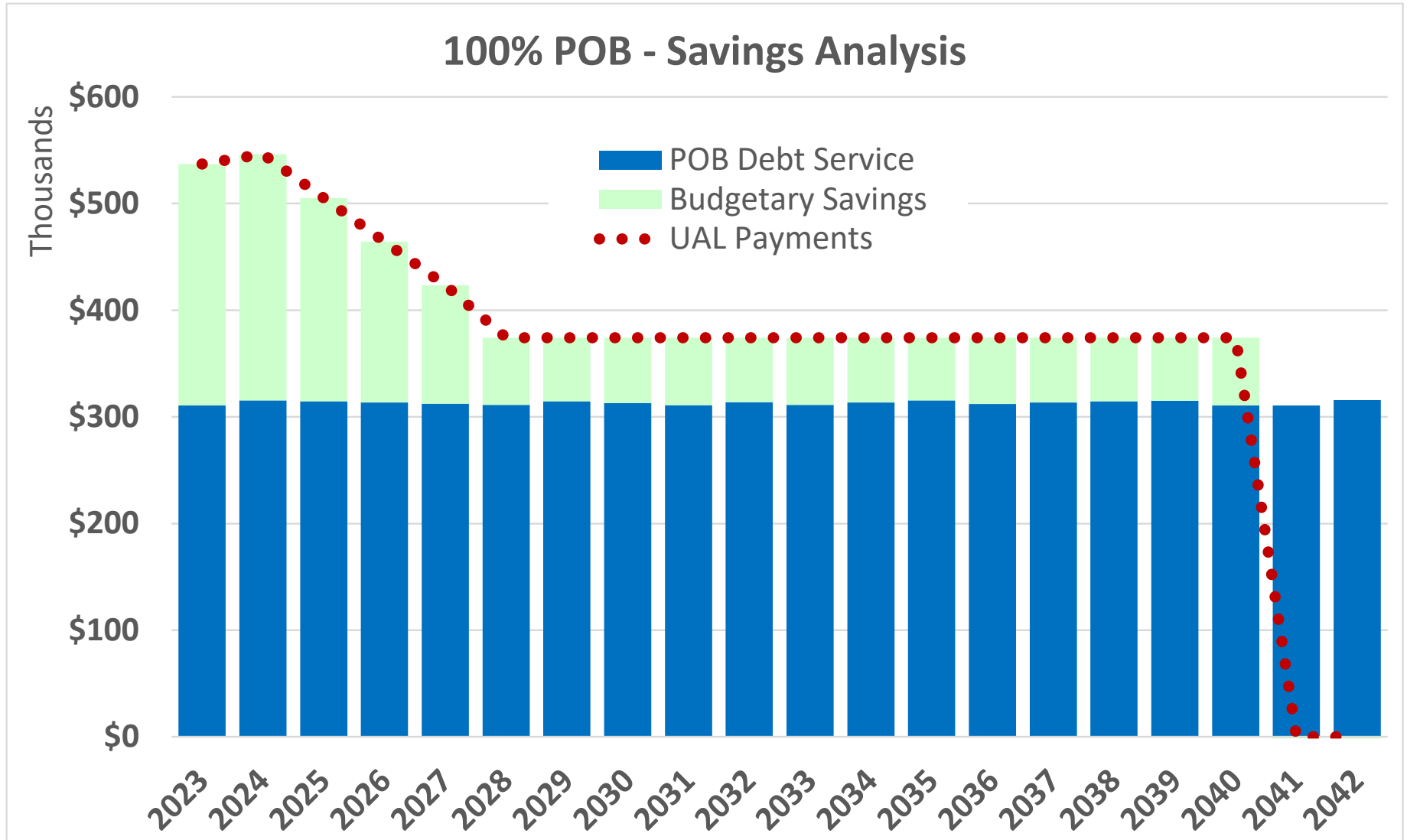
California Leads POBs 2.0 Issuance



Special District's who have issued POBs 2.0

Bonita Sunnyside Fire Protection District	Novato Sanitary District
Borrego Springs Fire Protection District	Oceano CSD
Ebotts Pass Fire Protection District	Palos Verdes Library District
Kensington Police Protection CSD	Placer Hills Fire Protection District
Lake Valley Fire Protection District	Rancho Adobe Fire Protection District
Livermore Area Recreation and Park District	San Benito County Water District
Montecito Fire Protection District	Stanislaus Consolidated Fire Protection District
North County Fire Protection District	Turlock Mosquito Abatement District

20-Year POBs Savings

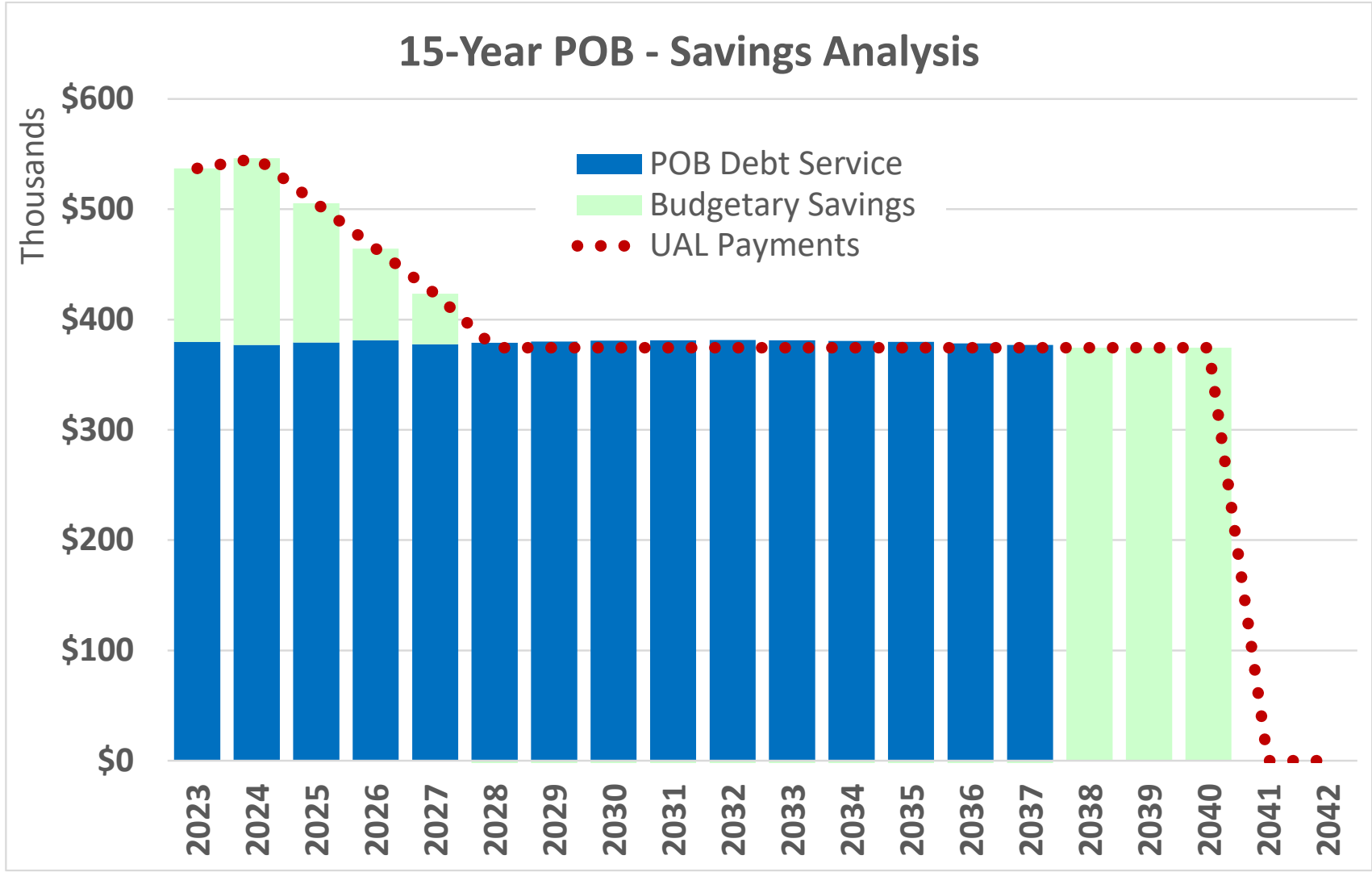


20-Year POBs Savings

	POB Principal	Coupon	Interest	POB Debt Service	UAL Payments	Budgetary Savings	NPV Savings @ 3.50%	
1	2023	155,000	3.50%	155,750	310,750	537,071	226,321	218,668
2	2024	165,000	3.50%	150,325	315,325	546,225	230,900	215,548
3	2025	170,000	3.50%	144,550	314,550	505,286	190,736	172,033
4	2026	175,000	3.50%	138,600	313,600	464,347	150,747	131,367
5	2027	180,000	3.50%	132,475	312,475	423,407	110,932	93,402
6	2028	185,000	3.50%	126,175	311,175	374,336	63,161	51,381
7	2029	195,000	3.50%	119,700	314,700	374,336	59,636	46,873
8	2030	200,000	3.50%	112,875	312,875	374,336	61,461	46,674
9	2031	205,000	3.50%	105,875	310,875	374,336	63,461	46,563
10	2032	215,000	3.50%	98,700	313,700	374,336	60,636	42,986
11	2033	220,000	3.50%	91,175	311,175	374,336	63,161	43,262
12	2034	230,000	3.50%	83,475	313,475	374,336	60,861	40,277
13	2035	240,000	3.50%	75,425	315,425	374,336	58,911	37,668
14	2036	245,000	3.50%	67,025	312,025	374,336	62,311	38,495
15	2037	255,000	3.50%	58,450	313,450	374,336	60,886	36,342
16	2038	265,000	3.50%	49,525	314,525	374,336	59,811	34,493
17	2039	275,000	3.50%	40,250	315,250	374,336	59,086	32,923
18	2040	280,000	3.50%	30,625	310,625	374,336	63,711	34,299
19	2041	290,000	3.50%	20,825	310,825	-	(310,825)	(161,677)
20	2042	305,000	3.50%	10,675	315,675	-	(315,675)	(158,647)
		\$4,450,000		\$1,812,475	\$ 6,262,475	\$ 7,342,702	\$ 1,080,227	\$ 1,042,929

24%

15-Year POBs Savings



15-Year POBs Savings

	POB Principal	Coupon	Interest	POB Debt Service	UAL Payments	Budgetary Savings	NPV Savings @ 3.25%	
1	2023	235,000	3.25%	144,625	379,625	537,071	157,446	152,490
2	2024	240,000	3.25%	136,988	376,988	546,225	169,238	158,751
3	2025	250,000	3.25%	129,188	379,188	505,286	126,098	114,562
4	2026	260,000	3.25%	121,063	381,063	464,347	83,284	73,283
5	2027	265,000	3.25%	112,613	377,613	423,407	45,795	39,027
6	2028	275,000	3.25%	104,000	379,000	374,336	(4,664)	(3,850)
7	2029	285,000	3.25%	95,063	380,063	374,336	(5,727)	(4,578)
8	2030	295,000	3.25%	85,800	380,800	374,336	(6,464)	(5,005)
9	2031	305,000	3.25%	76,213	381,213	374,336	(6,877)	(5,157)
10	2032	315,000	3.25%	66,300	381,300	374,336	(6,964)	(5,058)
11	2033	325,000	3.25%	56,063	381,063	374,336	(6,727)	(4,732)
12	2034	335,000	3.25%	45,500	380,500	374,336	(6,164)	(4,199)
13	2035	345,000	3.25%	34,613	379,613	374,336	(5,277)	(3,482)
14	2036	355,000	3.25%	23,400	378,400	374,336	(4,064)	(2,597)
15	2037	365,000	3.25%	11,863	376,863	374,336	(2,527)	(1,564)
16	2038		-	-	-	374,336	374,336	224,399
17	2039		-	-	-	374,336	374,336	217,335
18	2040		-	-	-	374,336	374,336	210,494
19	2041		-	-	-	-	-	-
20	2042		-	-	-	-	-	-
\$4,450,000			\$ 1,243,288	\$ 5,693,288	\$ 7,342,702	\$ 1,649,414	\$ 1,150,120	

27%

GFOA Advisory vs. POBs 2.0

1. Complex instruments: swaps, CABs, derivatives, GICs

2. Increase debt burden / reduce flexibility: “soft to hard liability”

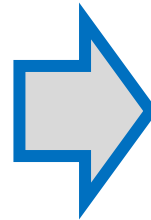
3. Not refundable “make-whole” call

4. Extend repayment or finance Normal Costs

5. Stand alone POBs not viewed as credit positive

6. Reinvestment of POB Proceeds: Market & Timing Risk

**POBs
2.0**



- In-depth Study
- Pension Reform
- Market Evolved

1. Plain Vanilla Fixed Rate Bonds

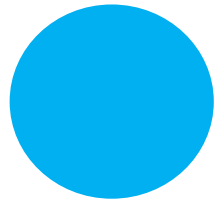
2. GASB 68 Liability - Balance Sheet

3. 10-year Call

4. Finance UAL Only (same term)

5. Credit Neutral / Plan & Study +

6. Dollar Cost Averaging / Multiple Strategies / Hedge



Market Update

Long-Term Rates Are at Historic Lows

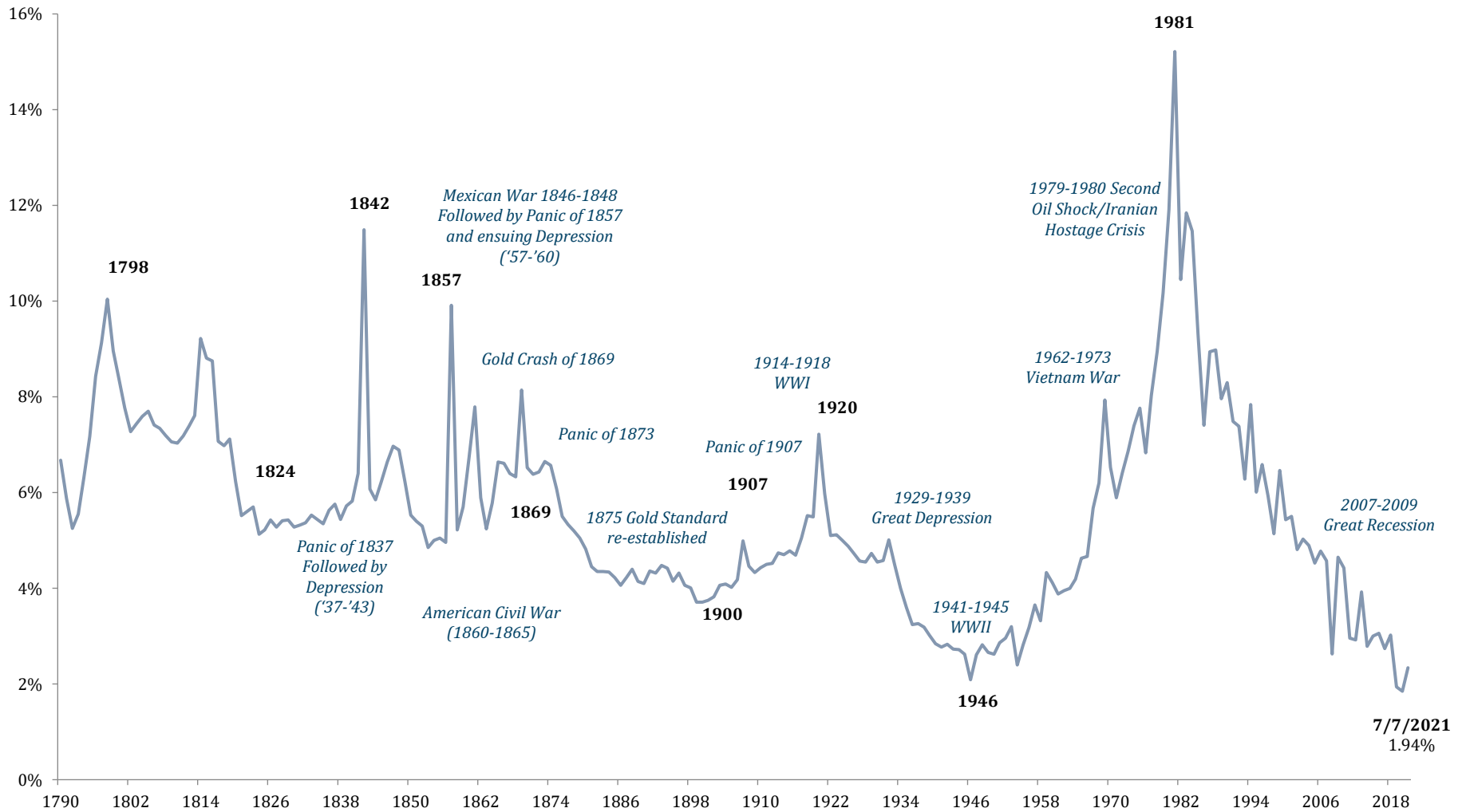
- The line represents 30-year U.S. Treasury Bond yields since 1977



Source: Bloomberg, Federal Reserve, as of end of business April 22, 2021.

Note: 30-year Treasury constant maturity series was discontinued on February 18, 2002 and reintroduced on February 9, 2006. From February 18, 2002 to February 8, 2006, Treasury published alternatives to a 30-year rate (Treasury Long-Term Average).

Long-Term Rate History



Source: Bloomberg, the Federal Reserve and the Wall Street Journal. 30-Year US Treasury Rate. As of end of business April 22, 2021.

Direct Placement Method of Sale

- A direct placement (also known as a private placement), is a sale of a new issue of securities directly to an investor or small group of investors without a public offering. Directly placed securities do not require SEC registration.
- For a municipality, it is the placement of a loan directly to a qualified investor, typically a financial institution such as a bank or a high net worth individual. Typically, maturities on a direct placement do not extend past 20 years. Some lenders do 25 years and 30 year terms on a case by case basis.
- Private placement transactions tend to move quickly and closing can be expected within four weeks after an investor has been identified. Costs involved in this transaction are minimal compared to a public offering, since legal counsel services are reduced, and disclosure and registration requirements are not necessary.

Private Placement Marketing Plan

- To make certain the issuer receives the best economic result, we create a competitive bidding environment among our large pool of institutional investors.
- We have a portfolio of 30 banks. We distribute a formal Request for Proposal (“Lender RFP”) designed specifically to meet the issuer’s objectives.
- The Lender RFP is accompanied by a complete credit package.
- Once proposals are received, we prepare a summary analysis to be reviewed by the issuer to select the best proposal. After a selection is made, we continue to negotiate with the lender until closing to assure that all of the financing objectives are met and the issuer is satisfied.

Benefits of a Private Placement

Private Placement	Public Offering
Reduced cost of issuance	Cost of issuance is higher
No credit rating or bond insurance required	Credit rating and bond insurance
Market less volatile than public offering	Supply and demand add additional pricing variables
Rate lock can be obtained to hedge against market fluctuation	The rates cannot be determined until day of pricing
No requirement for official statement, reserve fund or MSRB continuing disclosure	Official statement, reserve fund and MSRB continuing disclosure required
Reduced Issuer staff time	Increased Issuer staff time
Burden of due diligence is on the investor, not the Issuer	Due diligence and reporting requirements are the burden of the Issuer, not investor
Streamlined/shorter financing process	Transaction takes 30-45 days longer than a private placement

Key Players in Private Placement

THE ISSUER

MUNICIPAL ADVISOR

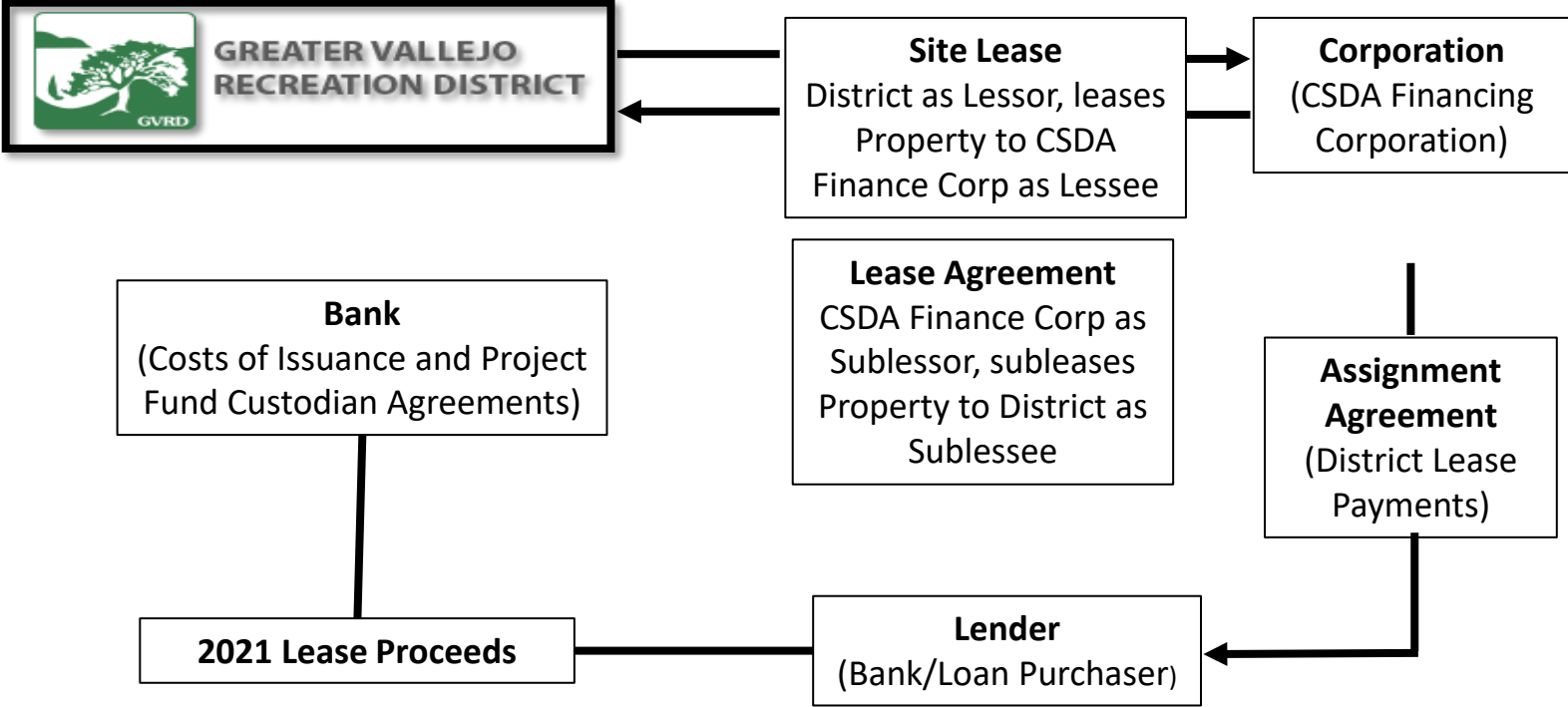
BOND COUNSEL

BANK COUNSEL

PLACEMENT AGENT

BANK

Lease Financing Flow of Funds/Mechanics



Key Documents for Lease Financing

Site Lease

- Provides that Monterey Peninsula Regional Park District (the “District”) will lease property to the CSDA Finance Corporation

Lease Agreement

- Provides that the CSDA Finance Corporation will sublease the property back to the District and the District will make lease payments to CSDA Finance Corporation

Assignment Agreement

- Provides that the CSDA Finance Corporation will assign its right under the Lease Agreement to the Lender, including the right to receive the lease payments

Available Assets to Pledge

	Name	Location	Acres	Owner
1	Carquinez	Porter/Sandy Beach	5.36	GVRD
2	Crest Ranch	Gateway/Nicole	3.14	GVRD
3	Fairmont	Viewmont/Edgemont	0.86	GVRD
4	Grant Mahony	Mariposa/Arkansas	1.51	GVRD
5	High Glen undev. open space	Pueblo Way	9.3	GVRD
6	Lake Dalwigk	Solano/Curtola Pkwy	10.07	GVRD
7	Setterquist	Mini/Stanford	10.21	GVRD
8	Terrace	Daniels/Selfridge	10.67	GVRD
9			0.1	GVRD
10	McIntyre Ranch	St John's Mine Rd	22.15	GVRD
11	Colusa Bldg	1110 Colusa St	<u>0.55</u>	GVRD
			73.92	

CSDA Member Fees

CSDA Member Discounted fees

CSDA Member Discounted Fees

District Operating Budget	Pension Modeling Services	Pension Funding Policy
\$1-\$1 Million	\$5,500	\$1,500
\$1 - \$2.5 Million	\$6,000	\$2,000
\$2.5 - \$5 Million	\$6,500	\$2,500
\$5 - \$10 Million	\$7,000	\$3,000
\$10-\$15 Million	\$7,500	\$3,500
415-\$25 Million	\$8,500	\$4,000

Base Model Fee = \$10,000
Pension Funding Policy \$3,000-5,000

Hourly Fees

Additional analysis, scenarios, board, community & stakeholder meetings

Bond Financing - MA Services

District Operating Budget	UFI Standard fees	CSDA Bond Fees
\$0-\$2.5 Million	\$30,000	\$27,500
\$2.5 - \$5Million	\$32,500	\$30,000
\$5 - \$10 Million	\$35,000	\$32,500
\$10 -\$15 Million	\$40,000	\$37,500
\$15-\$25 Million	\$45,000	\$42,500
\$25 Million +	\$50,000+	TBD

Assumes Private Placement
Public Offering \$2,500 more

	Standard	CSDA
Managing Director	\$325	\$300
Analyst	\$175	\$150

APPENDIX

UFI Qualifications

UFI – Industry Leader

#1 Municipal Advisor

- California # Deals: 2017-2020

#1 Pension Advisor

- 21 POBs: \$2.3 Billion
- 4 POBs: \$1.0 Billion **In process**
- 6 cities: \$1.7 Billion **Review**
- 15 Pension Advisory (non-POB)

CSDA Endorsed Affiliate

- Special Pricing CDSA Members
- Customized Pension Model
- Evaluation of Funding Solutions

PENSION ADVISORY SERVICES

ADP Pre-Payment Strategies

- Base Selection
- Fund Exchange

CalPERS Termination

Pension Modeling

- Recession Scenarios
- Base by base Analysis
- ADP (pay-off) optimization

Financing Solutions:

- Leveraged Refunding
- Tax-Exempt Exchange
- Pension Obligation (POBs)

POB Risk Analysis/ Scenarios

- Stress Tests
- Monte Carlo Simulation

Education: Workshops, Finance Committee, Stakeholders, 1on1s, Taxpayers Assoc.,

Leader in Pension Advisory Services

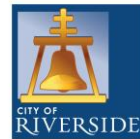
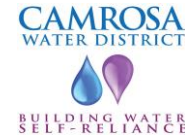
Municipal Advisor Rankings for CA POBS 2017 - 2021			
Municipal Advisor	Par (\$MM)	#	%
1 UFI	2,284	21	25%
2 NHA Advisors	1,750	16	19%
3 Wulff Hansen	145	12	14%
4 Harrell & Co	630	6	7%
5 Columbia Capital	740	3	4%
6 Other	1,622	25	30%
Total	\$ 7,171	83	

Source: Bloomberg

Financing Objective	Clients
ADP	City of Desert Hot Springs, Santa Fe Irrigation District
Financial Modeling	Beaumont Cherry Valley Water District, Mid-Peninsula Water District
Leveraged Refunding	Rowland Water District, Walnut Valley Water District
Multi-Agency Payoff Strategy	SOCWA
Reserve Exchange	LA County Sanitation District
Tax-Exempt Exchange	Placer County Water Agency
Termination	San Gabriel Valley COG
UAL Payoff	Camrosa Water District

UFI has numerous non-POB related pension advisory clients as a result of our pension modeling capabilities and understanding of CalPERS administrative and actuarial policies

Pension Advisory Clients



City of Arts & Innovation



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*
- \$685.6 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 31, 2020

New York City Headquarters

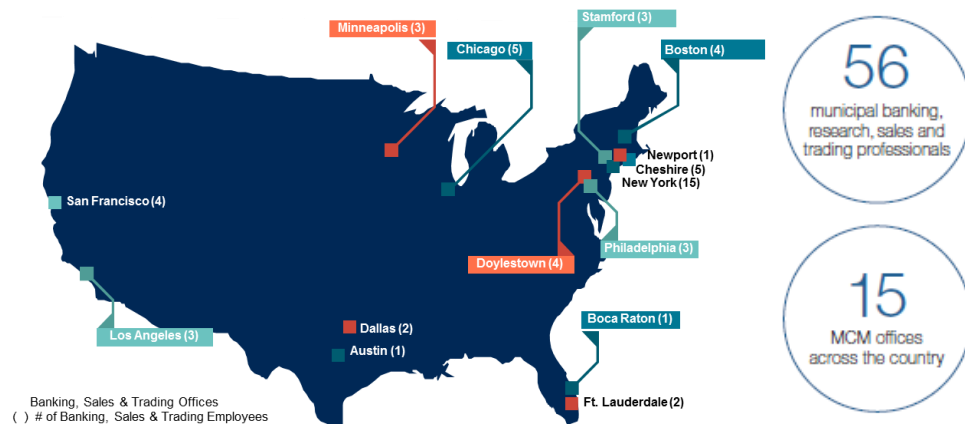


Oppenheimer checks the boxes:

- ✓ *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

Oppenheimer's California Public Finance Presence

California Presence



- 5 offices
- 160 employees including 60 financial advisors covering 30,000 accounts
- \$4.5 billion in AUM (\$608k avg account size) and \$5.7 billion in AUA (\$244k avg account size)
- In 2020, Oppenheimer executed 6,471 secondary market trades of CA-domiciled bonds totaling \$1.1 billion
- Participated in 144 transactions in California since 2018 as detailed in the adjacent table

Public Finance

- 56 dedicated Public Finance Investment Banking, Underwriting, Sales and Trading professionals in 14 offices nationwide provide clients with local banking expertise and well-rounded distribution capabilities to retail and institutional investors
- Product groups:
 - Education (K-12, charter school, and higher education)
 - Senior Housing
 - Healthcare
 - Project Finance
 - General Municipal, Transportation and Utilities
 - Public-Private Partnership (P3) Advisory

OPCO's Public Finance Activity in CA

Years	Number of Transactions
2018	43
2019	51
2020	50

Product Expertise: Private Placement

- Based on statistics from the California Debt and Investment Advisory Commission (“CDIAC”), since 2017 our firm has performed the most private placements in the State of California
- We have closed approximately three private placement a month for the last five years
- Over the last three years we have successfully funded 47 real property lease purchase private placements
- In the last 20 years, we have developed strong, long-term relationships with a variety of private placement providers, opening a market for any municipal financing need. With over 30 buyers, we have the largest portfolio of private placement lenders of any California municipal bond underwriter

Demonstrated Client Satisfaction



\$2,318,400

City of San Dimas, CA
Housing Authority Mobile Home Park
Revenue Refunding Bond, Series 2020A

Placement Agent

Private Placement Production

Year	Number of Transactions	Par Amount
2020	34	\$231,097,392
2019	38	\$210,809,830
2018	31	\$114,683,394
2017	47	\$205,916,867

Factors to Consider When Determining Method of Sale

- **Workload and Disclosure Risk**
 - With the public offering method of sale, staff time is required to produce the Preliminary Official Statement (“POS”). While the POS is prepared by disclosure counsel, it is the Issuer’s responsibility. The Issuer bears the burden of disclosure risk for a publicly offered bond.
 - With a private placement, there is no POS. Due diligence is the responsibility of the investor, not the Issuer; therefore, the burden of disclosure is on the investor.
- **Continuing Disclosure**
 - For the public offering method of sale, the Issuer has the ongoing burden of meeting disclosure requirements.
 - For the private placement method of sale, the Issuer’s only responsibility will be to provide its audited financial statements including certain operating data on an annual basis to the investor.
- **Market Risk**
 - With a public offering, the interest rate is set on the day of pricing.
 - With a private placement, the interest rate can be locked prior to closing (length of rate lock varies, and can be negotiated).
- **Debt Service Reserve Fund**
 - A public offering often requires a debt service reserve fund.
 - A private placement does not require a debt service reserve fund.



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