



Willows City Council Regular Meeting

September 22, 2020

Willows City Hall

7:00 p.m.

Agenda

201 North Lassen Street

Willows, CA 95988

(530) 934-7041

City Council

Kerri Warren, Mayor

Larry Domenighini, Vice Mayor

Gary Hansen, Council Member

Lawrence Mello, Council Member

Joe Flesher, Council Member

Interim City Manager

Wayne Peabody

City Clerk

Tara Rustenhoven

NOTICE:

Pursuant to N-25-20 issued by Governor Gavin Newsom suspending portions of the Brown Act, the September 22, 2020 Willows City Council meeting will be OPEN to the public. We will be limiting the number of members of the public physically present in Council chambers at City Hall in order to observe recommended social distancing practices. Members of the public who choose to attend in person are strongly advised to wear a mask or other face covering, and to wash their hands and use hand sanitizer frequently, in addition to maintaining at least six feet of distance between themselves and any others who are not members of their household to minimize the possibility of transmission of the COVID-19 virus. For those members of the public who are at high-risk or prefer not to attend in-person, the City is also providing a mechanism through which they may attend the meeting telephonically by following the instructions below.

Dial in Number: (605) 313-5611

Access Number: 404150

1. **CALL TO ORDER- 7:00 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **PUBLIC COMMENT/WRITTEN COMMUNICATIONS**
 - a. Public Comments: Members of the public wishing to address the Council on any item(s) not on the agenda may do so at this time by stating your name and address. Then please wait until you are recognized by the Mayor or Vice Mayor. No formal action will be taken unless the matter is placed on a future agenda. Each member of the public attending in person or caller will be limited to three (3) minutes. If you are calling in to provide public comment, use the call-in information below:

Dial in Number: (605) 313-5611

Access Number: 404150

5. CONSENT AGENDA

Consent items are considered to be routine by the City Council and will be enacted in one motion. There will be no separate discussion on these items unless a Council Member requests, in which event the item will be removed from the consent agenda. It is recommended that the Council:

- a. Approval of direct deposit check registers & payroll Z10955-Z10973, 38733-38740.
- b. Approval of minutes of the Regular City Council Meeting held on September 8, 2020.

Comments from the public are welcome. The Mayor will allow an opportunity for comments related to Public Hearings or any item on the agenda. Please limit comments to three minutes per topic, and one comment per person per topic. Once comments conclude, please allow the Council the opportunity to continue its consideration of the item without interruption.

6. REGULAR BUSINESS AGENDA/ITEMS REQUIRING COUNCIL ACTION

- a. By motion, appoint Pedro Bobadilla to the City of Willows Planning Commission with recommendation of Vice Mayor Domenighini and Council Member Flesher, to fill the vacant seat which will begin immediately and will expire on December 31, 2020.
- b. By motion, appoint Dan Gupton to the Willows Library Board of Trustees with the recommendation of Vice Mayor Domenighini and Council Member Mello, to fill the vacant seat which will begin immediately and will expire on June 30, 2023.
- c.1 By motion, adopt a resolution entitled; **A RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE ISSUANCE AND SALE OF REVENUE BONDS TO REFUND THE OUTSTANDING CERTIFICATES OF PARTICIPATION (SEWER TREATMENT RENOVATION PROJECT), RETAINING AN UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.**
- c.2 By motion, adopt a resolution entitled; **A RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF PENSION OBLIGATION BONDS, RETAINING A PLACEMENT AGENT/UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.**

7. COUNCIL/ STAFF REPORTS/COMMENTS

- a. Staff Reports/Comments:
- b. Council Reports/Comments:

8. ADJOURNMENT

This agenda was posted on September 17, 2020



Tara Rustenhoven, City Clerk

A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall or the Willows Public Library at 201 North Lassen Street in Willows or on the City's website at www.cityofwillows.org.

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). The public should contact the City Clerk's office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The City of Willows is an Equal Opportunity Provider



CONSENT AGENDA



Period

9/5/2020 TO 9/18/2020

General Checking XXX TO XXX

Payroll Direct Deposit Z10955 TO Z10973

Payroll Checks 38733 TO 38740

APPROVAL DATE 9/22/2020

APPROVED _____



ACTION MINUTES OF THE WILLOWS CITY COUNCIL REGULAR MEETING HELD SEPTEMBER 8, 2020

Meeting audio is available at the City of Willows website. This is not a live feature. Audio recordings are posted the succeeding business day following the scheduled City Council Meeting.

Please visit www.cityofwillows.org for free PodBean recordings.

1. Mayor Warren called the meeting to order at 7:00 p.m.
2. The meeting opened with the Pledge of Allegiance led by Vice Mayor Domenighini.

3. Roll Call:

Council Members Present: Council Members Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

Council Members Absent:

Staff Present: Interim City Manager Wayne Peabody, City Attorney David G. Ritchie, City Engineer John Wagner, City Clerk Tara Rustenhoven

4. Public Comment/ Written Communications:

Sharon Ponciano-Wanted to say hello and thank the Council for doing what they do.

5. Consent Agenda:

- a. Approval of general checking, payroll & direct deposit check registers 50442-50523, Z10935-Z10954, 38717-38732.
- b. Approval of minutes of the Regular City Council Meeting held on August 25, 2020.

Action:

Motion: Council Member Hansen/Second: Council Member Flesher

Moved to approve the Consent Agenda as presented above and the following item(s).

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

6. Regular Business:

- a. Adopt a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, STATE OF CALIFORNIA, ACCEPTING THE IMPROVEMENTS ASSOCIATED WITH THE SOUTH WILLOWS COMMERCIAL AND INDUSTRIAL CENTER PROJECT (EDA PROJECT 07-01-07275), AUTHORIZING THE RELEASE OF RETENTION AND AUTHORIZING THE NOTICE OF COMPLETION TO BE FILED FOR THE PROJECT.**
- b. Adopt a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, STATE OF CALIFORNIA, ACCEPTING DEDICATION OF PUBLIC UTILITY EASEMENTS FOR GAS, ELECTRIC AND COMMUNICATION FACILITIES ASSOCIATED WITH THE SOUTH WILLOWS COMMERCIAL AND INDUSTRIAL CENTER PROJECT (EDA PROJECT 07-01-07275) AND DIRECTING THE CITY CLERK TO RECORD THE GRANT DEEDS.**

Action:

Motion: Council Member Hansen/Second: Council Member Mello

*Moved to approve a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, STATE OF CALIFORNIA, ACCEPTING THE IMPROVEMENTS ASSOCIATED WITH THE SOUTH WILLOWS COMMERCIAL AND INDUSTRIAL CENTER PROJECT (EDA PROJECT 07-01-07275), AUTHORIZING THE RELEASE OF RETENTION AND AUTHORIZING THE NOTICE OF COMPLETION TO BE FILED FOR THE PROJECT.***

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

Action:

Motion: Council Member Mello/Second: Council Member Hansen

*Moved to approve a resolution entitled; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, STATE OF CALIFORNIA, ACCEPTING DEDICATION OF PUBLIC UTILITY EASEMENTS FOR GAS, ELECTRIC AND COMMUNICATION FACILITIES ASSOCIATED WITH THE SOUTH WILLOWS COMMERCIAL AND INDUSTRIAL CENTER PROJECT (EDA PROJECT 07-01-07275) AND DIRECTING THE CITY CLERK TO RECORD THE GRANT DEEDS.***

The motion passed unanimously 5/0 carried by the following roll vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

c. Consideration to adopt City Council Resolution No. 35-2020 approving the City of Willows Debt Management Policy and Disclosure Procedures consistent and compliant with Section 8855(i) of the California Government Code.

i. **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS APPROVING A DEBT MANAGEMENT POLICY AND DISCLOSURE PROCEDURES FOR PUBLIC DEBT ISSUANCES AND RELATED DISCLOSURE OBLIGATIONS.**

Action:

Motion: Council Member Hansen/Second: Vice Mayor Domenighini

*Moved to adopt a resolution entitled; **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS APPROVING A DEBT MANAGEMENT POLICY AND DISCLOSURE PROCEDURES FOR PUBLIC DEBT ISSUANCES AND RELATED DISCLOSURE OBLIGATIONS.***

The motion passed unanimously 5/0 carried by the following roll call vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini, Mayor Warren

NOES:

ABSENT:

ABSTAIN:

7. Council/Staff Reports/Comments:

a. Staff Reports/Comments:

- The city has a new Financial Contract Company that has started this week.

- Congratulations to City Council on the infrastructure that just took place. Staff wanted to thank Council for their support in this long process.

b. City Council Reports Comments: Council gave comments/reports on activities and various meetings they attended.

8. Adjournment:

The Meeting was adjourned at 7:41 p.m.

Dated: September 9, 2020

Tara Rustenhoven, City Clerk

DRAFT



REGULAR BUSINESS

September 22, 2020

AGENDA ITEM

TO: Honorable Mayor Gary Hansen and Members of the City Council

FROM: Tara Rustenhoven, City Clerk

SUBJECT: Planning Commission Vacancies/Appointments

RECOMMENDATION:

By motion, appoint Pedro Bobadilla to the City of Willows Planning Commission with recommendation of Vice Mayor Domenighini and Council member Flesher, to fill the vacant seat which will begin immediately and will expire on December 31, 2023.

SUMMARY:

As direct by council in the June 9, 2020 meeting, procedures were followed, city staff received four applications for the one seat set to expire December 31, 2023.

On September 8th, 2020 Vice Mayor Domenighini and Council member Flesher held interviews of the applicants and directed staff to place an item on the agenda of September 22, 2020 City Council meeting, in which they will make their recommendation to the Council to appoint Pedro Bobadilla to the seat set to expire on December 31, 2023.

FINANCIAL CONSIDERATIONS:

None at this time.

NOTIFICATION:

Applicant has been notified

ALTERNATE ACTIONS:

No Alternatives are recommended.

RECOMMENDATION:

By motion, appoint Pedro Bobadilla to the City of Willows Planning Commission with recommendation of Vice Mayor Domenighini and Council member Flesher, to fill the vacant seat which will begin immediately and will expire on December 31, 2023.

September 22, 2020

Respectfully Submitted,

/s/Tara Rustenhoven

Tara Rustenhoven
City Clerk

Approved by:

/s/Wayne Peabody

Wayne Peabody
Interim City Manager/Fire Chief

AGENDA ITEM

TO: Honorable Mayor Kerri Warren and Members of the City Council

FROM: Tara Rustenhoven, City Clerk

SUBJECT: Library Board of Trustees Appointments

RECOMMENDATION:

By Motion, appoint Dan Gupton to the Willows Library Board of Trustees with the recommendation of Vice Mayor Domenighini and Council Member Mello, to fill the vacant seat which will begin immediately and will expire on June 30, 2023.

SUMMARY:

As directed by council at the August 11th meeting, procedures were followed, city staff received one application for the seat that will expire on June 30, 2023.

Vice Mayor Domenighini and Council Member Mello directed staff to place an item on the agenda of the September 22, 2020 City Council meeting, in which they will make their recommendation to the Council to appoint Dan Gupton to the open seat of the Library Board of Trustees, set to expire on June 30, 2023.

FINANCIAL CONSIDERATIONS:

N/A

NOTIFICATION:

Applicant has been notified.

ALTERNATE ACTIONS:

No Alternatives are recommended.

RECOMMENDATION:

By Motion, appoint Dan Gupton to the Willows Library Board of Trustees with the recommendation of Vice Mayor Domenighini and Council Member Mello, to fill the vacant seat which will begin immediately and will expire on June 30, 2023.

September 22, 2020

Respectfully Submitted,

/s/ Tara Rustenhoven

Tara Rustenhoven
City Clerk

Approved by:

/s/ Wayne Peabody

Wayne Peabody
Interim City Manager/Fire Chief

AGENDA ITEM

TO: City Council Members, Wayne Peabody, Interim City Manager

FROM: David G. Ritchie, City Attorney

SUBJECT: Consideration to Adopt City Council Resolution No. 36-2020 authorizing the commencement of proceedings in connection with the issuance and sale of revenue bonds to refund the outstanding certificates of participation (sewer treatment renovation project), retaining and underwriter, bond counsel and disclosure counsel, and directing certain actions with respect thereto

RECOMMENDATION

By Motion, Adopt Council Resolution No.36-2020 authorizing the commencement of proceedings in connection with the issuance and sale of revenue bonds to refund the outstanding certificates of participation (sewer treatment renovation project), retaining and underwriter, bond counsel and disclosure counsel, and directing certain actions with respect thereto

BACKGROUND

The City retained Wulff Hansen and Company as municipal advisors and previously created an ad-hoc committee to explore opportunities for improved Debt Management and to assess the outstanding debt obligations of the City for purposes of achieving potential savings over, or less burdensome covenants, associated with those debts.

The ad-hoc committee has met on three occasions, and has, previously made recommendations for adoption of a debt management policy for the City so that it complies with Government Code 8855(i). This new debt management policy was adopted by council at the September 8, 2020 Council meeting.

Subsequent meetings of the Ad-Hoc Committee have revealed the existence of very favorable interest rate environments. These rates, compared with those of the City's current debts, suggest that the City may benefit substantially with reduced estimated debt service costs if it were to consider refunding or refinancing its current debt obligations.

In order to more accurately assess the potential savings that may be achieved, the City's Ad-Hoc committee is recommending the adoption of this resolution of intention. The resolution authorizes the retention of underwriting/placement services and bond and disclosure counsel and directs staff to prepare financing documents and to take

appropriate steps to initiate the processes required to prepare for possible future financing efforts. This resolution does NOT formally approve financing documents, nor does it authorize refunding or refinancing of existing City debt, nor does it cause any new debt to be incurred by the City. The separate approval of any financing document(s) and/or the selling document (called a "preliminary official statement") would be considered and potentially approved at a future meeting.

In order to evaluate Underwriting/Placement services, the City sent a Request for Proposals to three qualified firms: Brandis Tallman, DA Davidson, and Hilltop Securities. All three firms returned responses (attached) on or before the deadline on September 14th. The Ad-Hoc Committee met on September 14th to evaluate and consider the responses and concluded that it recommend retaining Hilltop Securities Inc. as Underwriter/Placement Agent for the City.

FINANCIAL CONSIDERATIONS

Adoption of this policy does not, in and of itself cause the City to incur costs necessitating a budget change or impact upon the City's budget, any costs associated with retaining underwriting or the tasks to be performed as a result of adoption of these resolutions would be included in the costs of issue for new financing instruments (if any).

RECOMMENDATION

By Motion, adopt City of Willows Resolution No. 36-2020

Respectfully submitted,

/s/ David G. Ritchie

David G. Ritchie
City Attorney

Attachments

- (A) Resolution No.
- (B) RFP WH Ad-Hoc Committee Update (Presentation by Wulff Hansen)
- (C) Response Comparison
- (D) RFP Response – Hilltop Securities Inc.
- (E) RFP Response – DA Davidson
- (F) RFP Response – Brandis Tallman LLC

CITY OF WILLOWS

RESOLUTION NO. 36-2020

**RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS
IN CONNECTION WITH THE ISSUANCE AND SALE OF REVENUE BONDS
TO REFUND THE OUTSTANDING CERTIFICATES OF PARTICIPATION
(SEWER TREATMENT RENOVATION PROJECT), RETAINING AN
UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL AND
DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the City Council (the "Council") of the City of Willows (the "City"):

WHEREAS, the City has determined that is prudent at this time to issue and sell its revenue bonds (the "Bonds") to refund its outstanding Certificates of Participation (Sewer Treatment Renovation Project) sold in 2007 to the United States of America – Rural Development, to generate debt service savings to the City; and

WHEREAS, it is appropriate that the Council formally authorize the preparation of the necessary documents in connection with the issuance and sale of the Bonds and to retain a municipal advisor, an underwriter, bond counsel and disclosure counsel to assist the City;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The City authorizes the Mayor, the City Manager, the Administrative Services Director (the "Authorized Officers") and other appropriate officers and officials of the City to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Bonds, subject to the final approval by the Council at a subsequent meeting.

Section 2. Wulff Hansen & Co. current municipal advisors to the City shall serve as as municipal advisor to the City in connection with the issuance and sale of the Bonds, the compensation for such services as set forth in the current MA agreement and Addendum(s).

Section 3. Hilltop Securities Inc. is hereby retained as underwriter which will purchase the Bonds for re-sale to the public.

Section 4. Quint & Thimmig LLP is hereby retained as bond counsel and as disclosure counsel, in connection with the issuance and sale of the Bonds, the compensation for such services to be negotiated with the City Manager.

Section 5. The Authorized Officers and other appropriate officers and officials of the City are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this Resolution.

Section 6. This Resolution shall be in full force and effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the City Council of the City of Willows held on the 22nd day of September, 2020, by the following vote:

AYES, and in favor of, Council Members:

NOES, Council Members:

ABSENT, Council Members:

By _____
City Clerk

Wulff, Hansen & Company City of Willows City Council Meeting

Date: September 22, 2020

I. Status Update

- a) A Request for Proposal for Underwriting/Placement Services was sent to three qualified firms: Brandis Tallman, DA Davidson and Hilltop Securities
- b) The three firms all submitted proposals on the morning of September 14th
- c) The Finance Committee met on September 14th to discuss the proposals received, and agreed to recommend that the City move forward with the services of Hilltop Securities and add them to the financing team by adopting the resolution of intention at today's meeting
- d) Next Steps: The team will bring the financing documents to the Council for formal approval by resolution at the October 13th meeting, this will commence the validation process on the pension obligation bonds, the sewer bond refunding (2007 COP) will commence after completion of the 218 process
- e) The selling document for each transaction, referred to as the preliminary official statement, will be brought to the Council for approval at a meeting post-October 13th – this step is the final approval by Council

II. Market Update

- a) Extremely favorable rate environment, just off all-time lows (August 4, 2020)
- b) Volatile market, with interest rates moving as much as 20 bps over a few days (Ex: a 20 bps difference on a \$5 million 15-year financing, equates to additional interest of approximately \$90,000)

III. Projected results of Refinancing Projects

- a) Figures were provided by Hilltop Securities in their Underwriter/Placement Agent proposal
- b) All figures are preliminary, estimated, and subject to change

| | Taxable Pension Obligation Bonds | Certificates of Participation Refunding (2007 COP – USDA loan)* |
|----------------------------------|----------------------------------|---|
| Total Estimated New Debt Service | \$10,989,773 | \$7,753,052 |
| Total Estimated Savings | \$2,973,202 | \$1,468,918 |
| Average Annual Estimated Savings | \$123,883 | \$56,496 |
| True Interest Cost | 3.54% (Taxable) | 2.66% (Tax-exempt) |

**Assumes Bond Insurance is obtained and existing fully-funded reserve is brought into refunding as a source of funds*

City of Willows
Request for Proposals Submission Results
14-Sep-20

| | <u>Brandis Tallman</u> | <u>DA Davidson</u> | <u>Hilltop Securities</u> |
|--------------------------------|--|---|---|
| Pension Obligation Bond | | | |
| PO (A) | \$7.00/bond* \$8.00/bond | N/A | \$6.98/bond |
| PO (BBB) | \$7.50/bond* \$10.50/bond | \$10.00/bond | \$6.98/bond |
| PO (BB) | N/A | \$15.00/bond | \$6.98/bond |
| PP | \$20,000 3.59% TIC assumption (PO) | \$20,000 N/A | \$18,500 3.52% TIC assumption (PO) |
| COP Refunding (USDA) | | | |
| PO (A) | \$6.75/bond* \$7.75/bond | | |
| PO (BBB) | \$7.25/bond* \$9.75/bond | \$10.00/bond | \$7.40/bond |
| PO (BB) | N/A | \$15.00/bond | \$7.40/bond |
| PP | \$20,000 3.25% rate assumption (PP) 2.72% TIC assumption (PO) | \$20,000 N/A N/A | \$16,500 N/A 2.66% TIC assumption (BBB)(PO) |
| Notes | <p>1) Thinks the POB should be secured with an asset to secure bond insurance, unlikely to get Ins if validation method is used</p> <p>2) Thinks public offering will produce better result</p> <p>3) Brandis Tallman has had recent success in negotiated rate resets with Umpqua Bank (2019 Lease)</p> <p><i>*with insurance</i></p> | <p>1) UW's Council fee of \$10,000 must be reimbursed if switching from PO to PP after work has commenced</p> <p>2) Thinks public offering will produce better result</p> | <p>1) They see sewer fund as BBB/BBB+ and General Fund as AA-</p> <p>2) Thinks public offering will produce better result</p> <p>3) Proposed alternative structure for POB where debt service is structured to increase by 2% a year to keep debt service closer to a fixed percentage of revenue over time</p> |

Prepared by Wulff, Hansen & Co. on September 14, 2020

Underwriter's Discount in terms of dollars

| | | |
|--------------------|-------|-------------------------------|
| Example Par Amount | \$ | 8,425,000 |
| <u>\$/ bond</u> | | <u>Underwriter's Discount</u> |
| \$ | 6.75 | \$ 56,869 |
| \$ | 6.98 | \$ 58,807 |
| \$ | 7.00 | \$ 58,975 |
| \$ | 7.25 | \$ 61,081 |
| \$ | 7.40 | \$ 62,345 |
| \$ | 7.50 | \$ 63,188 |
| \$ | 7.75 | \$ 65,294 |
| \$ | 8.00 | \$ 67,400 |
| \$ | 9.75 | \$ 82,144 |
| \$ | 10.00 | \$ 84,250 |
| \$ | 10.50 | \$ 88,463 |
| \$ | 15.00 | \$ 126,375 |

Proposal to Provide Underwriting / Placement Agent Services

City of Willows, California

September 14, 2020, 10:00 a.m. PT



City of Willows, California

CONTACT:

Todd Smith, Managing Director
todd.smith@hilltopsecurities.com

2533 South Coast Highway 101, Suite 250, Cardiff, CA 92007

Phone: 760.632.1347

September 14, 2020, 10:00 am PT
Proposal to Provide
Underwriting / Placement Agent
Services



Todd Smith
Managing Director
760.632.1347--- Direct

2533 South Coast Highway 101, Suite 250
Cardiff, California 92007
todd.smith@hilltopsecurities.com

September 14, 2020

Electronic Copy Delivery: rfp@wulffhansen.com

Mr. Ben Levine
Mr. Rob Pankratz

Dear Mr. Levine and Mr. Pankratz:

Hilltop Securities Inc. ("HilltopSecurities") is pleased to have this opportunity to submit its proposal to serve as underwriter or placement agent for the City of Willows (the "City") in connection with the potential issuance of its Taxable Pension Obligation Bonds, Series 2021 and Refunding Certificates of Participation, Series 2021.

Distribution. HilltopSecurities' distribution capabilities include Tier I, Tier II and Tier III, institutional coverage and retail, with special emphasis on California retail. In addition, HilltopSecurities has been successful in privately placing financings with banks, which can produce better economics than traditional publicly offered transactions. HilltopSecurities is very effective at marketing and selling to all levels of institutional accounts and traditional retail investors. As an underwriter, HilltopSecurities will provide the City with the strongest marketing outlet for its bonds.

Strong In-House California Retail Capability. Our firm can add value through our strong in-house California retail sales capability. Our California retail sales team is made up of 60 brokers serving nearly 13,000 retail accounts with almost \$4.7 billion in California municipal assets under custody. HilltopSecurities maintains municipal retail sales offices in Beverly Hills, Del Mar, Monterey, San Diego, Roseville and San Francisco and arguably offers the strongest California retail distribution capability of any regional firm.

| California Municipals | |
|-----------------------|-----------------|
| Accounts | Assets |
| 12,652 | \$4,689,462,399 |

I will be involved with the transaction from start to finish and will be responsible for all work generated by HilltopSecurities. I pledge our availability as well as accessibility and will work in tandem with the City, its municipal advisor and other members of the financing team to ensure the City's financing goals are reached. Our team is well-qualified to provide the City with the highest level of underwriting services.

Please contact me directly with any questions, comments or concerns.

Sincerely yours,

Todd Smith
Managing Director

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APPENDIX A Pension Obligation Bond Sample Numbers

APPENDIX B Wastewater COP Sample Numbers

DISCLOSURE: HilltopSecurities Inc. ("HilltopSecurities") is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter or placement agent to the City of Willows, California (the "City"). As an underwriter, HilltopSecurities' primary role is to purchase securities for resale to investors in an arm's length transaction between the City and HilltopSecurities. HilltopSecurities' financial and other interests will differ from those of the City, and therefore, HilltopSecurities will not serve as a municipal advisor, financial advisor, or fiduciary to the City or any other person or entity on such transaction, regardless of whether HilltopSecurities or its representatives or affiliates have advised or are advising any such parties on other matters. The information provided herein is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities and Exchange Act of 1934. The City should consult with its financial, municipal, legal accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate. If the City would like a municipal advisor that has legal fiduciary duties to it, the City should consider engaging a municipal advisor to serve in that capacity. HilltopSecurities will not have any duties or liability to any person or entity in connection with the information being provided herein. The information provided in this document is indicative only and constitutes our judgment as of this date based on current market conditions and other information available to us.

Fee Quote

Please provide us with your fee quote as Placement Agent and Underwriter for each of the two transactions.

Our fee quotes are based on the following assumptions:

Pension Obligation Bonds

- Dated Date/Delivery Date: 1/13/2021
- Amount of proceeds used to payoff CalPERS UAL: \$8,105,619
- Semi-annual interest payments beginning on 07/15/2021; annual principal payments beginning on 07/15/2021

Certificates of Participation

- Dated Date/Delivery Date: 1/13/2021
- Refunding Escrow Closing Date: 04/01/2021
- Semi-annual interest payments beginning on 04/01/2021; annual principal payments beginning on 10/01/2021

HilltopSecurities proposed fee for serving as Placement Agent for the POB is a flat fee of \$18,500. Our proposed fee for serving as Placement Agent for the COP is a flat fee of \$16,500.

HilltopSecurities proposed fee for serving as underwriter for the POB is \$6.98 / \$1,000. Our proposed fee for serving as underwriter for the COP is \$7.40 / \$1,000.

Scope of Services

Please provide your scope of services for the two anticipated transactions.

Our scope of services for a publicly offered transaction includes a thorough review of bond and offering documents, analyzing alternative structures that may provide more value, managing the rating process including preparation of a ratings presentation, managing the bond insurance process if applicable, marketing, pricing of the bonds, and managing the process for bond closing.

Our scope of services for a private placement transaction includes a thorough review of bond documents, analyzing alternative structures that may provide more value, drafting and distributing an RFP for banks, working with bank analysts in their credit review, determining the best bank bid with the City and FA, working with the winning bank and bond counsel on acceptable bond documents for all parties, and managing the process for bond closing.

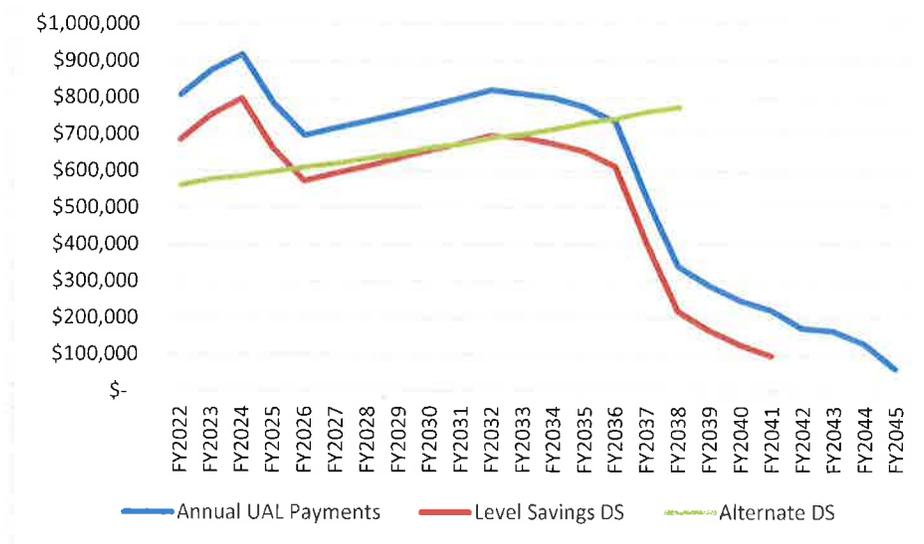
Method of Sale

Please provide your commentary on which method of sale you anticipate would achieve the lowest true interest cost for the City.

We analyzed both the City's General Fund and Wastewater Funds utilizing Standard & Poor's methodology for each. We had to make certain assumptions to get wastewater coverage to their rate covenant. Assuming that a new rate study is in place, as well as other cost of service measures, to get their coverage above their rate covenant, we see a BBB/BBB+ rating for the wastewater fund. The General Fund is in better shape with good liquidity, budgetary performance, and a low debt burden. We see the General Fund as a AA- credit.

Not all banks that purchase municipal debt will be interested in Pension Obligation Bonds. The number of banks that will purchase POBs is much more limited. We have reached out to a few of these banks and have had them pass on this transaction. This is not to say that this POB cannot be issued via private placement, but we believe that a public offering will offer the best execution to the City. Public Offering numbers (level savings solution) are included in Appendix A. We see \$2.97 million savings in the level savings solution vs. the refinanced UAL payments.

In addition to the level savings solution for the POB, we have included an alternate structure where annual debt service rises at 2% per year with a final maturity in FY2038. The increasing debt service is meant to keep debt service closer to a fixed percentage of revenues over time. The shorter final maturity is meant lower the overall interest cost of the financing while still maintaining healthy savings vs. the refinanced UAL payments through FY2045. The alternate savings solution also provides \$575,000 more savings from FY2022 through FY2025 vs. the level savings solution. A chart of the UAL payments vs. the Public Offering Level Savings solution vs. the Public Offering Alternate Savings solution is below. Sample cash flows for alternate savings solution are included in Appendix A. We see \$2.67 million savings in the alternate savings solution vs. the refinanced UAL payments.



For the Wastewater COP, we believe it is too early to run this analysis given that debt service coverage is below the rate covenant and that the new rate study is not yet in place. We will say that the public offering will likely offer better results given the Wastewater COPs' long average life and final maturity. We have included sample cash flows for an Insured (BBB underlying) public offering in Appendix B.

Experience

Please include a brief description of your experience working on similar transactions.

Hilltop Securities is an active underwriter of California pension obligation bonds and water/wastewater bonds. So far in Calendar 2020, we were senior and sole manager for the \$237 million City of Ontario POB, placement agent for the \$18 million City of Grass Valley POB, and senior and sole manager for the \$204 million West Covina PFA Lease Revenue Bonds for pension funding. In the pension funding pipeline, we are UW/PA for Borrego Springs Fire Protection District, City of La Puente, City of Huntington Beach, and City of Auburn.

In Calendar 2020, we were placement agent for water/wastewater bonds for Saucelito Irrigation District, Terra Bella Irrigation District, Lindmore Irrigation District, Lindsay-Strathmore Irrigation District and senior manager for a City of Patterson Water Revenue Bond. In the water/wastewater pipeline, we are UW/PA for a lease transaction with the City of Oakdale.

The Grass Valley POB shares similarities with the City's POB. Both issuers are outside of the major metropolitan areas of California with small populations. The deal sizes are similar, the Grass Valley POB had a par value of \$18.311 million. Grass Valley also had a final maturity of 2040. We dual tracked Grass Valley for a public offering and a private placement. As the process evolved, we realized that the economics of the private placement were as good as the public offering and we decided to lock in a rate with a bank instead of taking interest rate risk until we can get a POS out to market and sell the bonds. The deal had an average life of 11.3 years and we were able to lock a rate of 3.60%. The deal closed June 23, 2020.

In May 2018, we closed a \$8,920,000 City of Calistoga Water & Wastewater Revenue Refunding COP that was S&P "A-" rated and AGM insured. It refunded two series of outstanding bonds and two USDA loans. The City's historical water and wastewater coverage was very volatile and relied on connection fees to meet coverage. The City did new rate studies for water and wastewater and implemented five years of rate increases to provide for adequate operating revenue, debt service coverage, paygo capital funding, and to build each funds' reserves as well. Hilltop Securities managed the rating process with S&P and created the ratings presentation. We sold the bonds on May 8, 2018, utilizing a discount structure in years 2029 to maturity in 2044 at spreads of +50 to +75.

2019 Lease Agreement with Umpqua Bank

Commentary on refunding solutions for the 2019 Lease.

We do not see any savings to including the 2019 Lease within the Wastewater COP Refunding. The increase in the call premium from 0% to 5% on November 1, 2020 is certainly hurting the economics of the refunding. We believe it's in the best interest of the City to wait on this refunding.

City of Willows, California

Appendix A

Pension Obligation Bond Sample Numbers

Appendix A



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**City of Willows
Pension Obligation Bonds
Level Savings**

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SOURCES AND USES OF FUNDS

**City of Willows
Pension Obligation Bonds
Level Savings**

Dated Date **01/31/2021**
Delivery Date **01/31/2021**

Sources:

| | |
|-----------------------|---------------------|
| Bond Proceeds: | |
| Par Amount | 8,425,000.00 |
| | <hr/> |
| | 8,425,000.00 |

Uses:

| | |
|------------------------------------|---------------------|
| Project Fund Deposits: | |
| UAL Payoff | 8,105,619.00 |
| Delivery Date Expenses: | |
| Cost of Issuance | 258,000.00 |
| Underwriter's Discount | 58,806.50 |
| | <hr/> |
| | 316,806.50 |
| Other Uses of Funds: | |
| Additional Proceeds | 2,574.50 |
| | <hr/> |
| | 8,425,000.00 |

BOND PRICING

**City of Willows
Pension Obligation Bonds
Level Savings**

| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|------------------------|---------------|------------------|--------|--------|---------|
| Serial Bonds: | | | | | |
| | 07/15/2021 | 445,000 | 1.740% | 1.740% | 100.000 |
| | 07/15/2022 | 510,000 | 1.890% | 1.890% | 100.000 |
| | 07/15/2023 | 565,000 | 2.010% | 2.010% | 100.000 |
| | 07/15/2024 | 440,000 | 2.160% | 2.160% | 100.000 |
| | 07/15/2025 | 360,000 | 2.310% | 2.310% | 100.000 |
| | 07/15/2026 | 390,000 | 2.610% | 2.610% | 100.000 |
| | 07/15/2027 | 420,000 | 2.760% | 2.760% | 100.000 |
| | 07/15/2028 | 455,000 | 2.980% | 2.980% | 100.000 |
| | 07/15/2029 | 490,000 | 3.080% | 3.080% | 100.000 |
| | 07/15/2030 | 525,000 | 3.180% | 3.180% | 100.000 |
| | | <u>4,600,000</u> | | | |
| Term Bond 2035: | | | | | |
| | 07/15/2031 | 565,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2032 | 580,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2033 | 585,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2034 | 585,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2035 | 565,000 | 3.630% | 3.630% | 100.000 |
| | | <u>2,880,000</u> | | | |
| Term Bond 2040: | | | | | |
| | 07/15/2036 | 375,000 | 3.970% | 3.970% | 100.000 |
| | 07/15/2037 | 200,000 | 3.970% | 3.970% | 100.000 |
| | 07/15/2038 | 155,000 | 3.970% | 3.970% | 100.000 |
| | 07/15/2039 | 120,000 | 3.970% | 3.970% | 100.000 |
| | 07/15/2040 | 95,000 | 3.970% | 3.970% | 100.000 |
| | | <u>945,000</u> | | | |
| | | <u>8,425,000</u> | | | |

| | | |
|-------------------------|--------------|-------------|
| Dated Date | 01/31/2021 | |
| Delivery Date | 01/31/2021 | |
| First Coupon | 07/15/2021 | |
| Par Amount | 8,425,000.00 | |
| Original Issue Discount | | |
| Production | 8,425,000.00 | 100.000000% |
| Underwriter's Discount | (58,806.50) | (0.698000%) |
| Purchase Price | 8,366,193.50 | 99.302000% |
| Accrued Interest | | |
| Net Proceeds | 8,366,193.50 | |

CALL PROVISIONS

**City of Willows
Pension Obligation Bonds
Level Savings**

Call Table: CALL

| Call Date | Call Price |
|-------------------|-------------------|
| 07/15/2031 | 100.00 |

Call Provisions Setup

| Bond Component | Call Table | Callable Dates |
|-----------------------|-------------------|-----------------------|
| Serial Bonds | CALL | Any Date |
| Term Bond 2035 | CALL | Any Date |
| Term Bond 2040 | CALL | Any Date |

BOND SUMMARY STATISTICS

**City of Willows
Pension Obligation Bonds
Level Savings**

| | |
|-----------------------------------|---------------|
| Dated Date | 01/31/2021 |
| Delivery Date | 01/31/2021 |
| First Coupon | 07/15/2021 |
| Last Maturity | 07/15/2040 |
| Arbitrage Yield | |
| True Interest Cost (TIC) | 3.503579% |
| Net Interest Cost (NIC) | 3.519153% |
| All-In TIC | 3.935671% |
| Average Coupon | 3.440273% |
| Average Life (years) | 8.849 |
| Weighted Average Maturity (years) | |
| Duration of Issue (years) | 7.434 |
| Par Amount | 8,425,000.00 |
| Bond Proceeds | 8,425,000.00 |
| Total Interest | 2,564,773.33 |
| Net Interest | 2,623,579.83 |
| Bond Years from Dated Date | 74,551,458.33 |
| Bond Years from Delivery Date | 74,551,458.33 |
| Total Debt Service | 10,989,773.33 |
| Maximum Annual Debt Service | 797,675.75 |
| Average Annual Debt Service | 564,784.92 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 6.980000 |
| Total Underwriter's Discount | 6.980000 |
| Bid Price | 99.302000 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | Average Maturity Date | Duration | PV of 1 bp change |
|----------------|--------------|---------|----------------|--------------|-----------------------|----------|-------------------|
| Serial Bonds | 4,600,000.00 | 100.000 | 2.773% | 4.958 | 01/16/2026 | 4.584 | 2,065.05 |
| Term Bond 2035 | 2,880,000.00 | 100.000 | 3.630% | 12.460 | 07/18/2033 | 10.109 | 3,196.80 |
| Term Bond 2040 | 945,000.00 | 100.000 | 3.970% | 16.781 | 11/12/2037 | 12.388 | 1,275.75 |
| | 8,425,000.00 | | | 8.849 | | | 6,537.60 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 8,425,000.00 | 8,425,000.00 | |
| + Accrued Interest | | | |
| + Premium (Discount) | | | |
| - Underwriter's Discount | (58,806.50) | (58,806.50) | |
| - Cost of Issuance Expense | | (258,000.00) | |
| - Other Amounts | | | |
| Target Value | 8,366,193.50 | 8,108,193.50 | |
| Target Date | 01/31/2021 | 01/31/2021 | 01/31/2021 |
| Yield | 3.503579% | 3.935671% | |

UNDERWRITER'S DISCOUNT

**City of Willows
Pension Obligation Bonds
Level Savings**

| Underwriter's Discount | \$/1000 | Amount |
|-------------------------------------|----------------|------------------|
| Other Underwriter's Discount | 6.98 | 58,806.50 |
| | 6.98 | 58,806.50 |

BOND DEBT SERVICE

**City of Willows
Pension Obligation Bonds
Level Savings**

| | Dated Date Delivery Date | 01/31/2021 01/31/2021 | | | |
|------------------|-----------------------------|--------------------------|--------------|---------------|------------------------|
| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
| 07/15/2021 | 445,000 | 1.740% | 117,212.33 | 562,212.33 | |
| 01/15/2022 | | | 123,996.50 | 123,996.50 | |
| 06/30/2022 | | | | | 686,208.83 |
| 07/15/2022 | 510,000 | 1.890% | 123,996.50 | 633,996.50 | |
| 01/15/2023 | | | 119,177.00 | 119,177.00 | |
| 06/30/2023 | | | | | 753,173.50 |
| 07/15/2023 | 565,000 | 2.010% | 119,177.00 | 684,177.00 | |
| 01/15/2024 | | | 113,498.75 | 113,498.75 | |
| 06/30/2024 | | | | | 797,675.75 |
| 07/15/2024 | 440,000 | 2.160% | 113,498.75 | 553,498.75 | |
| 01/15/2025 | | | 108,746.75 | 108,746.75 | |
| 06/30/2025 | | | | | 662,245.50 |
| 07/15/2025 | 360,000 | 2.310% | 108,746.75 | 468,746.75 | |
| 01/15/2026 | | | 104,588.75 | 104,588.75 | |
| 06/30/2026 | | | | | 573,335.50 |
| 07/15/2026 | 390,000 | 2.610% | 104,588.75 | 494,588.75 | |
| 01/15/2027 | | | 99,499.25 | 99,499.25 | |
| 06/30/2027 | | | | | 594,088.00 |
| 07/15/2027 | 420,000 | 2.760% | 99,499.25 | 519,499.25 | |
| 01/15/2028 | | | 93,703.25 | 93,703.25 | |
| 06/30/2028 | | | | | 613,202.50 |
| 07/15/2028 | 455,000 | 2.980% | 93,703.25 | 548,703.25 | |
| 01/15/2029 | | | 86,923.75 | 86,923.75 | |
| 06/30/2029 | | | | | 635,627.00 |
| 07/15/2029 | 490,000 | 3.080% | 86,923.75 | 576,923.75 | |
| 01/15/2030 | | | 79,377.75 | 79,377.75 | |
| 06/30/2030 | | | | | 656,301.50 |
| 07/15/2030 | 525,000 | 3.180% | 79,377.75 | 604,377.75 | |
| 01/15/2031 | | | 71,030.25 | 71,030.25 | |
| 06/30/2031 | | | | | 675,408.00 |
| 07/15/2031 | 565,000 | 3.630% | 71,030.25 | 636,030.25 | |
| 01/15/2032 | | | 60,775.50 | 60,775.50 | |
| 06/30/2032 | | | | | 696,805.75 |
| 07/15/2032 | 580,000 | 3.630% | 60,775.50 | 640,775.50 | |
| 01/15/2033 | | | 50,248.50 | 50,248.50 | |
| 06/30/2033 | | | | | 691,024.00 |
| 07/15/2033 | 585,000 | 3.630% | 50,248.50 | 635,248.50 | |
| 01/15/2034 | | | 39,630.75 | 39,630.75 | |
| 06/30/2034 | | | | | 674,879.25 |
| 07/15/2034 | 585,000 | 3.630% | 39,630.75 | 624,630.75 | |
| 01/15/2035 | | | 29,013.00 | 29,013.00 | |
| 06/30/2035 | | | | | 653,643.75 |
| 07/15/2035 | 565,000 | 3.630% | 29,013.00 | 594,013.00 | |
| 01/15/2036 | | | 18,758.25 | 18,758.25 | |
| 06/30/2036 | | | | | 612,771.25 |
| 07/15/2036 | 375,000 | 3.970% | 18,758.25 | 393,758.25 | |
| 01/15/2037 | | | 11,314.50 | 11,314.50 | |
| 06/30/2037 | | | | | 405,072.75 |
| 07/15/2037 | 200,000 | 3.970% | 11,314.50 | 211,314.50 | |
| 01/15/2038 | | | 7,344.50 | 7,344.50 | |
| 06/30/2038 | | | | | 218,659.00 |
| 07/15/2038 | 155,000 | 3.970% | 7,344.50 | 162,344.50 | |
| 01/15/2039 | | | 4,267.75 | 4,267.75 | |
| 06/30/2039 | | | | | 166,612.25 |
| 07/15/2039 | 120,000 | 3.970% | 4,267.75 | 124,267.75 | |
| 01/15/2040 | | | 1,885.75 | 1,885.75 | |
| 06/30/2040 | | | | | 126,153.50 |
| 07/15/2040 | 95,000 | 3.970% | 1,885.75 | 96,885.75 | |
| 06/30/2041 | | | | | 96,885.75 |
| | 8,425,000 | | 2,564,773.33 | 10,989,773.33 | 10,989,773.33 |

BOND DEBT SERVICE

**City of Willows
Pension Obligation Bonds
Level Savings**

Dated Date 01/31/2021
Delivery Date 01/31/2021

| Period Ending | Principal | Coupon | Interest | Debt Service |
|------------------|------------------|--------|---------------------|----------------------|
| 06/30/2022 | 445,000 | 1.740% | 241,208.83 | 686,208.83 |
| 06/30/2023 | 510,000 | 1.890% | 243,173.50 | 753,173.50 |
| 06/30/2024 | 565,000 | 2.010% | 232,675.75 | 797,675.75 |
| 06/30/2025 | 440,000 | 2.160% | 222,245.50 | 662,245.50 |
| 06/30/2026 | 360,000 | 2.310% | 213,335.50 | 573,335.50 |
| 06/30/2027 | 390,000 | 2.610% | 204,088.00 | 594,088.00 |
| 06/30/2028 | 420,000 | 2.760% | 193,202.50 | 613,202.50 |
| 06/30/2029 | 455,000 | 2.980% | 180,627.00 | 635,627.00 |
| 06/30/2030 | 490,000 | 3.080% | 166,301.50 | 656,301.50 |
| 06/30/2031 | 525,000 | 3.180% | 150,408.00 | 675,408.00 |
| 06/30/2032 | 565,000 | 3.630% | 131,805.75 | 696,805.75 |
| 06/30/2033 | 580,000 | 3.630% | 111,024.00 | 691,024.00 |
| 06/30/2034 | 585,000 | 3.630% | 89,879.25 | 674,879.25 |
| 06/30/2035 | 585,000 | 3.630% | 68,643.75 | 653,643.75 |
| 06/30/2036 | 565,000 | 3.630% | 47,771.25 | 612,771.25 |
| 06/30/2037 | 375,000 | 3.970% | 30,072.75 | 405,072.75 |
| 06/30/2038 | 200,000 | 3.970% | 18,659.00 | 218,659.00 |
| 06/30/2039 | 155,000 | 3.970% | 11,612.25 | 166,612.25 |
| 06/30/2040 | 120,000 | 3.970% | 6,153.50 | 126,153.50 |
| 06/30/2041 | 95,000 | 3.970% | 1,885.75 | 96,885.75 |
| | 8,425,000 | | 2,564,773.33 | 10,989,773.33 |

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Pension Obligation Bonds
Alternate

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SOURCES AND USES OF FUNDS

**City of Willows
Pension Obligation Bonds
Alternate**

Dated Date **01/31/2021**
Delivery Date **01/31/2021**

Sources:

| | |
|-----------------------|---------------------|
| Bond Proceeds: | |
| Par Amount | 8,425,000.00 |
| | <hr/> |
| | 8,425,000.00 |

Uses:

| | |
|--------------------------------|---------------------|
| Project Fund Deposits: | |
| UAL Payoff | 8,105,619.00 |
| Delivery Date Expenses: | |
| Cost of Issuance | 258,000.00 |
| Underwriter's Discount | 58,806.50 |
| | <hr/> |
| | 316,806.50 |
| Other Uses of Funds: | |
| Additional Proceeds | 2,574.50 |
| | <hr/> |
| | 8,425,000.00 |

BOND PRICING
City of Willows
Pension Obligation Bonds
Alternate

| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|------------------------|---------------|------------------|--------|--------|---------|
| Serial Bonds: | | | | | |
| | 07/15/2021 | 310,000 | 1.740% | 1.740% | 100.000 |
| | 07/15/2022 | 320,000 | 1.890% | 1.890% | 100.000 |
| | 07/15/2023 | 335,000 | 2.010% | 2.010% | 100.000 |
| | 07/15/2024 | 355,000 | 2.160% | 2.160% | 100.000 |
| | 07/15/2025 | 375,000 | 2.310% | 2.310% | 100.000 |
| | 07/15/2026 | 395,000 | 2.610% | 2.610% | 100.000 |
| | 07/15/2027 | 420,000 | 2.760% | 2.760% | 100.000 |
| | 07/15/2028 | 445,000 | 2.980% | 2.980% | 100.000 |
| | 07/15/2029 | 475,000 | 3.080% | 3.080% | 100.000 |
| | 07/15/2030 | 500,000 | 3.180% | 3.180% | 100.000 |
| | | <u>3,930,000</u> | | | |
| Term Bond 2035: | | | | | |
| | 07/15/2031 | 535,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2032 | 565,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2033 | 600,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2034 | 640,000 | 3.630% | 3.630% | 100.000 |
| | 07/15/2035 | 675,000 | 3.630% | 3.630% | 100.000 |
| | | <u>3,015,000</u> | | | |
| Term Bond 2037: | | | | | |
| | 07/15/2036 | 720,000 | 3.800% | 3.800% | 100.000 |
| | 07/15/2037 | 760,000 | 3.800% | 3.800% | 100.000 |
| | | <u>1,480,000</u> | | | |
| | | <u>8,425,000</u> | | | |

| | | |
|-------------------------|--------------|-------------|
| Dated Date | 01/31/2021 | |
| Delivery Date | 01/31/2021 | |
| First Coupon | 07/15/2021 | |
| Par Amount | 8,425,000.00 | |
| Original Issue Discount | | |
| Production | 8,425,000.00 | 100.000000% |
| Underwriter's Discount | (58,806.50) | (0.698000%) |
| Purchase Price | 8,366,193.50 | 99.302000% |
| Accrued Interest | | |
| Net Proceeds | 8,366,193.50 | |

CALL PROVISIONS

**City of Willows
Pension Obligation Bonds
Alternate**

Call Table: CALL

| Call Date | Call Price |
|-------------------|-------------------|
| 07/15/2031 | 100.00 |

Call Provisions Setup

| Bond Component | Call Table | Callable Dates |
|-----------------------|-------------------|-----------------------|
| Serial Bonds | CALL | Any Date |
| Term Bond 2035 | CALL | Any Date |
| Term Bond 2037 | CALL | Any Date |

BOND SUMMARY STATISTICS

**City of Willows
Pension Obligation Bonds
Alternate**

| | |
|-----------------------------------|---------------|
| Dated Date | 01/31/2021 |
| Delivery Date | 01/31/2021 |
| First Coupon | 07/15/2021 |
| Last Maturity | 07/15/2037 |
| | |
| Arbitrage Yield | |
| True Interest Cost (TIC) | 3.529466% |
| Net Interest Cost (NIC) | 3.538462% |
| All-in TIC | 3.922195% |
| Average Coupon | 3.467458% |
| | |
| Average Life (years) | 9.830 |
| Weighted Average Maturity (years) | |
| Duration of Issue (years) | 8.170 |
| | |
| Par Amount | 8,425,000.00 |
| Bond Proceeds | 8,425,000.00 |
| Total Interest | 2,871,799.04 |
| Net Interest | 2,930,605.54 |
| Bond Years from Dated Date | 82,821,458.33 |
| Bond Years from Delivery Date | 82,821,458.33 |
| Total Debt Service | 11,296,799.04 |
| Maximum Annual Debt Service | 774,440.00 |
| Average Annual Debt Service | 686,387.79 |
| | |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 6.980000 |
| | |
| Total Underwriter's Discount | 6.980000 |
| | |
| Bid Price | 99.302000 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | Average Maturity Date | Duration | PV of 1 bp change |
|----------------|--------------|---------|----------------|--------------|-----------------------|----------|-------------------|
| Serial Bonds | 3,930,000.00 | 100.000 | 2.808% | 5.411 | 06/30/2026 | 4.980 | 1,919.25 |
| Term Bond 2035 | 3,015,000.00 | 100.000 | 3.630% | 12.576 | 08/29/2033 | 10.184 | 3,346.65 |
| Term Bond 2037 | 1,480,000.00 | 100.000 | 3.800% | 15.972 | 01/20/2037 | 12.114 | 1,790.80 |
| | 8,425,000.00 | | | 9.830 | | | 7,056.70 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 8,425,000.00 | 8,425,000.00 | |
| + Accrued Interest | | | |
| + Premium (Discount) | | | |
| - Underwriter's Discount | (58,806.50) | (58,806.50) | |
| - Cost of Issuance Expense | | (258,000.00) | |
| - Other Amounts | | | |
| Target Value | 8,366,193.50 | 8,108,193.50 | |
| Target Date | 01/31/2021 | 01/31/2021 | 01/31/2021 |
| Yield | 3.529466% | 3.922195% | |

UNDERWRITER'S DISCOUNT

**City of Willows
Pension Obligation Bonds
Alternate**

| Underwriter's Discount | \$/1000 | Amount |
|-------------------------------------|----------------|------------------|
| Other Underwriter's Discount | 6.98 | 58,806.50 |
| | 6.98 | 58,806.50 |

BOND DEBT SERVICE

**City of Willows
Pension Obligation Bonds
Alternate**

Dated Date 01/31/2021
Delivery Date 01/31/2021

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|------------------|--------|---------------------|----------------------|----------------------|
| 07/15/2021 | 310,000 | 1.740% | 121,863.04 | 431,863.04 | |
| 01/15/2022 | | | 130,244.50 | 130,244.50 | |
| 06/30/2022 | | | | | 562,107.54 |
| 07/15/2022 | 320,000 | 1.890% | 130,244.50 | 450,244.50 | |
| 01/15/2023 | | | 127,220.50 | 127,220.50 | |
| 06/30/2023 | | | | | 577,465.00 |
| 07/15/2023 | 335,000 | 2.010% | 127,220.50 | 462,220.50 | |
| 01/15/2024 | | | 123,853.75 | 123,853.75 | |
| 06/30/2024 | | | | | 586,074.25 |
| 07/15/2024 | 355,000 | 2.160% | 123,853.75 | 478,853.75 | |
| 01/15/2025 | | | 120,019.75 | 120,019.75 | |
| 06/30/2025 | | | | | 598,873.50 |
| 07/15/2025 | 375,000 | 2.310% | 120,019.75 | 495,019.75 | |
| 01/15/2026 | | | 115,688.50 | 115,688.50 | |
| 06/30/2026 | | | | | 610,708.25 |
| 07/15/2026 | 395,000 | 2.610% | 115,688.50 | 510,688.50 | |
| 01/15/2027 | | | 110,533.75 | 110,533.75 | |
| 06/30/2027 | | | | | 621,222.25 |
| 07/15/2027 | 420,000 | 2.760% | 110,533.75 | 530,533.75 | |
| 01/15/2028 | | | 104,737.75 | 104,737.75 | |
| 06/30/2028 | | | | | 635,271.50 |
| 07/15/2028 | 445,000 | 2.980% | 104,737.75 | 549,737.75 | |
| 01/15/2029 | | | 98,107.25 | 98,107.25 | |
| 06/30/2029 | | | | | 647,845.00 |
| 07/15/2029 | 475,000 | 3.080% | 98,107.25 | 573,107.25 | |
| 01/15/2030 | | | 90,792.25 | 90,792.25 | |
| 06/30/2030 | | | | | 663,899.50 |
| 07/15/2030 | 500,000 | 3.180% | 90,792.25 | 590,792.25 | |
| 01/15/2031 | | | 82,842.25 | 82,842.25 | |
| 06/30/2031 | | | | | 673,634.50 |
| 07/15/2031 | 535,000 | 3.630% | 82,842.25 | 617,842.25 | |
| 01/15/2032 | | | 73,132.00 | 73,132.00 | |
| 06/30/2032 | | | | | 690,974.25 |
| 07/15/2032 | 565,000 | 3.630% | 73,132.00 | 638,132.00 | |
| 01/15/2033 | | | 62,877.25 | 62,877.25 | |
| 06/30/2033 | | | | | 701,009.25 |
| 07/15/2033 | 600,000 | 3.630% | 62,877.25 | 662,877.25 | |
| 01/15/2034 | | | 51,987.25 | 51,987.25 | |
| 06/30/2034 | | | | | 714,864.50 |
| 07/15/2034 | 640,000 | 3.630% | 51,987.25 | 691,987.25 | |
| 01/15/2035 | | | 40,371.25 | 40,371.25 | |
| 06/30/2035 | | | | | 732,358.50 |
| 07/15/2035 | 675,000 | 3.630% | 40,371.25 | 715,371.25 | |
| 01/15/2036 | | | 28,120.00 | 28,120.00 | |
| 06/30/2036 | | | | | 743,491.25 |
| 07/15/2036 | 720,000 | 3.800% | 28,120.00 | 748,120.00 | |
| 01/15/2037 | | | 14,440.00 | 14,440.00 | |
| 06/30/2037 | | | | | 762,560.00 |
| 07/15/2037 | 760,000 | 3.800% | 14,440.00 | 774,440.00 | |
| 06/30/2038 | | | | | 774,440.00 |
| | 8,425,000 | | 2,871,799.04 | 11,296,799.04 | 11,296,799.04 |

BOND DEBT SERVICE

**City of Willows
Pension Obligation Bonds
Alternate**

Dated Date **01/31/2021**
Delivery Date **01/31/2021**

| Period Ending | Principal | Coupon | Interest | Debt Service |
|--------------------------|------------------|---------------|---------------------|----------------------|
| 06/30/2022 | 310,000 | 1.740% | 252,107.54 | 562,107.54 |
| 06/30/2023 | 320,000 | 1.890% | 257,465.00 | 577,465.00 |
| 06/30/2024 | 335,000 | 2.010% | 251,074.25 | 586,074.25 |
| 06/30/2025 | 355,000 | 2.160% | 243,873.50 | 598,873.50 |
| 06/30/2026 | 375,000 | 2.310% | 235,708.25 | 610,708.25 |
| 06/30/2027 | 395,000 | 2.610% | 226,222.25 | 621,222.25 |
| 06/30/2028 | 420,000 | 2.760% | 215,271.50 | 635,271.50 |
| 06/30/2029 | 445,000 | 2.980% | 202,845.00 | 647,845.00 |
| 06/30/2030 | 475,000 | 3.080% | 188,899.50 | 663,899.50 |
| 06/30/2031 | 500,000 | 3.180% | 173,634.50 | 673,634.50 |
| 06/30/2032 | 535,000 | 3.630% | 155,974.25 | 690,974.25 |
| 06/30/2033 | 565,000 | 3.630% | 136,009.25 | 701,009.25 |
| 06/30/2034 | 600,000 | 3.630% | 114,864.50 | 714,864.50 |
| 06/30/2035 | 640,000 | 3.630% | 92,358.50 | 732,358.50 |
| 06/30/2036 | 675,000 | 3.630% | 68,491.25 | 743,491.25 |
| 06/30/2037 | 720,000 | 3.800% | 42,560.00 | 762,560.00 |
| 06/30/2038 | 760,000 | 3.800% | 14,440.00 | 774,440.00 |
| | 8,425,000 | | 2,871,799.04 | 11,296,799.04 |

City of Belvedere, California

Appendix B

Wastewater COP Sample Numbers

Appendix B



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**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

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SOURCES AND USES OF FUNDS

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

Dated Date **01/13/2021**
Delivery Date **01/13/2021**

Sources:

| | |
|--------------------------------|--------------|
| Bond Proceeds: | |
| Par Amount | 4,820,000.00 |
| Premium | 805,071.25 |
| | <hr/> |
| | 5,625,071.25 |
| | |
| Other Sources of Funds: | |
| Prior DSR | 354,000.00 |
| | <hr/> |
| | 5,979,071.25 |

Uses:

| | |
|-----------------------------------|--------------|
| Refunding Escrow Deposits: | |
| Cash Deposit | 5,705,998.45 |
| | |
| Delivery Date Expenses: | |
| Cost of Issuance | 146,000.00 |
| Underwriter's Discount | 35,668.00 |
| Bond Insurance (50 bps) | 77,530.53 |
| Surety Bond (3%) | 9,054.00 |
| | <hr/> |
| | 268,252.53 |
| | |
| Other Uses of Funds: | |
| Additional Proceeds | 4,820.27 |
| | <hr/> |
| | 5,979,071.25 |

SAVINGS

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| Date | Prior Debt Service | Refunding Debt Service | Savings | Present Value to 01/13/2021 @ 3.0334254% |
|------------|-----------------------|---------------------------|--------------|--|
| 10/01/2021 | 354,628.75 | 296,202.50 | 58,426.25 | 58,274.88 |
| 10/01/2022 | 354,513.75 | 300,250.00 | 54,263.75 | 51,816.00 |
| 10/01/2023 | 354,192.50 | 296,800.00 | 57,392.50 | 53,149.31 |
| 10/01/2024 | 355,253.12 | 297,200.00 | 58,053.12 | 52,165.49 |
| 10/01/2025 | 354,890.00 | 297,400.00 | 57,490.00 | 50,115.75 |
| 10/01/2026 | 354,867.50 | 297,400.00 | 57,467.50 | 48,604.06 |
| 10/01/2027 | 354,597.50 | 297,200.00 | 57,397.50 | 47,098.87 |
| 10/01/2028 | 355,600.76 | 301,800.00 | 53,800.76 | 42,850.56 |
| 10/01/2029 | 354,273.75 | 296,000.00 | 58,273.75 | 45,008.41 |
| 10/01/2030 | 354,220.00 | 300,200.00 | 54,020.00 | 40,491.71 |
| 10/01/2031 | 354,877.50 | 299,000.00 | 55,877.50 | 40,629.91 |
| 10/01/2032 | 354,646.66 | 297,600.00 | 57,046.66 | 40,244.59 |
| 10/01/2033 | 354,243.75 | 296,000.00 | 58,243.75 | 39,855.83 |
| 10/01/2034 | 354,952.50 | 299,200.00 | 55,752.50 | 37,018.00 |
| 10/01/2035 | 354,290.00 | 297,000.00 | 57,290.00 | 36,900.29 |
| 10/01/2036 | 354,646.26 | 299,600.00 | 55,046.26 | 34,403.90 |
| 10/01/2037 | 354,933.75 | 296,800.00 | 58,133.75 | 35,239.83 |
| 10/01/2038 | 354,157.50 | 298,800.00 | 55,357.50 | 32,558.32 |
| 10/01/2039 | 355,010.00 | 300,400.00 | 54,610.00 | 31,159.80 |
| 10/01/2040 | 354,648.22 | 296,600.00 | 58,048.22 | 32,129.30 |
| 10/01/2041 | 354,395.00 | 297,600.00 | 56,795.00 | 30,494.74 |
| 10/01/2042 | 354,927.50 | 298,200.00 | 56,727.50 | 29,547.20 |
| 10/01/2043 | 354,965.00 | 298,400.00 | 56,565.00 | 28,580.74 |
| 10/01/2044 | 354,618.48 | 298,200.00 | 56,418.48 | 27,653.92 |
| 10/01/2045 | 354,555.00 | 297,600.00 | 56,955.00 | 27,079.54 |
| 10/01/2046 | 355,066.25 | 301,600.00 | 53,466.25 | 24,659.34 |
| | 9,221,971.00 | 7,753,052.50 | 1,468,918.50 | 1,017,730.28 |

Savings Summary

| | |
|-------------------------------|-------------------|
| PV of savings from cash flow | 1,017,730.28 |
| Less: Prior funds on hand | (354,000.00) |
| Plus: Refunding funds on hand | 4,820.27 |
| Net PV Savings | 668,550.55 |

SUMMARY OF REFUNDING RESULTS

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| | |
|--|---------------------|
| Dated Date | 01/13/2021 |
| Delivery Date | 01/13/2021 |
| Arbitrage yield | 2.182462% |
| Escrow yield | 0.000000% |
| Value of Negative Arbitrage | |
| Bond Par Amount | 4,820,000.00 |
| True Interest Cost | 2.659857% |
| Net Interest Cost | 2.947577% |
| All-In TIC | 3.033425% |
| Average Coupon | 3.995748% |
| Average Life | 15.229 |
| Weighted Average Maturity | 15.292 |
| Par amount of refunded bonds | 5,591,000.00 |
| Average coupon of refunded bonds | 4.127178% |
| Average life of refunded bonds | 15.451 |
| Remaining weighted average maturity of refunded bonds | 15.451 |
| PV of prior debt to 01/13/2021 @ 3.033425% | 6,374,549.00 |
| Net PV Savings | 668,550.55 |
| Percentage savings of refunded bonds | 11.957620% |

BOND PRICING

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Yield to Maturity | Call Date | Call Price | Premium (-Discount) |
|------------------------|---------------|------------------|--------|--------|-----------|-------------------|------------|------------|---------------------|
| Serial Bonds: | | | | | | | | | |
| | 10/01/2021 | 160,000 | 3.000% | 0.520% | 101.771 | | | | 2,833.60 |
| | 10/01/2022 | 115,000 | 3.000% | 0.580% | 104.127 | | | | 4,746.05 |
| | 10/01/2023 | 115,000 | 4.000% | 0.640% | 109.033 | | | | 10,387.95 |
| | 10/01/2024 | 120,000 | 4.000% | 0.700% | 112.085 | | | | 14,502.00 |
| | 10/01/2025 | 125,000 | 4.000% | 0.790% | 114.832 | | | | 18,540.00 |
| | 10/01/2026 | 130,000 | 4.000% | 0.930% | 117.052 | | | | 22,167.60 |
| | 10/01/2027 | 135,000 | 4.000% | 1.100% | 118.725 | | | | 25,278.75 |
| | 10/01/2028 | 145,000 | 4.000% | 1.220% | 120.412 | | | | 29,597.40 |
| | 10/01/2029 | 145,000 | 4.000% | 1.390% | 121.354 | | | | 30,963.30 |
| | 10/01/2030 | 155,000 | 4.000% | 1.490% | 122.625 | | | | 35,068.75 |
| | 10/01/2031 | 160,000 | 4.000% | 1.610% | 123.436 | | | | 37,497.60 |
| | 10/01/2032 | 165,000 | 4.000% | 1.710% | 122.334 C | 1.868% | 10/01/2031 | 100.000 | 36,851.10 |
| | 10/01/2033 | 170,000 | 4.000% | 1.820% | 121.135 C | 2.098% | 10/01/2031 | 100.000 | 35,929.50 |
| | 10/01/2034 | 180,000 | 4.000% | 1.870% | 120.595 C | 2.247% | 10/01/2031 | 100.000 | 37,071.00 |
| | 10/01/2035 | 185,000 | 4.000% | 1.920% | 120.057 C | 2.377% | 10/01/2031 | 100.000 | 37,105.45 |
| | | <u>2,205,000</u> | | | | | | | <u>378,540.05</u> |
| Term Bond 2041: | | | | | | | | | |
| | 10/01/2036 | 195,000 | 4.000% | 2.210% | 116.994 C | 2.903% | 10/01/2031 | 100.000 | 33,138.30 |
| | 10/01/2037 | 200,000 | 4.000% | 2.210% | 116.994 C | 2.903% | 10/01/2031 | 100.000 | 33,988.00 |
| | 10/01/2038 | 210,000 | 4.000% | 2.210% | 116.994 C | 2.903% | 10/01/2031 | 100.000 | 35,687.40 |
| | 10/01/2039 | 220,000 | 4.000% | 2.210% | 116.994 C | 2.903% | 10/01/2031 | 100.000 | 37,386.80 |
| | 10/01/2040 | 225,000 | 4.000% | 2.210% | 116.994 C | 2.903% | 10/01/2031 | 100.000 | 38,236.50 |
| | 10/01/2041 | 235,000 | 4.000% | 2.210% | 116.994 C | 2.903% | 10/01/2031 | 100.000 | 39,935.90 |
| | | <u>1,285,000</u> | | | | | | | <u>218,372.90</u> |
| Term Bond 2046: | | | | | | | | | |
| | 10/01/2042 | 245,000 | 4.000% | 2.340% | 115.651 C | 3.111% | 10/01/2031 | 100.000 | 38,344.95 |
| | 10/01/2043 | 255,000 | 4.000% | 2.340% | 115.651 C | 3.111% | 10/01/2031 | 100.000 | 39,910.05 |
| | 10/01/2044 | 265,000 | 4.000% | 2.340% | 115.651 C | 3.111% | 10/01/2031 | 100.000 | 41,475.15 |
| | 10/01/2045 | 275,000 | 4.000% | 2.340% | 115.651 C | 3.111% | 10/01/2031 | 100.000 | 43,040.25 |
| | 10/01/2046 | 290,000 | 4.000% | 2.340% | 115.651 C | 3.111% | 10/01/2031 | 100.000 | 45,387.90 |
| | | <u>1,330,000</u> | | | | | | | <u>208,158.30</u> |
| | | <u>4,820,000</u> | | | | | | | <u>805,071.25</u> |

| | | |
|------------------------|--------------|-------------|
| Dated Date | 01/13/2021 | |
| Delivery Date | 01/13/2021 | |
| First Coupon | 04/01/2021 | |
| Par Amount | 4,820,000.00 | |
| Premium | 805,071.25 | |
| Production | 5,625,071.25 | 116.702723% |
| Underwriter's Discount | (35,668.00) | (0.740000%) |
| Purchase Price | 5,589,403.25 | 115.962723% |
| Accrued Interest | | |
| Net Proceeds | 5,589,403.25 | |

BOND SUMMARY STATISTICS

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| | |
|-----------------------------------|---------------|
| Dated Date | 01/13/2021 |
| Delivery Date | 01/13/2021 |
| First Coupon | 04/01/2021 |
| Last Maturity | 10/01/2046 |
| Arbitrage Yield | 2.182462% |
| True Interest Cost (TIC) | 2.659857% |
| Net Interest Cost (NIC) | 2.947577% |
| All-In TIC | 3.033425% |
| Average Coupon | 3.995748% |
| Average Life (years) | 15.229 |
| Weighted Average Maturity (years) | 15.292 |
| Duration of Issue (years) | 11.641 |
| Par Amount | 4,820,000.00 |
| Bond Proceeds | 5,625,071.25 |
| Total Interest | 2,933,052.50 |
| Net Interest | 2,163,649.25 |
| Bond Years from Dated Date | 73,404,333.33 |
| Bond Years from Delivery Date | 73,404,333.33 |
| Total Debt Service | 7,753,052.50 |
| Maximum Annual Debt Service | 301,800.00 |
| Average Annual Debt Service | 301,479.68 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 7.400000 |
| Total Underwriter's Discount | 7.400000 |
| Bid Price | 115.962723 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | Average Maturity Date | Duration | PV of 1 bp change |
|----------------|--------------|---------|----------------|--------------|-----------------------|----------|-------------------|
| Serial Bonds | 2,205,000.00 | 117.167 | 3.983% | 8.254 | 04/15/2029 | 7.264 | 1,689.10 |
| Term Bond 2041 | 1,285,000.00 | 116.994 | 4.000% | 18.328 | 05/13/2039 | 13.592 | 1,336.40 |
| Term Bond 2046 | 1,330,000.00 | 115.651 | 4.000% | 23.799 | 10/31/2044 | 16.191 | 1,369.90 |
| | 4,820,000.00 | | | 15.229 | | | 4,395.40 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 4,820,000.00 | 4,820,000.00 | 4,820,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 805,071.25 | 805,071.25 | 805,071.25 |
| - Underwriter's Discount | (35,668.00) | (35,668.00) | |
| - Cost of Issuance Expense | | (146,000.00) | |
| - Other Amounts | | (86,584.53) | (86,584.53) |
| Target Value | 5,589,403.25 | 5,356,818.72 | 5,538,486.72 |
| Target Date | 01/13/2021 | 01/13/2021 | 01/13/2021 |
| Yield | 2.659857% | 3.033425% | 2.182462% |

BOND DEBT SERVICE

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

Dated Date 01/13/2021
Delivery Date 01/13/2021

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---------------|------------------|--------|---------------------|---------------------|
| 10/01/2021 | 160,000 | 3.000% | 136,202.50 | 296,202.50 |
| 10/01/2022 | 115,000 | 3.000% | 185,250.00 | 300,250.00 |
| 10/01/2023 | 115,000 | 4.000% | 181,800.00 | 296,800.00 |
| 10/01/2024 | 120,000 | 4.000% | 177,200.00 | 297,200.00 |
| 10/01/2025 | 125,000 | 4.000% | 172,400.00 | 297,400.00 |
| 10/01/2026 | 130,000 | 4.000% | 167,400.00 | 297,400.00 |
| 10/01/2027 | 135,000 | 4.000% | 162,200.00 | 297,200.00 |
| 10/01/2028 | 145,000 | 4.000% | 156,800.00 | 301,800.00 |
| 10/01/2029 | 145,000 | 4.000% | 151,000.00 | 296,000.00 |
| 10/01/2030 | 155,000 | 4.000% | 145,200.00 | 300,200.00 |
| 10/01/2031 | 160,000 | 4.000% | 139,000.00 | 299,000.00 |
| 10/01/2032 | 165,000 | 4.000% | 132,600.00 | 297,600.00 |
| 10/01/2033 | 170,000 | 4.000% | 126,000.00 | 296,000.00 |
| 10/01/2034 | 180,000 | 4.000% | 119,200.00 | 299,200.00 |
| 10/01/2035 | 185,000 | 4.000% | 112,000.00 | 297,000.00 |
| 10/01/2036 | 195,000 | 4.000% | 104,600.00 | 299,600.00 |
| 10/01/2037 | 200,000 | 4.000% | 96,800.00 | 296,800.00 |
| 10/01/2038 | 210,000 | 4.000% | 88,800.00 | 298,800.00 |
| 10/01/2039 | 220,000 | 4.000% | 80,400.00 | 300,400.00 |
| 10/01/2040 | 225,000 | 4.000% | 71,600.00 | 296,600.00 |
| 10/01/2041 | 235,000 | 4.000% | 62,600.00 | 297,600.00 |
| 10/01/2042 | 245,000 | 4.000% | 53,200.00 | 298,200.00 |
| 10/01/2043 | 255,000 | 4.000% | 43,400.00 | 298,400.00 |
| 10/01/2044 | 265,000 | 4.000% | 33,200.00 | 298,200.00 |
| 10/01/2045 | 275,000 | 4.000% | 22,600.00 | 297,600.00 |
| 10/01/2046 | 290,000 | 4.000% | 11,600.00 | 301,600.00 |
| | 4,820,000 | | 2,933,052.50 | 7,753,052.50 |

SUMMARY OF BONDS REFUNDED

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---------------------------|---------------|---------------|---------------------|------------|------------|
| 2007 COP, 2007COP: | | | | | |
| BOND | 10/01/2021 | 4.125% | 124,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2022 | 4.125% | 129,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2023 | 4.125% | 134,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2024 | 4.125% | 140,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2025 | 4.125% | 146,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2026 | 4.125% | 152,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2027 | 4.125% | 158,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2028 | 4.125% | 165,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2029 | 4.125% | 171,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2030 | 4.125% | 178,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2031 | 4.125% | 186,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2032 | 4.125% | 193,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2033 | 4.125% | 201,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2034 | 4.125% | 210,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2035 | 4.125% | 218,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2036 | 4.125% | 227,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2037 | 4.125% | 237,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2038 | 4.125% | 246,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2039 | 4.125% | 257,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2040 | 4.125% | 267,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2041 | 4.125% | 278,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2042 | 4.125% | 290,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2043 | 4.125% | 302,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2044 | 4.125% | 314,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2045 | 4.125% | 327,000.00 | 04/01/2021 | 100.000 |
| | 10/01/2046 | 4.125% | 341,000.00 | 04/01/2021 | 100.000 |
| | | | 5,591,000.00 | | |

ESCROW REQUIREMENTS

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| Period Ending | Interest | Principal Redeemed | Total |
|--------------------------|-------------------|-------------------------------|---------------------|
| 04/01/2021 | 114,998.45 | 5,591,000.00 | 5,705,998.45 |
| | 114,998.45 | 5,591,000.00 | 5,705,998.45 |

ESCROW COST

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost |
|--------------------------|-------------------------------|-------------------------|------------------------------|
| 01/13/2021 | | 5,705,998.45 | 5,705,998.45 |
| | 0 | 5,705,998.45 | 5,705,998.45 |

ESCROW STATISTICS

**Wastewater Debt
2021 Wastewater Refunding COP
Insured (BBB Underlying)**

| Escrow | Total Escrow Cost | Modified Duration (years) | Yield to Receipt Date | Yield to Disbursement Date | Perfect Escrow Cost | Value of Negative Arbitrage | Cost of Dead Time |
|---------------|------------------------------|--|--------------------------------------|---|------------------------------------|--|------------------------------|
| DSR | 354,000.00 | | | | 352,339.03 | | 1,660.97 |
| BP | 5,351,998.45 | | | | 5,326,886.82 | | 25,111.63 |
| | 5,705,998.45 | | | | 5,679,225.85 | 0.00 | 26,772.60 |

Delivery date 01/13/2021
Arbitrage yield 2.182462%



Response to Request for Proposal for Underwriter/Placement Agent
For
City of Willows, California
Taxable Pension Obligation Bonds, Series 2021
and
Refunding Certificates of Participation, Series 2021

Prepared by:



Fixed Income Capital Markets
Public Finance Office
3017 Douglas Blvd. Suite 300
Roseville, CA 95661
(916) 788-7246

September 14, 2020

Ben Levine
Wulff, Hansen & Co
100 Smith Ranch Rd, Suite 330
San Rafael, CA 94903

Rob Pankratz
Wulff, Hansen & Co
100 Smith Ranch Rd, Suite 330
San Rafael, CA 94903

Dear Messrs. Levine and Pankratz:

On behalf of D.A. Davidson & Co, we thank you for the opportunity to respond to the City of Willows (the "City") Request for Proposal for Underwriter/Placement Agent. If selected, D.A. Davidson will provide the City with a team of bankers, traders, underwriters, and both institutional & retail sales teams experienced in underwriting and selling California bonds. Our unique strengths include:

Nationally Ranked Underwriter with Proven Expertise in Municipal Bonds – D.A. Davidson has been providing investment-banking and financial services for over 80 years and consistently ranks near the top of the league table in terms of lead-managed bond underwritings on a national basis. Over the last eight years, D.A. Davidson has annually ranked #4 to #6 in number of negotiated underwritings nationwide (*Source: Thomson Reuters – 2012-2019 National Negotiated Rankings by Number of Issues*). **With respect to bonds with a rating in the BBB/BB/NR category, D.A. Davidson has underwritten over 740 transactions nationwide since 2017, with an aggregate par amount of \$6.89 billion.**

Banking team and trading desk with extensive experience working with California bond issuer – Bankers Richard Han and Dana Cojocaruvoska, based in Roseville, California, have been helping issuers in California with their bond financings since 2009. In addition, our trading desk in Los Angeles is led by Peter Bouzane, who has 28 years of experience trading and underwriting California bonds.

Strong Capital for Underwriting Bonds / Strong Institutional AND Retail Sales Teams – Davidson has a strong capital position, with \$128.1 million in net capital and \$124.7 million in excess net capital (as of June 30, 2020), both of which have more than doubled since 2011. D.A. Davidson's sales force is an experienced team, with 44 institutional sales people serving over 1,500 institutional clients and virtually all of the top 100 institutional holders of municipal bonds. In addition, our wealth management group in California (f/k/a Crowell Weedon), can provide added demand through California retail sales, thereby adding diversification in the distribution efforts.

Thank you for your consideration, and we hope to have the opportunity to work with the City of Willows and its finance team on its upcoming bond financings.

Sincerely,



Richard Han,
Senior Vice President

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APPENDIX A..... 7

1. Fees

Please provide us with your fee quote as Placement Agent (shown as a flat fee) for each of the two above listed transactions. Please provide us with your fee quote as Underwriter (shown in \$/bond) for each of the two above listed transactions

D.A. Davidson takes particular care in preparing our fee proposal. We strive to find a fee that allows us to provide the proper incentive to our salesforce without any compromise in our pricing, while making sure that our fees are in line with market rate fees provided by our competitors.

For the City's upcoming bonds, assuming all of the bonds are current-interest bonds, D.A. Davidson proposes the fee schedule listed below:

| <u>TAXABLE PENSION OBLIGATION BONDS</u> | <u>Public Issuance</u> Assuming Underlying Rating in " <u>BBB</u> " category | <u>Public Issuance</u> Assuming Underlying Rating of <u>BB+/Ba1/NR</u> | <u>Private Placement</u> |
|--|--|--|---------------------------------|
| FEE QUOTE | \$10.00/bond | \$15.00/bond | \$20,000 |

| <u>TAX-EXEMPT CERTIFICATES OF PARTICIPATION</u> | <u>Public Issuance</u> Assuming Underlying Rating in " <u>BBB</u> " category | <u>Public Issuance</u> Assuming Underlying Rating of <u>BB+/Ba1/NR</u> | <u>Private Placement</u> |
|--|--|--|---------------------------------|
| FEE QUOTE | \$10.00/bond | \$15.00/\$bond | \$20,000 |

The fee schedule above includes our costs for continuing-disclosure review, CUSIPs, and CDIAC fee. If we have retained underwriter's counsel in preparation for a public offering of either of the above transactions, and the transaction is privately placed, we would request that the fee for underwriter's counsel be paid out of costs of issuance, with said fee not to exceed \$10,000 per transaction.

We do not want our fee proposal to be an obstacle to working with the City, so we are open to negotiating our fees.

2. Staffing and Scope of Services

Please provide your scope of services for the two anticipated transactions

D.A. Davidson is committed to the highest level of service and such has assembled a team of experienced professionals who would be assigned to the City's upcoming bond financings. Richard Han will be the day-to-day contact for the City and its municipal advisor. Rick will be available for all face-to-face meetings, teleconferences, and presentations as required. Dana Cojocaruvoska will provide any day-to-day banker

support, quantitative analysis, issue sizing and structure of the City’s financings. Brian Courtney, Peter Bouzane, our underwriters and their team will coordinate pre-marketing and pricing efforts.

Richard Han and Dana Cojocar-Ivoska, who are based in Roseville, California, have been working with public finance issuers in California with their bond financings since 2009. Rick and Dana brought their California practice to D.A. Davidson when they joined the firm in January of 2016, and thus far the California team has successfully priced as sole manager 56 negotiated underwritings in California.

Please see **Appendix A** for a list of California bond issues that D.A. Davidson has worked on since 2016. D.A. Davidson’s recent experience includes underwriting and placing bonds for the following California issuers:

| | | | | | |
|--|--|--|---|---|--|
|  |  |  |  |  |  |
| <i>City of Larkspur</i> | <i>Martinez USD</i> | <i>City of Belvedere</i> | <i>Winters JUSD</i> | <i>Corning UHSD</i> | <i>Konocti USD</i> |
|  |  |  |  |  |  |
| <i>Pine Ridge ESD</i> | <i>Humboldt County Office of Education</i> | <i>Summerville UHSD</i> | <i>South Bay USD</i> | <i>Durham USD</i> | <i>Southern Humboldt USD</i> |

Scope of Services as Underwriter

In our capacity as underwriter, our scope of services would include the following:

- Review and evaluate the proposed terms of the offering and the bonds
- Develop a marketing plan for the offering, including identification of potential investors
- Assist in the preparation of the official statement and other offering documents
- Contact potential investors, provide them with offering-related information and respond to their inquiries
- If the bonds are to be rated, assist Wulff Hansen and the City in preparing materials to be provided to securities ratings agencies and in developing strategies for meetings with the ratings agencies
- Consult with bond counsel and other service providers with respect to the offering and the terms of the bonds
- Inform the City of the marketing and offering process
- Negotiate the pricing, including the interest rate, and other terms of the bonds
- Obtain CUSIP number(s) for the bonds and arrange for their DTC book-entry eligibility
- Plan and arrange for the closing and settlement of the issuance and the delivery of the bonds
- Perform such other usual and customary underwriting services as may be requested by the City

As underwriter, Davidson would not be required to purchase the bonds except pursuant to the terms of a bond purchase agreement, which would not be signed until successful completion of the pre-sale offering period.

Scope of Services as Placement Agent

As placement agent, our scope of services would include the following:

- Review and evaluate the proposed terms of the placement
- Contact potential purchasers, provide them with related financial information, respond to their inquiries and, if requested, coordinate their due diligence sessions
- Consult with Jones Hall and Wulff Hansen and other service providers with respect to the terms of the placement
- Negotiate the terms, including the interest rate, of the placement
- Plan and arrange for the closing and settlement of the issuance and the delivery of the placement
- Perform such other usual and customary placement agent services as may be requested by the City

As placement agent, Davidson would not purchase the placement.

In either capacity as underwriter or placement agent, D.A. Davidson would provide and/or work with Wulff Hansen to create a pricing book after closing of the transaction.

3. Method of Sale

Please provide your commentary on which method of sale you anticipate would achieve the lowest true interest cost for the City

Based upon our understanding that the City's credit rating could be in the BBB/BB/NR range, and assuming no difference in costs of issuance between the two methods of sale, we think that a public offering would likely result in a lower true interest cost than a private placement for both the pension obligation bonds and for the COPs, for several reasons. First, with the COVID-19 pandemic that has afflicted the country for the last six months, coupled with the Payroll Protection Programs that were created in response to the pandemic, we have observed that a significant number of banks have (a) tightened their lending standards and criteria as a "risk off" measure, or (b) limited or stopped private-placement loans for the time being to focus on the Payroll Protection Program and/or to shore up their reserves. Second, a large number of banks have limitations on tenor and/or average life of loans—and even more so with Certificates of Participation—so a tenor of 20 years on the POBs and 26 years for the COPS would winnow the pool further. A number of lenders also have underwriting criteria that do not allow for loans on pension obligation bonds. So we think that the pool of lenders who would respond to a request for bids for either the COPs or the POBs would be somewhat small.

Conversely, a public offering allows the City to access a large cross-section of investors who specialize in BBB to non-rated credits and have the flexibility with a public offering to invest as much or as little as they want, and in the specific maturities that they need for their portfolio, as opposed to a lender in a private placement or direct purchase, who typically assumes the entire loan. We have also underwritten over

740 negotiated transactions (aggregate par amount of \$6.89 billion) nationwide since 2017 with a rating in the BBB/BB/NR category, so our team is well versed in transactions in this credit category.

Although we think that a public offering would achieve a lower true interest cost than a private placement at this time, markets can change quickly, and we might have a different assessment of the market when it comes time to review the private-placement bids. The current market environment is not dissimilar to the early stages of the pandemic, when we proposed a similar approach to selling the City of Larkspur's Pension Obligations Bonds earlier this year, so we fully agree with deploying this two-pronged strategy selling each of the series for the City of Willows.

4. Experience Working With Similar Transactions

Please include a brief description of your experience working on similar transactions



Larkspur
Est. 1908

As touched upon in the previous section we proposed and were hired to underwrite the City of Larkspur's Pension Obligation Bonds, Series 2020. In our RFP response, which we submitted on April 1 of this year, we suggested the same approach that is being suggested here in the City's request for proposal, so we are very familiar with this process. As we had suggested in our proposal, we first distributed a request for bids from prospective lenders. After receiving the responses and feedback from the prospective lenders, we reviewed and analyzed the true interest cost ("TIC") against market rates provided by our desk for a public-offering hypothetical. After presentations and discussions with the City and its financial advisor, it was determined that a public offering would offer the lowest TIC and the best savings for the City. Despite a very difficult market with many hesitant investors and other pension obligation bonds being postponed or tabled, we provided a strong financing for the City, as the table of comparable transactions below will support. Moreover, given the strong credit of the City, we were able to provide some unique features on the financing that would not be normally found on a taxable bond issue, like premium bonds with 5% coupons (most taxable bonds are issued at par), and an extraordinary optional redemption feature.

| CITY OF LARKSPUR CA 2020 TAXABLE PENSION OBLIGATION BONDS DA DAVIDSON 4/30/2020 AAA 7/1/2030 18,295,000 | | | | | RIVERSIDE COUNTY CA 2020 TAXABLE PENSION OBLIGATION BONDS RAYMOND JAMES & ASSOCS 4/22/2020 A2 / AA 5/6/2020 MAKE WHOLE 719,995,000 | | | | | CITY OF GONTARIO CA 2020 TAXABLE PENSION OBLIGATION BONDS HILLTOP SECURITIES 5/12/2020 AA/AA- 5/23/20 MAKE WHOLE 236,585,000 | | | | |
|--|--------|-------|--------------------|--------|---|--------|-------|--------------------|--------|---|--------|-------|--------------------|--------|
| Mat | Coupon | Yield | Spread to Treasury | T-Year | Mat | Coupon | Yield | Spread to Treasury | T-Year | Mat | Coupon | Yield | Spread to Treasury | T-Year |
| 2019 | | | | | 2019 | | | | | 2019 | | | | |
| 2020 | | | | | 2020 | | | | | 2020 | | | | |
| 2021 | | | | | 2021 | 2.165 | 2.165 | 195 | 2 | 2021 | 1.971 | 1.971 | 181 | 2 |
| 2022 | 5.000 | 1.626 | 145 | 2 | 2022 | 2.265 | 2.265 | 205 | 2 | 2022 | 2.071 | 2.071 | 191 | 2 |
| 2023 | 5.000 | 1.721 | 150 | 3 | 2023 | 2.363 | 2.363 | 210 | 3 | 2023 | 2.216 | 2.216 | 202 | 3 |
| 2024 | 5.000 | 1.846 | 152 | 5 | 2024 | 2.617 | 2.617 | 225 | 5 | 2024 | 2.437 | 2.437 | 213 | 5 |
| 2025 | | | | | 2025 | 2.667 | 2.667 | 230 | 5 | 2025 | 2.537 | 2.537 | 223 | 5 |
| 2026 | | | | | 2026 | 2.863 | 2.863 | 235 | 7 | 2026 | 2.877 | 2.877 | 238 | 7 |
| 2027 | 2.550 | 2.550 | 207 | 7 | 2027 | 2.963 | 2.963 | 245 | 7 | 2027 | 2.977 | 2.977 | 248 | 7 |
| 2028 | | | | | 2028 | 3.070 | 3.070 | 245 | 10 | 2028 | 3.129 | 3.129 | 249 | 10 |
| 2029 | | | | | 2029 | 3.170 | 3.170 | 250 | 10 | 2029 | 3.179 | 3.179 | 254 | 10 |
| 2030 | 2.680 | 2.680 | 210 | 10 | 2030 | 3.170 | 3.170 | 255 | 10 | 2030 | 3.229 | 3.229 | 259 | 10 |
| 2031 | | | | | 2031 | | | | | 2031 | 3.329 | 3.329 | 269 | 10 |
| 2032 | | | | | 2032 | | | | | 2032 | 3.379 | 3.379 | 274 | 10 |
| 2033 | | | | | 2033 | | | | | 2033 | | | | |
| 2034 | | | | | 2034 | | | | | 2034 | | | | |
| 2035 | 3.000 | 3.000 | 242 | 10 | 2035 | | | | | 2035 | | | | |
| 2036 | | | | | 2036 | | | | | 2036 | | | | |
| 2037 | | | | | 2037 | | | | | 2037 | | | | |
| 2038 | | | | | 2038 | 3.818 | 3.818 | 260 | 30 | 2038 | 3.779 | 3.779 | 243 | 30 |
| 2039 | | | | | 2039 | | | | | 2039 | | | | |
| 2040 | 3.125 | 3.427 | 220 | 30 | 2040 | | | | | 2040 | | | | |
| 2041 | | | | | 2041 | | | | | 2041 | | | | |
| 2042 | | | | | 2042 | | | | | 2042 | | | | |
| 2043 | | | | | 2043 | | | | | 2043 | | | | |
| 2044 | | | | | 2044 | | | | | 2044 | | | | |
| 2045 | | | | | 2045 | | | | | 2045 | 3.829 | 3.829 | 248 | 30 |
| 2046 | | | | | 2046 | | | | | 2046 | | | | |
| 2047 | | | | | 2047 | | | | | 2047 | | | | |
| 2048 | | | | | 2048 | | | | | 2048 | | | | |
| 2049 | | | | | 2049 | | | | | 2049 | | | | |
| 2050 | | | | | 2050 | | | | | 2050 | 3.979 | 3.979 | 263 | 30 |



On August 4, 2020, Davidson priced a taxable advance refunding for Martinez Unified School District in Contra Costa County. The week before pricing the bonds, the District's credit rating was affirmed at Aa2, but was placed on a "negative" watch by the rating agency. The negative watch, coupled with some significant AV concentration in the top taxpayer (an oil refinery), got our team thinking somewhat "out of the box" to improve savings, and after some discussions, we suggested to the District's financial advisor that credit enhancement with bond insurance would make the bonds more attractive to investors. As you will see from the table below of comparable transactions, the District's taxable interest rates were lower than Southwestern Community College, a much larger CCD district with the same Aa2 rating (but without the "negative" watch), and Vacaville Unified School District in Solano County, which also had an Aa2 rating without the "negative" watch. When compared to Treasury rates on the day of pricing (a/k/a the spread to Treasuries), Martinez also compared well against both of these districts with the same rating but without the "negative" watch.

| Martinez Unified School District (Contra Costa County) | | | | | | | | Southwestern CCD | | | | | | | | | | | | | | | | | | |
|--|-------------|-----------|-----------|-------------------|--------------|--------------|---------------|------------------|--|------------------|--------------------|------------------------|---------------------------|-----------|----|----------------|---------|--------------|---------------|---------------|-------------|---------------|-------------------------|--------------|------------------------------------|------------------------------------|
| Issue Date | 8/4/2020 | 8/26/2020 | 8/22/2020 | 8/5/2020 | Issue Size | \$12,470,000 | \$56,530,000 | Issuer | Martinez Unified School District (Contra Costa County) | Southwestern CCD | Underlying Rating | Aa2/Negative (Moody's) | Aa2 (Moody's) / AA- (S&P) | Insurance | No | Bank Qualified | Taxable | Call Feature | 8/1/30 @ 100% | 8/1/30 @ 100% | Dr. Manager | D.A. Davidson | RBC Capital Markets LLC | Type of Bond | General Obligation Refunding Bonds | General Obligation Refunding Bonds |
| Maturity Date | Par Amount | Coupon | Yield | Treasury (8/4/20) | Treasury Yr. | Spread to T | Maturity Date | Par Amount | Coupon | Yield | Treasury (7/22/20) | Treasury Yr. | Spread to T | | | | | | | | | | | | | |
| 8/1/2019 | | | | | | | 8/1/2019 | | | | | | | | | | | | | | | | | | | |
| 8/1/2020 | | | | | | | 8/1/2020 | | | | | | | | | | | | | | | | | | | |
| 8/1/2021 | \$375,000 | 0.327 | 0.327 | 0.107 | 2 | 0.220 | 8/1/2021 | \$1,600,000 | 0.369 | 0.369 | 0.140 | 2 | 0.229 | | | | | | | | | | | | | |
| 8/1/2022 | \$365,000 | 0.437 | 0.437 | 0.107 | 2 | 0.330 | 8/1/2022 | \$1,000,000 | 0.479 | 0.479 | 0.140 | 2 | 0.339 | | | | | | | | | | | | | |
| 8/1/2023 | \$365,000 | 0.542 | 0.542 | 0.112 | 3 | 0.430 | 8/1/2023 | \$1,000,000 | 0.600 | 0.600 | 0.170 | 3 | 0.430 | | | | | | | | | | | | | |
| 8/1/2024 | \$365,000 | 0.663 | 0.663 | 0.193 | 5 | 0.470 | 8/1/2024 | \$1,000,000 | 0.741 | 0.741 | 0.270 | 5 | 0.471 | | | | | | | | | | | | | |
| 8/1/2025 | \$370,000 | 0.813 | 0.813 | 0.193 | 5 | 0.620 | 8/1/2025 | \$1,955,000 | 0.891 | 0.891 | 0.270 | 5 | 0.621 | | | | | | | | | | | | | |
| 8/1/2026 | \$370,000 | 1.061 | 1.061 | 0.361 | 7 | 0.700 | 8/1/2026 | \$2,040,000 | 1.147 | 1.147 | 0.450 | 7 | 0.697 | | | | | | | | | | | | | |
| 8/1/2027 | \$1,910,000 | 1.261 | 1.261 | 0.361 | 7 | 0.900 | 8/1/2027 | \$2,145,000 | 1.347 | 1.347 | 0.450 | 7 | 0.897 | | | | | | | | | | | | | |
| 8/1/2028 | \$2,050,000 | 1.413 | 1.413 | 0.513 | 10 | 0.900 | 8/1/2028 | \$2,255,000 | 1.495 | 1.495 | 0.600 | 10 | 0.895 | | | | | | | | | | | | | |
| 8/1/2029 | \$2,200,000 | 1.513 | 1.513 | 0.513 | 10 | 1.000 | 8/1/2029 | \$2,370,000 | 1.595 | 1.595 | 0.600 | 10 | 0.995 | | | | | | | | | | | | | |
| 8/1/2030 | \$2,360,000 | 1.613 | 1.613 | 0.513 | 10 | 1.100 | 8/1/2030 | \$2,490,000 | 1.695 | 1.695 | 0.600 | 10 | 1.095 | | | | | | | | | | | | | |
| 8/1/2031 | \$1,740,000 | 1.713 | 1.713 | 0.513 | 10 | 1.200 | 8/1/2031 | \$2,620,000 | 1.835 | 1.835 | 0.600 | 10 | 1.235 | | | | | | | | | | | | | |
| 8/1/2032 | | | | | | | 8/1/2032 | \$2,760,000 | 1.925 | 1.925 | 0.600 | 10 | 1.325 | | | | | | | | | | | | | |
| 8/1/2033 | | | | | | | 8/1/2033 | \$2,900,000 | 2.035 | 2.035 | 0.600 | 10 | 1.435 | | | | | | | | | | | | | |
| 8/1/2034 | | | | | | | 8/1/2034 | \$3,050,000 | 2.135 | 2.135 | 0.600 | 10 | 1.535 | | | | | | | | | | | | | |
| 8/1/2035 | | | | | | | 8/1/2035 | \$3,215,000 | 2.185 | 2.185 | 0.600 | 10 | 1.585 | | | | | | | | | | | | | |
| 8/1/2036 | | | | | | | 8/1/2036 | \$3,380,000 | 2.245 | 2.245 | | | | | | | | | | | | | | | | |
| 8/1/2037 | | | | | | | 8/1/2037 | | | | | | | | | | | | | | | | | | | |
| 8/1/2038 | | | | | | | 8/1/2038 | | | | | | | | | | | | | | | | | | | |
| 8/1/2039 | | | | | | | 8/1/2039 | | | | | | | | | | | | | | | | | | | |
| 8/1/2040 | | | | | | | 8/1/2040 | \$20,750,000 | 2.631 | 2.631 | | | | | | | | | | | | | | | | |

| Martinez Unified School District (Contra Costa County) | | | | | | | | Vacaville Unified School District (Solano County) | | | | | | | | | | | | | | | | | | |
|--|-------------|-----------|----------|-------------------|--------------|--------------|---------------|---|--|---|-------------------|------------------------|---------------|-----------|----|----------------|---------|--------------|---------------|---------------|-------------|---------------|---------------|--------------|------------------------------------|------------------------------------|
| Issue Date | 8/4/2020 | 8/26/2020 | 7/9/2020 | 8/4/2020 | Issue Size | \$12,470,000 | \$47,395,000 | Issuer | Martinez Unified School District (Contra Costa County) | Vacaville Unified School District (Solano County) | Underlying Rating | Aa2/Negative (Moody's) | Aa2 (Moody's) | Insurance | No | Bank Qualified | Taxable | Call Feature | 8/1/30 @ 100% | 8/1/30 @ 100% | Dr. Manager | D.A. Davidson | Raymond James | Type of Bond | General Obligation Refunding Bonds | General Obligation Refunding Bonds |
| Maturity Date | Par Amount | Coupon | Yield | Treasury (8/4/20) | Treasury Yr. | Spread to T | Maturity Date | Par Amount | Coupon | Yield | Treasury (7/9/20) | Treasury Yr. | Spread to T | | | | | | | | | | | | | |
| 8/1/2019 | | | | | | | 8/1/2019 | | | | | | | | | | | | | | | | | | | |
| 8/1/2020 | | | | | | | 8/1/2020 | | | | | | | | | | | | | | | | | | | |
| 8/1/2021 | \$375,000 | 0.327 | 0.327 | 0.107 | 2 | 0.220 | 8/1/2021 | \$1,215,000 | 0.403 | 0.403 | 0.160 | 2 | 0.243 | | | | | | | | | | | | | |
| 8/1/2022 | \$365,000 | 0.437 | 0.437 | 0.107 | 2 | 0.330 | 8/1/2022 | \$815,000 | 0.553 | 0.553 | 0.160 | 2 | 0.393 | | | | | | | | | | | | | |
| 8/1/2023 | \$365,000 | 0.542 | 0.542 | 0.112 | 3 | 0.430 | 8/1/2023 | \$870,000 | 0.695 | 0.695 | 0.180 | 3 | 0.515 | | | | | | | | | | | | | |
| 8/1/2024 | \$365,000 | 0.663 | 0.663 | 0.193 | 5 | 0.470 | 8/1/2024 | \$825,000 | 0.927 | 0.927 | 0.280 | 5 | 0.647 | | | | | | | | | | | | | |
| 8/1/2025 | \$370,000 | 0.813 | 0.813 | 0.193 | 5 | 0.620 | 8/1/2025 | \$830,000 | 1.127 | 1.127 | 0.280 | 5 | 0.847 | | | | | | | | | | | | | |
| 8/1/2026 | \$370,000 | 1.061 | 1.061 | 0.361 | 7 | 0.700 | 8/1/2026 | \$840,000 | 1.337 | 1.337 | 0.460 | 7 | 0.877 | | | | | | | | | | | | | |
| 8/1/2027 | \$1,910,000 | 1.261 | 1.261 | 0.361 | 7 | 0.900 | 8/1/2027 | \$6,175,000 | 1.457 | 1.457 | 0.460 | 7 | 0.997 | | | | | | | | | | | | | |
| 8/1/2028 | \$2,050,000 | 1.413 | 1.413 | 0.513 | 10 | 0.900 | 8/1/2028 | \$6,415,000 | 1.559 | 1.559 | 0.620 | 10 | 0.939 | | | | | | | | | | | | | |
| 8/1/2029 | \$2,200,000 | 1.513 | 1.513 | 0.513 | 10 | 1.000 | 8/1/2029 | \$6,685,000 | 1.639 | 1.639 | 0.620 | 10 | 1.019 | | | | | | | | | | | | | |
| 8/1/2030 | \$2,360,000 | 1.613 | 1.613 | 0.513 | 10 | 1.100 | 8/1/2030 | \$6,950,000 | 1.739 | 1.739 | 0.620 | 10 | 1.119 | | | | | | | | | | | | | |
| 8/1/2031 | \$1,740,000 | 1.713 | 1.713 | 0.513 | 10 | 1.200 | 8/1/2031 | \$7,755,000 | 1.839 | 1.839 | 0.620 | 10 | 1.219 | | | | | | | | | | | | | |

Davidson is frequently in the market with new bond issuances in California. In addition, our lead California-based trader, is actively making markets for California bonds in the secondary market and is in constant contact with our underwriting desk to provide additional input on levels (i.e., interest rates or yields). The combination of these activities gives Davidson a solid insight on where the market is for California bonds, both in terms of spreads to the Municipal Market Data (MMD) or Treasuries and couponing.

Important Required Disclosures and Disclaimers Regarding our Proposal

This proposal is submitted in response to your Request for Proposals to Serve as Underwriter dated September 3, 2020. The contents of this proposal and any subsequent discussions between us, including any and all information, recommendations, opinions, indicative pricing, quotations and analysis with respect to any municipal financial product or issuance of municipal securities, are provided to you in reliance upon the exemption provided for responses to requests for proposals or qualifications under the municipal advisor rules (the "Rules") of the Securities and Exchange Commission (Rule 15Ba1-1 et seq.).

In submitting this proposal, we are not undertaking to act as a "municipal advisor" to you or any other person within the meaning of Section 15B of the Securities Exchange Act of 1934 and the Rules. In connection with this proposal and the transactions described herein, we are not acting as a financial advisor or municipal advisor to you or any other person, and are not subject to any fiduciary duty to you or to any other person. We understand that you will consult with and rely on the advice of your own municipal, financial, tax, legal and other advisors in connection with your evaluation of this proposal and the transactions described herein.

Neither this material nor any of its contents may be disclosed, sold, or redistributed, electronically or otherwise, without prior written consent of D.A. Davidson Companies. The information presented herein is based on public information we believe to be reliable, prevailing market conditions, as well as our views at this point in time. We make no representation or warranty with respect to the accuracy or completeness of this material. Past performance is not necessarily indicative of future results. D.A. Davidson Companies does not assume any liability for any loss which may result from the reliance by any person upon such material. We make no representations regarding the legal, tax, regulatory, or accounting implications of entering into a Transaction.

Required Disclosure Pursuant to MSRB Rule G-23: An underwriter's primary role will be to purchase as principal, or arrange for the placement of the securities in a commercial arm's length transaction with the issuer, and may have financial and other interests that differ from those of the issuer.

D.A. Davidson & Co. is providing the information contained herein for informational purposes only in anticipation of being engaged as underwriter. The primary role of an underwriter is to purchase securities with a view to distribution in an arm's-length, commercial transaction with the issuer.

Appendix A

| Date | Par Amount | Issue | Issue Type | Sale Type | Role |
|-------------|---------------|---|------------|-------------------|-----------------|
| In Progress | 33,955,000 | Marysville Joint Unified School District, 2020 Refunding Certificates of Participation | COP | Negotiated | Sole |
| In Progress | 2,400,000,000 | State of California, Various Purpose, General Obligation Bonds and General Obligation Refunding Bonds | G.O. | Negotiated | Co-Manager |
| 8/26/2020 | 14,335,000 | Lake Tahoe Unified School District, 2020 General Obligation Refunding Bonds, Series A-1 (Taxable) | G.O. | Negotiated | Sole |
| 8/26/2020 | 2,265,000 | Lake Tahoe Unified School District, 2020 General Obligation Refunding Bonds, Series A (Tax-Exempt) | G.O. | Negotiated | Sole |
| 8/19/2020 | 2,840,000 | Southern Humboldt Joint Unified School District, 2020 General Obligation Refunding Bonds | G.O. | Negotiated | Sole |
| 8/5/2020 | 6,500,000 | Winters Joint Unified School District, General Obligation Bonds, Election of 2018, Series B | G.O. | Negotiated | Sole |
| 8/4/2020 | 12,470,000 | Martinez Unified School District, General Obligation Refunding Bonds, Series 2020 | G.O. | Negotiated | Sole |
| 8/4/2020 | 8,345,000 | Sonoma Valley Unified School District, General Obligation Refunding Bonds, Series 2020 | G.O. | Negotiated | Co-Manager |
| 6/25/2020 | 2,600,000 | Corning Union High School District, General Obligation Bonds, 2016 Election, 2020 Series C | G.O. | Negotiated | Sole |
| 6/23/2020 | 9,099,283 | Konocti Unified School District, General Obligation Bonds, Election of 2016, Series 2020 | G.O. | Negotiated | Sole |
| 5/20/2020 | 1,200,000 | Bridgeville School District, General Obligation Bonds, Election of 2020, Series A | G.O. | Negotiated | Sole |
| 5/6/2020 | 9,000,000 | Brisbane School District, General Obligation Bonds, Election of 2020, Series A | G.O. | Negotiated | Sole |
| 4/30/2020 | 18,295,000 | City of Larkspur, Taxable Pension Obligation Bonds, Series 2020 | P.O.B. | Negotiated | Sole |
| 4/30/2020 | 3,260,015 | Humboldt County Office of Education, Refunding Loan | Loan | Private Placement | Placement Agent |
| 4/9/2020 | 3,677,104 | Fortuna Union High School District, Refunding Loan | Loan | Private Placement | Placement Agent |
| 3/31/2020 | 5,980,000 | Winters Joint Unified School District, 2020 General Obligation Refunding Bonds | G.O. | Negotiated | Sole |
| 3/26/2020 | 3,096,436 | Pacific Union School District, General Obligation Bonds, 2018 Election, 2020 Series B | G.O. | Negotiated | Sole |
| 3/10/2020 | 2,014,359 | Round Valley Unified School District, Refunding Lease | Loan | Private Placement | Placement Agent |
| 3/10/2020 | 2,095,650,000 | State of California, Various Purpose, General Obligation Bonds and General Obligation Refunding Bonds | G.O. | Negotiated | Co-Manager |
| 3/10/2020 | 7,900,000 | Sanitary District No. 5 of Marin County (Tiburon / Belvedere Wastewater) | Revenue | Private Placement | Placement Agent |
| 1/23/2020 | 40,000,000 | Sonoma Valley Unified School District, General Obligation Bonds, Election of 2016, Series 2020 | G.O. | Negotiated | Co-Manager |
| 1/23/2020 | 1,998,286 | Cutten School District, General Obligation Bonds, Election of 2018, Series B | G.O. | Negotiated | Sole |
| 12/9/2019 | 3,434,294 | Wheatland Union High School District, 2019 Lease Financing | Lease | Private Placement | Placement Agent |
| 10/22/2019 | 11,000,000 | Winters Joint Unified School District, General Obligation Bonds, Election of 2016, Series B | G.O. | Negotiated | Sole |
| 9/19/2019 | 7,975,000 | Del Norte County Unified School District, 2019 Taxable Advance Refunding General Obligation Bonds | G.O. | Negotiated | Sole |
| 9/19/2019 | 9,505,658 | Del Norte County Unified School District, 2019 General Obligation Refunding Bonds, and 2008 Election, Series E | G.O. | Negotiated | Sole |
| 9/5/2019 | 2,405,320,000 | State of California, Various Purpose, General Obligation Bonds and General Obligation Refunding Bonds | G.O. | Negotiated | Co-Manager |
| 9/5/2019 | 665,000 | Belvedere Public Finance Authority, 2019 Revenue Bonds (Golden Gate / Belvedere Utility Undergrounding Assessment District) | Revenue | Negotiated | Sole |
| 8/1/2019 | 24,710,000 | Tahoe Forest Hospital District, 2019 General Obligation Refunding Bonds | G.O. | Negotiated | Co-Manager |
| 7/25/2019 | 4,496,113 | Round Valley Unified School District, General Obligation Bonds, Election of 2018, Series A | G.O. | Negotiated | Sole |
| 5/30/2019 | 7,000,000 | Durham Unified School District, General Obligation Bonds, 2018 Election, 2019 Series A | G.O. | Negotiated | Sole |
| 5/14/2019 | 47,735,000 | California Statewide Communities Development Authority (Lancer Educational Student Housing Project), Series 2019 A | Revenue | Negotiated | Sole |

| | | | | | |
|------------|-------------|--|----------|-------------------|-----------------|
| 5/8/2019 | 13,600,000 | Turlock Unified School District SFID No. 1, General Obligation Bonds, Election of 2016, Series 2019 | G.O. | Competitive | Co-Manager |
| 4/2/2019 | 22,000,000 | Placer Union High School District SFID No.1, General Obligation Bonds, Election of 2018, Series A | G.O. | Competitive | Co-Manager |
| 4/2/2019 | 21,000,000 | Placer Union High School District SFID No.2, General Obligation Bonds, Election of 2018, Series A | G.O. | Competitive | Co-Manager |
| 3/7/2019 | 30,000,000 | Martinez Unified School District, General Obligation Bonds, Election of 2016, Series 2019 | G.O. | Negotiated | Sole |
| 2/28/2019 | 3,300,000 | Pine Ridge Elementary School District, General Obligation Bonds, Election of 2018, Series A | G.O. | Negotiated | Sole |
| 2/28/2019 | 2,000,000 | Pine Ridge Elementary School District, 2019 General Obligation Bond Anticipation Notes | G.O. BAN | Negotiated | Sole |
| 2/7/2019 | 9,500,000 | Konocti Unified School District, General Obligation Bonds, Election of 2016, Series 2019 | G.O. | Negotiated | Sole |
| 1/31/2019 | 7,900,000 | Winters Joint Unified School District, General Obligation Bonds, Election of 2018, Series A | G.O. | Negotiated | Sole |
| 1/31/2019 | 3,178,712 | Armona Union Elementary School District, General Obligation Bonds, Election of 2016, Series B | G.O. | Negotiated | Sole |
| 1/29/2019 | 2,000,000 | Cuttan School District, General Obligation Bonds, Election of 2018, Series A | G.O. | Negotiated | Sole |
| 1/23/2019 | 7,995,674 | Kelseyville Unified School District, General Obligation Bonds, Election of 2016, Series C | G.O. | Negotiated | Sole |
| 11/29/2018 | 2,000,000 | South Bay Union School District, General Obligation Bonds, Election of 2016, Series B | G.O. | Negotiated | Sole |
| 9/12/2018 | 1,550,000 | Big Creek Elementary School District, 2018 Refunding General Obligation Bonds | G.O. | Negotiated | Sole |
| 9/6/2018 | 2,097,729 | Freshwater School District, General Obligation Bonds, Election of 2018, Series A | G.O. | Negotiated | Sole |
| 8/28/2018 | 1,599,073 | Rio Dell School District, General Obligation Bonds, Election of 2018, Series A | G.O. | Negotiated | Sole |
| 8/16/2018 | 77,710,000 | California Municipal Finance Authority, Revenue Bonds (California Lutheran University), Series 2018 | Revenue | Negotiated | Sole |
| 8/2/2018 | 663,690,000 | Trustees of the California State University, Systemwide Revenue Bonds, Series 2018A and 2018B(Taxable) | Revenue | Negotiated | Co-Manager |
| 6/6/2018 | 24,880,000 | Ivy Academia Project (CEDA), Educational Facilities Revenue Bonds, Series 2018A, 2018B, and 2018C (Taxable) | Revenue | Negotiated | Sole |
| 5/31/2018 | 3,710,000 | Southern Humboldt Joint Unified School District, 2018 Certificates of Participation | COP | Negotiated | Sole |
| 2/27/2018 | 8,000,000 | Pierce Joint Unified School District, General Obligation Bonds, Election of 2016, Series B | G.O. | Negotiated | Sole |
| 2/14/2018 | 5,000,000 | Winters Joint Unified School District, General Obligation Bonds, 2014 Election, 2018 Series C | G.O. | Negotiated | Sole |
| 2/13/2018 | 7,000,000 | Kelseyville Unified School District, General Obligation Bonds, Election of 2016, Series B | G.O. | Negotiated | Sole |
| 11/14/2017 | 3,000,000 | Wheatland Union High School District, Election of 2012 General Obligation Bonds, Series B | G.O. | Negotiated | Sole |
| 11/3/2017 | 8,415,000 | Southern Humboldt Joint Unified School District, 2017 General Obligation Refunding Bonds | G.O. | Negotiated | Sole |
| 10/12/2017 | 1,752,264 | Summerville Union High School District, General Obligation Bonds, Election of 2012, Series C | G.O. | Negotiated | Sole |
| 10/3/2017 | 74,995,000 | West Covina Unified School District, Election of 2016 General Obligation Bonds, Series A | G.O. | Competitive | Co-Manager |
| 9/21/2017 | 102,365,000 | California Baptist University (CSCDA), Refunding Revenue Bonds, Series 2017A | Revenue | Negotiated | Sole |
| 9/15/2017 | 3,570,535 | California Municipal Finance Authority, Charter School Revenue Bonds, Series 2017A and Taxable Series 2017B (Hillcrest Christian School) | Revenue | Private Placement | Placement Agent |
| 9/7/2017 | 50,000,000 | Sonoma Valley Unified School District, General Obligation Bonds, Election of 2016, Series 2017 | G.O. | Negotiated | Co-Manager |
| 8/9/2017 | 26,000,000 | Oakley Union Elementary School District, General Obligation Bonds, Election of 2016, Series A (2017) | G.O. | Competitive | Co-Manager |
| 8/3/2017 | 20,015,000 | Magnolia Public Schools (CSFA), Charter School Revenue Bonds, Series 2017A | Revenue | Negotiated | Sole |
| 7/19/2017 | 3,200,000 | Buellton Union School District, General Obligation Bonds, Election of 2012, Series 2017A | G.O. | Negotiated | Sole |

| | | | | | |
|------------|-------------|--|---------|-------------|------------|
| 6/8/2017 | 24,900,000 | Washington Unified School District, General Obligation Bonds, Election of 2014, Series 2017 | G.O. | Competitive | Co-Manager |
| 5/31/2017 | 11,000,000 | Konociti Unified School District, General Obligation Bonds, Election of 2016, Series 2017 | G.O. | Negotiated | Sole |
| 5/24/2017 | 12,175,000 | College of the Sequoias Community College District (Hanford Campus), 2017 General Obligation Refunding Bonds, Series C | G.O. | Competitive | Co-Manager |
| 5/10/2017 | 30,000,000 | Martinez Unified School District, General Obligation Bonds, Election of 2016, Series 2017 | G.O. | Negotiated | Sole |
| 5/10/2017 | 14,000,000 | Nevada Joint Union High School District, Election of 2016, General Obligation Bonds, Series A | G.O. | Competitive | Co-Manager |
| 5/9/2017 | 6,000,000 | Winters Joint Unified School District, General Obligation Bonds, 2016 Election, 2017 Series A | G.O. | Negotiated | Sole |
| 4/20/2017 | 7,000,000 | Pierce Joint Unified School District, General Obligation Bonds, Election of 2016, Series A | G.O. | Negotiated | Sole |
| 4/19/2017 | 2,000,000 | Mattole Unified School District, General Obligation Bonds, Election of 2016, Series A | G.O. | Negotiated | Sole |
| 4/18/2017 | 2,500,000 | San Miguel Joint Union School District, General Obligation Bonds, Election of 2016, Series A | G.O. | Competitive | Sole |
| 3/29/2017 | 20,000,000 | Panama-Buena Vista Union School District, 2012 Election General Obligation Bonds, 2017 Series C | G.O. | Competitive | Co-Manager |
| 2/23/2017 | 2,000,000 | South Bay Union School District, General Obligation Bonds, Election of 2016, Series A | G.O. | Negotiated | Sole |
| 2/23/2017 | 14,000,000 | Cardiff School District, General Obligation Bonds, Election of 2016, Series A | G.O. | Competitive | Co-Manager |
| 12/14/2016 | 80,350,000 | County of Kern, 2016 Refunding Certificates of Participation, Series A | COP | Competitive | Co-Manager |
| 12/8/2016 | 9,000,000 | Kelseyville Unified School District, Election of 2016 General Obligation Bonds, Series A | G.O. | Negotiated | Sole |
| 11/16/2016 | 32,615,000 | County of Calaveras, 2016 General Obligation Refunding Bonds | G.O. | Competitive | Co-Manager |
| 11/16/2016 | 7,170,000 | County of Calaveras, 2016 Refunding Certificates of Participation | COP | Competitive | Co-Manager |
| 11/15/2016 | 7,225,000 | City of Alhambra, Water Revenue Refunding Bonds, Series 2016 | Revenue | Competitive | Co-Manager |
| 11/10/2016 | 14,240,000 | Goodwill Industries of Sacramento Valley & Northern Nevada Project (CA Infrstr & Eco Dev Bank), Series 2016A | Revenue | Negotiated | Sole |
| 11/3/2016 | 3,425,000 | Fortuna Union High School District, General Obligation Bonds, Election of 2012, Series C | G.O. | Negotiated | Sole |
| 11/2/2016 | 16,730,000 | Martinez Unified School District, General Obligation Refunding Bonds, Series 2016 | G.O. | Negotiated | Sole |
| 11/1/2016 | 113,555,000 | Lancer Educational Student Housing Project (CSCDA), Revenue Refunding Bonds, Series 2016A | Revenue | Negotiated | Sole |
| 11/1/2016 | 78,620,000 | California Baptist University (CMFA), Revenue Bonds, Series 2016A | Revenue | Negotiated | Sole |
| 10/26/2016 | 4,000,000 | Southern Humboldt Joint Unified School District, Election of 2014, General Obligation Bonds, Series B | G.O. | Negotiated | Sole |
| 9/28/2016 | 5,000,000 | Winters Joint Unified School District, General Obligation Bonds, 2014 Election, 2016 Series B | G.O. | Negotiated | Sole |
| 9/8/2016 | 2,000,000 | Round Valley Unified School District, Election of 2014 General Obligation Bonds, Series B | G.O. | Negotiated | Sole |
| 8/17/2016 | 95,030,000 | Anaheim Elementary School District, General Obligation Bonds, Election of 2010, Series 2016 and 2016 Refunding Bonds | G.O. | Competitive | Co-Manager |
| 5/25/2016 | 6,120,000 | Wheatland Union High School District, 2016 General Obligation Refunding Bonds | G.O. | Negotiated | Sole |
| 5/4/2016 | 2,975,000 | Elk Hills Elementary School District, 2016 General Obligation Refunding Bonds (Kern County, California) | G.O. | Negotiated | Sole |
| 2/11/2016 | 4,900,000 | Del Norte County Unified School District, General Obligation Bonds, 2008 Election, Series D | G.O. | Negotiated | Sole |



Response to: Request for Proposal for Underwriter/Placement Agent

City of Willows
Taxable Pension Obligation Bonds, Series 2021
Refunding Certificates of Participation, Series 2021

September 14, 2020

Presented To:



Wulff, Hansen & Co.
100 Smith Ranch Road, Suite 330
San Rafael, CA 94903

Presented By:



Brandis Tallman LLC
A Division of Oppenheimer & Co. Inc.
580 California Street, Suite 2300
San Francisco, CA 94104

September 14, 2020

Bud Levine
Rob Pankratz

Wulff, Hansen & Co.
100 Smith Ranch Road, Suite 330
San Rafael, CA 94903

Dear Bud and Rob,

Brandis Tallman LLC, A Division of Oppenheimer & Co. Inc. ("Brandis Tallman") appreciates the opportunity to present our qualifications and proposal to provide placement agent and or underwriting services to the City of Willows (the "City") for its proposed Taxable Pension Obligation Bonds, Series 2021 (the "2021 POBs") and Refunding Certificates of Participation, Series 2021 (the "2021 COPs").

First Time Issuers and Local Expertise: Brandis Tallman's experience has been predominantly focused on areas just like the City: small to medium sized communities who lie in California's Central Valley supporting agricultural industries with access to major metropolitan areas. We have extensive experience working with cities who are preparing their first bond issue or infrequently access the capital marketplace. We work to introduce first time issuers to the bond market by structuring the best possible credit, telling the city's "whole story" and building an attractive investment for bond buyers. Brandis Tallman has worked with many municipalities in the area including the cities of Orland, Corning, Marysville, Red Bluff, Anderson and Woodland, the Paradise Irrigation District, and the Butte County Housing Authority.

Credit Analysis/Rating: We have the ability to model an estimated credit rating and therefore thoroughly investigate the credit strengths and weaknesses within the City's general and sewer enterprise funds. This allows us to structure the transaction to maximize credit strengths, receiving the best possible credit rating and thus the lowest interest cost.

Relevant Underwriting Experience: Brandis Tallman has closed \$295 million in enterprise revenue bond financings since January 2017, with \$60 million currently in process. Over the last 9 years, Brandis Tallman has provided financing for 37 pension obligations, totaling more than \$190 million.

Broad Distribution Capabilities and Solid Capital Position: Oppenheimer has 1,029 financial advisors across 93 domestic and 5 international offices. Our financial advisors serve over 350,000 retail accounts and oversee \$32.7 billion of assets under management ("AUM") and \$89.7 billion of assets under administration ("AUA"). In the State of California, Oppenheimer's 62 financial advisors oversee approximately 30,000 accounts consisting of \$5.3 billion of AUA and \$4.1 billion of AUM. Oppenheimer has approximately \$601.1 million of equity capital and approximately \$228.3 million of excess net capital and, can sole underwrite a long-term fixed rate municipal bond issue of over \$1.5 billion.

Thank you for your time and consideration.

Regards,



Nicki Tallman, Managing Director



Rick Brandis, Managing Director

1. Experience with Similar Transactions

Brandis Tallman has a long history working with first time issuers, and we are adept at making sure an agency's "whole story" is told to the capital marketplace. We also model credit features in order to obtain the best rating and produce the best economic results. Below are notable examples of similar sewer and pension obligation financings that we have completed.

City of Corning Water & Sewer Revenue Refunding Bonds, Series 2017 - \$8,620,000

When we began working with the City of Corning to refund their existing water and sewer debt, including USDA Loans, Revenue COPs, and an Installment Sale Agreement (the "Prior Obligations"), it quickly became apparent that they were not meeting debt service coverage on the water enterprise. California's drought and the government's subsequent conservation measures in previous years had significantly decreased water enterprise revenues. The lack of revenues and rate increases led Corning to be out of compliance with their coverage covenants. The sewer enterprise, however, was strong but had complicated intertwined structures with the water enterprise. It was determined that separating the two would cause more headache for the Corning staff moving forward and was not the best plan of action.

During this time, Corning was seeing management and staff turnover and escalating pressure from the public, creating political tensions that staff did not want to compound by increasing water rates.

We had to get creative because Corning was not interested in utilizing the most common tool to boost their debt service coverage, raising water rates. Therefore, we presented the idea of establishing a rate stabilization fund, paired with an upfront savings structure to help immediately strengthen Corning's water enterprise and meet its debt service coverage covenant. The rate stabilization fund would act as a separate reserve fund, funded by unrestricted cash on hand, and act as a below-the-line boost to the coverage ratio. Corning was very receptive and appreciative for the alternative solution of establishing a rate stabilization fund which saved them from having to raise water rates at that time. Corning still required immediate relief; to increase short-term cash flow, we structured the refunding debt service with deferred principal in the first two fiscal years.

Once the structure was determined, the financing team began to pursue a credit rating and bond insurance for the sewer enterprise. We did not pursue a credit rating for the water enterprise because without a rate increase it would not be strong enough to get an investment grade rating.

Our firm did not give up on finding alternative ways to lower the refunding debt service on the water refunding. Since we were applying for bond insurance on the sewer refunding, we began a conversation with the bond insurer on insuring a non-rated water bond as a package deal with the sewer bonds. We were successful with this unique approach and obtained bond insurance and a surety for the non-rated water bonds. The bond insurance lowered yields, and the surety policy saved Corning from funding a cash funded debt service reserve. Corning successfully refunded their Prior Obligations.

Other Experience and Ideas for Willows – Sewer Enterprise

Our experience with Corning provides valuable insight into what tools we could use to strengthen the enterprise fund for the City. We could explore extending the term on a public offering, this would provide the City with enhanced upfront cash flow savings though at the expense of increased interest costs over the term. Another idea would be to push back principal payments, which would provide immediate relief and give the City time to fully analyze its current rate structure. Lastly, the City could pursue a rate stabilization fund. This would improve the City's debt service coverage and help to bring them back into compliance.

City of Chowchilla 2019 Taxable Pension Obligation Bonds - \$10,500,000

In 2019, we worked with Wulff Hansen & Co. to address the City of Chowchilla's ("Chowchilla") Unfunded Accrued Liabilities ("UAL") payable to the California Public Employees Retirement System ("CalPERS"). CalPERS had experienced less than expected rates of return which had the effect of increasing Chowchilla's UAL. The UAL balance of Chowchilla's Miscellaneous Plan had totaled \$6,332,698 and its Safety Police Plan totaled \$3,872,047.

Chowchilla decided to proceed with a judicial validation, the same process being considered for the City. Upon the Court's judicial validation, Brandis Tallman began to canvass the private placement market for lender interest in Chowchilla's POBs. We contacted 14 different lenders to gauge interest. Lenders expressed reservations about the debt offering. Many banks would not fix their interest rates for more than 20 years and there was concern about the absence of collateral. Following discussions with potential lenders and the Municipal Advisor, it was concluded that proceeding with a public offering was the best course of action for the City.

The POB issuance was assigned an A+ rating from S&P Global Ratings. Brandis Tallman had looked into the possibility of bond insurance but the insurers indicated that the debt needed to be secured with collateral or pledged revenues.

On March 5th, 2019, the POBs were successfully priced. This resulted in considerable estimated savings, averaging approximately \$120,987 per fiscal year and total net present value savings of approximately \$2,312,924, or 22.72%.

Other Experience and Ideas for Willows – Pension Financing

Our firm has been at the forefront of confronting the UAL issue affecting so many agencies in California, and we understand that there is no one size fits all solution. We've worked with many agencies through the judicial validation process and with others who sought to avoid that process entirely. Without validation, we've collateralized transactions with essential assets as we are currently doing with the City of Belvedere. For agencies without sufficient assets to pledge, we've explored pledging unorthodox assets such as the city's streets. The public and private market have been receptive to this and we are currently structuring the financing with the Town of Fairfax this way. These are all options we would like to explore together with the City and its Municipal Advisor in order to determine which would achieve the best results. Often times, collateralizing a financing can provide for the possibility of bond insurance.

Since January 2017, Brandis Tallman has closed 34 enterprise revenue transactions totaling over \$295 million, with \$60 million currently in process. This includes recent transactions for Murphys Sanitary District, the City of Santa Clara, and Del Paso Manor Water District. We are currently serving the City of Porterville, City of Marysville, and the Rosamond Community Services District with the issuance of enterprise revenue financings.

See [Appendix A](#) for our complete list of utility revenue transactions since January 1, 2017.

Over the last 9 years, Brandis Tallman has provided financing for 37 pension obligations, totaling more than \$190 million. This includes recent private placement transactions for the Richardson Bay Sanitary District and Kensington Police Protection and Community Services District and a public offering for the North County Fire Protection District. We are currently serving the Town of Fairfax, the Novato Sanitary District, and the City of Belvedere with the issuance of pension obligation financings.

See [Appendix B](#) for our complete list of pension obligation financings.

2. Scope of Services

Our overall coordination of the financing shall be such as to minimize the costs of the transaction coincident with maximizing the City's financing flexibility and capital market access.

Placement agent and underwriting services will include, but are not limited to:

- **Develop, Monitor and Comply with the Transaction Process** – Brandis Tallman shall work with the financing team for the development and successful implementation of the financing strategy and timetable.
- **Provide Market Commentary** – We will provide regular summaries of current market conditions, trends in the market and how these may favorably or unfavorably affect the proposed financing.
- **Compile, Draft & Distribute Solicitation Package (Direct Placement Only)** – Brandis Tallman will compile/draft a solicitation package, or lender Request for Proposal (“RFP”), to present the transaction to investors. We will coordinate all communication with investors, facilitating questions and requests for any additional information, coordinating conference calls, if necessary, and obtaining in a timely manner bids that are complete and responsive to the City's requests.
- **Summarize and Evaluate RFP Responses (Direct Placement Only)** – We will request that the lenders present, in a clear and organized manner, their understanding of the transaction and their terms. We will summarize and prepare an evaluation of each potential investor's response to the RFP, including a numerical analysis of the most favorable proposals. We will review with the City and the financing team, enumerating and discussing pros and cons.
- **Credit Rating Modeling** – Brandis Tallman will model an estimated credit rating and point out the issuance's strengths and weaknesses. We will work with the financing team to structure the transaction to receive the best possible credit rating.
- **Credit Enhancement Analysis - Rating and Bond Insurance (Public Offering Only)** – Brandis Tallman will analyze the benefits of a rating and/or credit enhancement and assist in the preparation of any rating agency strategy and presentation as needed. We will perform numerical analyses, providing quantitative analysis of credit enhancement benefits.
- **Development Marketing Plan and Pricing Strategies (Public Offering Only)** – Brandis Tallman will develop a pre-sale marketing plan, solicit price views from the market to provide preliminary pricing indications for the offering range of the financing, and provide sales comparables and market commentary.
- **Compute Sizing and Design Structure of the Financing** – Brandis Tallman shall work with the financing team to compute sizing and design the finance structure to be consistent with the agreed upon terms, commenting on whether they reflect current conditions in the capital markets. Brandis Tallman will perform numerical iterations including sources and uses of funds, debt service schedules, and cash flow projections, as needed.
- **Review Financing Documents** – We will assist the financing team in the drafting and review of all respective financing resolutions, legal documents, and closing documents.
- **Prepare and Present to Staff, Committee and/or Board Members** – As deemed appropriate, Brandis Tallman shall prepare and present the financing and all market analysis. We are happy to attend any meetings or educational sessions.

- **Provide Pre-Closing, Closing and Post-Closing Assistance** – We will assist bond counsel, including arranging for or monitoring the progress of final delivery of the securities and settlement of the costs of issuance. For public offerings this will include the planning and execution of a thorough distribution/sale of the bonds, and executing the bond purchase agreement with the City. Post-closing, we will provide a compilation of the transaction and will assist with continuing disclosure and CDIAAC reporting.

3. Preliminary Numerical Analysis

Refunding Certificates of Participation, Series 2021

Due to the historically low interest rate environment, both the public offering method of sale and the private placement offer tremendous savings opportunities to the City. However, there are some key differences to consider between the two approaches.

The City’s current 26-year term on the COPs would likely need to be shortened in order to pursue a private placement financing. We can request a 25-year term, but we will likely only receive proposals for 20-years, especially considering the weaknesses in the City’s enterprise fund. Secondly, a 20-year financing will backload all of the savings to the final six years of the original term and would actually create a cost of about \$50,000 per year through FYE 2041. Considering that the City does not currently meet its debt service coverage covenant, we do not think that is advisable. As a result, we would recommend the City pursue a public offering method of sale.

A public offering would offer the City several advantages. First, we would be able to keep the same 26-year term. This is ideal because it levels out the savings throughout the financing. The City would realize savings every fiscal year. Secondly, a public offering allows us to serialize the bonds, giving the City the opportunity to take advantage of the historically low interest rates throughout the yield curve. An additional consideration would be to extend the term by 4 years, lowering the average annual debt service further by approximately \$20,000 compared to a 26-year term.

However, a public offering does require more staff time and due diligence, including receiving a credit rating. Based on our internal modeling and review of the City’s enterprise fund, we believe the City would receive a rating of BBB+. We are aware that the City is in the process of implementing a rate study which could result in higher rates and a healthier enterprise fund. These are credit positives that we would point out to the rating agency with the goal of achieving an A- rating. Currently, the City’s low debt service coverage and small size are its biggest impediments to a better rating.

The following table summarizes the preliminary refinancing results of the 2021 COPs.

| Preliminary Analysis | Private Placement | Public Offering |
|-------------------------------|---|---|
| Par Amount | \$5,888,000 | \$5,115,000 |
| True Interest Cost/All-in TIC | 3.25% / 3.60% | 2.71% / 2.99% |
| Average FY Savings | -\$49,640 through FYE 2041, \$348,370 thereafter | \$70,399 in FYE 2021 \$34,670 thereafter |
| Total Savings | \$1,171,260 | \$971,806 |
| Net Present Value Savings | \$332,179 or 5.94% | \$768,677 or 13.75% |

See *Appendix C* for the complete numerical analysis

Taxable Pension Obligation Bonds, Series 2021

We believe the most viable path forward for the City would be to pursue a public offering method of sale. The private placement market is currently not as receptive towards lower rated unsecured pension

financings. Based on preliminary discussions with lenders, we do not believe there would be a competitive market for this credit. Most lenders in this space typically only focus on highly rated, AA to AAA rated credits. Fortunately, the public market is more receptive and currently provides interest rates that are very favorable.

In order to attain the best pricing for the City, we believe it would be advantageous to secure the financing with City assets. If assets are scarce, we could even look into using the City's streets to serve as collateral. This would allow us to possibly secure bond insurance and thus market the bonds to a broader range of investors and achieve more aggressively pricing. This is especially important because it is very unlikely that we will be able to get bond insurance for this issuance if it is a validation issue.

The following table summarizes the preliminary results of the 2021 POBs.

| Preliminary Analysis | Public Offering |
|-------------------------------|-----------------------|
| Par Amount | \$8,425,000 |
| True Interest Cost/All-in TIC | 3.59% / 4.12% |
| Average FY Savings | \$116,564 |
| Total Savings | \$2,270,843 |
| Net Present Value Savings | \$1,810,978 or 22.34% |

See [Appendix D](#) for the complete numerical analysis

4. 2019 Lease Agreement with Umpqua Bank

Due to the low par amount and relatively low interest rate of 3.32%, we do not believe there are much savings to be achieved through a traditional refunding. However, we would reach out to Umpqua Bank on behalf of the City and try to renegotiate a rate reset to be more in line with the current market. We have had success with this strategy with many agencies before, including renegotiating a lease on behalf of Feather River Recreation and Park District with Umpqua Bank. Lenders can be very receptive if they know we are thinking of prepaying the loan. This would achieve the savings the City seeks, with minimized time and effort for the City's staff.

5. Proposed Fees

Our underwriter's discount for the 2021 COPs and 2021 POBs is as follows:

| Bond Issuance | BBB Category With Insurance | BBB Category No Insurance | A Category With Insurance | A Category No Insurance |
|---------------|-----------------------------|---------------------------|---------------------------|-------------------------|
| 2021 COPs | \$7.25/Bond | \$9.75/Bond | \$6.75/Bond | \$7.75/Bond |
| 2021 POBs | \$7.50/Bond | \$10.50/Bond | \$7.00/Bond | \$8.00/Bond |

Our underwriting fees are estimates and subject to renegotiation. The most critical factors in obtaining the lowest overall debt service are receiving the highest credit rating and having the best marketing and distribution platform. The Brandis Tallman and Oppenheimer team will bring a combination of detailed, hands-on credit analysis and structuring expertise to obtain the best possible rating.

We will tell the City's story to the capital marketplace and utilize our 350,000 plus retail accounts and extremely broad and diverse institutional accounts (covering every tier) for the widest distribution to achieve the lowest possible interest rates.

Our placement agent fee would be \$20,000 for each transaction.

Appendix A
Utility Revenue Transactions
Since January 1, 2017

| DATE | ISSUER | ISSUE | PAR AMOUNT |
|------------|---|---|--------------|
| In Process | City of Marysville | 2020 Sewer Revenue Bonds | \$17,500,000 |
| In Process | City of Porterville | 2020 Water Revenue Bonds | \$30,000,000 |
| In Process | Rosamond Community Services District | 2020 Water Revenue Bonds | \$12,000,000 |
| 8/5/2020 | Murphy's Sanitary District | 2020 DWR Bridge Financing | \$3,450,000 |
| 6/11/2020 | City of Santa Clara | 2020 Sewer Revenue Interim Financing | \$50,000,000 |
| 6/1/2020 | Del Paso Manor | 2020 Installment Purchase Contract | \$4,698,000 |
| 4/28/2020 | City of Exeter | 2020 Sewer Revenue Refunding Bonds | \$3,120,000 |
| 3/26/2020 | McKinleyville Community Services District | 2020 Installment Sale Agreement | \$1,508,500 |
| 3/12/2020 | City of Ceres | 2020 Water and Wastewater Revenue Refunding Bonds | \$10,013,000 |
| 1/30/2020 | Purissima Hills Water District | 2020 Installment Sale Agreement | \$8,103,000 |
| 1/23/2020 | City of Exeter | 2020 Water Revenue Refunding Bonds | \$4,360,000 |
| 12/19/2019 | City of Porterville | 2019 Sewer Revenue Bonds | \$12,095,000 |
| 12/18/2019 | City of Reedley | Wastewater Revenue Refunding Bonds | \$15,674,000 |
| 11/26/2019 | Rosamond Community Services District | 2019 Wastewater Revenue Bonds | \$12,500,000 |
| 11/21/2019 | Diablo Water District | 2019 Water Revenue Certificates of Participation | \$8,380,000 |
| 11/13/2019 | City of Dinuba | 2019 Wastewater Refunding Bonds | \$2,355,000 |
| 7/15/2019 | Stockton East Water District | Taxable Refunding Revenue Bonds, Series 2019 | \$38,527,000 |
| 4/15/2019 | City of Dos Palos | Wastewater Joint Powers Agency USDA Revenue Bonds | \$1,385,050 |
| 3/14/2019 | City of St Helena | Water Revenue Refunding Installment Sale Agreement, Series 2019 | \$5,821,000 |
| 11/20/2018 | City of Porterville | 2018 Sewer Revenue Refunding Bonds | \$19,327,000 |
| 9/7/2018 | Yosemite Alpine Community Services District | Taxable Installment Sale Agreement | \$355,280 |
| 8/8/2018 | Ventura Port District | 2018 Installment Purchase Agreement (Marina Project Financing) | \$4,664,166 |
| 7/10/2018 | Borrego Water District | 2018 Capital Projects Financing | \$8,743,535 |
| 6/14/2018 | Del Paso Manor Water District | 2018 Installment Purchase Contract | \$4,827,000 |
| 12/21/2017 | Paradise Irrigation District | 2017 Loan Agreement (Refunding 2009 Water Revenue COPs) | \$3,361,900 |
| 12/20/2017 | South Tahoe Public Utility District | 2017 Installment Sale Agreement | \$5,000,000 |
| 12/11/2017 | Madera Valley Water Company | 2017 Taxable Financing | \$4,260,000 |
| 8/29/2017 | Crescenta Valley Water District | 2017 Installment Sale Agreement | \$7,668,000 |
| 6/29/2017 | Chowchilla Public Financing Authority | Water Revenue Bonds, Series 2017A, B, and C | \$8,160,000 |
| 6/6/2017 | Chowchilla Public Financing Authority | Wastewater Revenue Bonds Series A, B, and C | \$3,310,000 |
| 4/19/2017 | Discovery Bay Public Financing Authority | Enterprise Revenue Bonds, Series 2017 (Water and Wastewater Projects) | \$8,825,000 |
| 4/12/2017 | City of Reedley | 2017 Water Refunding Revenue Bonds | \$12,615,000 |
| 4/4/2017 | Sonoma County Water Agency | 2017 Installment Sale Agreement | \$3,690,355 |
| 4/4/2017 | South Park County Sanitation District | 2017 Installment Sale Agreement | \$1,929,627 |
| 3/16/2017 | City of Corning | Sewer Revenue Refunding Bonds, Series 2017 | \$5,160,000 |
| 3/16/2017 | City of Corning | Water Revenue Refunding Bonds, Series 2017 | \$3,460,000 |
| 3/9/2017 | Selma-Kingsburg-Fowler County Sanitation District | 2017 Installment Sale Agreement (Taxable NCREB Direct Subsidy) | \$9,775,000 |

Appendix B
Pension Obligation Financings

| DATE | ISSUER | ISSUE | PAR AMOUNT |
|------------|--|---------------------------------------|--------------|
| In Process | Town of Fairfax | 2020 Taxable Pension Obligation Bonds | \$9,500,000 |
| In Process | City of Belvedere | 2020 Taxable Pension Obligation Bonds | \$2,331,000 |
| In Process | Novato Sanitary District | 2020 Taxable Pension Obligation Bonds | \$6,500,000 |
| 6/18/2020 | North County Fire Protection District | 2020 Taxable Pension Obligation Bonds | \$18,240,000 |
| 6/18/2020 | Kensington Police Protection and Community Services District | 2020 Taxable Pension Obligation Bonds | \$4,544,000 |
| 3/10/2020 | Richardson Bay Sanitary District | 2020 Taxable Pension Obligation Bonds | \$2,383,000 |
| 3/21/2019 | City of Chowchilla | 2019 Taxable Pension Obligation Bonds | \$10,500,000 |
| 12/20/2018 | Housing Authority of the County of Merced | 2018 Taxable Pension Obligation Bonds | \$6,545,000 |
| 11/1/2017 | Arcade Creek Recreation and Park District | 2017 Taxable Pension Obligation Bonds | \$305,400 |
| 10/20/2016 | Truckee Donner Public Utility District | 2016 Taxable Pension Obligation Bonds | \$5,589,000 |
| 8/3/2015 | Cosumnes Community Services District | 2015 Taxable Pension Obligation Bonds | \$9,105,000 |
| 3/30/2015 | Oakdale Public Financing Authority | 2015 Taxable Pension Obligation Bonds | \$3,927,100 |
| 12/1/2014 | Tuolumne County | 2014 Taxable Pension Obligation Bonds | \$8,205,000 |
| 5/30/2014 | City of Piedmont | 2014 Taxable Pension Obligation Bonds | \$7,305,000 |
| 3/14/2014 | Inyo County | 2014 Taxable Pension Obligation Bonds | \$4,045,000 |
| 10/30/2013 | County of Calaveras | 2013 Taxable Pension Obligation Bonds | \$2,575,000 |
| 9/13/2013 | City of Susanville | 2013 Taxable Pension Obligation Bonds | \$4,907,000 |
| 6/27/2013 | City of Pleasant Hill | 2013 Taxable Pension Obligation Bonds | \$4,087,000 |
| 6/26/2013 | Brisbane Public Financing Authority | 2013 Taxable Pension Obligation Bonds | \$1,611,000 |
| 5/28/2013 | City of Corning | 2013 Taxable Pension Obligation Bonds | \$2,579,000 |
| 4/18/2013 | City of Anderson | 2013 Taxable Pension Obligation Bonds | \$4,116,000 |
| 2/28/2013 | City of Red Bluff | 2013 Taxable Pension Obligation Bonds | \$1,948,000 |
| 10/1/2012 | City of Anderson | 2012 Taxable Pension Obligation Bonds | \$4,300,000 |
| 9/20/2012 | City of Healdsburg | 2012 Taxable Pension Obligation Bonds | \$9,000,000 |
| 8/31/2012 | Pleasant Valley Recreation and Park District | 2012 Taxable Pension Obligation Bonds | \$1,882,000 |
| 8/23/2012 | City of Rolling Hills Estates | 2012 Taxable Pension Obligation Bonds | \$1,807,000 |
| 8/15/2012 | Tehachapi-Cummings County Water District | 2012 Taxable Pension Obligation Bonds | \$1,719,700 |
| 6/27/2012 | Monterey Peninsula Airport District | 2012 Taxable Pension Obligation Bonds | \$3,077,000 |
| 6/21/2012 | County of Sierra | 2012 Taxable Pension Obligation Bonds | \$4,630,000 |
| 5/7/2012 | County of Colusa | 2012 Taxable Pension Obligation Bonds | \$2,830,800 |
| 4/30/2012 | City of Santa Fe Springs | 2012 Taxable Pension Obligation Bonds | \$7,147,000 |
| 2/28/2012 | County of Mono | 2012 Taxable Pension Obligation Bonds | \$4,875,000 |
| 2/22/2012 | City of Orland | 2012 Taxable Pension Obligation Bonds | \$2,308,200 |
| 2/17/2012 | City of West Sacramento | 2012 Taxable Pension Obligation Bonds | \$10,806,700 |
| 7/21/2011 | Lakeside Fire Protection District | 2011 Taxable Pension Obligation Bonds | \$3,816,000 |
| 6/29/2011 | San Miguel Consolidated Fire Protection District | 2011 Taxable Pension Obligation Bonds | \$11,282,000 |
| 6/29/2011 | Truckee-Donner Public Utility District | 2011 Taxable Pension Obligation Bonds | \$7,816,000 |
| 5/26/2011 | Montecito Fire Protection District | 2011 Taxable Pension Obligation Bonds | \$3,520,000 |
| 5/26/2011 | Stanislaus Consolidated Fire Protection District | 2011 Taxable Pension Obligation Bonds | \$3,209,800 |
| 4/13/2011 | Central Fire Protection District of Santa Cruz County | 2011 Taxable Pension Obligation Bonds | \$6,184,000 |

Appendix C
Numerical Analysis
Refunding Certificates of Participation, Series 2021

SOURCES AND USES OF FUNDS

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

Dated Date 01/13/2021
 Delivery Date 01/13/2021

Sources:

| | |
|----------------|--------------|
| <hr/> | |
| Bond Proceeds: | |
| Par Amount | 5,888,000.00 |
| | <hr/> |
| | 5,888,000.00 |
| | <hr/> <hr/> |

Uses:

| | |
|-----------------------------|--------------|
| <hr/> | |
| Refunding Escrow Deposits: | |
| Cash Deposit | 0.21 |
| SLGS Purchases | 5,705,095.00 |
| | <hr/> |
| | 5,705,095.21 |
| Delivery Date Expenses: | |
| Cost of Issuance | 182,859.00 |
| Other Uses of Funds: | |
| Additional Proceeds | 45.79 |
| | <hr/> |
| | 5,888,000.00 |
| | <hr/> <hr/> |

ESCROW REQUIREMENTS

City of Willows
Refunding Certificates of Participation, Series 2021 (Private Placement)

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|------------|-----------------------|--------------|
| 04/01/2021 | 115,314.38 | 5,591,000.00 | 5,706,314.38 |
| | 115,314.38 | 5,591,000.00 | 5,706,314.38 |

ESCROW COST

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| Type of Security | Maturity Date | Par Amount | Rate | Total Cost |
|------------------|---------------|------------|--------|--------------|
| SLGS | 04/01/2021 | 5,705,095 | 0.100% | 5,705,095.00 |
| | | 5,705,095 | | 5,705,095.00 |

| Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost | Yield |
|---------------|--------------------|--------------|-------------------|-----------|
| 01/13/2021 | 5,705,095 | 0.21 | 5,705,095.21 | 0.098644% |
| | 5,705,095 | 0.21 | 5,705,095.21 | |

ESCROW CASH FLOW

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| Date | Principal | Interest | Net Escrow Receipts | Present Value to 01/13/2021 @ 0.0986438% |
|------------|--------------|----------|---------------------|--|
| 04/01/2021 | 5,705,095.00 | 1,219.17 | 5,706,314.17 | 5,705,095.00 |
| | 5,705,095.00 | 1,219.17 | 5,706,314.17 | 5,705,095.00 |

Escrow Cost Summary

| | |
|------------------------------|--------------|
| Purchase date | 01/13/2021 |
| Purchase cost of securities | 5,705,095.00 |
| Target for yield calculation | 5,705,095.00 |

BOND SUMMARY STATISTICS

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| | |
|---------------------------------|--------------|
| Dated Date | 01/13/2021 |
| Delivery Date | 01/13/2021 |
| Last Maturity | 10/01/2040 |
| Arbitrage Yield | 3.250354% |
| True Interest Cost (TIC) | 3.250354% |
| Net Interest Cost (NIC) | 3.250000% |
| All-In TIC | 3.602679% |
| Average Coupon | 3.250000% |
| Average Life (years) | 11.290 |
| Duration of Issue (years) | 9.164 |
| Par Amount | 5,888,000.00 |
| Bond Proceeds | 5,888,000.00 |
| Total Interest | 2,160,461.33 |
| Net Interest | 2,160,461.33 |
| Total Debt Service | 8,048,461.33 |
| Maximum Annual Debt Service | 400,832.50 |
| Average Annual Debt Service | 408,205.98 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | |
| Total Underwriter's Discount | |
| Bid Price | 100.000000 |

| Bond Component | Par Value | Price | Average Coupon | Average Life |
|----------------|--------------|---------|----------------|--------------|
| Bond Component | 5,888,000.00 | 100.000 | 3.250% | 11.290 |
| | 5,888,000.00 | | | 11.290 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 5,888,000.00 | 5,888,000.00 | 5,888,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | | | |
| - Underwriter's Discount | | | |
| - Cost of Issuance Expense | | -182,859.00 | |
| - Other Amounts | | | |
| Target Value | 5,888,000.00 | 5,705,141.00 | 5,888,000.00 |
| Target Date | 01/13/2021 | 01/13/2021 | 01/13/2021 |
| Yield | 3.250354% | 3.602679% | 3.250354% |

PRIOR BOND DEBT SERVICE

City of Willows
 Refunding Certificates of Particiation, Series 2021 (Private Placement)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|------------|--------------|---------------------|
| 04/01/2021 | | | 115,314.38 | 115,314.38 | |
| 06/30/2021 | | | | | 115,314.38 |
| 10/01/2021 | 124,000 | 4.125% | 115,314.38 | 239,314.38 | |
| 04/01/2022 | | | 112,756.88 | 112,756.88 | |
| 06/30/2022 | | | | | 352,071.26 |
| 10/01/2022 | 129,000 | 4.125% | 112,756.88 | 241,756.88 | |
| 04/01/2023 | | | 110,096.25 | 110,096.25 | |
| 06/30/2023 | | | | | 351,853.13 |
| 10/01/2023 | 134,000 | 4.125% | 110,096.25 | 244,096.25 | |
| 04/01/2024 | | | 107,332.50 | 107,332.50 | |
| 06/30/2024 | | | | | 351,428.75 |
| 10/01/2024 | 140,000 | 4.125% | 107,332.50 | 247,332.50 | |
| 04/01/2025 | | | 104,445.00 | 104,445.00 | |
| 06/30/2025 | | | | | 351,777.50 |
| 10/01/2025 | 146,000 | 4.125% | 104,445.00 | 250,445.00 | |
| 04/01/2026 | | | 101,433.75 | 101,433.75 | |
| 06/30/2026 | | | | | 351,878.75 |
| 10/01/2026 | 152,000 | 4.125% | 101,433.75 | 253,433.75 | |
| 04/01/2027 | | | 98,298.75 | 98,298.75 | |
| 06/30/2027 | | | | | 351,732.50 |
| 10/01/2027 | 158,000 | 4.125% | 98,298.75 | 256,298.75 | |
| 04/01/2028 | | | 95,040.00 | 95,040.00 | |
| 06/30/2028 | | | | | 351,338.75 |
| 10/01/2028 | 165,000 | 4.125% | 95,040.00 | 260,040.00 | |
| 04/01/2029 | | | 91,636.88 | 91,636.88 | |
| 06/30/2029 | | | | | 351,676.88 |
| 10/01/2029 | 171,000 | 4.125% | 91,636.88 | 262,636.88 | |
| 04/01/2030 | | | 88,110.00 | 88,110.00 | |
| 06/30/2030 | | | | | 350,746.88 |
| 10/01/2030 | 178,000 | 4.125% | 88,110.00 | 266,110.00 | |
| 04/01/2031 | | | 84,438.75 | 84,438.75 | |
| 06/30/2031 | | | | | 350,548.75 |
| 10/01/2031 | 186,000 | 4.125% | 84,438.75 | 270,438.75 | |
| 04/01/2032 | | | 80,602.50 | 80,602.50 | |
| 06/30/2032 | | | | | 351,041.25 |
| 10/01/2032 | 193,000 | 4.125% | 80,602.50 | 273,602.50 | |
| 04/01/2033 | | | 76,621.88 | 76,621.88 | |
| 06/30/2033 | | | | | 350,224.38 |
| 10/01/2033 | 201,000 | 4.125% | 76,621.88 | 277,621.88 | |
| 04/01/2034 | | | 72,476.25 | 72,476.25 | |
| 06/30/2034 | | | | | 350,098.13 |
| 10/01/2034 | 210,000 | 4.125% | 72,476.25 | 282,476.25 | |
| 04/01/2035 | | | 68,145.00 | 68,145.00 | |
| 06/30/2035 | | | | | 350,621.25 |
| 10/01/2035 | 218,000 | 4.125% | 68,145.00 | 286,145.00 | |
| 04/01/2036 | | | 63,648.75 | 63,648.75 | |
| 06/30/2036 | | | | | 349,793.75 |
| 10/01/2036 | 227,000 | 4.125% | 63,648.75 | 290,648.75 | |
| 04/01/2037 | | | 58,966.88 | 58,966.88 | |
| 06/30/2037 | | | | | 349,615.63 |
| 10/01/2037 | 237,000 | 4.125% | 58,966.88 | 295,966.88 | |
| 04/01/2038 | | | 54,078.75 | 54,078.75 | |
| 06/30/2038 | | | | | 350,045.63 |

PRIOR BOND DEBT SERVICE

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|--------------|--------------|---------------------|
| 10/01/2038 | 246,000 | 4.125% | 54,078.75 | 300,078.75 | |
| 04/01/2039 | | | 49,005.00 | 49,005.00 | |
| 06/30/2039 | | | | | 349,083.75 |
| 10/01/2039 | 257,000 | 4.125% | 49,005.00 | 306,005.00 | |
| 04/01/2040 | | | 43,704.38 | 43,704.38 | |
| 06/30/2040 | | | | | 349,709.38 |
| 10/01/2040 | 267,000 | 4.125% | 43,704.38 | 310,704.38 | |
| 04/01/2041 | | | 38,197.50 | 38,197.50 | |
| 06/30/2041 | | | | | 348,901.88 |
| 10/01/2041 | 278,000 | 4.125% | 38,197.50 | 316,197.50 | |
| 04/01/2042 | | | 32,463.75 | 32,463.75 | |
| 06/30/2042 | | | | | 348,661.25 |
| 10/01/2042 | 290,000 | 4.125% | 32,463.75 | 322,463.75 | |
| 04/01/2043 | | | 26,482.50 | 26,482.50 | |
| 06/30/2043 | | | | | 348,946.25 |
| 10/01/2043 | 302,000 | 4.125% | 26,482.50 | 328,482.50 | |
| 04/01/2044 | | | 20,253.75 | 20,253.75 | |
| 06/30/2044 | | | | | 348,736.25 |
| 10/01/2044 | 314,000 | 4.125% | 20,253.75 | 334,253.75 | |
| 04/01/2045 | | | 13,777.50 | 13,777.50 | |
| 06/30/2045 | | | | | 348,031.25 |
| 10/01/2045 | 327,000 | 4.125% | 13,777.50 | 340,777.50 | |
| 04/01/2046 | | | 7,033.13 | 7,033.13 | |
| 06/30/2046 | | | | | 347,810.63 |
| 10/01/2046 | 341,000 | 4.125% | 7,033.13 | 348,033.13 | |
| 06/30/2047 | | | | | 348,033.13 |
| | 5,591,000 | | 3,628,721.32 | 9,219,721.32 | 9,219,721.32 |

BOND DEBT SERVICE

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|-----------|--------------|---------------------|
| 04/01/2021 | | | 41,461.33 | 41,461.33 | |
| 06/30/2021 | | | | | 41,461.33 |
| 10/01/2021 | 212,000 | 3.250% | 95,680.00 | 307,680.00 | |
| 04/01/2022 | | | 92,235.00 | 92,235.00 | |
| 06/30/2022 | | | | | 399,915.00 |
| 10/01/2022 | 219,000 | 3.250% | 92,235.00 | 311,235.00 | |
| 04/01/2023 | | | 88,676.25 | 88,676.25 | |
| 06/30/2023 | | | | | 399,911.25 |
| 10/01/2023 | 227,000 | 3.250% | 88,676.25 | 315,676.25 | |
| 04/01/2024 | | | 84,987.50 | 84,987.50 | |
| 06/30/2024 | | | | | 400,663.75 |
| 10/01/2024 | 234,000 | 3.250% | 84,987.50 | 318,987.50 | |
| 04/01/2025 | | | 81,185.00 | 81,185.00 | |
| 06/30/2025 | | | | | 400,172.50 |
| 10/01/2025 | 242,000 | 3.250% | 81,185.00 | 323,185.00 | |
| 04/01/2026 | | | 77,252.50 | 77,252.50 | |
| 06/30/2026 | | | | | 400,437.50 |
| 10/01/2026 | 250,000 | 3.250% | 77,252.50 | 327,252.50 | |
| 04/01/2027 | | | 73,190.00 | 73,190.00 | |
| 06/30/2027 | | | | | 400,442.50 |
| 10/01/2027 | 258,000 | 3.250% | 73,190.00 | 331,190.00 | |
| 04/01/2028 | | | 68,997.50 | 68,997.50 | |
| 06/30/2028 | | | | | 400,187.50 |
| 10/01/2028 | 267,000 | 3.250% | 68,997.50 | 335,997.50 | |
| 04/01/2029 | | | 64,658.75 | 64,658.75 | |
| 06/30/2029 | | | | | 400,656.25 |
| 10/01/2029 | 276,000 | 3.250% | 64,658.75 | 340,658.75 | |
| 04/01/2030 | | | 60,173.75 | 60,173.75 | |
| 06/30/2030 | | | | | 400,832.50 |
| 10/01/2030 | 285,000 | 3.250% | 60,173.75 | 345,173.75 | |
| 04/01/2031 | | | 55,542.50 | 55,542.50 | |
| 06/30/2031 | | | | | 400,716.25 |
| 10/01/2031 | 294,000 | 3.250% | 55,542.50 | 349,542.50 | |
| 04/01/2032 | | | 50,765.00 | 50,765.00 | |
| 06/30/2032 | | | | | 400,307.50 |
| 10/01/2032 | 304,000 | 3.250% | 50,765.00 | 354,765.00 | |
| 04/01/2033 | | | 45,825.00 | 45,825.00 | |
| 06/30/2033 | | | | | 400,590.00 |
| 10/01/2033 | 314,000 | 3.250% | 45,825.00 | 359,825.00 | |
| 04/01/2034 | | | 40,722.50 | 40,722.50 | |
| 06/30/2034 | | | | | 400,547.50 |
| 10/01/2034 | 324,000 | 3.250% | 40,722.50 | 364,722.50 | |
| 04/01/2035 | | | 35,457.50 | 35,457.50 | |
| 06/30/2035 | | | | | 400,180.00 |
| 10/01/2035 | 335,000 | 3.250% | 35,457.50 | 370,457.50 | |
| 04/01/2036 | | | 30,013.75 | 30,013.75 | |
| 06/30/2036 | | | | | 400,471.25 |
| 10/01/2036 | 346,000 | 3.250% | 30,013.75 | 376,013.75 | |
| 04/01/2037 | | | 24,391.25 | 24,391.25 | |
| 06/30/2037 | | | | | 400,405.00 |
| 10/01/2037 | 357,000 | 3.250% | 24,391.25 | 381,391.25 | |
| 04/01/2038 | | | 18,590.00 | 18,590.00 | |
| 06/30/2038 | | | | | 399,981.25 |

BOND DEBT SERVICE

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|--------------|--------------|---------------------|
| 10/01/2038 | 369,000 | 3.250% | 18,590.00 | 387,590.00 | |
| 04/01/2039 | | | 12,593.75 | 12,593.75 | |
| 06/30/2039 | | | | | 400,183.75 |
| 10/01/2039 | 381,000 | 3.250% | 12,593.75 | 393,593.75 | |
| 04/01/2040 | | | 6,402.50 | 6,402.50 | |
| 06/30/2040 | | | | | 399,996.25 |
| 10/01/2040 | 394,000 | 3.250% | 6,402.50 | 400,402.50 | |
| 06/30/2041 | | | | | 400,402.50 |
| | 5,888,000 | | 2,160,461.33 | 8,048,461.33 | 8,048,461.33 |

SAVINGS

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 01/13/2021 @ 3.2503540% |
|------------|--------------------|------------------------|------------|----------------|--|
| 04/01/2021 | 115,314.38 | 41,461.33 | 73,853.05 | | 73,338.92 |
| 06/30/2021 | | | | 73,853.05 | |
| 10/01/2021 | 239,314.38 | 307,680.00 | -68,365.62 | | -66,804.01 |
| 04/01/2022 | 112,756.88 | 92,235.00 | 20,521.88 | | 19,732.43 |
| 06/30/2022 | | | | -47,843.74 | |
| 10/01/2022 | 241,756.88 | 311,235.00 | -69,478.12 | | -65,737.05 |
| 04/01/2023 | 110,096.25 | 88,676.25 | 21,420.00 | | 19,942.53 |
| 06/30/2023 | | | | -48,058.12 | |
| 10/01/2023 | 244,096.25 | 315,676.25 | -71,580.00 | | -65,576.95 |
| 04/01/2024 | 107,332.50 | 84,987.50 | 22,345.00 | | 20,143.67 |
| 06/30/2024 | | | | -49,235.00 | |
| 10/01/2024 | 247,332.50 | 318,987.50 | -71,655.00 | | -63,562.85 |
| 04/01/2025 | 104,445.00 | 81,185.00 | 23,260.00 | | 20,303.24 |
| 06/30/2025 | | | | -48,395.00 | |
| 10/01/2025 | 250,445.00 | 323,185.00 | -72,740.00 | | -62,478.06 |
| 04/01/2026 | 101,433.75 | 77,252.50 | 24,181.25 | | 20,437.68 |
| 06/30/2026 | | | | -48,558.75 | |
| 10/01/2026 | 253,433.75 | 327,252.50 | -73,818.75 | | -61,392.92 |
| 04/01/2027 | 98,298.75 | 73,190.00 | 25,108.75 | | 20,548.28 |
| 06/30/2027 | | | | -48,710.00 | |
| 10/01/2027 | 256,298.75 | 331,190.00 | -74,891.25 | | -60,308.72 |
| 04/01/2028 | 95,040.00 | 68,997.50 | 26,042.50 | | 20,636.23 |
| 06/30/2028 | | | | -48,848.75 | |
| 10/01/2028 | 260,040.00 | 335,997.50 | -75,957.50 | | -59,226.63 |
| 04/01/2029 | 91,636.88 | 64,658.75 | 26,978.13 | | 20,699.36 |
| 06/30/2029 | | | | -48,979.37 | |
| 10/01/2029 | 262,636.88 | 340,658.75 | -78,021.87 | | -58,906.08 |
| 04/01/2030 | 88,110.00 | 60,173.75 | 27,936.25 | | 20,754.42 |
| 06/30/2030 | | | | -50,085.62 | |
| 10/01/2030 | 266,110.00 | 345,173.75 | -79,063.75 | | -57,798.76 |
| 04/01/2031 | 84,438.75 | 55,542.50 | 28,896.25 | | 20,786.50 |
| 06/30/2031 | | | | -50,167.50 | |
| 10/01/2031 | 270,438.75 | 349,542.50 | -79,103.75 | | -55,993.23 |
| 04/01/2032 | 80,602.50 | 50,765.00 | 29,837.50 | | 20,782.59 |
| 06/30/2032 | | | | -49,266.25 | |
| 10/01/2032 | 273,602.50 | 354,765.00 | -81,162.50 | | -55,627.72 |
| 04/01/2033 | 76,621.88 | 45,825.00 | 30,796.88 | | 20,770.23 |
| 06/30/2033 | | | | -50,365.62 | |
| 10/01/2033 | 277,621.88 | 359,825.00 | -82,203.12 | | -54,553.36 |
| 04/01/2034 | 72,476.25 | 40,722.50 | 31,753.75 | | 20,736.09 |
| 06/30/2034 | | | | -50,449.37 | |
| 10/01/2034 | 282,476.25 | 364,722.50 | -82,246.25 | | -52,850.21 |
| 04/01/2035 | 68,145.00 | 35,457.50 | 32,687.50 | | 20,668.60 |
| 06/30/2035 | | | | -49,558.75 | |
| 10/01/2035 | 286,145.00 | 370,457.50 | -84,312.50 | | -52,458.99 |
| 04/01/2036 | 63,648.75 | 30,013.75 | 33,635.00 | | 20,592.93 |
| 06/30/2036 | | | | -50,677.50 | |
| 10/01/2036 | 290,648.75 | 376,013.75 | -85,365.00 | | -51,428.66 |
| 04/01/2037 | 58,966.88 | 24,391.25 | 34,575.63 | | 20,497.18 |
| 06/30/2037 | | | | -50,789.37 | |
| 10/01/2037 | 295,966.88 | 381,391.25 | -85,424.37 | | -49,831.56 |
| 04/01/2038 | 54,078.75 | 18,590.00 | 35,488.75 | | 20,370.99 |

SAVINGS

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 01/13/2021 @ 3.2503540% |
|------------|--------------------|------------------------|--------------|----------------|--|
| 06/30/2038 | | | | -49,935.62 | |
| 10/01/2038 | 300,078.75 | 387,590.00 | -87,511.25 | | -49,429.24 |
| 04/01/2039 | 49,005.00 | 12,593.75 | 36,411.25 | | 20,237.38 |
| 06/30/2039 | | | | -51,100.00 | |
| 10/01/2039 | 306,005.00 | 393,593.75 | -87,588.75 | | -47,903.34 |
| 04/01/2040 | 43,704.38 | 6,402.50 | 37,301.88 | | 20,074.60 |
| 06/30/2040 | | | | -50,286.87 | |
| 10/01/2040 | 310,704.38 | 400,402.50 | -89,698.12 | | -47,500.50 |
| 04/01/2041 | 38,197.50 | | 38,197.50 | | 19,904.37 |
| 06/30/2041 | | | | -51,500.62 | |
| 10/01/2041 | 316,197.50 | | 316,197.50 | | 162,132.70 |
| 04/01/2042 | 32,463.75 | | 32,463.75 | | 16,379.84 |
| 06/30/2042 | | | | 348,661.25 | |
| 10/01/2042 | 322,463.75 | | 322,463.75 | | 160,099.67 |
| 04/01/2043 | 26,482.50 | | 26,482.50 | | 12,938.00 |
| 06/30/2043 | | | | 348,946.25 | |
| 10/01/2043 | 328,482.50 | | 328,482.50 | | 157,913.46 |
| 04/01/2044 | 20,253.75 | | 20,253.75 | | 9,581.00 |
| 06/30/2044 | | | | 348,736.25 | |
| 10/01/2044 | 334,253.75 | | 334,253.75 | | 155,589.60 |
| 04/01/2045 | 13,777.50 | | 13,777.50 | | 6,310.64 |
| 06/30/2045 | | | | 348,031.25 | |
| 10/01/2045 | 340,777.50 | | 340,777.50 | | 153,593.41 |
| 04/01/2046 | 7,033.13 | | 7,033.13 | | 3,119.24 |
| 06/30/2046 | | | | 347,810.63 | |
| 10/01/2046 | 348,033.13 | | 348,033.13 | | 151,886.65 |
| 06/30/2047 | | | | 348,033.13 | |
| | 9,219,721.32 | 8,048,461.33 | 1,171,259.99 | 1,171,259.99 | 332,133.59 |

Savings Summary

| | |
|-------------------------------|-------------------|
| PV of savings from cash flow | 332,133.59 |
| Plus: Refunding funds on hand | 45.79 |
| Net PV Savings | <u>332,179.38</u> |

SUMMARY OF REFUNDING RESULTS

City of Willows
 Refunding Certificates of Participation, Series 2021 (Private Placement)

| | |
|--|--------------|
| Dated Date | 01/13/2021 |
| Delivery Date | 01/13/2021 |
| Arbitrage yield | 3.250354% |
| Escrow yield | 0.098644% |
| Value of Negative Arbitrage | 38,505.20 |
| | |
| Bond Par Amount | 5,888,000.00 |
| True Interest Cost | 3.250354% |
| Net Interest Cost | 3.250000% |
| Average Coupon | 3.250000% |
| Average Life | 11.290 |
| | |
| Par amount of refunded bonds | 5,591,000.00 |
| Average coupon of refunded bonds | 4.125000% |
| Average life of refunded bonds | 15.451 |
| | |
| PV of prior debt to 01/13/2021 @ 3.250354% | 6,220,133.59 |
| Net PV Savings | 332,179.38 |
| Percentage savings of refunded bonds | 5.941323% |
| Percentage savings of refunding bonds | 5.641633% |

Sources and Uses of Funds
 City of Willows
 Refunding Certificates of Participation, Series 2021 (Public Offering)

Dated Date 1/13/2021
 Delivery
 Date 1/13/2021

Sources:

| | | |
|-----------------------|--------------|--------------|
| Bond Proceeds: | | |
| Par Amount | 5,115,000.00 | |
| Premium | 846,167.20 | |
| | | 5,961,167.20 |

Uses:

| | | |
|-----------------------------------|--------------|--------------|
| Refunding Escrow Deposits: | | |
| Cash Deposit | 0.21 | |
| SLGS Purchases | 5,705,095.00 | |
| | | 5,705,095.21 |

Delivery Date Expenses:

| | | |
|--|------------|------------|
| Cost of Issuance (Includes U/W Discount) | 182,859.00 | |
| Bond Insurance (70 bps) | 57,735.41 | |
| Surety (4.00%) | 12,717.00 | |
| | | 253,311.41 |

Other Uses of Funds:

| | | |
|---------------------|----------|--------------|
| Additional Proceeds | 2,760.58 | |
| | | 5,961,167.20 |

Summary of Bonds Refunded
City of Willows
Refunding Certificates of Participation, Series 2021 (Public Offering)

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|---------------|---------------|--------------|-----------|------------|
| 2007 Certificates of Participation (USDA loan), 2007COPS, BOND: | | | | | |
| | 10/1/2046 | 4.125% | 5,591,000.00 | 4/1/2021 | 100.000 |
| | | | 5,591,000.00 | | |

Escrow Requirements

City of Willows

Funding Certificates of Participation, Series 2021 (Public Offer)

| Period | Interest | Principal Redeemed | Total |
|----------|------------|--------------------|--------------|
| Ending | | | |
| 4/1/2021 | 115,314.38 | 5,591,000.00 | 5,706,314.38 |
| | 115,314.38 | 5,591,000.00 | 5,706,314.38 |

Escrow Cost
City of Willows

Refunding Certificates of Participation, Series 2021 (Public Offering)

| Type of Security | Maturity Date | Par Amount | Rate | Total Cost |
|------------------|---------------|------------|--------|--------------|
| SLGS | 4/1/2021 | 5,705,095 | 0.100% | 5,705,095.00 |
| | | 5,705,095 | | 5,705,095.00 |

| Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost | Yield |
|---------------|--------------------|--------------|-------------------|-----------|
| 1/13/2021 | 5,705,095 | 0.21 | 5,705,095.21 | 0.098644% |
| | 5,705,095 | 0.21 | 5,705,095.21 | |

Escrow Cash Flow
City of Willows
Refunding Certificates of Participation, Series 2021 (Public Offering)

| Date | Principal | Interest | Net Escrow Receipts | Present Value |
|----------|--------------|----------|------------------------|-------------------------------------|
| | | | | to 01/13/2021 @ 0.0986438% |
| 4/1/2021 | 5,705,095.00 | 1,219.17 | 5,706,314.17 | 5,705,095.00 |
| | 5,705,095.00 | 1,219.17 | 5,706,314.17 | 5,705,095.00 |

Escrow Cost Summary

| | |
|------------------------------|--------------|
| Purchase date | 1/13/2021 |
| Purchase cost of securities | 5,705,095.00 |
| | ----- |
| Target for yield calculation | 5,705,095.00 |

Bond Summary Statistics

City of Willows

Refunding Certificates of Participation, Series 2021 (Public Offering)

| | |
|---------------|-----------|
| Dated Date | 1/13/2021 |
| Delivery Date | 1/13/2021 |
| Last Maturity | 10/1/2046 |

| | |
|--------------------------|-----------|
| Arbitrage Yield | 2.087070% |
| True Interest Cost (TIC) | 2.714549% |
| Net Interest Cost (NIC) | 2.889835% |
| All-In TIC | 2.988852% |
| Average Coupon | 3.959163% |

| | |
|---------------------------|--------|
| Average Life (years) | 15.470 |
| Duration of Issue (years) | 11.734 |

| | |
|-----------------------------|--------------|
| Par Amount | 5,115,000.00 |
| Bond Proceeds | 5,961,167.20 |
| Total Interest | 3,132,915.00 |
| Net Interest | 2,286,747.80 |
| Total Debt Service | 8,247,915.00 |
| Maximum Annual Debt Service | 317,925.00 |
| Average Annual Debt Service | 320,722.55 |

| | |
|---------------------------------|--|
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | |

Total Underwriter's Discount

| | |
|-----------|------------|
| Bid Price | 116.542858 |
|-----------|------------|

| Bond Component | Par Value | Price | Average Coupon | Average Life |
|-------------------|--------------|---------|----------------|--------------|
| Bond Component | 3,430,000.00 | 117.390 | 3.919% | 11.610 |
| Bond Component #2 | 1,685,000.00 | 114.818 | 4.000% | 23.328 |
| | 5,115,000.00 | | | 15.470 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 5,115,000.00 | 5,115,000.00 | 5,115,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 846,167.20 | 846,167.20 | 846,167.20 |
| - Underwriter's Discount | | | |
| - Cost of Issuance Expense | | -182,859.00 | |
| - Other Amounts | -70,452.41 | -70,452.41 | -70,452.41 |
| Target Value | 5,890,714.79 | 5,707,855.79 | 5,890,714.79 |
| Target Date | 1/13/2021 | 1/13/2021 | 1/13/2021 |
| Yield | 2.714549% | 2.988852% | 2.087070% |

Prior Bond Debt Service
 City of Willows
 Refunding Certificates of Participation, Series 2021 (Public Offering)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|------------|--------------|---------------------|
| 4/1/2021 | | | 115,314.38 | 115,314.38 | |
| 6/30/2021 | | | | | 115,314.38 |
| 10/1/2021 | 124,000 | 4.125% | 115,314.38 | 239,314.38 | |
| 4/1/2022 | | | 112,756.88 | 112,756.88 | |
| 6/30/2022 | | | | | 352,071.26 |
| 10/1/2022 | 129,000 | 4.125% | 112,756.88 | 241,756.88 | |
| 4/1/2023 | | | 110,096.25 | 110,096.25 | |
| 6/30/2023 | | | | | 351,853.13 |
| 10/1/2023 | 134,000 | 4.125% | 110,096.25 | 244,096.25 | |
| 4/1/2024 | | | 107,332.50 | 107,332.50 | |
| 6/30/2024 | | | | | 351,428.75 |
| 10/1/2024 | 140,000 | 4.125% | 107,332.50 | 247,332.50 | |
| 4/1/2025 | | | 104,445.00 | 104,445.00 | |
| 6/30/2025 | | | | | 351,777.50 |
| 10/1/2025 | 146,000 | 4.125% | 104,445.00 | 250,445.00 | |
| 4/1/2026 | | | 101,433.75 | 101,433.75 | |
| 6/30/2026 | | | | | 351,878.75 |
| 10/1/2026 | 152,000 | 4.125% | 101,433.75 | 253,433.75 | |
| 4/1/2027 | | | 98,298.75 | 98,298.75 | |
| 6/30/2027 | | | | | 351,732.50 |
| 10/1/2027 | 158,000 | 4.125% | 98,298.75 | 256,298.75 | |
| 4/1/2028 | | | 95,040.00 | 95,040.00 | |
| 6/30/2028 | | | | | 351,338.75 |
| 10/1/2028 | 165,000 | 4.125% | 95,040.00 | 260,040.00 | |
| 4/1/2029 | | | 91,636.88 | 91,636.88 | |
| 6/30/2029 | | | | | 351,676.88 |
| 10/1/2029 | 171,000 | 4.125% | 91,636.88 | 262,636.88 | |
| 4/1/2030 | | | 88,110.00 | 88,110.00 | |
| 6/30/2030 | | | | | 350,746.88 |
| 10/1/2030 | 178,000 | 4.125% | 88,110.00 | 266,110.00 | |
| 4/1/2031 | | | 84,438.75 | 84,438.75 | |
| 6/30/2031 | | | | | 350,548.75 |
| 10/1/2031 | 186,000 | 4.125% | 84,438.75 | 270,438.75 | |
| 4/1/2032 | | | 80,602.50 | 80,602.50 | |
| 6/30/2032 | | | | | 351,041.25 |
| 10/1/2032 | 193,000 | 4.125% | 80,602.50 | 273,602.50 | |
| 4/1/2033 | | | 76,621.88 | 76,621.88 | |
| 6/30/2033 | | | | | 350,224.38 |
| 10/1/2033 | 201,000 | 4.125% | 76,621.88 | 277,621.88 | |
| 4/1/2034 | | | 72,476.25 | 72,476.25 | |
| 6/30/2034 | | | | | 350,098.13 |
| 10/1/2034 | 210,000 | 4.125% | 72,476.25 | 282,476.25 | |
| 4/1/2035 | | | 68,145.00 | 68,145.00 | |
| 6/30/2035 | | | | | 350,621.25 |
| 10/1/2035 | 218,000 | 4.125% | 68,145.00 | 286,145.00 | |
| 4/1/2036 | | | 63,648.75 | 63,648.75 | |
| 6/30/2036 | | | | | 349,793.75 |
| 10/1/2036 | 227,000 | 4.125% | 63,648.75 | 290,648.75 | |
| 4/1/2037 | | | 58,966.88 | 58,966.88 | |
| 6/30/2037 | | | | | 349,615.63 |

Prior Bond Debt Service
 City of Willows
 Refunding Certificates of Participation, Series 2021 (Public Offering)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|--------------|--------------|------------------------|
| 10/1/2037 | 237,000 | 4.125% | 58,966.88 | 295,966.88 | |
| 4/1/2038 | | | 54,078.75 | 54,078.75 | |
| 6/30/2038 | | | | | 350,045.63 |
| 10/1/2038 | 246,000 | 4.125% | 54,078.75 | 300,078.75 | |
| 4/1/2039 | | | 49,005.00 | 49,005.00 | |
| 6/30/2039 | | | | | 349,083.75 |
| 10/1/2039 | 257,000 | 4.125% | 49,005.00 | 306,005.00 | |
| 4/1/2040 | | | 43,704.38 | 43,704.38 | |
| 6/30/2040 | | | | | 349,709.38 |
| 10/1/2040 | 267,000 | 4.125% | 43,704.38 | 310,704.38 | |
| 4/1/2041 | | | 38,197.50 | 38,197.50 | |
| 6/30/2041 | | | | | 348,901.88 |
| 10/1/2041 | 278,000 | 4.125% | 38,197.50 | 316,197.50 | |
| 4/1/2042 | | | 32,463.75 | 32,463.75 | |
| 6/30/2042 | | | | | 348,661.25 |
| 10/1/2042 | 290,000 | 4.125% | 32,463.75 | 322,463.75 | |
| 4/1/2043 | | | 26,482.50 | 26,482.50 | |
| 6/30/2043 | | | | | 348,946.25 |
| 10/1/2043 | 302,000 | 4.125% | 26,482.50 | 328,482.50 | |
| 4/1/2044 | | | 20,253.75 | 20,253.75 | |
| 6/30/2044 | | | | | 348,736.25 |
| 10/1/2044 | 314,000 | 4.125% | 20,253.75 | 334,253.75 | |
| 4/1/2045 | | | 13,777.50 | 13,777.50 | |
| 6/30/2045 | | | | | 348,031.25 |
| 10/1/2045 | 327,000 | 4.125% | 13,777.50 | 340,777.50 | |
| 4/1/2046 | | | 7,033.13 | 7,033.13 | |
| 6/30/2046 | | | | | 347,810.63 |
| 10/1/2046 | 341,000 | 4.125% | 7,033.13 | 348,033.13 | |
| 6/30/2047 | | | | | 348,033.13 |
| | 5,591,000 | | 3,628,721.32 | 9,219,721.32 | 9,219,721.32 |

Bond Debt Service
 City of Willows
 Refunding Certificates of Participation, Series 2021 (Public Offering)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|----------|--------------|---------------------|
| 4/1/2021 | | | 44,915 | 44,915 | |
| 6/30/2021 | | | | | 44,915 |
| 10/1/2021 | 110,000 | 4.000% | 103,650 | 213,650 | |
| 4/1/2022 | | | 101,450 | 101,450 | |
| 6/30/2022 | | | | | 315,100 |
| 10/1/2022 | 115,000 | 4.000% | 101,450 | 216,450 | |
| 4/1/2023 | | | 99,150 | 99,150 | |
| 6/30/2023 | | | | | 315,600 |
| 10/1/2023 | 120,000 | 4.000% | 99,150 | 219,150 | |
| 4/1/2024 | | | 96,750 | 96,750 | |
| 6/30/2024 | | | | | 315,900 |
| 10/1/2024 | 125,000 | 4.000% | 96,750 | 221,750 | |
| 4/1/2025 | | | 94,250 | 94,250 | |
| 6/30/2025 | | | | | 316,000 |
| 10/1/2025 | 130,000 | 4.000% | 94,250 | 224,250 | |
| 4/1/2026 | | | 91,650 | 91,650 | |
| 6/30/2026 | | | | | 315,900 |
| 10/1/2026 | 135,000 | 5.000% | 91,650 | 226,650 | |
| 4/1/2027 | | | 88,275 | 88,275 | |
| 6/30/2027 | | | | | 314,925 |
| 10/1/2027 | 145,000 | 5.000% | 88,275 | 233,275 | |
| 4/1/2028 | | | 84,650 | 84,650 | |
| 6/30/2028 | | | | | 317,925 |
| 10/1/2028 | 150,000 | 5.000% | 84,650 | 234,650 | |
| 4/1/2029 | | | 80,900 | 80,900 | |
| 6/30/2029 | | | | | 315,550 |
| 10/1/2029 | 155,000 | 5.000% | 80,900 | 235,900 | |
| 4/1/2030 | | | 77,025 | 77,025 | |
| 6/30/2030 | | | | | 312,925 |
| 10/1/2030 | 165,000 | 5.000% | 77,025 | 242,025 | |
| 4/1/2031 | | | 72,900 | 72,900 | |
| 6/30/2031 | | | | | 314,925 |
| 10/1/2031 | 175,000 | 5.000% | 72,900 | 247,900 | |
| 4/1/2032 | | | 68,525 | 68,525 | |
| 6/30/2032 | | | | | 316,425 |
| 10/1/2032 | 180,000 | 4.000% | 68,525 | 248,525 | |
| 4/1/2033 | | | 64,925 | 64,925 | |
| 6/30/2033 | | | | | 313,450 |
| 10/1/2033 | 190,000 | 4.000% | 64,925 | 254,925 | |
| 4/1/2034 | | | 61,125 | 61,125 | |
| 6/30/2034 | | | | | 316,050 |
| 10/1/2034 | 195,000 | 4.000% | 61,125 | 256,125 | |
| 4/1/2035 | | | 57,225 | 57,225 | |
| 6/30/2035 | | | | | 313,350 |
| 10/1/2035 | 205,000 | 4.000% | 57,225 | 262,225 | |
| 4/1/2036 | | | 53,125 | 53,125 | |
| 6/30/2036 | | | | | 315,350 |
| 10/1/2036 | 210,000 | 3.000% | 53,125 | 263,125 | |
| 4/1/2037 | | | 49,975 | 49,975 | |
| 6/30/2037 | | | | | 313,100 |

Bond Debt Service
 City of Willows
 Refunding Certificates of Participation, Series 2021 (Public Offering)

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|-----------|--------------|---------------------|
| 10/1/2037 | 220,000 | 3.000% | 49,975 | 269,975 | |
| 4/1/2038 | | | 46,675 | 46,675 | |
| 6/30/2038 | | | | | 316,650 |
| 10/1/2038 | 225,000 | 3.000% | 46,675 | 271,675 | |
| 4/1/2039 | | | 43,300 | 43,300 | |
| 6/30/2039 | | | | | 314,975 |
| 10/1/2039 | 235,000 | 4.000% | 43,300 | 278,300 | |
| 4/1/2040 | | | 38,600 | 38,600 | |
| 6/30/2040 | | | | | 316,900 |
| 10/1/2040 | 245,000 | 4.000% | 38,600 | 283,600 | |
| 4/1/2041 | | | 33,700 | 33,700 | |
| 6/30/2041 | | | | | 317,300 |
| 10/1/2041 | 255,000 | 4.000% | 33,700 | 288,700 | |
| 4/1/2042 | | | 28,600 | 28,600 | |
| 6/30/2042 | | | | | 317,300 |
| 10/1/2042 | 265,000 | 4.000% | 28,600 | 293,600 | |
| 4/1/2043 | | | 23,300 | 23,300 | |
| 6/30/2043 | | | | | 316,900 |
| 10/1/2043 | 275,000 | 4.000% | 23,300 | 298,300 | |
| 4/1/2044 | | | 17,800 | 17,800 | |
| 6/30/2044 | | | | | 316,100 |
| 10/1/2044 | 285,000 | 4.000% | 17,800 | 302,800 | |
| 4/1/2045 | | | 12,100 | 12,100 | |
| 6/30/2045 | | | | | 314,900 |
| 10/1/2045 | 295,000 | 4.000% | 12,100 | 307,100 | |
| 4/1/2046 | | | 6,200 | 6,200 | |
| 6/30/2046 | | | | | 313,300 |
| 10/1/2046 | 310,000 | 4.000% | 6,200 | 316,200 | |
| 6/30/2047 | | | | | 316,200 |
| | 5,115,000 | | 3,132,915 | 8,247,915 | 8,247,915 |

Savings
City of Willows
Refunding Certificates of Participation, Series 2021 (Public Offering)

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings @ 2.0870704% | Present Value to 01/13/2021 |
|-----------|--------------------|------------------------|-----------|-----------------------------|-----------------------------|
| 4/1/2021 | 115,314.38 | 44,915.00 | 70,399.38 | | 70,083.40 |
| 6/30/2021 | | | | 70,399.38 | |
| 10/1/2021 | 239,314.38 | 213,650.00 | 25,664.38 | | 25,285.33 |
| 4/1/2022 | 112,756.88 | 101,450.00 | 11,306.88 | | 11,024.83 |
| 6/30/2022 | | | | 36,971.26 | |
| 10/1/2022 | 241,756.88 | 216,450.00 | 25,306.88 | | 24,420.77 |
| 4/1/2023 | 110,096.25 | 99,150.00 | 10,946.25 | | 10,453.88 |
| 6/30/2023 | | | | 36,253.13 | |
| 10/1/2023 | 244,096.25 | 219,150.00 | 24,946.25 | | 23,578.11 |
| 4/1/2024 | 107,332.50 | 96,750.00 | 10,582.50 | | 9,898.82 |
| 6/30/2024 | | | | 35,528.75 | |
| 10/1/2024 | 247,332.50 | 221,750.00 | 25,582.50 | | 23,682.61 |
| 4/1/2025 | 104,445.00 | 94,250.00 | 10,195.00 | | 9,340.40 |
| 6/30/2025 | | | | 35,777.50 | |
| 10/1/2025 | 250,445.00 | 224,250.00 | 26,195.00 | | 23,751.33 |
| 4/1/2026 | 101,433.75 | 91,650.00 | 9,783.75 | | 8,779.43 |
| 6/30/2026 | | | | 35,978.75 | |
| 10/1/2026 | 253,433.75 | 226,650.00 | 26,783.75 | | 23,786.13 |
| 4/1/2027 | 98,298.75 | 88,275.00 | 10,023.75 | | 8,809.96 |
| 6/30/2027 | | | | 36,807.50 | |
| 10/1/2027 | 256,298.75 | 233,275.00 | 23,023.75 | | 20,026.79 |
| 4/1/2028 | 95,040.00 | 84,650.00 | 10,390.00 | | 8,944.22 |
| 6/30/2028 | | | | 33,413.75 | |
| 10/1/2028 | 260,040.00 | 234,650.00 | 25,390.00 | | 21,631.22 |
| 4/1/2029 | 91,636.88 | 80,900.00 | 10,736.88 | | 9,052.90 |
| 6/30/2029 | | | | 36,126.88 | |
| 10/1/2029 | 262,636.88 | 235,900.00 | 26,736.88 | | 22,310.64 |
| 4/1/2030 | 88,110.00 | 77,025.00 | 11,085.00 | | 9,154.37 |
| 6/30/2030 | | | | 37,821.88 | |
| 10/1/2030 | 266,110.00 | 242,025.00 | 24,085.00 | | 19,684.79 |
| 4/1/2031 | 84,438.75 | 72,900.00 | 11,538.75 | | 9,333.28 |
| 6/30/2031 | | | | 35,623.75 | |
| 10/1/2031 | 270,438.75 | 247,900.00 | 22,538.75 | | 18,042.51 |
| 4/1/2032 | 80,602.50 | 68,525.00 | 12,077.50 | | 9,568.32 |
| 6/30/2032 | | | | 34,616.25 | |
| 10/1/2032 | 273,602.50 | 248,525.00 | 25,077.50 | | 19,662.30 |
| 4/1/2033 | 76,621.88 | 64,925.00 | 11,696.88 | | 9,076.36 |
| 6/30/2033 | | | | 36,774.38 | |
| 10/1/2033 | 277,621.88 | 254,925.00 | 22,696.88 | | 17,430.07 |
| 4/1/2034 | 72,476.25 | 61,125.00 | 11,351.25 | | 8,627.17 |
| 6/30/2034 | | | | 34,048.13 | |
| 10/1/2034 | 282,476.25 | 256,125.00 | 26,351.25 | | 19,820.62 |
| 4/1/2035 | 68,145.00 | 57,225.00 | 10,920.00 | | 8,128.87 |
| 6/30/2035 | | | | 37,271.25 | |
| 10/1/2035 | 286,145.00 | 262,225.00 | 23,920.00 | | 17,622.20 |
| 4/1/2036 | 63,648.75 | 53,125.00 | 10,523.75 | | 7,672.92 |
| 6/30/2036 | | | | 34,443.75 | |
| 10/1/2036 | 290,648.75 | 263,125.00 | 27,523.75 | | 19,860.46 |
| 4/1/2037 | 58,966.88 | 49,975.00 | 8,991.88 | | 6,421.31 |
| 6/30/2037 | | | | 36,515.63 | |

Savings
City of Willows
Refunding Certificates of Participation, Series 2021 (Public Offering)

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings @ | Present Value to 01/13/2021 @ 2.0870704% |
|-----------|--------------------|------------------------|------------|------------------|--|
| 10/1/2037 | 295,966.88 | 269,975.00 | 25,991.88 | | 18,369.72 |
| 4/1/2038 | 54,078.75 | 46,675.00 | 7,403.75 | | 5,178.55 |
| 6/30/2038 | | | | 33,395.63 | |
| 10/1/2038 | 300,078.75 | 271,675.00 | 28,403.75 | | 19,661.80 |
| 4/1/2039 | 49,005.00 | 43,300.00 | 5,705.00 | | 3,908.36 |
| 6/30/2039 | | | | 34,108.75 | |
| 10/1/2039 | 306,005.00 | 278,300.00 | 27,705.00 | | 18,784.03 |
| 4/1/2040 | 43,704.38 | 38,600.00 | 5,104.38 | | 3,425.04 |
| 6/30/2040 | | | | 32,809.38 | |
| 10/1/2040 | 310,704.38 | 283,600.00 | 27,104.38 | | 17,999.19 |
| 4/1/2041 | 38,197.50 | 33,700.00 | 4,497.50 | | 2,955.81 |
| 6/30/2041 | | | | 31,601.88 | |
| 10/1/2041 | 316,197.50 | 288,700.00 | 27,497.50 | | 17,885.03 |
| 4/1/2042 | 32,463.75 | 28,600.00 | 3,863.75 | | 2,487.12 |
| 6/30/2042 | | | | 31,361.25 | |
| 10/1/2042 | 322,463.75 | 293,600.00 | 28,863.75 | | 18,387.90 |
| 4/1/2043 | 26,482.50 | 23,300.00 | 3,182.50 | | 2,006.50 |
| 6/30/2043 | | | | 32,046.25 | |
| 10/1/2043 | 328,482.50 | 298,300.00 | 30,182.50 | | 18,832.92 |
| 4/1/2044 | 20,253.75 | 17,800.00 | 2,453.75 | | 1,515.25 |
| 6/30/2044 | | | | 32,636.25 | |
| 10/1/2044 | 334,253.75 | 302,800.00 | 31,453.75 | | 19,222.85 |
| 4/1/2045 | 13,777.50 | 12,100.00 | 1,677.50 | | 1,014.61 |
| 6/30/2045 | | | | 33,131.25 | |
| 10/1/2045 | 340,777.50 | 307,100.00 | 33,677.50 | | 20,158.96 |
| 4/1/2046 | 7,033.13 | 6,200.00 | 833.13 | | 493.55 |
| 6/30/2046 | | | | 34,510.63 | |
| 10/1/2046 | 348,033.13 | 316,200.00 | 31,833.13 | | 18,663.39 |
| 6/30/2047 | | | | 31,833.13 | |
| | 9,219,721.32 | 8,247,915.00 | 971,806.32 | 971,806.32 | 765,916.87 |

Savings Summary

| | |
|-------------------------------|------------|
| PV of savings from cash flow | 765,916.87 |
| Plus: Refunding funds on hand | 2,760.58 |
| | ----- |
| Net PV Savings | 768,677.45 |

Summary of Refunding Results
City of Willows
Refunding Certificates of Participation, Series 2021 (Public Offering)

| | |
|--|--------------|
| Dated Date | 1/13/2021 |
| Delivery Date | 1/13/2021 |
| Arbitrage yield | 2.087070% |
| Escrow yield | 0.098644% |
| Value of Negative Arbitrage | 24,393.34 |
| | |
| Bond Par Amount | 5,115,000.00 |
| True Interest Cost | 2.714549% |
| Net Interest Cost | 2.889835% |
| Average Coupon | 3.959163% |
| Average Life | 15.470 |
| | |
| Par amount of refunded bonds | 5,591,000.00 |
| Average coupon of refunded bonds | 4.125000% |
| Average life of refunded bonds | 15.451 |
| | |
| PV of prior debt to 01/13/2021 @ 2.087070% | 7,107,901.61 |
| Net PV Savings | 768,677.45 |
| Percentage savings of refunded bonds | 13.748479% |
| Percentage savings of refunding bonds | 15.027907% |

Bond Pricing
City of Willows
Refunding Certificates of Participation, Series 2021 (Public Offering)

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Yield to Maturity | Call Date | Call Price | Premium (- Discount) |
|---------------------------|---------------|------------------|--------|--------|-----------|-------------------|-----------|------------|----------------------|
| Bond Component: | | | | | | | | | |
| | 10/1/2021 | 110,000 | 4.000% | 0.310% | 102.639 | | | | 2,902.90 |
| | 10/1/2022 | 115,000 | 4.000% | 0.400% | 106.152 | | | | 7,074.80 |
| | 10/1/2023 | 120,000 | 4.000% | 0.450% | 109.574 | | | | 11,488.80 |
| | 10/1/2024 | 125,000 | 4.000% | 0.550% | 112.674 | | | | 15,842.50 |
| | 10/1/2025 | 130,000 | 4.000% | 0.650% | 115.535 | | | | 20,195.50 |
| | 10/1/2026 | 135,000 | 5.000% | 0.820% | 123.296 | | | | 31,449.60 |
| | 10/1/2027 | 145,000 | 5.000% | 1.000% | 125.920 | | | | 37,584.00 |
| | 10/1/2028 | 150,000 | 5.000% | 1.130% | 128.519 | | | | 42,778.50 |
| | 10/1/2029 | 155,000 | 5.000% | 1.290% | 130.492 | | | | 47,262.60 |
| | 10/1/2030 | 165,000 | 5.000% | 1.390% | 132.703 | | | | 53,959.95 |
| | 10/1/2031 | 175,000 | 5.000% | 1.460% | 131.957 C | 1.721% | 10/1/2030 | 100.000 | 55,924.75 |
| | 10/1/2032 | 180,000 | 4.000% | 1.670% | 120.816 C | 1.998% | 10/1/2030 | 100.000 | 37,468.80 |
| | 10/1/2033 | 190,000 | 4.000% | 1.770% | 119.824 C | 2.204% | 10/1/2030 | 100.000 | 37,665.60 |
| | 10/1/2034 | 195,000 | 4.000% | 1.850% | 119.038 C | 2.366% | 10/1/2030 | 100.000 | 37,124.10 |
| | 10/1/2035 | 205,000 | 4.000% | 1.900% | 118.549 C | 2.487% | 10/1/2030 | 100.000 | 38,025.45 |
| | 10/1/2036 | 210,000 | 3.000% | 2.270% | 106.331 C | 2.510% | 10/1/2030 | 100.000 | 13,295.10 |
| | 10/1/2037 | 220,000 | 3.000% | 2.310% | 105.972 C | 2.559% | 10/1/2030 | 100.000 | 13,138.40 |
| | 10/1/2038 | 225,000 | 3.000% | 2.350% | 105.615 C | 2.602% | 10/1/2030 | 100.000 | 12,633.75 |
| | 10/1/2039 | 235,000 | 4.000% | 2.060% | 117.002 C | 2.824% | 10/1/2030 | 100.000 | 39,954.70 |
| | 10/1/2040 | 245,000 | 4.000% | 2.100% | 116.618 C | 2.888% | 10/1/2030 | 100.000 | 40,714.10 |
| | | 3,430,000 | | | | | | | 596,483.90 |
| Bond Component #2: | | | | | | | | | |
| | 10/1/2046 | 1,685,000 | 4.000% | 2.290% | 114.818 C | 3.154% | 10/1/2030 | 100.000 | 249,683.30 |
| | | 5,115,000 | | | | | | | 846,167.20 |

| | | |
|------------------------|--------------|-------------|
| Dated Date | 1/13/2021 | |
| Delivery Date | 1/13/2021 | |
| First Coupon | 4/1/2021 | |
| Par Amount | 5,115,000.00 | |
| Premium | 846,167.20 | |
| Production | 5,961,167.20 | 116.542858% |
| Underwriter's Discount | | |
| Purchase Price | 5,961,167.20 | 116.542858% |
| Accrued Interest | | |
| Net Proceeds | 5,961,167.20 | |

Appendix D
Numerical Analysis
Taxable Pension Obligation Bonds, Series 2021

Sources and Uses of Funds
 City of Willows
 Taxable Pension Obligation Bonds, Series 2021

Dated Date 1/13/2021
 Delivery Date 1/13/2021

Sources:

| Bond Proceeds: | |
|----------------|---------------------|
| Par Amount | 8,425,000.00 |
| | <u>8,425,000.00</u> |

Uses:

| | |
|--|---------------------|
| Project Fund Deposits: | |
| Safety Plan (6/30/2021 - Payoff) | 4,557,228.00 |
| Miscellaneous Plan (6/30/2021 - Payoff) | 3,548,391.00 |
| | <u>8,105,619.00</u> |
| Delivery Date Expenses: | |
| Cost of Issuance (Includes U/W Discount) | 317,110.00 |
| Other Uses of Funds: | |
| Additional Proceeds | 2,271.00 |
| | <u>8,425,000.00</u> |

Bond Summary Statistics

City of Willows

Taxable Pension Obligation Bonds, Series 2021

| | |
|---------------|-----------|
| Dated Date | 1/13/2021 |
| Delivery Date | 1/13/2021 |
| Last Maturity | 7/15/2040 |

| | |
|--------------------------|-----------|
| Arbitrage Yield | 3.591015% |
| True Interest Cost (TIC) | 3.591015% |
| Net Interest Cost (NIC) | 3.623981% |
| All-In TIC | 4.118010% |
| Average Coupon | 3.623981% |

| | |
|---------------------------|-------|
| Average Life (years) | 8.976 |
| Duration of Issue (years) | 7.482 |

| | |
|-----------------------------|---------------|
| Par Amount | 8,425,000.00 |
| Bond Proceeds | 8,425,000.00 |
| Total Interest | 2,740,429.17 |
| Net Interest | 2,740,429.17 |
| Total Debt Service | 11,165,429.17 |
| Maximum Annual Debt Service | 807,987.30 |
| Average Annual Debt Service | 572,423.03 |

Underwriter's Fees (per \$1000)

| | |
|------------------|--|
| Average Takedown | |
| Other Fee | |

Total Underwriter's Discount

| | |
|-----------|------------|
| Bid Price | 100.000000 |
|-----------|------------|

| Bond Component | Par Value | Price | Average Coupon | Average Life |
|-------------------|--------------|---------|----------------|--------------|
| Bond Component | 4,550,000.00 | 100.000 | 2.981% | 5.034 |
| Bond Component #2 | 2,900,000.00 | 100.000 | 3.810% | 12.509 |
| Bond Component #3 | 975,000.00 | 100.000 | 4.110% | 16.859 |
| | 8,425,000.00 | | | 8.976 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 8,425,000.00 | 8,425,000.00 | 8,425,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | | | |
| - Underwriter's Discount | | | |
| - Cost of Issuance Expense | | -317,110.00 | |
| - Other Amounts | | | |
| Target Value | 8,425,000.00 | 8,107,890.00 | 8,425,000.00 |
| Target Date | 1/13/2021 | 1/13/2021 | 1/13/2021 |
| Yield | 3.591015% | 4.118010% | 3.591015% |

| Bond Debt Service | | | | | |
|---|-----------|--------|------------|--------------|---------------------|
| City of Willows | | | | | |
| Taxable Pension Obligation Bonds, Series 2021 | | | | | |
| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
| 7/15/2021 | 425,000 | 1.880% | 137,471.93 | 562,471.93 | |
| 1/15/2022 | | | 131,966.25 | 131,966.25 | |
| 6/30/2022 | | | | | 694,438.18 |
| 7/15/2022 | 500,000 | 1.980% | 131,966.25 | 631,966.25 | |
| 1/15/2023 | | | 127,016.25 | 127,016.25 | |
| 6/30/2023 | | | | | 758,982.50 |
| 7/15/2023 | 560,000 | 2.159% | 127,016.25 | 687,016.25 | |
| 1/15/2024 | | | 120,971.05 | 120,971.05 | |
| 6/30/2024 | | | | | 807,987.30 |
| 7/15/2024 | 435,000 | 2.412% | 120,971.05 | 555,971.05 | |
| 1/15/2025 | | | 115,724.95 | 115,724.95 | |
| 6/30/2025 | | | | | 671,696.00 |
| 7/15/2025 | 360,000 | 2.562% | 115,724.95 | 475,724.95 | |
| 1/15/2026 | | | 111,113.35 | 111,113.35 | |
| 6/30/2026 | | | | | 586,838.30 |
| 7/15/2026 | 385,000 | 2.803% | 111,113.35 | 496,113.35 | |
| 1/15/2027 | | | 105,717.58 | 105,717.58 | |
| 6/30/2027 | | | | | 601,830.93 |
| 7/15/2027 | 420,000 | 3.003% | 105,717.58 | 525,717.58 | |
| 1/15/2028 | | | 99,411.28 | 99,411.28 | |
| 6/30/2028 | | | | | 625,128.86 |
| 7/15/2028 | 450,000 | 3.207% | 99,411.28 | 549,411.28 | |
| 1/15/2029 | | | 92,195.53 | 92,195.53 | |
| 6/30/2029 | | | | | 641,606.81 |
| 7/15/2029 | 490,000 | 3.307% | 92,195.53 | 582,195.53 | |
| 1/15/2030 | | | 84,093.38 | 84,093.38 | |
| 6/30/2030 | | | | | 666,288.91 |
| 7/15/2030 | 525,000 | 3.357% | 84,093.38 | 609,093.38 | |
| 1/15/2031 | | | 75,281.25 | 75,281.25 | |
| 6/30/2031 | | | | | 684,374.63 |
| 7/15/2031 | 570,000 | 3.810% | 75,281.25 | 645,281.25 | |
| 1/15/2032 | | | 64,422.75 | 64,422.75 | |
| 6/30/2032 | | | | | 709,704.00 |
| 7/15/2032 | 580,000 | 3.810% | 64,422.75 | 644,422.75 | |
| 1/15/2033 | | | 53,373.75 | 53,373.75 | |
| 6/30/2033 | | | | | 697,796.50 |
| 7/15/2033 | 590,000 | 3.810% | 53,373.75 | 643,373.75 | |
| 1/15/2034 | | | 42,134.25 | 42,134.25 | |
| 6/30/2034 | | | | | 685,508.00 |
| 7/15/2034 | 590,000 | 3.810% | 42,134.25 | 632,134.25 | |
| 1/15/2035 | | | 30,894.75 | 30,894.75 | |
| 6/30/2035 | | | | | 663,029.00 |
| 7/15/2035 | 570,000 | 3.810% | 30,894.75 | 600,894.75 | |
| 1/15/2036 | | | 20,036.25 | 20,036.25 | |
| 6/30/2036 | | | | | 620,931.00 |
| 7/15/2036 | 380,000 | 4.110% | 20,036.25 | 400,036.25 | |
| 1/15/2037 | | | 12,227.25 | 12,227.25 | |
| 6/30/2037 | | | | | 412,263.50 |
| 7/15/2037 | 205,000 | 4.110% | 12,227.25 | 217,227.25 | |
| 1/15/2038 | | | 8,014.50 | 8,014.50 | |

Bond Debt Service
 City of Willows
 Taxable Pension Obligation Bonds, Series 2021

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|------------------|--------|---------------------|----------------------|------------------------|
| 6/30/2038 | | | | | 225,241.75 |
| 7/15/2038 | 160,000 | 4.110% | 8,014.50 | 168,014.50 | |
| 1/15/2039 | | | 4,726.50 | 4,726.50 | |
| 6/30/2039 | | | | | 172,741.00 |
| 7/15/2039 | 125,000 | 4.110% | 4,726.50 | 129,726.50 | |
| 1/15/2040 | | | 2,157.75 | 2,157.75 | |
| 6/30/2040 | | | | | 131,884.25 |
| 7/15/2040 | 105,000 | 4.110% | 2,157.75 | 107,157.75 | |
| 6/30/2041 | | | | | 107,157.75 |
| | 8,425,000 | | 2,740,429.17 | 11,165,429.17 | 11,165,429.17 |

Bond Pricing
 City of Willows
 Taxable Pension Obligation Bonds, Series 2021

| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|---------------------------|---------------|-----------|--------|--------|---------|
| Bond Component: | | | | | |
| | 7/15/2021 | 425,000 | 1.880% | 1.880% | 100.000 |
| | 7/15/2022 | 500,000 | 1.980% | 1.980% | 100.000 |
| | 7/15/2023 | 560,000 | 2.159% | 2.159% | 100.000 |
| | 7/15/2024 | 435,000 | 2.412% | 2.412% | 100.000 |
| | 7/15/2025 | 360,000 | 2.562% | 2.562% | 100.000 |
| | 7/15/2026 | 385,000 | 2.803% | 2.803% | 100.000 |
| | 7/15/2027 | 420,000 | 3.003% | 3.003% | 100.000 |
| | 7/15/2028 | 450,000 | 3.207% | 3.207% | 100.000 |
| | 7/15/2029 | 490,000 | 3.307% | 3.307% | 100.000 |
| | 7/15/2030 | 525,000 | 3.357% | 3.357% | 100.000 |
| | | 4,550,000 | | | |
| Bond Component #2: | | | | | |
| | 7/15/2035 | 2,900,000 | 3.810% | 3.810% | 100.000 |
| Bond Component #3: | | | | | |
| | 7/15/2040 | 975,000 | 4.110% | 4.110% | 100.000 |
| | | 8,425,000 | | | |

| | | |
|-------------------------|--------------|-------------|
| Dated Date | 1/13/2021 | |
| Delivery Date | 1/13/2021 | |
| First Coupon | 7/15/2021 | |
| Par Amount | 8,425,000.00 | |
| Original Issue Discount | | |
| Production | 8,425,000.00 | 100.000000% |
| Underwriter's Discount | | |
| Purchase Price | 8,425,000.00 | 100.000000% |
| Accrued Interest | | |
| Net Proceeds | 8,425,000.00 | |

Bond Solution
 City of Willows
 Taxable Pension Obligation Bonds, Series 2021

| Period Ending | Proposed Principal | Proposed Debt Service | Total Adj Debt Service | CalPERS Current Amortization | Savings | Net Present Value Savings |
|---------------|--------------------|-----------------------|------------------------|------------------------------|------------------|---------------------------|
| 6/30/2021 | | | | | | |
| 6/30/2022 | 425,000 | 694,438 | 694,438 | 808,007 | 113,569 | 107,852 |
| 6/30/2023 | 500,000 | 758,983 | 758,983 | 874,868 | 115,886 | 106,238 |
| 6/30/2024 | 560,000 | 807,987 | 807,987 | 919,021 | 111,034 | 98,261 |
| 6/30/2025 | 435,000 | 671,696 | 671,696 | 785,306 | 113,610 | 97,056 |
| 6/30/2026 | 360,000 | 586,838 | 586,838 | 697,865 | 111,027 | 91,561 |
| 6/30/2027 | 385,000 | 601,831 | 601,831 | 717,056 | 115,225 | 91,729 |
| 6/30/2028 | 420,000 | 625,129 | 625,129 | 736,775 | 111,646 | 85,799 |
| 6/30/2029 | 450,000 | 641,607 | 641,607 | 757,037 | 115,430 | 85,632 |
| 6/30/2030 | 490,000 | 666,289 | 666,289 | 777,856 | 111,567 | 79,897 |
| 6/30/2031 | 525,000 | 684,375 | 684,375 | 799,247 | 114,872 | 79,412 |
| 6/30/2032 | 570,000 | 709,704 | 709,704 | 821,225 | 111,521 | 74,423 |
| 6/30/2033 | 580,000 | 697,797 | 697,797 | 811,133 | 113,337 | 73,013 |
| 6/30/2034 | 590,000 | 685,508 | 685,508 | 799,864 | 114,356 | 71,115 |
| 6/30/2035 | 590,000 | 663,029 | 663,029 | 775,205 | 112,176 | 67,342 |
| 6/30/2036 | 570,000 | 620,931 | 620,931 | 733,732 | 112,801 | 65,369 |
| 6/30/2037 | 380,000 | 412,264 | 412,264 | 526,576 | 114,313 | 63,949 |
| 6/30/2038 | 205,000 | 225,242 | 225,242 | 339,650 | 114,408 | 61,784 |
| 6/30/2039 | 160,000 | 172,741 | 172,741 | 287,906 | 115,165 | 60,036 |
| 6/30/2040 | 125,000 | 131,884 | 131,884 | 246,982 | 115,098 | 57,922 |
| 6/30/2041 | 105,000 | 107,158 | 107,158 | 220,601 | 113,443 | 55,110 |
| 6/30/2042 | | | | 172,137 | 172,137 | 80,724 |
| 6/30/2043 | | | | 164,164 | 164,164 | 74,316 |
| 6/30/2044 | | | | 129,772 | 129,772 | 56,711 |
| 6/30/2045 | | | | 60,990 | 60,990 | 25,729 |
| | 8,425,000 | 11,165,429 | 11,165,429 | 13,962,975 | 2,270,483 | 1,810,978 |

NPV Savings % 22.34%

AGENDA ITEM

TO: City Council Members, Wayne Peabody, Interim City Manager

FROM: David G. Ritchie, City Attorney

SUBJECT: Consideration to Adopt City Council Resolution No. 37-2020 authorizing the commencement of proceedings in connection with the proposed issuance of pension obligation bonds, retaining a placement agent/underwriter, bond counsel and disclosure counsel, and directing certain actions with respect thereto

RECOMMENDATION

By Motion, Adopt Council Resolution No.37-2020 authorizing the commencement of proceedings in connection with the proposed issuance of pension obligation bonds, retaining a placement agent/underwriter, bond counsel and disclosure counsel, and directing certain actions with respect thereto

BACKGROUND

The City retained Wulff Hansen and Company as municipal advisors and previously created an ad-hoc committee to explore opportunities for improved Debt Management and to assess the outstanding debt obligations of the City for purposes of achieving potential savings over, or less burdensome covenants, associated with those debts.

The ad-hoc committee has met on three occasions, and has, previously made recommendations for adoption of a debt management policy for the City so that it complies with Government Code 8855(i). This new debt management policy was adopted by council at the September 8, 2020 Council meeting.

Subsequent meetings of the Ad-Hoc Committee have revealed the existence of very favorable interest rate environments. These rates, compared with those of the City's current debts, suggest that the City may benefit substantially with reduced estimated debt service costs if it were to consider refunding or refinancing its current debt obligations.

In order to more accurately assess the potential savings that may be achieved, the City's Ad-Hoc committee is recommending the adoption of this resolution of intention. The resolution authorizes the retention of underwriting/placement services and bond and disclosure counsel and directs staff to prepare financing documents and to take appropriate steps to initiate the processes required to prepare for possible future financing efforts. This resolution does NOT formally approve financing documents, nor does it authorize refunding or refinancing of existing

City debt, nor does it cause any new debt to be incurred by the City. The separate approval of any financing document(s) and/or the selling document (called a "preliminary official statement") would be considered and potentially approved at a future meeting.

In order to evaluate Underwriting/Placement services, the City sent a Request for Proposals to three qualified firms: Brandis Tallman, DA Davidson, and Hilltop Securities. All three firms returned responses (attached) on or before the deadline on September 14th. The Ad-Hoc Committee met on September 14th to evaluate and consider the responses and concluded that it recommend retaining Hilltop Securities Inc. as Underwriter/Placement Agent for the City.

FINANCIAL CONSIDERATIONS

Adoption of this policy does not, in and of itself cause the City to incur costs necessitating a budget change or impact upon the City's budget, any costs associated with retaining underwriting or the tasks to be performed as a result of adoption of these resolutions would be included in the costs of issue for new financing instruments (if any).

RECOMMENDATION

By Motion, adopt City of Willows Resolution No. 37-2020

Respectfully submitted,

/s/ David G. Ritchie

David G. Ritchie
City Attorney

Attachments:

Resolution No.

WH Ad-Hoc Committee Update (Presentation by Wulff Hansen) (see attachment B in 1A)

RFP Response Comparison (see attachment C in 1A)

RFP Response – Hilltop Securities Inc. (see attachment D in 1A)

RFP Response – DA Davidson (see attachment E in 1A)

RFP Response – Brandis Tallman LLC (see attachment F in 1A)

CITY OF WILLOWS

RESOLUTION NO. 37-2020

**RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS
IN CONNECTION WITH THE PROPOSED ISSUANCE OF PENSION
OBLIGATION BONDS, RETAINING A PLACEMENT
AGENT/UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL
AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the City Council (the "Council") of the City of Willows (the "City"):

WHEREAS, the City has previously elected to become a contracting member of the California Public Employees' Retirement System ("PERS");

WHEREAS, the Public Employees' Retirement Law (commencing with section 20000 of the California Government Code) and the contract (the "PERS Contract") between the Board of Administration of PERS and the Council obligate the City to (i) make contributions to PERS to fund pension benefits for certain City employees, (ii) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (iii) appropriate funds for the foregoing purposes;

WHEREAS, the City desires to issue its pension obligation bonds for the purpose of refunding all or a portion of the City's obligations to PERS, as evidenced by the PERS Contract, to pay all or a portion of its current unfunded accrued actuarial liability of the City with respect to pension benefits under the Public Employees' Retirement Law (the "Bonds"); and

WHEREAS, it is appropriate that the Council formally authorize the preparation of the necessary documents in connection with the issuance and sale of the Bonds and to retain a municipal advisor, a placement agent/underwriter, bond counsel and disclosure counsel to assist the City;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The City authorizes the Mayor, the City Manager, the Administrative Services Director (the "Authorized Officers") and other appropriate officers and officials of the City to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Bonds, subject to the final approval by the Council at a subsequent meeting.

Section 2. Wulff Hansen & Concurrent municipal advisors to the City shall serve as municipal advisor to the City in connection with the issuance and sale of the Bonds, the compensation for such services as set forth in the current MA agreement and Addendum(s).

Section 3. Hilltop Securities Inc. is hereby retained as placement agent to the City in connection with the issuance and sale of the Bonds, the compensation to be negotiated with the City Manager. If it is determined that a public offering of the Bonds is in the best interest of the City, Hilltop Securities Inc., as underwriter, will purchase the Bonds for re-sale to the public.

Section 4. Quint & Thimmig LLP is hereby retained as bond counsel and, if it is determined that a public offering of the Bonds is in the best interest of the City, as disclosure counsel, in connection with the issuance and sale of the Bonds, the compensation for such services to be negotiated with the City Manager.

Section 5. The Authorized Officers and other appropriate officers and officials of the City are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this Resolution.

Section 6. This Resolution shall be in full force and effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the City Council of the City of Willows held on the 22nd day of September, 2020, by the following vote:

AYES, and in favor of, Council Members:

NOES, Council Members:

ABSENT, Council Members:

By _____
City Clerk