2020 Plan of Finance Reimbursement Resolution

December 16, 2019

This document contains certain information which constitutes forward-looking statements. Such statements and projections are necessarily subject to various risks and uncertainties. Actual results could, and likely will, differ materially from those projected, in part as a result of differences between assumptions utilized in making such forward-looking statements and actual outcomes and certain other risks. Financial forecasts are as of September 2019.

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Timeline to Pursue Debt Optimization

Dec 16 2019

- **BOARD ACTION:** Consider Reimbursement Resolution for adoption
- Preserves flexibility, does not authorize issuance

Q1 2020

- Continued evaluation and discussion

DECISION POINT – Go/No Go

April 2020

- If markets continue to be favorable…
- Consider Resolution to authorize refinance and issuance
- Payoff higher rate bonds

May 2020

- Publish offering documents with 2019 financials
- District markets and sells bonds

Reimbursement Resolution

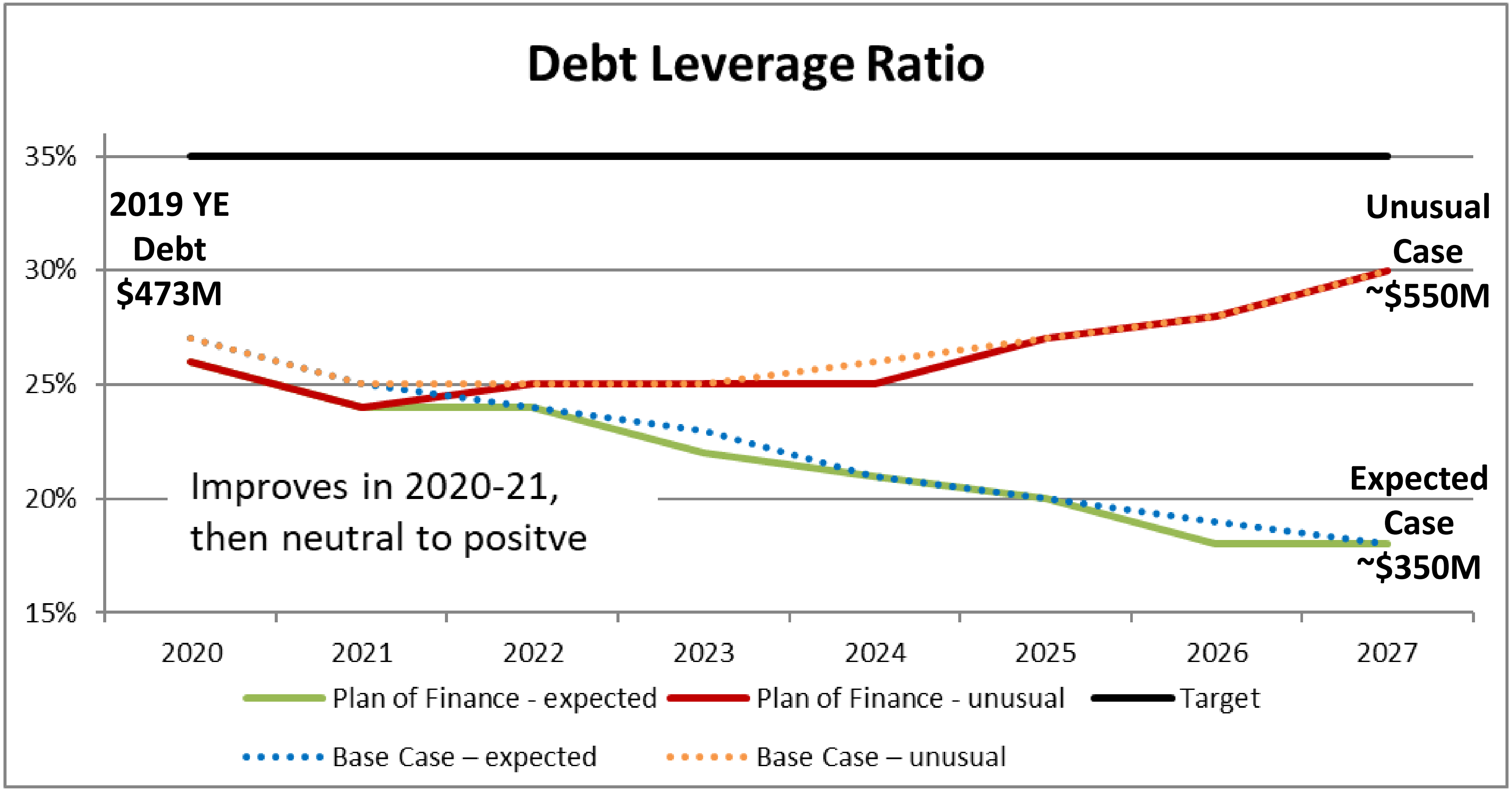
- Preserves flexibility to issue tax-exempt bonds at a later date, but spend on qualified projects now, up to $70 million
- Bonds may be issued to reimburse qualified expenditures for up to about 18 months, possibly longer
- Small but important part of 2020 Debt Portfolio Optimization plan

Refinance Old	Payoff Old	Issue New	*Combined Potential NPV Savings*	
~$45M	~$85M	~$70M	*15%*	*$10M - $15M*

Projected Impact of Actions Compared to Q3 2019 ***Expected AND Unusual Cases***		
Liquidity (>$175M)/DCOH (>250)	●	*Reduction in 2020-21, then neutral to positive*
Debt Leverage (<35%)	●	*Improves in 2020-21, then neutral to positive*
Debt Service Coverage (>2.0x)	↑	*Improves due to reduced debt service* *Less volatile post 2026*

Modestly declining debt leverage in Expected case

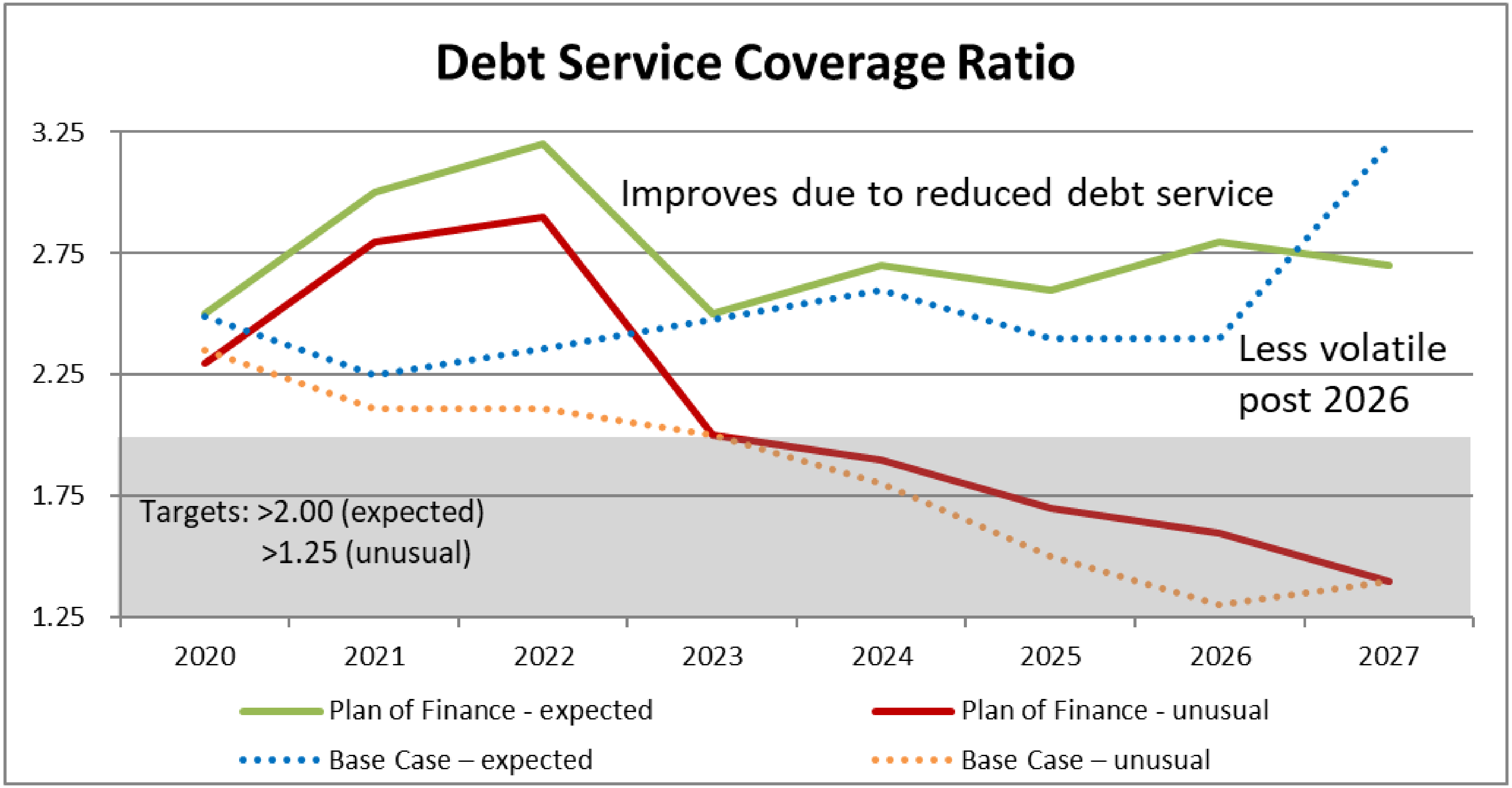
Supports future financial flexibility if extended Unusual case occurs



Even with forecast expected case borrowing, capacity is still preserved for downside scenarios

If Unusual case continues over longer-term

Actions needed to stabilize Debt Service Coverage become more likely



Potential tools include: decreased cost growth, restructured bonds, delayed discretionary capital, incremental rate increases

“This resolution does not bind the District to make any expenditure, incur any indebtedness, or proceed with the Projects.”

Questions?

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