



Agenda

DEBT AFFORDABILITY ADVISORY COMMITTEE

Tuesday, June 4, 2019
4:00 P.M.

651 Pine Street, 11th Floor - Martinez CA 94553

Hon. Robert R. Campbell, Auditor-Controller
Hon. Russell V. Watts, Treasurer-Tax Collector
Lisa Driscoll, County Finance Director
John Kopchik, Department of Conservation and Development

Agenda Items:

Items may be taken out of order based on the business of the day
and preference of the Committee

1. Introductions/Call to Order
2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to three minutes).
3. CONSIDER reviewing and approving refunding proposal for the West Contra Costa Healthcare District 2011 Certificates of Participation. **(Pat Godley, HSD Chief Operating Officer/Chief Financial Officer) (Page 3)**

Attachments:
 - A. Draft Board Order **(Page 3)**
 - B. Estimated Refunding Results, as of May 8, 2019 **(Page 8)**
 - C. Commitment Letter, Western Alliance Bank **(Page 20)**
4. CONSIDER receiving an update and reviewing proposals received related to a potential 2020 Lease Revenue Bond forward delivery refunding issuance. **(Timothy Ewell, Chief Assistant County Administrator) (Page 26)**

Attachments:
 - D. Request for Proposals, Issued on May 20, 2019 **(Page 26)**
 - E. Request for Proposals Addendum, Released on May 28, 2019 **(Page 29)**
5. Adjourn

The Debt Affordability Advisory Committee will provide reasonable accommodations for persons with disabilities planning to attend Debt Affordability Advisory Committee meetings. Contact the staff person listed below at least 72 hours before the meeting.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Debt Affordability Advisory Committee less than 96 hours prior to that meeting are available for public inspection at 651 Pine Street, 10th floor, during normal business hours.

Public comment may be submitted via electronic mail on agenda items at least one full work day prior to the published meeting time.

For Additional Information Contact:

Timothy Ewell, Chief Assistant County Administrator
Phone (925) 335-1036, Fax (925) 646-1353
Timothy.Ewell@cao.cccounty.us

Acronyms, Abbreviations, and other Terms (in alphabetical order):

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

AB	Assembly Bill	HCD	(State Dept of) Housing & Community Development
ABAG	Association of Bay Area Governments	HHS	Department of Health and Human Services
ACA	Assembly Constitutional Amendment	HIPAA	Health Insurance Portability and Accountability Act
ADA	Americans with Disabilities Act of 1990	HIV	Human Immunodeficiency Syndrome
AFSCME	American Federation of State County and Municipal Employees	HOV	High Occupancy Vehicle
AICP	American Institute of Certified Planners	HR	Human Resources
AIDS	Acquired Immunodeficiency Syndrome	HUD	United States Department of Housing and Urban Development
ALUC	Airport Land Use Commission	Inc.	Incorporated
AOD	Alcohol and Other Drugs	IOC	Internal Operations Committee
BAAQMD	Bay Area Air Quality Management District	ISO	Industrial Safety Ordinance
BART	Bay Area Rapid Transit District	JPA	Joint (exercise of) Powers Authority or Agreement
BCDC	Bay Conservation & Development Commission	Lamorinda	Lafayette-Moraga-Orinda Area
BGO	Better Government Ordinance	LAFCo	Local Agency Formation Commission
BOS	Board of Supervisors	LLC	Limited Liability Company
CALTRANS	California Department of Transportation	LLP	Limited Liability Partnership
CalWIN	California Works Information Network	Local 1	Public Employees Union Local 1
CalWORKS	California Work Opportunity and Responsibility to Kids	LVN	Licensed Vocational Nurse
CAER	Community Awareness Emergency Response	MAC	Municipal Advisory Council
CAO	County Administrative Officer or Office	MBE	Minority Business Enterprise
CCHP	Contra Costa Health Plan	M.D.	Medical Doctor
CCTA	Contra Costa Transportation Authority	M.F.T.	Marriage and Family Therapist
CDBG	Community Development Block Grant	MIS	Management Information System
CEQA	California Environmental Quality Act	MOE	Maintenance of Effort
CIO	Chief Information Officer	MOU	Memorandum of Understanding
COLA	Cost of living adjustment	MTC	Metropolitan Transportation Commission
ConFire	Contra Costa Consolidated Fire District	NACo	National Association of Counties
CPA	Certified Public Accountant	OB-GYN	Obstetrics and Gynecology
CPI	Consumer Price Index	O.D.	Doctor of Optometry
CSA	County Service Area	OES-EOC	Office of Emergency Services-Emergency Operations Center
CSAC	California State Association of Counties	OSHA	Occupational Safety and Health Administration
CTC	California Transportation Commission	Psy.D.	Doctor of Psychology
dba	doing business as	RDA	Redevelopment Agency
EBMUD	East Bay Municipal Utility District	RFI	Request For Information
EIR	Environmental Impact Report	RFP	Request For Proposal
EIS	Environmental Impact Statement	RFQ	Request For Qualifications
EMCC	Emergency Medical Care Committee	RN	Registered Nurse
EMS	Emergency Medical Services	SB	Senate Bill
EPSDT	State Early Periodic Screening, Diagnosis and treatment Program (Mental Health)	SBE	Small Business Enterprise
et al.	et ali (and others)	SWAT	Southwest Area Transportation Committee
FAA	Federal Aviation Administration	TRANSPAC	Transportation Partnership & Cooperation (Central)
FEMA	Federal Emergency Management Agency	TRANSPLAN	Transportation Planning Committee (East County)
F&HS	Family and Human Services Committee	TRE or TTE	Trustee
First 5	First Five Children and Families Commission (Proposition 10)	TWIC	Transportation, Water and Infrastructure Committee
FTE	Full Time Equivalent	VA	Department of Veterans Affairs
FY	Fiscal Year	vs.	versus (against)
GHAD	Geologic Hazard Abatement District	WAN	Wide Area Network
GIS	Geographic Information System	WBE	Women Business Enterprise
		WCCTAC	West Contra Costa Transportation Advisory Committee

TO: WEST CONTRA COSTA HEALTHCARE DISTRICT BOARD
FROM: Anna Roth, Health Services Director
DATE: June 11, 2019
SUBJECT: West Contra Costa Healthcare District 2011 Certificates of Participation Refunding



Contra
Costa
County

SPECIFIC REQUEST(S) OR RECOMMENDATION(S) & BACKGROUND JUSTIFICATION

RECOMMENDATION(S):

1. ACKNOWLEDGE the June 3, 2019 recommendation of the District Finance Committee to approve the refunding of the 2011 Certificates of Participation.
2. ACKNOWLEDGE the refunding will result in a savings of approximately \$417,000 annually in debt service and will remove the provision in the bankruptcy court agreement that requires the District to accelerate repayment of its 2011 Certificates of Participation by \$1,000,000 annually beginning in 2022.
3. ADOPT, as the Governing Board of West Contra Costa Healthcare District (the "District"), Resolution 2019/___, approving the issuance by the District of its West Contra Costa Healthcare District Refunding Revenue Bonds, Series 2019 (Taxable Converting to Tax-Exempt) to refund the District's West Contra Costa Healthcare District Certificates of Participation (2011 Financing Program), in the principal amount of \$41,000,000 of which \$39,535,000 is currently outstanding.
4. AUTHORIZE the forms of and direct the execution and delivery of the financing documents, including: (i) an Indenture of Trust by and between the District and U.S. Bank National Association, as Trustee; (ii) a Bond Purchase Agreement by and between the District and Pacific Western Bank; (iii) a Bond Purchase Agreement by and between the District and Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank; and (iv) an Escrow Agreement by and between the District and U.S. Bank National Association, as Escrow Bank.
5. APPROVE and AUTHORIZE the taking of necessary actions and the execution of necessary documents in connection therewith.

Signature: _____

- District I
 District II
 District III
 District IV
 District V
 All Districts

CONTACT PERSON:

Laura Garvey (925-957-5431)

ROUTING: (DISTRIBUTION):

- T Scott tasha.scott@cchealth.org

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FISCAL IMPACT:

The refunding will result in \$9.6 million in savings (\$417,000 annually) and eliminate the bankruptcy provision that requires accelerated repayment of \$1 million annually beginning in 2022.

BACKGROUND/REASON(S) FOR RECOMMENDATION(S):

An advance refunding of the West Contra Costa Healthcare District’s (the “District”) 2011 Certificates of Participation (the “2011 COPs”) would achieve two objectives of the District: (i) it would provide for lower debt service payments over the remaining life of the 2011 COPs and (ii) it would eliminate the provision in the bankruptcy court agreement that requires the District to accelerate repayment of its 2011 COPs, by \$1,000,000 annually beginning in 2022. These additional funds received from debt service savings due to this refunding could be available to the District for other eligible and legal purposes of the District. An advance refunding means the refunding debt is issued greater than 90 in advance of paying off the debt being refunded. A current refunding means debt is issued within 90 days of paying off the debt being refunded.

In 2004, the District passed a super-majority parcel tax measure, known as Measure D, to provide the needed capital to take over operation of Doctors Medical Center after its prior operator, Tenet Healthcare Corporation, elected to terminate its lease of Doctors Medical Center with the District. The parcel taxes produce approximately \$5.7 million in revenue annually, which parcel tax revenues are provided as security for the 2011 COPs and for Refunding Revenue Bonds issued by the District in 2018 (the “2018 Bonds”) that refunded Certificates of Participation issued by the District in 2004 (the “2004 COPs”). The obligation of the District to make payments from parcel taxes on the 2011 COPs is on parity with the District’s obligation to make payments on the 2018 Bonds. The 2004 COPs, the 2011 COPs, the 2018 Bonds and any other parity debt secured by parcel taxes of the District are hereinafter referred to as the Parcel Tax Obligations.

In 2006, the District filed for relief under Chapter 9 Bankruptcy due to a lack of sufficient reimbursement received from Medi-Cal and Medicare and emerged from bankruptcy thereafter.

In 2011, with heightened investor concerns due to the difficult financial condition of the District, it was determined that the District should provide statutory lien status for investors as to the parcel tax revenues securing its Parcel Tax Obligations. Senate Bill 644 was passed and signed into law to create a statutory lien against the District’s parcel tax revenues to ensure lenders that, in the event of any future bankruptcy filing, the terms of the Parcel Tax Obligations could not be modified by a bankruptcy court. Soon after passage of Senate Bill 644, the District issued its 2011 COPs to provide working capital, fund needed capital improvements to Doctors Medical Center and to repay an advance from Contra Costa County to the District.

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In 2015, the District closed Doctors Medical Center and in 2017 the District filed its second Chapter 9 Bankruptcy due to continuing operating difficulties and a failing hospital facility with the effective date of the Second Amended Plan for Adjustment of the District's Debts occurring on April 3, 2018, when the District sold the Doctors Medical Center facility. The second plan of reorganization under which the District emerged from Bankruptcy was based on a number of factors agreed to by the District, including the refunding of the 2004 COPs and the 2011 COPs to the extent that a refunding is "commercially reasonable."

On April 17, 2018, the District completed a refunding (aka refinancing) of the 2004 COPs with proceeds from the issuance of the 2018 Bonds and subsequently paid off the 2004 COPs on May 4, 2018. This current refunding of the 2004 COPs saved the District just over \$2.4 million in debt service payments.

The District has been evaluating an advance refunding of its 2011 COPs for several months. Because the 2011 COPs do not allow for early prepayment until July 1, 2021, it cannot provide for a current refunding until April 2, 2021 (90 days prior to the first prepayment date). In addition, current tax law no longer allows for an advance refunding of tax-exempt obligations using the proceeds of tax-exempt debt. As such, the District has been evaluating an advance refunding of the 2011 COPs with taxable obligations instead of tax-exempt obligations, which structure is allowed by the current tax code. The District has evaluated the issuance of several alternative structures, including taxable refunding debt that is nonrated, rated and insured and taxable refunding debt that converts to tax-exempt at a point in time in the future. Of all the options considered, the most favorable option is to issue taxable rate debt converting to a tax-exempt rate on or after April 2, 2021 (within 90 days of the first prepayment date of the 2011 COPs being refunded).

Financing Details

Pursuant to the District's recent Bankruptcy Plan of Reorganization, the District has an obligation to complete a refunding of its 2011 COPs to the extent that a refunding is "commercially reasonable." The following is an overview of the circumstances, options considered and the preferred option being recommended for approved: a taxable rate refunding revenue bond converting to tax-exempt rate refunding revenue bond that advance refunds the District's 2011 COPs.

- The District's 2011 COPs can be prepaid as early as July 1, 2021, and they carry an above market average interest rate of about 6.05%.
- Because of tax reform, the District cannot advance refund the 2011 COPs on a tax-exempt basis.
- Alternative refunding options include a taxable advance refunding that is rated by Fitch in the A or AA rating categories or a taxable advance refunding that converts to tax-exempt on or after April 2, 2021.
- The most favorable option is a bank private placement of taxable rate refunding bonds that convert to

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a tax-exempt rate on the first date possible, in this case April 2, 2021.

- Piper Jaffray, as Placement Agent for the District, has secured very attractive term sheets from both Western Alliance Bank and Pacific Western Bank for taxable bonds that convert to tax-exempt. These term sheets provide for a taxable rate of 5.00% from May 27, 2019 to April 1, 2021, with the conversion to a tax-exempt rate of 4.125% on April 2, 2021, and thereafter until they mature on July 1, 2042.
- This unique structure, as proposed produce net present value savings of approximately \$6.4 million which is over 16% of the par amount of the 2011 COPs. Total debt service savings is over \$9.6 million.
- Prior to conversion, the District must first request that the Bonds be converted to a tax-exempt rate and the investor will need to make a “meaningful choice” related to the bonds, in this case a choice among two alternative but similar amortization schedules.
- Risks for the District on this financing are minimal and include the possibility that because of an unforeseen change in the tax code, the Bonds cannot be converted to tax-exempt on the conversion date.
- Worst case, which our finance team feels is remote, is that the interest rate on the bonds never converts to the tax-exempt rate and remains at the 5.00% taxable rate until maturity or early prepayment. If this does occur, the District’s savings would still be approximately \$2.7 million which is over 6.9% of the par amount of the 2011 COPs. However, we believe the chance of this worst-case scenario occurring is not likely and the District retains the ability to prepay the bonds at par (no prepayment penalty) on any date.

We believe this taxable converting to tax-exempt structure would qualify as a commercially reasonable refunding because it would generate up to \$9.6 million in total savings (on average \$417,000 per year), and would require the District to proceed with all diligence in its completion per the terms of the Bankruptcy Plan of Reorganization. In addition, by refunding both the 2004 COPs (completed in 2018) and the 2011 COPs the District would no longer be required to accelerate the repayment of its 2011 COPs starting in 2022. This provision requires accelerated annual payments of \$1 million; the refunding of the 2011 COPs would eliminate this requirement, giving the District more flexibility on how it uses its capital going forward.

Various documents are necessary to complete the financing including: (i) an Indenture of Trust by and between the District and U.S. Bank National Association, as Trustee; (ii) a Bond Purchase Agreement by and between the District and Pacific Western Bank; (iii) a Bond Purchase Agreement by and between the District and Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank; and (iv) an Escrow Agreement by and between the District and U.S. Bank National Association, as Escrow Bank.

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CONSEQUENCES OF NEGATIVE ACTION:

The District would not be able to generate savings of \$9.6 million.

CHILDREN'S IMPACT STATEMENT:

None.

ATTACHMENTS:

- (i) Indenture of Trust by and between the District and U.S. Bank National Association, as Trustee;
- (ii) Bond Purchase Agreement by and between the District and Pacific Western Bank;
- (iii) Bond Purchase Agreement by and between the District and Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank;
- (iv) Escrow Agreement by and between the District and U.S. Bank National Association, as Escrow Bank;
and
- (v) Governing Board of West Contra Costa Healthcare District Resolution

SOURCES AND USES OF FUNDS

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Dated Date 06/25/2019
 Delivery Date 06/25/2019

Sources:

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Bond Proceeds:	
Par Amount	40,265,000.00
Other Sources of Funds:	
Series 2009 Reserve Fund	2,514,131.49
Interest Funds on Hand	1,186,462.50
Principal Funds on Hand	85,000.00
	<hr/>
	3,785,593.99
	<hr/>
	44,050,593.99
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Uses:

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Refunding Escrow Deposits:	
Cash Deposit	1,271,463.34
SLGS Purchases	42,304,534.00
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	43,575,997.34
Delivery Date Expenses:	
Cost of Issuance	471,457.50
Other Uses of Funds:	
Additional Proceeds	3,139.15
	<hr/>
	44,050,593.99
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DETAILED BOND DEBT SERVICE

West Contra Costa Healthcare District
Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
Rate + Reset from Pacific Western Bank
5.000% to Call, 4.125% Thereafter
--PRELIMINARY--

Bond Component (BOND)

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
01/01/2020		1,040,179.17	1,040,179.17	
07/01/2020	100,000	1,006,625.00	1,106,625.00	2,146,804.17
01/01/2021		1,004,125.00	1,004,125.00	
07/01/2021	150,000	917,240.30	1,067,240.30	2,071,365.30
01/01/2022		825,309.38	825,309.38	
07/01/2022	255,000	825,309.38	1,080,309.38	1,905,618.76
01/01/2023		820,050.00	820,050.00	
07/01/2023	265,000	820,050.00	1,085,050.00	1,905,100.00
01/01/2024		814,584.38	814,584.38	
07/01/2024	275,000	814,584.38	1,089,584.38	1,904,168.76
01/01/2025		808,912.50	808,912.50	
07/01/2025	285,000	808,912.50	1,093,912.50	1,902,825.00
01/01/2026		803,034.38	803,034.38	
07/01/2026	300,000	803,034.38	1,103,034.38	1,906,068.76
01/01/2027		796,846.88	796,846.88	
07/01/2027	310,000	796,846.88	1,106,846.88	1,903,693.76
01/01/2028		790,453.13	790,453.13	
07/01/2028	325,000	790,453.13	1,115,453.13	1,905,906.26
01/01/2029		783,750.00	783,750.00	
07/01/2029	340,000	783,750.00	1,123,750.00	1,907,500.00
01/01/2030		776,737.50	776,737.50	
07/01/2030	2,245,000	776,737.50	3,021,737.50	3,798,475.00
01/01/2031		730,434.38	730,434.38	
07/01/2031	2,340,000	730,434.38	3,070,434.38	3,800,868.76
01/01/2032		682,171.88	682,171.88	
07/01/2032	2,440,000	682,171.88	3,122,171.88	3,804,343.76
01/01/2033		631,846.88	631,846.88	
07/01/2033	2,535,000	631,846.88	3,166,846.88	3,798,693.76
01/01/2034		579,562.50	579,562.50	
07/01/2034	2,640,000	579,562.50	3,219,562.50	3,799,125.00
01/01/2035		525,112.50	525,112.50	
07/01/2035	2,750,000	525,112.50	3,275,112.50	3,800,225.00
01/01/2036		468,393.75	468,393.75	
07/01/2036	2,865,000	468,393.75	3,333,393.75	3,801,787.50
01/01/2037		409,303.13	409,303.13	
07/01/2037	2,980,000	409,303.13	3,389,303.13	3,798,606.26
01/01/2038		347,840.63	347,840.63	
07/01/2038	3,105,000	347,840.63	3,452,840.63	3,800,681.26
01/01/2039		283,800.00	283,800.00	
07/01/2039	3,235,000	283,800.00	3,518,800.00	3,802,600.00
01/01/2040		217,078.13	217,078.13	
07/01/2040	3,365,000	217,078.13	3,582,078.13	3,799,156.26
01/01/2041		147,675.00	147,675.00	
07/01/2041	3,505,000	147,675.00	3,652,675.00	3,800,350.00
01/01/2042		75,384.38	75,384.38	
07/01/2042	3,655,000	75,384.38	3,730,384.38	3,805,768.76
	40,265,000	28,604,732.09	68,869,732.09	68,869,732.09

Bond Variable Rate Table

Begin Date	End Date	Interest Rate
06/01/2019	04/02/2021	5.000%
04/02/2021	07/01/2049	4.125%

BOND PRICING

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	07/01/2020	100,000		4.226%	100.000
	07/01/2021	150,000		4.226%	100.000
	07/01/2022	255,000		4.226%	100.000
	07/01/2023	265,000		4.226%	100.000
	07/01/2024	275,000		4.226%	100.000
	07/01/2025	285,000		4.226%	100.000
	07/01/2026	300,000		4.226%	100.000
	07/01/2027	310,000		4.226%	100.000
	07/01/2028	325,000		4.226%	100.000
	07/01/2029	340,000		4.226%	100.000
	07/01/2030	2,245,000		4.226%	100.000
	07/01/2031	2,340,000		4.226%	100.000
	07/01/2032	2,440,000		4.226%	100.000
	07/01/2033	2,535,000		4.226%	100.000
	07/01/2034	2,640,000		4.226%	100.000
	07/01/2035	2,750,000		4.226%	100.000
	07/01/2036	2,865,000		4.226%	100.000
	07/01/2037	2,980,000		4.226%	100.000
	07/01/2038	3,105,000		4.226%	100.000
	07/01/2039	3,235,000		4.226%	100.000
	07/01/2040	3,365,000		4.226%	100.000
	07/01/2041	3,505,000		4.226%	100.000
	07/01/2042	3,655,000		4.226%	100.000
		40,265,000			

Dated Date	06/25/2019	
Delivery Date	06/25/2019	
First Coupon	01/01/2020	
Par Amount	40,265,000.00	
Original Issue Discount		
Production	40,265,000.00	100.000000%
Underwriter's Discount		
Purchase Price	40,265,000.00	100.000000%
Accrued Interest		
Net Proceeds	40,265,000.00	

BOND SUMMARY STATISTICS

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Dated Date	06/25/2019
Delivery Date	06/25/2019
Last Maturity	07/01/2042
Arbitrage Yield	4.250744%
True Interest Cost (TIC)	4.250744%
Net Interest Cost (NIC)	4.216803%
All-In TIC	4.352356%
Average Coupon	4.216803%
Average Life (years)	16.847
Weighted Average Maturity (years)	16.847
Duration of Issue (years)	11.862
Par Amount	40,265,000.00
Bond Proceeds	40,265,000.00
Total Interest	28,604,732.09
Net Interest	28,604,732.09
Bond Years from Dated Date	678,351,083.33
Bond Years from Delivery Date	678,351,083.33
Total Debt Service	68,869,732.09
Maximum Annual Debt Service	3,805,768.76
Average Annual Debt Service	2,992,167.94
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	PV of 1 bp change
Bond Component	40,265,000.00	100.000	4.217%	16.847	58,384.25
	40,265,000.00			16.847	58,384.25

	TIC	All-In TIC	Arbitrage Yield
Par Value	40,265,000.00	40,265,000.00	40,265,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-471,457.50	
- Other Amounts			
Target Value	40,265,000.00	39,793,542.50	40,265,000.00
Target Date	06/25/2019	06/25/2019	06/25/2019
Yield	4.250744%	4.352356%	4.250744%

SUMMARY OF REFUNDING RESULTS

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Dated Date	06/25/2019
Delivery Date	06/25/2019
Arbitrage yield	4.250744%
Escrow yield	2.263439%
Value of Negative Arbitrage	1,567,862.97
Bond Par Amount	40,265,000.00
True Interest Cost	4.250744%
Net Interest Cost	4.216803%
Average Coupon	4.216803%
Average Life	16.847
Weighted Average Maturity	16.847
Par amount of refunded bonds	39,535,000.00
Average coupon of refunded bonds	6.055195%
Average life of refunded bonds	17.448
Remaining weighted average maturity of refunded bonds	17.451
PV of prior debt to 06/25/2019 @ 4.250744%	49,216,996.51
Net PV Savings	6,362,883.68
Percentage savings of refunded bonds	16.094306%
Percentage savings of refunding bonds	15.802518%

SAVINGS

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/25/2019 @ 4.2507442%
07/01/2019	1,271,462.50	1,271,881.52	-419.02		-419.02	-418.73
07/01/2020	2,459,737.50	25,141.32	2,434,596.18	2,146,804.17	287,792.01	278,435.04
07/01/2021	2,461,137.50	25,141.32	2,435,996.18	2,071,365.30	364,630.88	338,225.00
07/01/2022	2,457,100.00	25,141.32	2,431,958.68	1,905,618.76	526,339.92	470,042.11
07/01/2023	2,457,350.00	25,141.32	2,432,208.68	1,905,100.00	527,108.68	451,382.25
07/01/2024	2,457,350.00	25,141.32	2,432,208.68	1,904,168.76	528,039.92	433,595.08
07/01/2025	2,457,100.00	25,141.32	2,431,958.68	1,902,825.00	529,133.68	416,634.92
07/01/2026	2,456,600.00	25,141.32	2,431,458.68	1,906,068.76	525,389.92	396,736.38
07/01/2027	2,455,850.00	25,141.32	2,430,708.68	1,903,693.76	527,014.92	381,605.06
07/01/2028	2,458,650.00	25,141.32	2,433,508.68	1,905,906.26	527,602.42	366,329.57
07/01/2029	2,460,850.00	25,141.32	2,435,708.68	1,907,500.00	528,208.68	351,677.48
07/01/2030	4,352,450.00	25,141.32	4,327,308.68	3,798,475.00	528,833.68	337,622.82
07/01/2031	4,355,050.00	25,141.32	4,329,908.68	3,800,868.76	529,039.92	323,649.66
07/01/2032	4,355,150.00	25,141.32	4,330,008.68	3,804,343.76	525,664.92	308,161.43
07/01/2033	4,352,450.00	25,141.32	4,327,308.68	3,798,693.76	528,614.92	296,885.98
07/01/2034	4,352,725.00	25,141.32	4,327,583.68	3,799,125.00	528,458.68	284,375.61
07/01/2035	4,354,950.00	25,141.32	4,329,808.68	3,800,225.00	529,583.68	273,025.20
07/01/2036	4,353,550.00	25,141.32	4,328,408.68	3,801,787.50	526,621.18	260,108.06
07/01/2037	4,353,237.50	25,141.32	4,328,096.18	3,798,606.26	529,489.92	250,504.09
07/01/2038	4,353,437.50	25,141.32	4,328,296.18	3,800,681.26	527,614.92	239,095.58
07/01/2039	4,352,500.00	25,141.32	4,327,358.68	3,802,600.00	524,758.68	227,683.03
07/01/2040	4,354,062.50	25,141.32	4,328,921.18	3,799,156.26	529,764.92	220,021.86
07/01/2041	4,352,187.50	25,141.32	4,327,046.18	3,800,350.00	526,696.18	209,372.95
07/01/2042	4,356,250.00	2,539,272.81	1,816,977.19	3,805,768.76	-1,988,791.57	-755,005.91
	82,451,187.50	4,364,263.37	78,086,924.13	68,869,732.09	9,217,192.04	6,359,744.53

Savings Summary

PV of savings from cash flow	6,359,744.53
Plus: Refunding funds on hand	3,139.15
Net PV Savings	6,362,883.68

SUMMARY OF BONDS REFUNDED

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$40,000,000 Certificates of Participation, Series 2011, 2011:					
SERIAL	07/01/2019	3.750%	85,000.00		
	07/01/2020	4.000%	90,000.00		
	07/01/2021	4.250%	95,000.00		
2026TERM	07/01/2026	5.000%	525,000.00	07/01/2021	100.000
2032TERM	07/01/2032	6.000%	6,890,000.00	07/01/2021	100.000
2037TERM	07/01/2037	5.750%	13,635,000.00	07/01/2021	100.000
2042TERM	07/01/2042	6.250%	18,215,000.00	07/01/2021	100.000
			39,535,000.00		

ESCROW REQUIREMENTS

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Period Ending	Principal	Interest	Principal Redeemed	Total
07/01/2019	85,000.00	1,186,462.50		1,271,462.50
01/01/2020		1,184,868.75		1,184,868.75
07/01/2020	90,000.00	1,184,868.75		1,274,868.75
01/01/2021		1,183,068.75		1,183,068.75
07/01/2021	95,000.00	1,183,068.75	39,265,000.00	40,543,068.75
	270,000.00	5,922,337.50	39,265,000.00	45,457,337.50

ESCROW DESCRIPTIONS

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Total Cost
Jun 25, 2019:							
SLGS	Certificate	01/01/2020	01/01/2020	689,191	2.480%	2.480%	689,191.00
SLGS	Note	07/01/2020	01/01/2020	803,684	2.420%	2.420%	803,684.00
SLGS	Note	01/01/2021	01/01/2020	721,608	2.340%	2.340%	721,608.00
SLGS	Note	07/01/2021	01/01/2020	40,090,051	2.260%	2.260%	40,090,051.00
				42,304,534			42,304,534.00

SLGS Summary

SLGS Rates File	26MAR19
Total Certificates of Indebtedness	689,191.00
Total Notes	41,615,343.00
	<hr/>
Total original SLGS	42,304,534.00

ESCROW COST

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	01/01/2020	689,191	2.480%	689,191.00
SLGS	07/01/2020	803,684	2.420%	803,684.00
SLGS	01/01/2021	721,608	2.340%	721,608.00
SLGS	07/01/2021	40,090,051	2.260%	40,090,051.00
		42,304,534		42,304,534.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
06/25/2019	42,304,534	1,271,463.34	43,575,997.34	2.263439%
		42,304,534	1,271,463.34	43,575,997.34

 ESCROW STATISTICS

West Contra Costa Healthcare District
 Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
 Rate + Reset from Pacific Western Bank
 5.000% to Call, 4.125% Thereafter
 --PRELIMINARY--

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
Global Proceeds Escrow: 43,575,997.34	1.911	2.263439%	2.263439%	42,007,243.31	1,567,862.97	891.06
43,575,997.34				42,007,243.31	1,567,862.97	891.06

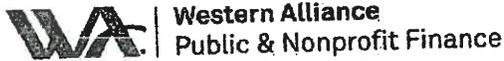
Delivery date 06/25/2019
 Arbitrage yield 4.250744%

DISCLOSURE

West Contra Costa Healthcare District
Taxable Parcel Tax Secured Refunding Revenue Bonds, Series 2019
Rate + Reset from Pacific Western Bank
5.000% to Call, 4.125% Thereafter
--PRELIMINARY--

Piper Jaffray is providing the information contained herein for discussion purposes only in anticipation of being engaged to serve as underwriter or placement agent on a future transaction and not as a financial advisor or municipal advisor. In providing the information contained herein, Piper Jaffray is not recommending an action to you and the information provided herein is not intended to be and should not be construed as a 'recommendation' or 'advice' within the meaning of Section 15B of the Securities Exchange Act of 1934. Piper Jaffray is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act or under any state law to you with respect to the information and material contained in this communication. As an underwriter or placement agent, Piper Jaffray's primary role is to purchase or arrange for the placement of securities with a view to distribution in an arm's-length commercial transaction, is acting for its own interests and has financial and other interests that differ from your interests. You should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

The information contained herein may include hypothetical interest rates or interest rate savings for a potential refunding. Interest rates used herein take into consideration conditions in today's market and other factual information such as credit rating, geographic location and market sector. Interest rates described herein should not be viewed as rates that Piper Jaffray expects to achieve for you should we be selected to act as your underwriter or placement agent. Information about interest rates and terms for SLGs is based on current publically available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Piper Jaffray could achieve for you should we be selected to act as your underwriter or placement agent. More particularized information and analysis may be provided after you have engaged Piper Jaffray as an underwriter or placement agent or under certain other exceptions as describe in the Section 15B of the Exchange Act.



May 8, 2019

Mr. Todd C. Van Deventer
Managing Director
Piper Jaffray & Co.
11635 Rosewood Street
Leawood, Kansas 66211
Todd.C.VanDeventer@pic.com

Re: West Contra Costa Healthcare District Taxable/Tax Exempt Parcel Tax Secured
Refunding Revenue Bonds, Series 2019 (the "2019 Bonds")

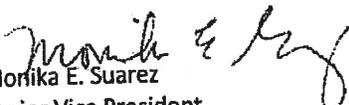
Dear Mr. Van Deventer:

Western Alliance Bank and its affiliate Western Alliance Business Trust (the "Purchaser") are pleased to deliver this financing proposal on the terms outlined herein and in the attached "Term Sheet" (together with this letter, the "Proposal"), subject to additional due diligence, formal credit approval and receipt and approval of all relevant documentation, for the purchase of the 2019 Bonds.

This Proposal is provided solely as a basis for discussion outlining the general contemplated structure for the 2019 Bonds and should not be construed as a commitment by the Purchaser. This Proposal is a non-binding outline only and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the 2019 Bonds contemplated hereby. This Proposal is delivered to the Borrower with the understanding that neither this outline nor any of its terms and substance shall be disclosed, directly or indirectly, to any other person except: (i) to the Borrower's employees, agents and advisors who are directly involved in the consideration of this matter and (ii) as disclosure may be compelled in a judicial or administrative proceeding. This Proposal is preliminary and subject to change based on negotiations between the Purchaser and the Borrower.

This Proposal is provided to you solely for the purpose described herein and may not be disclosed to, or relied upon by, any other party without prior written consent of the Purchaser. If you have any questions, please feel free to contact Monika E. Suarez at (213) 362-5277 or Joshua J. Lentz at (602) 346-7467.

Submitted on behalf of Western Alliance Bank and its affiliate, Western Alliance Business Trust.


Monika E. Suarez
Senior Vice President
Municipal Finance Director

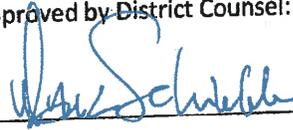

Joshua J. Lentz
Vice President
Municipal Finance Officer

WEST CONTRA COSTA HEALTHCARE DISTRICT

Subject to ongoing District Board authorization to proceed:


Patrick Godley, COO & CFO
Contra Costa Health Services on behalf of
West Contra Costa Healthcare District

Approved by District Counsel:


Mark Schieble
Foley Lardner

601 W. 5th Street, Ste. 100 • Los Angeles, CA • 90071 • Phone: 213.362.5277
One E. Washington Street, Ste. 1400 • Phoenix, AZ • 85004 • Phone: 602.346.7467

Term Sheet

West Contra Costa Healthcare District Taxable/Tax Exempt Parcel Tax Secured Refunding Revenue Bonds, Series 2019

Page 1

TERM SHEET

This Term Sheet does not constitute an offer or commitment to provide financing. It is subject to the provisions in the accompanying letter. The terms and conditions outlined below are not intended to be all-inclusive but rather set forth a framework for further discussion and are subject to change or addition.

Borrower: West Contra Costa Healthcare District, a California local health care district (the "District" or the "Borrower")

County: County of Contra Costa, California (the "County")

Purchaser: Western Alliance Business Trust or a wholly owned affiliate of Western Alliance Bank (the "Purchaser")

Monika E. Suarez	Joshua J. Lentz
Senior Vice President	Vice President
Municipal Finance Director	Municipal Finance Officer
Western Alliance Bank	Western Alliance Bank
601 W. 5th Street, Suite 100	One E. Washington Street, Ste. 1400
Los Angeles, CA 90071	Phoenix, AZ 85004
Ph. (213) 362-5277	Ph. (602) 346-7467
msuarez@westernalliancebank.com	jlentz@westernalliancebank.com

Purpose: Proceeds from the 2019 Bonds are to be used to

- 1) refinance the Borrower's outstanding Certificates of Participation (2011 Financing Program) (the "2011 Certificates"); and
- 2) pay costs of issuance associated with the issuance of the 2019 Bonds.

Principal Amount: \$41,000,000 (Estimated)

Tax Status: Interest on the 2019 Bonds shall be includable in gross income for federal income tax purposes through the Tax-Exempt Conversion Date and thereafter interest on the 2019 Bonds shall be excluded from gross income for federal income tax purposes. Such interest shall not be a preference item for AMT purposes. Interest on the 2019 Bonds shall be exempt from State of California personal income tax.

Tax-Exempt Conversion Date: July 1, 2021

Final Maturity: July 1, 2042

Interest Payments: Semi-annual interest payments on January 1 and July 1 commencing on July 1, 2019 through July 1, 2042.

Principal Payments: Annual principal payments on July 1 commencing on July 1, 2019 through July 1, 2042.

Term Sheet

West Contra Costa Healthcare District Taxable/Tax Exempt Parcel Tax Secured Refunding Revenue Bonds, Series 2019

Page 2

Interest Rate Pricing:	<p>The 2019 Bonds will be purchased at par at a fixed rate of interest based on the following options:</p> <p><u>Taxable Structure of the 2019 Bonds.</u></p> <p>On the Closing Date, the interest rate on the 2019 Bonds through the Tax-Exempt Conversion Date will be based on the following proposed interest rate pricing assuming a weighted average maturity of approximately two (2) years:</p> <p>A fixed rate of interest based on the following formula: 2-Year Interest Rate Swap Rate (2.39% as of 19:15 ET as of May 8, 2019) plus 2.61% (taxable fixed rate). The interest rate is <u>5.00%</u> and locked through the next 60 days.</p> <p><u>Tax-Exempt Structure of the 2019 Bonds.</u></p> <p>On Tax-Exempt Conversion Date, the interest rate on the 2019 Bonds will be based on the following proposed interest rate pricing assuming a weighted average maturity of approximately twelve (12) years:</p> <p>A fixed rate of interest based on the following formula: 71% of the sum of the 15-Year Interest Rate Swap Rate (2.58% as of 18:30 ET as of May 8, 2019) plus 3.23% (tax-exempt fixed rate). The interest rate is <u>4.125%</u> and locked through the next 60 days.</p>
Parcel Tax Revenues:	Moneys collected by the Contra Costa County Treasurer-Tax Collector each year from the levy of a parcel tax approved by vote of the residents of the District in 2004 (the "Parcel Tax Revenues").
2018 Bonds:	West Contra Costa Healthcare District Parcel Tax Secured Refunding Revenue Bonds, Series 2018 (the "2018 Bonds")
Security:	The 2018 Bonds and the 2019 Bonds are secured on a first lien basis from Parcel Tax Revenues.
Additional Debt:	Except for refunding purposes, no other District debt will be secured from Parcel Tax Revenues on a parity basis with the 2018 Bonds and the 2019 Bonds.
Reserve Requirement:	None Required.
Redemption Provisions:	<p>The 2019 Bonds shall be subject to optional redemption, at the option of the Borrower, on any date, as a whole or in part, from any available source of funds, together with accrued interest to the date fixed for redemption, without premium.</p> <p>The Borrower shall be required to give the Trustee and the Purchaser written notice of its intention to redeem the 2019 Bonds at least forty-five (45) days.</p>

Term Sheet

West Contra Costa Healthcare District Taxable/Tax Exempt Parcel Tax Secured Refunding Revenue Bonds, Series 2019

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Events of Default:	Events of Default shall include those that are deemed standard and customary for transactions of this nature all of which shall be subject to satisfactory review by the Purchaser and the Purchaser's Counsel. Standard Events of Default include cross default to other obligations and failure to comply with document covenants.
Documentation:	Bond Counsel will be prepare all of the legal documentation, which will contain customary affirmative and negative covenants as well as usual representation and warranties for like situated borrowers acceptable to the Purchaser and Purchaser's Counsel.
Additional Debt:	Except for refunding purposes, the District is not authorized to issue or incur any obligations payable from the Parcel Tax Revenues.
Legal Opinion(s):	<p>Opinions of Bond Counsel, among other things, either addressed to the Purchaser or provided in a reliance letter as to:</p> <ol style="list-style-type: none"> 1) treatment of interest payments under the 2019 Bonds as exempt from State of California personal income taxes; 2) on the Tax-Exempt Conversion Date, treatment of interest payments under the 2019 Bonds as tax-exempt obligations under the IRS Code; 3) the 2019 Bonds have been duly and authorized by the District and are legal, valid and binding obligations of the District payable from Parcel Tax Revenues as are lawfully available, pledged by the District for the payment of principal of and interest on the 2019 Bonds and the Parcel Tax Revenues can be levied for so long as the 2019 Bonds are outstanding; 4) the 2019 Bonds being exempt from registration pursuant to the Securities Act of 1933, as amended and the contemplated Indenture of Trust being exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; 5) defeasance of the 2011 Certificates; and 6) such other opinions as the Purchaser may require. <p>An opinion of counsel to the Borrower shall also be provided in form and substance satisfactory to the Purchaser and the Purchaser's Counsel.</p>
Conditions Precedent:	<p>Prior to the purchase of the 2019 Bonds by the Purchaser, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Purchaser and the Purchaser's Counsel:</p> <ol style="list-style-type: none"> 1) satisfactory review by the Purchaser's Counsel of any outstanding agreements entered into by the Issuer or the Borrower which may impact the security for the 2019 Bonds or the obligations of the Borrower with respect to repayment the 2019 Bonds; 2) any authorizing resolution(s) of the Issuer and the Borrower as required for the issuance and repayment of the 2019 Bonds; 3) opinions as required by the Purchaser and the Purchaser's Counsel; 4) verification report from a certified public accountant with respect to the defeasance of the 2011 Certificates;

Term Sheet

West Contra Costa Healthcare District Taxable/Tax Exempt Parcel Tax Secured Refunding Revenue Bonds, Series 2019

Page 4

- 5) properly executed loan documents in form and substance satisfactory to the Purchaser and the Purchaser's counsel evidencing or supporting the repayment of the 2019 Bonds; and
- 6) additional conditions precedent that the Purchaser and the Purchaser's Counsel consider customary and reasonably appropriate for the purchase of the 2019 Bonds.

The Purchaser will book the 2019 Bonds as a loan, and, therefore, the 2019 Bonds will be financed by the Purchaser under the following conditions:

- 1) the 2019 Bonds shall not be registered or otherwise qualified for sale under "Blue Sky" laws;
- 2) the Purchaser will hold their respective Loan as a single debt instrument;
- 3) no CUSIP numbers will be obtained for the 2019 Bonds pursuant to Municipal Securities Rulemaking Board Rule G-34(a)(i)(F) (See "Assignment and Participation" herein);
- 4) no official statement or similar offering document has been prepared in connection with the private placement of the 2019 Bonds;
- 5) the 2019 Bonds will be in certificated form, will not settle through the DTC or any similar repository and will not be in book entry form; and
- 6) the Purchaser will sign a letter of representations in a form acceptable to Purchaser's Counsel.

Bond Counsel:	Quint & Thimmig LLP / Larkspur, California
Purchaser's Counsel:	Nixon Peabody LLP / Los Angeles, California
Municipal Advisor:	G.L. Hicks Financial, LLC / Orem, Utah
Placement Agent:	Piper Jaffray & Co. / Leawood, Kansas
Trustee:	U.S. Bank National Association / San Francisco, California
Fees:	All other out of pocket costs, including but not limited to the Purchaser's Counsel fees, with a cap of \$20,000, and other customary closing costs.
Origination Fee:	None
Estimated Funding Date:	June 1, 2019
No Fiduciary Relationship:	Inasmuch as the financing represents a negotiated transaction, the Borrower understands, and hereby confirms, that the Purchaser is not acting as a fiduciary of the Borrower, but rather is acting solely in its capacity as a Purchaser, for its own account. The Borrower acknowledges and agrees that: <ol style="list-style-type: none"> 1) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Purchaser and its affiliates; 2) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules");

Term Sheet

West Contra Costa Healthcare District Taxable/Tax Exempt Parcel Tax Secured Refunding Revenue Bonds, Series 2019

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- 3) the Purchaser and its affiliates are relying on the bank exemption in the Municipal Advisor Rules;
- 4) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto;
- 5) the Purchaser and its affiliates have financial and other interests that differ from those of the Borrower; and
- 6) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Reporting Requirements:

Annual Reporting Requirements.

The District shall provide the Purchaser with the following documentation and information within nine (9) months of the District's fiscal year end:

- 1) Audited financial statements of the District for the preceding fiscal year end;
- 2) the Assessed Valuation of the District for the current fiscal year; and
- 3) the Tax Levy for the current fiscal year.

Notices.

The Borrower shall give or cause to give notice to the Purchaser of the occurrence of any "Event"¹ with respect to the 2019 Bonds in a timely manner but not in excess of ten (10) business days after the occurrence of the Event.

Assignment and Participation:

The Purchaser's intent is to book the 2019 Bonds as a loan and hold the 2019 Bonds to maturity or to the prepayment dates; however, the Purchaser retains the right to assign or participate out its interest in the 2019 Bonds and will request the Issuer and the Borrower to agree to such assignment or participation. The Purchaser acknowledges and agrees that the 2019 Bonds may only be transferred to a "Qualified Institutional Buyer" or an "Accredited Investor" within the meaning of the Securities Act of 1933, as amended.

¹ An "Event" shall have the same meaning as described under 17 CFR 240.15c2-12(b)(5)(C).

County Administrator

County Administration Building
651 Pine Street, 10th Floor
Martinez, California 94553-1229
(925) 335-1080
(925) 335-1098 FAX

David J. Twa
County Administrator

Contra Costa County



Attachment D Board of Supervisors

John M. Gioia
1st District

Candace Andersen
2nd District

Diane Burgis
3rd District

Karen Mitchoff
4th District

Federal D. Glover
5th District

May 20, 2019

REQUEST FOR PROPOSALS ("RFP") FOR 2020 SERIES A LEASE REVENUE BOND FINANCING

I. Purpose

The County has 2010 Lease Revenue Bonds with an optional call date of June 1, 2020. The County would like to explore options for refunding the 2010 Bonds for debt service savings.

II. Requested Services

The County is soliciting bids for book-running senior manager or a fixed rate direct purchase.

III. Timeline

- May 20, 2019: County Issues RFQ/RFP
- May 24, 2019: Questions Due
- May 28, 2019: Addendum with Question Responses Released (if necessary)
- June 3, 2019: Proposals Due
- Mid-June 2019: Firm(s) Selected for 2020 Series A LRB Financing
- September 2019: Issue Bonds/Close

IV. Required Responses:

The County is requesting proposals for two options: 1) a tax-exempt forward settlement public issuance; and 2) a forward direct placement. Firms may provide a response to one or both options. The County is also open to alternative structures that provide an economic benefit to the County. Below are the required responses for each option:

1. Public Issuance Option:

- A. Provide numerical sizing runs, a discussion of your firm's approach to the marketing and sale of the 2020 Series A LRBs, and a discussion of the expected spreads and forward premium. For bond sizing purposes, assume rates as of May 28, 2019.
- B. Provide a brief description of how the public issuance would be implemented, including key events, dates and documentation requirements at sale and final settlement.
- C. Provide a fee proposal to perform underwriting services for the 2020 Series A LRBs, including takedown and underwriter expenses (reimbursed at cost only). Note that the County will not pay a management fee or underwriting fee.

2. Direct Placement Option:

If your firm is interested in offering a fixed rate forward direct purchase, please provide the following:

- A. A detailed description of the product, including a summary of the potential benefits and risk factors.
- B. Describe whether the bank intends to treat the transaction as a loan or as a security and whether or not the bank will, or will not, retain the right to offer the debt to other investors.
- C. Detail the documentation (e.g., credit information, offering memorandum, legal opinions, ratings, etc.) that the institution requires in order to successfully close the transaction. Please note that the Continuing Covenant Agreement ("CCA") for the County's 2017 Series A bonds is available on EMMA at:
<https://emma.msrb.org/ES1012665-ES793317-ES1194671.pdf>
The County would prefer to use the existing material terms and conditions to the extent possible. Please provide a list of material changes from the 2017 Series A CCA that your firm's direct purchase would require.
- D. Provide numerical sizing runs and a Term Sheet summarizing the proposal, including an indicative fixed rate(s) as of May 28, 2019, the basis for determining such rate(s) (e.g.,

percent of LIBOR swap rate plus a spread) and all material fees and expenses. Note that the County is only interested in fixed rate products. For purposes of evaluating a direct placement product, the County will consider terms of up to 20 years.

3. Other:

If your firm recommends an alternative to the above structures, please provide a summary of the structure, numerical sizing runs, indicative rate(s) as of May 28, 2019 and all material fees and expenses.

V. Questions

All questions concerning this RFP are to be directed to Natalie Perkins, Managing Director, Montague DeRose, at perkins@montaguederose.com or (925)256-9797. Questions are due by May 24, 2019 at 5 pm Pacific time.

VI. Submission

RFP responses should be submitted electronically by 5 pm Pacific time on June 3, 2019 to timothy.ewell@cao.cccounty.us and perkins@montaguederose.com with “[Name of Firm] response to CCC UW RFP” as the subject line.

This Request for Proposal does not commit the County to execute any transaction. The County will not pay any costs incurred in the preparation of a proposal. Only written proposals will be considered. The County reserves the right to reject any or all proposals without further discussion or negotiations, and may waive technical errors or discrepancies if doing so would serve the interest of the County.

**REQUEST FOR PROPOSALS (“RFP”) FOR
2020 SERIES A LEASE REVENUE BOND FINANCING
ADDENDUM**

Questions received by the County on the RFP:

1. Have the leased assets changed from those in the 2010 OS?

No, the leased assets on the 2010 Lease Revenue Bonds (“2010 LRBs”) are the same as at issuance. However, the refunding bonds would have fewer leased assets, due to the decrease in par amount. They would likely be secured by the West County Health Clinic only.

2. What is the debt service reserve fund account balance on the 2010 LRBs?

Assume the reserve fund balance is unchanged from what is shown in the 2010 OS.

3. Is it the County’s intention to refund 2010A-2, 2010A-3 and 2010B with one tax-exempt series?

Yes, provided there are savings for all of the series.

4. What is the desired final maturity date for a direct purchase?

The County would consider the existing final maturity date of 6/1/2040 or potentially shortening the final maturity date to 6/1/2038 with the existing reserve fund balance.

5. Please clarify the desired closing date.

The County is targeting a “paper” closing date of September 2019 with a settlement date between 3/3/2020 and 6/1/2020.

6. Please confirm that the Leased Assets are still covered by earthquake insurance through the California State Association of Counties Excess Insurance Authority. Could you provide the current policy limits and the coverage expiration date? Is it the intention going forward that the County maintain this insurance?

The leased assets are currently insured against all risk of loss, including by earthquake, through the California State Association of Counties Excess Insurance Authority. The current coverage runs until March 31, 2020 and it is the County’s intent to maintain this insurance. The insured amounts are currently:

West County Health Clinic: \$29,283,912

Clerk Recorder Building: \$7,497,732

Employment and Human Services Department Building: \$13,511,772

7. Do the Leased Assets (West County Health Clinic, Clerk Recorder Building, and Employment and Human Services Department Building) meet or exceed seismic (any regulatory) standards?

The West County Health Clinic (which will likely be the leased asset on the 2020 bonds) was built in 2010 and met all applicable standards at the time.