



# Agenda

## DEBT AFFORDABILITY ADVISORY COMMITTEE

Thursday, October 14, 2021  
12:00 P.M.

### VIRTUAL MEETING

The public may observe and participate in the virtual Zoom meeting by using this link:

<https://cccouny-us.zoom.us/j/89085185549>

Or by dialing: (214) 765-0478 or (888) 278-0254 (US Toll Free)  
Conference code: 421420

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 proposed issuance of refunding bonds related to the West Contra Costa Healthcare District Series 2018 and 2019 bonds. **(Pat Godley, Health Services Department)**
4. 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 1025 Escobar Street, 4<sup>th</sup> Floor, Martinez, CA 94553, 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:

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## 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:

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<b>AB</b>	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

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## Overview of Placement Process and Refunding Options for Series 2018 and Series 2019 Parcel Tax Bonds

Prepared for:  
**West Contra Costa Healthcare District**

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## Overview of Placement Process

- On behalf of West Contra Costa Healthcare District (the “District”), Piper Sandler sent a Request for Terms document to 52 potential banks and institutional investors on August 20<sup>th</sup> with proposals due September 7<sup>th</sup>.
- The Request for Terms asked for term sheets for the refunding of the District’s outstanding Series 2018 and Series 2019 Parcel Tax backed revenue bonds that are currently callable on any interest payment date with no premium.
  - The Series 2018 Bonds (\$10,249,000 outstanding par at 3.625%) and the Series 2019 Bonds (\$40,289,000 outstanding par at 4.125%) are both at above market interest rates.
- Two competitive proposals were received for the full refunding amount from Western Alliance Bank (one of the existing holders of the outstanding bonds) and Umpqua Bank.
  - The Western Alliance proposal is at a more attractive interest rate of 2.88%\* versus a 2.95%\* interest rate from Umpqua Bank.
  - The Western Alliance proposal also has an attractive call feature that allows a portion of the bonds to be called on 7/1/2024 and the remaining bonds to be called on 7/1/2029.
- Total savings\* based upon the Western Alliance proposal are \$6.5 million gross and \$5.3 million on a net present value basis which is over 10.5% of the refunded par amount.

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\* Preliminary, subject to change.

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## Private Placement versus a Public Offering

- In addition to the private placement options the District also has the ability to access the public bond market.
- Based upon recent experience with similar California hospital district credits, we believe that it is possible for the District to achieve an investment grade rating on publicly offered refunding bonds.
  - For comparison purposes we have assumed a rating of Baa1 from Moody's is achieved.
- Assuming that a Baa1 rating is achieved and interest rates remain at today's levels, estimated net present value savings for a publicly offered refunding are approximately \$8,979,000\* versus \$6,506,000\* for the Western Alliance private placement.
- A publicly offered issue does have some additional risks to consider
  - Additional management time and effort to prepare a disclosure documents and establish and maintain a rating as well as requirements to provide ongoing public disclosure of the District's financial information.
  - A longer optional call feature with bonds unlikely to be callable until July 1, 2031.
  - More interest rate risk due to approximately 1-month longer period of time before the District can lock in interest rates as well as the risk that the rating comes in significantly below expectations.
- Despite these risks, the additional savings from a public offering are significant and the District should seriously consider moving forward with a public offering.

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\* Preliminary, subject to change.

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## Financial Analysis and Next Steps

- The following pages compare the refunding of the Series 2018 and Series 2019 Bonds combined and individually utilizing either estimated “Baa1” rated public offering interest rates or a private placement from Western Alliance Bank.
  - Should the District elect to move forward with a public offering next steps include:
    - Meeting with Moody’s investor service on \_\_\_\_\_ with County and District staff.
    - Preparation of disclosure and bond documents with the assistance of County and District staff.
    - Approval of the Board of the nearly final bond and disclosure documents in late October.
    - Delegation of the execution of a bond purchase agreement on the date of the bond sale.
    - Closing in mid November.
  - If a private placement is pursued definitive documents will be prepared and approved by the District at a meeting in mid to late October with a closing in early November.
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## Summary of Estimated Refunding Economics\*

### Refunding of West Contra Costa's Series 2018 & 2019 Bonds

- Provided below are estimated financing economics for a tax-exempt current refunding under a public offering with an assumed "Baa1" rating and under a private placement given Western Alliance's proposed rate of 2.88%.
- Refunding assumes a closing date of November 9, 2021.
- Includes estimated costs of issuance. The all-in cost listed below includes the cost of issuance in the rate.
- Savings discounted at 2.50%.

	Public Offering Refunding of 2018 & 2019 Bonds Assumes "Baa1" Rating	Combined Refunding of 2018 & 2019 Bonds Western Alliance Proposal
Bond Proceeds / Principal Amount	\$52,238,338	\$51,985,000
Final Maturity	7/1/2042	7/1/2042
All-In Cost	2.57%	2.97%
Average Annual Net Debt Service	\$3,236,425	\$3,356,216
Average Annual Savings	\$434,939	\$315,148
Net Debt Service Savings	\$8,979,072	\$6,506,053
Total NPV Savings	\$7,309,648	\$5,325,283
Refunding Efficiency	98.18%	96.21%
NPV Savings (% of Par)	14.46%	10.54%

\* Preliminary, subject to change.

# Summary of Estimated Refunding Economics\*

## Refunding of West Contra Costa's Series 2018 Bonds

- Provided below are estimated financing economics for a tax-exempt current refunding under a public offering with an assumed "Baa1" rating and under a private placement given Western Alliance's proposed rate of 2.30%.
- Refunding assumes a closing date of November 9, 2021.
- Includes estimated costs of issuance. The all-in cost listed below includes the cost of issuance in the rate.
- Savings discounted at 2.50%.

	Public Offering Refunding of 2018 Bonds Assumes "Baa1" Rating	Refunding of 2018 Bonds Western Alliance Proposal
Bond Proceeds / Principal Amount	\$10,582,726	\$10,525,000
Final Maturity	7/1/2028	7/1/2028
All-In Cost	1.34%	2.54%
Average Annual Net Debt Service	\$1,648,284	\$1,719,057
Average Annual Savings	\$115,454	\$44,682
Net Debt Service Savings	\$767,131	\$296,885
Total NPV Savings	\$759,638	\$333,299
Refunding Efficiency	96.51%	88.70%
NPV Savings (% of Par)	7.41%	3.25%

\* Preliminary, subject to change.



# Summary of Estimated Refunding Economics\*

## Refunding of West Contra Costa's Series 2019 Bonds

- Provided below are estimated financing economics for a tax-exempt current refunding under a public offering with an assumed "Baa1" rating and under a private placement given Western Alliance's proposed rate of 2.93%.
- Refunding assumes a closing date of November 9, 2021.
- Includes estimated costs of issuance. The all-in cost listed below includes the cost of issuance in the rate.
- Savings discounted at 2.50%.

	Public Offering Refunding of 2019 Bonds Assumes "Baa1" Rating	Refunding of 2019 Bonds Western Alliance Proposal
Bond Proceeds / Principal Amount	\$41,655,652	\$41,460,000
Final Maturity	7/1/2042	7/1/2042
All-In Cost	2.67%	3.01%
Average Annual Net Debt Service	\$2,705,922	\$2,806,149
Average Annual Savings	\$397,780	\$297,553
Net Debt Service Savings	\$8,211,942	\$6,142,808
Total NPV Savings	\$6,550,010	\$4,970,712
Refunding Efficiency	98.37%	96.74%
NPV Savings (% of Par)	16.26%	12.34%

\* Preliminary, subject to change.

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## Disclosure

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