

Overview Report  
Presented To  
The Byron Bethany Irrigation District



Regarding  
The Successful Placement of  
**\$5,000,000**  
**Byron Bethany Joint Powers Authority**  
**Series 2018 Enterprise Revenue Bonds**  
**(Pump Station and Water Line Replacement Project)**  
**Bank Qualified**  
**With**  
**JP Morgan Chase Bank**  
**On October 30, 2018**

By Caldwell Sutter Capital, Inc.  
Placement Agent  
October 31, 2018





## CALDWELL SUTTER

CAPITAL™

*Focused on Value*

October 31, 2018

Mr. Rick Gilmore, General Manager  
Byron Bethany Irrigation District  
7995 Bruns Road  
Byron CA 94514

Dear Rick,

For your perusal, I have compiled this report on the placement of the District's \$5,000,000 Series 2018 Bonds with J.P. Morgan Chase Bank NA which successfully closed on October 30, 2018. This report provides a quick summary of some of the key activities, results and continuing requirements of the placement process.

Caldwell Sutter Capital, Inc (CSC), along with the Weist Law Firm, is pleased to have had the opportunity and pleasure of working once again with you, Kelley and the District staff. CSC is most appreciative of the District's efforts and timely responses received in addressing various issues encountered during this rapid and compressed financing journey.

Thank you again and we look forward to being of further assistance on any financing matters facing the District in the future.

Best regards,

Frank J. Soriano

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**Overview Report**  
**to**  
**The Byron Bethany Irrigation District**  
**On the Placement of**  
**\$5,000,000**  
**Byron Bethany Joint Powers Authority**  
**Series 2018 Enterprise Revenue Bonds**  
**(Pump Station and Waterline Replacement Project)**  
**Bank Qualified**

**Introductory.** The Byron Bethany Irrigation District (the “District”) is in the process of implementing certain priority projects of its current Capital Improvement Program. Presently the District is proceeding with the replacement of its Pump Station No. 4 including associated pipelines. Cost of this project approximates \$4,900,000. While the District has cash reserves of approximately \$12,000,000, the District General Manager felt it to be more prudent at this time preserve the District’s reserves for possible emergencies and instead, issue bonds as borrowing rates are still at relatively attractive levels, although increasing. Reinvestment rates are likewise increasing which would offset the overall cost of borrowing, serving to narrow the net spread.

On September 27, 2018 the Board authorized proceeding with plans to issue up to \$5,000,000 in bonds using the existing Byron Bethany Joint Powers Authority which had issued the District’s Series 2007A Lease Revenue Bonds. In this rising interest rate bond market, it was further decided to move ahead as quickly as possible and proceed with a bond issuance using the shorter and less costly private placement process as opposed to the longer, more costly public negotiated sale approach. Because of informal preliminary discussions were held in early September with the General Manager, the Weist Law Firm as Bond Counsel and Caldwell Sutter Capital (“CSC”) as Placement Agent, in anticipation of a possible bond issuance, had begun performing some preliminary ground work so that a tentative closing before the end of October 2018 could be an achievable target.

**Additional Bonds Test.** As a pre-condition for the issuance of additional parity bonds, the District is required to meet a coverage test which calls for annual Net Revenues to be at least equal to 1.20 times (120%) of the combined maximum annual debt service of the existing parity bonds and proposed new parity bonds. Prior to the issuance of the Series 2018 Bonds, the District's only parity debt was its Series 2017 Refunding Revenue Bonds which had refunded the remaining Series 2007 Bonds in February 2017 and has a current principal amount outstanding of \$2,163,000 and a final maturity of October 1, 2027. In the attached Appendix A, combined maximum annual debt service of the Series 2017 Bonds and the new Series 2018 Bonds occurs in the Fiscal Year ending December 31, 2020. In that year the combined annual debt service is \$700,697 comprising \$270,684 of the Series 2017 Bonds and \$430,013 from the new Series 2018 Bonds.

Appendix B, attached, provides a copy of page 4 of the District's Financial and Independent Auditor's Report showing its Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2017. From that financial statement, Net Revenues for coverage purposes is calculated to be \$1,589,471 which combines both operating and non-operating revenues and expenses less depreciation and interest expense (which is part of the debt service on the outstanding parity bonds). This latest current level of Net Revenues would be sufficient to provide 2.27 times coverage of the \$700,697 maximum annual debt service of outstanding parity debt, well above the minimum 1.20 times coverage requirement.

**The Bank Solicitation Term Sheet.** CSC began preparing a bank solicitation term sheet in mid-September in anticipation of Board approval at its September 27<sup>th</sup> of a bond issuance with an accelerated closing. CSC had preliminarily contacted three prospective bidders for indications of their longest acceptable final maturity and corresponding estimated market rates for a proposed \$5,000,000 bond issue of the District so that a preliminary structure could be developed for inclusion in the bank solicitation term sheet.

All three banks expressed comfort with up to 15 years and two could, albeit reluctantly, consider extending up to 17 years. Their estimated rates ranged between 2.97% upwards to 3.90%. CSC provided preliminary maturity schedules for a 15-year term and for a 17-year term in the bank solicitation.

Also included in the bank solicitation term sheet was the District's website link to facilitate bidder access to its financial operating history, budgets and fiscal policies:

<http://bbid.org/governance/financial-info/>

Two other key items requested was their call provisions and their costs of issuance (i.e. legal and administrative charges). The bank solicitation term sheet was sent out on Friday, September 28<sup>th</sup> with responses to be submitted by 9:00 a.m. on the following Friday, October 5<sup>th</sup>. Please refer to Appendix C for the Bank Solicitation and Summary of Terms and Conditions that was sent out to bidders.

**The Bidding Process.** The Bank Solicitation and Summary of Terms and Conditions was sent out to the following eight banks:

BBVA Compass Bank  
Branch Banking and Trust  
California Bank & Trust  
Capital One Public Funding  
JP Morgan Chase Bank  
Opus Bank  
Pinnacle Bank  
Umpqua Bank

During the week of October 1<sup>st</sup>, CSC received questions that were posed by the various banks. California Bank & Trust had asked many questions on assessed valuations and tax collections from the three counties in which the District service area is located and wanted to know the largest water user customers of the District according to amount of water sales revenue. Responses to these questions were obtained from District records and from Cal Muni Statistics. Due to the short response period, several provided indicative rates subject to completion of their internal credit analysis while others asked for short time extensions to finalize their bids, all of which were granted.

**The Bidding Results.** The following is a summary of the bidding results:

<u>Bidding Bank</u>	<u>Term</u>	<u>Bid Rate</u>	<u>Callable</u>	<u>Other Costs</u>
J. P. Morgan Chase Bank	15 yr	3.12%	Non-Callable	\$8,500
			10-Year Call	\$8,500
	15 yr	3.26%	7-Year	\$8,500
Opus	15 yr	3.58%	@ 105% to Oct 1, 2024	\$13,000
			@ 104% next 5 years	
			@ 103% next 2 years	
			@ 102% next 2 years	
			@ 101% next 1 year	
			OR Non-Callable first 10 years then at par	
Branch Banking and Trust	15 yr	3.73%	@ 101% anytime or Non-Callable to Oct. 1, 2026; Callable thereafter at par	\$8,500
	17 yr	3.79%	@ 101% anytime or Non-Callable to October 1, 2027; Callable thereafter at par	
BBVA Compass Bank	15 yr	3.95%	Non-Callable	\$10,000
			OR Make whole 1 <sup>st</sup> 10 years	
Umpqua Bank	15 yr & 17 yr	4.00%	@ 103% yr 1-3	\$18,000
			@ 102% yr 4-6	
			@ 101% yr 7-9	
			@ par in 10 years	

Note: California Bank declined at last minute citing credit concern of too-heavy concentration in top ten rate payers of the District. Received no response from Capital One nor from Pinnacle Public Finance.

Because of the preliminary nature of most of the bids received, the District Board at its meeting on October 9<sup>th</sup> recommended that the District General Manager, working with CSC, make the final selection, but limited further consideration only to bids at or below 3.60%, including indicative rates. Within this limitation, there were four bids submitted which qualified, all on the 15-year bond structure as the lowest bid for the 17-year structure was at 3.79%, submitted by Branch Banking and Trust. Opus Bank submitted a bid for 3.58%. (See Appendix D). The other three qualifying bids were submitted by JP Morgan Chase Bank and ranged from a low of 3.12% to 3.26% depending on call features (See Appendix E). The lowest rate of 3.12% were non-callable. The middle rate of 3.18% provided for a 10-year call protection and the 3.26% had a seven-year call provision. The District General Manager expressed his desire for flexibility to call the bonds early and therefore opted for the seven-year call structure bearing the 3.26% rate for consideration against the unique hybrid proposal that was submitted by Opus Bank.

**Comparative Analysis and Award.** The unique feature of Opus Bank was its offer of a line of credit for the first 18 months with interest accumulating only on the amounts drawn down during this initial period. At the end of 18 months, the balance of bond proceeds must be fully drawn down. This has the potential of considerably lower interest payments at the outset than would otherwise be paid on a traditional bond issue structure where the full amount of interest on all principal outstanding is due and payable on the scheduled semi-annual interest payment dates. However, in the traditional bond structure of JP Morgan Chase Bank, the undisbursed bond proceeds could be reinvested and serve as an offset to the scheduled interest payable during the first 18-month period for a truer comparison of interest cost between the two structures (the comparative analysis assumed a hypothetical annual reinvestment rate of 2.25%).

Using the District's drawdown schedule of \$400,000 at closing and \$200,000 per month for the ensuing 17 months with the full drawdown of the remaining proceeds in month 18, under the Opus Bank structure, the total interest payments at 3.58% for the first 18 months would total \$96,785 compared to JP Morgan Chase's net interest payments of \$112,625 (total scheduled interest payments of \$227,375 less investment income of \$114,750), a difference of \$15,840 during these first 18 months. Going forward, with no adjustments, the JP Morgan Chase Bank rate of 3.26% being 0.32% lower than the Opus Bank rate of 3.58%, would wipe out the \$15,840 advantage of the Opus Bank structure by the October 1, 2021 interest payment date. For the



full 15-year term of the Series 2018 Bonds, the JP Morgan Chase Bank structure while showing total scheduled interest of \$1,394,700, taking into account the indicated reinvestment earnings to April 1, 2020 of \$114,750, would result in adjusted net interest payments of \$1,279,950, compared to the total interest payments of \$1,386,027 indicated for the Opus Bank structure, a \$ 106,077 lower total interest cost by going with JP Morgan Chase Bank.

While there was also lingering concern expressed by Bond Counsel that the unique structure of Opus Bank's proposal would require certain expansive language for inclusion into the bond documents which could prolong the process and jeopardize the already tight closing schedule, Opus Bank's counsel, when contacted about the short closing, felt that while they could complete the process within the remaining time allotted, they admitted that it would be a very close call. This concern was avoided when the District's General Manager signed the proposal of JP Morgan Chase Bank on Friday, October 12<sup>th</sup> selecting Option 3 (see Appendix E), acting upon the recommendation of CSC, based primarily on the comparative interest cost savings and the lower amount of other charges, including legal, administration fees and the cost the call premiums.

**Pre-closing and Closing.** Bond Counsel, working diligently with JP Morgan Chase Bank and its counsel, Squire Patton Boggs, completed the bond documents and obtained all the necessary signatures by preclosing on Monday, October 29<sup>th</sup>, allowing the closing to take place on the October 30, 2018 scheduled date. Wires were sent out early on closing day and by 8:25 a.m. JP Morgan Chase Bank announced that closing was successfully achieved having received the Series 2018 Bonds and transferred Bond proceeds to the District. (See Appendix F).

**Bond Summary.** The Series 2018 Bonds were issued in a fluctuating but upward trending market. During the month preceding the District's October 12, 2018 commitment to the JP Morgan Chase Bank proposal, the benchmark 10-year U.S. Treasury Notes was at 2.96% as of September 12, 2018. The 10-year Treasury Note posted a yield of 3.16% as of October 12, 2018 an increase of 20 basis points during this period. The 3.26% rate of the Series 2018 Bonds is still a very good rate which had a spread of only 16 basis points above the 10-year U.S. Treasury Note.

The Series 2018 Bonds provided the District with net proceeds of \$4,911,750 after payment of \$88,250 issuance costs. Total scheduled debt service is \$6,394,701 which results in level annual debt service of \$428,606. Additional details on the Series 2018 Bonds are included in Appendix G.

### **Continuing Requirements.**

Two important disclosures which the District will need to comply with going forward as called for in the Term Sheet of JP Morgan Chase Bank (Appendix E) are as follows:

1. **Annual Reporting to CDIAC.** CDIAC is the California Debt and Investment Advisory Commission which has a mission of transparency regarding local agency obligations. The District will have an annual obligation to file an “Annual Debt Transparency Report” pursuant to Section 8855(k) of the Government Code. The report will be due no later than January 31, 2019, and on each January 31st thereafter for so long as Series 2018 Bonds remain outstanding. CDIAC should be sending the District information about how to complete the Report by each annual deadline. The Report is focused on the uses of the bond proceeds, amount of principal to be repaid, and similar information. For additional details, see: <http://www.treasurer.ca.gov/cdiac/reporting.asp>.
2. **Annual Reporting of Financial Information to JP Morgan Chase Bank.** For JP Morgan Chase Bank, the District must file annually its audited financial statement no later than 270 days following the close of its Fiscal Year. Also required within this same timeframe is a Compliance Certificate signed by an Authorized Representative demonstrating the following:
  - a. Compliance with the coverage requirement of Net Revenues equal to or greater than 120% of Annual Bond Debt Service due in that Fiscal Year.
  - b. Disclosure of any significant facility improvements or retirements during the Fiscal Year.
  - c. The taxable assessed value of real property within the District
  - d. Top ten property owners with assessed valuation and percent of total.

Appendix A  
Bond Debt Services Schedules

## Appendix A

### Byron Bethany Combined Bond Debt Service A/O,10/30/2018

Series 2017			
	Interest	Principal	Annual Debt Service
4/1/2019	\$ 25,415.25		
10/1/2019	\$ 25,415.25	\$ 219,000.00	\$ 269,830.50
4/1/2020	\$ 22,842.00		
10/1/2020	\$ 22,842.00	\$ 225,000.00	\$ 270,684.00
4/1/2021	\$ 20,198.25		
10/1/2021	\$ 20,198.25	\$ 230,000.00	\$ 270,396.50
4/1/2022	\$ 17,495.75		
10/1/2022	\$ 17,495.75	\$ 235,000.00	\$ 269,991.50
4/1/2023	\$ 14,734.50		
10/1/2023	\$ 14,734.50	\$ 239,000.00	\$ 268,469.00
4/1/2024	\$ 11,926.25		
10/1/2024	\$ 11,926.25	\$ 243,000.00	\$ 266,852.50
4/1/2025	\$ 9,071.00		
10/1/2025	\$ 9,071.00	\$ 252,000.00	\$ 270,142.00
4/1/2026	\$ 6,110.00		
10/1/2026	\$ 6,110.00	\$ 256,000.00	\$ 268,220.00
4/1/2027	\$ 3,102.00		
10/1/2027	\$ 3,102.00	\$ 264,000.00	\$ 270,204.00
<b>TOTAL</b>	<b>\$ 261,790.00</b>	<b>\$ 2,163,000.00</b>	<b>\$ 2,424,790.00</b>

Series 2018			
	Interest	Principal	Annual Debt Service
4/1/2019	\$ 68,369.44		
10/1/2019	\$ 81,500.00	\$ 245,000.00	\$ 394,869.44
4/1/2020	\$ 77,506.50		
10/1/2020	\$ 77,506.50	\$ 275,000.00	\$ 430,013.00
4/1/2021	\$ 73,024.00		
10/1/2021	\$ 73,024.00	\$ 280,000.00	\$ 426,048.00
4/1/2022	\$ 68,460.00		
10/1/2022	\$ 68,460.00	\$ 290,000.00	\$ 426,920.00
4/1/2023	\$ 63,733.00		
10/1/2023	\$ 63,733.00	\$ 300,000.00	\$ 427,466.00
4/1/2024	\$ 58,843.00		
10/1/2024	\$ 58,843.00	\$ 310,000.00	\$ 427,686.00
4/1/2025	\$ 53,790.00		
10/1/2025	\$ 53,790.00	\$ 320,000.00	\$ 427,580.00
4/1/2026	\$ 48,574.00		
10/1/2026	\$ 48,574.00	\$ 330,000.00	\$ 427,148.00
4/1/2027	\$ 43,195.00		
10/1/2027	\$ 43,195.00	\$ 340,000.00	\$ 426,390.00
4/1/2028	\$ 37,653.00		
10/1/2028	\$ 37,653.00	\$ 355,000.00	\$ 430,306.00
4/1/2029	\$ 31,866.50		
10/1/2029	\$ 31,866.50	\$ 365,000.00	\$ 428,733.00
4/1/2030	\$ 25,917.00		
10/1/2030	\$ 25,917.00	\$ 380,000.00	\$ 431,834.00
4/1/2031	\$ 19,723.00		
10/1/2031	\$ 19,723.00	\$ 390,000.00	\$ 429,446.00
4/1/2032	\$ 13,366.00		
10/1/2032	\$ 13,366.00	\$ 405,000.00	\$ 431,732.00
4/1/2033	\$ 6,764.50		
10/1/2033	\$ 6,764.50	\$ 415,000.00	\$ 428,529.00
<b>TOTAL</b>	<b>\$ 1,394,700.44</b>	<b>\$ 5,000,000.00</b>	<b>\$ 6,394,700.44</b>

Combined Series			
	Interest	Principal	Annual Debt Service
4/1/2019	\$ 93,784.69		
10/1/2019	\$ 106,915.25	\$ 464,000.00	\$ 664,699.94
4/1/2020	\$ 100,348.50		
10/1/2020	\$ 100,348.50	\$ 500,000.00	\$ 700,697.00
4/1/2021	\$ 93,222.25		
10/1/2021	\$ 93,222.25	\$ 510,000.00	\$ 696,444.50
4/1/2022	\$ 85,955.75		
10/1/2022	\$ 85,955.75	\$ 525,000.00	\$ 696,911.50
4/1/2023	\$ 78,467.50		
10/1/2023	\$ 78,467.50	\$ 539,000.00	\$ 695,935.00
4/1/2024	\$ 70,769.25		
10/1/2024	\$ 70,769.25	\$ 553,000.00	\$ 694,538.50
4/1/2025	\$ 62,861.00		
10/1/2025	\$ 62,861.00	\$ 572,000.00	\$ 697,722.00
4/1/2026	\$ 54,684.00		
10/1/2026	\$ 54,684.00	\$ 586,000.00	\$ 695,368.00
4/1/2027	\$ 46,297.00		
10/1/2027	\$ 46,297.00	\$ 604,000.00	\$ 696,594.00
4/1/2028	\$ 299,443.00		
10/1/2028	\$ 37,653.00	\$ 355,000.00	\$ 430,306.00
4/1/2029	\$ 31,866.50		
10/1/2029	\$ 31,866.50	\$ 365,000.00	\$ 428,733.00
4/1/2030	\$ 25,917.00		
10/1/2030	\$ 25,917.00	\$ 380,000.00	\$ 431,834.00
4/1/2031	\$ 19,723.00		
10/1/2031	\$ 19,723.00	\$ 390,000.00	\$ 429,446.00
4/1/2032	\$ 13,366.00		
10/1/2032	\$ 13,366.00	\$ 405,000.00	\$ 431,732.00
4/1/2033	\$ 6,764.50		
10/1/2033	\$ 6,764.50	\$ 415,000.00	\$ 428,529.00
<b>TOTAL</b>	<b>\$ 1,918,280.44</b>	<b>\$ 7,163,000.00</b>	<b>\$ 8,819,490.44</b>

Appendix B  
Bond Debt Services Schedules

BYRON BETHANY IRRIGATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
for the year ended December 31, 2017

Operating revenues:		
Water sales		\$ 1,649,915
Stand-by charges		125,964
Water transfers		90,000
O & M charges		133,431
Customer finance charges		7,419
Other		<u>79,272</u>
Total operating revenues		2,086,001
Operating expenses:		
Source of supply	\$ 608,771	
Pumping	342,040	
Transmission and distribution	1,758,351	
Administrative	1,839,716	
Depreciation	<u>1,101,087</u>	
Total operating expenses		<u>5,649,965</u>
Operating loss		(3,563,964)
Non-operating income (expense):		
Property tax revenue	3,876,683	
Investment income	71,582	
Loan issuance costs	( 100,128)	
Reimbursements	325,118	
Bureau (cost)/recovery	( 20,020)	
State/Federal representation expense	( 100,887)	
Interest expense	<u>( 166,125)</u>	<u>3,886,223</u>
Loss before contributions		322,259
Capital contributions		<u>-</u>
Change in net position (carried forward)		322,259

See notes to financial statements

Appendix C  
Bank Solicitation Street



JP Morgan Chase Bank NA  
Stu Bessieres, Vice President, Sr. Relationship Manager  
1590 S. Main Street, 2<sup>nd</sup> Floor  
Walnut Creek, CA 94595

Via e-mail: [stuart.j.bessieres@chase.com](mailto:stuart.j.bessieres@chase.com)

September 28, 2018

Dear Stu,

On behalf of the Byron Bethany Irrigation District, we are respectfully inviting your bank to submit a bid for the purchase of \$5,000,000 Byron Bethany Joint Powers Authority, Series 2018 Enterprise Revenue Bonds (Bank Qualified) under the terms contained in the attached Bank Solicitation and Summary of Terms and Conditions. Responses are due by 9:00 AM PST on Friday, October 5, 2018.

Key current and historical information of the District can be obtained by accessing its website:

<http://www.bbid.org/governance/financial-info/>

Please direct any questions to contact persons indicated on the Bank Solicitation and Summary of Terms and Conditions.

Thank you and we look forward to receiving your response on/before October 5, 2018.

Regards,

Frank J. Soriano  
Senior Managing Director  
30 Liberty Ship Way  
Suite 3225  
Sausalito CA 94965

(415) 352-6349 (Office)  
(415) 990-6856 (Cell)  
(415) 332-1838 (Fax)



**BANK SOLICITATION AND SUMMARY OF TERMS AND CONDITIONS**  
**\$5,000,000 Byron Bethany Joint Powers Authority**  
**Series 2018 Enterprise Revenue Bonds**  
**(Bank Qualified)**  
**Byron, CA**

**Bank Solicitation:**

The Byron Bethany Irrigation District ("District") hereby invites you, on behalf of your bank (the "Bank") to submit a bid proposal (the "Bid Proposal") to purchase the Byron Bethany Joint Powers Authority, \$5,000,000 Series 2018 Revenue Bonds, Bank Qualified (the "2018 Bonds") described herein upon the terms and conditions set forth herein.

**Bank Qualified:**

The 2018 Bonds are Bank Qualified. The District does not anticipate issuing more than \$10 million in tax-exempt obligations during calendar year 2018, including this \$5 million issuance.

**The District:**

The District is a multi-county enterprise special district, originally formed in 1919 pursuant to the California Irrigation Districts Law (Division 11 of the Water Code of the State of California), and is governed by a seven-member Board of Directors. Its purpose is to obtain and provide a supply of water for lands located within the boundaries of the District.

The District is headquartered in the community of Byron which is located in eastern Contra Costa County in the Central Valley region of California, approximately 25 miles west of Stockton, approximately 15 miles east of Antioch and approximately 15 miles north of Livermore.

The District encompasses approximately 29,000 acres within Alameda, Contra Costa and San Joaquin County; and, covers five separate service areas: the Byron Agricultural Service Area; the Bethany Agricultural Service Area; Raw Water Service Area 1 (serving the community of Mountain House); Raw Water Service Area 2 (an urban area within the City of Tracy); and the Central Valley Project Service Area.

**The Authority:**

The Byron Bethany Joint Powers Authority was created by a Joint Exercise of Powers Agreement, effective as of April 16, 2007 (the "Joint Exercise of Powers Agreement"), by and between the Byron Sanitary District (the "Sanitary District") and the Irrigation District pursuant to the provisions of the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the "Act"). The Authority is governed by a five-member Board of Directors (the "Board"), which consists of the members of the Boards of Directors of the Irrigation District and the Sanitary District.

**Due Date:**

Responses are due by 9:00 AM PST on Friday, October 5, 2018. Please submit electronically to the following parties:

**Placement Agent to The District:** Caldwell Sutter Capital, Inc.

**Placement Agent:**

Frank Soriano

[frank.soriano@cald.com](mailto:frank.soriano@cald.com)

Office (415) 352-6349

Cell (415) 990-6856

**Bond Counsel to the District:** The Weist Law Firm

**Special Counsel:** Cameron Weist

[cameron@weistlaw.com](mailto:cameron@weistlaw.com)

Office (831) 438-7900

Cell (831) 234-7000

**Purpose:**

The 2018 Bonds will be issued by the Authority for the purpose of financing certain capital improvements including the replacement of a pumping station and segments of pipelines.

**Placement:**

It is anticipated that the 2018 Bonds will be sold and delivered to the Bank on a Privately Placed/Direct Placement basis, pursuant to the terms and conditions of (i) an Installment Sales Agreement (the "ISA"), dated as of October 1, 2018, by and between the District and the Authority, (ii) a Trust Agreement (the "Trust Agreement"), dated as of October 1, 2018, by and among the District, the Authority and the General Manager of the District, as trust administrator (the "Trust Administrator"), and (iii) an Assignment Agreement (the "Assignment Agreement"), dated as of October 1, 2018, by and between the Trust Administrator and the Authority, whereby the Authority will assign to the Trust Administrator all of its rights and entitlements under the ISA, including but not limited to the entitlement to receive the Installment Payments from the District (collectively, the ISA, Trust Agreement and Assignment Agreement are referred to as the "Financing Agreements").

**Parity Debt:**

As of October 1, 2018, parity debt of the District consists of \$2,520,000 remaining outstanding principal amount of Byron Bethany Irrigation District, Series 2017 Revenue Refunding Loan Obligations that were issued on February 9, 2017, which have a final maturity of October 1, 2027.

**Security:**

The 2018 Bonds will be secured by the Financing Agreements and the corresponding irrevocable pledge of and lien on Net Revenues of the District's Enterprise, on a parity basis to the parity debt described above. The 2018 Bonds will not have a dedicated reserve fund. The Financing Agreements contain a rate covenant requiring the District to set or fix charges so that annual Net Revenues equal or exceed a minimum of 120% of annual debt service on all outstanding parity debt.

**Alternative Bid  
Structure Options:**

Your Bank is invited to bid on one or both of the following structures:

- A) Fifteen-year term: Final maturity of March 1, 2033 with 15 annual sinking fund payments commencing on October 1, 2019 (Estimated average life of 8.58 years).
- B) Seventeen-year term: Final maturity up to October 1, 2035 with up to 17 annual sinking fund payments commencing on October 1, 2019. (Estimated average life of 9.75).

Alternative A 15-yr Due March 1, 2033		Alternative B Up to 17-yr Due March 1, 2035	
10/1/2019	\$265,000	10/1/2019	\$225,000
10/1/2020	275,000	10/1/2020	235,000
10/1/2021	285,000	10/1/2021	240,000
10/1/2022	290,000	10/1/2022	250,000
10/1/2023	300,000	10/1/2023	255,000
10/1/2024	310,000	10/1/2024	265,000
10/1/2025	320,000	10/1/2025	275,000
10/1/2026	330,000	10/1/2026	280,000
10/1/2027	340,000	10/1/2027	290,000
10/1/2028	350,000	10/1/2028	300,000
10/1/2029	365,000	10/1/2029	310,000
10/1/2030	375,000	10/1/2030	320,000
10/1/2031	385,000	10/1/2031	330,000
10/1/2032	400,000	10/1/2032	340,000
10/1/2033	410,000	10/1/2033	350,000
TOTAL	\$5,000,000	10/1/2034	360,000
		10/1/2035	375,000
		TOTAL	\$5,000,000

**Early Termination:**

The District will accept proposals for prepayment provision of five, seven and ten years (please explain any corresponding pricing differential). Prepayment flexibility will be a valued and important factor in determining the award.

**Debt Service Coverage:**

In the following table, Net Revenues shown include the combined total of operating and non-operating costs. Going forward total annual debt services would increase by the Series 2018 Bonds which is estimated to have annual debt service of approximately \$421,900 (using the 15-year issue at a hypothetical borrowing rate of 3.15%) for approximate combined parity bond debt service of \$694,000, indicating proforma coverage of **2.29 times** in Fiscal 2017 and **2.75 times** in Budget 2018.

	<u>Fiscal 2016</u>	<u>Fiscal 2017</u>	<u>Budget 2018</u>
Revenues			
Operating	\$1,763,303	\$2,086,001	\$1,863,230
Non-Operating	4,699,797	4,052,348	6,544,500
Total	\$6,463,100	\$6,138,349	\$8,407,730
Operating Expenses (a), (b), (c)	\$5,725,034	\$4,548,878	\$6,497,499 (d)
Net-Available for Debt Service	\$738,066	\$1,589,471	\$1,910,231
Debt Service	\$315,500 (e)	\$269,593 (f)	\$270,048
Coverage	2.34x	5.90x	7.07x

(a) Excludes depreciation of \$1,040,228 in 2016 and \$1,101,087 in 2017

(b) Excludes interest expense of \$130,500 in 2016 attributable to the Series 2007 Bonds

(c) Excludes \$38,593 of interest expense in 2017 attributable to the Series 2017 Refunding Bonds

(d) Includes \$1,500,000 Capital Outlay

(e) Series 2007 Bonds

(f) Series 2017 Refunding Bonds

**Financial and Credit:**

The District's website contains financial operating history, budgets and fiscal policies and can be accessed at – <http://www.bbid.org/governance/financial-info/>

**Costs:**

The District will pay certain costs of issuance, including Bond Counsel Fees and Placement Agency Fees.

All Bank costs (counsel fees, origination fees etc.) will be factored into the Bank bid to determine the all-inclusive cost (AIC) of the Bid Proposal.

Please provide other estimated costs, if any, including, origination fees, Bank legal counsel fees, or other fees and expenses required by the Bank to complete the financing.

Please note that the legal documents and legal opinion for the financing will be prepared by The Weist Law Firm, Bond Counsel to the District.

**Opinion of Counsel:**

The Weist Law Firm shall deliver a tax and validity opinion to the Bank at closing in form and substance satisfactory to the District. The opinion of counsel will cover the following tax matters, in addition to other customary opinions:

- (a) the portion of 2018 Bonds designated as and constituting interest paid by the District is excluded from gross income for federal income tax purposes under the Code and is exempt from State personal income taxes;
- (b) such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; and
- (c) the 2018 Bonds are a "qualified tax-exempt obligation" within the meaning of section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest payable on the 2018 Bonds.

**Documentation:**

This transaction is subject to acceptable documentation in the District's sole discretion.

Please provide any required documentation that is unique to your Bank that are not typically provided under the proposed financing structure.

**Other Items:**

Please indicate any additional items or covenants required by either the District or the proposer to complete the proposed transaction.

**Award:**

In evaluation of the Bid Proposals, the District will take into account the information submitted and any other factors that it deems appropriate. The District reserves the right to exercise its own discretion in making the award.

**Anticipated Closing:**

Projecting District approval of the financing at its scheduled Board Meeting on October 9, 2018, closing can be expected to occur on or before October 30, 2018.

**Questions:**

Any questions regarding the District or the transaction should be directed to the contact information listed above.

Appendix D  
Opus Bank Proposal



1410 Rocky Ridge Drive, Suite 140  
Roseville, CA 95661  
Tel: 916-945-5133

October 5, 2018

Mr. Frank Soriano  
Caldwell Sutter Capital  
30 Liberty Ship Way, Suite 3225  
Sausalito, CA 94965

Mr. Cameron Weist  
The Weist Law Firm  
20 South Santa Cruz Avenue, Suite 300  
Los Gatos, CA 95030

**Subject: Term Sheet for the Byron Bethany Irrigation District**

Based upon our discussions and preliminary review of the information provided to-date, Opus Bank ("Bank") is pleased to present to the Byron Bethany Irrigation District ("Borrower") this Letter of Intent which provides for up to \$5,000,000 in enterprise revenue financing (Credit Facility).

This letter is not meant to contain, nor shall it be construed as a commitment to make a loan, nor does this letter necessarily contain all of the terms and conditions involved in the proposed financing. Rather it is intended only to outline the basic terms of the proposed financing that the Bank is prepared to consider, subject to the Bank's credit approval, and from which final terms and documents will be structured in the event that a credit commitment is made and accepted. Naturally, a final commitment must be in writing, will be subject to various conditions and will require the execution of a loan agreement and other documentation acceptable to the Bank.

In an effort to be responsive to your needs, we would like to be assured that the general terms we have outlined are acceptable to you before we continue the loan application process and initiate our due diligence. Therefore we suggest you review the following term sheet and if acceptable, please indicate your desire to proceed by signing and returning a copy to continue the due diligence process. Acceptance of this Letter of Intent will constitute your instruction to the Bank to commence its due diligence and continue its loan approval process.

Once we have received your acceptance, we will begin the due diligence and credit approval process. This proposal, if not accepted in writing and returned to us, will expire on 10/15/2018. The terms and conditions contained in this proposal will supersede any prior proposal. If you have any questions, please call me at (916) 945-5133.

We appreciate the opportunity to build our relationship with you by proposing this financing and we look forward to a favorable response from you.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Semenov", with a stylized flourish at the end.

Dmitry A. Semenov  
Senior Managing Director, Public Finance

**LETTER OF INTENT**  
**Byron Bethany Irrigation District**  
**10/05/2018**

**TERM CREDIT FACILITY**

Borrower:	Byron Bethany Irrigation District
Proposed Loan Amount:	Up to \$5,000,000 (amount to be finalized during due diligence process)
Purpose:	Finance capital improvements and fund costs of issuance
Interest Rate:	<p>The following options are available, based on final maturity of the Credit Facility:</p> <p>A. October 1, 2033 Maturity: 3.58% (tax-exempt; bank-qualified; computed on the basis of a 360-day year of twelve 30-day months); or</p> <p>B. October 1, 2035 Maturity: 3.84% (tax-exempt; bank-qualified; computed on the basis of a 360-day year of twelve 30-day months).</p>
Draw Funding:	If the project schedule allows, the Credit Facility will be funded in monthly draws over an 18-month Project Period. At the end of the Project Period, the Borrower will have an opportunity to cancel any portion of the remaining unfunded commitment without penalty, with the cancelled portion applied against the back end of the amortization schedule. The remaining unfunded commitment will be funded into an escrow account at the Bank to be used for future project costs.
Repayment:	Annual principal payments on October 1, commencing on October 1, 2019. Semi-annual interest payments on March 1 and October 1, commencing on March 1, 2019.
Maturity:	October 1, 2033 / October 1, 2035
Average Life:	Not to exceed 8.6 / 9.75 years
Prepayment:	<p>The following prepayment options are available:</p> <p>A. Prepayment penalty of 5-5-5-5-5-4-4-4-4-4-3-3-2-2-1-(0)-(0)%, corresponding to each year of the term; or</p> <p>B. No prepayment is allowed in the first 10 years and then Credit Facility can be prepaid without prepayment penalty.</p> <p>Under both options, up to 10% of outstanding principal can be prepaid every year without prepayment penalty or limitation, as long as such prepayment is not through refinancing. Such prepayments will be applied against the back end of the amortization schedule.</p>
Collateral:	The Credit Facility will constitute a limited obligation of the Borrower payable from and secured by the senior pledge of the Net Revenues of the Borrower's Enterprise System.

**SUBJECT TO**

- Standard and reasonable representations and warranties of the Borrower for a financing of this type including but not limited to existence and authority, capitalization, accuracy of information presented, no litigation, etc.
- Completion of due diligence and documentation customary for this type of transaction.

**COVENANTS AND CONDITIONS:****Financial Reporting:**

- Annual audited financial statements
- Annual budget
- Annual Debt Service Coverage Calculation and Operating Data on the System
- Other information as may be determined during due diligence process

**Financial and Other Covenants:**

- Rate Covenant – 1.20x
- Additional Debt Test – 1.25x

**OTHER REQUIREMENTS:**

- Borrower is responsible for all costs of issuance, including, but not limited to bond counsel and bank's counsel costs. The bank's counsel fees should not exceed \$12,000.
- A \$1,000 processing fee (total amount) to cover the cost of issuance wires and monthly draws, **if required**.
- Failure to provide required financial information will be considered an event of default.
- The default interest rate will be Interest Rate + 3.00%. The Borrower will be given a reasonable notice and opportunity to cure the default before the default interest rate is assessed. Once an event of default is remedied to mutual satisfaction of the parties, the default interest rate will be removed and the interest will accrue at the Interest Rate.
- Should the Credit Facility become taxable for any reason, the Borrower will be required to pay a taxable rate equivalent (4.94% or 5.30%).
- The bond counsel shall provide the tax opinion.
- The loan will be funded within a reasonable time after completion of due diligence. Assuming efficient process, we estimate the funding date to be within 4-6 weeks of the award of the transaction.

**DISCLOSURES:**

The Bank will book the Credit Facility as a loan, and, therefore, the additional provisions and conditions set forth in this letter shall be included in the documentation, which shall include the following: the Credit Facility will be registered to the Bank, DTC will not be holding the Credit Facility and the Credit Facility will not have a CUSIP; the Credit Facility will not be rated; there will not be a disclosure document; authorized denominations shall be in the minimum amount of \$250,000 and integral multiples of \$1 thereof or as a single bond; and no amendments to the issuing documents without the Bank's prior consent. The Bank shall not be required to surrender the Credit Facility or assignment thereof for payment of principal, other than for the final payment at maturity thereof.

Inasmuch as the Credit Facility represents a negotiated transaction, the Borrower understands, and hereby confirms, that the Bank is not acting as a fiduciary of the Borrower, but rather is acting solely in its capacity as a lender, for its own account. The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Bank and its affiliates, (ii) in connection with such transaction, the Bank 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"), (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank 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, (v) the Bank and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.





This letter is provided solely for your information and is delivered to you with the understanding that neither it, nor its substance, shall be disclosed to any third person, except those who are in confidential relationship to you or where same is required by law.

If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact Opus Bank Loan Servicing Department, 131 West Commonwealth Ave., Fullerton, CA 92832 or by telephone at (855) 678-7562 within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

NOTICE: The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is: FDIC Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.

This proposal is for discussion purposes only. It does not represent a commitment to lend on the part of Opus Bank. If the proposal meets with your approval, it is then subject to credit approval based upon due diligence, execution and delivery of all documentation required by the Bank in form and substance satisfactory to Opus Bank and its counsel.

Borrower: Byron Bethany Irrigation District

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Interest Rate Option Selected: \_\_\_\_\_

Prepayment Option Selected: \_\_\_\_\_

Appendix E  
JP Morgan Chase Bank Proposal



October 10, 2018

Bryon Bethany Irrigation District

Frank J. Soriano  
Senior Managing Director, Caldwell Sutter Capital

**On Behalf of the Bryon Bethany Irrigation District (the "District") and the Byron Bethany Joint Powers Authority ("Authority").**

***RE: Private Placement for \$5,000,000 Series 2018 Revenue Bonds (the "Bond")***

JPMorgan Chase Bank, NA ("Bank") is pleased to submit this proposal for tax-exempt financing to the District and the Authority. This proposal is presented in the form of a non-binding "Term Sheet," subject to negotiation and acceptance of all terms, conditions and documentation for the transaction. The letter signifies a commitment by Bank to extend credit or purchase the Bond.

**TYPE OF FINANCING:**

The Bond to be issued by the District and privately placed with the Bank pursuant to the provisions of federal, state and local statutes will be designated as "Bank qualified" and tax-exempt. Bank intends to hold the Bond to final maturity. Bank will not require either a rating for the Bond or the purchase of insurance for repayment.

**FORM OF BOND:**

Bank will require a single maturity Bond with principal payments equivalent to the stated amortization schedule in the Issuer's term sheet, and without DTC registration.

**PAYING AGENT/REGISTRAR:**

Bank will not serve as Paying Agent or Registrar for the Bond.

**LEGAL OPINION:**

Purchase of the Bond will be subject to the opinion of District's Counsel, who will deliver a legal opinion as to (i) validity and enforceability of the Bond under state law, (ii) exemption of interest on the Bond from Federal income tax, and (iii) designation of the Bond as a "qualified tax-exempt obligation" under Section 265(b) of the Internal Revenue Code of 1986, as amended. Bond counsel approving opinion must be addressed to Bank or permit reliance by Bank.

**USE OF PROCEEDS:**

The 2018 Bonds will be issued by the Authority for the purpose of financing certain capital improvements including the replacement of a pumping station and segments of pipelines.

<b>PRINCIPAL AMOUNT:</b>	\$5,000,000
<b>FINANCING TERM:</b>	15 years. Through and up to October 1, 2033.
<b>INTEREST RATE:</b>	<p><i>The rates provided below are based upon market conditions as of October 10, 2018 and if accepted by October 12, 2018 at 4:00 PM PST will be locked through the issue date of October 30, 2018. Interest will be calculated on a 30/360 basis.</i></p> <p>OPTION 1: 3.12%, fixed with no optional redemption.</p> <p>OPTION 2: 3.18%, fixed with optional redemption on or after October 1, 2028 at par plus accrued interest.</p> <p>OPTION 3: 3.26%, fixed with optional redemption on or after October 1, 2025 at par plus accrued interest.</p>
<b>REPAYMENT TERMS:</b>	The Bond repayment will be structured as represented in the Solicitation and Summary of Terms and Conditions, Alternative A, with annual principal sinking fund payments commencing October 1, 2019 with final maturity of October 1, 2033. Semi-annual payments of accrued interest on each April 1 and October 1 (a "Payment Date") commencing April 1, 2019.
<b>SECURITY:</b>	Bond will be secured by an irrevocable pledge of and first lien on Net Revenues derived from District's Irrigation Enterprise.
<b>RATE COVENANT:</b>	The District shall covenant to set or fix charges so that annual Net Revenues equal or exceed 120% of the annual debt service on all outstanding parity debt.
<b>FINANCIAL REPORTING:</b>	The District will be required to provide Bank with audited annual financial statements, free of significant deficiencies or material weakness, and prepared by an independent Certified Public Accountant, within 270 days of the close of its fiscal year.

The District shall provide the Bank, within 270 days after the close of each fiscal year, a Compliance Certificate signed by

an Authorized Representative as to the following information relating to the District's Enterprise:

- Demonstration of compliance with the Coverage Requirement of Net Revenues of  $\geq 120\%$  of Annual Bond Debt Service due in that Fiscal Year.
- Disclosure of any significant facility improvements or retirements during the Fiscal Year.
- the Taxable Assessed Value of real property within the District;
- top ten property owners with assessed valuation and % of total.

**DOCUMENTATION:**

Documentation including, but not limited to, Installment Sales Agreement, Trust Agreement, Assignment Agreement and other usual and customary terms and conditions (such as insurance requirements) for this type of financing shall be prepared by District's counsel at the District's expense. This Term Sheet is subject to approval of the documentation by the Bank and its independent Bank counsel, in the Bank's sole discretion, including but not limited to the form of Issuer Resolution and form of Bond.

**FEES AND EXPENSES:**

The independent Bank counsel fees and costs not to exceed \$8,500.00. Upon acceptance of this proposal, the District shall be responsible for reimbursing the Bank for all fees and expenses related to the transaction, including but not limited to rate lock "breakage" fees (if any), and costs of documentation review by outside counsel. The Issuer's responsibility for fees is not contingent on the closing of this transaction. The District to pay all fees, costs, and expenses of the issuance of the Bond including attorney fees, CDIAC fees, fees of its financial advisor, or any other related fees or costs.

**EVENT OF DEFAULT:**

Documentation will provide that District expressly agrees that upon an event of default, the Bank may seek any and all remedies available to it under law or equity in the state of California.

**AGREEMENT FOR JUDICIAL**

**REFERENCE:**

To the fullest extent permitted by law, the District will agree to waive any right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, the Bond or any documents relating to the Bond, or the enforcement of any remedy under any law, statute, or regulation. To the extent such waiver is not enforceable, the District consents to the adjudication of any and all such matters pursuant to Judicial Reference as provided in Section 638 of the California Code of Civil Procedure, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law. The District represents that it does not possess and will not invoke a claim of sovereign immunity for disputes arising out of contractual claims relating to the Bond or the related documents.

**MUNICIPAL DISCLOSURE:**

The District acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Bank and its affiliates, (ii) in connection with such transaction, the Bank 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"), agent or a fiduciary of the District, (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the District, and (vi) the District has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

**WEBSITE DISCLOSURE:**

As a best practice to maintain transparency, final Bond documentation may be posted by the District on a national public bond market repository provided that certain information be redacted by the District as directed by the Bank. Items that should be redacted include signatures/names, account numbers, wire transfer and payment instructions and any other data that could be construed as sensitive information.

**EXPIRATION:**

This Term Sheet must be accepted on or before Friday October 12, 2018 at 4:00 PM PST and funded on or before October 30, 2018. If acceptance or funding has not occurred by the respective dates, the Bank may, at its option and in its sole discretion, terminate the Term Sheet and/or the Interest Rate may be adjusted.

**MATERIAL CHANGE:**

Any change (whether material or not) in the amount to be financed, weighted average life, or a material change in the financial condition or prospects of the District may constitute a re-pricing event and Bank may, at its option and in its sole discretion, terminate this Term Sheet and/or the Interest Rate may be adjusted.

We appreciate your interest in us and look forward to your favorable response. Should you have any questions regarding this Term Sheet, please contact me at (925) 361-9866 or via email at [stuart.j.bessieres@chase.com](mailto:stuart.j.bessieres@chase.com).

Sincerely,

**JPMORGAN CHASE BANK, NA**

*Stuart J. Bessieres*

Stu Bessieres  
Vice President

**ACCEPTED BY: Bryon Bethany Irrigation District (California)**

Option: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

IRS Circular 230 Disclosure: Bank and its affiliates (collectively, "Chase") do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with Chase of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

Appendix F  
Confirmation of Closing



**EXPIRATION:**

This Term Sheet must be accepted on or before Friday October 12, 2018 at 4:00 PM PST and funded on or before October 30, 2018. If acceptance or funding has not occurred by the respective dates, the Bank may, at its option and in its sole discretion, terminate the Term Sheet and/or the Interest Rate may be adjusted.

**MATERIAL CHANGE:**

Any change (whether material or not) in the amount to be financed, weighted average life, or a material change in the financial condition or prospects of the District may constitute a re-pricing event and Bank may, at its option and in its sole discretion, terminate this Term Sheet and/or the Interest Rate may be adjusted.

We appreciate your interest in us and look forward to your favorable response. Should you have any questions regarding this Term Sheet, please contact me at (925) 361-9866 or via email at [stuart.j.bessieres@chase.com](mailto:stuart.j.bessieres@chase.com).

Sincerely,

**JPMORGAN CHASE BANK, NA**

*Stuart J. Bessieres*

Stu Bessieres  
Vice President

**ACCEPTED BY: Byron Bethany Irrigation District (California)**

Option: 3

By: 

Name: Rick Gilmore

Title: General Manager

Date: October 12, 2018

IRS Circular 230 Disclosure: Bank and its affiliates (collectively, "Chase") do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with Chase of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

Appendix G  
Series 2018 Bonds Detail

Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%  
Series 2018 Enterprise Revenue Bonds (Pumping Station)

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Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%  
Series 2018 Enterprise Revenue Bonds (Pumping Station)

Dated: 10/30/2018  
Delivered: 10/30/2018

Sources & Uses of Funds  
\$5,000,000.00

Sources

Par amount of bonds. . . . .	\$5,000,000.00
<b>Totals:</b>	<b>\$5,000,000.00</b>

Uses

Gross Construction Costs. . . . .	\$4,911,750.00
Other issuance costs. . . . .	\$88,250.00
<b>Totals:</b>	<b>\$5,000,000.00</b>

Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%  
 Series 2018 Enterprise Revenue Bonds (Pumping Station)

Dated: 10/30/2018  
 Delivered: 10/30/2018

Bond Summary

\$5,000,000.00

Dated date	10/30/2018
Delivery date	10/30/2018
1st coupon date	04/01/2019
First principal payment	10/01/2019
Last maturity date	10/01/2033
Net Interest Cost (NIC)	3.2600000%
True Interest Cost (TIC)	3.2602448%
All-Inclusive TIC:	3.5088894%
Arbitrage Net Interest Cost (ANIC)	3.2600000%
Arbitrage Yield Limit (AYL)	3.2602448%
Total Bond Years (delivery date)	42,782,222.222
Average Bond Years (delivery date)	8.5564444
Total Bond Years (dated date)	42,782,222.222
Average Bond Years (dated date)	8.5564444
Average maturity (8038)	8.5564444
Par amount of bonds	\$5,000,000.00
Original Issue Premium/Discount	\$0.00
Bond proceeds	\$5,000,000.00
Total interest	\$1,394,700.44
Total debt service	\$6,394,700.44
Gross Construction Costs	\$4,911,750.00
Total prior costs	\$0.00
Underwriter spread: 0.000/\$1,000	\$0.00
Bond insurance: 0.000%	\$0.00
Level debt service calculation	\$428,606.07

Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%  
Series 2018 Enterprise Revenue Bonds (Pumping Station)

Dated: 10/30/2018  
Delivered: 10/30/2018  
1st Coupon: 04/01/2019

Pricing Summary

\$5,000,000.00

Type	Principal	Coupon Rate	Maturity Date	Reof Price	Reof Yield	OID/OIP	Gross Production
Term Bond 2033	245,000.00	3.260	10/1/2019	100.000	3.260	-	245,000.00
	275,000.00	3.260	10/1/2020	100.000	3.260	-	275,000.00
	280,000.00	3.260	10/1/2021	100.000	3.260	-	280,000.00
	290,000.00	3.260	10/1/2022	100.000	3.260	-	290,000.00
	300,000.00	3.260	10/1/2023	100.000	3.260	-	300,000.00
	310,000.00	3.260	10/1/2024	100.000	3.260	-	310,000.00
	320,000.00	3.260	10/1/2025	100.000	3.260	-	320,000.00
	330,000.00	3.260	10/1/2026	100.000	3.260	-	330,000.00
	340,000.00	3.260	10/1/2027	100.000	3.260	-	340,000.00
	355,000.00	3.260	10/1/2028	100.000	3.260	-	355,000.00
	365,000.00	3.260	10/1/2029	100.000	3.260	-	365,000.00
	380,000.00	3.260	10/1/2030	100.000	3.260	-	380,000.00
	390,000.00	3.260	10/1/2031	100.000	3.260	-	390,000.00
	405,000.00	3.260	10/1/2032	100.000	3.260	-	405,000.00
	415,000.00	3.260	10/1/2033	100.000	3.260	-	415,000.00
	<b>5,000,000.00</b>					<b>0.00</b>	<b>5,000,000.00</b>

Par amount of bonds .....	<b>5,000,000.00</b>
Underwriter discount (+) .....	<b>0.00</b>
Original issue discount/premium (+) .....	<b>0.00</b>
Credit enhancements (-) .....	<b>0.00</b>
Accrued interest (+) .....	<b>0.00</b>
Other costs (-) .....	<b>88,250.00</b>
= Proceeds to issuer .....	<b>4,911,750.00</b>

True interest cost (TIC) .....	<b>3.2602448</b>
All-in TIC .....	<b>3.5088894</b>
Arbitrage yield limit (AYL) .....	<b>3.2602448</b>
Net interest cost (NIC) .....	<b>3.2600000</b>
NIC interest .....	<b>1,394,700.44</b>
Bond years .....	<b>42,782,222.22</b>
Average bond years .....	<b>8.556</b>

# Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%

Dated: 10/30/2018

Delivered: 10/30/2018

## Series 2018 Enterprise Revenue Bonds (Pumping Station)

### Yearly Debt Service

\$5,000,000.00

<i>Fiscal Yr</i>	<i>Date</i>	<i>Principal</i>	<i>Rate</i>	<i>April Interest</i>	<i>October Interest</i>	<i>Yearly Debt Service</i>
2019	10/1/2019	245,000.00	3.260	68,369.44	81,500.00	394,869.44
2020	10/1/2020	275,000.00	3.260	77,506.50	77,506.50	430,013.00
2021	10/1/2021	280,000.00	3.260	73,024.00	73,024.00	426,048.00
2022	10/1/2022	290,000.00	3.260	68,460.00	68,460.00	426,920.00
2023	10/1/2023	300,000.00	3.260	63,733.00	63,733.00	427,466.00
2024	10/1/2024	310,000.00	3.260	58,843.00	58,843.00	427,686.00
2025	10/1/2025	320,000.00	3.260	53,790.00	53,790.00	427,580.00
2026	10/1/2026	330,000.00	3.260	48,574.00	48,574.00	427,148.00
2027	10/1/2027	340,000.00	3.260	43,195.00	43,195.00	426,390.00
2028	10/1/2028	355,000.00	3.260	37,653.00	37,653.00	430,306.00
2029	10/1/2029	365,000.00	3.260	31,866.50	31,866.50	428,733.00
2030	10/1/2030	380,000.00	3.260	25,917.00	25,917.00	431,834.00
2031	10/1/2031	390,000.00	3.260	19,723.00	19,723.00	429,446.00
2032	10/1/2032	405,000.00	3.260	13,366.00	13,366.00	431,732.00
2033	10/1/2033	415,000.00	3.260	6,764.50	6,764.50	428,529.00
		<b>5,000,000.00</b>		<b>690,784.94</b>	<b>703,915.50</b>	<b>6,394,700.44</b>
<i>True Interest Cost (TIC) .....</i>		<b>3.2602448</b>		<i>Arbitrage Yield Limit (AYL) .....</i>		<b>3.2602448</b>
<i>Net Interest Cost (NIC) .....</i>		<b>3.2600000</b>		<i>Arbitrage Net Interest Cost (ANIC) .....</i>		<b>3.2600000</b>



Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%  
Series 2018 Enterprise Revenue Bonds (Pumping Station)

Dated: 10/30/2018  
Delivered: 10/30/2018

Comparative Yield Report

\$5,000,000.00

\*\*\*\*\* Discounted Debt Service \*\*\*\*\*

Period	Coupon Date	Principal Payment	Coupon Rate	Interest Payment	Debt Service	By TIC 3.2602448	By All-In TIC 3.5088894	By AYL 3.2602448
1	4/1/2019			68,369.44	68,369.44	67,448.29	67,379.15	67,448.29
2	10/1/2019	245,000.00	3.260	81,500.00	326,500.00	316,934.62	316,222.92	316,934.62
3	4/1/2020			77,506.50	77,506.50	74,029.05	73,772.57	74,029.05
4	10/1/2020	275,000.00	3.260	77,506.50	352,506.50	331,290.31	329,739.15	331,290.31
5	4/1/2021			73,024.00	73,024.00	67,528.14	67,129.84	67,528.14
6	10/1/2021	280,000.00	3.260	73,024.00	353,024.00	321,218.78	318,934.01	321,218.78
7	4/1/2022			68,460.00	68,460.00	61,293.04	60,782.72	61,293.04
8	10/1/2022	290,000.00	3.260	68,460.00	358,460.00	315,785.73	312,773.91	315,785.73
9	4/1/2023			63,733.00	63,733.00	55,245.09	54,651.34	55,245.09
10	10/1/2023	300,000.00	3.260	63,733.00	363,733.00	310,234.16	306,524.90	310,234.16
11	4/1/2024			58,843.00	58,843.00	49,383.20	48,733.15	49,383.20
12	10/1/2024	310,000.00	3.260	58,843.00	368,843.00	304,581.52	300,204.93	304,581.52
13	4/1/2025			53,790.00	53,790.00	43,706.00	43,025.35	43,706.00
14	10/1/2025	320,000.00	3.260	53,790.00	373,790.00	298,844.17	293,830.70	298,844.17
15	4/1/2026			48,574.00	48,574.00	38,211.89	37,524.94	38,211.89
16	10/1/2026	330,000.00	3.260	48,574.00	378,574.00	293,037.36	287,417.69	293,037.36
17	4/1/2027			43,195.00	43,195.00	32,899.04	32,228.70	32,899.04
18	10/1/2027	340,000.00	3.260	43,195.00	383,195.00	287,175.34	280,980.24	287,175.34
19	4/1/2028			37,653.00	37,653.00	27,765.43	27,133.27	27,765.43
20	10/1/2028	355,000.00	3.260	37,653.00	392,653.00	284,899.27	278,072.53	284,899.27
21	4/1/2029			31,866.50	31,866.50	22,750.68	22,178.40	22,750.68
22	10/1/2029	365,000.00	3.260	31,866.50	396,866.50	278,793.06	271,448.11	278,793.06
23	4/1/2030			25,917.00	25,917.00	17,914.30	17,421.03	17,914.30
24	10/1/2030	380,000.00	3.260	25,917.00	405,917.00	276,076.77	268,146.94	276,076.77
25	4/1/2031			19,723.00	19,723.00	13,199.06	12,804.28	13,199.06
26	10/1/2031	390,000.00	3.260	19,723.00	409,723.00	269,797.59	261,408.18	269,797.59
27	4/1/2032			13,366.00	13,366.00	8,660.18	8,380.63	8,660.18
28	10/1/2032	405,000.00	3.260	13,366.00	418,366.00	266,722.23	257,797.34	266,722.23
29	4/1/2033			6,764.50	6,764.50	4,243.42	4,096.42	4,243.42
30	10/1/2033	415,000.00	3.260	6,764.50	421,764.50	260,332.24	251,006.69	260,332.24
		<b>\$5,000,000.00</b>		<b>\$1,394,700.44</b>	<b>\$6,394,700.44</b>	<b>\$4,999,999.99</b>	<b>\$4,911,750.02</b>	<b>\$4,999,999.99</b>

TIC Target All-In Target AYL Target

Face value of bond issue . . . . .	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00
Accrued interest (+) . . . . .	\$0.00	\$0.00	\$0.00
Original issue premium/discount (+) . . . . .	\$0.00	\$0.00	\$0.00
Underwriter discount (+) . . . . .	\$0.00	\$0.00	N/A
Lump-sum credit enhancements (-) . . . . .	0.00	\$0.00	\$0.00
Other TIC Costs (-) . . . . .	N/A	\$88,250.00	N/A
Transferred Proceeds Penalty (+) . . . . .	N/A	N/A	\$0.00
Bond Surety Fee (-) . . . . .	N/A	N/A	0.00
= Target Value . . . . .	5,000,000.00	4,911,750.00	5,000,000.00



# Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%

Dated: 10/30/2018  
Delivered: 10/30/2018

Series 2018 Enterprise Revenue Bonds (Pumping Station)

## Sizing Debt Service Schedule

\$5,000,000.00

Fiscal Yr	Coupon Date	Zer Cpn	Cpn Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	Dbt Svc Rcv Int & Prin	Constr. Fund Interest	Net Semi-Annl Dbt Svc	Net Fiscal Dbt Svc
19	4/1/2019				68,369.44	68,369.44				68,369.44	
19	10/1/2019	N	3.260	245,000.00	81,500.00	326,500.00				326,500.00	394,869.44
20	4/1/2020				77,506.50	77,506.50				77,506.50	
20	10/1/2020	N	3.260	275,000.00	77,506.50	352,506.50				352,506.50	430,013.00
21	4/1/2021				73,024.00	73,024.00				73,024.00	
21	10/1/2021	N	3.260	280,000.00	73,024.00	353,024.00				353,024.00	426,048.00
22	4/1/2022				68,460.00	68,460.00				68,460.00	
22	10/1/2022	N	3.260	290,000.00	68,460.00	358,460.00				358,460.00	426,920.00
23	4/1/2023				63,733.00	63,733.00				63,733.00	
23	10/1/2023	N	3.260	300,000.00	63,733.00	363,733.00				363,733.00	427,466.00
24	4/1/2024				58,843.00	58,843.00				58,843.00	
24	10/1/2024	N	3.260	310,000.00	58,843.00	368,843.00				368,843.00	427,686.00
25	4/1/2025				53,790.00	53,790.00				53,790.00	
25	10/1/2025	N	3.260	320,000.00	53,790.00	373,790.00				373,790.00	427,580.00
26	4/1/2026				48,574.00	48,574.00				48,574.00	
26	10/1/2026	N	3.260	330,000.00	48,574.00	378,574.00				378,574.00	427,148.00
27	4/1/2027				43,195.00	43,195.00				43,195.00	
27	10/1/2027	N	3.260	340,000.00	43,195.00	383,195.00				383,195.00	426,390.00
28	4/1/2028				37,653.00	37,653.00				37,653.00	
28	10/1/2028	N	3.260	355,000.00	37,653.00	392,653.00				392,653.00	430,306.00
29	4/1/2029				31,866.50	31,866.50				31,866.50	
29	10/1/2029	N	3.260	365,000.00	31,866.50	396,866.50				396,866.50	428,733.00
30	4/1/2030				25,917.00	25,917.00				25,917.00	
30	10/1/2030	N	3.260	380,000.00	25,917.00	405,917.00				405,917.00	431,834.00
31	4/1/2031				19,723.00	19,723.00				19,723.00	
31	10/1/2031	N	3.260	390,000.00	19,723.00	409,723.00				409,723.00	429,446.00
32	4/1/2032				13,366.00	13,366.00				13,366.00	
32	10/1/2032	N	3.260	405,000.00	13,366.00	418,366.00				418,366.00	431,732.00
33	4/1/2033				6,764.50	6,764.50				6,764.50	
33	10/1/2033	N	3.260	415,000.00	6,764.50	421,764.50				421,764.50	428,529.00
				5,000,000.00	1,394,700.44	6,394,700.44	0.00	0.00	0.00	6,394,700.44	6,394,700.44
True Interest Cost (TIC) .....						3.2602448	Arbitrage Yield Limit (AYL) .....				3.2602448
Net Interest Cost (NIC) .....						3.2600000	Arbitrage Net Interest Cost (ANIC) .....				3.2600000

Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%  
Series 2018 Enterprise Revenue Bonds (Pumping Station)

Dated: 10/30/2018  
Delivered: 10/30/2018

Summary of Sizing Inputs

\$5,000,000.00

General Information

Profile: bbjpa\_jpm\_3.26\_final

1st Month in FY: 1

Denomination: 5000.

Rate scale: 038

Issue type:

Sizing Rule 1: Level debt service - yearly principal payments. You input the gross construction costs (or a draw schedule) and the size of the bond issue is computed to cover the construction draws, reserves, and the various costs of issuance.

-> Proportionally level debt service in stub period.

Dates

10/30/2018-> Dated (bond issue) date

10/30/2018-> Delivery date

04/01/2019-> 1st coupon date

10/01/2019-> First principal payment

10/01/2033-> Last maturity date

No CABS in bond issue

Gross Construction Costs

Total project costs 4,911,750.00

Total prior costs

Net total project costs: 4,911,750.00

Total number of projects = 0

Restricted Accounts

DSR rule: No debt service reserve fund

No capitalized interest

Restricted yield = 3.260000%

Net deposit to Debt Service Reserve Fund

Net deposit to Contingency Fund

Costs of Issuance

Underwriter spread: 0.000/\$1,000

Bond insurance: 0.000% (net of accrued & cap. interest)

Other TIC costs: 88,250.00

Byron Bethany Joint Powers Authority - JPMorgan Chase - 3.26%  
 Series 2018 Enterprise Revenue Bonds (Pumping Station)

Dated: 10/30/2018  
 Delivered: 10/30/2018

Summary of Sizing Calculations

\$5,000,000.00

Sources of Funds

Par amount of bonds	5,000,000.00
Original Issue Premium	
Accrued Interest	

Construction Costs

Costs to complete construction	4,911,750.00
Prior costs to be paid from bond proceeds	
Gross Construction Costs	4,911,750.00

Restricted Funds

Gross capitalized interest	
Less: Interest earned on Capitalized Interest Fund @ 3.260%	
Net deposit to Capitalized Interest Fund	
Net deposit to Debt Service Reserve Fund	
Net deposit to Contingency Fund	

Costs of Issuance

Underwriter spread: 0.000/\$1,000	
Bond insurance: 0.000%	
Other issuance costs	88,250.00

Calculations

Net Interest Cost (NIC)	3.260000
True Interest Cost (TIC)	3.2602448
All-Inclusive TIC:	3.5088894
Arbitrage Net Interest Cost (NIC)	3.260000
Arbitrage Yield Limit (AYL)	3.2602448
Total Bond Years (delivery date)	42,782,222.22
Average Bond Years (Delivery date)	8.56
Level debt service calculation	428,606.07