



City of La Habra La Habra Utility Authority

City Council/Utility Authority Meeting

April 21, 2025

Financing Team

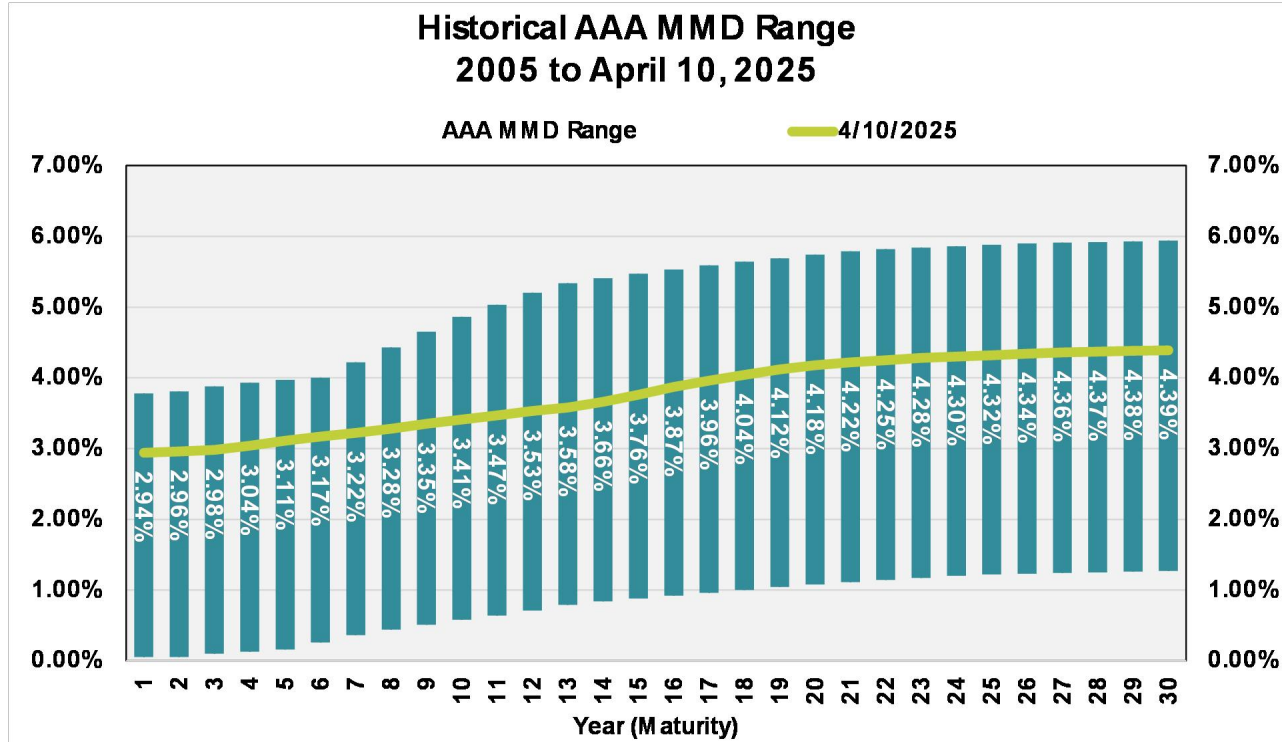
Team Role	Organization	Contact
Issuer	City of La Habra	Jim Sadro, <i>City Manager</i> Gabriella Yap, <i>Assistant City Manager</i> Mel Shannon, <i>Director of Finance</i> Jack Ponvanit, <i>Deputy Director of Finance</i> Elias Saykali, <i>Director of Public Works</i> Brian Jones, <i>Utilities Manager</i>
Bond Counsel/ Disclosure Counsel	Stradling Yocca Carlson & Rauth	Brian Quint, <i>Esq.</i> Vanessa Legbandt, <i>Esq.</i>
Municipal Advisor	Fieldman, Rolapp & Associates, Inc.	James Fabian, <i>Principal</i> Un Chu Reardon, <i>Senior Vice President</i> Melinda Kays, <i>Senior Associate</i>
Underwriter	Oppenheimer & Co. Inc.	Rick Brandis, <i>Managing Director</i> Dan Shaw, <i>Director</i> Eric Staniek, <i>Analyst</i>

Financing Overview

- For the benefit of the City, the La Habra Utility Authority (“Authority”) will issue \$13.385 million* in Water Refunding Revenue Bonds (“2025 Bonds”) to generate annual debt service savings to the City
 - ◆ Will refund the outstanding Water Revenue Bonds, Series 2013A (“2013 Bonds”)
 - ◆ The 2025 Bonds received “AA” rating with a stable outlook from S&P
- 2013 Bonds are currently outstanding in the par amount of \$14.50 million
 - ◆ Rated “AA” by S&P and “Aa3” by Moody’s
- The 2025 Bonds are secured by Net Revenues of the Water System
- Parity with the Water System’s 2019A and 2019B Bonds (“2019 Bonds”), currently outstanding in the aggregate par amount of \$11.965 million

Historical Interest Rates and Market Trends

- Despite volatile market conditions, interest rates remain lower than the prior 2013 Bonds
 - ◆ Current estimated 2025 Bonds' True Interest Cost is 3.77%* vs. the outstanding 2013 Bonds' interest rate of 4.73%



*Estimated, based interest rates as of April 10, 2025. Actual savings numbers will depend on the final interest rates achieved.

Summary of Assumptions, and Estimated Sources and Uses

Financing Assumptions

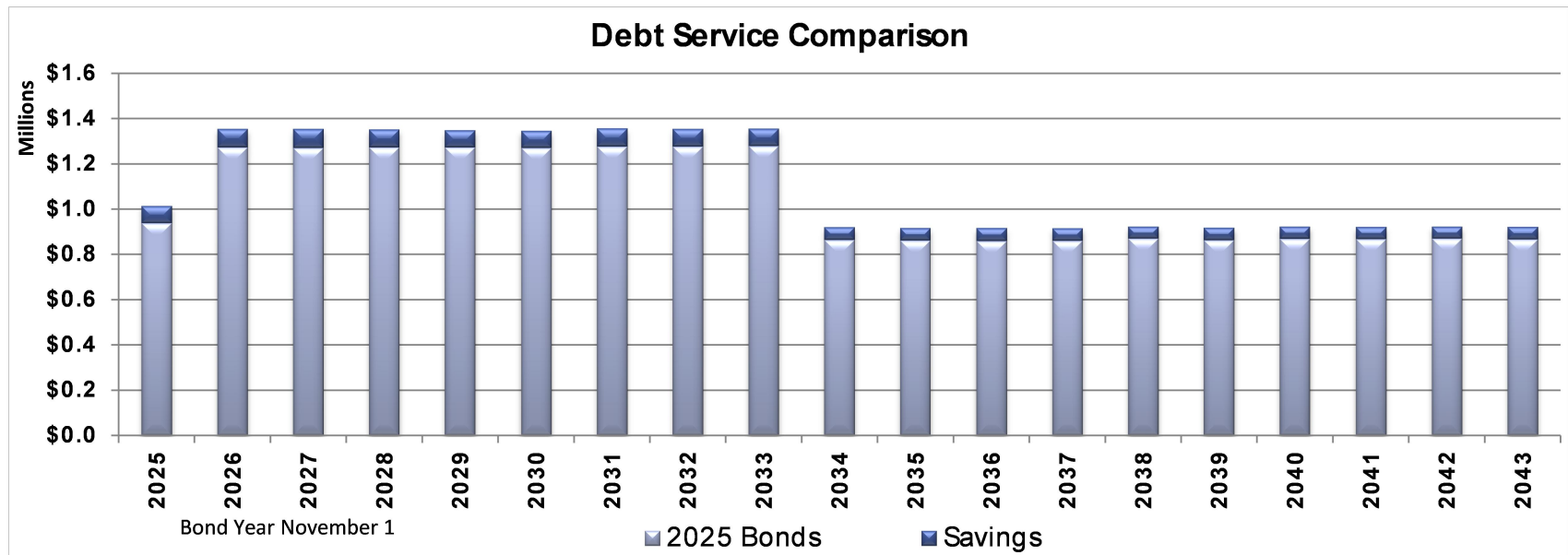
- Current Tax-Exempt Interest Rates
 - ◆ S&P AA underlying rating
 - ◆ Optionally callable in 10 years
- No Reserve Fund
- Proportional Debt Service
- No Extension of Final Maturity
 - ◆ 2025 Bonds maintain same final term as the Series 2013 Bonds (11/1/2043)

Sources		Total
Par Amount		\$13,495,000
Premium		\$1,302,715
Total Sources		\$14,797,715
Uses		
Escrow Fund		\$14,552,803
Costs of Issuance ⁽¹⁾		\$244,612
Total Uses		\$14,797,415

¹ Includes Underwriter's discount, legal, municipal advisory, rating agency, printing fees, and other miscellaneous costs of issuance.

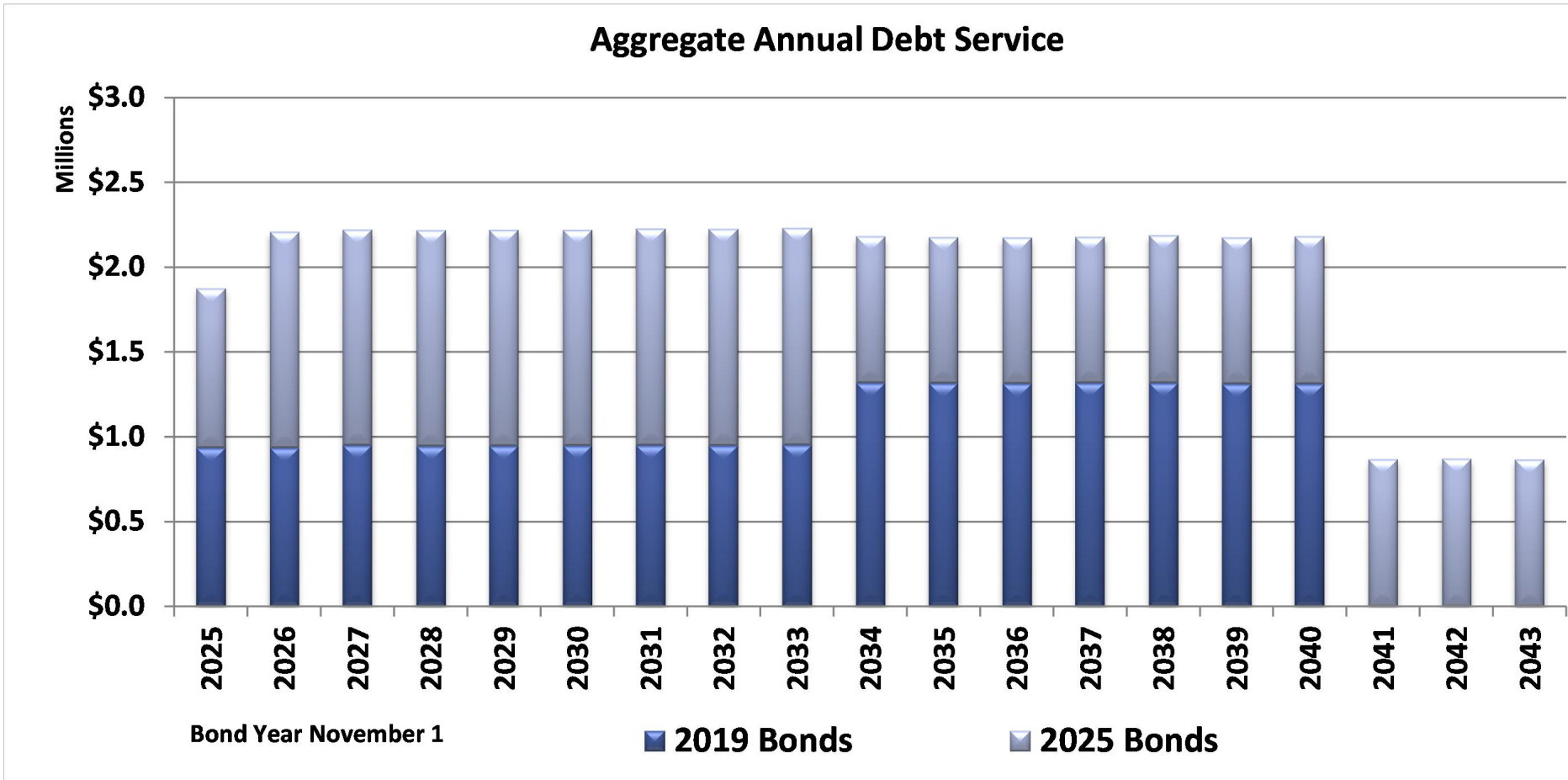
Estimated Financing Results*

- True Interest Cost: 3.77%
- All-in True Interest Cost: 3.95%
- Estimated Savings
 - ◆ Gross savings of \$1,087,734
 - ◆ Average annual savings of \$57,250
 - ◆ Present value savings of \$823,998 / 5.68%



*Estimated, based on interest rates as of April 10, 2025. Actual savings numbers will depend on the final interest rates achieved.

Water System Aggregate Debt Service



Legal Structure and Key Covenants

- Security
 - ◆ Bonds secured by Net Revenues of Water System
- Rates
 - ◆ Rates must be set at levels sufficient to yield Net Revenues of at least 125% of debt service
- No reserve fund
- Additional obligations
 - ◆ Parity obligations may be issued per parity debt provisions of the Master Indenture
 - ◆ 1.25x of maximum annual debt service

Debt Management Policy

- Debt Management Policy guides the City to refinance debt proactively, taking advantage of favorable market conditions to achieve savings
- Minimum savings threshold for current refundings is 3% net present value (NPV) savings
 - ◆ Minimum savings threshold specifically for 2025 Bonds is 5% NPV savings

Recommendations

- Approve the Resolutions authorizing the distribution of the financing documents in connection with the sale of the 2025 Bonds
 - ◆ Fourth Supplemental Indenture
 - ◆ Bond Purchase Agreement
 - ◆ Continuing Disclosure Certificate
 - ◆ Preliminary Official Statement
 - ◆ Escrow Agreement

Financing Schedule

