

Presented By: MBS Capital Markets



**MBS CAPITAL MARKETS, LLC**

# **Covington Park CDD**

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*April 25, 2017 (Revised)*

## Estimated Financing Results

The table below represents updated assumptions based on market rates as of 4/24/2017 and the preliminary investment grade ratings provided by Standard & Poor's. This process would require a Chapter 170 assessment hearing. All assumptions are subject to change based on market environment. For purposes of this analysis, the average of the high/low construction budget was used for a direct comparison.

	<i>2017A-1 Current Interest</i>	<i>2017A-2 Convertible CAB</i>	<i>Combined CAB</i>	<i>Stand Alone Current Interest</i>
Estimated Delivery Date			7/1/2017	7/1/2017
Assumed Rating (S&P)			BBB	BBB-
Construction Proceeds*	\$2,253,558	\$1,714,647	\$3,968,205	\$3,968,205
Initial Principal Amount of Bonds	\$2,505,000	\$2,118,193	\$4,623,193	\$4,420,000
Estimated Average Coupon	4.25%	5.30%	5.26%	4.32%
Estimated Max Annual Debt Service	\$149,496	\$560,300	\$707,757	\$266,975
Final Maturity			5/1/2047	5/1/2047
Estimated DSRF Requirement			50% of MADS	50% of MADS
Estimated Costs of Issuance/UWD			\$175,000/1.5%	\$175,000/1.5%

\*Average of the high budget of \$4,314,070 and low budget of \$3,622,340.

# Estimated Financing Results

All assumptions are subject to change based on structuring and market environment.  
 These examples are provided for illustrative purposes only.  
 There are no guarantees a market for any of the securities described will exist in the future.

## Original Rated Scenarios

<b>CAB Wrap</b>	<b>Existing Debt Service 2015 Bonds*</b>	<b>Incremental Annual Increase through 2047 (Avg. \$125/lot)</b>	<b>CAB 2035-2047</b>	<b>Combined total through 2031/2034 (2015 Bonds and 2017 Bonds)</b>	<b>Total 2035-2047</b>
SF 35/40	\$362	\$106	\$400	\$468	\$506
SF 50/55	\$485	\$143	\$536	\$628	\$680
SF 60	\$522	\$153	\$576	\$675	\$729
SF 70	\$600	\$177	\$664	\$777	\$841

<b>Traditional 30 Year Current Interest</b>	<b>Existing Debt Service 2015 Bonds*</b>	<b>Annual Increase through 2047</b>	<b>Combined total through 2031/2034 (2015 Bonds and 2017 Bonds)</b>	<b>Total 2035-2047</b>
SF 35/40	\$362	\$191	\$553	\$191
SF 50/55	\$485	\$256	\$741	\$256
SF 60	\$522	\$275	\$797	\$275
SF 70	\$600	\$318	\$918	\$318

\*Approximated as there are very slight differences between the two original assessment areas.



# **Disclosures Regarding Underwriter's Role – MSRB Rule G-17**

## **Disclosures Concerning the Underwriter's Role**

- i. Municipal Securities Rulemaking Board Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- ii. The Underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the District and it has financial and other interests that differ from those of the District;
- iii. Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests;
- iv. The Underwriter has a duty to purchase securities from the District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- v. The Underwriter will review the official statement for the District's securities in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

## **Disclosure Concerning the Underwriter's Compensation**

Underwriter's compensation that is contingent on the closing of a transaction or the size of a transaction presents a conflict of interest, because it may cause the Underwriter to recommend a transaction that it is unnecessary or to recommend that the size of the transaction be larger than is necessary.



## **Disclosures Regarding Underwriter's Role – MSRB Rule G-17**

**Payments to or from Third Parties.** There are no undisclosed payments, values, or credits to be received by the Underwriter in connection with its underwriting of this new issue from parties other than the District, and there are no undisclosed payments to be made by the Underwriter in connection with this new issue to parties other than the District (in either case including payments, values, or credits that relate directly or indirectly to collateral transactions integrally related to the issue being underwritten). In addition, there are no third-party arrangements for the marketing of the District's securities.

**Profit-Sharing with Investors.** There are no arrangements between the Underwriter and an investor purchasing new issue securities from the Underwriter (including purchases that are contingent upon the delivery by the District to the Underwriter of the securities) according to which profits realized from the resale by such investor of the securities are directly or indirectly split or otherwise shared with the Underwriter.

**Credit Default Swaps.** There will be no issuance or purchase by the Underwriter of credit default swaps for which the reference is the District for which the Underwriter is serving as underwriter, or an obligation of that District.

**Retail Order Periods.** For new issues in which there is a retail order period, the Underwriter will honor such agreement to provide the retail order period. No allocation of securities in a manner that is inconsistent with an District's requirements will be made without the District's consent. In addition, when the Underwriter has agreed to underwrite a transaction with a retail order period, it will take reasonable measures to ensure that retail clients are bona fide.

**Dealer Payments to District Personnel.** Reimbursements, if any, made to personnel of the District will be made in compliance with MSRB Rule G-20, on gifts, gratuities, and non-cash compensation, and Rule G-17, in connection with certain payments made to, and expenses reimbursed for, District personnel during the municipal bond issuance process.