



Sonoma County

Debt Advisory Committee Meeting

November 14, 2024



2054 University Avenue, Suite 300, Berkeley, CA 94704
phone 510-839-8200

Overview of Analysis

- Sonoma County is considering the purchase of certain existing capital facilities.
- KNN has run several financing scenarios assuming the issuance of General Fund backed Certificates of Participation (COPs). Each scenario assumes financing the acquisition of the Brickway Buildings for \$32 million, plus \$15 million of improvements, for a total of \$47 million.
- This presentation summarizes 6 financing scenarios that each generate \$47 million of proceeds with a repayment term of 20, 25, and 30 years. We ran each scenario assuming current market conditions and also separately with a cushion of 25 basis points.
- Each scenario assumes an issuance in the spring of 2025, 10-year optional par call, asset transfer, level fiscal year payment structure, and “AA” category COP pricing.

Summary of Financing Scenarios

Scenario:	1	2	3	4	5	6
Financing Term:	20 yrs	25 yrs	30 yrs	20 yrs	25 yrs	30 yrs
Market Assumption:	No Cushion			+25 Basis Points		
Sources						
Par Amount:	\$42,775,000	\$43,130,000	\$43,465,000	\$43,520,000	\$43,915,000	\$44,275,000
Bond Premium:	4,790,788	4,439,302	4,106,649	4,050,515	3,658,281	3,297,420
Total Sources:	\$47,565,788	\$47,569,302	\$47,571,649	\$47,570,515	\$47,573,281	\$47,572,420
Uses						
Brickway Buildings: ¹	\$47,000,000	\$47,000,000	\$47,000,000	\$47,000,000	\$47,000,000	\$47,000,000
Cost of Issuance: ²	350,000	350,000	350,000	350,000	350,000	350,000
Underwriter's Discount: ³	213,875	215,650	217,325	217,600	219,575	221,375
Rounding:	1,913	3,652	4,324	2,915	3,706	1,045
Total Uses:	\$47,565,788	\$47,569,302	\$47,571,649	\$47,570,515	\$47,573,281	\$47,572,420
True Interest Cost: ⁴	3.84%	4.10%	4.27%	4.03%	4.27%	4.43%
Average Annual Payments:	\$3,432,413	\$3,060,150	\$2,827,650	\$3,492,250	\$3,115,760	\$2,880,216
Total Payments:	\$68,648,250	\$76,503,750	\$84,829,500	\$69,843,750	\$77,894,000	\$86,405,000

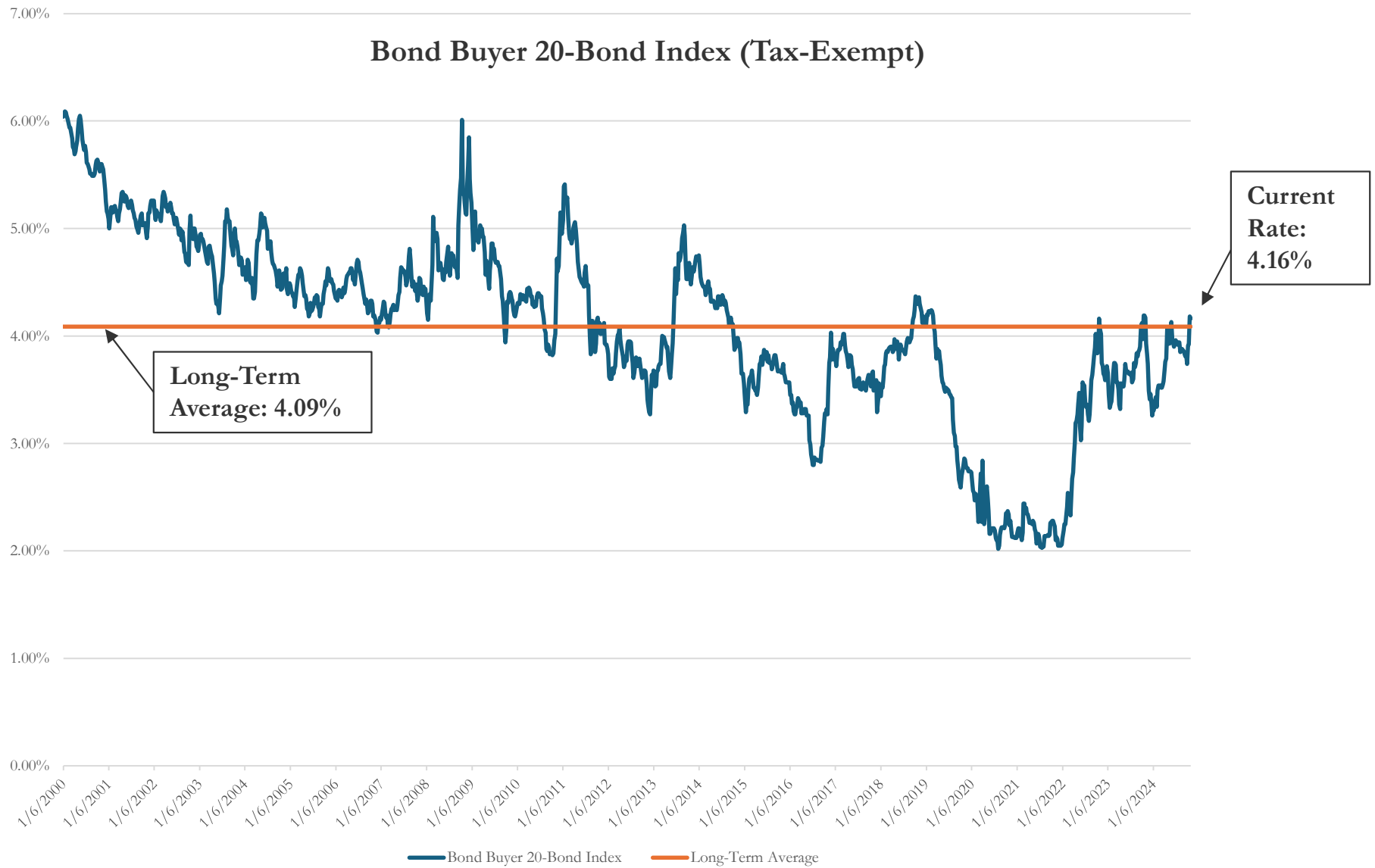
¹ Assumes gross deposit to project fund; no interest earnings.

² Cost of issuance includes estimated costs for bond counsel, disclosure counsel, credit rating, municipal advisor, title insurance, trustee, financial printer, etc.

³ Underwriter's discount assumed at \$5.00 per \$1,000 of bond par amount.

⁴ Based upon tax-exempt market conditions as of November 7, 2024 for "AA" category COPs.

Tax-Exempt Interest Rate Environment

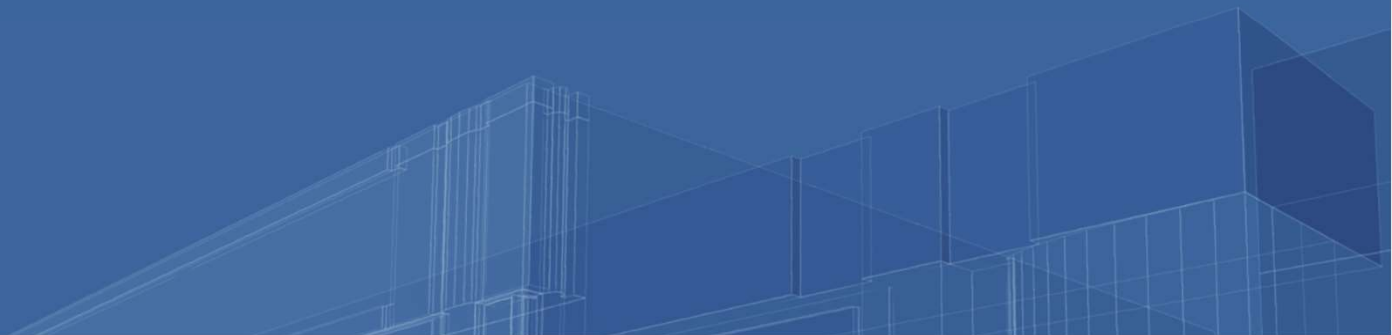


Source: The Bond Buyer. Bond Buyer 20-Bond index is comprised of General Obligation Bonds maturing in 20 years with an average rating of Aa2/AA.

Next Steps

- Continue work to identify assets that could be available for asset transfer pledge.
- Based upon availability of assets, examine capitalized interest and deferral of principal options.
- For May 2025 closing of COP financing, confirm financing team and schedule kick-off meeting for early January.

Appendix



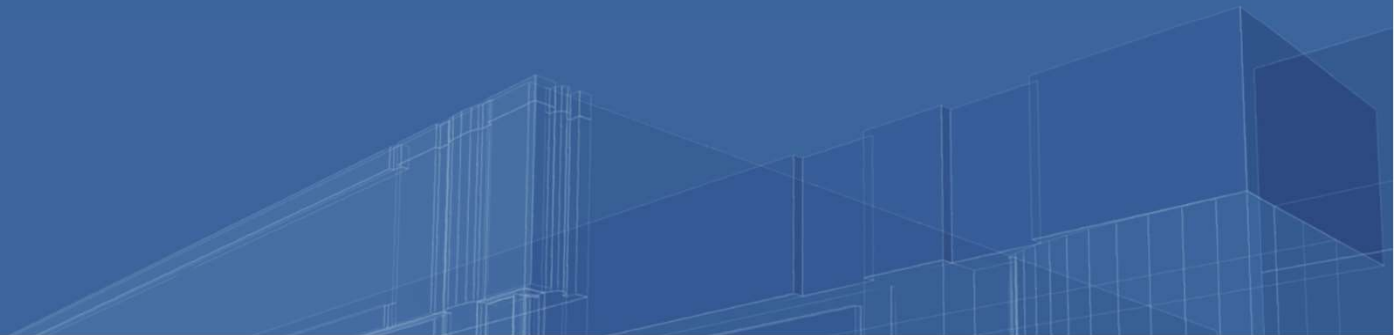
Scenarios 1 - 3 Estimated Payment Schedules

FY Ending	Scenario 1			Scenario 2			Scenario 3		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1 2026	1,295,000	2,138,750	3,433,750	905,000	2,156,500	3,061,500	655,000	2,173,250	2,828,250
2 2027	1,360,000	2,074,000	3,434,000	950,000	2,111,250	3,061,250	685,000	2,140,500	2,825,500
3 2028	1,425,000	2,006,000	3,431,000	995,000	2,063,750	3,058,750	720,000	2,106,250	2,826,250
4 2029	1,500,000	1,934,750	3,434,750	1,045,000	2,014,000	3,059,000	755,000	2,070,250	2,825,250
5 2030	1,570,000	1,859,750	3,429,750	1,100,000	1,961,750	3,061,750	795,000	2,032,500	2,827,500
6 2031	1,650,000	1,781,250	3,431,250	1,155,000	1,906,750	3,061,750	835,000	1,992,750	2,827,750
7 2032	1,735,000	1,698,750	3,433,750	1,210,000	1,849,000	3,059,000	875,000	1,951,000	2,826,000
8 2033	1,820,000	1,612,000	3,432,000	1,270,000	1,788,500	3,058,500	920,000	1,907,250	2,827,250
9 2034	1,910,000	1,521,000	3,431,000	1,335,000	1,725,000	3,060,000	965,000	1,861,250	2,826,250
10 2035	2,005,000	1,425,500	3,430,500	1,400,000	1,658,250	3,058,250	1,015,000	1,813,000	2,828,000
11 2036	2,105,000	1,325,250	3,430,250	1,470,000	1,588,250	3,058,250	1,065,000	1,762,250	2,827,250
12 2037	2,210,000	1,220,000	3,430,000	1,545,000	1,514,750	3,059,750	1,120,000	1,709,000	2,829,000
13 2038	2,325,000	1,109,500	3,434,500	1,625,000	1,437,500	3,062,500	1,175,000	1,653,000	2,828,000
14 2039	2,440,000	993,250	3,433,250	1,705,000	1,356,250	3,061,250	1,235,000	1,594,250	2,829,250
15 2040	2,560,000	871,250	3,431,250	1,790,000	1,271,000	3,061,000	1,295,000	1,532,500	2,827,500
16 2041	2,690,000	743,250	3,433,250	1,880,000	1,181,500	3,061,500	1,360,000	1,467,750	2,827,750
17 2042	2,825,000	608,750	3,433,750	1,975,000	1,087,500	3,062,500	1,430,000	1,399,750	2,829,750
18 2043	2,965,000	467,500	3,432,500	2,070,000	988,750	3,058,750	1,500,000	1,328,250	2,828,250
19 2044	3,115,000	319,250	3,434,250	2,175,000	885,250	3,060,250	1,575,000	1,253,250	2,828,250
20 2045	3,270,000	163,500	3,433,500	2,285,000	776,500	3,061,500	1,655,000	1,174,500	2,829,500
21 2046				2,395,000	662,250	3,057,250	1,735,000	1,091,750	2,826,750
22 2047				2,515,000	542,500	3,057,500	1,825,000	1,005,000	2,830,000
23 2048				2,645,000	416,750	3,061,750	1,915,000	913,750	2,828,750
24 2049				2,775,000	284,500	3,059,500	2,010,000	818,000	2,828,000
25 2050				2,915,000	145,750	3,060,750	2,110,000	717,500	2,827,500
26 2051							2,215,000	612,000	2,827,000
27 2052							2,325,000	501,250	2,826,250
28 2053							2,440,000	385,000	2,825,000
29 2054							2,565,000	263,000	2,828,000
30 2055							2,695,000	134,750	2,829,750
Total:	\$42,775,000	\$25,873,250	\$68,648,250	\$43,130,000	\$33,373,750	\$76,503,750	\$43,465,000	\$41,364,500	\$84,829,500

Scenarios 4 - 6 Estimated Payment Schedules

FY	Ending	Scenario 4			Scenario 5			Scenario 6		
		Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1	2026	1,315,000	2,176,000	3,491,000	920,000	2,195,750	3,115,750	665,000	2,213,750	2,878,750
2	2027	1,380,000	2,110,250	3,490,250	965,000	2,149,750	3,114,750	700,000	2,180,500	2,880,500
3	2028	1,450,000	2,041,250	3,491,250	1,015,000	2,101,500	3,116,500	735,000	2,145,500	2,880,500
4	2029	1,525,000	1,968,750	3,493,750	1,065,000	2,050,750	3,115,750	770,000	2,108,750	2,878,750
5	2030	1,600,000	1,892,500	3,492,500	1,120,000	1,997,500	3,117,500	810,000	2,070,250	2,880,250
6	2031	1,680,000	1,812,500	3,492,500	1,175,000	1,941,500	3,116,500	850,000	2,029,750	2,879,750
7	2032	1,765,000	1,728,500	3,493,500	1,235,000	1,882,750	3,117,750	895,000	1,987,250	2,882,250
8	2033	1,855,000	1,640,250	3,495,250	1,295,000	1,821,000	3,116,000	940,000	1,942,500	2,882,500
9	2034	1,945,000	1,547,500	3,492,500	1,360,000	1,756,250	3,116,250	985,000	1,895,500	2,880,500
10	2035	2,040,000	1,450,250	3,490,250	1,425,000	1,688,250	3,113,250	1,035,000	1,846,250	2,881,250
11	2036	2,145,000	1,348,250	3,493,250	1,500,000	1,617,000	3,117,000	1,085,000	1,794,500	2,879,500
12	2037	2,250,000	1,241,000	3,491,000	1,575,000	1,542,000	3,117,000	1,140,000	1,740,250	2,880,250
13	2038	2,365,000	1,128,500	3,493,500	1,650,000	1,463,250	3,113,250	1,195,000	1,683,250	2,878,250
14	2039	2,480,000	1,010,250	3,490,250	1,735,000	1,380,750	3,115,750	1,255,000	1,623,500	2,878,500
15	2040	2,605,000	886,250	3,491,250	1,820,000	1,294,000	3,114,000	1,320,000	1,560,750	2,880,750
16	2041	2,735,000	756,000	3,491,000	1,915,000	1,203,000	3,118,000	1,385,000	1,494,750	2,879,750
17	2042	2,875,000	619,250	3,494,250	2,010,000	1,107,250	3,117,250	1,455,000	1,425,500	2,880,500
18	2043	3,015,000	475,500	3,490,500	2,110,000	1,006,750	3,116,750	1,525,000	1,352,750	2,877,750
19	2044	3,170,000	324,750	3,494,750	2,215,000	901,250	3,116,250	1,605,000	1,276,500	2,881,500
20	2045	3,325,000	166,250	3,491,250	2,325,000	790,500	3,115,500	1,685,000	1,196,250	2,881,250
21	2046				2,440,000	674,250	3,114,250	1,770,000	1,112,000	2,882,000
22	2047				2,565,000	552,250	3,117,250	1,855,000	1,023,500	2,878,500
23	2048				2,690,000	424,000	3,114,000	1,950,000	930,750	2,880,750
24	2049				2,825,000	289,500	3,114,500	2,045,000	833,250	2,878,250
25	2050				2,965,000	148,250	3,113,250	2,150,000	731,000	2,881,000
26	2051							2,255,000	623,500	2,878,500
27	2052							2,370,000	510,750	2,880,750
28	2053							2,490,000	392,250	2,882,250
29	2054							2,610,000	267,750	2,877,750
30	2055							2,745,000	137,250	2,882,250
Total:		\$43,520,000	\$26,323,750	\$69,843,750	\$43,915,000	\$33,979,000	\$77,894,000	\$44,275,000	\$42,130,000	\$86,405,000

MSRB Rule G-42 Disclosures



MSRB Rule G-42: Disclosure of Conflicts of Interest and Legal or Disciplinary Events

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of KNN Public Finance, LLC (“KNN Public Finance”) and its associated persons.

Conflicts of Interest

Other Municipal Advisor Relationships. KNN serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another KNN client. For example, KNN serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it will to your entity, if hired. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, KNN could potentially face a conflict of interest arising from these competing client interests. KNN fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

Compensation. KNN Public Finance represents that in connection with the issuance of municipal securities, KNN Public Finance may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, KNN Public Finance hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN Public Finance’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair KNN Public Finance’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If KNN Public Finance becomes aware of any additional potential or actual conflict of interest after this disclosure, KNN Public Finance will disclose the detailed information in writing to the Issuer in a timely manner.

Legal or Disciplinary Events

KNN Public Finance, LLC, has never been subject to any legal, disciplinary or regulatory actions nor was it ever subject to any legal, disciplinary or regulatory actions previously, when it was a division of Zions First National Bank or Zions Public Finance, Inc.

A regulatory action disclosure has been made on Form MA-I for one of KNN Public Finance municipal advisory personnel relating to a 1998 U.S. Securities and Exchange Commission (“SEC”) order that was filed while the municipal advisor was employed with a prior firm, (not KNN Public Finance). The details of which are available in Item 9; C(1), C(2), C(4), C(5) and the corresponding regulatory action DRP section on Form MA and Item 6C; (1), (2), (4), (5) and the corresponding regulatory action DRP section on Form MA-I. Issuers may electronically access KNN Public Finance’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

The SEC permits certain items of information required on Form MA and Form MA-I to be provided by reference to such required information already filed on a regulatory system (e.g., FINRA CRD). The above noted regulatory action has been referenced on both Form MA and MA-I due to the information already filed on FINRA’s CRD system and is publicly accessible through BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck information, the Municipal Advisor’s CRD number is 4457537.