

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

COMMISSION AGENDA – ADJOURNED REGULAR MEETING



APRIL 30, 2019 AT 9:30 A.M.

Ontario International Airport Administration Offices
1923 E. Avion Street, Room 100, Ontario, CA 91761

ALAN D. WAPNER
President

RONALD O. LOVERIDGE
Vice President

JIM W. BOWMAN
Secretary

CURT HAGMAN
Commissioner

JULIA GOUW
Commissioner

MARK A. THORPE
Chief Executive Officer

LORI D. BALLANCE
General Counsel

JOHN M. SCHUBERT
Treasurer

WELCOME TO THE MEETING OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY

- All documents for public review are on file at the Ontario International Airport Administration Offices located at 1923 E. Avion Street, Ontario, CA 91761.
- Anyone wishing to speak during public comment or on an item will be required to fill out a blue slip. Blue slips must be turned in prior to public comment beginning or before an agenda item is taken up. The Secretary/Assistant Secretary will not accept blue slips after that time.
- Comments will be limited to 3 minutes. Speakers will be alerted when they have 1-minute remaining and when their time is up. Speakers are then to return to their seats and no further comments will be permitted.
- In accordance with State Law, remarks during public comment are to be limited to subjects within the Authority's jurisdiction. Remarks on other agenda items will be limited to those items.
- Remarks from those seated or standing in the back of the board room will not be permitted. All those wishing to speak, including Commissioners and Staff, need to be recognized by the Authority President before speaking.

ORDER OF BUSINESS

The Authority meeting begins at 9:30 a.m. immediately followed by Public Comment.

(Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days notice is strongly recommended.)

CALL TO ORDER (OPEN SESSION) - 9:30 A.M.

ROLL CALL

Loveridge, Bowman, Hagman, Gouw, President Wapner

PLEDGE OF ALLEGIANCE

INVOCATION

Rabbi Zari Sussman, Temple Sholom of Ontario

PUBLIC COMMENT

Public Comment: The open meeting Public Comment portion of the Commission meeting is limited to a maximum of 3 minutes for each. Additional opportunities for further Public Comment will be given during and at the end of the meeting. Under provisions of the Brown Act, the Commission is prohibited from taking action on oral requests.

AGENDA REVIEW/ANNOUNCEMENTS

The Chief Executive Officer will go over all updated materials and correspondence received after the Agenda was distributed to ensure Commissioners have received them.

ADMINISTRATIVE DISCUSSION/ACTION/REPORT

1. A RESOLUTION FOR ISSUANCE OF SUBORDINATED REVENUE NOTES

That the Ontario International Airport Authority Commission adopt a resolution authorizing and providing for the issuance to Bank of America, N.A. as purchaser of Ontario International Airport Authority Subordinated revenue notes, Series 2019.

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY COMMISSION AUTHORIZING AND PROVIDING FOR THE ISSUANCE TO BANK OF AMERICA, N.A. AS PURCHASER OF ONTARIO INTERNATIONAL AIRPORT AUTHORITY SUBORDINATED REVENUE NOTES, SERIES 2019, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000; AUTHORIZING AND APPROVING THE PREPARATION, ENTERING INTO AND THE EXECUTION AND DELIVERY OF A NOTE PURCHASE AGREEMENT, BETWEEN THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AND BANK OF AMERICA, N.A., AS PURCHASER; AUTHORIZING AND APPROVING THE PREPARATION, ENTERING INTO AND THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, AMONG THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY, BANK OF AMERICA, N.A., AS PURCHASER AND A BANK OR TRUST COMPANY AND PROVIDING FOR CERTAIN OTHER MATTER

MANAGEMENT REPORT

Chief Executive Officer Thorpe

COMMISSION MATTERS

President Wapner

Vice President Loveridge

Secretary Bowman

Commissioner Hagman

Commissioner Gouw

ADJOURNMENT



DATE: APRIL 30, 2019

SECTION: ADMINISTRATIVE REPORT/DISCUSSION/ACTION

SUBJECT: THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY COMMISSION ADOPT A RESOLUTION FOR ISSUANCE OF SUBORDINATED REVENUE NOTES

RELEVANT STRATEGIC OBJECTIVE: Financing for Capital Projects

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (Authority) adopt a resolution authorizing and providing for the issuance to Bank of America, N.A. as purchaser of Ontario International Airport Authority Subordinated revenue notes, Series 2019.

FISCAL IMPACT AND SOURCE OF FUNDS: Cash from note proceeds of \$32,684,000 less estimated financial advisor and legal fees of \$250,000. Estimated interest costs at fixed interest rate of 3.48% to be paid semi-annually from OIAA rates and charges are; year 1 \$1,137,403, year 2 \$1,137,403. There would be no interest or prorated interest in year two if OIAA elects to exercise its option to call the notes after one-year from the date of closing.

BACKGROUND: The Board of Commissioners has authorized various capital projects, which are to be funded from multiple sources including Airport Improvement Grant funds and through rates and charges under its Airline Use Agreement (AUA). The total estimated cost for these projects is \$64,149,000. Two of the projects with costs totaling \$8,550,000 have been deferred pending further discussions and approval from the Signatory Airlines under the AUA. Nine projects are eligible for AIP funding totaling \$22,915,000, leaving a balance to be financed from the subordinated revenue notes Series 2019 of \$32,684,000, which will be drawn by OIAA at closing, except for a project to purchase and install a modular facility for the Ontario Police on the Northwest side of the airfield with an estimated cost of \$1,410,000. This projected has been presented to the Signatory Carriers for Majority-in-interest

STAFF MEMBER PRESENTING: Chief Executive Officer, Mark A. Thorpe

Department: Finance Department

Submitted to OIAA: April 30, 2019

Chief Executive Officer Approval:

Approved: _____

Continued to: _____

Denied: _____

Item No. 01

approval under the AUA. These funds will be placed in escrow and will be drawn down once MII approval is received.

The term of the Series 2019 notes is two years with an option for the Authority to call the notes after one year until the date of maturity. The notes bear a fixed rate of interest based on the following formula: The indicative rate (based on the Libor 24-month Swap Rate at date of closing) plus a fixed margin plus a premium (based on a percentage of the Libor 24-month Swap Rate at date of closing) for the one-year call feature plus a premium for the additional two-year term feature. As of April 12, 2019, the rate would be as follows: $2.54\% + .30\% + .44\% + .20\% = 3.48\%$. The Authority has an option to amortize the notes over an additional two-year period, principal and interest due in equal semi-annual principal installments plus interest. Interest for this additional elective is term is to be based on the following formula: Base rate plus 1.00 % year 1 and base rate plus 2.00% year 2. Base rate is equal to the greatest of the following; (i) Bank of America's Prime Rate plus 1.0%, (ii) the Federal Funds Rate plus 2.0%, (iii) 1-month LIBOR plus 2% or (iv) 7.00%. The maximum rate is 12% or as permitted by law.

The note agreement provides for various prepayment and extended terms. However, it is expected that the note will be called after the one-year call option date, but prior to the two-year note termination date with funds from a bond refinancing.

CEQA COMPLIANCE: The proposed financing is not a "project" under CEQA and does not require environmental review.

STAFFING IMPACT (# OF POSITIONS): The proposed action will not create any permanent positions in the OIAA.

IMPACT ON OPERATIONS: Returns operating cash already expended and makes available short-term financing for the balance of the local share remaining on these projects. This provides continuity for current project planning, construction and completion.

SCHEDULE: N/A |

EXHIBITS & ATTACHMENTS:

Attachment A – A Resolution Authorizing the Issuance of \$32,684,000 Series 2019 Subordinated Revenue Notes.

Attachment B – Good Faith Estimates 2019 BAML Note

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday

This Agenda Report has been reviewed by OIAA General Counsel. |

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AUTHORIZING AND PROVIDING FOR THE ISSUANCE TO BANK OF AMERICA, N.A., AS PURCHASER, OF ONTARIO INTERNATIONAL AIRPORT AUTHORITY SUBORDINATED REVENUE NOTES, SERIES 2019, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000; AUTHORIZING AND APPROVING THE PREPARATION, ENTERING INTO AND THE EXECUTION AND DELIVERY OF A NOTE PURCHASE AGREEMENT, BETWEEN THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AND BANK OF AMERICA, N.A., AS PURCHASER; AUTHORIZING AND APPROVING THE PREPARATION, ENTERING INTO AND THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, AMONG THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY, BANK OF AMERICA, N.A., AS PURCHASER, AND A BANK OR TRUST COMPANY AND PROVIDING FOR CERTAIN OTHER MATTERS

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY:

SECTION 1. References. Unless the context shall clearly indicate some other meaning, all words and terms used in this resolution which are defined in Master Trust Indenture (the "Indenture"), dated as of November 1, 2016, between the Authority and The Bank of New York Mellon Trust Company, N.A. shall have the meanings given to them in the Indenture or in the Agreement hereinafter referred to.

SECTION 2. Notes. Pursuant to and under the authority of Article 4, Chapter 5, Division 7, of Title 1 of the California Government Code and pursuant to a Joint Exercise of Powers Agreement dated as of August 21, 2012 (the "Joint Powers Agreement"), by and between the City of Ontario, California, a general law city and municipal corporation duly organized and existing under the Constitution and laws of the State of California and the County of San Bernardino, California, a political subdivision of the State of California duly organized and existing under the Constitution and laws of such state, for the purpose of providing funds to finance a portion of the Authority's capital improvement program at the Ontario International Airport, there is hereby authorized to be issued to Bank of America, N.A. as initial purchaser (the "Purchaser") a note in the aggregate principal amount of not to exceed Fifty Million Dollars (\$50,000,000) to be designated the "Ontario International Airport Authority Subordinated Revenue Notes, Series 2019" (as such note may be exchanged for one or more notes pursuant to the Agreement and Section 7 hereof, the "Notes"). The Notes shall be dated, be in such principal amount, bear interest at such rate or rates per annum payable on the date or dates, be subject to optional or mandatory redemption or tender for purchase, mature on such date or dates and in the principal amounts, and have such other terms and provisions all as determined by the Chief Executive Officer of the Authority, such approval to be evidenced by the execution and delivery of the Notes to Bank of America, N.A.; provided, however, that the interest rate on the Notes shall not exceed the lesser of the maximum rate permitted by law and a fixed interest rate of 7.00%, and any default rate on the Notes shall not exceed the lesser of the maximum rate permitted by law

and twelve percent (12.00%) per annum and the final maturity date of the Notes shall not exceed five years.

SECTION 3. Form of Notes. The Notes shall be in the form attached hereto as Appendix A, together with such changes as the Chief Executive Officer of the Authority shall approve consistent with this resolution, upon the advice of counsel, such approval to be conclusively evidenced by the execution thereof. The Notes shall be executed in the name of the Authority by the manual signature of the Chief Executive Officer of the Authority, or in such other manner as may be required or permitted by law.

SECTION 4. Security for Notes. (a) The Authority hereby pledges to secure the payment of principal of and interest on the Notes the valid and binding Lien on and pledge of the Net Pledged Revenues junior and subordinate to the Bonds, Policy Costs and the Settlement Payments. The payment of the Notes ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt as defined in the Agreement. No filing, registration, recording or publication of this Resolution or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created hereby on the Net Pledged Revenues to secure the payment of principal of and interest on Notes. The Principal of and interest on the Notes may be paid from moneys constituting Net Pledged Revenues only if all deposits required to be made to the Trustee under the Indenture and all amounts of principal and interest which have become due and payable on the Bonds whether by maturity or redemption have been paid in full and the Authority is current on all payments, if any, required to be made to replenish any bond reserve fund created for any Bonds. In the event and to the extent that the Authority determines to make Settlement Payments from Net Pledged Revenues, any such payment of Settlement Payments shall be made on a subordinate basis to the Initial Bonds as to payment from Net Pledged Revenues, and then only to the extent that the Authority would have remaining Net Pledged Revenues in its then-current Fiscal Year equal to at least 100% of the actual debt service and other obligations yet to become due and payable on the Outstanding Initial Bonds in such Fiscal Year. The Authority hereby designates the Agreement and the Notes as a "Subordinated Obligation" and designates this Agreement as an "other written instrument" for such purpose. If for any reason the Agreement and the Notes shall be determined to not be a Subordinated Obligation for the purposes of the Indenture, the pledge, Lien and security interest granted under this Section 4 shall be deemed a discretionary purpose as authorized by the Board and the Joint Powers Agreement within the meaning of Section 4.04(b)(6) of the Indenture.

(b) Notwithstanding the provisions of Section 4(a), the Escrowed Amount shall be secured solely by the amount thereof held in escrow pursuant to the Escrow Agreement until the occurrence of a Release Event and upon release of the Escrowed Amount from escrow upon the occurrence of such Release Event shall be secured as provided in Section 4(a). Interest on the Escrowed Amount shall be payable solely from amounts on deposit in the Airport Discretionary Account until the occurrence of a Release Event and upon release of the Escrowed Amount from escrow upon the occurrence of such Release Event shall be secured as provided in Section 4(a).

SECTION 5. Note Purchase Agreement. The Board hereby authorizes and approves the preparation, entering into and the execution and delivery by the Chief Executive Officer of the Authority of a Note Purchase Agreement (the "Agreement")

between the Authority and Bank of America, N.A., in the form presented to the Board at the meeting at which this resolution is adopted, together with such changes consistent with this resolution as the Chief Executive Officer shall approve upon the advice of counsel, such approval to be conclusively evidenced by the execution thereof. The Board hereby further ratifies, validates, confirms and approves the Agreement and the terms, provisions and conditions thereof.

SECTION 6. Escrow Agreement. The Board hereby authorizes and approves the preparation, entering into and the execution and delivery by the Chief Executive Officer of the Authority of an Escrow Agreement (the "Escrow Agreement") among the Authority, the Purchaser and a bank or trust company mutually acceptable to the Authority and the Purchaser, in such form, and having such terms and provisions consistent with this resolution providing for the escrow of the Escrowed Amount, as the Chief Executive Officer of the Authority shall approve upon the advice of counsel, such approval to be conclusively evidenced by the execution thereof. The Board hereby further ratifies, validates, confirms and approves the Escrow Agreement and the terms, provisions and conditions thereof.

SECTION 7. Exchange of Notes. The Notes may be exchanged at the principal office of the Authority upon the direction of the Purchaser in accordance with the Agreement for one or more Notes having the same aggregate principal amount, interest rate, maturity and principal terms as the outstanding Note or Notes and in the name or names of such registered owners as the Purchaser shall direct subject to the Agreement.

SECTION 8. Additional Authorizations Actions of Board. The Board hereby authorizes the Chief Executive Officer of the Authority to take any and all such further action as upon the advice of counsel the Chief Executive Officer shall deem necessary or desirable to carry out, give effect to and consummate the transactions contemplated hereby. The Board has obtained from the Authority's municipal advisor the good faith estimates required by Government Code Section 5852.1 and such estimates are set forth in the staff report which shall be included and filed with the minutes of the meeting at which this resolution is adopted.

SECTION 9. Effectiveness of Resolution. This resolution shall take effect immediately.

ALAN D. WAPNER
OIAA PRESIDENT

ATTEST:

SECRETARY/ASSISTANT SECRETARY

APPROVED AS TO LEGAL FORM:

GENERAL COUNSEL

APPENDIX A

UNITED STATES OF AMERICA STATE OF CALIFORNIA ONTARIO INTERNATIONAL AIRPORT AUTHORITY SUBORDINATED REVENUE NOTE, SERIES 2019

KNOW ALL MEN BY THESE PRESENTS: that ONTARIO INTERNATIONAL AIRPORT AUTHORITY (hereinafter referred to as the "Authority"), a joint powers authority established under Article I, Chapter 5, Division 7, of Title 1 of the California Government Code and pursuant to a Joint Exercise of Powers Agreement dated as of August 21, 2012, by and between the City of Ontario, California and the County of San Bernardino, California, for value received hereby promises to pay to Bank of America, N.A. (the "Purchaser"), but solely from the revenues, income and charges of the Authority hereinafter specified and not otherwise, the sum of \$[50,000,000] on the Termination Date (subject to the right of prior redemption hereinafter mentioned); *provided, however*, that, if on the Termination Date (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties set forth in Article IV of the Agreement (hereinafter defined) shall be true and correct on, and shall be deemed to have been made on, the Termination Date, then the Authority shall cause the principal amount of this Note to be redeemed in installments payable on each Amortization Payment Date (each such payment, an "Amortization Payment"), with the final installment in an amount equal to the entire then outstanding principal amount of this Note to be redeemed on the Amortization End Date (the period commencing on the Termination Date and ending on the Amortization End Date is herein referred to as the "Amortization Period"). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. The Authority shall pay to the Purchaser interest on the outstanding balance hereof, on each ____ and _____, commencing ____, 2019, at the rate of _____ per centum (___%) per annum; *provided, however*, during the Amortization Period, interest on this Note shall accrue at the Purchaser Rate, be payable monthly in arrears on the first Business Day of each calendar month; *provided, further, however*, that upon the occurrence and during the continuance of an Event of Default, the outstanding balance hereof shall bear interest at the Default Rate, which shall be payable by the Authority to the Purchaser upon demand therefor. Interest on this Note shall be calculated on the basis of a 360 day year and actual days elapsed. Interest due and payable on this Note shall be equal to the amount accrued to, but excluding, the related payment date. If the payment date for the principal of or interest on this Note is a day other than a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended period of time shall be included in the computation of interest; *provided, however*, the payment of interest on this Note on such extended date shall have the same force and effect as if made on the original payment date. Both principal of and interest on this Note are payable in such coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts.

This Note is issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of California, including particularly the Joint Exercise of Powers Act, California Government Code Section 6500, *et seq.* (the "Joint Powers Act") and Resolution No. ____ duly adopted by the Board of Commissioners of

the Authority on _____, 2019 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note Purchase Agreement (as amended, modified, supplemented or restated, the "Agreement"), dated ____, 2019, between the Authority and the Purchaser or the Master Trust Indenture, dated as of November 1, 2016, between the Authority and The Bank of New York Mellon Trust Company, N.A.

The payment of principal of and interest on this Note is secured by the valid and binding Lien on and pledge of the Net Pledged Revenues junior and subordinate to the Bonds, Policy Costs and the Settlement Payments. The payment of this Note ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt as defined in the Agreement. The principal of and interest on this Note may be paid from moneys constituting Net Pledged Revenues only if all deposits required to be made to the Trustee under the Indenture and all amounts of principal and interest which have become due and payable on the Bonds whether by maturity or redemption have been paid in full and the Authority is current on all payments, if any, required to be made to replenish any bond reserve fund created for any Bonds. In the event and to the extent that the Authority determines to make Settlement Payments from Net Pledged Revenues, any such payment of Settlement Payments shall be made on a subordinate basis to the Initial Bonds as to payment from Net Pledged Revenues, and then only to the extent that the Authority would have remaining Net Pledged Revenues in its then-current Fiscal Year equal to at least 100% of the actual debt service and other obligations yet to become due and payable on the Outstanding Initial Bonds in such Fiscal Year.

Notwithstanding the preceding paragraph, the Escrowed Amount shall be secured solely by the amount thereof held in escrow pursuant to the Escrow Agreement until the occurrence of a Release Event and upon release of the Escrowed Amount from escrow upon the occurrence of such Release Event shall be secured as provided for this Note in the preceding paragraph. Interest on the Escrowed Amount shall be payable solely from amounts on deposit in the Airport Discretionary Account until the occurrence of a Release Event and upon release of the Escrowed Amount from escrow upon the occurrence of such Release Event shall be secured as provided for this Note in the preceding paragraph.

This Note shall be subject to redemption in whole or in part at any time and from time to time at such redemption price or prices, shall be subject to exchange or transfer, shall bear interest at a default rate of interest and be subject to such other terms and provisions as set forth in the Note Purchase Agreement.

This Note may be exchanged at the principal office of the Authority upon the direction of the Purchaser in accordance with the Agreement for one or more Notes having the same aggregate principal amount, interest rate, maturity and principal terms as this Note and in the name or names of such registered owners as the Purchaser shall direct subject to the Agreement.

This Note does not constitute or evidence an indebtedness of the City of Ontario, the County of San Bernardino, the State of California, or any subdivision thereof other than the Authority to the extent set forth herein and in the Resolution, or a lien or charge on any property or the general revenues of the City of Ontario, the County of San Bernardino, the State of California, or any subdivision thereof other than the Authority to the

extent set forth herein and in the Resolution, but shall constitute and evidence an obligation of the Authority payable only from the sources set forth herein and in the Resolution.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF ONTARIO, CALIFORNIA, THE COUNTY OF SAN BERNARDINO, CALIFORNIA, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS NOTE. THE AUTHORITY HAS NO TAXING POWER.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Note do exist, have happened or have been performed in due and regular time, form and manner as required by the laws of the State of California and the Joint Powers Act and that the amount of this Note, together with all other indebtedness of the Authority, does not exceed any limit under any laws of the State of California or the Joint Powers Act.

IN WITNESS WHEREOF, the ONTARIO INTERNATIONAL AIRPORT AUTHORITY has caused this Note to be executed in its name and on its behalf with the signature of its Chief Executive Officer as of this ___ day of _____, 2019.

ONTARIO INTERNATIONAL AIRPORT
AUTHORITY

Chief Executive Officer

GOOD FAITH ESTIMATES 2019 BAML NOTE

The good faith estimates set forth herein are provided with respect to the Note in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by CSG Advisors Incorporated, the Authority's Municipal Advisor based on the term sheet and indicative pricing provided by Bank of America, N.A., the Purchaser of the Note.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Note to be sold is **\$32,684,000** (the "Estimated Principal Amount").

True Interest Cost of the Note. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Note is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Note, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Note, is **3.48%**.

Finance Charge of the Note. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Note is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Note, which means the sum of all fees and charges paid to third parties (or costs associated with the Note), is **\$250,000**.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Note is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Note, less the finance charge of the Note, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Note, is **\$32,434,000**.

Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Note is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Note, plus the finance charge for the Note, as described above, not paid with the proceeds of the Note, calculated to the final maturity of the Note, is **\$35,208,806**.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Note issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Note being

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Note sold being different from the Estimated Principal Amount, (c) the actual amortization of the Note being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Note being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, delays in the financing, additional legal work, or a combination of such factors and additional finance charges, if any, attributable thereto. The actual date of sale of the Note and the actual principal amount of Note sold will be determined by the Authority based on the timing of the need for proceeds of the Note and other factors. The actual interest rates borne by the Note will depend on market interest rates at the time of sale thereof. The actual amortization of the Note will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.