

STAFF REPORT

DATE: September 12, 2022

FROM: Philip M. Smith

SUBJECT: Voting on ENGIE project and bond documentation

In order to facilitate the proposed ENGIE project, the TLHCD Board of Directors will need to take formal action signal its intent to enter into an agreement, subject to further negotiation, to fund the project with the future proceeds of property tax revenues already slated for collection by the District.

Included with this staff report you will find attachments related to this effort, including the procedural documents required for the District to enter into an agreement with a revenue bond purchaser and move forward with encumbering its future tax revenues, the ENGIE project projections, and the updated financing projections compiled by Wulff, Hansen & Co. (Wulff Hansen).

ENGIE and Wulff Hansen have both indicated that they plan on attending the Special Meeting. Wulff Hansen representatives will review the financing proposal with the Board. ENGIE representatives will review an additional option for the project based on the recent passage of the Inflation Reduction Act by Congress.

The Directors will be asked to consider and vote on a Resolution necessary for the District to enter into an agreement to sell additional securities to finance the project, prepared by the law firm Quint & Thimmig LLP, which assisted the District with its most recent bond refinance effort.

If the Resolution is approved, the Directors will then be asked to vote on the passage of an Ordinance (also provided by Quint & Thimmig LLP) required by the Health and Safety Code to initiate a transaction involving a public debt obligation, which document includes the Board's approval of a form Bond Purchase Agreement (i.e., not yet finalized and subject to further negotiation), and a statement that the Board's actions are subject to a referendum.