



## Overview of Proposed Financing

City of Culver City – Series 2026 Lease Revenue Bonds

- ◆ The City proposes to issue two series of bonds totaling up to approximately \$35.9 million (including costs of issuance and capitalized interest), to be sold to Barclays Bank PLC through a direct purchase – meaning the bonds are sold directly to a single bank rather than to the general public.
- ◆ **Taxable Bonds (~\$27.5M):** Proceeds will reimburse the City for prior expenditures on the Jubilio affordable housing project, capitalized interest, and costs of issuance. Because these funds reimburse costs already incurred on non-tax-exempt purposes, bond counsel has indicated the need for a taxable issuance.
- ◆ **Tax-Exempt Bonds (~\$8.3M):** Proceeds, of which include \$543k of premium, will fund various City capital projects, capitalized interest, and costs of issuance. Because these bonds finance government purposes, the interest is exempt from federal income tax, which generally results in lower borrowing costs for the City.
- ◆ City indicated a required closing date of on or before June 30, 2026 (targeting June 4, 2026).



## Financing Strategy: How the City Selected its Approach

Public sale vs. direct purchase

Public Sale	Direct Purchase
Bonds marketed to many investors through an underwriter; competitive bidding process sets the interest rate	Bonds sold directly to one institutional bank; rate negotiated on pricing day based on prevailing market rates
Typically, lower interest rates for large, well-known issuers with strong credit	Faster execution – streamlined documentation, no public marketing period required
Requires a full Official Statement (detailed disclosure document) before marketing bonds	Disclosure requirements either waived or required post-closing (60 – 90 days)
Longer sale timing and involves higher upfront transaction costs	Rate includes a "direct purchase premium"
Subject to market rate risk during the marketing period	Particularly well-suited for cities with mixed-purpose financings (taxable + tax-exempt) under ~\$50M

- City Staff and the financing team conducted interviews with two direct placement options and three underwriting firms to consider all sale options.
- City Staff and financing team evaluated the options, and due to the desire for timely execution, a direct purchase with Barclays was determined to offer the best balance of speed, flexibility, and cost for Culver City at this time.



# History of JPA in Culver City and California Cities

## Past and Future Utilization

- ◆ What is a Joint Powers Authority (JPA)?
  - Separate legal entity formed by the City (and, in this case, the City's Housing Authority)
  - Created under state law to exercise shared powers for specific purposes and additional bonding authority
  - Formed by written agreement, approving resolutions by the parties, and certain filings with the State
- ◆ Prior JPA Experience
  - The City previously formed and utilized a JPA through an agreement with the City's redevelopment agency
  - The Culver City Redevelopment Financing Authority
  - That JPA's authority is limited to redevelopment and tax-increment-funded projects
- ◆ The new JPA is proposed to provide broader financing options for City needs beyond redevelopment
  - To be named the Culver City Public Finance Authority
  - Powers will include support for a wider range of public facility and infrastructure financings
  - Provides additional options for financing City projects
  - Offers access to financing structures not available directly to the City (e.g., lease revenue bonds)



## History of JPA in Culver City and California Cities (continued)

### Past and Future Utilization

#### ◆ Main terms

- The City Council serves as the *ex officio* governing board for the JPA
- All major decisions are made by the City Council in its capacity as the governing board
- JPA operations are integrated with existing City administrative processes
- The JPA's liabilities are expressly limited to the terms and obligations set forth in contracts approved by the governing board

#### ◆ Bypasses Certain Legal Constraints

- Can avoid requirements such as voter approval for some types of debt
- Enables lease-leaseback or installment sale arrangements for public projects
- Streamlined Process
- Allows the City to move more quickly on urgent or complex financings
- Provides a dedicated platform for specialized financing needs

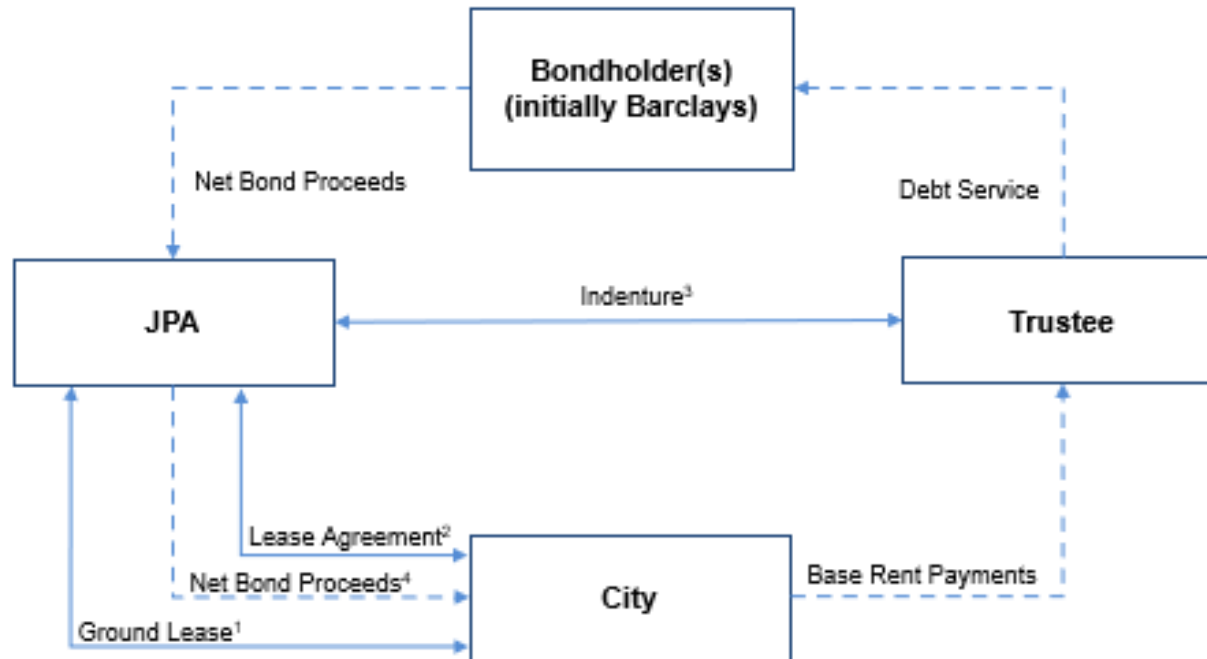
#### ◆ Ongoing Benefits

- Maintains flexibility for future financings or refinancing
- JPA remains available as a long-term tool for City-only projects



# The JPA Structure

## Culver City Public Finance Authority Lease Revenue Bonds



<sup>1</sup> Under the Ground Lease, the City would lease to the JPA its interest in the parking garages and in return the JPA would pay the City the net bond proceeds. Please note, that in the Ground Lease we would have the City direct the JPA to send the money to the trustee to be held in the project fund.

<sup>2</sup> Under the Lease Agreement, the JPA would then lease the parking garage back to the City, and the City would pay base rent payments for use of the parking garage in an amount equal to the debt service on the bonds. The City would pay the base rent out of its general fund. Pursuant to the Lease Agreement the base rent payments made by the City would go directly to the Trustee and be used to pay debt service on the bonds.

<sup>3</sup> Under the indenture, we would establish the mechanics for repayment of the bonds and the project fund. The net bond proceeds would be held in the project fund.

<sup>4</sup> Proceeds will be used to fund affordable housing projects, priority infrastructure projects and economic development loan projects.



## Legal Structure: the JPA and Lease Financing Framework

Why a Joint Powers Authority is used

- ◆ The JPA issues lease revenue bonds to fund infrastructure or facility projects
  - The City makes lease payments for the use of the project, which repay the bonds
  - Structure avoids the need for voter approval for general fund obligations and supports timely project delivery
- ◆ Principal Documents and Terms
  - Approving Resolutions of City and JPA
  - Ground Lease
  - Lease Agreement
  - Trust Agreement/Indenture
  - Official Statement
  - Continuing Disclosure Agreement
- ◆ Main terms
  - Financing amount, interest rates
  - Repayment schedule, prepayment/refinancing options
  - Lease payment conditions and covenant to budget and appropriate, subject to rental abatement



## Legal Structure: the JPA and Lease Financing Framework (continued)

Why a Joint Powers Authority is used

### ◆ Ongoing Utility

- JPA remains available as a flexible tool for future financings and refinancing needs
- Streamlines capital planning and funding processes

### ◆ Market Acceptance

- This financing structure is a well-established feature of California public finance practice
- The use of JPAs and lease revenue bonds for local agency financings has been expressly approved by the California Supreme Court
- Investor focus is on the City's credit quality and project importance

### ◆ Broad Financing Authority

- JPA can support a wide range of needs: public facilities, equipment, energy projects, public safety upgrades, and refinancing of prior obligations
- The JPA agreement is subject to amendment and remains flexible with respect to purpose, governance, and the addition of new members
- Once bonds are issued, no amendments may impair the security for the bonds



# Key terms of the Barclays Direct Purchase

Taxable bonds, Tax-Exempt Bonds, and How Interest Rates are Set

	Taxable Bonds	Tax-Exempt Bonds
<b>Purpose:</b>	Affordable Housing Reimbursement and Economic Development	City Capital Projects
<b>Par Amount:</b>	\$27,540,000	\$8,310,000 (plus ~\$543k of premium)
<b>Final Maturity:</b>	January 1, 2057 (30-years)	January 1, 2056 (30-years)
<b>First Payment:</b>	1/1/2028	1/1/2028
<b>Indicative Yield*:</b>	4.82% - 5.87%	3.14% - 5.00%
<b>Prepayment Options:</b>	Make-Whole Call	10-year par call
	A "make-whole call" means the City can repay these bonds early, but must compensate the bondholder for lost interest (e.g. makes the bondholder economically "whole").	A "10-year par call" means the City may repay these bonds at the outstanding par amount, with no penalty, beginning approximately 10 years after closing.

- City Bond rating required: Barclays requires a minimum rating of Aa3 (Moody's) or AA- (S&P) before closing. The City plans to engage S&P.
- The bonds are priced two days before closing. They are based on market rates for similar bonds on that date, plus a "direct purchase premium" (approximately 0.30%–0.40%). PFM will review market rates with City Staff before the yield is finalized.
- The offering document will be delivered no more than 90-days post-close.

\*Indicative based, based on market rates, credit spreads, and direct purchase spreads as of May 30, 2026



## Net Debt Service Schedule

- The indicative debt service (City lease payment schedule) is provided to the right.
- Capitalized interest will fund payments for two years, meaning the first lease payment due from the City to the JPA will be January 1, 2028.

Period Ending	Taxable Bonds	Tax Exempt Bonds	Total
Jan 1, 2027			
Jan 1, 2028	1,974,522.00	540,500	2,515,022.00
Jan 1, 2029	1,975,965.00	539,250	2,515,215.00
Jan 1, 2030	1,971,444.00	542,750	2,514,194.00
Jan 1, 2031	1,976,200.00	540,750	2,516,950.00
Jan 1, 2032	1,974,751.00	538,500	2,513,251.00
Jan 1, 2033	1,972,338.00	541,000	2,513,338.00
Jan 1, 2034	1,971,390.50	538,000	2,509,390.50
Jan 1, 2035	1,974,105.50	539,750	2,513,855.50
Jan 1, 2036	1,975,215.50	541,000	2,516,215.50
Jan 1, 2037	1,974,720.50	541,750	2,516,470.50
Jan 1, 2038	1,972,620.50	542,000	2,514,620.50
Jan 1, 2039	1,972,340.50	541,750	2,514,090.50
Jan 1, 2040	1,975,100.50	541,000	2,516,100.50
Jan 1, 2041	1,975,620.50	539,750	2,515,370.50
Jan 1, 2042	1,973,900.50	543,000	2,516,900.50
Jan 1, 2043	1,974,940.50	540,500	2,515,440.50
Jan 1, 2044	1,976,219.50	542,500	2,518,719.50
Jan 1, 2045	1,974,563.50	538,750	2,513,313.50
Jan 1, 2046	1,974,972.50	539,500	2,514,472.50
Jan 1, 2047	1,972,153.00	539,500	2,511,653.00
Jan 1, 2048	1,976,105.00	538,750	2,514,855.00
Jan 1, 2049	1,971,241.50	542,250	2,513,491.50
Jan 1, 2050	1,976,225.00	539,750	2,515,975.00
Jan 1, 2051	1,971,701.00	541,500	2,513,201.00
Jan 1, 2052	1,972,970.00	542,250	2,515,220.00
Jan 1, 2053	1,974,431.00	542,000	2,516,431.00
Jan 1, 2054	1,975,783.50	540,750	2,516,533.50
Jan 1, 2055	1,971,727.00	538,500	2,510,227.00
Jan 1, 2056	1,972,261.50	540,250	2,512,511.50
Jan 1, 2057	1,971,786.00	540,750	2,512,536.00
	<b>59,217,315.00</b>	<b>16,218,250</b>	<b>75,435,565.00</b>



## Summary of Results in Today's Market

Indicative Debt Service – rates as of March 30, 2026 (subject to change at pricing)

	Par Amount	Final Maturity	Indicative Yields	True Interest Cost (TIC)
<b>Taxable</b>	\$27,540,000	1/1/2057	4.82 - 6.01%	5.87%
<b>Tax-Exempt</b>	\$8,310,000 (plus ~\$543k of premium)	1/1/2057	2.56 – 4.87%	4.47%
<b>Total</b>	\$35,850,000			5.54%

### Current Timeline

- ◆ April 13: City Council considers JPA Formation and Term Sheet Execution
- ◆ April 27: City Council considers to approve financing and JPA Organizational meeting (5-day min. notice)
- ◆ May 12: S&P Rating Received
- ◆ June 2: Price Bonds
- ◆ June 4: Close and Fund Bonds
- ◆ September 2: Delivery of final Official Statement



## Disclosure requirements and ongoing obligations

What the City commits to after the bonds close

- ◆ **Continuing Disclosure:** At Closing, the City will enter into a continuing disclosure agreement to provide annual information concerning the City and its financial status. Additionally, the City will agree to provide updates if certain material financial events occur within ten days of their occurrence. The City should consider working with a dissemination agent to assist with this process.
- ◆ **Post Closing Deliverables:**
  - Confirming Offering Memorandum: Within 90 days of closing the bonds, the JPA will deliver to Barclays a memorandum with detailed financial information regarding the City, the JPA, and the bonds, and certificates of the City and JPA confirming the accuracy of the information therein. The memorandum will include information regarding the essential terms of the bonds and information regarding the City's current operations and finances.
  - Post Issuance Tax Compliance: Following the issuance of tax-exempt bonds, the JPA and the City must adhere to certain post-issuance compliance procedures to preserve the tax-exempt status of the tax-exempt bonds throughout their term. These procedures generally include ongoing monitoring of the use of tax-exempt bond proceeds to ensure compliance with applicable provisions of the Internal Revenue Code, including restrictions on private business use, requirements for timely expenditure of proceeds, and limitations on the investment of unexpended proceeds to avoid arbitrage violations. The City should designate a compliance officer or team responsible for maintaining accurate records, conducting periodic reviews of financed facilities, and tracking all allocations of tax-exempt bond proceeds and any changes in the use of bond-financed property.



pfm