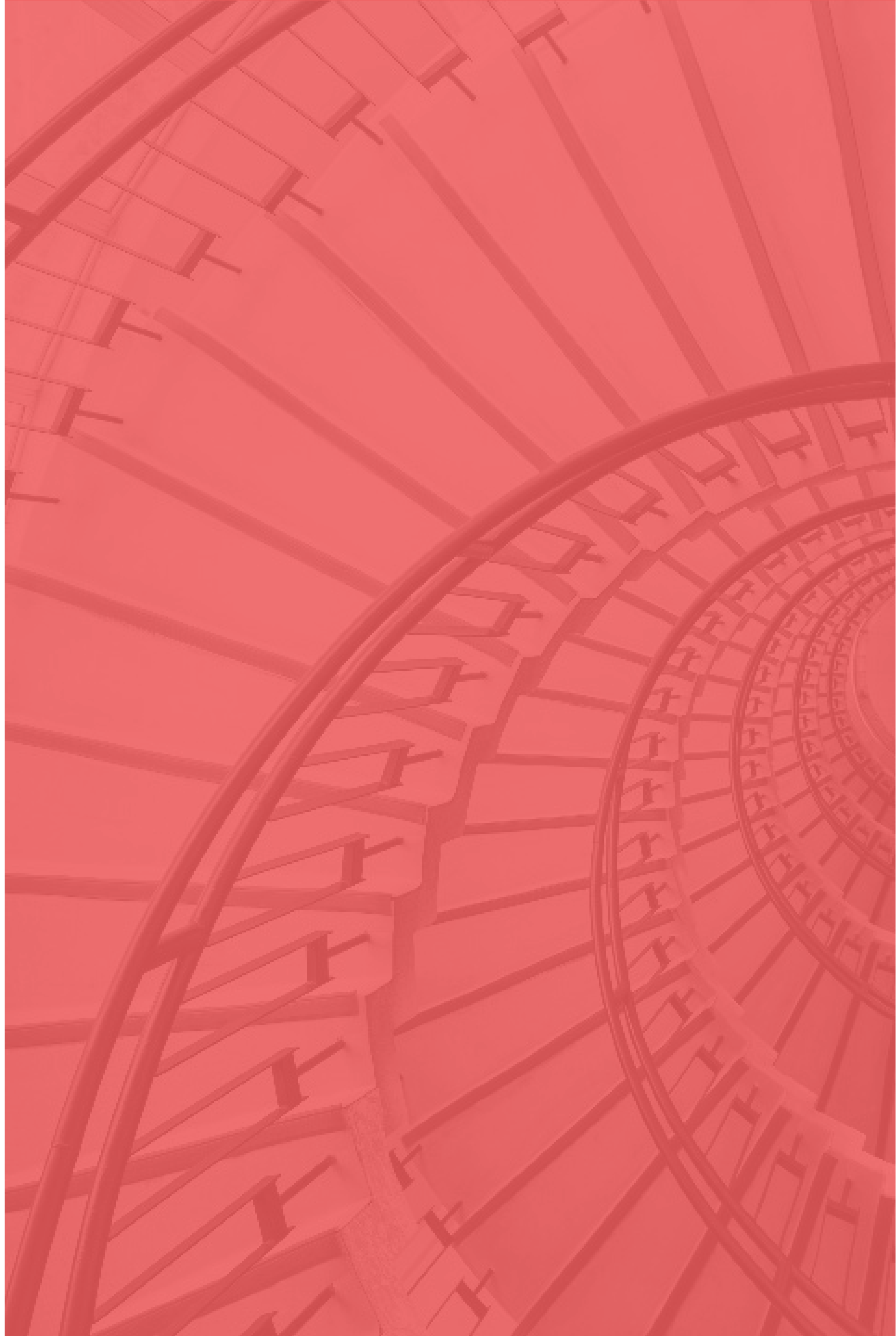
Plan of Finance

March 26, 2026 – Board Meeting



Agenda

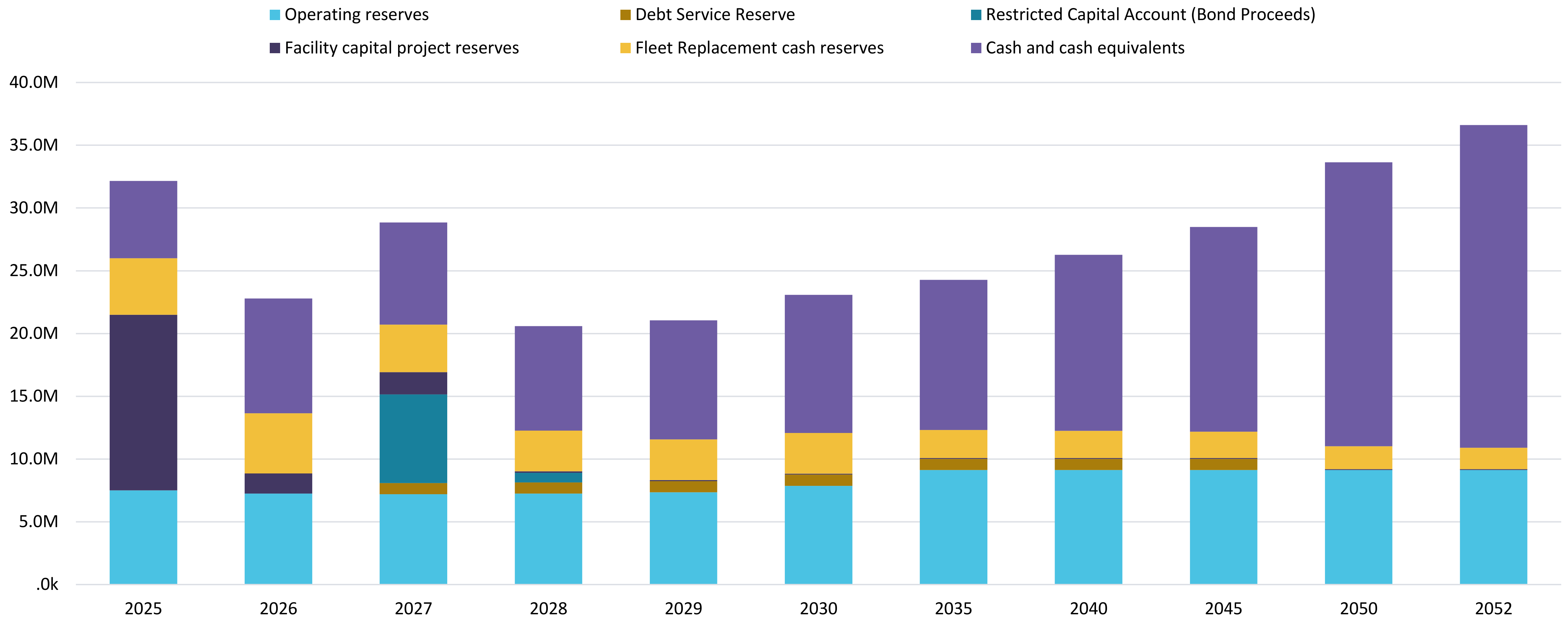
- Review updated proforma with FY25 results and GMP Spend
- Review financing estimates
- Method of sale
- Risk considerations
- Timing

Proforma Summary

NET REVENUE SUMMARY	Actual	FY26 Draft Budget	Forecast	Forecast	MOAB Move-in Forecast	Forecast	Forecast	Forecast	Forecast
FISCAL YEAR	2025	2026	2027	2028	2029	2030	2035	2040	2045
Total revenues	18.3M	19.2M	19.3M	19.8M	20.1M	20.6M	23.2M	23.3M	23.3M
Total operating expenses*	15.2M	15.6M	15.8M	16.2M	17.6M	18.9M	21.9M	21.9M	21.9M
Net Revenue Available for Debt Service	**3.1M**	**3.7M**	**3.6M**	**3.6M**	**2.5M**	**1.7M**	**1.3M**	**1.4M**	**1.4M**
Est. 2026 Revenue Bonds Debt Service			519.2k	553.0k	894.0k	894.3k	893.7k	894.4k	893.8k
Debt Service Coverage Ratio			**6.84x**	**6.50x**	**2.80x**	**1.95x**	**1.50x**	**1.54x**	**1.59x**
NET CAPITAL ACTIVITY									
Federal Capital Award Revenue									
Total Federal Capital Revenue		4.7M	25.6M	15.8M	357.0k	421.0k	.0k	.0k	.0k
Local Capital Revenue									
Total Local Capital Revenue		13.0M	7.9M	13.3M	1.1M	1.8M	63.0k	63.0k	63.0k
Capital Expenses									
Total Capital Expenses		-17.7M	-33.5M	-28.2M	-1.5M	-753.0k	-63.0k	-63.0k	-63.0k
Capital contributions (LOSS)	.0k	.0k	.0k	1.0M	.0k	1.5M	.0k	.0k	.0k
Change in net position (LOSS)	**16.06M**	**3.68M**	**3.03M**	**4.04M**	**1.61M**	**2.35M**	**440.77k**	**479.39k**	**523.42k**
Cash Position									
Operating Reserve Balance	7.5M	7.2M	7.2M	7.2M	7.3M	7.9M	9.1M	9.1M	9.1M
Months Operating Cash Reserve	5.9	5.6	5.5	5.3	5.0	5.0	5.0	5.0	5.0
Total Cash	**32.4M**	**22.8M**	**28.8M**	**20.6M**	**21.1M**	**23.1M**	**24.3M**	**26.3M**	**28.5M**

*excludes depreciation expense

Cash Position Snapshot

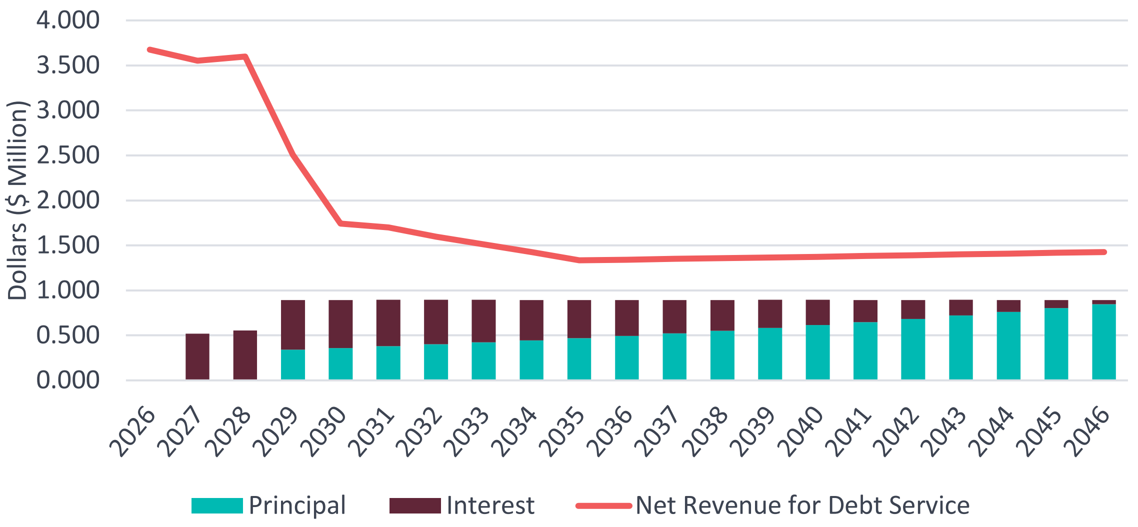


Debt Structure and Coverage

Fiscal Year	Total Revenues	Total Expenses	Add Back: Depreciation	Net Revenue for Debt Service	Debt Service Principal	Debt Service Interest	Debt Service Total	Debt Service Coverage
2026	19.247	-18.005	2.433	3.675	0.000	0.000	0.000	0.000x
2027	19.326	-18.282	2.506	3.551	0.000	0.519	0.519	6.839x
2028	19.846	-18.830	2.581	3.597	0.000	0.553	0.553	6.504x
2029	20.145	-20.298	2.659	2.506	0.341	0.553	0.894	2.803x
2030	20.622	-21.616	2.739	1.744	0.360	0.534	0.894	1.950x
2031	21.142	-22.265	2.821	1.698	0.380	0.514	0.894	1.899x
2032	21.624	-22.932	2.905	1.597	0.401	0.494	0.895	1.785x
2033	22.139	-23.620	2.993	1.511	0.423	0.472	0.895	1.689x
2034	22.672	-24.329	3.082	1.426	0.446	0.448	0.894	1.594x
2035	23.219	-25.059	3.175	1.334	0.470	0.424	0.894	1.493x
2036	23.226	-25.059	3.175	1.342	0.496	0.398	0.894	1.501x
2037	23.234	-25.059	3.175	1.350	0.523	0.371	0.894	1.510x
2038	23.242	-25.059	3.175	1.358	0.552	0.342	0.894	1.519x
2039	23.250	-25.059	3.175	1.366	0.583	0.311	0.894	1.527x
2040	23.258	-25.059	3.175	1.374	0.615	0.279	0.894	1.536x
2041	23.266	-25.059	3.175	1.382	0.648	0.246	0.894	1.547x
2042	23.275	-25.059	3.175	1.391	0.684	0.210	0.894	1.556x
2043	23.283	-25.059	3.175	1.399	0.722	0.172	0.894	1.565x
2044	23.292	-25.059	3.175	1.408	0.761	0.133	0.894	1.576x
2045	23.301	-25.059	3.175	1.417	0.803	0.091	0.894	1.586x
2046	23.311	-25.059	3.175	1.426	0.847	0.047	0.894	1.596x
					10.055	7.110	17.165	

Sources Of Funds ($)	
Par Amount of Bonds	10,055,000.00
Total Sources	**$10,055,000.00**

Uses Of Funds ($)	
Deposit to Project Construction Fund	9,009,446.00
Deposit to Debt Service Reserve Fund (DSRF)	894,570.00
Est. Costs of Issuance	150,000.00
Rounding Amount	984.00
Total Uses	**$10,055,000.00**



Revenue Bonds

Security

-Bonds would be secured by net revenues of the District

-Further secured by a Debt Service Reserve

Term

-Statute allows for up to 40 years

-Practically, market acceptance is 20 years on a direct bank lending

Requirements

-Minimum debt service coverage ratio in excess of 1.0x (to net revenues)

-Additional bonds provisions

-Practical coverage ratio around 1.5x

Method of Sale – Bank Placement

- <u>Why it makes sense</u>
  - **Preserves flexibility** – often providing quicker ability to refinance or pay down debt without costly premiums; preserving future options.
    - We plan to incorporate a request of a shorter prepayment option than you would see in the public market (public market standard is 10 years from closing before you can prepay)
    - With the subjectivity on the use of contingency on the project, this is important.
  - **Lower closing costs -** A public sale typically involves more parties and closing costs can be materially higher (double or more).
  - **Fewer administrative requirements**
    - Bank financings are a simpler process allowing more time to be dedicated to managing the project and FTA reporting.
    - Ongoing disclosure to the lender is also much less onerous on an ongoing basis (typically limited to sending them your audit each year).
    - No rating (a fair amount of work for all involved)
  - **One counterparty**
    - Local lenders are much more of a partner in the financing – often willing to work with you if things don't go to plan. Having one counterparty simplifies who you report to and gives space for dialogue.
    - Issuing publicly is nearly purely transactional – they want their returns with little empathy. It is also very difficult to get a majority in one "room".
    - Can be lighter on ongoing covenants and conditions as well.
  - **Less market risk** – Typically lenders "hold their price" for a reasonable period after the offer is received allowing predictability from when the offer is received to when we close.
    - Public sales – the rates "float" with the market until we sell the bonds (about 30 days before closing); subjecting you to market risk.

Financing Risks

- Most direct financing risks are carried by the lender, however:
- This is a fixed cost with a contractual obligation to pay, so –
  - If you jeopardize the "security" (materially diminished d/s coverage) of the bonds to the lender, you should expect recourse (low risk).
    - Likely to see some protections to benefit of the lender in the Bond Resolution describing what you would be obligated to do in that event.
      - Examples: i) Hire a 3rd party consultant to review your operating framework and mandatorily consider any recommended changes. ii) consider a levy election iii) restructure the debt
  - Risk is principally mitigated by having a strong plan of finance, maintaining a debt service / operating reserve and having healthy operating margins. Prepayment flexibility and a strong lending partner will provide options as well.
- Closing risk (low risk) – albeit very remote, there is a risk that the closing is disrupted causing a delay in funding. If that were to occur, I would expect it to be a minor disruption that is cured within a few business days.
- Legislative changes (moderate risk) – changes to State law related to property tax or funding mechanisms could impair your ability to raise/maintain revenue to operate

Finance Timing *Contingent on federal award

Time from FTA Award	Event	Responsible Party
+1 Week	1. Draft Term Sheet containing substantial financing terms and conditions distributed to MUTD Staff and Dorsey & Whitney for review and comment. 2. Draft Resolution authorizing MUTD Staff to solicit lenders to purchase the Bonds circulated for review.	1. Baker Tilly 2. Dorsey & Whitney
+2 Weeks	1. Comments back on draft Term Sheet provided to Baker Tilly. 2. Comments back on draft Authorizing Resolution.	1. MUTD Staff; Dorsey & Whitney 2. MUTD Staff; Baker Tilly
+2 Weeks	1. Final version of Term Sheet to working group for signoff. 2. Final version of Authorizing Resolution sent to MUTD for consideration at Finance Committee & Board Meeting.	1. Baker Tilly 2. Dorsey & Whitney
+3 Weeks	**Finance Committee reviews & Board considers Resolution authorizing MUTD Staff to solicit lenders to purchase the Bonds.**	**MUTD Finance Committee & Board**
+4 Weeks	Term Sheet requesting offers to purchase the Bonds distributed to prospective lenders.	MUTD Staff/Baker Tilly
+6 Weeks	Final day for prospective lenders to ask questions pertaining to the Bonds.	Prospective Lenders
+7 Weeks	Final day for offers to be submitted by prospective lenders to purchase the Bonds.	Prospective Lenders
+8 Weeks	Evaluation of offers and selection of preferred lender.	MUTD Staff; Baker Tilly; Dorsey & Whitney
+9 Weeks	**MUTD Staff and Advisory Team reports solicitation outcome to Board.**	**MUTD Staff; Baker Tilly; Dorsey & Whitney**
+9 Weeks	Draft Bond Resolution circulated to working group for review and comment.	Dorsey & Whitney
+10 to 12 Weeks	Substantially final terms and structure of the Bonds established (including comments on draft Bond Resolution).	Finance Team
+13 Weeks	Final Bond Resolution distributed for consideration by Finance Committee and approval by Board.	Dorsey & Whitney
+14 Weeks	**Finance Committee reviews & Board considers Bond Resolution prescribing the form and terms of the Bonds.**	**MUTD Finance Committee & Board**
+15 Weeks	Closing memorandum distributed.	Baker Tilly
+16 Weeks	**Settlement of the Bonds; receipt of proceeds.**	**Finance Team**

Questions and considerations