

Pacheco, Crystallene K.

DEPARTMENT OF FINANCE
DATE REC'D: JUN 30 2021
ROUTE TO:
COPY TO: <i>Pub Fin</i>
AGENCY: <i>Public Finance</i>
FILE: <i>Financial Adv.</i>

From: Michael Busch <michaelb@urbanfuturesinc.com>
Sent: Wednesday, June 30, 2021 12:21 PM
To: Pacheco, Crystallene K.
Subject: Hawaii County Professional Services: Statement of Qualifications for Municipal Advisory Services
Attachments: County of Hawai'i 2021 RFP to Provide FA Services FV.pdf

Aloha Crystallene,

I hope my email finds you and your family well and safe in these trying COVID times.

The purpose of my email is to provide the County with our Statement of Qualification and Expression of Interest Public Finance (Financial Advising).

As you will note, I have an office in Hilo in the Lagoon Center adjacent to the County offices. As an island resident, and CEO of the firm, I work from this office full-time where I lead the **number 1 municipal advisory firm in the West Region** (California, Oregon, Alaska, Wyoming, Colorado, Idaho, Montana, Washington, Arizona, Utah, Nevada and Hawaii). We are also ranked in the top 15 of all municipal advisors in the United States.

As the only nationally ranked firm with a full-time office on the islands, it's with great pleasure to submit our Statement of Qualification to Hawaii County.

Should you have any questions, or need additional information, feel free to reach out. I am happy to visit County staff in person or to communicate via email or phone.

Mahalo,

MICHAEL BUSCH | Chief Executive Officer

UFI URBAN FUTURES | Incorporated
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 101 Aupuni Street, Suite 241 Hilo, HI 96720
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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 Urban Futures Inc. and irm in the Westits associated persons. To access Urban Futures Inc.'s current disclosure please go to the Disclosure page of Urban Futures Inc. website or in the West<https://www.urbanfuturesinc.com/regulatory-disclosure/rm>

County of Hawai'i

URBAN FUTURES, INC.
Public Finance Group
Public Management Group

Hawai'i Office

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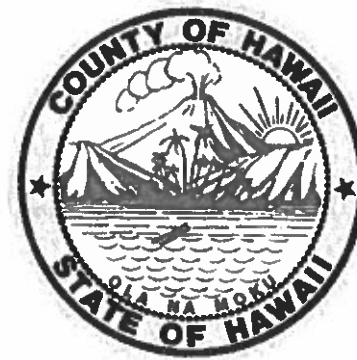
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Statement of Qualification and Expression of Interest Public Finance (Financial Advising)



June 30, 2021



Ms. Deanna Sako
Director of Finance
County of Hawai'i
25 Aupuni Street, Suite 2103
Hilo, Hawai'i 96720

Re: Statement of Qualification and Expression of Interest for Public Finance (Financial Advising)

Dear Ms. Sako:

Urban Futures, Inc. (UFI) is pleased to submit this proposal to provide financial advisory services to the County of Hawai'i (the "County"). **UFI has been selected as one of the County's pre-qualified financial advisors in prior years, and it would be our pleasure to continue serving the County.**

We believe that UFI is best positioned to serve the County comprehensively and efficiently through our two divisions—the Public Management Group and the Public Finance Group—that will work synergistically to craft solutions for multiple aspects of the County's finance-related needs. Hiring our firm furnishes the County with a local "think tank" of public finance experts to assist the County with debt financings, effective management of its debt program, informative analysis of financing alternatives for its Capital Improvement Plan, financial assessments and forecasting (including "what if" scenarios for economic shocks and downturns) to strengthen and sustain the County's fiscal health and resiliency, and strategic financial planning including targeting pension and OPEB liabilities to maintain critical service levels.

To our knowledge, UFI is the only municipal advisory firm to maintain an office and to have established a business with an assigned General Excise Tax ID number in the State of Hawai'i. With our established office in the Hilo Lagoon Centre, we are positioned to provide the full resources of our firm to the County. As you are aware, my wife and I have long maintained a home on the Big Island residing along the Hamakua Coast, which provides prompt face-to-face meeting access at the County offices. I can be available to meet with County staff as much as is required and on short notice.

Comprised of financial advisors and consultants that are former city finance directors, assistant city managers, city attorneys, public finance investment bankers, and rating agency analysts, UFI has the capability to provide solutions for multiple aspects of our client's finance-related issues. Our unique combination of qualifications and resources ensure value-added service to the County.

The following is a summary of our distinguishing expertise and services as it relates to bond financings:

- UFI has been a leader in providing financial advisory services since 1972 to over 300 public agencies. ***UFI is ranked as a top financial advisory firm for General Obligation Bonds by number of transactions completed. In 2020, within our State of incorporation and within the Western Region, which includes Hawai'i, we were ranked 1st by volume, completing 162 transactions. Nationally, we were ranked 10th.***
- The coverage level we provide is second to none. We are a full-service firm offering municipal advisory, continuing disclosure, and financial consulting services. We are assigning three senior-level staff, including UFI's CEO who is based in our Hilo, Hawai'i Office, to the County, creating a **comprehensive and experienced team with strong analytical and modeling skills.**



- **UFI is in the market virtually every week, including during the global COVID-19 pandemic. We have a proven track record of advocating on behalf of our clients (through strong relationships with underwriters, bond counsels, rating agencies, and bond insurers) to extract every basis point of savings.**

- **UFI is ready to demonstrate its commitment to Hawai'i through our proposal and future actions.** Our proposal reflects a cost-effective approach to having a top Municipal Advisory firm located on the Island. Our fixed fee proposal will not include travel costs or other costs which typically drive up fees. Additionally, to spread the aloha spirit we will donate part of the revenues from deals completed on the Island to local non-profits.

- **Our mission to serve the people of Hawai'i can be summed up as follows:**
 - HO'OHANA—The value of work: To work with intent and with purpose;
 - KŪLIA I KA NU'U— The value of achievement. Pursue personal excellence in all we do;
 - 'LŌKAHI— The value of teamwork: People who work together can achieve more; and
 - MĀLAMA— The value of stewardship. To serve and to honor, to protect and care for.

Working with the County is of highest priority to me, my family, and the firm, and we are committed to dedicating as much of the firm's resources to the County's assignments as necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Busch', written in a cursive style.

Michael Busch
Chief Executive Officer
Urban Futures, Inc.

101 Aupuni St.
Suite 241
Hilo, HI 96720
Michaelb@urbanfuturesinc.com
(714) 316-6150 Cell



Proposal Contents

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A. Firm Information

The name of the firm or person, contact information including email address, the principal place of business, and location of all of its offices.

Urban Futures, Inc. (UFI) currently has one office in Hawai'i and two offices in California. The Hawai'i office is in Hilo, and the California offices are in Tustin and Walnut Creek. UFI's principal place of business is in Tustin, CA.

Michael Busch, the Engagement Lead for the County, is the Chief Executive Officer of the firm and has his primary residence in Hilo. His contact information is listed below:

Urban Futures, Inc.	
Primary Contact	
Michael Busch , Chief Executive Officer 101 Aupuni Street, Suite 241 Hilo, Hawai'i 96720	Telephone: 808.731-4803 Cell: 714.316.6150 Email: michaelb@urbanfuturesinc.com

The age of the firm and its average number of employees over the past five years

Urban Futures was founded in 1972 and is celebrating its 49th anniversary this year. Over the past five years, the firm has had an average of 21 employees.

B. Key Personnel

The education, training, and qualifications of the individual, or if a firm, its key employees in accordance with HRS 103D-304 and/or the professional and scientific occupation series contained in the United States Office of Personnel Management's Qualifications Standards Handbook

We believe that the core professionals that UFI has assembled possess the proven capabilities necessary to provide the County with comprehensive financial advisory services for any contemplated financing. Three senior-level staff members will be assigned to the County to fulfill the County's needs:

- **Michael Busch** will serve as the Relationship Manager and Day-to-Day Contact. He has worked at UFI for 14 years and has served as its owner for 7 years.
- **Wing-See Fox** will serve as the project lead for any proposed financings. She has over 10 years of experience as a public finance professional and has worked for UFI for over 4 years.
- **Makiko Sato** will assist in the credit presentation and bond execution throughout any projects or proposed transactions. She has 18 years of experience as a public finance professional, including over 5 years with UFI, with a focus on general obligation bonds.

UFI staff follow the strict ethical guidelines established by the firm, MSRB and SEC, and as such, there are no regulatory actions taken or pending related to the proposed staff. All UFI municipal advisors, including support staff, hold a Series 50 municipal advisor registration.



Please see the table below for a summary of the core advisory staff that will be assigned to the County. The members of the financing team have a depth of experience representing our clients' financial interests and strengths to a variety of stakeholders. Detailed biographies are also provided below.

Team Member	Role	Office Location	Experience
Michael Busch, CEO and President	Primary Contact/Strategic and Staffing Oversight	Hilo, HI	Over 25 years of experience in fiscal strategies, over \$5 billion in capital financing, and municipal operations, including municipal reorganizations, fiscal work outs and bankruptcy
Wing-See Fox Managing Director	Project Lead/Credit Expertise	Walnut Creek, CA	Over \$3 billion in tax-exempt and taxable debt including General Obligation Bonds, Lease Revenue Bonds/COPs, Water/Wastewater Revenue Bonds, Tax Allocation Bonds, Community Facilities Districts, Assessment Districts, Tax and Revenue Anticipation Notes, Pension Obligation Bonds, and Revenue Bonds.
Makiko Sato Director	Transaction, Quantitative, and Execution Support	Walnut Creek, CA	Over \$2 billion in tax-exempt and taxable debt including General Obligation Bonds, Certificates of Participation, Direct Placement Lease Financings, Bond Anticipation Notes, Tax and Revenue Anticipation Notes, and Federally Subsidized Taxable Bonds.

Michael Busch, Chief Executive Officer and President

Michael Busch is the Chief Executive and Strategy Officer for UFI. He is an accomplished municipal executive and public finance professional who has helped manage several public agencies as an assistant city manager and finance director, and now leads UFI. Michael has also applied his diverse leadership experiences with a number of professional organizations as President of the Municipal Management Association of Southern California (MMASC), Chair of Cal-International City/County Management Association (Cal-ICMA) and Founding Member of the California Utility Executive Management Association (CUEMA). Through his leadership of UFI and engagement with professional organizations, Michael helps cities, counties, special districts, and nonprofits identify emerging trends, engage in critical policy issues, exchange proven practices, and advance their missions through sound fiscal and operational policy.



During his 14-year tenure with UFI, numerous public agencies have engaged Michael as both a strategic consultant and municipal advisor based on his public finance expertise and broad understanding of fiscal issues affecting the public sector. Michael's engagements include over 60 public agencies. Additionally, Michael was the lead municipal advisor and public finance expert for the City of San Bernardino, helping to guide the City through its Chapter 9 bankruptcy restructuring, including providing written and oral testimony in the federal mediation and bankruptcy proceedings.

Mr. Busch holds a Bachelor of Arts degree in Urban and Regional Planning from California State Polytechnic University, Pomona, and a Master of Public Administration degree (Finance and Public Works emphasis) from California State University, Long Beach.

Wing-See Fox, Managing Director

Wing-See Fox is the Managing Director of the Public Finance Group at UFI. Wing-See has over a decade of experience in the fields of municipal advising, public finance and municipal securities. She has worked on over \$3 billion in municipal debt offerings for cities and special districts including general obligation bonds, lease revenue bonds, certificates of participation, water/wastewater bonds, tax allocation bonds, Community



Facilities District and assessment district bonds, pension obligation bonds, and enterprise bonds.

As a municipal advisor, Wing-See excels in gaining a thorough understanding of credits, validating assumptions in financial projections, and structuring bond transactions to meet the needs of the issuer while maximizing credit strength and marketability to investors. She has extensive experience putting together credit presentations geared towards the criteria of rating agencies in order to achieve the highest possible ratings.

Prior to joining UFI, Wing-See was a Vice President at Raymond James Public Finance where she worked on a broad range of tax-exempt and taxable bond issuances for cities and special districts. Her investment banking experience also includes work in the Municipal Securities Group at UBS Investment Bank in New York. Outside of public finance, Wing-See has served as the CEO of Prevent Blindness Northern California, a nonprofit organization providing free vision health services for Head Start and unified school district preschoolers in Oakland and San Francisco, and a business development consultant in West Africa for small and medium-sized locally owned enterprises.

Wing-See received a Master of Business Administration degree from Columbia Business School, a Master of Social Work degree from Columbia University School of Social Work, and a Bachelor of Arts degree in Psychology from Stanford University. An active member of the Northern California Chapters of Women in Public Finance (WIP) and Asian Americans in Public Finance (AAPF), she is also a Class of 2015 LeaderSpring Fellow. Additionally, Wing-See serves as a member of the CSMFO and Communications Committee.

Makiko Sato, Director

Makiko has been working in the public finance industry since 2003 with a focus on planning and implementing responsible and sustainable bond programs. Makiko has extensive experience with the issuance of general obligation bonds, certificates of participation, direct placement lease financings, bond anticipation notes, tax and revenue anticipation notes as well as federally subsidized taxable bonds.



She has a strong quantitative and technical skillset that allows her to provide high-level financial advisory services to her clients. Makiko regularly presents at board and professional organization meetings. Prior to joining UFI, she served in similar capacities at other financial advisory firms.

Makiko holds a dual bachelor's degree in Economics and Legal Studies from University of California, Berkeley, and a Master of Public Administration degree with a specialization in finance from New York University's Wagner Graduate School of Public Service. She is also a CFA charter-holder.

C. List of Current Projects and Client References

A list of recent projects and the names of up to five clients who may be contacted, including at least two for whom services were rendered during the preceding year.

Listed on the next page are current clients (excluding our school district and charter school clients) for which UFI is presently under contract, and the services provided for each. We can say with confidence that we are successfully meeting or have successfully met our clients' needs in terms of client relationship and delivering services on scope, quality, schedule, and budget. Should you want to confirm this with any of the clients below, we would be happy to provide their contact information.



Client	Types of Service
City of Alameda	Assessment District Formation, Financial Forecasting, Pension Analysis
Altadena Library District	CFD
Town of Apple Valley	Revolving Line of Credit, COPs
City of Azusa	CFD, Continuing Disclosure
Camrosa Water District	Water Revenue Bonds
City of Commerce	Pension Obligation Bonds
City of Covina	Pension Obligation Bonds
Cosumnes CSD	Certificates of Participation
City of Crescent City	Energy Efficiency Project
City of Culver City	Pension Obligation Bonds, Financial Forecasting
City of El Cajon	Pension Obligation Bonds
City of Fullerton	CFD Formation, CFD Refunding
City of Desert Hot Springs	CFD, New Market Tax Credit, Continuing Disclosure
City of Hercules	Wastewater Revenue Bonds, Continuing Disclosure
City of Jurupa Valley	Transportation Sales Tax Bonds
City of King City	Certificates of Participation
City of Lake Elsinore	CFD, TABs, EIFD Analysis, Financial Forecasting
Los Angeles County Sanitation District	Pension Analysis
City of Menifee	CFD
City of Moorpark (ICFA)	Revenue Bonds
City of Montclair	Pension Obligation Bonds
City of Montebello	Lease Revenue Bonds
City of Needles	Water Revenue Bonds
City of Newport Beach	Assessment District Bonds
City of Oakland	Tax and Revenue Anticipation Notes
City of Pico Rivera	Tax Allocation Bonds
City of Pismo Beach	Lease Revenue Bonds, Recycled Water Project, Continuing Disclosure
Placer County Water Agency	Pension Analysis
Puente Basin Water Agency	Water Revenue Refunding
City of Rosemead	Consulting
City of San Fernando	Pension Obligation Bonds



Client	Types of Service
City of San Gabriel	Pension Obligation Bonds
City of Sanger	Pension Obligation Bonds
City of San Jose	Pension Analysis
City of South San Francisco	Pension Analysis
City of Santa Ana	Pension Obligation Bonds, Parking Revenue Bonds, Continuing Disclosure
City of Santa Fe Springs	Pension Obligation Bonds
Scotts Valley Water District	Water Revenue Bonds
Ukiah Valley Sanitation District	Consulting
City of Upland	Pension Obligation Bonds, CFD, Housing Note
City of Victorville	Electric Revenue Bonds
City of Whittier	Pension Obligation Bonds

We encourage you to contact any of our recent clients listed below to discuss their experience and satisfaction with UFI. We believe these persons can best speak to the quality and effectiveness of our work.



City and County of San Francisco – UFI recently served as the co-municipal advisor to the City and County of San Francisco on its \$80.7 million General Obligation Bonds, Series 2021B, which sold in March 2021, as well the municipal advisor on the City’s \$49.675 million Taxable General Obligation Bonds (Embarcadero Seawall Earthquake Safety, 2018), Series 2020A, which sold in May 2020. Below is a more in-depth description of the City’s 2020A General Obligation Bond issuance.

We were first engaged by the City in March 2019 as the municipal advisor for the competitive sale of the first tranche of general obligations bonds authorized through the passage of Proposition A on November 6, 2018. Proposition A approves the issuance of up to \$425,000,000 in general obligation bonds to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquake, flooding, and rising seas by repairing the 100-year-old Embarcadero Seawall, strengthening the Embarcadero, and fortifying transit infrastructure and utilities serving residents and businesses. The 2020A Bonds fund preliminary project planning and design, as well as the first set of pilot projects intended to allow the Port of San Francisco to determine the preferred approaches to achieve the intended objectives outlined in the bond measure.

After kicking off the financing and reviewing initial drafts of legal documents, a lawsuit was filed in April 2019 challenging the validity of Proposition A which delayed the financing. The City Attorney’s office immediately filed a demurrer, which was decided upon by the Courts in resounding favor of the City. However, in July 2019, an appeal was filed by the plaintiff. Despite the appeal, bond counsel and the City Attorney’s office provided clean opinions on issuance of the bonds on the grounds that the appeal has no merit.



Given these clean opinions, the City and County decided to move forward with the financing but with a negotiated method of sale rather than competitive. UFI worked with the City to engage an underwriting syndicate. We assisted the City in negotiating the underwriter’s discount with the syndicate as well as negotiating the rating agency fees with S&P, Moody’s, and Fitch. Additionally, the financing team drafted disclosure of the lawsuit and pending appeal as well as up-to-date disclosure items related to the impact of the unprecedented COVID-19 pandemic on San Francisco’s financial projections. The taxable bonds were structured with a unique 2-week maturity at the rate of 0.35% and a one-year maturity at the rate of 0.75%, which beat the tax-exempt one-year maturity that priced the month prior. The City and County successfully closed the bonds in June 2020, allowing the Port of San Francisco to move forward with the planning and design phase of their critical Embarcadero Seawall project.

City and County of San Francisco
Anna Van Degna, Director - Controller’s Office of Public Finance
415-554-5956, anna.vandegna@sfgov.org
1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, CA 94102



City of Oakland – UFI has served as the City of Oakland’s municipal advisor on four of its bond transactions; and after a recent financial advisory pool Request for Proposal (RFP), we continue to be engaged as one of the City’s pre-qualified municipal advisors. Additionally, UFI currently serves as the City’s Independent Registered Municipal Advisor (IRMA) and is working with the City on the issuance of its Fiscal Year 2021-2022 Tax and Revenue Anticipation Note anticipated to close on July 14th, 2021.

Just prior to the dissolution of redevelopment in California, UFI’s Public Finance Group was engaged by the City of Oakland Redevelopment Agency (ORA) to serve as the Financial Advisor on the ORA Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable). Because of the pending elimination of redevelopment, the 2011 transaction was completed in a record 45 days. UFI was subsequently engaged on the refinancing of the Successor Agency’s Central District Redevelopment Project, Subordinated Tax Allocation Refunding Bonds in 2013. In 2018, UFI was engaged to refinance the Successor Agency’s outstanding 2006B-TE and 2011A-T Tax Allocation Bonds; and in 2019, our firm was engaged on the City’s Fiscal Year 2019-2020 Tax and Revenue Anticipation Note (TRAN). Below is a more in-depth description of the City’s Fiscal Year 2019-2020 TRAN issuance.

In 2019, UFI served as municipal advisor on the issuance of \$97,255,000 City of Oakland Fiscal Year 2019-2020 Tax and Revenue Anticipation Note (TRAN), issued to take advantage of the CalPERS Annual Unfunded Accrued Liability (UAL) Prepayment Option for its Miscellaneous and Safety Plans. Each year, the City has the option to make monthly payments on its UAL or take advantage of the 3.5% discount offered by prepaying a lump-sum fiscal year obligation to CalPERS by July 31st.

At the start of the transaction, UFI analyzed whether a private placement or public offering of the TRAN would provide the lowest cost to the City by reaching out to banks and underwriting desks for indicative rates. After factoring in costs of issuance, the private placement yielded better results. We also analyzed a quarterly repayment structure versus the more traditional single maturity note structure. Based on market feedback, the City chose to move forward with a quarterly structure private placement TRAN.

After reaching out to a few banks for indicative rates, the City selected Bank of America, and the bank locked in a spread to the 1-Year LIBOR Swap Rate of 18 basis points for a quarterly structure and 19 basis



points for a single maturity structure. Bank Counsel provided drafts of the Note Purchase Agreement, and UFI played a key role in negotiating terms on behalf of the City. From March 15th until the rate lock on July 15th, the market moved dramatically. The 1-Year US Treasury rate dropped from 2.52% to 1.95%, and the 1-Year LIBOR Swap Rate dropped from 2.65% to 2.05%. In June, UFI drafted a memo informing the City that because rates had dropped significantly, the single maturity structure may be more financially compelling than the quarterly structure, depending on the assumption used for the foregone earnings rate with quarterly repayments. Additionally, since the yield curve had inverted on the front end, Bank of America lowered its spread for the single maturity from 19 basis points to 16 basis points, while keeping the quarterly spread at 18 basis points.

The determination of which option provided the City with more savings depended on the City's view of how much and when rates would drop after locking in the TRAN rate. The higher the assumed investment rate, the better it would be to hold cash and select the single maturity structure. The lower the assumed investment rate, the more attractive it would be to pay off debt sooner and select the quarterly maturity. After reviewing UFI's analysis, the City decided to stick with the quarterly amortization structure. The City was ultimately able to lock in a rate of 2.23% for its 2019-2020 TRAN, structured with quarterly principal and interest payments. Considering the City's lump sum prepayment savings of \$3.49 million and the cost of financing, net savings generated for the City's General Fund totaled \$1.35 million.

City of Oakland
David Jones, Treasury Manager
(510) 238-6508, dfjones@oaklandca.gov
150 Frank H. Ogawa Plaza, Suite 5330, Oakland, CA 94612



Santa Monica-Malibu Unified School District – UFI recently assisted the Santa Monica-Malibu Unified School District, which passed a ballot measure in November 2018 for \$680 million in new bond authorization, to fund school repairs and upgrades. We noted a disconnect in the District's Aaa Moody's rating and AA S&P rating, so we worked closely with the District to develop a rating presentation that highlighted the District's strong tax base, unique revenue flexibility, conservative financial management, low debt burden, and strong metrics compared to other similarly sized school districts. This led to a rating upgrade from S&P to AA+, saving taxpayers in the form of lower interest rates. Further, we have worked closely with the underwriter to sell the bonds with 2023 and 2025 optional call features, providing future flexibility to refinance the bonds for savings and restructure for future bond sales.

Despite the success of this school district, political forces have tried to separate the District into two school districts (Santa Monica and Malibu). Given the political challenges and to ensure success of the bond program, our firm helped the District form School Facility Improvement Districts (SFID's) for the two areas, each one establishing its own elections and tax rates. This has been an effective solution to the internal conflicts between the two cities, and UFI has continued to serve both SFID's, with the most recent bond issuance anticipated to close on July 1st, 2021.

Santa Monica-Malibu Unified School District
Ben Drati, Superintendent
310-450-8338, bdrati@smmusd.org
1651 16th Street, Santa Monica, CA 90404



Hayward Unified School District – In March 2019, UFI assisted Hayward Unified School District in issuing its Series 2019 Bonds. The Series 2019 Bonds represent the first series of bonds under Measure H, authorizing the District to issue up to \$381.7 million in general obligation bonds. The Series 2019 bonds were conservatively structured as traditional current interest bonds. A portion of the Series 2019 bonds were designated as Build America Mutual (BAM) GreenStar bonds because the bond proceeds will be

used for projects that “protect or restore the environment.” The District increased investor outreach, attracting 35 different investors, by putting together an investor presentation booklet that summarized key financial information to facilitate investor credit review. An advisement of the bond sale was placed in the East Bay Times to engage community members that may be interested in investing in Hayward schools.

The District reviewed its existing bond program and found that there was an opportunity to reduce interest rates on some of its outstanding bonds. A refunding of the District’s outstanding general obligation bonds generated taxpayer savings of over \$14 million over time, or present value (PV) savings of over 10% as a percentage of refunded bond par amount. The Series 2019 bonds have a true interest cost (TIC) of approximately 3.80% with a final maturity in 2048. The refunding bonds have a TIC of approximately 3.83% with a final maturity in 2043. More recently, UFI served as municipal advisor on the District’s \$170 million General Obligation Bonds, Series 2020 and \$175 million 2020 General Obligation Refunding Bonds (Federally Taxable).

Hayward Unified School District
Allan Garde, Assistant Superintendent, Business Services
510-784-2680, agarde@husd.k12.ca.us
24411 Amador Street, Hayward, CA 94544



City of Los Angeles – UFI has served as co-municipal advisor on two of the City of Los Angeles’ bond transactions: City of Los Angeles Solid Waste Resources Revenue Bonds, Series 2018-A and Municipal Improvement Corporation of the City of Los Angeles (MICLA) Lease Revenue Bonds, Series 2019-A (Capital Equipment) and Lease Revenue Refunding Bonds, Series 2019-B (Real Property). In 2019, UFI was selected as one of the City’s municipal advisors for its Wastewater System Revenue Bond Program. Below

is a more in-depth description of MICLA’s 2019 Lease Revenue Bond issuance.

In June 2019, UFI served as co-municipal advisor to MICLA’s 2019 Lease Revenue Bonds (“LRBs”) with Omnicap as the lead advisor. We quickly developed a team approach with Omnicap and together provided comprehensive input on bond structuring, legal documents, addition of the refunding of the 2009D RZEDB Bonds, shorter call options for both the capital equipment and real property series of bonds, syndicate policies, and pushing back on the senior underwriter to take down certain maturities without adjusting the levels. Additionally, UFI led the process for distributing and evaluating proposals from underwriters, preparing materials for the rating agencies, and negotiating with the rating agencies on their fees.

City of Los Angeles
Derik Pearson, Office of the City Administrative Officer, Debt Management Group
213-473-7554, derik.pearson@lacity.org
200 North Spring Street, #200, Los Angeles, CA 90012



D. Promotional Literature

Any promotional or descriptive literature which the individual or firm desires to submit.

Firm Overview

Since 1972, UFI has provided municipal advisory services to counties, cities, special districts, schools, community colleges, and non-profits. UFI is one of the top municipal advisory firms, having led more transactions in the Western Region, which includes Hawai'i, than any other firm in 2020¹. We are currently staffed with 18 professionals in three office locations, including one in Hilo, Hawai'i.

UFI is registered as an Independent Registered Municipal Advisor (IRMA) with the Municipal Securities Rulemaking Board (MSRB) and the Securities and Exchange Commission (SEC). UFI is in good standing with the MSRB and is in compliance with all applicable rules and requirements. Our financial advisory professionals have passed the MSRB Series 50 Municipal Advisor Representative examination. UFI has been wholly owned by Michael Busch, CEO and President, for the last seven years and is structured as a C-Corporation.

What differentiates us from our peers is the comprehensive municipal services that we provide to our clients, making us a "one-stop shop" for financial solutions. Rather than seeking different consultants to address discrete financial issues on a piecemeal basis, clients engage our firm to provide them with services ranging from municipal advisory assignments for issuance of bonds to fiscal sustainability plans. We can produce an accurate picture of an agency's current financial status, a long-term projection of its financial performance, and a fiscal sustainability plan that includes revenue measures, cost recovery and cost containment strategies (including management of pension liabilities). We help staff evaluate and implement various financing options for priority projects (including bonds, revolving lines of credit, and developer incentive programs) and refinancing opportunities, and we provide post-issuance compliance services.

UFI provides these services through its two main divisions:

- **Public Finance Division** supports the issuance of debt including general obligation bonds, lease revenue bonds, water and sewer revenue bonds, certificates of participation, special tax and benefit assessment bonds, tax allocation bonds, pension obligation bonds, and privately placed loans.
- **Public Management Division**² offers fiscal sustainability planning, financial forecasting, pension & OPEB modeling, and special studies
 - **Analytics and Compliance Group**² provides services related to continuing disclosure and arbitrage rebate.

While other municipal advisory firms concentrate primarily on the issuance of bonds, **UFI is focused on all aspects of financially related issues facing our clients.** We believe that this is essential to understanding capital financing and its impact on debt management.

¹ Source: SDC Platinum, Equal to each manager (in Western Region)

² Non-MA Services



UFI offers a full array of financial services:

✓ <i>Public Financial Advisory Services</i>	✓ <i>Management Consulting</i>
✓ <i>Successor Agency Consulting</i>	✓ <i>Project Negotiations</i>
✓ <i>Continuing Disclosure Reporting</i>	✓ <i>Strategic Planning</i>
✓ <i>Fiscal Consultant Report Preparation</i>	✓ <i>Special Studies</i>
✓ <i>Capital Improvement Program Development</i>	✓ <i>Pricing Agent Services</i>
✓ <i>Arbitrage Rebate Reports</i>	

2020 Financial Advisory Ranking

Provided below is a summary of the most recent Financial Advisory ranking for 2020, as provided in SDC Platinum, a product of Thomson Reuters Financial. UFI is ranked 1st in the Western Region and 10th in the United States among Financial Advisory firms, based on number of issues. We are happy to provide additional information regarding our rankings upon request.

2020 Top 5 Financial Advisors by Volume (Western Region)

Financial Advisor	Number of Issues	Rank	Mkt. Share	Par Amount (US\$ mil)
Urban Futures Inc	162	1	9.7	3,752.9
PFM Financial Advisors LLC	142	2	8.5	11,776.1
Fieldman Rolapp & Associates	110	3	6.6	3,880.6
Piper Sandler & Co	106	4	6.4	5,233.7
KNN Public Finance	82	5	4.9	10,151.0

Providing Advice and Services for Navigating Industry Shifts

Over our 49-year history in public finance, our firm has seen many significant changes and developments in our industry, and we have stepped up to assist our clients in navigating uncharted territory. Below are a few examples of how UFI has helped our clients effectively access the market despite dramatic shifts in our sector.

- a) **Amendments to Rule 15c2-12:** On February 27, 2019, the SEC made amendments to Rule 15c2-12 which expanded the list of reportable events from 14 to 16 for any continuing disclosure agreement entered from that point forward. These reportable events are ambiguous and created a lot of confusion around what obligations need to be reported, what information needs to be included, and what constitutes “material.” UFI has provided guidance to our clients on reportable events and filed notices on behalf of our clients.
- b) **Elimination of Tax-Exempt Advance Refundings:** Changes to federal tax law in late 2017 eliminated the ability of governments to issue tax-exempt advance refunding bonds. Since then, we have evaluated the use of taxable bonds, a forward structure, and a Cinderella structure (whereby taxable refunding bonds are issued to advance refund tax-exempt bonds, which then convert to tax-exempt at the call date) to refund tax-exempt bonds with call dates beyond 90 days. We have advised on successful executions of all of these methods, thereby achieving significant debt service savings for our clients.
- c) **Pension Assumption and Policy Changes:** With the GASB changes requiring pension and OPEB liabilities to be reflected on municipal entities’ balance sheets and significant assumption and policy changes, our clients are staring at enormous increases to their Unfunded Actuarly Accrued Liabilities in the next 10-12 years. In anticipation of the impact of growing pension liabilities on municipal budgets, UFI created the Pension Focus Group comprised of municipal agencies, UFI and CalPERS staff. As the leader in pension analysis and modeling, UFI has been engaged by a number of municipalities to prepare



long-term financial forecasts, pension analysis of amortization bases, and develop strategies for mitigating their mounting pension liabilities. We are also the #1 municipal advisor in California, by number of deals, for Pension Obligation Bonds.

d) **Rating Criteria Changes:** One of the greatest values we offer to our clients is our lead role in credit rating presentations, often assisting our clients achieve rating upgrades. We stay current with criteria utilized by rating agencies to evaluate different credit sectors. For example, since S&P updated its rating methodology in January 2016 for the Water/Wastewater sector, UFI has developed a template to score our clients' water or wastewater credit based on the updated methodology. This has been particularly helpful to clients that have not recently (or ever) issued water or wastewater bonds in estimating where we think the rating will fall and planning the financing accordingly. Additionally, we utilize this template for the rating agency presentation to focus on the credit strengths, identify how our client is addressing any weaknesses, and to allow the rating agency to expeditiously assign a rating to the anticipated bonds because we have thoroughly addressed all of their rating criteria.

e) **COVID-19 Pandemic:** The COVID-19 pandemic starkly impacted healthcare systems, global and local economies, financial markets, businesses and non-profits, local governments, and our lives. We understand that you and the County have immediate priorities that require your attention, and our approach as your municipal advisor and fiduciary is to act as an extension of staff allowing you to focus on your priorities while relying on us to achieve the County's financing and refinancing goals. As additional federal stimulus funds are received and as the tourist industry returns, we stand ready to assist the County with high priority finance-related needs.

Approach to Performing the Municipal Advisor Scope of Work

Every financing undertaken by UFI begins with proper planning and financial due diligence and ends with ongoing monitoring and administration. As such, we believe that our normal project planning and implementation process incorporates the scope of services for bond issuances. Most of the tasks can be handled via conference calls, but we are happy to hold in-person meetings as requested by the County. Additionally, we will attend all required County Council meetings to be available for questions.

Activity 1: Preliminary Analysis/Recommendation

No financing is ever recommended without first conducting a complete assessment of the client's needs and financial constraints. During this period, UFI staff performs the following tasks:

1. Schedule meetings or calls with staff to request all necessary data and discuss the needs, goals, and constraints of the County
2. Evaluate revenue options
3. Evaluate alternative financing options (i.e., bond sale, state or federal loans, line of credit, interfund borrowing) and present results to the County
4. Analyze existing outstanding debt to determine parity test requirements, feasibility of refunding certain outstanding series of Bonds, and debt affordability
5. Perform a comprehensive credit analysis to determine the anticipated rating, preferred structure, and interest rate scale for the Bonds
6. Prepare a summary of cost of issuance
7. Independently structure the financing and present results to the County

Activity 2: Assemble the Finance Team and Manage the Financing Process

After an evaluation of financing options/alternatives, should it be determined that financing targets will

be met through a bond issuance, UFI will begin work on the financing schedule and the implementation of the agreed upon financing strategy. The scope of work includes, but is not limited to, the following:

- 1) *Evaluate Method of Sale:* There are generally three methods of sale for bonds: competitive public offering, negotiated public offering, and private placement. Each method of sale has its advantages and disadvantages depending on various factors of the bond sale, and we will provide an evaluation to discuss with the County at the beginning of each transaction. Whichever method of sale is selected by the County, UFI is prepared to lead the financing process.
- 2) *Assist in the selection of additional service providers:* UFI is knowledgeable of, and has worked with, most major firms in the California public finance sector. Should the County wish to go out for RFP for services such as underwriter/placement agent, bond counsel, disclosure counsel, or trustee, we are experienced with managing and assisting staff with the selection process for these services.
- 3) *Develop the financing timetable:* UFI will coordinate with staff to develop a schedule that is consistent with the County's goals, staff availability, financing timing, and existing County Council meeting schedules.
- 4) *Monitor the transaction process:* A primary role as municipal advisor involves the close monitoring of the financing to ensure successful completion. As such, UFI will coordinate all activities of the financing team and will assist in the preparation of information for and review of Official Statements, Legal Documents, Loan Term Sheets, cash flows, staff reports, and all other applicable documents or presentations to the Council or rating agency.
- 5) *Provide support to the County relating to financing documents:* We are experienced in the delivery of presentations to Councils and drafting of applicable staff reports regarding adoption of the financing documents.
- 6) *Compute Sizing and Structure of Debt Issue:* Utilizing municipal market data and bond sizing applications, UFI will structure the debt offering for competitive sales and verify cash flows presented by underwriters for negotiated sales.
- 7) *Plan and Coordinate Presentations to Ratings Agencies, Bond Insurers, and Investors:* UFI is well prepared to assist in the drafting and delivery of credit presentations to rating agencies. While many factors go into the investment decision-making process, the bond rating is often the single most important factor affecting the interest cost on bonds. These credit presentations are then easily adapted for discussions with bond insurers and investors.
- 8) *Interest Rates and Timing:* As a result of the ever-changing municipal market environment, UFI will constantly monitor market rates to ensure that financing alternatives as well as refinancing assumptions and recommendations are maximized through proper timing.

Activity 3: Independently Verify Pricing

Performance matters, and we care about the rates at which the County will ultimately be issuing bonds—they should be in line with the current market and other similar bond sales. To ensure the underwriter is performing in the best interest of the County in a negotiated sale, we will prepare comparables to discuss with the County, monitor proposed rates throughout the pre-pricing and pricing process, culminating with a post-sale book that is provided to summarize the basis for investors approving or not approving a credit, the allotment sizes, and the orders themselves. We view this as a crucial step toward maintaining a strong understanding of movements in investor preferences which pays dividends for subsequent bond sales. For competitive sales, we will manage the marketing and sale of the Bonds and call all our underwriter contacts to ensure their participation in the bond sale.



Activity 4: Post-Issuance Compliance

Urban Futures has two staff members dedicated to managing the continuing disclosure and dissemination agent needs of our clients. We have over 20 years of experience providing continuing disclosure and dissemination agent services, and we currently serve over 200 public agency clients with the preparation of over 400 reports annually. We have extensive experience covering every type of credit, including General Obligation Bonds, Lease Revenue Bonds, Enterprise Fund Bonds, Tax Allocation Bonds, Community Facilities Districts, and Pension Obligation Bonds.

As a function of providing municipal advisory services, UFI reviews the Continuing Disclosure Certificates and Bond Indentures for every bond issuance at the very beginning of the financing process. This ability to work with the financing team to draft the Continuing Disclosure Certificate is key, as we ensure it is formed in a manner that strikes the balance between providing pertinent information to investors versus minimizing the administrative burden on County staff. It is also another way that we can provide nimble and cost-effective service to the County. In addition to our experience in drafting such documents, the firm has adopted a practice of reviewing each Continuing Disclosure Certificate on an annual basis. This practice ensures that each report is being prepared in accordance with the bond's disclosure obligations. Finally, we can assist the County with arbitrage rebate reporting required by the IRS.

Refunding Opportunities

Currently the County of Hawai'i has the following General Obligation Bonds outstanding:

Series	Dated Date	Outstanding Par	Coupon Range	Tax Status	Final Maturity	Call Date	Ratings
General Obligation							
2020 - Series A	11/04/2020	\$59,815,000	4.00% - 5.00%	Tax-Exempt	9/1/2040	9/1/2030	AA+/Aa2/AA
2020 - Series B	11/04/2020	\$2,315,000	0.40% - 0.55%	Taxable	9/1/2022	Make-Whole Call	AA+/Aa2/AA
2020 - Series C	11/04/2020	\$13,620,000	5.000%	Tax-Exempt	9/1/2029	Non Callable	AA+/Aa2/AA
2017 - Series A	07/06/2017	\$81,530,000	5.000%	Tax-Exempt	9/1/2037	3/1/2027 @ Par	AA+/Aa2/-
2017 - Series D	07/06/2017	\$4,475,000	3.00% - 5.00%	Tax-Exempt	9/1/2032	3/1/2027 @ Par	AA+/Aa2/-
2016 - Series A	02/18/2016	\$95,440,000	3.00% - 5.00%	Tax-Exempt	9/1/2035	3/1/2026 @ Par	-/Aa2/AA
2016 - Series B	02/18/2016	\$17,660,000	4.00% - 5.00%	Tax-Exempt	9/1/2026	3/1/2026 @ Par	-/Aa2/AA
2016 - Series C	02/18/2016	\$33,650,000	5.000%	Tax-Exempt	9/1/2027	3/1/2026 @ Par	-/Aa2/AA
2016 - Series D	02/18/2016	\$24,180,000	5.00%	Tax-Exempt	9/1/2028	3/1/2026 @ Par	-/Aa2/AA
2016 - Series E	02/18/2016	\$23,355,000	2.00% - 5.00%	Tax-Exempt	9/1/2029	3/1/2026 @ Par	-/Aa2/AA
2013 - Series B	02/12/2013	\$7,275,000	3.00% - 5.00%	Tax-Exempt	9/1/2023	9/1/2022 @ Par	AA+/Aa2/AA
2013 - Series C	02/12/2013	\$8,300,000	4.00%	Tax-Exempt	9/1/2024	9/1/2022 @ Par	AA+/Aa2/AA
2007 - Series C	01/30/2007	\$1,840,000	5.000%	Tax-Exempt	7/15/2021	Non Callable	AA+/Aa2/AA
Total General Obligation		\$412,455,000					

The County issued its 2020 General Obligation Bonds last November which included funding of capital improvement projects, retiring of outstanding bond anticipation notes, and refunding of the 2010 Series B Bonds that were currently refundable. The next call date for the County's General Obligation Bonds is 9/1/2022 for the 2013 Series B & C Bonds, and we provide an analysis for refunding these Bonds below.

2013 Series B & C

The 2013 Series B & C Bonds are callable at par beginning 9/1/2022 but only have a few callable maturities. Although legislators have introduced bills to reinstate tax-exempt advance refundings, the likelihood and timing of this legislation is uncertain. Therefore, the County currently has three refunding options for its 2013 Series B & C Bonds: 1) advance taxable refunding; 2) forward-delivery refunding; or 3) "Cinderella" refunding where taxable refunding bonds convert to a tax-exempt rate at the call date.

We reached out to underwriters and confirmed the current estimated forward delivery premium of five basis points per month. Based on this estimate, the County can expect to pay approximately 45 basis points of premium (assuming a pricing in September 2021 and closing in June 2022) in order to refund the 2013 Series B & C Bonds on a forward basis. We also received feedback from underwriting desks that

there have been a limited number of forward delivery bonds executed in recent months due to uncertainty in the market and concerns over inflation. Given the high forward premium and lack of market demand, we do not recommend pursuing a forward delivery refunding at this time. Similarly, although Cinderella Bonds are not a new municipal product, they have not received much investor interest, and only a limited number of Cinderella Bonds (a couple of which our firm has advised on) are getting done on a private placement basis.

We analyzed an advance refunding of the 2013 Series B & C Bonds on a taxable basis. Based on current market interest rates, the County would not achieve material savings with a refunding on a stand-alone basis given the size and tenor of the final maturities. The 2013 Series B Bonds would have an estimated net present value savings of -\$31,262, or -1.24% of refunded par. The 2013 Series C Bonds would have an estimated net present value savings of \$52,367, or 1.21% of refunded par. However, if the County is planning on a new money issuance in the next year, it may be economical to include a refunding of these Bonds, especially if the timing of the new money issuance would result in a current tax-exempt refunding of the 2013 Bonds. If selected as municipal advisor, we would continue to monitor whether a refunding of the 2013 Bonds would be economical.

Credit Analysis

The County's General Obligation Bonds have very strong current ratings of AA+/Aa2/AA by Fitch, Moody's, and S&P, respectively. S&P upgraded the County's General Obligation Bonds in December 2019 from AA- to AA based on the County's improved economic metrics, strong finances (including good liquidity, budgetary performance, and budgetary flexibility) and strong management.

In October 2020, Moody's assigned an Aa2 (Stable) rating to the County's 2020 General Obligation Bonds and affirmed the same rating on the County's other outstanding General Obligation Bonds, based on credit factors including extensive tax base that has shown strong growth in recent years and has significant available land for future development and strong financial profile. The rating report added: "Although tourism on the island has experienced a significant set-back due to the coronavirus pandemic and unemployment remains elevated, the county has generally outperformed our expectations given sizeable public sector employment and fairly non-correlated employment opportunities. Additionally, statewide plans to allow out-of-state arrivals without a two-week quarantine (with a negative COVID test result)...should bring some modest relief to the local economy in the near-term." Additionally, Moody's noted the County's pension and OPEB liabilities are high.

In June 2020, Fitch affirmed the County's General Obligation Bonds and Issuer Default Rating at AA+ based on the County's solid revenues and high independent legal ability to raise revenues, robust operating performance, and moderate long-term liability burden. However, Fitch revised its Rating Outlook from Stable to Negative. The rating agency is concerned that the County's "financial flexibility, particularly in the face of ongoing expenditure increases to address pension and other post-employment benefits (OPEB) liabilities, could be pressured by reduced revenue growth, expenditure growth that outpaces revenues, and/or sustained reductions in reserves." To the extent that an economic contraction driven by the COVID-19 pandemic triggers sustained and deep revenue declines and materially erodes the County's ability to close a budget gap, Fitch could downgrade its rating of the County. In October 2020, Fitch assigned an AA+ rating with a Negative Outlook to the County's 2020 General Obligation Bonds and affirmed the same rating and outlook for the County's other outstanding General Obligation Bonds. Fitch also noted the considerable impact that the coronavirus pandemic has had on the County's tourism sector but recognized a reactivation of the local economy as the State opens back up. Like the other rating agencies, Fitch noted pressure on the County's financial flexibility in the face of ongoing expenditure increases to address pension and OPEB liabilities.

Despite the global and national concerns around the COVID-19 pandemic, tourism and economic recovery have returned to Hawai'i, and we believe that the County's credit will remain in high demand. We anticipate the County being able to access the municipal bond market at attractive rates.

Management of Pension and OPEB Liabilities

All eligible employees of the County are covered under the Employees' Retirement System of the State (the "ERS"), a cost-sharing, multiple employer defined benefit pension plan. Unlike the Hawaii Employer-Union Health Benefits Trust Fund (the "EUTF"), which maintains separate accounts and performs separate actuarial valuations for each employer, the ERS operates under a cost-sharing arrangement. Accordingly, ERS assets are used to pay benefits to retirees of any employer. Therefore, although Act 19 Session Laws of Hawaii, 2018, allows the State and counties to pay employer contributions in advance and to receive credit against future required payments, separate accounts are not established for each contributing entity; and therefore, the pooled assets of the ERS can be used to pay the pensions of all State and county employees who are members of the system.

As of the June 30, 2019 valuation date, ERS' funded ratio is only 55.2%. Additionally, all three rating agencies note that the County's pension and OPEB liabilities are high. In particular, Fitch notes: "The county's efforts to address pension and OPEB liabilities, leading to lower fixed carrying cost, improved expenditure flexibility, and a reduced long-term liability burden, would support a rating upgrade. Fitch considers such shifts unlikely in the near-term, but they could develop with sustained management efforts over a number of years." Similarly, Moody's notes that a material reduction in the county's pension and OPEB liabilities is a factor that could lead to an upgrade.

While we are aware that ERS has its unique features, we believe that UFI has unmatched experience and technical skills with defined benefit pension plans, and we can work in partnership with the County and the State to develop strategies for improving the funded ratio of ERS and stabilizing pension costs for the County.



Regulatory Disclosure

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 and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. ("UFI") and its associated persons.

Conflicts of Interest. Compensation. UFI represents that in connection with the issuance of municipal securities, UFI 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, UFI hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI's ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e., hourly or fixed fee based) may also present a potential conflict of interest regarding UFI's ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

Other Municipal Advisor Relationships. UFI 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 UFI client. 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, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

Legal or Disciplinary Events. UFI does not have any legal events or disciplinary history on UFI's Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI'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.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel.