City Council &
Public Financing Authority

Lease Revenue Bonds, Series 2019

Keith DeMartini
Finance Director
AGENDA

1. Objective
2. Review 2000 COPs
3. Finance Team Members
4. Lease Revenue Bond Refinancing
5. Debt Issuance Process
6. Tonight’s Actions
7. Questions
OBJECTIVE

- **Request to City Council**: Adopt a resolution of the City Council of the City of San Bruno approving the official statement and purchase contract in connection with the lease financing, and approving related documents and official actions.

- **Request to Public Financing Authority**: Adopt a resolution of the San Bruno Public Financing Authority approving the official statement and purchase contract in connection with the issuance of lease revenue bonds, and approving related documents and official actions.
In 2000, the City issued $9,600,000 Certificates of Participation (COPs) to fund the construction of the Police Facility.

The debt service payments of approximately $650,000 per year are an obligation of the City’s General Fund.

- Paid by the Successor Agency, formerly the Redevelopment Agency, from tax revenues, or formerly tax increment revenues, that are included on the Successor Agency’s annual ROPs.
- Recognized Obligation Payment Schedule (ROPs)
- Reimbursement Agreement between the City and the Redevelopment Agency dated December 1, 2000.
Presently, the 2000 COPs remaining principal is $5,995,000 that bears interest at a rate of 5.15% to 5.25%.

The February 1, 2019 principal payment of $335,000 was paid from tax revenues from the FY2018-19 ROPs.

The remaining principal of $5,660,000 is proposed to be refunded.
FINANCE TEAM MEMBERS

- Bond/Disclosure Counsel – Jones Hall
- Municipal Advisor – Fieldman, Rolapp & Associates
- Bond Underwriter – Prager & Company
- Trustee – MUFG Union Bank
- Rating Agency – Standard & Poor’s
Issuance of 2019 **Lease Revenue Bonds** (LRBs) secured by the General Fund, but paid from Tax Revenues per the Amended Reimbursement Agreement.

2019 LRBs will be paid at the same lien level as the 2000 COPs.
- No Debt Service Reserve Fund
- Fixed rate
- A 12-year term – no change from current term
- Level debt service

It is estimated that the 2019 LRBs will produce net Present Value Savings of **12.0%** (exceeding GFOA and City policy standards).
- The average annual reduction in debt service payments will be approximately **$128,000**.
- City’s annual share is approximately **$19,000**.
- Estimated True Interest Cost will be **2.78%**.
- Net Present Value savings over life of indebtedness of **$1.5 Million**
S&P Credit Rating: **AA+**

- “Very High Grade Credit” rating
- Very strong economy
- Strong management
- Good financial policies and practices
- Strong budgetary performance with operating surpluses
- Strong budget flexibility and liquidity
<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Council, Authority and Successor Agency approval to proceed</td>
<td>11/13/18</td>
<td>✓</td>
</tr>
<tr>
<td>County Oversight Board approval to proceed</td>
<td>11/28/18</td>
<td>✓</td>
</tr>
<tr>
<td>Request to Department of Finance requesting approval of Amended Reimbursement Agreement</td>
<td>11/28/19</td>
<td>✓</td>
</tr>
<tr>
<td>Department of Finance approval received</td>
<td>1/9/19</td>
<td>✓</td>
</tr>
<tr>
<td>Secure underlying credit rating</td>
<td>2/6/19</td>
<td>✓</td>
</tr>
<tr>
<td>City Council and Authority approval of official statement and purchase contract</td>
<td>2/12/19</td>
<td>✓</td>
</tr>
<tr>
<td>Negotiate sale of bonds</td>
<td>2/21/19</td>
<td>✓</td>
</tr>
<tr>
<td>Close bonds</td>
<td>3/21/19</td>
<td>✓</td>
</tr>
</tbody>
</table>
TONIGHT’S ACTION

- **Request to City Council**: Adopt a resolution of the City Council of the City of San Bruno approving the official statement and purchase contract in connection with the lease financing, and approving related documents and official actions.

- **Request to Public Financing Authority**: Adopt a resolution of the San Bruno Public Financing Authority approving the official statement and purchase contract in connection with the issuance of lease revenue bonds, and approving related documents and official actions.
Questions