



# 2014 Tax Allocation Bonds Refinancing

City of San Leandro Successor Agency

*June 16, 2014*



# Tax Allocation Bonds Refunding Support City Goals

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- **Place the City on a firm foundation for long-term fiscal accountability**
- **Maintain and support a strong positive relationship between the City and educational community**

# Background – Dissolution of Redevelopment Agencies

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- **AB 1X 26 and AB 1X 27 were enacted on June 29, 2011**
  - Under AB 1X 26, as of February 1, 2012, all redevelopment agencies were dissolved
  - AB 1X 27 was invalidated by the California Supreme Court
- **AB 1484 was enacted on June 27, 2012 and provided further clarification on dissolution**
- **Tax increment revenues generated by the Agency’s project areas are deposited into a County held Redevelopment Property Tax Trust Fund (“RPTTF”) on behalf of the Successor Agency “(Agency)”**

## Background – Dissolution of Redevelopment Agencies (Cont.)



- **On January 2 and June 1 of each year, monies from the RPTTF are transferred to the Agency to the extent required to make payments on items listed in the Agency’s Recognized Obligation Payment Schedule (“ROPS”)**
  - Before each six-month period, the Agency must prepare, approve and submit to its Oversight Board a ROPS that covers all enforceable obligations due during that period
  - The Agency anticipates timely submittal of all future ROPS and covenants in the Indenture to take all steps necessary in the future to ensure payment of the 2014 Bonds and all other parity debt on a timely basis
- **Pursuant to AB 1X 26 and AB 1484, any bonds authorized to be issued by the Agency under AB 1X 26 and AB 1484 are considered indebtedness incurred by the dissolved Former Agency with the same legal effect (and pledge of tax increment) as if the bonds had been issued prior to AB 1X 26 and will be included on the Agency’s ROPs**



# Outstanding Tax Allocation Bonds

Series Name	Issue Size	Delivery Date	Final Maturity	Outstanding Par	Next Call Date	Refunding Status		
						Advance	Current	Non-Callable
<i>Tax Allocation Bonds (numbers in \$ millions)</i>								
Series 2002	15.935	12/5/02	9/1/32	11.080	Currently Callable	-	11.080	-
Series 2004	5.500	6/16/04	9/1/34	4.850	Currently Callable	-	4.850	-
Series 2008	27.530	7/24/08	9/1/38	25.195	9/1/2018	22.215	-	2.980
<b>TOTAL</b>	<b>\$48.965</b>			<b>\$41.125</b>		<b>\$22.215</b>	<b>\$15.930</b>	<b>\$2.980</b>



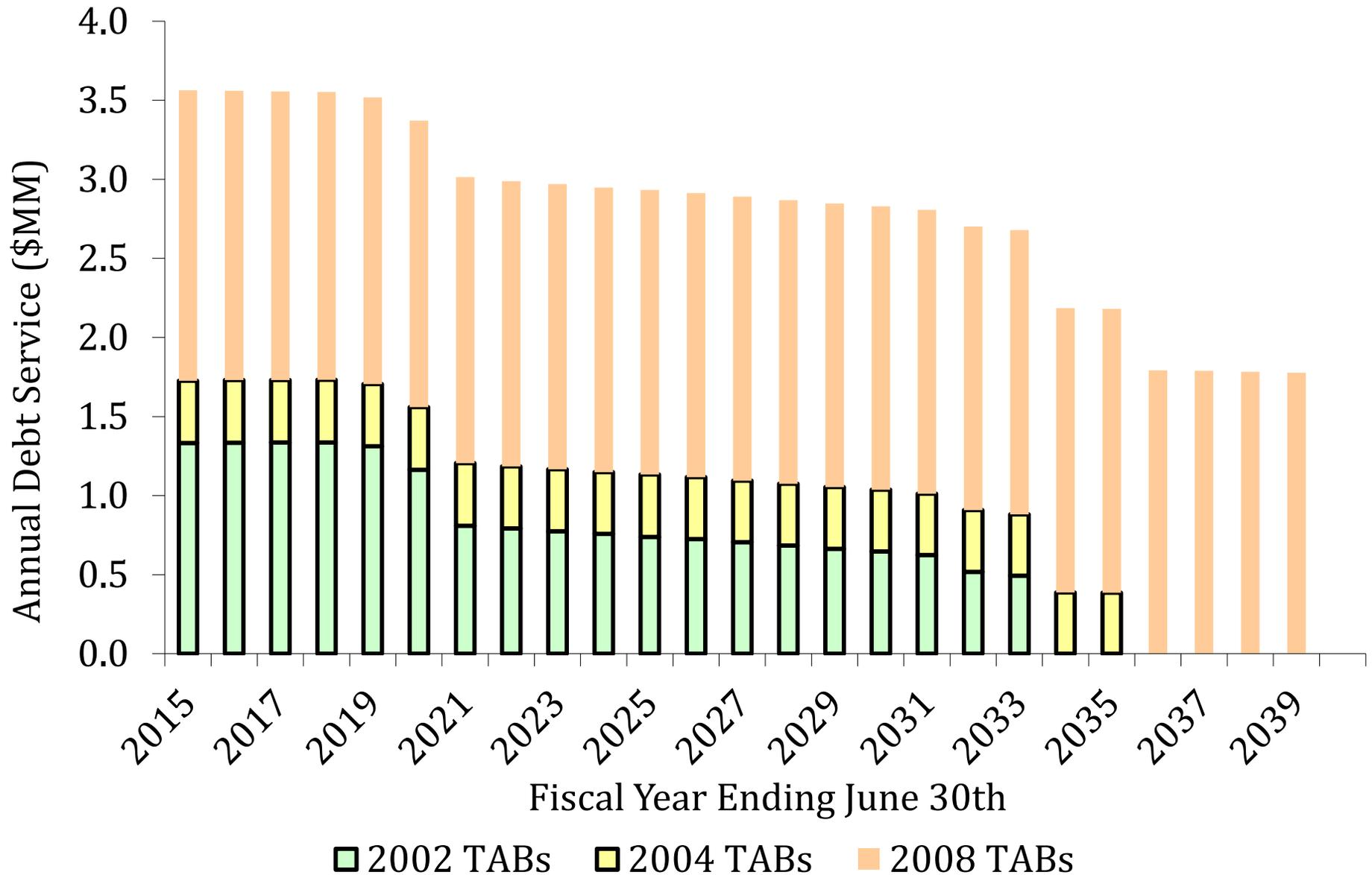
# Refinancing Success

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- **2013 Lease Revenue Refunding Bonds – April 2013**
- \$ 1.68 million Total Refinancing Savings
  
- **2014 Tax Allocation Bonds – October 2014 (expected)**
- \$3.4 million Total Refinancing Savings
- \$408,000 Total Benefit to City's General Fund



# Tax Allocation Bonds Debt Service





# Summary of Series 2014 Refunding

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- **Full refunding of Series 2002 TABs**
  - Callable anytime at 100%
  - \$10.375 million will be refunded
  - Serial bonds due 9/1/2015-2032
  - 5.40%-6.00% coupons
  
- **Full refunding of Series 2004 TABs**
  - Callable anytime at 100%
  - \$4.720 million will be refunded
  - Serial bonds due 9/1/2015-2034
  - 5.25%-5.75% coupon
  
- **In total, \$15.095 million will be refunded**



# Sources and Uses of Funds

## Issuance Assumptions

Delivery Date	10/15/2014
Final Maturity	9/1/2034
Series 2014 Refunding Par	\$ 13,355,000
Series 2002 Par Refunded	10,375,000
Series 2004 Par Refunded	4,720,000

## Estimated Sources and Uses

### **Sources:**

Par Amount	\$ 13,355,000
Original Issue Premium	673,887
2002 Escrow Fund Release	1,427,880
2002 DSRF Release	1,130,063
2004 DSRF Release	400,817

**Total Sources:** \$ 16,987,647

### **Uses:**

Escrow Deposit	\$ 15,270,965
Debt Service Reserve Fund	1,275,406
Costs of Issuance	369,321
Underwriter's Discount	71,955

**Total Uses:** \$ 16,987,647



# Aggregate Debt Service Savings Analysis

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- **The combined refunding generates an estimated \$3.40 million in total savings, representing \$1.45 million net present value savings (9.62% of refunded principal)**
  
- **2014 refunding structured for accelerated savings by series**
  - 2002 TABs generate estimated annual savings of \$930,000 in FY16-18
  - 2004 TABs generate estimated annual savings of \$135,000 in FY16-17
  
- **Accelerated savings structure generates annual savings of \$930,000 to \$1.10 million in FY2016 through FY2018, basically unchanged thereafter**
  - City's share (12% of total) is estimated to average \$120,000 per year in FY2016 through FY2018, approximately \$408,000 in total



# Savings to Public Entities

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- **\$408,000**      **City Savings**
- **\$1,564,000**      **School District Savings**
- **\$850,000**      **County Savings**
- **\$578,000**      **Special District Savings**
- **\$3,400,000**      **Total**



# Aggregate Debt Service Savings

FYE June 30 <sup>th</sup>	Refunded Debt Service	2014 TABs Debt Service	Estimated Yield	Gross Savings	City's Share (12%)
2015	\$ 434,505	\$ 238,888	-	\$ 195,617	\$ 23,474
2016	1,730,220	632,350	1.00%	1,097,870	131,744
2017	1,730,685	696,213	1.24%	1,034,473	124,137
2018	1,732,190	801,138	1.62%	931,053	111,726
2019	1,705,205	1,624,138	2.01%	81,068	9,728
2020	1,559,130	1,553,575	2.40%	5,555	667
2021	1,204,630	1,202,100	2.76%	2,530	304
2022	1,183,634	1,178,738	3.12%	4,897	588
2023	1,166,396	1,164,275	3.42%	2,121	255
2024	1,148,029	1,143,575	3.70%	4,454	534
2025	1,133,343	1,131,500	3.81%	1,843	221
2026	1,117,071	1,112,913	3.92%	4,159	499
2027	1,094,270	1,089,375	4.14%	4,895	587
2028	1,075,058	1,071,275	4.23%	3,783	454
2029	1,054,285	1,051,513	4.32%	2,773	333
2030	1,036,581	1,034,963	4.41%	1,619	194
2031	1,012,063	1,006,675	4.75%	5,388	647
2032	908,488	903,538	4.75%	4,951	594
2033	881,006	876,638	4.75%	4,369	524
2034	386,769	384,975	4.75%	1,794	215
2035	385,781	383,438	4.75%	2,344	281
<b>Total</b>	<b>\$ 23,679,339</b>	<b>\$ 20,281,788</b>		<b>\$ 3,397,551</b>	<b>\$ 407,706</b>

# Breakdown of Debt Service Savings – 2002 and 2004 TABs



FYE June 30 <sup>th</sup>	Refunded 2002 Debt Service	Allocated 2014 TABs Debt Service	2002 TABs Savings	Refunded 2004 Debt Service	Allocated 2014 TABs Debt Service	2004 TABs Savings	Aggregate Savings
2015	\$ 304,349	\$ 153,551	\$ 150,798	\$ 130,156	\$ 85,337	\$ 44,819	\$ 195,617
2016	1,333,583	406,458	927,125	396,638	225,893	170,745	1,097,870
2017	1,336,348	406,458	929,890	394,338	289,755	104,583	1,034,473
2018	1,335,430	406,458	928,973	396,760	394,680	2,080	931,053
2019	1,311,478	1,232,445	79,033	393,728	391,693	2,035	81,068
2020	1,163,903	1,163,140	763	395,228	390,435	4,793	5,555
2021	808,503	808,373	130	396,128	393,728	2,400	2,530
2022	792,135	792,120	15	391,499	386,618	4,881	4,896
2023	775,063	774,290	773	391,334	389,985	1,349	2,121
2024	757,395	756,883	513	390,634	386,693	3,941	4,454
2025	739,133	738,870	263	394,210	392,630	1,580	1,843
2026	725,126	725,115	11	391,945	387,798	4,148	4,159
2027	705,250	704,918	333	389,020	384,458	4,563	4,895
2028	684,650	683,698	953	390,408	387,578	2,830	3,783
2029	663,450	662,720	730	390,835	388,793	2,043	2,773
2030	646,500	645,856	644	390,081	389,106	975	1,619
2031	623,800	621,138	2,663	388,263	385,538	2,725	5,388
2032	518,050	517,513	538	390,438	386,025	4,413	4,950
2033	494,400	490,800	3,600	386,606	385,838	769	4,369
2034	-	-	-	386,769	384,975	1,794	1,794
2035	-	-	-	385,781	383,438	2,344	2,344
<b>Total</b>	<b>\$15,718,543</b>	<b>\$ 12,690,799</b>	<b>\$3,027,743</b>	<b>\$7,960,795</b>	<b>\$7,590,988</b>	<b>\$ 369,807</b>	<b>\$3,397,551</b>



# Timeline

Date	Item
Monday, June 16	Successor Agency meeting to approve Resolution authorizing 2014 Refunding Bonds and related bond documents
Week of June 23	Submit documents to Department of Finance for approval
Week of Aug. 11	Credit presentation to Standard & Poor's
Week of Sept. 1	Deadline to receive Department of Finance approval
Week of Sept. 1	Receive S&P rating
Week of Sept. 15	Price 2014 Refunding Bonds
Week of Oct. 13	Close 2014 Refunding Bonds