

DEBT SERVICE REQUIREMENTS

DEBT SERVICE REQUIREMENTS

The Debt Service section summarizes the debt service requirements of the City as of July 1, 2021. These obligations represent the annual payment schedule for principal and interest for Capital Improvement Plan projects funded through debt financing. This section also summarizes the City Council authorized loans extended to other funds from the General Fund for capital improvements and equipment purchases.

DEBT SERVICE REQUIREMENTS

GENERAL FUND DEBT

DESCRIPTION

The debt service schedule provides for the payment of principal and interest obligations and associated administrative costs incurred with the issuance of debt instruments for the City. The budget includes funding for the following General Fund debt service requirements for 2021-22 and 2022-23:

General Fund Debt

1. In 2012, the City issued \$18,305,000 principal amount of Pension Obligation Bonds refinancing the outstanding Public Safety side fund obligations to take advantage of low bond interest rates ranging from 1.140% to 5.540%. The bond transaction refunded the existing CalPERS side fund obligation having rate of 7.75% over the same term, in the same total amount, and expiring in 2023-24. The debt service payments for 2021-22 and 2022-23 totals \$2,350,516 and \$2,432,716.
2. In a related refinancing, City's General fund borrowed \$6,000,000 from the Water Pollution Control Fund reserves for the initial pay-down of the side fund obligation of \$24,305,000. The loan was made at an interest rate of 3% per annum compared to the bond interest rate and higher than the rate reflected by the City's investment portfolio return. Wastewater rate payers also benefit from this approach. The loan will be over the same term which will expire in 2023-24. The annual debt service payment for 2021-22 and 2022-23 is \$602,773.
3. In 2013, the City issued \$8,883,000 principal amount of Refunding Lease Revenue Bonds providing funds to refund the City's 2001 and 2003 Certificates of Participation. Interest rates range from 2.00% to 5.00%. The interest rate is 2% payable over two years. The debt service payments for 2021-22 and 2022-23 total \$872,816 and \$873,996.
4. In July 2016, the City entered into an equipment lease/purchase agreement with Bank of America to finance energy and water conservation equipment to be located at City facilities. Cost of the equipment is up to an amount of \$5,500,000 with a 16-year term at 2.1% interest rate. The annual debt service requirement for 2021-22 and 2022-23 is \$422,249.
5. In November 2017, the City entered in to the 2016 Refunding Lease Revenue Bonds through the San Leandro Public Financing Authority for \$14,125,000 to refund outstanding debt on 2007 Certificates of Participation of \$15,825,000. The term is 12 years at a rate of 2.46% and matures in 2029. The debt service requirement for 2021-22 and 2022-23 is \$1,429,600 and \$1,424,975.
6. In December 2018, the City entered into the 2018 Lease Revenue Bond (LRB) through the San Leandro Public Financing Authority for \$22,000,000 for the purpose of financing several capital improvement projects consisting of improvements to the Police and South Office buildings, the Mulford-Marina branch library, Manor Park competition pool, Farrelly

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pool, and the Casa Peralta. The term of the LRB is 30 years at a rate ranging from 3.5% to 5.0% and matures in November 2048. The annual debt service requirement for 2021-22 and 2022-23 is \$871,575.

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San Leandro Financing Authority

The San Leandro Public Financing Authority was established through a joint power's agreement with the City. The Authority was formed with purpose of assisting the City finance, acquire, and construct public improvements benefiting city residents. The Mayor and City Council serve as the Board of Directors of the Authority and the City Manager serves as the Executive Director.

Improvements undertaken by the Authority have included seismic retrofitting of some essential facilities owned by the City, such as City Hall, three fire stations and the Police building. The Authority has also financed the seismic retrofit/ renovation/ expansion of the Main Library and the acquisition of two replacement fire stations in lieu of seismic retrofit of these facilities.

The Public Financing Authority's receives an annual payment of principal and interest from the General Fund to pay the debt service requirements for the 2013 Lease Revenue Bonds (refunded the 2003 Certificates of Participation), and the 2016 Lease Revenue Bonds (refunded the 2007 Library and Fire Stations Certificates of Participation). For 2021-22 and 2022-23, the General Fund facility lease payments, including principal and interest total \$4,536,438 and \$4,819,034.

GENERAL FUND DEBT SERVICE OBLIGATIONS

The following is a summary of the fiscal year 2021-22 and 2022-23 principal payments, the projected year-end balance and the loan maturity dates for the long-term obligations.

Annual Principal Requirements	Balance 06/30/2021	Debt Service 2021-22	Debt Service 2022-23	Balance 06/30/2023	Maturity Date
General Long-Term Debt:					
2018 Lease Revenue Bond	\$ 18,905,000	\$ -	\$ -	\$ 18,905,000	11/01/2048
2016 Lease Revenue Bond (2007 COP)	10,520,000	(970,000)	(1,015,000)	8,535,000	11/01/2029
2016 Equipment Lease/Purchase-Climatec	4,294,106	(333,816)	(340,863)	3,619,426	07/21/2032
2012 Pension Obligation Bonds	6,570,000	(2,000,000)	(2,185,000)	2,385,000	06/01/2024
2012 Water Pollution Control Plant	1,705,009	(551,622)	(568,171)	585,216	06/30/2024
2013 Lease Revenue Bond(2003 COP)	5,352,000	(681,000)	(710,000)	3,961,000	06/01/2028

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2013 Lease Revenue Bonds

In April 2013, the City issued \$8,883,000 principal amount of 2013 Refunding Lease Revenue Bonds (2013 RLRB). The purpose of the 2013 RLRBs was refunding and retiring the 2003 COPs and 2001 COPs. The 2013 RLRBs bear interest rates ranging from 2.0% to 5.0% and are payable semiannually on each June 1 and December 1. Principal payments are payable annually on December 1.

The refunding of the 2003 COPs resulted in a present value of savings of \$928,703 of the refunded bonds. At June 30, 2021, debt service requirements for the City's portion of the 2013 RLRB are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 681,000	\$ 191,816	\$ 872,816
2023	710,000	163,996	873,996
2024	736,000	137,836	873,836
2025	762,000	113,018	875,018
2026-2028	2,463,000	161,936	2,624,936
Total Debt Service	\$ 5,352,000	\$ 768,602	\$ 6,120,602

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2016 Refunding Lease Revenue Bonds

In October 2016, City and the San Leandro Public Financing Authority approved resolutions and documents required for issuing the 2016 Refunding Lease Revenue Bonds (RLRB) with the issue amount of \$14,125,000 that will mature in 2029 at a true interest rate of 2.46%. The 2016 RLRB was issued to refund the 2007 Certificates of Participation (COP) of \$23,435,000 principal amount in 2007. The purpose of the 2007 COP was to provide funds to refund the outstanding 1999 Certificates of Participation (Library and Fire stations projects).

At June 30, 2021, debt service requirements for the 2016 RLRB are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 970,000	\$ 459,600	\$ 1,429,600
2023	1,015,000	409,975	1,424,975
2024	1,070,000	357,850	1,427,850
2025	1,120,000	303,100	1,423,100
2026-2030	6,345,000	772,250	7,117,250
Total Debt Service	\$ 10,520,000	\$ 2,302,775	\$ 12,822,775

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2012 Pension Obligation Bonds

In 2012, the City issued \$18,305,000 principal amount of 2012 Taxable Pension Obligation Bonds (2012 POB). The purpose of the 2012 POB is to save the City money, the interest rate, including the cost of issuance, must be significantly less than the interest rate the CalPERS charges to amortize the public safety side fund which is distinct from the City's other CalPERS plans. Side funds are retired over a fixed term with a fixed amortization schedule based on CalPERS actuarial earnings assumption rate (7.75%). Principal is due annually on December 1 and the interest is due semi-annually on June 1 and December 1 through June 2024. Debt service is payable from available City resources.

At June 30, 2021, debt service requirements for the City's portion of the 2012 Taxable Pension Obligations Bonds are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,000,000	\$ 350,516	\$ 2,350,516
2023	2,185,000	247,716	2,432,716
2024	2,385,000	132,129	2,517,129
Total Debt Service	\$ 6,570,000	\$ 730,360	\$ 7,300,360

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2012 Water Pollution Control Plant Loan

In addition to issuance of the Pension Obligation Bonds, City's General fund borrowed \$6,000,000 from the Water Pollution Plant Fund reserves for the initial pay-down of the side fund obligation totaling \$24,305,000. The loan was made at a lower interest rate of 3% per annum compared to the bond interest rate and higher than the rate reflected by the City's current investment portfolio return. Ultimately, the Wastewater rate payers also benefits from this approach. The loan will be over the same term which will expire in 2023-24.

At June 30, 2021, debt service payments for the 2012 Water Pollution Control Plant Loan are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 551,622	\$ 51,150	\$ 602,773
2023	568,171	34,602	602,773
2024	585,216	17,556	602,773
Total Debt Service	\$ 1,705,009	\$ 103,308	\$ 1,808,318

DEBT SERVICE REQUIREMENTS

2016 Equipment Lease/Purchase Agreement

In July 2016, City Council approved an equipment lease/purchase agreement with Bank of America to finance energy and water conservation equipment to be installed at City facilities pursuant to the Energy Services Agreement with Climatec for a cost of \$5,500,000. The agreement has a 16-year term at a 2.19% interest rate. The equipment includes high efficiency HVAC at City Hall, Main Library, and the Marina Community Center, building automation system upgrades, and citywide streetlight conversion to LED.

At June 30, 2021, debt service requirements for the 2016 equipment lease/purchase are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 333,816	\$ 88,433	\$ 422,249
2023	340,863	81,386	422,249
2024	348,059	74,190	422,249
2025-2029	1,853,661	257,585	2,111,246
2030-2033	1,417,707	60,166	1,477,872
Total Debt Service	\$ 4,294,106	\$ 561,760	\$ 4,855,866

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2018 Lease Revenue Bond

In December 2018, the City entered into the 2018 Lease Revenue Bond (LRB) through the San Leandro Public Financing Authority for \$22,000,000 for the purposes of financing capital improvement projects, anticipated to consist of improvements to the Police and South Office buildings, the Mulford-Marina branch library, Manor Park competition pool, Farrelly pool, and the Casa Peralta. The term of the LRB is 30 years to mature on November 1, 2048 at a rate ranging from 3.5% to 5.0%. The debt service requirement for 2021-22 and 2022-23 is \$871,575.

At June 30, 2021, debt service requirements for the 2018 Lease Revenue Bond are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 871,575	\$ 871,575
2023	-	871,575	871,575
2024	-	871,575	871,575
2025-2029	-	4,357,875	4,357,875
2030-2049	18,905,000	10,019,763	28,924,763
Total Debt Service	\$ 18,905,000	\$ 16,992,363	\$ 35,897,363

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WATER POLLUTION CONTROL ENTERPRISE FUND DEBT SERVICE OBLIGATIONS

State Water Resources Control Board

In August 2011, the City entered into a finance agreement with the State Water Resources Control Board in the total principal amount of \$43,000,000, for the purpose of financing the Water Pollution Control system expansion and improvement. The loan bears an interest rate of 2.6%. Principal and interest payments are payable annually on July 1. The debt is secured by the WPCP Enterprise Fund operating revenues. Expansion and improvement work were completed in 2016-17.

In accordance with the agreement, the City is required to collect net revenues equal to at least 1.20 times the total annual debt service in such fiscal year. In 2019-20, net revenues amounted to \$4,221,700 which represented coverage of 153% under the \$2,765,864 in debt service. Future debt service is expected to average \$3 million per year through fiscal year 2035-36 for a total \$41,487,966.

At June 30, 2021, debt service requirements for the State Water Resources Control Board loan are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,882,004	\$ 883,861	\$ 2,765,864
2023	1,930,936	834,929	2,765,864
2024	1,981,140	784,724	2,765,864
2025-2029	10,705,658	3,123,664	13,829,322
2030-2036	17,494,905	1,866,146	19,361,051
Total Debt Service	\$ 33,994,642	\$ 7,493,324	\$ 41,487,966

DEBT SERVICE REQUIREMENTS

2021 Equipment Lease/Purchase Agreement

In January 2021, the City Council approved an equipment lease/purchase agreement with Banc of America Public capital Corp. to finance energy conservation and resiliency equipment to be installed at The Water Pollution Control Plant. The equipment will be installed under an installation agreement with Climatec. The principal amount to be financed under the agreement is \$7,624,900. Annual lease payments on the 15-year agreement are \$592,925, with the total principal and interest amounting to \$8,893,900. The interest rate is set at 1.989%.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 441,265	\$ 151,660	\$ 592,925
2023	450,042	142,883	592,925
2024	458,993	133,932	592,925
2025-2029	2,435,594	529,031	2,964,625
2030-2036	3,839,029	311,447	4,150,476
Total Debt Service	\$ 7,624,924	\$ 1,268,952	\$ 8,893,876

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SHORELINE ENTERPRISE FUND DEBT SERVICE OBLIGATIONS

Marina Cal Boating Notes Payable

The City entered into various construction loan agreements with the California Department of Boating and Waterways with the total principal amount of \$5,331,032. The loans bear an average interest rate of 4.50%. Principal and interest payments are due annually on each August 1. The debt is secured by Shoreline Enterprise Fund operating revenues.

At June 30, 2021, debt service requirements for the Marina Cal Boating Notes Payable are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 93,273	\$ 10,236	\$ 103,509
2023	45,334	6,039	51,373
2024	20,770	3,999	24,769
2025	21,705	3,064	24,769
2026-2027	46,385	3,154	49,539
Total Debt Service	\$ 227,467	\$ 26,491	\$ 253,959

Golf Course and Marina Dredging General Fund Loans

The City Council authorized loans to the Shoreline Enterprise Fund for capital improvements at the Marina and the Monarch Bay golf course. The loans are to be paid over 30 years with an annual interest accrual rate of 5%. Principal payments are made annually provided the fund has sufficient resources.

At June 30, 2021, debt service requirements are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 234,941	\$ 324,052	\$ 558,993
2023	247,112	311,881	558,993
2024	259,916	299,077	558,993
2025-2029	1,516,221	1,278,745	2,794,965
2030-2034	1,952,556	842,409	2,794,965
2035-2040	2,045,392	294,623	2,340,016
Total Debt Service	\$ 6,256,138	\$ 3,350,787	\$ 9,606,926

DEBT SERVICE REQUIREMENTS

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO FUND DEBT SERVICE OBLIGATIONS

2013 Lease Revenue Bonds

In 2013, the City issued \$11,995,000 principal amount of 2013 Refunding Lease Revenue Bonds (2013 RLRB) was issued. The purpose of the 2013 RLRBs was to refund the 2003 COPs and 2001 COPs. The 2013 RLRBs bear interest rates ranging from 2.0% to 5.0% and are payable semiannually on each June 1 and December 1. Principal payments are payable annually on December 1.

The refunding resulted in a present value of savings of \$1,348,397 or 11% of the refunded bonds. With the five-year extension of debt service, \$2,750,000 of additional capital improvement funds became available, with a reduction in the annual debt service.

At June 30, 2021, debt service requirements for the Successor Agency's portion of the 2013 Refunding Lease Revenue Bond are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 234,000	\$ 54,190	\$ 288,190
2023	240,000	44,710	284,710
2024	249,000	35,864	284,864
2025	258,000	27,464	285,464
2026-2027	542,000	25,355	567,355
Total Debt Service	\$ 1,523,000	\$ 187,583	\$ 1,710,583

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2014 Tax Allocation Refunding Bonds

In September 2014, the Successor Agency issued \$11,235,000 of Tax Allocation Bonds (2014 TABs) to prepay the 2002 and 2004 Tax Allocation Bonds and to cover issuance costs. The 2014 TABs are payable and secured by a pledge of tax revenues from tax increment generated in the Plaza Project Area and the West San Leandro/MacArthur Boulevard Project Area. The 2014 TABs bear interest rates ranging from 3.5% to 5.0% and are payable semiannually on each March 1 and September 1. Principal payments are payable on September 1.

Proceeds were deposited in an irrevocable trust with an escrow agent to provide funds to fully redeem, on October 30, 2014, the principal and accrued interest of the 2002 and 2004 Tax Allocation Bonds. As a result, the 2002 and 2004 Tax Allocation Bonds are considered redeemed (current refunding) and the liability for those bonds has been removed from the statement of net position.

On the date of issuance of the 2014 Bonds, the Successor Agency deposited into the reserve account for the 2014 Bonds a municipal bond debt service insurance policy in the amount of \$1,121,078, equal to the Reserve Requirement for the 2014 Bonds. Neither the balance in the reserve account nor the Reserve Requirement for the 2014 Bonds has changed.

At June 30, 2021, future debt service requirements for the 2014 Tax Allocation Refunding Bonds are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 675,000	\$ 476,450	\$ 1,151,450
2023	720,000	441,575	1,161,575
2024	740,000	405,075	1,145,075
2025-2029	4,025,000	1,439,750	5,464,750
2030-2035	4,185,000	427,188	4,612,188
Total Debt Service	\$ 10,345,000	\$ 3,190,038	\$ 13,535,038

DEBT SERVICE REQUIREMENTS

2018 Tax Allocation Refunding Bonds Series A

In May 2018, the Successor Agency issued Tax Allocation Refunding Bonds (2018A TABs) in the amount of \$16,845,000. The proceeds of the bonds will be used to refund the 2008 Tax Allocation Bonds, Series 2008. Principal payments of the 2018A TABs are due annually on September 1 from 2023 to 2039 and bear interest rates ranging from 3.375% to 5.000%. Interest is payable semiannually March 1 and September 1.

Annual debt service payments range between \$718,888 and \$1,398,676. The bonds are payable solely from tax increment revenue generated in the Alameda County - City of San Leandro Redevelopment Project Area. Total principal and interest remaining to be paid on the bonds was \$24,201,194 as of June 30, 2021.

Proceeds from the 2018A TABs were deposited in an irrevocable trust with an escrow agent to provide funds to fully redeem, on June 5, 2018, the outstanding principal and accrued interest of the 2008 Tax Allocation Bonds. The bonds were issued at a premium of \$1,809,519 that amortized over the 21-year life of the bonds resulting in an annual amortization of \$86,168. On the date of issuance, the Successor Agency deposited into the reserve account for the 2018A TABs a municipal bond debt service insurance policy in the amount of \$1,431,438, equal to the Reserve Requirement for the 2018A TABs.

At June 30, 2021, debt service requirements for the 2018 Tax Allocation Refunding Bonds Series A are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 718,888	\$ 718,888
2023	430,000	710,288	1,140,288
2024	710,000	687,488	1,397,488
2025-2029	4,085,000	2,875,813	6,960,813
2030-2034	5,225,000	1,765,338	6,990,338
2035-2039	6,395,000	598,381	6,993,381
Total Debt Service	\$ 16,845,000	\$ 7,356,194	\$ 24,201,194

DEBT SERVICE REQUIREMENTS

2018 Tax Allocation Refunding Bonds Series B

In May 2018, the Successor Agency issued Tax Allocation Refunding Bonds (2018B TABs) in the amount of \$2,215,000. The proceeds of the bonds will be used to refund the 2008 Tax Allocation Bonds, Series 2008. Principal payments of the 2018B TABs mature annually each September and bear interest at rates ranging from 2.700% to 3.210%. Interest is payable semiannually March 1 and September 1. The bonds are payable solely from tax increment revenue generated in the Alameda County - City of San Leandro Redevelopment Project Area. Total principal and interest remaining to be paid on the bonds was \$952,904 as of June 30, 2021.

Proceeds from the 2018B TABs were deposited in an irrevocable trust with an escrow agent to provide funds to fully redeem, on June 5, 2018, the principal and accrued interest of the 2008 Tax Allocation Bonds.

At June 30, 2021, debt service requirements for the 2018 Tax Allocation Refunding Bonds Series B are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 670,000	\$ 18,731	\$ 688,731
2023	260,000	4,173	264,173
Total Debt Service	\$ 930,000	\$ 22,904	\$ 952,904

DEBT SERVICE REQUIREMENTS

COMMUNITY DEVELOPMENT BLOCK GRANT FUND DEBT SERVICE OBLIGATIONS

HUD 108 Guarantee Loan

In 2011, the City received a \$2,500,000 20-year federal loan from Housing and Urban Development (HUD), at an interest rate of 3% to finance the acquisition and construction of Sam Leandro Senior Center. The loan is secured and payable from the Community Development Block Grant Fund.

At June 30, 2021, debt service requirements for the HUD 108 Guarantee loan are as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 132,000	\$ 46,246	\$ 178,246
2023	132,000	41,257	173,257
2024	132,000	36,135	168,135
2025	132,000	30,881	162,881
2026-2030	660,000	71,478	731,478
Total Debt Service	\$ 1,188,000	\$ 225,997	\$ 1,413,997

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SPECIAL ASSESSMENT FUND DEBT SERVICE OBLIGATIONS

Special Assessment Debt Without City Commitment

Special assessment districts are established in various parts of the City to provide improvements to properties located in those districts. Properties are assessed for the cost of improvements and assessments are payable over the term of the debt issued to finance the improvements. The total amount of the assessment is recorded as receivable and deferred revenue at the time the related debt is issued and reduced as assessments are collected. The City is obligated to be the purchaser of last resort or to advance available City funds to repay this debt in the event of default by any of these districts. These funds are paid from special assessment revenues levied on the property owners in each assessment district. On June 30, 2020, all these districts were in compliance with the repayment and other requirements of their respective debt issues.

Special assessment debt with City commitment as of June 30, 2021 is as follows.

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 325,000	\$ 110,017	\$ 435,017
2023	345,000	88,242	433,242
2024	370,000	65,000	435,000
2025	395,000	40,138	435,138
2026	420,000	13,650	433,650
Total Debt Service	\$ 1,855,000	\$ 317,046	\$ 2,172,046