

2023 DEBT FINANCING PLAN OVERVIEW

Financial Management Services

February 7, 2023

Agenda

MARKET UPDATE

NEW MONEY UPDATE

- GO/CO/Tax Note New Money
- Water & Sewer New Money
- Drainage New Money

REFUNDING AND DEFEASANCE UPDATE

- Refunding Analysis
- Cash Defeasance

GO DEBT CAPACITY

- Capacity Analysis
- 2018 & 2022 Bond Program Update

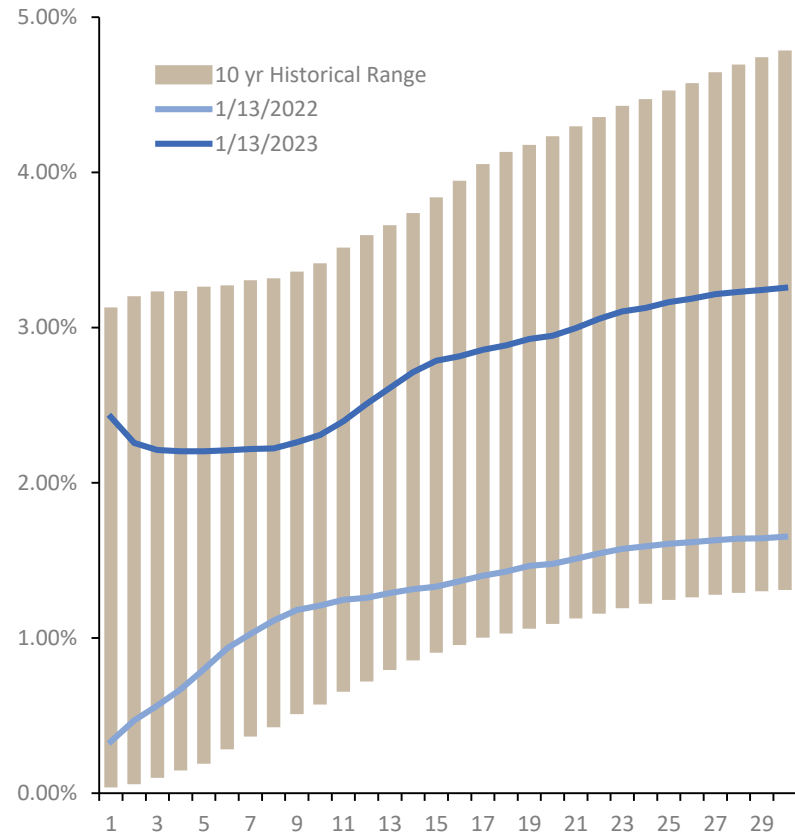
2023 TIMETABLE DETAILS

BVAL AAA G.O. Curve



Spot Rates				
	Current	1 Week Ago	1 Month Ago	1 Year Ago
2 - Year	2.26%	2.40%	2.47%	0.47%
5 - Year	2.20%	2.37%	2.44%	0.80%
7 - Year	2.22%	2.39%	2.44%	1.02%
10 - Year	2.31%	2.48%	2.52%	1.21%
30 - Year	3.23%	3.40%	3.42%	1.65%

AAA Municipal Curve



Source: Thomson Reuters

PFM Pricing Group



New Money Update

Estimated New Money Summary



	General Obligation	Certificates of Obligation	Tax Note	Water	Storm Water
Estimated Principal	\$168,165,000	\$93,000,000*	\$18,320,000*	\$150,000,000*	\$36,125,000*
Term	20 Years	20 Years	7 Years	30 Years	30 Years
Repayment Source	I&S Taxes	I&S Taxes and Self-Supporting Culture & Tourism Revenues	I&S Taxes	W&S Revenues	Storm Water Revenues
Project Fund	\$168,165,000	\$93,000,000	\$18,320,000	\$150,000,000	\$36,125,000
Callable	3/1/33	3/1/33	Any Time	2/15/33	2/15/33
True Interest Cost (%)	4.15%	4.26%	3.51%	4.62%	4.71%
Avg Annual Debt Service	\$11,978,988	\$7,010,492	\$2,833,506	\$9,449,446	\$2,307,164

* Total project amount subject to change as a result inflation and increasing commodity costs. Final project amount to be determined prior to bond ordinance authorization.

Property Tax Supported New Money Debt



General Obligation Bond Program Authorization

- 2018 Bond Program Authorization - \$83,165,000
 - Prop 1: Streets (\$54,230,080)
 - Prop 2: Parks & Recreation (\$18,015,600)
 - Prop 3: Public Library (\$4,868,500)
 - Prop 4: Fire Safety (\$2,975,820)
 - Prop 6: Police Facility (\$3,075,000)

- 2022 Bond Program Authorization - \$85,000,000
 - Prop 1: Streets and Mobility (\$65,774,000)
 - Prop 2: Parks & Recreation (\$10,670,000)
 - Prop 3: Public Library (\$712,500)
 - Prop 4: Public Safety Improvements (\$4,843,000)
 - Prop 5: Natural Area and Open Space (\$0)

Other Property Tax Supported Debt

- Certificates of Obligations - \$93,000,000 +/-
 - City Hall Upgrades (up to \$50MM)
 - Convention Center Improvements for Phase I (\$43MM) self-supported from C&T revenues
 - Notice of Intent Ordinance required 45 days prior to parameters authorization (February 14)

- Tax Notes - \$18,320,000 +/-
 - New and Planned Fire Apparatus Replacement trucks (\$13.72MM)
 - Northwest Radio Tower (\$4.60MM)

General Obligation Bond Program - Proposition Summary



2018 Authorization

Purpose	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Streets & Mobility Infrastructure	\$261,630,080	\$154,400,000	\$54,230,080	-
Parks & Recreation	84,180,600	46,000,000	18,015,600	-
Public Library	9,868,500	-	4,868,500	-
Fire Safety	11,975,820	4,000,000	2,975,820	-
Animal Care and Shelter Facility	13,770,000	13,770,000	-	-
Police Facility	18,075,000	15,000,000	3,075,000	-
	\$399,500,000	\$233,170,000	\$83,165,000	-

2022 Authorization

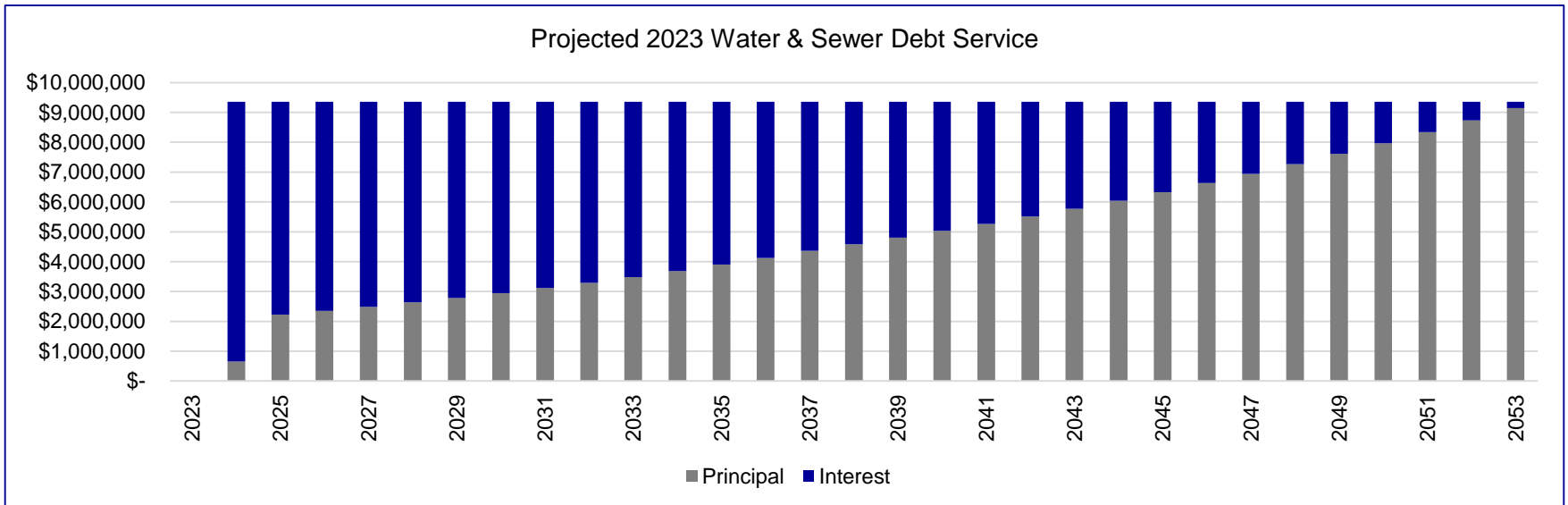
Purpose	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Streets & Mobility Infrastructure	\$369,220,000	-	\$68,774,000	\$300,446,000
Parks & Recreation	123,960,000	-	10,670,500	113,289,500
Public Library	12,500,000	-	712,500	11,787,500
Public Safety	39,320,000	-	4,843,000	34,477,000
Natural Area and Open Space	15,000,000	-	-	15,000,000
	\$560,000,000	-	\$85,000,000	\$475,000,000

Enterprise System Debt – Water & Sewer System



Water & Sewer New Money

- Water & Sewer Revenue Bonds - \$150,000,000 +/-
 - Total project amount subject to change as a result inflation and increasing commodity costs
 - Final project amount to be determined prior to bond ordinance authorization (April 11)
- Water & Sewer Commercial Paper Program
 - Increase appropriation authority from \$150 million to \$225 million for the Commercial Paper Fund (February 14)
 - Annual renewal of Ordinance authorizing refinancing of Commercial Paper which expires May 31, 2023

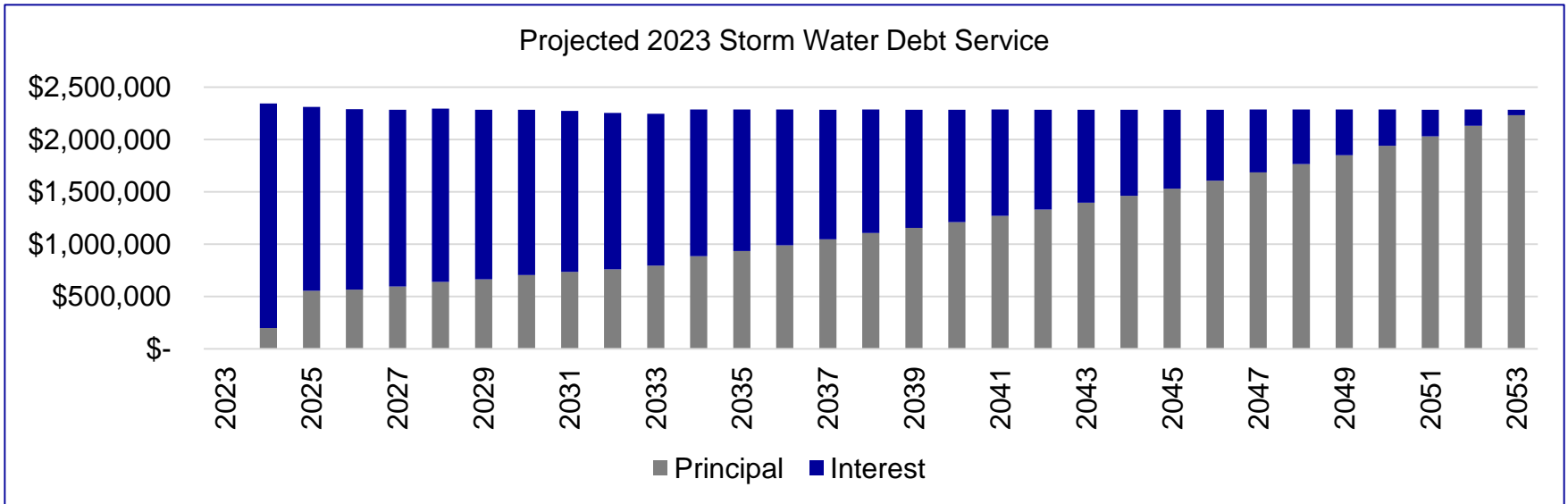


Enterprise System Debt – Storm Water System



Storm Water New Money

- Drainage Revenue Bonds - \$36,125,000 +/-
 - Total project amount subject to change as a result of inflation and increasing commodity costs
 - Final project amount to be determined prior to bond ordinance authorization (April 11)





Refunding and Defeasance Update

Potential General Purpose Cash Defeasance + Refunding



General Obligation CASH DEFEASANCE Candidates

Series	Principal	Maturities Refunded	Interest Rates	Call Date
	Amount to be Refunded			
Combination Tax & Revenue C/O, Series 2013C	\$ 9,155,000	2025-2034	3.375-5.000%	3/30/2023
	<u>\$ 9,155,000</u>			

Observations

- This defeasance analysis assumes a closing date of 3/29/23 and an issuer contribution of \$9,210,050.74.
- The defeased obligations could be called on day after closing on 3/30/23, eliminating the need for an escrow.
- The specific maturities of obligations to be defeased can be refined as the City determines the exact funds available for use toward the defeasance. The remaining callable GO obligations could be refunded, potentially, by GO refunding bonds if market conditions improve by at least 45 basis points from current levels. See analysis below.

General Obligation REFUNDING BOND Candidates

Series	Principal	Maturities Refunded	Interest Rates	Call Date
	Amount to be Refunded			
Combination Tax & Revenue C/O, Series 2012	\$ 36,940,000	2024-2032	3.000-5.000%	6/8/2023
Combination Tax & Revenue C/O, Series 2013C	920,000	2024	5.000%	6/8/2023
General Purpose Ref & Imp Bonds, Series 2013	5,650,000	2024-2033	3.625-4.500%	6/8/2023
	<u>\$ 43,510,000</u>			

Observations

- Tax-Exempt GO current refunding is **currently out-of- the-money**. This analysis assumes market rates decrease by 45 basis points from current rates.

Tax-Exempt GO current refunding borrowing rates have increased 156 basis points since 07/18/2022.

Co-FA team will continue to monitor this refunding and present any optimized scenarios that would produce beneficial debt service savings to the City.

Estimated Refunding/Defeasance Summary



	GO Defeasance	GO Tax-Exempt**
Refunding Par	\$9,210,051*	\$40,475,000
Maturities Refunded	2013C CO – 2025-34	2012 CO – 2024-32 2013C CO – 2024 2013 GO – 2024-33
Net Present Value Savings (\$)	\$870,763	\$1,345,278
Net Present Value Savings (%)	9.5%	3.1%
Avg Annual Savings	\$970,631 (FY23-34)	\$152,399 (FY24-33)
Avg Refunded Coupon	4.2%	3.3%
Refunding TIC	--	2.5%

Note: The NPV savings noted above are all estimated to exceed the City's policy of 3% minimum savings threshold for bond refunding.

*The cash defeasance amount can be refined as the City determines the exact funds available for use toward defeasance.

**The tax-exempt GO refunding is currently out of the money. This analysis assumes market rates decrease by 45 basis points from current rates. The co-FA team will continue to monitor this refunding and present any optimized scenarios that present potential debt service savings to the City.



General Obligation Debt Capacity

General Obligation Debt Capacity Analysis

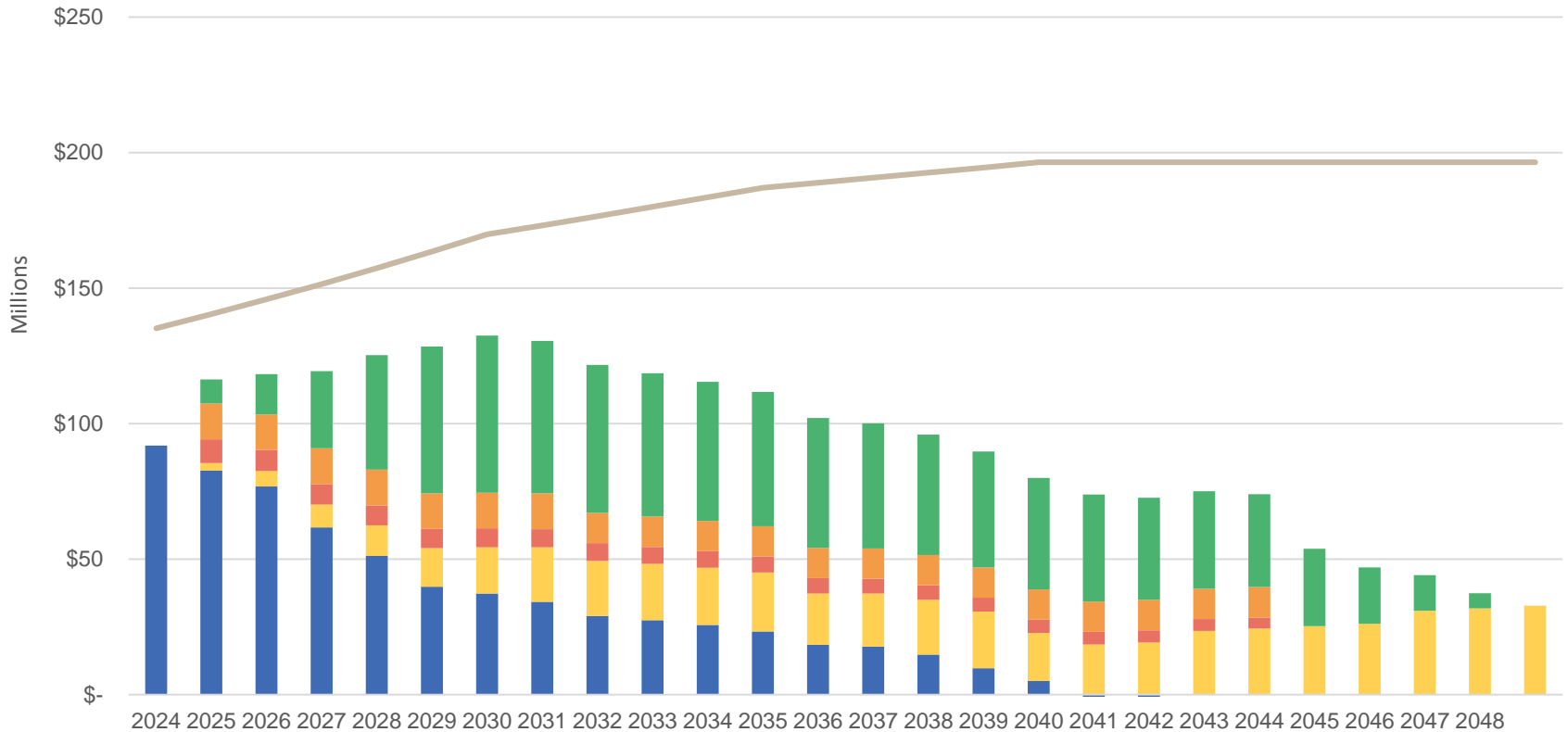


- Model is dynamic and continually updated by staff and FAs as conditions change
- Issuance plan maximizes project capacity under the current tax rates
- Estimated Available Bonding Capacity: \$605 million (Note: Capacity Model to be updated again once Certified Taxable Values are received in late July)
 - \$475 million remaining from 2022 bond program
 - \$130 million remaining capacity (Staff recommends reserving capacity for emergency purposes, grant projects that need matching funds, and other unexpected future capital needs)

Capacity Input	Current Assumption
I&S Tax Rate	Flat at \$0.1475
Property Tax Revenue Growth Rate	4% for tax years 2023 – 2028; 2% for 2029 – 2033; 1% for 2034 – 2038 and flat thereafter
Annual Delinquents, Penalties and Interest	\$4,500,000
Self-Supporting Debt	Portions of certain obligations paid from CCPD funds, C&T revenues, Solid Waste revenues, Parking System revenues, TIRZ revenues and Car Rental taxes will continue to be funded.

Debt Input	Current Assumption
Tax Note Program	\$17,000,000 in 2024 through 2028, growing 3% thereafter
2018 Bond Program	Remaining authorization issued in 2023
Projected 2023 Issuances	All projected issues included in capacity model, estimated at market rates
2022 Bond Program	Planned \$560 million 2022 bond program – issued in 2023 (\$85MM), 2024 (\$120MM), 2025 (\$125MM), 2026 (\$130MM) and 2027 (\$100MM)
Interest Rate Assumptions	Market rates as of December 22, 2022 + 0.50% – 2.5% to accommodate potential market volatility, rise in interest rates, etc.

General Obligation Debt Capacity Analysis



- Existing Debt Service Less Self-Supported Debt
- Tax Notes (2023-2028) for Fire Equipment
- Remaining 2018 Authorization
- Potential Series 2023 Issuances
- Projected Future \$560MM Referendum
- Projected Debt Service Fund Revenues



Timetable Details

Timetable Details by Issuance Type



	Certificates of Obligation ⁽¹⁾	Tax Notes ⁽²⁾	General Obligation	GO Defeasance	Water & Sewer	Water & Sewer CP	Drainage
Debt Plan Presentation	2/7/23	2/7/23	2/7/23	2/7/23	2/7/23	2/7/23	2/7/23
Ordinance	2/14/23 ⁽³⁾ and 4/11/23	4/11/23	4/11/23	2/14/23	4/11/23	2/14/23	4/11/23
Rating Meeting	Week of April 12 th – 14 th						
Bond Sale/Pricing	5/10/23	5/10/23	5/10/23	--	5/17/23	--	5/17/23
Closing and Delivery of Funds	6/8/23	6/8/23	6/8/23	3/14/23	6/15/23	2/28/23	6/15/23

(1) Certificates of Obligations are proposed to finance City Hall Improvements, and Convention Center Improvements.

(2) Tax Notes are proposed to finance annual Fire Apparatus Replacement and Northwest Radio Tower.

(3) Notice of Intent required 45 days prior to parameters authorization.

Questions?

