



CITY OF NOVATO
CALIFORNIA

PRESENTATION TO CITY OF NOVATO

Finance Committee Meeting Tax Allocation Bond Refinancing Opportunity

May 16, 2019

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- The Redevelopment Agency of the City of Novato issued three series of Tax Allocation Bonds (“TABs”):
 - Hamilton Field Redevelopment Project Tax Allocation Bonds Series 2005
 - Hamilton Field Redevelopment Project 2005 Tax Allocation Bonds Series A
 - Hamilton Field Redevelopment Project Tax Allocation Bonds Series 2011
- Debt service is currently paid with distributions from the Redevelopment Property Tax Trust Fund (“RPTTF”)
- The Successor Agency to the Redevelopment Agency of the City of Novato (the “Agency”) is a separate public entity from the City and may issue refunding bonds to refinance the Series 2005, 2005A and 2011 Tax Allocation Bonds for debt service savings.
 - The proposed refunding plan complies with the Dissolution Act

Series	2005	2005A	2011	Total
Original Principal Amount	\$24,835,000	\$9,520,000	\$17,000,000	\$51,355,000
All-In Borrowing Cost	4.72%	4.90%	7.07%	5.53%
Final Maturity	9/1/2034	9/1/2034	9/1/2040	
Call Option	9/1/2015 @ Par	9/1/2015 @ Par	9/1/2021 @ Par	
Outstanding Par Amount*	\$16,775,000	\$6,665,000	\$15,325,000	\$38,765,000

* As of May 9, 2019

- The Agency also entered into a loan agreement with the California Infrastructure and Economic Development Bank (“CIEDB”) for the Downtown Redevelopment Project Area in 2002
 - Currently \$2.144 million outstanding with an interest rate of 3.69%
 - Bond counsel has determined the CIEDB Loan can only be refunded on a taxable basis and, under current market conditions, is uneconomic to refund
 - The legal documents will be set up to allow its inclusion, subject to no dis-savings, as including it in the refunding would streamline the Successor Agency’s debt administration and allow the refunding bonds to be issued on a senior basis

- **Objective:** Refunding to generate debt service savings
- **Security:** Payable solely from distributions from the Redevelopment Property Tax Trust Fund ("RPTTF")
- **Refunded Bonds:**

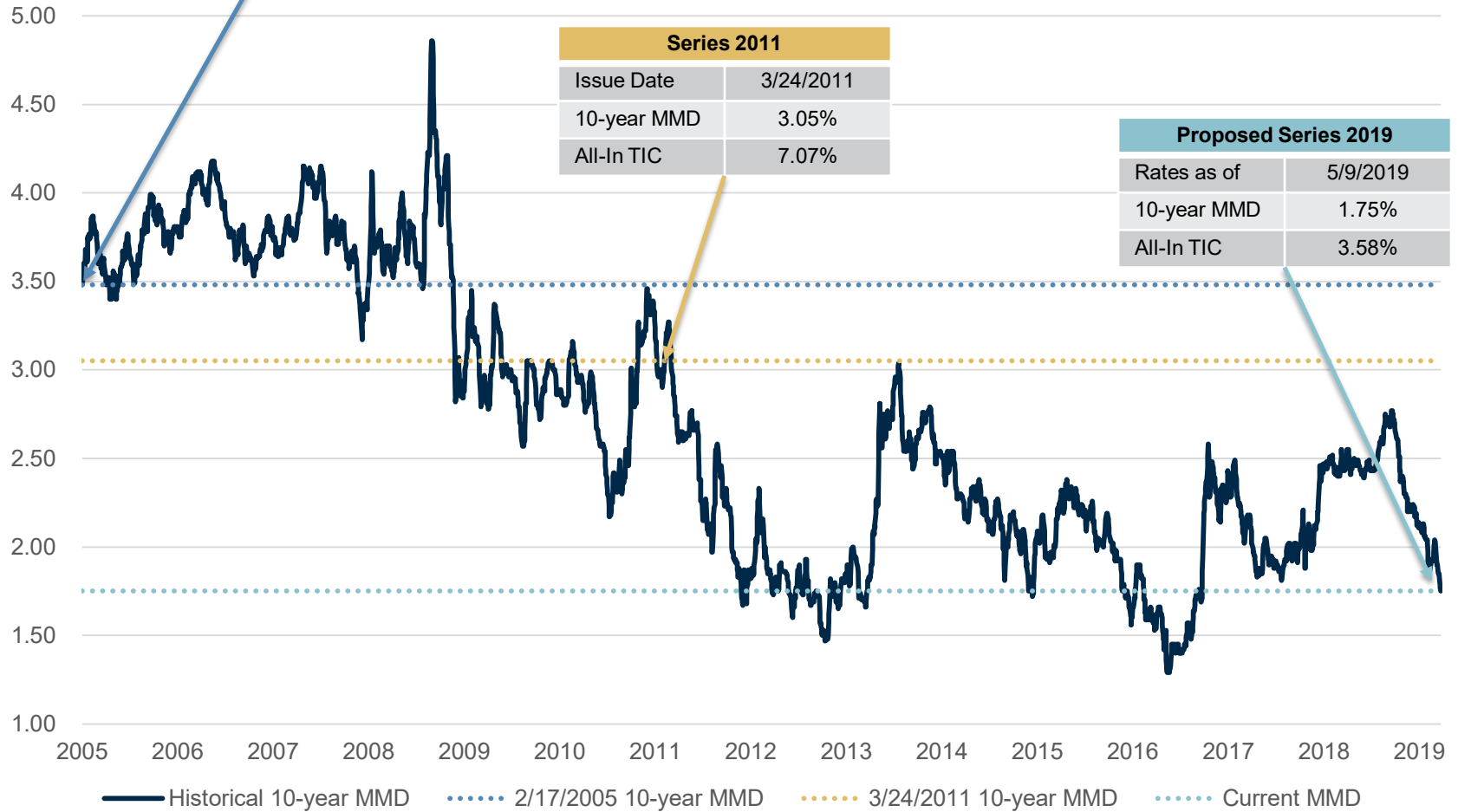
Series	2005	2005A	2011	Total
Tax Status/Refunding Type	Tax-Exempt/Current	Tax-Exempt/Current	Taxable/Advance	
Maturities Refunded	2020 - 2034	2020 - 2034	2020 - 2040	
Call Date	30 days after closing	30 days after closing	9/1/2021	
Par Amount Refunded*	\$16,035,000	\$6,380,000	\$15,050,000	\$37,465,000

* Assumes refunding bonds will closing in mid-September, after the September 1, 2019 principal payment

- **Rating:** A- from S&P (last affirmed April 12, 2018)
- **Bond Insurance:** Bond insurance from AGM or BAM currently provides an economic benefit (decreasing the interest rate/increasing debt service savings)
- **Reserve Fund:** Cash on hand in existing reserve funds applied to refunding escrows to reduce borrowing amount and reserve requirement on refunding bonds satisfied with surety policy
- **Structure:** To reduce the overall borrowing cost and maximize debt service savings, the taxable bonds used to refund the Series 2011 TABs will be amortized first. The tax-exempt bonds used to refund the Series 2005 TABs and Series 2005A TABs will be amortized around the taxable bonds to mirror the existing debt service structure.

CURRENT MARKET RATES SUPPORT A REFUNDING

	Series 2005	Series 2005A
Issue Date	2/17/2005	2/17/2005
10-year MMD	3.48%	3.48%
All-In TIC	4.72%	4.90%



- Preliminary results reflect market conditions as of May 9, 2019, plus a 25 basis point cushion
 - Changes to interest rates over the course of the financing will impact annual debt service savings

Refunding Results	
Rates as of:	5/9/2019 plus 25 bps
Refunded Bonds	
Series Refunded	2005, 2005A, 2011
Maturities Refunded	2020 – 2040
Par Amount Refunded	\$37,465,000
Refunding Bond Assumptions	
Refunding Par Amount	\$34,050,000
Deposit to Escrow from Prior Reserve Fund	\$3,912,676
Credit Enhancement	Insurance
Debt Service Reserve Fund	Surety
Insurance and Surety Cost	\$228,730
Issuance Expenses	\$630,894
Escrow Deposit	\$38,826,566
All-In TIC	3.58%
Savings Results	
Total Estimated Gross Savings	\$14,221,613
Total Estimated Present Value Savings	\$6,558,944
Total Estimated % Present Value Savings	17.51%
Final Maturity	2040

Issuance Expenses	
Underwriter's Discount	\$207,074
Bond/Disclosure Counsel (Jones Hall)	150,000
Rating (S&P Global Ratings)*	30,000
Fiscal Consultant (Urban Analytics)	25,000
Municipal Advisor (PFM)*	45,000
Trustee/Escrow Agent (US Bank)*	7,500
Verification Agent (TBD)*	1,500
Printing (TBD)*	3,000
Miscellaneous	5,000
Administration Fee (Agency)*	150,000
<u>Rounding</u>	<u>6,820</u>
Total Issuance Expenses	\$630,894

* Estimated

- Preliminary results reflect market conditions as of May 9, 2019, plus a 25 basis point cushion
 - Changes to interest rates over the course of the financing will impact annual debt service savings

Estimated Annual Savings Allocation										
Year	Prior Debt Service	New Debt Service	Savings	County General Fund	Library	Flood Control Zone #1	Marin County Open Space	Marin/Sonoma Mosquito	Bay Area Air Quality Mgmt	Marin County Transit
				24.54%	3.09%	1.93%	0.98%	0.29%	0.19%	0.57%
2020	\$3,366,160	\$2,706,828	\$659,332	\$161,827	\$20,350	\$12,703	\$6,441	\$1,920	\$1,234	\$3,757
2021	3,365,454	2,686,382	679,072	166,672	20,959	13,083	6,633	1,978	1,271	3,870
2022	3,365,844	2,687,870	677,974	166,402	20,925	13,062	6,623	1,974	1,269	3,863
2023	3,362,145	2,682,117	680,028	166,906	20,989	13,102	6,643	1,980	1,273	3,875
2024	3,344,060	2,668,290	675,770	165,861	20,857	13,020	6,601	1,968	1,265	3,851
2025	3,037,793	2,362,569	675,224	165,727	20,840	13,009	6,596	1,966	1,264	3,848
2026	3,036,609	2,357,980	678,629	166,563	20,945	13,075	6,629	1,976	1,270	3,867
2027	3,036,635	2,360,680	675,955	165,907	20,863	13,023	6,603	1,968	1,265	3,852
2028	3,038,761	2,359,380	679,381	166,748	20,969	13,089	6,636	1,978	1,272	3,871
2029	3,037,219	2,359,805	677,414	166,265	20,908	13,051	6,617	1,973	1,268	3,860
2030	3,036,481	2,356,665	679,816	166,854	20,982	13,098	6,641	1,980	1,272	3,874
2031	3,037,319	2,358,400	678,919	166,634	20,954	13,080	6,632	1,977	1,271	3,869
2032	3,038,863	2,362,400	676,463	166,031	20,879	13,033	6,608	1,970	1,266	3,855
2033	3,011,488	2,333,600	677,888	166,381	20,923	13,061	6,622	1,974	1,269	3,863
2034	3,017,088	2,338,200	678,888	166,626	20,953	13,080	6,632	1,977	1,271	3,869
2035	2,998,300	2,319,800	678,500	166,531	20,941	13,072	6,628	1,976	1,270	3,866
2036	3,000,875	2,324,200	676,675	166,083	20,885	13,037	6,610	1,971	1,267	3,856
2037	2,998,663	2,320,400	678,263	166,473	20,934	13,068	6,626	1,975	1,269	3,865
2038	2,446,325	1,768,600	677,725	166,341	20,917	13,057	6,620	1,974	1,268	3,862
2039	2,445,313	1,765,600	679,713	166,829	20,979	13,096	6,640	1,979	1,272	3,873
2040	2,375,188	1,695,200	679,988	166,896	20,987	13,101	6,642	1,980	1,273	3,875
TOTAL	\$63,396,579	\$49,174,966	\$14,221,613	\$3,490,559	\$438,940	\$274,002	\$138,922	\$41,416	\$26,618	\$81,043

ANNUAL SAVINGS (CONTINUED)

- Preliminary results reflect market conditions as of May 9, 2019, plus a 25 basis point cushion
 - Changes to interest rates over the course of the financing will impact annual debt service savings

Estimated Annual Savings Allocation												
Year	Prior Debt Service	New Debt Service	Savings	Novato Fire	Novato Sanitary District #6	North Marin Water	Novato Unified School	Marin Community College	Marin County Office of Education	City of Novato	Total	
				16.86%	1.54%	0.09%	31.31%	6.71%	2.30%	9.61%	100.00%	
2020	\$3,366,160	\$2,706,828	\$659,332	\$111,169	\$10,185	\$596	\$206,410	\$44,230	\$15,172	\$63,340	\$659,332	
2021	3,365,454	2,686,382	679,072	114,497	10,490	613	212,589	45,554	15,626	65,236	679,072	
2022	3,365,844	2,687,870	677,974	114,312	10,473	612	212,246	45,480	15,601	65,130	677,974	
2023	3,362,145	2,682,117	680,028	114,659	10,504	614	212,889	45,618	15,648	65,328	680,028	
2024	3,344,060	2,668,290	675,770	113,941	10,439	610	211,556	45,332	15,550	64,919	675,770	
2025	3,037,793	2,362,569	675,224	113,848	10,430	610	211,385	45,296	15,538	64,866	675,224	
2026	3,036,609	2,357,980	678,629	114,423	10,483	613	212,451	45,524	15,616	65,193	678,629	
2027	3,036,635	2,360,680	675,955	113,972	10,442	611	211,614	45,345	15,555	64,936	675,955	
2028	3,038,761	2,359,380	679,381	114,549	10,494	614	212,686	45,575	15,633	65,266	679,381	
2029	3,037,219	2,359,805	677,414	114,218	10,464	612	212,070	45,443	15,588	65,077	677,414	
2030	3,036,481	2,356,665	679,816	114,623	10,501	614	212,822	45,604	15,643	65,307	679,816	
2031	3,037,319	2,358,400	678,919	114,471	10,487	613	212,541	45,544	15,623	65,221	678,919	
2032	3,038,863	2,362,400	676,463	114,057	10,449	611	211,772	45,379	15,566	64,985	676,463	
2033	3,011,488	2,333,600	677,888	114,298	10,471	612	212,219	45,474	15,599	65,122	677,888	
2034	3,017,088	2,338,200	678,888	114,466	10,487	613	212,532	45,542	15,622	65,218	678,888	
2035	2,998,300	2,319,800	678,500	114,401	10,481	613	212,410	45,516	15,613	65,181	678,500	
2036	3,000,875	2,324,200	676,675	114,093	10,453	611	211,839	45,393	15,571	65,006	676,675	
2037	2,998,663	2,320,400	678,263	114,361	10,477	613	212,336	45,500	15,608	65,158	678,263	
2038	2,446,325	1,768,600	677,725	114,270	10,469	612	212,168	45,464	15,595	65,106	677,725	
2039	2,445,313	1,765,600	679,713	114,605	10,500	614	212,790	45,597	15,641	65,297	679,713	
2040	2,375,188	1,695,200	679,988	114,652	10,504	614	212,876	45,615	15,647	65,324	679,988	
TOTAL	\$63,396,579	\$49,174,966	\$14,221,613	\$2,397,885	\$219,682	\$12,848	\$4,452,200	\$954,023	\$327,258	\$1,366,217	\$14,221,613	

FINANCING SCHEDULE

Date	Event	Responsible Party
Wed, March 27	Financing team kick-off call to review structure and schedule	All
	Distribute draft staff report and savings analysis	City, UW
Week of April 22	Distribute first draft of legal documents	BC
	Distribute draft staff report and savings analysis	City, UW
Wed, April 24	Conference call to discuss schedule, savings analysis, and first draft of legal documents.	All
Wed, May 1	Engage Urban Analytics as Fiscal Consultant, Municipal Advisor and other financing team members, as needed	City
Fri, May 3	Distribute revised legal documents	BC
	Distribute final staff report and savings analysis	City, UW
Thu, May 16	Finance Committee Meeting Time: 7:30am	City
Week of May 27	Distribute first draft of fiscal consultant's report ("FCR")	FC
	Distribute first draft of preliminary official statement ("POS")	DC
	Distribute first draft of subordination letters for taxing entities	BC
Tue, May 28	Deadline to submit SA resolution, Indenture, Escrow Agreement, and staff report for Successor Agency meeting	City, BC
Tue, June 11	Successor Agency meeting to approve SA resolution, Indenture and Escrow Agreement	City, BC
[June]	Deadline to submit OB resolution and staff report (along with copies of SA resolution, Indenture, and Escrow Agreement) for Oversight Board meeting	City, BC
Week of June 3	Conference call to review 1st drafts of FCR and POS	All
Week of June 10	Send out revised drafts of FCR and POS	FC, DC
[Last two weeks of June]	Oversight Board meeting to approve OB resolution and related documents	City, BC
[After OB mtg]	Submit approval request to State Department of Finance (DOF)	UW
	60 day review period begins when DOF acknowledges receipt of Oversight Board action	
	Send out Subordination Letters to taxing entities	City, BC
Week of June 24	Distribute first draft of rating presentation	UW
Week of July 1	Conference call to review rating presentation	All
Week of July 8	Submit documents to S&P	UW
Week of July 15	Rating conference call with S&P	All
	Distribute questions for due diligence call	UWC
	Submit documents and rating presentation to AGM and BAM	UW
[TBD]	Deadline to submit POS and BPA for Successor Agency meeting	City
[TBD]	Successor Agency meeting to approve POS and BPA	
Week of July 29	S&P releases rating	
	Due diligence call	All
	Receive insurance and surety bids from AGM and BAM	UW
[August]	60 day DOF review period ends	
Week of August 19	Post POS	DC, UW, P
Week of August 26	Price bonds	UW, City
Week of September 9	Closing	All

Issuer	Successor Agency to the Redevelopment Agency of the City of Novato
Bond Counsel/Disclosure Counsel	Jones Hall
Fiscal Consultant	Urban Analytics
Underwriter	Raymond James
Underwriter’s Counsel	Quint & Thimmig
Municipal Advisor	PFM Financial Advisors LLC
Printer	TBD
Trustee	US Bank N.A.

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