

City of San José Financing Authority Lease Revenue Refunding Bonds, Series 2025A

City of San José General Obligation Bonds, Series 2025ABC

June 17, 2025

City Council/SJFA Agenda Item 1

City Council Agenda Item 3.5

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Management

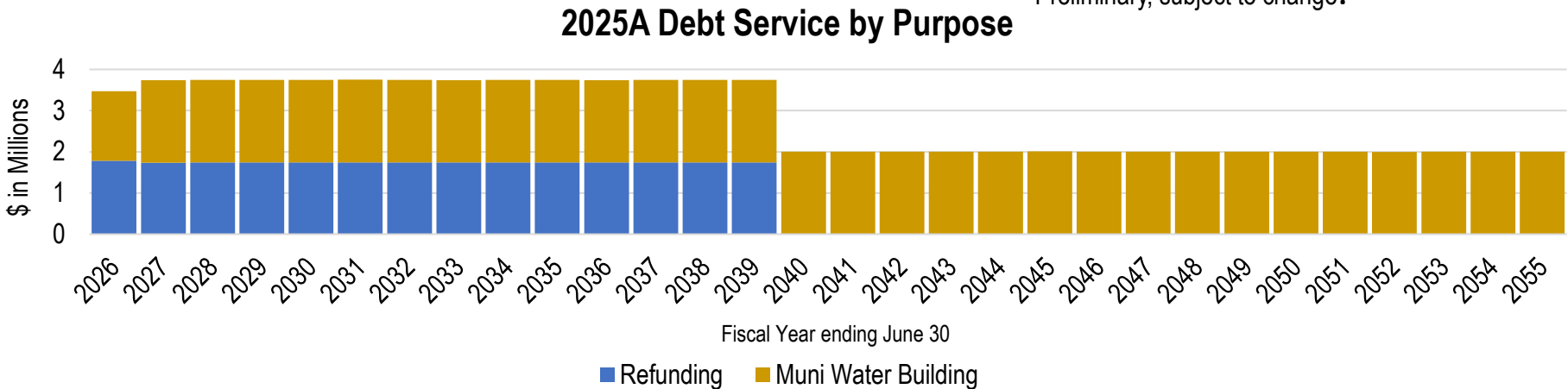


LEASE REVENUE BONDS OVERVIEW

- Proceeds of the Series 2025A Bonds will
 - Prepay \$20.7 million of CP
 - Provide \$11.3 million of new money to fund construction of a new Administration and Operations Building for the Water Resources Division
 - Refund \$20.7 million outstanding Lease Revenue Refunding Bonds, Series 2013B
- The portion for the building will amortize on a level debt service basis, while refunding of 2013B Bonds will provide level savings versus the refunded bonds

SOURCES*	TOTAL
Par Amount	\$ 48,325,000
Net Premium	3,316,035
Release from 2013B Reserve Account	2,047,837
Total Sources	\$ 53,688,872
USES*	TOTAL
Commercial Paper Redemption	\$ 20,700,000
Construction Fund	11,300,000
Deposit to Series 2013B Escrow Fund	20,945,278
Issuance Costs	743,594
Total Uses	\$ 53,688,872

*Preliminary, subject to change.



LEASE REVENUE BONDS STRUCTURE

Leased Property

- If 2013B Bonds are refunded, Civic Center Garage and Muni Water Building, with Civic Center Garage released when Muni Water Building is certified for use and occupancy
- If 2013B Bonds are not refunded, Animal Shelter, Fire Station #1, and Muni Water Building, with Animal Shelter and Fire Station #1 released when Muni Water Building is certified for use and occupancy

Substitution of Assets

Substitution is permitted so long as the estimated value of the Substitute Property is at least equal to the par amount of Bonds outstanding and Lease Payments do not exceed the fair rental value of the Substitute Property

Additional Bonds

May be issued by Supplemental Indenture, so long as the estimated fair value of the Leased Property is equal to the aggregate principal amount of Bonds outstanding

No Reserve Accounts

The Series 2025A Bonds will not be secured by a Reserve Account



GO BONDS MEASURE T

- Voter-approved in November 2018 for \$650 million bond authorization
- Approved projects include emergency and disaster response, bridges and pavement repair and maintenance, flood prevention, clean water, public safety, and other critical infrastructure needs
- \$421.4 million of previously issued bond proceeds have been spent

Series	Issued	Proposed	Total
Series 2019	\$239,900,000		\$239,900,000
Series 2021	\$200,530,000		\$200,530,000
Series 2025		\$209,570,000	\$209,570,000
Total	\$440,430,000	\$209,570,000	\$650,000,000

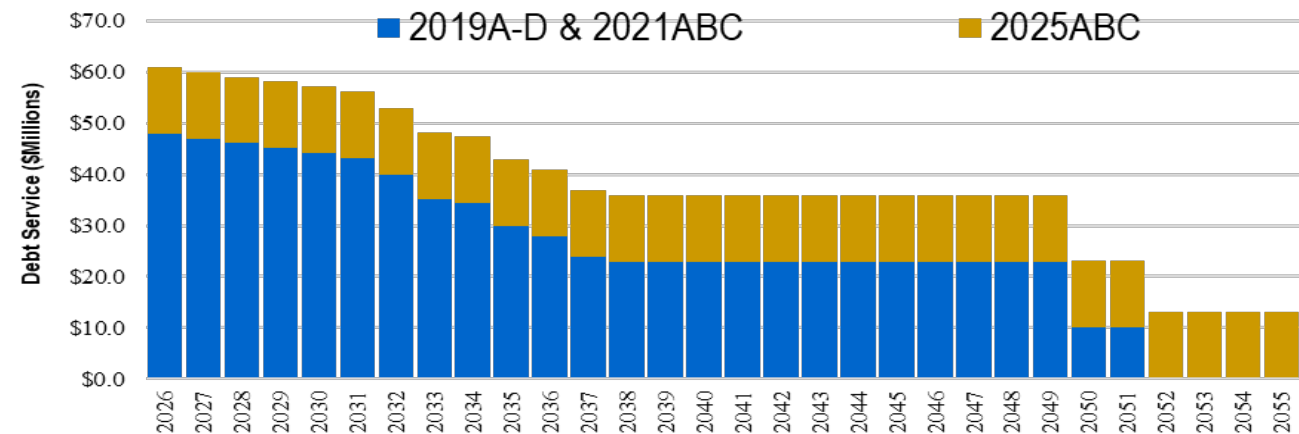


GO BONDS OVERVIEW

- Issue \$209.6 million remaining authorization for Measure T projects:
 - \$159.0 million for bridges and pavement maintenance
 - \$28.9 million for Public Safety – fire stations and police department
 - \$15.7 million for Storm Sewer
 - \$6.0 million for Park and Community Facilities / Emergency Shelters

SOURCES *	2025A (TE)	2025B (TX)	2025C (TX)	TOTAL
Par Amount	183,790,000	15,190,000	10,590,000	209,570,000
Premium	11,925,902	153,149	69,788	12,148,839
Total Sources	\$ 195,715,902	\$ 15,343,149	\$ 10,659,788	\$ 221,718,839
USES *	2025A (TE)	2025C (TX)	2025B (TX)	TOTAL
Project Fund	183,790,000	15,190,000	10,590,000	209,570,000
Capitalized Debt Service	10,716,793	53,217	119	10,770,129
Cost of Issuance	657,740	54,361	37,899	750,000
Underwriters' Discount	551,370	45,570	31,770	628,710
Total Uses	\$ 195,715,902	\$ 15,343,149	\$ 10,659,788	\$ 221,718,839

Aggregate GO Bond Debt Service



BOND RATINGS

The City continues to be one of the highest rated large cities in the nation and anticipates to affirm the current ratings with stable outlooks.

	Moody's	S&P	Fitch
GO Bonds	Aa1	AA+	AAA
Lease Revenue Bonds	Aa2	AA	AA



IMPORTANCE OF DISCLOSURE

- Key Points to Remember:
 - Issuers of municipal securities have an obligation to ensure that information contained in their disclosure documents is accurate and complete in all material respects.
 - Proper disclosure allows investors to understand and evaluate the financial health of the local municipality in which they invest
- Section 17(a) of the Securities Act of 1933 prohibits fraud in the offer or sale of securities
- Section 10(b) of the Securities and Exchange Act of 1934 prohibits fraud in the purchase or sale of securities
- SEC Rule 10(b)(5) prohibits
 - Making any untrue statement of material fact
 - Omitting to state a material fact in the offer or sale of securities
 - A fact is material if there is a substantial likelihood that its disclosure would be considered significant by a reasonable investor



REVIEWING THE OFFICIAL STATEMENTS

- The Official Statements provide material information on the purpose of the bonds, financing plan, source of repayment, security for the GO and lease revenue bonds, and certain risk factors, in addition to other information to help a reasonable investor to decide whether to buy or sell the bonds.
- Appendix A – financial, economic and demographic information about the City
- Appendix B – detailed information of the City's two retirement plans
- Appendix E – Continuing Disclosure Certificate for 2025 Bonds
- Elected officials not expected to be “fact checkers”



ELECTED OFFICIALS' RESPONSIBILITY

- After review of the document, consider the following elements:
 - Have identified material risks and events been brought to the attention of staff, bond counsel and other professionals?
 - Have such risks and events been disclosed, and if not, what is the rationale for the non-disclosure?
- If any Councilmember or Authority Board member has any personal knowledge that any of the material information in the Official Statement is or may be false or misleading or that material information has been omitted, the Councilmember/Authority Board member must raise these issues prior to approval of the distribution of the document.
- Council/Authority approval of Bond Documents and Preliminary Official Statement is consistent with good disclosure practices.



FINANCING SCHEDULE

- **June 23:** Receive Credit Ratings
- **June 25:** Post 2025ABC GO Bonds POS
- **July 8:** Price 2025ABC GO Bonds
- **July 22:** Close 2025ABC GO Bonds
- **July 28:** Post 2025A LRBs POS
- **August 12:** Price 2025A LRBs
- **August 26:** Close 2025A LRBs

June 2025						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July 2025						
Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August 2025						
Su	M	Tu	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						



COUNCIL/SJFA AGENDA ITEM I RECOMMENDATIONS

- Conduct a public hearing approving issuance of 2025A Bonds in part for the financing of public improvements for the Muni Water Building Project.
- Adopt a resolution authorizing and approving the issuance and sale by the Authority for Lease Revenue Bonds, Series 2025A in the principal amount not to exceed \$53,000,000 to finance and refinance certain public capital improvements of the City, approving and authorizing the execution and delivery by the City of a Site Lease, a Lease Agreement, a Continuing Disclosure Certificate, and authorizing the distribution of an Official Statement in connection with the offering and sale of such bonds and authorizing the execution of necessary documents and certificates and related actions.

Under both the Debt Management Policy and San José Municipal Code Section 4.34.200, approval of the issuance of the lease revenue bonds requires a two-thirds vote by the City Council (8 votes).



COUNCIL AGENDA ITEM 3.5 RECOMMENDATION

- It is recommended that the City Council:
 - Adopt a resolution authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$209,570,000, authorizing and directing the execution of a Fiscal Agent Agreement and Continuing Disclosure Certificate, authorizing the distribution of an Official Statement in connection with the offering of such bonds and authorizing the execution of necessary documents and certificates and related actions.

