



Authorization of Taxable Lease Revenue Bonds

Series 2020A
(Civic Center Refunding Project)

Joint City Council/
City of San José Financing Authority
August 25, 2020

Agenda Item # 1

Presenters:

Julia H. Cooper
Nikolai J. Sklaroff

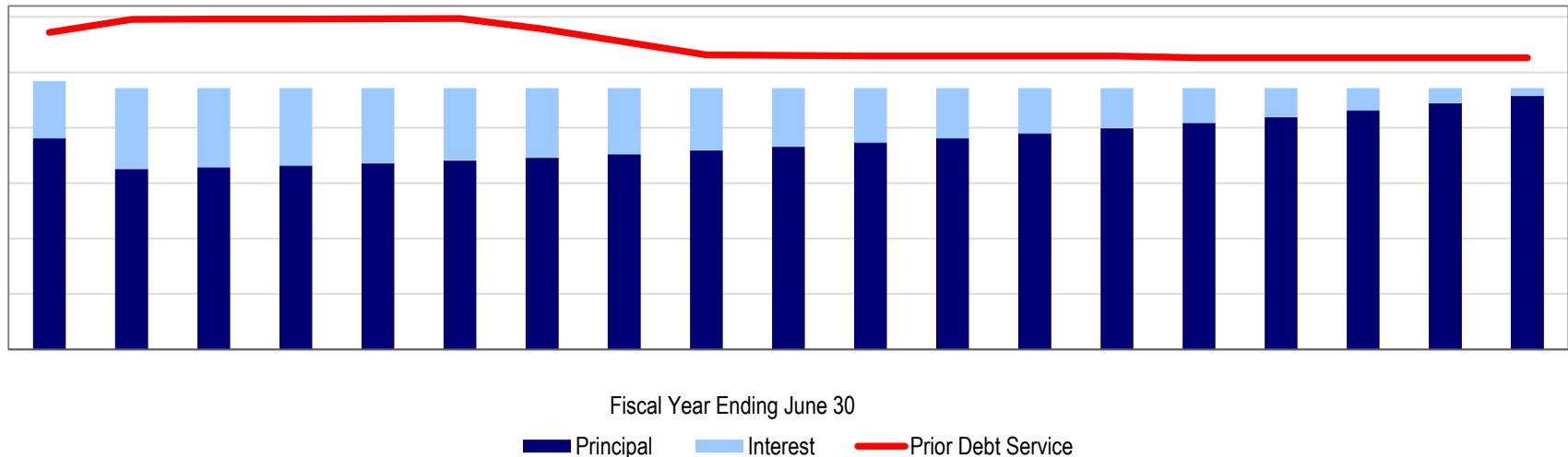
Director of Finance
Deputy Director, Debt and
Treasury Management

Objectives of the 2020A Bonds

- Generates estimated a one-time and on-going General Fund savings
- Series 2020A Lease Revenue Bonds will refund prior Lease Revenue Bonds Series 2006A and 2013A (City Hall); 2007A (Recreational Facilities); and prepay lease obligations from Master Equipment Lease (ESCO)
- Provide \$4.8 million in funding for the improvement of space in the 4th & San Fernando Street Garage for the Community Energy Department
- Using taxable bonds frees City of “Private Use Restrictions” (tax laws) at City Hall and Los Lagos Golf Course

Refunding Savings from Series 2020A Bonds

2020A Debt Service and Prior Debt Service



- Generates estimated General Fund savings:
 - ✓ Estimated net present savings of 12.4% or \$42.3 million over the life of the 2020A Bonds
 - ✓ \$4.2 million estimated annual savings
 - ✓ Savings depend on interest rates when bonds are sold in September
 - ✓ Preliminary; subject to change based on market conditions.

Estimated Sources and Uses of 2020A Bonds ¹

SOURCES	TOTAL
Par Amount	\$ 356,890,000
Series 2006A and 2013A Reserve Account	26,321,963
Series 2007A Reserve Account	2,200,000
Total Sources	\$ 385,411,963
USES	TOTAL
Project Fund	\$ 4,800,000
Redemption of 2006A Bonds	52,463,342
Redemption of 2007A Bonds	8,275,485
Prepayment of ESCO Lease	12,875,677
Deposit to Series 2013A Escrow Fund	305,064,914
Issuance Costs	1,932,545
Total Uses	\$ 385,411,963

(1) Preliminary; subject to change.

Bond Payment Structure - 2020A Bonds

- Lease payments made by City to Authority are the sole source for 2020A debt service payments.
 - ✓ Rental payments of City Hall
- Reserve Account
 - ✓ No reserve account required for 2020A Bonds
- Source of Payments
 - ✓ Payable from any source of legally available funds of the City
 - ✓ Internally the City allocates rental to Departments

Bond and Legal Documents for Approval

- For the Series 2020A Bonds the Council and Authority Board are being presented:
 - ✓ Resolutions
 - ✓ Preliminary Official Statement Series 2020A
 - ✓ Indenture of Trust
 - ✓ Site Lease
 - ✓ Lease Agreement
 - ✓ Bond Purchase Agreement
 - ✓ Continuing Disclosure Certificate

- Pursuant to Government Code Section 5852.1 which became effective on January 1, 2018, by the enactment of Senate Bill 450, certain financial information relating to the 2020A Bonds has been included in the Resolutions, and such information has been disclosed and made public.

Financing Schedule – 2020A Bonds (City Hall)

➤ September 1 Release of POS to investors

➤ September 9-10 Price 2020A Bonds

➤ September 24 Expected 2020A Bond Closing

August 2020						
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

September 2020						
Su	M	Tu	W	Th	F	Sa
30	31	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			

October 2020						
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

Recommendations for the 2020A Bonds

- City Council to conduct a public hearing approving issuance of 2020A Bonds in part for the financing of public improvements in the 4th & San Fernando Street Garage for the Community Energy Department Project.
- City Council to adopt a resolution:
 - ✓ approving the lease financing to refund the Prior Bonds and fund the 4th & San Fernando Street Garage project and sale of up to \$365 million 2020A Bonds
 - ✓ approving and authorizing execution of legal documents
- CSJFA Board to adopt a resolution:
 - ✓ approving the issuance and sale of up to \$365 million 2020A Bonds
 - ✓ approving and authorizing execution of legal documents



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