

# **PENSION OBLIGATION BONDS PRELIMINARY OFFICIAL STATEMENT AND CONTINUING DISCLOSURE AGREEMENT**

APRIL 20, 2021



# PENSION OBLIGATION BOND TIMELINE

Dec. 15

· City Council Approval of Resolution, Indenture and BPA

Dec. 18-  
Feb. 22

· Judicial Validation Period

March

· City Council Approval of Financing Structure and UAL Policy

Early  
April

· Final Review of Preliminary Official Statement

April  
20

· Obtain Credit Rating **AAA**

April  
20

· City Council approval of Preliminary Official Statement

April  
27

· Bond Pricing 27<sup>th</sup> & 28<sup>th</sup>

May 12

· Bond Closing



# POB FINANCING STRUCTURE

- Maturity of 2043 for Public Safety and Misc.
  - Aligns all plans to one amortization schedule
- Annual POB Level Debt Service budgeted for \$5.7 million
- Projected annual budgetary savings will range from \$1.1-\$4.4 million\* over next ten years
- Potential of \$39 million savings over the amortization period

\*Subject to change depending on rates at time of issuance



# POB POTENTIAL BUDGETARY SAVINGS

With All Plans Maturing in 2043

|                    |                     | 5/12 payoff<br>100% |                   | TIC<br>3.05% |
|--------------------|---------------------|---------------------|-------------------|--------------|
|                    |                     | Total UAL           |                   |              |
|                    |                     | 90,763,122          |                   |              |
| Payment            | POB Debt<br>Service | Savings             | PV Savings        |              |
| 6,754,607          | 5,707,121           | 1,047,486           | 1,016,478         |              |
| 7,513,526          | 5,702,285           | 1,811,241           | 1,705,591         |              |
| 8,005,770          | 5,702,117           | 2,303,653           | 2,105,063         |              |
| 8,507,820          | 5,700,030           | 2,807,790           | 2,489,786         |              |
| 8,765,371          | 5,700,134           | 3,065,237           | 2,637,612         |              |
| 8,997,287          | 5,703,968           | 3,293,319           | 2,749,982         |              |
| 9,237,346          | 5,706,715           | 3,530,631           | 2,860,868         |              |
| 9,484,007          | 5,703,996           | 3,780,011           | 2,972,268         |              |
| 9,737,446          | 5,701,964           | 4,035,482           | 3,079,212         |              |
| 9,997,867          | 5,702,700           | 4,295,167           | 3,180,341         |              |
| 10,046,304         | 5,701,352           | 4,344,952           | 3,121,964         |              |
| 9,929,816          | 5,706,994           | 4,222,822           | 2,944,388         |              |
| 9,587,752          | 5,699,441           | 3,888,311           | 2,630,890         |              |
| 9,287,674          | 5,704,221           | 3,583,453           | 2,352,842         |              |
| 8,763,061          | 5,706,824           | 3,056,237           | 1,947,276         |              |
| 7,832,349          | 5,701,998           | 2,130,351           | 1,317,168         |              |
| 5,175,681          | 5,705,182           | -529,501            | -317,692          |              |
| 4,534,121          | 5,702,966           | -1,168,845          | -680,527          |              |
| 3,666,154          | 5,705,178           | -2,039,024          | -1,152,021        |              |
| 3,347,851          | 5,703,953           | -2,356,102          | -1,291,758        |              |
| 2,172,311          | 5,703,943           | -3,531,632          | -1,878,936        |              |
| 1,761,175          | 5,702,415           | -3,941,240          | -2,034,786        |              |
| 1,201,840          | 0                   | 1,201,840           | 602,119           |              |
| 594,628            | 0                   | 594,628             | 289,088           |              |
| 19,518             | 0                   | 19,518              | 9,208             |              |
| <b>164,921,282</b> | <b>125,475,497</b>  | <b>39,445,785</b>   | <b>32,656,424</b> |              |



# POB DOCUMENTS FOR APPROVAL

- Preliminary Official Statement
  - Used to market the Pension Obligation Bonds to prospective buyers
  - Includes demographic, financial and other information about the City and pension obligations
- Continuing Disclosure Certificate
  - Includes list of annual City reporting requirements and events that, if occur, would require disclosure during the life of the POBs



# NEXT STEPS

- AAA Credit Rating Re-affirmed on April 20
- Marketing of Pension Obligation Bonds
  - Underwriters Bank of America Merrill Lynch and Stifel, Nicolas & Company will market bonds
    - Ad in The Beach Reporter this Thursday
- Bond Pricing scheduled for April 27 & 28
- Bond Closing scheduled for May 12
  - Payment will be sent to CalPERS
  - First POB Debt Service Payment due in January 2022



# CONCLUSION

- Staff recommends that the City Council adopt Resolution No. 21-0037 approving the Preliminary Official Statement and Continuing Disclosure Certificate
- City Staff along with the City's Municipal Advisor, Mark Young from KNN and Bond and Disclosure Council, Kevin Civale from Stradling Law are available to answer any questions.

