



Wastewater Revenue Bonds Series 2020A & 2020B

City of Santa Rosa

October 8, 2020

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San Francisco, CA 94111



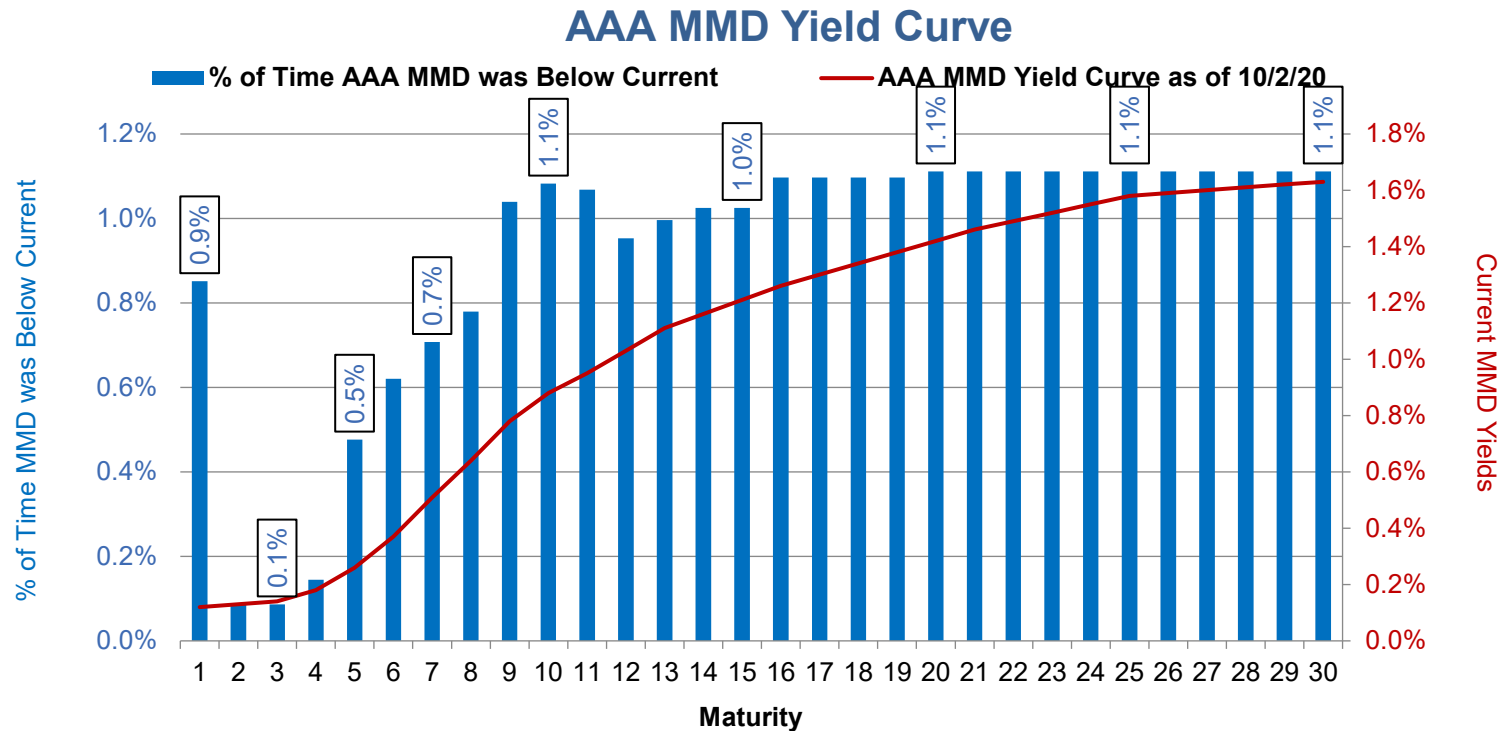
Overview

- ◆ Bond funding to be acquired for Ultraviolet Disinfection System Replacement
 - \$70m Maximum (Series 2020A)
- ◆ Advanced refunding of outstanding Series 2012A (Series 2020B)
 - Release of reserves to be applied to Series 2020A
- ◆ Additional cash applied by all partners will reduce bond further
 - Decision to be submitted to SR Water



Current Tax-Exempt Municipal Market Conditions

- ◆ Long-term tax-exempt borrowing rates are near all-time lows
 - Have been lower than current levels less than 1.2% of the time since 1993

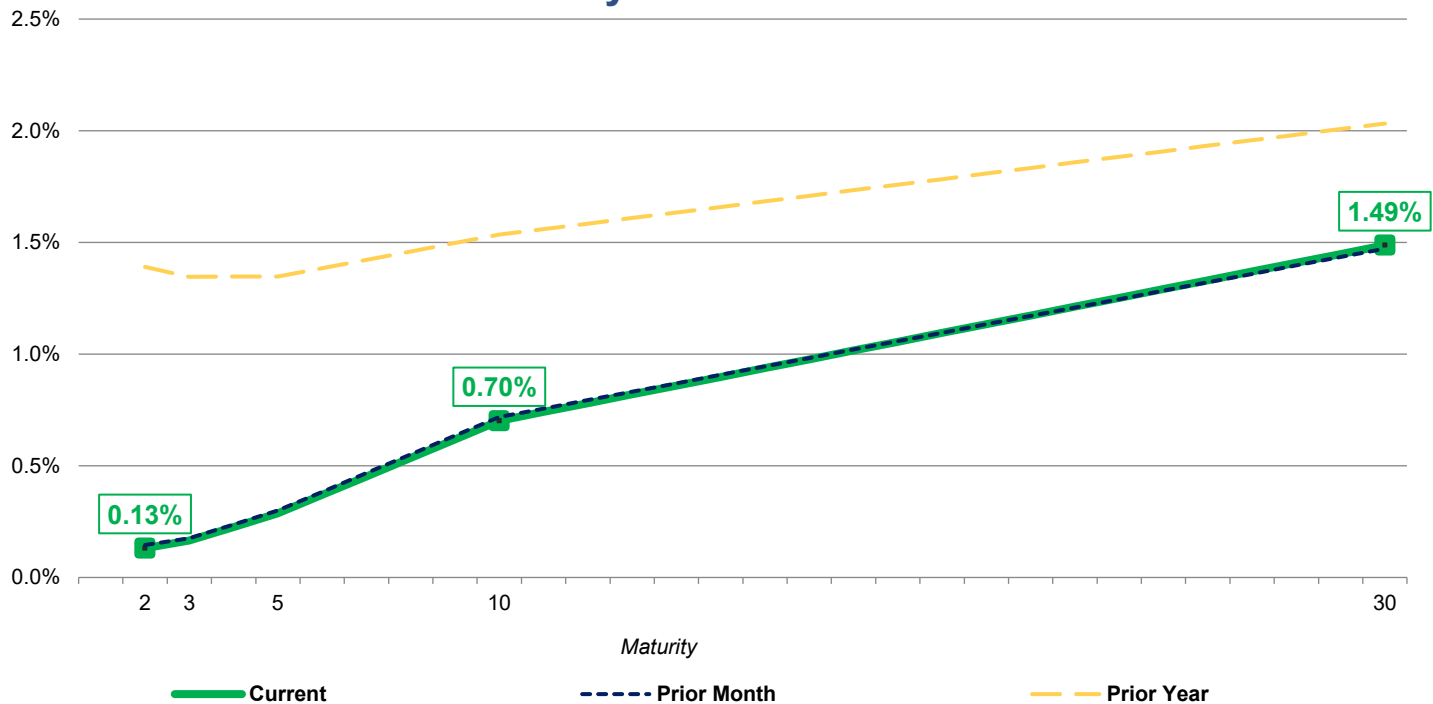




Current Taxable Market Conditions

- Treasury rates are significantly lower than they were a year ago and have remained relatively flat over the last month
- Creates opportunity for taxable advance refunding of existing debt for debt service savings

Treasury Yield Curves





Series 2020A - Proposed Tax-Exempt New Money

- Issuance of approximately \$57 million principal amount of tax-exempt bonds to fund a \$70 million project fund
- Proceeds will go towards financing, among other things, a proposed Ultraviolet Disinfection and Diversion Improvements Project at the southwesterly corner of the Laguna Wastewater Treatment Plant
- Simultaneous issuance of Series 2020B refunding bonds anticipated to allow for \$4.57 million Debt Service Reserve Fund (“DSRF”) release, which could be used for project costs

Preliminary Numbers	
Principal Issued:	\$57,360,000
Premium Received:	\$8,610,630
DSRF Release:	\$4,570,278
All-In True Interest Cost:	3.11%
Average Annual Debt Service:	\$3,509,387 (through FY 2051)
Total Debt Service:	\$108,791,000



Series 2020B - Proposed Taxable Advance Refunding

- ◆ Taxable advance refunding of all \$50.870 million of outstanding Series 2012A wastewater revenue bonds to achieve debt service savings
- ◆ Projected to generate approximately \$6.8 million of Net Present Value (“NPV”) savings (equivalent to 13.4% of refunded principal amount), net of all costs associated with the transaction

Preliminary Numbers	
Principal Issued:	\$56,325,000
All-In True Interest Cost:	2.26%
Average Annual Cashflow Savings:	\$560,859 (through FY 2034)
Total Cashflow Savings:	\$7,852,031
NPV Savings:	\$6,838,940



Schedule and Financing Team

- The bonds are expected to be priced in mid-November and close in early December

Item	Date
Receive S&P rating	Week of November 2
Bond pricing	Week of November 16
Closing	Week of November 30

- Financing team
 - Municipal Advisor: PFM Financial Advisors LLC
 - Bond and Disclosure Counsel: Jones Hall
 - Underwriter: Stifel



Actions of the City Council

- Resolutions of City Council authorize staff and third-party professionals to execute a transaction that meets the following parameters:
 - Maximum par amount: \$70 million for Series 2020A, \$60 million for Series 2020B
 - Minimum NPV savings for Series 2020B: 3.0% of refunded principal amount
 - Underwriter's discount: Not to exceed 0.5%
- The resolutions also approve the following documents in substantially final form:
 - Indenture
 - Continuing Disclosure Certificate
 - Preliminary Official Statement
 - Bond Purchase Agreement
 - Escrow Agreement



Recommendation

- ◆ It is requested by the Santa Rosa Water staff that the Subregional Technical Advisory Committee recommend, by motion, to the City of Santa Rosa Board of Public Utilities and City Council, approval of the proposed Bond Series 2020A for funds to be used for the Ultraviolet Disinfection System Replacement Project and 2020B, advanced refunding of the outstanding Series 2012A.

Questions?



pfm