



Water Revenue Refunding Bonds, Series 2018 Wastewater Revenue Refunding Bonds, Series 2018

City of Santa Rosa

November 27, 2018

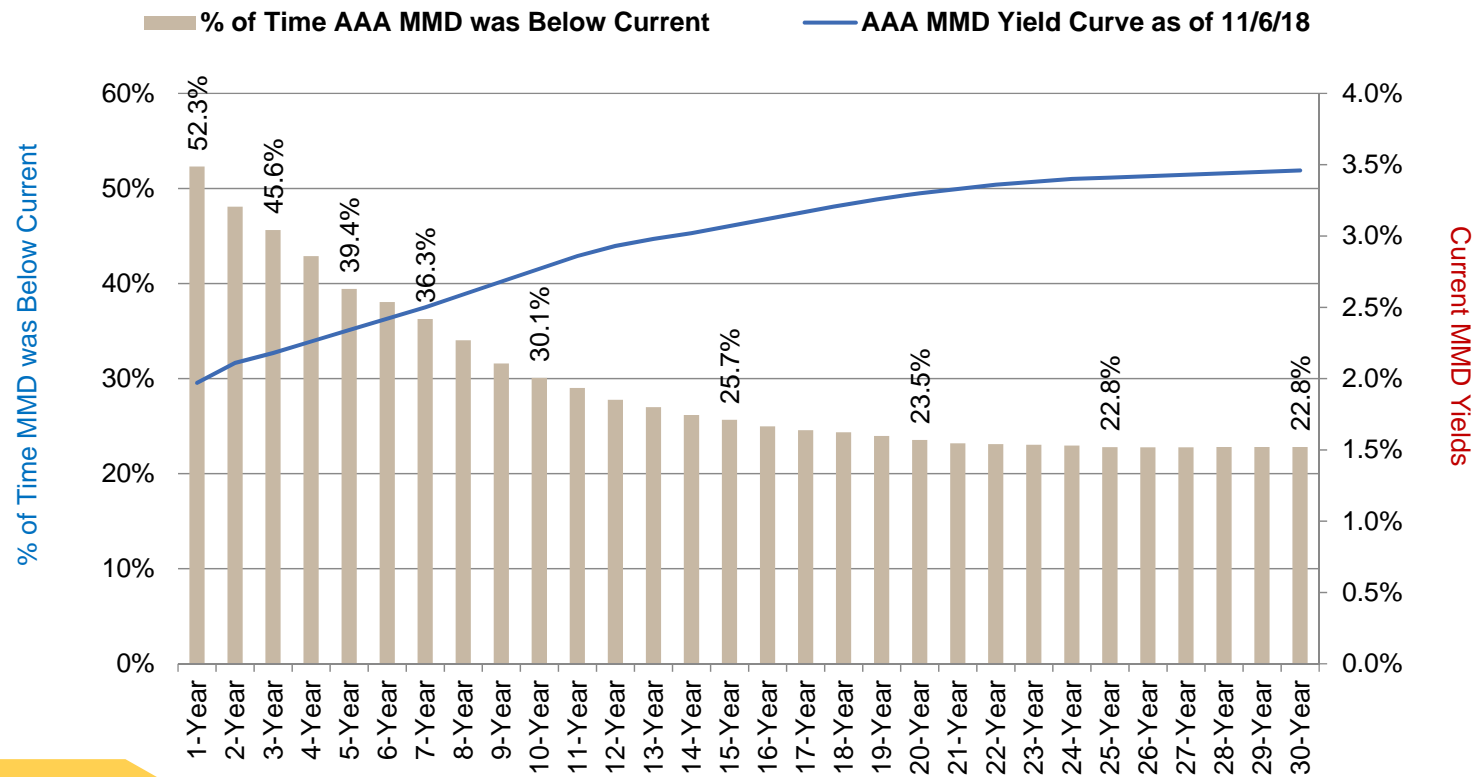
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Current Municipal Market Conditions

- Long-term tax-exempt rates have been lower than current levels less than 25% of the time since 1993
- Creates opportunity for refunding of existing debt for debt service savings

AAA MMD Yield Curve





Proposed Refunding Transaction (Water)

- ◆ Refunding of \$11.035 million of outstanding Series 2008 water revenue bonds to achieve debt service savings
- ◆ The proposed refunding is expected to generate approximately \$1.2 million of Net Present Value savings
 - NPV savings takes into account all costs associated with the transaction
- ◆ Allows for a reserve fund release of approximately \$883,000
 - Reserve fund release will be transferred to refunding escrow to pay off Series 2008 bonds

Preliminary Numbers	
Principal:	\$9,360,000
True Interest Cost:	3.58%
Cash Flow Savings*:	\$2,780,303
NPV Savings:	\$1,233,334 (11.18%)

*Includes reserve fund release



Proposed Refunding Transaction (Wastewater)

- ◆ Refunding of \$17.685 million of outstanding Series 2007A wastewater revenue bonds to achieve debt service savings
- ◆ The proposed refunding is expected to generate approximately \$847 thousand of Net Present Savings
 - NPV savings takes into account all costs associated with the transaction
- ◆ Assumes favorable resolution of Ambac surety consent process

Preliminary Numbers	
Par:	\$18,425,000
True Interest Cost:	3.11%
Cash Flow Savings:	\$1,089,381
NPV Savings:	\$847,051 (4.79%)



Schedule and Finance Team

- ◆ The refunding bonds are expected to price in early December and close in mid-December or early January

Item	Date
Receive rating	Week of November 26
Pricing	Week of December 3
Closing / Redemption of 2008 Water Bonds	Week of January 7
Redemption of 2007A Wastewater Bonds	Week of February 4

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



Actions of the City Council (Water)

- ◆ Resolutions of City Council authorize staff and third-party professionals to execute a transaction that meets the following parameters:
 - Maximum par amount: \$12,000,000
 - Aggregate net present value savings: 3.0% of refunded principal
 - 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



Actions of the City Council (Wastewater)

- ◆ Resolutions of City Council authorize staff and third-party professionals to execute a transaction that meets the following parameters:
 - Maximum par amount: \$20,000,000
 - Aggregate net present value savings: 3.0% of refunded principal
 - Underwriter's discount: Not to exceed 0.6%
- ◆ The resolutions also approve the following documents in substantially final form:
 - Indenture
 - Continuing Disclosure Certificate
 - Preliminary Official Statement
 - Bond Purchase Agreement
 - Escrow Agreement

Questions?



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