



# City of Fullerton

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## Proposed Taxable Judgment Obligation Refunding Bonds, Series 2020

City of Fullerton, CA | October 20, 2020



# Proposed Bond Issuance – 2020 Refunding Bonds

- Approve Issuing 2020 Taxable Judgment Obligation Bonds (JOBs) to refund the outstanding 2013 JOBs on April 1, 2023
  - 2013 Bonds outstanding amount is \$5.2 million and can be refunded on par on April 1, 2023
- Under JOBs financing structure, 2020 Bonds payable from any source of legally available funds of the City, including amounts on deposit in the General Fund
- 2020 Bonds to be issued with a True Interest Cost Not-to-Exceed 2.60% and minimum Net Present Value (NPV) savings of at least 7%
  - ***Current market conditions do not support desired minimum NPV savings***
- Staff is requesting City Council authorization to proceed to take advantage of conditions when market improves and supports minimum desired NPV savings to the City.



# 2020 Refunding Bonds – Proposed Savings

Summary of Proposed Savings*	
Refunded Bonds Amount (2013 JOBs)	\$4,370,000
Current Interest Rates (on Outstanding Bonds)	5.74%
Par Amount	\$5,130,000
True Interest Cost	2.63%
Net Present Value Savings (\$)	\$303,427
Net Present Value Savings (% of Par Value Refunded)	6.94%
Average Annual Cash Flow Savings	\$27,646
Total Cash Flow Savings	\$359,399

\* Based on market conditions as of October 5, 2020 and estimates provided by Underwriter assuming a bond closing in December 2020



# 2020 Refunding Bonds – Next Steps / Financing Schedule\*

- Staff will assess next steps based on market conditions in November 2020
  - Option to pursue Private Placement should this yield enhanced savings
- If market conditions are favorable and supports a minimum 7% NPV savings or greater, the Financing Team will proceed with next steps:
  - Obtain a credit rating from Standard & Poor's
  - Post Preliminary Official Statement (Make Available to Prospective Investors)
  - Pricing of 2020 Bonds
  - Settlement of Bonds (Date of Issuance)
- If market conditions are unfavorable (below minimum 7% NPV savings), the Financing Team will monitor the market and move forward at a time when market conditions are deemed more favorable.

\* Preliminary, subject to change; assumes public sale of 2020 Bonds as Judgment Obligation Bonds



# Recommendations

## **Approve and Adopt Resolution No. 2020-XX, which will:**

- Authorize Issuance of 2020 Refunding Bonds to refund 2013 JOBs
- Approve all Financing Documents:
  - Indenture of Trust;
  - Escrow Agreement;
  - Bond Purchase Agreement;
  - Preliminary Official Statement;
  - Continuing Disclosure Certificate
- Authorize Certain Other Actions in Connection Therewith



# 2020 Refunding Bonds

## Questions?