



# South Bayside Waste Management Authority

Overview of the 2019 Bonds:

Refunding of Series 2009A Bonds and Financing Capital Improvements



1300 Clay Street, Suite 1000, Oakland, CA 94612  
phone 510-839-8200 fax 510-208-8282

A Limited Liability Company

# Market Rates Continue to Support a Refunding of the Series 2009A Bonds



\*The Bond Buyer Revenue Bond Index consists of 25 various revenue bonds that mature in 30 years. The average rating is roughly equivalent to Moody's "A1" and S&P's "A+".  
 Source: Bond Buyer Index: Bond Buyer. 10-year Treasury Yield Curve: The Department of the Treasury.

# Overview of the 2019 Bonds

---

## **Plan of Finance Objective: Execute Bond Refunding and Raise \$20M New Money Proceeds through Savings and Additional Debt**

- Refunds outstanding 2009A Bonds to achieve debt service savings
- Issues additional “new money” bonds in addition to redeploying savings for capital
- Extends term of refunding bonds to achieve a short-term “window” to structure new money debt service with shorter average life restrictions
- Maintains annual payments approximately equal to \$4.1MM **but** extends bond term another six years to September 1, 2042 (from September 1, 2036)

# Key Assumptions for the 2019 Bonds

---

- **Offering Type:** Fixed rate, public issuance
- **Security Type:** Solid Waste Enterprise Revenue Bonds (consistent with Series 2009A Bonds)
- **Ratings:** A1 (Moody's) / A+ (S&P); 2019 Bonds transaction ratings to be confirmed
- **Interest Rates:** Current rates as of April 4, 2019 plus 0.25% interest rate cushion
- **Closing Date:** June 26, 2019
- **Call Date:** September 1, 2029 (10-year par call)
- **Final Maturity:** September 1, 2042 (extended from September 1, 2036)
- **Issuance Expenses:** COI of \$300,000 and UW Discount of \$3.50 per bond
- **Debt Service Reserve Fund (DSRF):** Contribution of cash DSRF associated with the Series 2009A Bonds at current amount
  - New cash DSRF sized for the 2019 Bonds

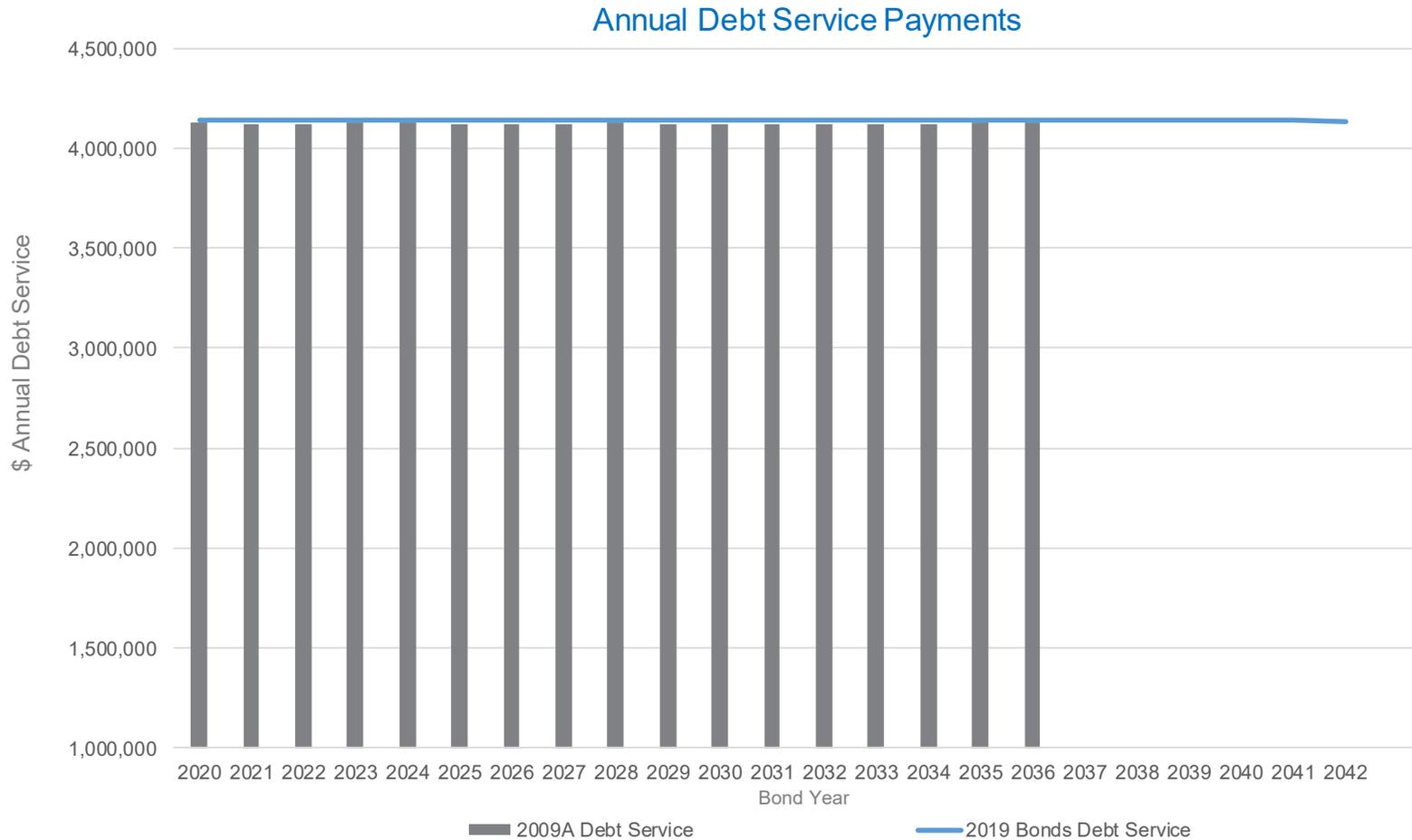
# 2019 Bonds Sources and Uses of Funds\*

	Series 2019A: Refunding	Series 2019B: New Money	Series 2019: Total
<b><u>Sources:</u></b>			
Bond Proceeds:			
Par Amount	\$ 36,505,000	\$ 18,850,000	\$ 55,355,000
Premium	5,792,867	2,717,778	8,510,644
<b>Total Bond Proceeds</b>	<b>42,297,867</b>	<b>21,567,778</b>	<b>63,865,644</b>
2009A Bonds Funds on Hand	6,567,395	-	6,567,395
<b>Total Sources</b>	<b>\$ 48,865,262</b>	<b>\$ 21,567,778</b>	<b>\$ 70,433,040</b>
<b><u>Uses:</u></b>			
Project Fund Deposit	-	20,000,000	20,000,000
Refunding Escrow	45,796,867	-	45,796,867
Debt Service Reserve Fund	2,731,846	1,410,637	4,142,483
Cost of Issuance <sup>1</sup>	195,964	100,714	296,678
Underwriter's Discount	140,584	56,427	197,011
<b>Total Uses</b>	<b>\$ 48,865,262</b>	<b>\$ 21,567,778</b>	<b>\$ 70,433,040</b>

\*Assumes current Authority credit ratings and market conditions as of 4/4/2019, plus 25 bps. Preliminary and subject to change based on tax-exempt interest rate movements.

<sup>1</sup>Estimated Cost of Issuance includes fees for bond counsel, disclosure counsel, rating, municipal advisor, trustee printing, etc. Cost of issuance also includes bond rounding.

# Debt Service Schedules: Status Quo (2009A Bonds) and 2019 Bonds



# Detailed Debt Service Schedules

Status Quo (Series 2009A Bonds)				2019 Bonds *				Debt Service Difference from Status Quo
September 1,	Principal	Interest	Total Debt Service	September 1,	Principal	Interest	Total Debt Service	
2020	1,570,000	2,554,750	4,124,750	2020	875,000	3,267,483	4,142,483	17,733
2021	1,650,000	2,472,325	4,122,325	2021	1,415,000	2,724,000	4,139,000	16,675
2022	1,735,000	2,385,700	4,120,700	2022	1,485,000	2,653,250	4,138,250	17,550
2023	1,830,000	2,294,613	4,124,613	2023	1,560,000	2,579,000	4,139,000	14,388
2024	1,925,000	2,198,538	4,123,538	2024	1,640,000	2,501,000	4,141,000	17,463
2025	2,025,000	2,097,475	4,122,475	2025	1,720,000	2,419,000	4,139,000	16,525
2026	2,150,000	1,970,913	4,120,913	2026	1,805,000	2,333,000	4,138,000	17,088
2027	2,285,000	1,836,538	4,121,538	2027	1,895,000	2,242,750	4,137,750	16,213
2028	2,430,000	1,693,725	4,123,725	2028	1,990,000	2,148,000	4,138,000	14,275
2029	2,580,000	1,541,850	4,121,850	2029	2,090,000	2,048,500	4,138,500	16,650
2030	2,740,000	1,380,600	4,120,600	2030	2,195,000	1,944,000	4,139,000	18,400
2031	2,905,000	1,216,200	4,121,200	2031	2,305,000	1,834,250	4,139,250	18,050
2032	3,080,000	1,041,900	4,121,900	2032	2,420,000	1,719,000	4,139,000	17,100
2033	3,265,000	857,100	4,122,100	2033	2,540,000	1,598,000	4,138,000	15,900
2034	3,460,000	661,200	4,121,200	2034	2,670,000	1,471,000	4,141,000	19,800
2035	3,670,000	453,600	4,123,600	2035	2,800,000	1,337,500	4,137,500	13,900
2036	3,890,000	233,400	4,123,400	2036	2,940,000	1,197,500	4,137,500	14,100
				2037	3,090,000	1,050,500	4,140,500	4,140,500
				2038	3,245,000	896,000	4,141,000	4,141,000
				2039	3,405,000	733,750	4,138,750	4,138,750
				2040	3,575,000	563,500	4,138,500	4,138,500
				2041	3,755,000	384,750	4,139,750	4,139,750
				2042	3,940,000	197,000	4,137,000	4,137,000
	<u>43,190,000</u>	<u>26,890,425</u>	<u>70,080,425</u>		<u>55,355,000</u>	<u>39,842,733</u>	<u>95,197,733</u>	<u>25,117,308</u>

\*Assumes current Authority credit ratings and market conditions as of 4/1/2019, plus 25 bps. Preliminary and subject to change based on tax-exempt interest rate movements.

# Financing Results versus the Status Quo\*

	<u>Status Quo:</u> Series 2009A Bonds	<u>2019 Bonds:</u> Refunding \$20MM Capital
<b>Refunding Present Value Savings:</b>		
Par Amount of Refunded Bonds:	--	\$44,685,000
<b>Percentage Savings of Refunded Bonds<sup>1</sup>:</b>	--	<b>14.307%</b>
<b>Net PV Savings<sup>1</sup>:</b>	--	<b>\$6,393,095</b>
<b>Total Obligations and Debt Service Payments:</b>		
<b>Total Capital Proceeds Raised:</b>	--	<b>\$20,000,000</b>
Estimated Par Amount Outstanding after 2019 Bond Issuance	\$44,685,000	\$55,355,000
<b>Total Debt Service:</b>	<b>\$70,080,425</b>	<b>\$95,197,733</b>
Difference from the Status Quo:		\$25,117,308
Average Annual Debt Service:	\$4,122,378	\$4,139,032
Difference from the Status Quo:		\$16,654
<b>Final Debt Term:</b>	<b>9/1/2036</b>	<b>9/1/2042</b>

\*Assumes current Authority credit ratings and market conditions as of 4/1/2019, plus 25 bps. Preliminary and subject to change based on tax-exempt interest rate movements.

<sup>1</sup>Assuming a refunding of only the 2009 Series A Bonds, estimated Net PV Savings would be \$10,794,614 or 24.16% savings of Refunded Bonds. The lower Net PV Savings values reflects structuring refinements to incorporate the new money issuance and required short-term amortization given average life restrictions.

# Important Next Steps and Financing Approvals

Targeted Date/Meeting	Action Item / Approval
<b>April 11</b> SBWMA Finance Committee	<ul style="list-style-type: none"> <li>• Receive overview of financing documentation and issuance parameters</li> </ul>
<b>April 5</b>	<ul style="list-style-type: none"> <li>• Model staff report and resolution approving the issuance of 2019 Bonds to Member Agencies</li> </ul>
<b>April 25</b> SBWMA Board Meeting	<ul style="list-style-type: none"> <li>• Adopt resolution recommending approval of 2019 Bonds to Member Agencies</li> <li>• Adopt Reimbursement Resolution</li> </ul>
<b>Week of May 6</b> Member Agency Meetings	<ul style="list-style-type: none"> <li>• Adopt resolution to approve the issuance of 2019 Bonds</li> </ul>
<b>Week of May 13</b> Member Agency Meetings	<ul style="list-style-type: none"> <li>• Adopt resolution to approve the issuance of 2019 Bonds</li> </ul>
<b>May 13</b> City of San Carlos Meeting	<ul style="list-style-type: none"> <li>• Hold public hearing as host City and for TEFRA*</li> <li>• Approve JPA financing as host City</li> <li>• Adopt TEFRA* approval</li> <li>• Adopt resolution to approve the issuance of 2019 Bonds</li> </ul>
<b>May 23</b> SBWMA Board Meeting	<ul style="list-style-type: none"> <li>• Adopt resolution authorizing the issuance of 2019 Bonds (subject to not-to-exceed parameters) and approving financing documents (resolution, bond indenture, official statement, purchase contract)</li> </ul>

\* A public hearing required by the IRS to be held before the Board can approve the issuance by SBWMA of tax-exempt private activity debt.

# Financing Timeline

---

Targeted Date	Action Item
January 2019	<ul style="list-style-type: none"> <li>Assemble financing team (SBWMA, KNN, Bond/Disclosure Counsel, Underwriter, and other parties)</li> </ul>
February 2019 – May 2019	<ul style="list-style-type: none"> <li>SBWMA Board engagements on Plan of Finance approach</li> <li>Develop legal and disclosure documents necessary for issuance</li> </ul>
Week of May 13	<ul style="list-style-type: none"> <li>Rating Agency meetings</li> </ul>
Week of May 27	<ul style="list-style-type: none"> <li>Receive Bond credit ratings</li> <li>Post Preliminary Official Statement</li> <li>Market 2019 Bonds</li> </ul>
Week of June 10	<ul style="list-style-type: none"> <li>Price 2019 Bonds</li> </ul>
Week of June 24	<ul style="list-style-type: none"> <li>Close 2019 Bonds</li> </ul>