



*City of San Diego*  
*Budget and Finance Committee*

Bond Refundings

October 19, 2011



# Recent Market Trends

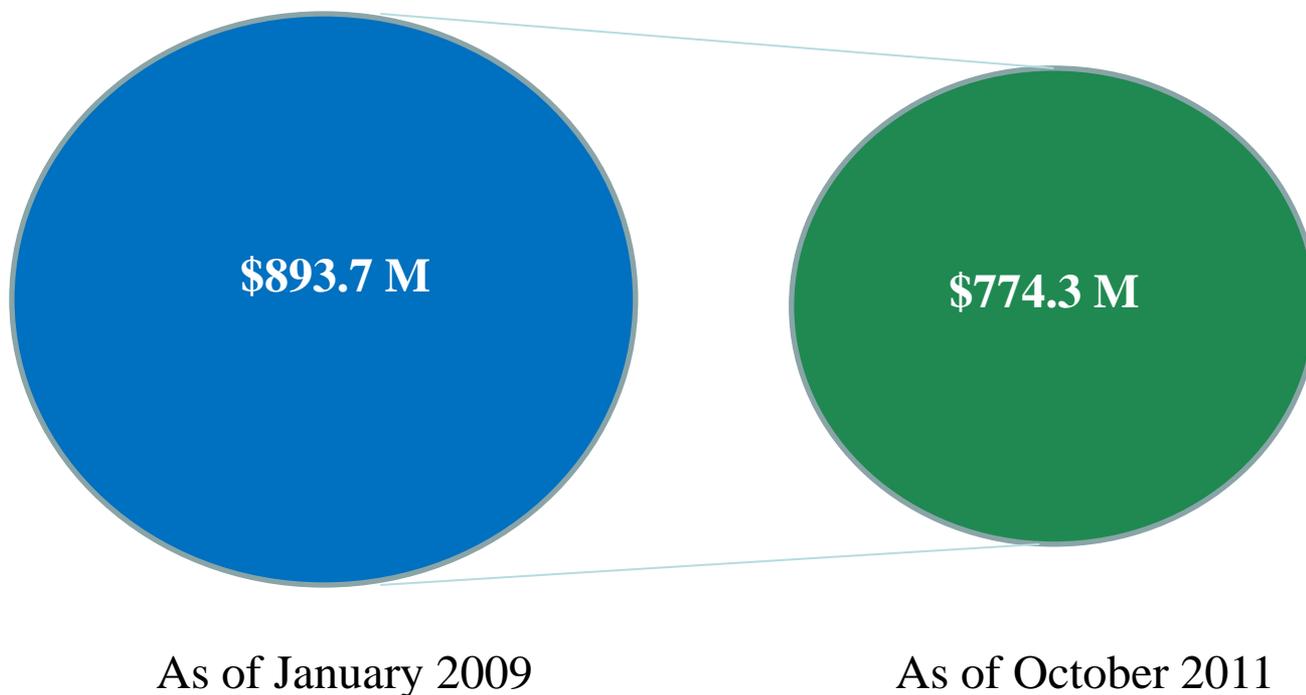
## MMD Rates January 2009 - Current



	Historic 20 YR Average	2009 – Current Average	As of 10/17/11
10-yr MMD	4.20%	2.85%	2.53%
30-yr MMD	5.09%	4.31%	3.71%

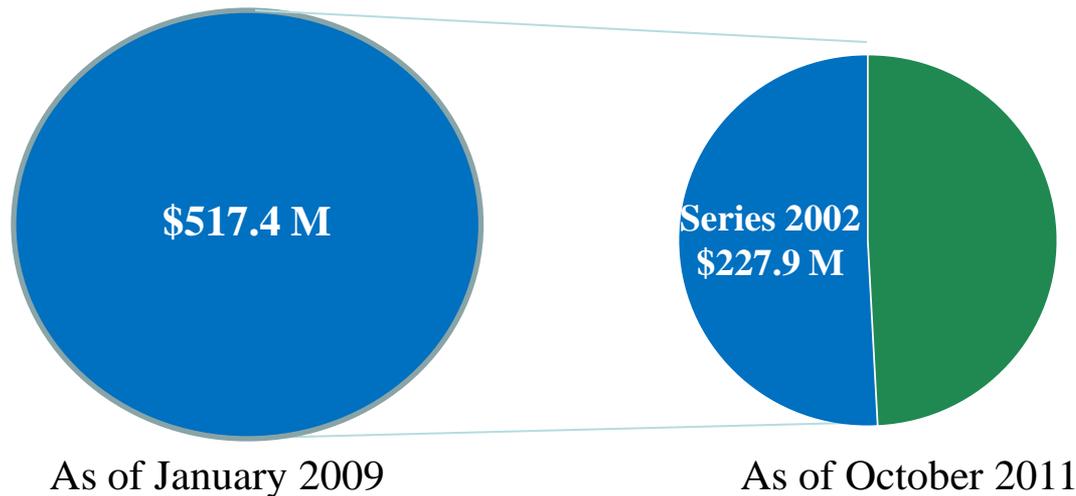
# Sewer Refundings

- All Sewer Bonds were refunded
  - Combined debt service savings - \$89 million
  - Average annual cash flow savings - \$ 5 million



# Water Refundings

- Approximately half of the Water Bonds were refunded
  - Combined debt service savings - \$35 million
  - Average annual cash flow savings - \$ 2 million
- The 2002 Series comprises the remaining 51%



# Proposed Refundings

- Subordinated Water Revenue Bonds, Series 2002
- Community Facilities District No.2 (Santaluz) Improvement Area No. 1, Series A 2000 and Series A 2004

# Water Revenue Refunding Bonds

- 2002 Water Revenue Bonds:
  - Issued in 2002 with principal amount of \$286.9 million
  - Current refunding eligible by May 2012
    - 3% NPV savings requirement per Debt Policy
    - Full Refunding
  
- Based on Rates as of October 17, 2011, refunding expected to generate:
  - NPV savings estimated at 8.31% of refunded debt
  - Estimated cumulative cash flow savings of \$23.9 million or \$1.1 million annually in Fiscal Years 2013-2033
  - Same lien structure and term as original 2002 Bonds

# Water Revenue Refunding Bonds

## Financing Time Line

January 2012	Introduction of Financing Ordinance authorizing legal documents (1 <sup>st</sup> Reading)
	Approval of Financing Ordinance (2 <sup>nd</sup> Reading)
March 2012	Approval of Water 2012A Preliminary Official Statement (POS )
	Bond Pricing and distribution of final Official Statement (OS)
May 2012	Closing of 2012A Refunding Bonds
August 2012	2002 Bonds called

# CFD No. 2 Refunding Bonds

## ➤ Original Special Tax Bonds:

- 2000A Issued in 2000 with principal amount of \$56.0 million
- 2004A Issued in 2004 with principal amount of \$5.0 million
- Conduit issuances; financed public infrastructure in, or serving, the district
- Secured solely by special taxes levied on approximately 1,000 parcels within the district
- As of October 10, 2011, principal outstanding is \$51.1 million

## ➤ 2011 Special Tax Refunding Bonds

- Estimated \$53.0 million issuance to refund existing 2000A and 2004A bonds
  - Net present value savings estimated at 7.9% of refunded debt
  - Estimated average annual cash flow savings of \$323,000 through 2030
- Same special tax structure as original bonds

# CFD No. 2 Refunding Bonds

## Financing Time Line

Nov 14/15, 2011

Resolution Authorizing Issuance and approval of legal documents and POS

December 2011

Bond Pricing, distribution of final OS, Bond Closing

# Requested Action

- Forward the two bond refundings to City Council for consideration and approval