



*City
Council
Report*

Item: 7
Category: CONSENT CALENDAR
Meeting Date: September 15, 2020

TITLE: Receive a Post Issuance Summary on 2020 Measure O Bond Sale

RECOMMENDED ACTION

That the City Council receive a Post Issuance Summary on 2020 Measure O Bond Sale

BACKGROUND

Resolution 12621, adopted by the City Council on July 21, 2020, authorized the issuance and sale of General Obligation Bonds in an aggregate principal amount not to exceed \$20,000,000. This first series of Measure O Bonds was priced and offered to the investment market on August 5, 2020. This report shall provide a post issuance summary of the bond sale.

DISCUSSION

Attachment A of this report, prepared by the City's Municipal Advisors, provides the following details for the 2020 Measure O bond sale:

- Comparison of Estimated Tax Rates at Election and Current Date
- Comparison of Estimated Debt Service at Election and Current Date
- Graphical Comparison of Estimated Tax Rates at Election and Current Date
- Final 2020 Measure O Bond Amount Information
- Final 2020 Measure O Bond Annual Debt Service Details
- Final 2020 Measure O Bond Semi-Annual Debt Service Details
- Final 2020 Measure O Bond Annual Net* Debt Service Details
- Final 2020 Measure O Bond Semi-Annual Net* Debt Service Details

** Net after use of bond premium deposited into debt service funds*

The first series of Measure O Bonds was issued at All-in True Interest Cost (TIC) of 2.30%. At the time of bond authorization, staff estimated a TIC of 2.60%, but was able to achieve a lower rate due to a AAA rating and continued historically low municipal bond rates. This will result in lower debt service costs and tax rates for Campbell taxpayers. Assuming that the second series of Measure O Bonds for the remaining \$30 million will be issued in August 2022 at a TIC of 4.00%, total debt service costs for both issuances will equal \$79.9 million. This is approximately \$10.6 million less than \$90.6

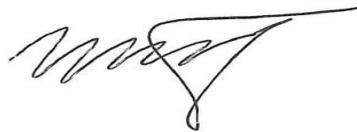
million of debt service costs estimated at election in 2018. Additionally, the original financing plan and Tax Rate Statement provided to City of Campbell voters estimated an average tax rate of \$19 per \$100,000 of assessed valuation and a maximum tax rate of \$27.33 per \$100,000 of assessed valuation over the term of all Measure O bond issuances. City staff and the financing team now estimates an average tax rate of \$15.70 per \$100,000 of assessed valuation, a maximum tax rate of \$22.25 per \$100,000 of assessed valuation.

The first series of Measure O Bonds was also issued at a premium of \$23.1 million; \$3.1 million over their par value. These excess funds can only be legally used to pay for debt service costs and they will help to offset debt service costs in 2020 through 2023. At time of bond issuance, City staff and the financing team estimated being able to issue bonds at a premium of \$21.7 million, but was able to achieve a higher premium due to a AAA rating and high investor demand for the 2020 Measure O Bonds.

And lastly, while City staff and the financing team are planning to issue the second series of Measure O Bonds for \$30 million in August 2022, should municipal bond rates remain low and the progress of the Measure O projects allow it, the City may want to consider issuing the second series earlier. This could result in even lower debt service costs and tax rates for both issuances than estimated at the current date. Tax law requires that the City have a reasonable expectation that it will spend down 85% of bond funds within 3 years and City staff and the financing team will work closely with the project team to determine the best possible time to issue the second series of Measure O Bonds.

FISCAL IMPACT

The 2020 Bond debt service will be paid from tax revenues levied on all taxable properties within the City's jurisdiction. Proceeds from the 2020 Bonds will be used to fund Measure O project costs including design, engineering, project management, relocation and construction costs. At this time, staff is not recommending a budget adjustment to account for debt service costs in FY 2021 since the first payments in November 2020 and March 2021 will be paid directly from the Capitalized Interest Fund (CIF), which contains \$3.1 million of bond premiums. Thus, there is no fiscal impact to the City in FY 2021.



Prepared by:

Will Fuentes, Finance Director

Approved by:



Brian Loventhal, City Manager

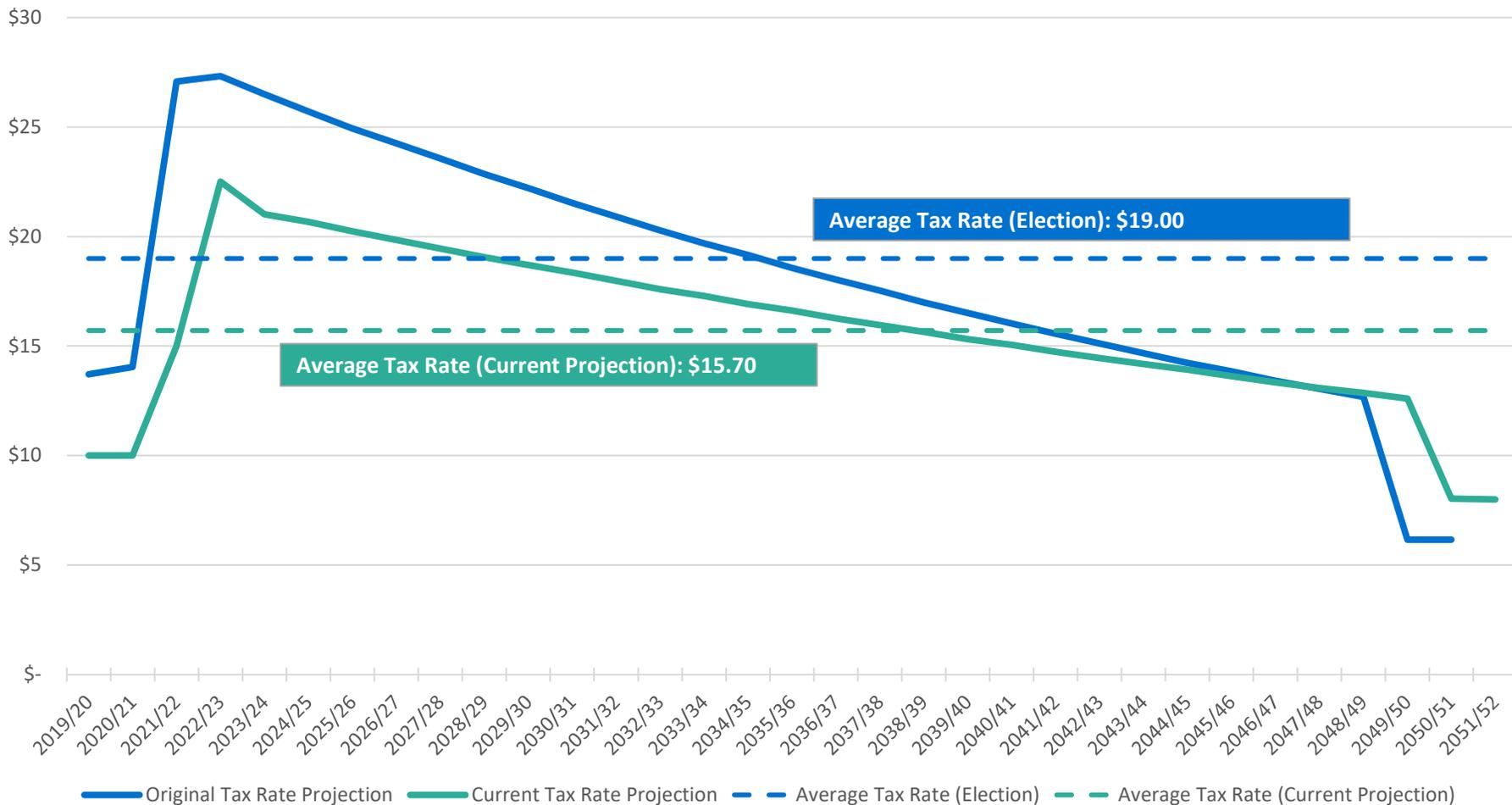
Attachment:

- a. Municipal Advisor Summary - 2020 Measure O Bond Issuance

City of Campbell General Obligation Bonds (2018 Election: Measure O) \$50,000,000						
Tax Rate Projections						
	Election Projection			Current Projection		
Maximum Tax Rate:	0.0273%			0.0225%		
Average Tax Rate:	0.0190%			0.0157%		
Minimum Tax Rate:	0.0062%			0.0080%		
Debt Service						
	Election Projection			Current Projection		
	Projected Series 2019	Projected Series 2021B	Projected Total	Actual Series 2020A	Projected Series 2022B	Projected Total
Par Value	\$25,000,000	\$25,000,000	\$50,000,000	\$20,000,000	\$30,000,000	\$50,000,000
Total Debt Service	\$43,866,600	\$46,659,625	\$90,526,225	\$27,729,837	\$52,152,200	\$79,882,037
Issue Date	06/01/19	06/01/21		08/19/20	08/01/22	
Interest Rate (TIC)	4.00%	4.50%		2.23%	4.00%	
First Interest Payment	03/01/20	03/01/22		03/01/21	03/01/23	
First Principal Payment	09/01/20	09/01/22		09/01/21	09/01/23	
Final Maturity	09/01/49	09/01/51		09/01/50	09/01/52	

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

Campbell GO Bond Authorization Election to Estimated Tax Rate Projections



**Sources and Uses of Funds
City of Campbell
Election of 2018
General Obligation Bonds, Series 2020**

Final Bond Information

Dated Date 8/19/2020
Delivery Date 8/19/2020

Sources:

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Bond Proceeds:			
Par Amount			\$ 20,000,000.00
	Taxable	\$ 1,140,000	
	Tax-Exempt	\$ 18,860,000	
Net Roffering Premium			\$ 3,171,626.00
			<hr/>
			\$ 23,171,626.00
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Uses:

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Project Fund Deposits:			
Project Fund			\$ 20,000,000.00
Other Fund Deposits:			
Debt Service Fund- Taxable Proceeds		\$ 1,140,456.00	
Debt Service Fund- Tax-Exempt Proceeds		\$ 1,759,693.37	
			<hr/>
			\$ 2,900,149.37
Delivery Date Expenses:			
Cost of Issuance		\$ 205,000.00	
Underwriter's Discount		\$ 66,476.63	
			<hr/>
			\$ 271,476.63
			<hr/>
			\$ 23,171,626.00
			<hr/> <hr/>

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

Bond Summary Statistics
City of Campbell
Election of 2018
General Obligation Bonds, Series 2020

Final Bond Information

Dated Date	08/19/20
Delivery Date	08/19/20
First Coupon	03/01/21
Last Maturity	09/01/50
Arbitrage Yield	1.405627%
True Interest Cost (TIC)	2.228979%
Net Interest Cost (NIC)	2.510064%
All-In TIC	2.305761%
Average Coupon	3.545850%
Average Life (years)	14.989
Weighted Average Maturity (years)	16.076
Duration of Issue (years)	11.770
Par Amount	20,000,000.00
Bond Proceeds	23,171,626.00
Total Interest	10,629,986.00
Net Interest	7,524,836.63
Total Debt Service	30,629,986.00
Maximum Annual Debt Service	3,483,386.00
Average Annual Debt Service	1,019,866.35

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

**Bond Pricing
City of Campbell
Election of 2018
General Obligation Bonds, Series 2020**

Final Bond Information

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Taxable Serial Bonds:								
	11/1/2020	\$ 1,140,000	0.200%	0.200%	100.000			
Tax-Exempt Serial Bonds:								
	9/1/2021	\$ 1,660,000	3.000%	0.050%	103.047			
	9/1/2022	\$ 1,000,000	3.000%	0.060%	105.973			
	9/1/2023	\$ 780,000	4.000%	0.110%	111.776			
	9/1/2024	\$ 345,000	4.000%	0.130%	115.563			
	9/1/2025	\$ 360,000	4.000%	0.180%	119.131			
	9/1/2026	\$ 375,000	4.000%	0.250%	122.441			
	9/1/2027	\$ 390,000	4.000%	0.340%	125.415			
	9/1/2028	\$ 405,000	4.000%	0.430%	128.159			
	9/1/2029	\$ 420,000	4.000%	0.500%	130.875			
	9/1/2030	\$ 435,000	4.000%	0.600%	133.058			
	9/1/2031	\$ 455,000	4.000%	0.690%	132.033	C 0.937%	09/01/30	100.000
	9/1/2032	\$ 475,000	4.000%	0.800%	130.792	C 1.238%	09/01/30	100.000
	9/1/2033	\$ 490,000	4.000%	0.930%	129.343	C 1.511%	09/01/30	100.000
	9/1/2034	\$ 510,000	4.000%	0.990%	128.681	C 1.695%	09/01/30	100.000
	9/1/2035	\$ 530,000	4.000%	1.060%	127.913	C 1.863%	09/01/30	100.000
	9/1/2036	\$ 555,000	3.000%	1.480%	114.123	C 1.969%	09/01/30	100.000
	9/1/2037	\$ 570,000	3.000%	1.570%	113.226	C 2.074%	09/01/30	100.000
	9/1/2038	\$ 585,000	3.000%	1.660%	112.337	C 2.170%	09/01/30	100.000
		\$ 10,340,000						
Tax- Exempt Term Bond 1:								
	9/1/2042	\$ 2,490,000	2.000%	2.080%	98.591			
Tax-Exempt Term Bond 2:								
	9/1/2050	\$ 6,030,000	4.000%	1.570%	122.475	C 2.877%	09/01/30	100.000
		\$ 20,000,000						

Dated Date	08/19/20
Delivery Date	08/19/20
First Coupon	03/01/21
Par Amount	\$ 20,000,000.00
Premium	3,171,626.00
Production	23,171,626.00 115.86%
Underwriter's Discount	(66,476.63) -0.33%
Purchase Price	23,105,149.37 115.53%
Accrued Interest	
Net Proceeds	\$ 23,105,149.37

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

**Bond Debt Service
City of Campbell
Election of 2018
General Obligation Bonds, Series 2020**

Final Annual Debt Service

Dated Date 8/19/2020
Delivery Date 8/19/2020

Tax Year Ending	Principal	Interest	Debt Service
09/01/21	\$ 2,800,000	\$ 683,386.00	\$ 3,483,386.00
09/01/22	1,000,000	611,100.00	1,611,100.00
09/01/23	780,000	581,100.00	1,361,100.00
09/01/24	345,000	549,900.00	894,900.00
09/01/25	360,000	536,100.00	896,100.00
09/01/26	375,000	521,700.00	896,700.00
09/01/27	390,000	506,700.00	896,700.00
09/01/28	405,000	491,100.00	896,100.00
09/01/29	420,000	474,900.00	894,900.00
09/01/30	435,000	458,100.00	893,100.00
09/01/31	455,000	440,700.00	895,700.00
09/01/32	475,000	422,500.00	897,500.00
09/01/33	490,000	403,500.00	893,500.00
09/01/34	510,000	383,900.00	893,900.00
09/01/35	530,000	363,500.00	893,500.00
09/01/36	555,000	342,300.00	897,300.00
09/01/37	570,000	325,650.00	895,650.00
09/01/38	585,000	308,550.00	893,550.00
09/01/39	605,000	291,000.00	896,000.00
09/01/40	615,000	278,900.00	893,900.00
09/01/41	630,000	266,600.00	896,600.00
09/01/42	640,000	254,000.00	894,000.00
09/01/43	655,000	241,200.00	896,200.00
09/01/44	680,000	215,000.00	895,000.00
09/01/45	710,000	187,800.00	897,800.00
09/01/46	735,000	159,400.00	894,400.00
09/01/47	765,000	130,000.00	895,000.00
09/01/48	795,000	99,400.00	894,400.00
09/01/49	830,000	67,600.00	897,600.00
09/01/50	860,000	34,400.00	894,400.00
	\$ 20,000,000	\$ 10,629,986.00	\$ 30,629,986.00

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

**Bond Debt Service
City of Campbell
Election of 2018
General Obligation Bonds, Series 2020**

Final Semi-Annual Debt Service

Dated Date 8/19/2020
Delivery Date 8/19/2020

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
03/01/21	\$ 1,140,000	\$ 352,936.00	\$ 1,492,936.00	
09/01/21	1,660,000	330,450.00	1,990,450.00	3,483,386.00
03/01/22		305,550.00	305,550.00	
09/01/22	1,000,000	305,550.00	1,305,550.00	1,611,100.00
03/01/23		290,550.00	290,550.00	
09/01/23	780,000	290,550.00	1,070,550.00	1,361,100.00
03/01/24		274,950.00	274,950.00	
09/01/24	345,000	274,950.00	619,950.00	894,900.00
03/01/25		268,050.00	268,050.00	
09/01/25	360,000	268,050.00	628,050.00	896,100.00
03/01/26		260,850.00	260,850.00	
09/01/26	375,000	260,850.00	635,850.00	896,700.00
03/01/27		253,350.00	253,350.00	
09/01/27	390,000	253,350.00	643,350.00	896,700.00
03/01/28		245,550.00	245,550.00	
09/01/28	405,000	245,550.00	650,550.00	896,100.00
03/01/29		237,450.00	237,450.00	
09/01/29	420,000	237,450.00	657,450.00	894,900.00
03/01/30		229,050.00	229,050.00	
09/01/30	435,000	229,050.00	664,050.00	893,100.00
03/01/31		220,350.00	220,350.00	
09/01/31	455,000	220,350.00	675,350.00	895,700.00
03/01/32		211,250.00	211,250.00	
09/01/32	475,000	211,250.00	686,250.00	897,500.00
03/01/33		201,750.00	201,750.00	
09/01/33	490,000	201,750.00	691,750.00	893,500.00
03/01/34		191,950.00	191,950.00	
09/01/34	510,000	191,950.00	701,950.00	893,900.00
03/01/35		181,750.00	181,750.00	
09/01/35	530,000	181,750.00	711,750.00	893,500.00
03/01/36		171,150.00	171,150.00	
09/01/36	555,000	171,150.00	726,150.00	897,300.00
03/01/37		162,825.00	162,825.00	
09/01/37	570,000	162,825.00	732,825.00	895,650.00
03/01/38		154,275.00	154,275.00	
09/01/38	585,000	154,275.00	739,275.00	893,550.00
03/01/39		145,500.00	145,500.00	
09/01/39	605,000	145,500.00	750,500.00	896,000.00
03/01/40		139,450.00	139,450.00	
09/01/40	615,000	139,450.00	754,450.00	893,900.00

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

03/01/41		133,300.00	133,300.00	
09/01/41	630,000	133,300.00	763,300.00	896,600.00
3/1/2042		127,000.00	127,000.00	
9/1/2042	640,000	127,000.00	767,000.00	894,000.00
3/1/2043		120,600.00	120,600.00	
9/1/2043	655,000	120,600.00	775,600.00	896,200.00
3/1/2044		107,500.00	107,500.00	
9/1/2044	680,000	107,500.00	787,500.00	895,000.00
3/1/2045		93,900.00	93,900.00	
9/1/2045	710,000	93,900.00	803,900.00	897,800.00
3/1/2046		79,700.00	79,700.00	
9/1/2046	735,000	79,700.00	814,700.00	894,400.00
3/1/2047		65,000.00	65,000.00	
9/1/2047	765,000	65,000.00	830,000.00	895,000.00
3/1/2048		49,700.00	49,700.00	
9/1/2048	795,000	49,700.00	844,700.00	894,400.00
3/1/2049		33,800.00	33,800.00	
9/1/2049	830,000	33,800.00	863,800.00	897,600.00
3/1/2050		17,200.00	17,200.00	
9/1/2050	860,000	17,200.00	877,200.00	894,400.00
	\$ 20,000,000	\$ 10,629,986.00	\$ 30,629,986.00	\$ 30,629,986.00

**Net Debt Service
City of Campbell
Election of 2018
General Obligation Bonds, Series 2020**

Final Annual Net Debt Service

Period Ending	Principal	Interest	Total Debt Service	Debt Service Fund- Taxable	Debt Service Fund- Tax-Exempt	Net Debt Service
09/01/21	\$ 2,800,000	\$ 683,386.00	\$ 3,483,386.00	\$ 1,140,456.00	\$ 682,930.00	\$ 1,660,000.00
09/01/22	1,000,000	611,100.00	1,611,100.00		611,100.00	1,000,000.00
09/01/23	780,000	581,100.00	1,361,100.00		465,663.37	895,436.63
09/01/24	345,000	549,900.00	894,900.00			894,900.00
09/01/25	360,000	536,100.00	896,100.00			896,100.00
09/01/26	375,000	521,700.00	896,700.00			896,700.00
09/01/27	390,000	506,700.00	896,700.00			896,700.00
09/01/28	405,000	491,100.00	896,100.00			896,100.00
09/01/29	420,000	474,900.00	894,900.00			894,900.00
09/01/30	435,000	458,100.00	893,100.00			893,100.00
09/01/31	455,000	440,700.00	895,700.00			895,700.00
09/01/32	475,000	422,500.00	897,500.00			897,500.00
09/01/33	490,000	403,500.00	893,500.00			893,500.00
09/01/34	510,000	383,900.00	893,900.00			893,900.00
09/01/35	530,000	363,500.00	893,500.00			893,500.00
09/01/36	555,000	342,300.00	897,300.00			897,300.00
09/01/37	570,000	325,650.00	895,650.00			895,650.00
09/01/38	585,000	308,550.00	893,550.00			893,550.00
09/01/39	605,000	291,000.00	896,000.00			896,000.00
09/01/40	615,000	278,900.00	893,900.00			893,900.00
09/01/41	630,000	266,600.00	896,600.00			896,600.00
09/01/42	640,000	254,000.00	894,000.00			894,000.00
09/01/43	655,000	241,200.00	896,200.00			896,200.00
09/01/44	680,000	215,000.00	895,000.00			895,000.00
09/01/45	710,000	187,800.00	897,800.00			897,800.00
09/01/46	735,000	159,400.00	894,400.00			894,400.00
09/01/47	765,000	130,000.00	895,000.00			895,000.00
09/01/48	795,000	99,400.00	894,400.00			894,400.00
09/01/49	830,000	67,600.00	897,600.00			897,600.00
09/01/50	860,000	34,400.00	894,400.00			894,400.00
	<u>\$ 20,000,000</u>	<u>\$ 10,629,986.00</u>	<u>\$ 30,629,986.00</u>	<u>\$ 1,140,456.00</u>	<u>\$ 1,759,693.37</u>	<u>\$ 27,729,836.63</u>

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

**Net Debt Service
City of Campbell
Election of 2018
General Obligation Bonds, Series 2020**

Final Semi-Annual Debt Service

Date	Principal	Interest	Total Debt Service	Debt Service Fund- Taxable	Debt Service Fund- Tax- Exempt	Net Debt Service	Annual Net D/S
11/01/20	\$ 1,140,000	\$ 456.00	\$ 1,140,456.00	\$ 1,140,456.00			
03/01/21		352,480.00	352,480.00		\$ 352,480.00		
09/01/21	1,660,000	330,450.00	1,990,450.00		330,450.00	\$ 1,660,000.00	\$ 1,660,000.00
03/01/22		305,550.00	305,550.00		305,550.00		
09/01/22	1,000,000	305,550.00	1,305,550.00		305,550.00	1,000,000.00	1,000,000.00
03/01/23		290,550.00	290,550.00		290,550.00		
09/01/23	780,000	290,550.00	1,070,550.00		175,113.37	895,436.63	895,436.63
03/01/24		274,950.00	274,950.00			274,950.00	
09/01/24	345,000	274,950.00	619,950.00			619,950.00	894,900.00
03/01/25		268,050.00	268,050.00			268,050.00	
09/01/25	360,000	268,050.00	628,050.00			628,050.00	896,100.00
03/01/26		260,850.00	260,850.00			260,850.00	
09/01/26	375,000	260,850.00	635,850.00			635,850.00	896,700.00
03/01/27		253,350.00	253,350.00			253,350.00	
09/01/27	390,000	253,350.00	643,350.00			643,350.00	896,700.00
03/01/28		245,550.00	245,550.00			245,550.00	
09/01/28	405,000	245,550.00	650,550.00			650,550.00	896,100.00
03/01/29		237,450.00	237,450.00			237,450.00	
09/01/29	420,000	237,450.00	657,450.00			657,450.00	894,900.00
03/01/30		229,050.00	229,050.00			229,050.00	
09/01/30	435,000	229,050.00	664,050.00			664,050.00	893,100.00
03/01/31		220,350.00	220,350.00			220,350.00	
09/01/31	455,000	220,350.00	675,350.00			675,350.00	895,700.00
03/01/32		211,250.00	211,250.00			211,250.00	
09/01/32	475,000	211,250.00	686,250.00			686,250.00	897,500.00
03/01/33		201,750.00	201,750.00			201,750.00	
09/01/33	490,000	201,750.00	691,750.00			691,750.00	893,500.00
03/01/34		191,950.00	191,950.00			191,950.00	
09/01/34	510,000	191,950.00	701,950.00			701,950.00	893,900.00
03/01/35		181,750.00	181,750.00			181,750.00	
09/01/35	530,000	181,750.00	711,750.00			711,750.00	893,500.00
03/01/36		171,150.00	171,150.00			171,150.00	
09/01/36	555,000	171,150.00	726,150.00			726,150.00	897,300.00
03/01/37		162,825.00	162,825.00			162,825.00	
09/01/37	570,000	162,825.00	732,825.00			732,825.00	895,650.00
03/01/38		154,275.00	154,275.00			154,275.00	
09/01/38	585,000	154,275.00	739,275.00			739,275.00	893,550.00
03/01/39		145,500.00	145,500.00			145,500.00	
09/01/39	605,000	145,500.00	750,500.00			750,500.00	896,000.00
03/01/40		139,450.00	139,450.00			139,450.00	
09/01/40	615,000	139,450.00	754,450.00			754,450.00	893,900.00
03/01/41		133,300.00	133,300.00			133,300.00	
09/01/41	630,000	133,300.00	763,300.00			763,300.00	896,600.00

Attachment: Municipal Advisor Summary - 2020 Measure O Bond Issuance (Post Issuance Summary - 2020 Measure O Bond Sale)

03/01/42		127,000.00	127,000.00	127,000.00		
09/01/42	640,000	127,000.00	767,000.00	767,000.00	894,000.00	
03/01/43		120,600.00	120,600.00	120,600.00		
09/01/43	655,000	120,600.00	775,600.00	775,600.00	896,200.00	
03/01/44		107,500.00	107,500.00	107,500.00		
09/01/44	680,000	107,500.00	787,500.00	787,500.00	895,000.00	
03/01/45		93,900.00	93,900.00	93,900.00		
09/01/45	710,000	93,900.00	803,900.00	803,900.00	897,800.00	
03/01/46		79,700.00	79,700.00	79,700.00		
09/01/46	735,000	79,700.00	814,700.00	814,700.00	894,400.00	
03/01/47		65,000.00	65,000.00	65,000.00		
09/01/47	765,000	65,000.00	830,000.00	830,000.00	895,000.00	
03/01/48		49,700.00	49,700.00	49,700.00		
09/01/48	795,000	49,700.00	844,700.00	844,700.00	894,400.00	
03/01/49		33,800.00	33,800.00	33,800.00		
09/01/49	830,000	33,800.00	863,800.00	863,800.00	897,600.00	
03/01/50		17,200.00	17,200.00	17,200.00		
09/01/50	860,000	17,200.00	877,200.00	877,200.00	894,400.00	
	\$ 20,000,000	\$ 10,629,986.00	\$ 30,629,986.00	\$ 1,140,456.00	\$ 1,759,693.37	\$ 27,729,836.63
						\$ 27,729,836.63