



Beaumont Public Improvement Authority

Local Agency Refunding Bonds, Series 2021A (Federally Taxable)

Date: June 1, 2021



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Refinancing Overview

Summary

- ▶ **Staff and the Financing Team Presented City Council with Debt Refinancing Opportunities on April 6, 2021**
 - ▶ 4 Series of Outstanding Bonds Associated with 5 Improvement Areas of CFD 93-1
- ▶ **Based on the Savings Presented, City Council Approved Moving Forward**
 - ▶ Additionally, at the April 6 Meeting, Council Inquired About Other Savings Opportunities and Based on Current Market Conditions, No Other Debt Obligations Generate Positive Savings
- ▶ **City Staff and its Financing Team Now Return with Resolutions Approving the Issuance of Refunding Bonds and All Documents in Connection Therewith**
 - ▶ Items Subject to Council Approval Listed on Slide 12

Refinancing Candidates

- ▶ In Aggregate, Bonds Associated with the Improvement Areas have \$20.08M of Par Value Outstanding

Outstanding Bonds: Improvement Areas 7B, 7C, 17A, 19C, and 20

<u>Issue</u>	<u>Area</u>	<u>Parcels</u>	<u>Date</u>	<u>Par Outstanding</u>	<u>Term</u>	<u>Rate</u>	<u>Optional Call</u>	<u>Ratings</u>
2012B Bonds	20	106	Apr 2012	\$2,870,000	2035	5.95%	Sept 1, 2022	Non-Rated
2012C Bonds	7B	237	Jun 2012	\$1,740,000	2039	5.25%	Sept 1, 2022	
	7C	318		\$1,580,000	2039	5.25%	Sept 1, 2022	
2013A Bonds	19C	668	Jan 2013	\$5,480,000	2036	5.00%	Sept 1, 2023	
2013B Bonds	17A	<u>485</u>	Apr 2013	<u>\$8,410,000</u>	2034	5.00%	Sept 1, 2023	
TOTALS		1,814		\$20,080,000				

- ▶ Post 2017 Tax Reform, Tax-Exempt Advance Refundings No Longer Permitted
 - ▶ However, Issuers can Advance Refund on a *Taxable* Basis

Estimated Savings

▶ Estimated Savings Based on Market Conditions as of May 27, 2021

Estimated Savings: Improvement Areas 7B, 7C, 17A, 19C, and 20

<u>Improvement Area</u>	<u>IA 7B</u>	<u>IA 7C</u>	<u>IA 17A</u>	<u>IA 19C</u>	<u>IA 20</u>	<u>Total</u>
Property Owners	237	318	285	668	106	1,813
True Interest Cost	3.1%	3.1%	2.6%	2.6%	2.8%	2.7%
NPV Savings (\$)	\$224,570	\$205,498	\$325,854	\$185,272	\$430,831	\$1,372,025
NPV Savings (%)	12.9%	13.0%	3.9%	3.4%	15.0%	6.8%
Annual Savings	\$31,813	\$28,863	\$112,552	\$72,998	\$72,169	\$258,927
Annual Savings/Parcel	\$134.80	\$90.76	\$232.07	\$109.28	\$680.84	\$142.82
Aggregate Savings	\$572,636	\$519,534	\$1,463,175	\$1,094,977	\$1,010,370	\$4,660,692

▶ Staff Practice with All Refinancing Opportunities: Evaluate the Economics of Removing the 2% Escalating Debt Structure (if Applicable)

Consideration: Remove 2% Escalating Structure

- ▶ Improvement Areas 7C and 20 have Escalating Debt Structures
- ▶ Council has Discretion to Maintain or Remove Escalator on Individual Basis

Estimated Savings: Improvement Areas 7B, 7C, 17A, 19C, and 20

<u>Improvement Area</u>	<u>IA 7B</u>	<u>IA 7C</u>	<u>IA 17A</u>	<u>IA 19C</u>	<u>IA 20</u>	<u>Total</u>
Property Owners	237	318	285	668	106	1,813
True Interest Cost	3.1%	3.0%	2.6%	2.6%	2.7%	2.7%
NPV Savings (\$)	\$225,480	\$220,959	\$327,906	\$186,894	\$445,574	\$1,406,814
NPV Savings (%)	13.0%	14.0%	3.9%	3.4%	15.5%	7.0%
Annual Savings	\$31,813	\$32,030	\$112,552	\$72,998	\$75,926	\$265,017
Annual Savings/Parcel	\$134.80	\$100.72	\$232.07	\$109.28	\$716.28	\$146.18
Aggregate Savings	\$572,636	\$576,547	\$1,463,175	\$1,094,977	\$1,062,964	\$4,770,299

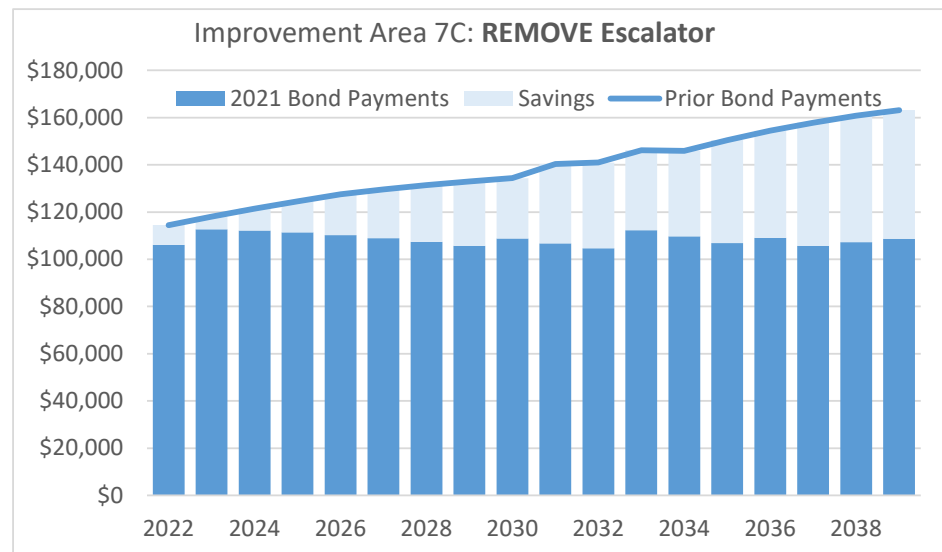
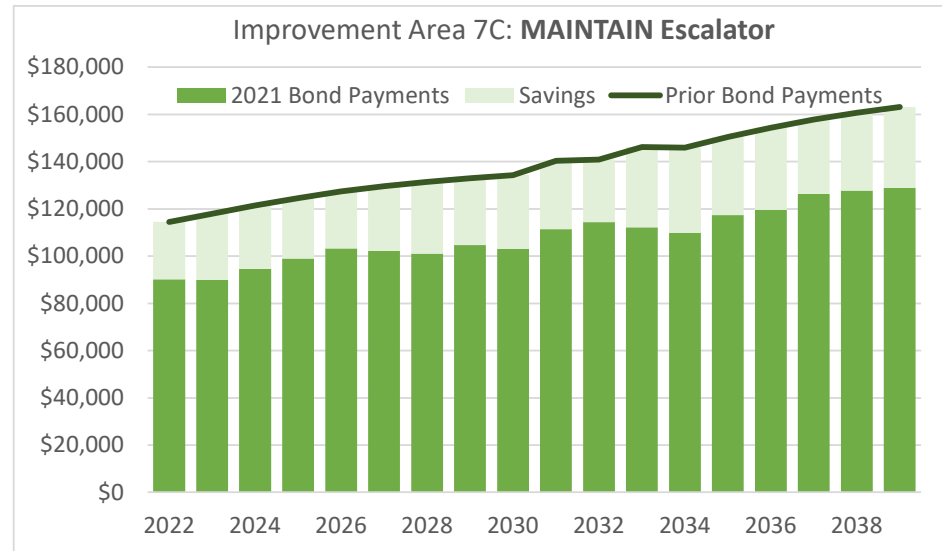
Improvement Area 7C

▶ Level Annual Savings (MAINTAIN Escalator)

- ▶ \$90 in Annual Savings Per Homeowner (2022-2039)

▶ Level Annual Payments (REMOVE Escalator)

- ▶ Savings Increase Over Time
- ▶ \$20 (2022) to \$171 (2039)



Based on Current Market Conditions as of May 27, 2021.

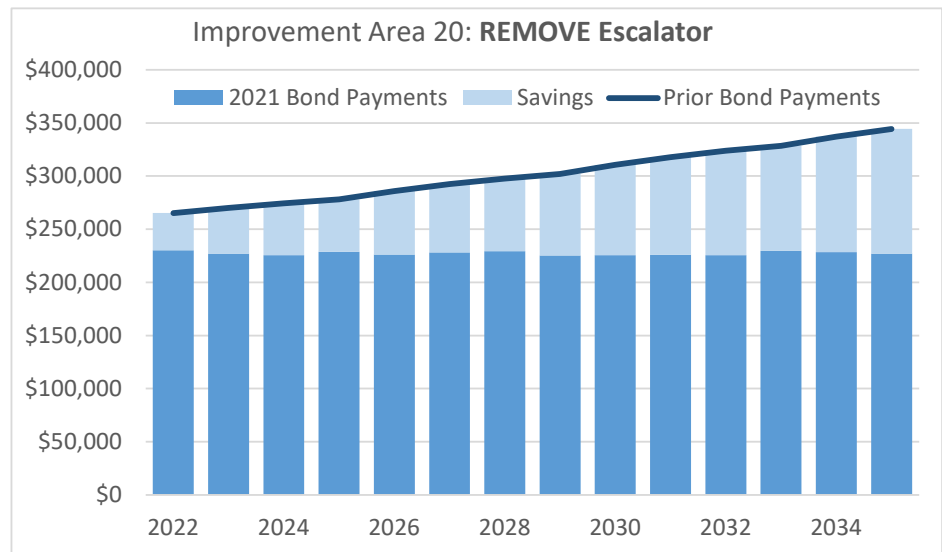
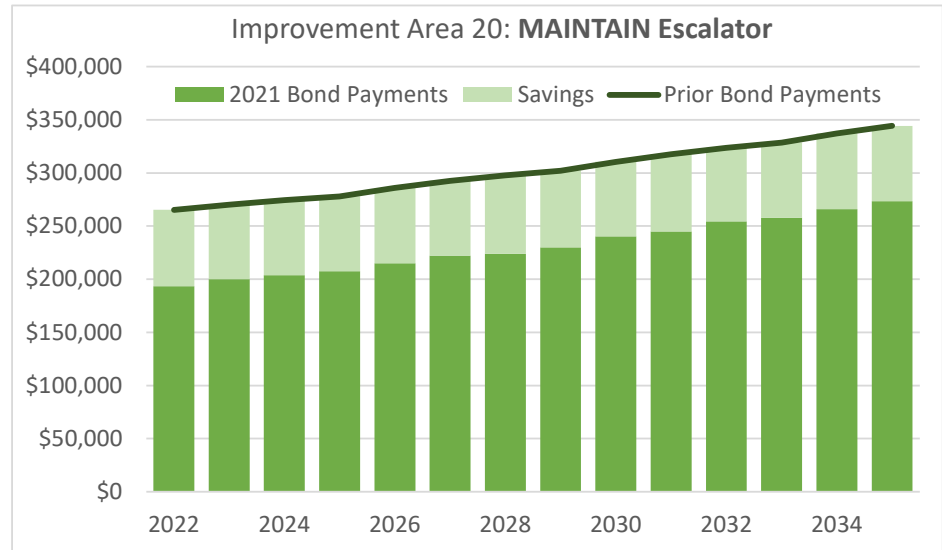
Improvement Area 20

▶ Level Annual Savings (MAINTAIN Escalator)

- ▶ \$680 in Annual Savings Per Homeowner (2022-2035)

▶ Level Annual Payments (REMOVE Escalator)

- ▶ Savings Increase Over Time
- ▶ \$361 (2022) to \$1,103 (2035)



Based on Current Market Conditions as of May 27, 2021.

Legal Provisions

Securities and Exchange Commission (SEC) Compliance

- ▶ **Preliminary Official Statement and Official Statement Contain SEC Mandated Disclosure Related to the Cease and Desist Order and the Beaumont Financing Authority's Compliance History with its Continuing Disclosure Undertakings**
- ▶ **City has and will Comply with its Disclosure Policies and the SEC Cease and Desist Order**
- ▶ **Official Statement Reviewed by the Financing Team**

Items Subject to Approval

- ▶ **Resolutions of City Council (Acting as the Legislative Body of CFD 93-1), Beaumont Financing Authority (Issuer of the Outstanding Bonds), and Beaumont Public Improvement Authority (Issuer of the 2021 Bonds)**
 - ▶ Approving the Issuance of Bonds Subject to the Compliance of Certain Criteria
 - ▶ Approving Certain Documents and Taking Certain Other Actions, Including:
 - ▶ Indentures and Supplemental Indentures
 - ▶ Escrow Agreements
 - ▶ Preliminary Official Statement
 - ▶ Bond Purchase Agreement
 - ▶ Continuing Disclosure Agreement
 - ▶ Hire Financing Team: Legal (Bond and Disclosure), Municipal Advisor, Special Tax Consultant, Trustee, Underwriter
 - ▶ Acknowledgment of Good Faith Estimates
- ▶ **Provide Direction on Debt Structures for IA-7C and IA-20**

Issuance Costs and Tentative Schedule

Estimated Costs of Issuance

- ▶ **Issuance Costs (Excluding Underwriter) Proposal: \$208,100**
 - ▶ In Line with 2020 Pooled CFD Refunding (\$213,267)

- ▶ **Underwriter's Discount (\$/Bond) Not to Exceed: \$9.25/Bond**
 - ▶ Stifel Selected through Competitive RFP Process

Not to Exceed Costs of Issuance and Underwriter's Discount		
<u>Role</u>	<u>Party</u>	<u>Total</u>
Bond & Disclosure Counsel	Stradling	\$80,000
Municipal Advisor	Urban Futures	47,500
Special Tax Consultant	Webb	35,000
Credit Rating	S&P	21,500
Trustee / Escrow Agent	Wilmington	16,600
Printer	To be Determined	3,000
Verification Agent	Causey	<u>4,500</u>
TOTAL Estimated Costs of Issuance (COI)		\$208,100
Underwriter's Discount (UWD) (\$9.25 per Bond)		<u>170,494</u>
Total COI + UWD Discount		\$378,594

Tentative Schedule

- ▶ **Assuming Approval this Evening, the 2021 Bonds are Expected to Price on Wednesday, June 16th and Close 2 Weeks Later**

Date	Description
Tuesday, June 1st	Meeting to Approve Financing
Tuesday, June 8th	Post Preliminary Official Statement (Make Available to Prospective Investors)
Wednesday, June 16th	Pricing of 2021 Bonds
Wednesday, June 30th	Settlement of 2021 Bonds (Date of Issuance)