



CITY OF CLEARLAKE

City Council

SUPPLEMENTAL MEMO

Based on expected rates, the City anticipates a 12-year financing (through 2034) to have a total par value of approximately \$14,530,000 generated by \$1,500,000 in annual debt service payments. The total debt service through final maturity is estimated at approximately \$22,465,063. It is expected that the loan will have an option for prepayment prior to maturity.

The \$1,500,000 annual debt service payment will be paid from the Measure V Fund, which has forecasted annual revenue of \$2,500,000. Remaining Measure V revenues will be used for pay-go projects.

The resolutions before the Council would authorize staff to proceed with this financing, under certain conditions, including not-to-exceed par amounts, rates and terms as follows:

- (i) not-to-exceed principal amount of \$16,000,000
- (ii) a true interest cost attributable to the loan not exceeding 3.60%

While we expect the actual terms and rates to be lower as previously described, staff is asking Council approval to provide some flexibility as bank bids are not known or may not be locked until a later time. The not-to-exceed numbers are also based on the structuring options with the longest term considered at the higher principal amount. A higher principal amount would result from a lower interest rate, holding annual debt service at \$1,500,000. Once the rates are received, City staff plans to evaluate the rates to determine the best structuring options within the not-to-exceed parameters.

GOOD FAITH ESTIMATES

Pursuant to Government Code Section 5852.1, the following good faith estimates (obtained from the Municipal Advisor) must be disclosed at a public meeting before the authorization of the financing, based on an estimated par amount being sold of \$14,675,000.

Information to be disclosed per Government Code Section 5852.1:**Estimates as of
April 20, 2022***

True interest cost of the financing (the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Bonds)	3.30%
Finance charge of the Bonds (the sum of fees and charges paid to third parties)	\$145,000
Amount of proceeds received from the sale of the Bonds, less the finance charge of the bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds	\$14,530,000
The total payment amount (the sum total of all debt service payments on the Bonds, plus the finance charge of the Bonds not paid from bond proceeds)	\$17,976,616

** These are good faith estimates only. Final results may differ based on the actual financing rate and other factors.*