

STAFF REPORT

SUBJECT: Series 2011A Bond Refunding Update

RECOMMENDATION: Information

DISCUSSION:

On August 25, 2016, staff requested authorization to begin the process of refunding the San Joaquin County Transportation Authority (the Authority) series 2011A bonds. The board approved refunding. The stated benefits for the refunding (based on market conditions on August 9, 2016) were:

- Reduce debt service over the life of the bonds by approximately \$28.7 million or \$2,000,000 annually
- Release some or all the \$8,176,050 debt service reserve fund
- Add cash flow sooner rather than later for investment in the Regional Arterial program
- Provides an opportunity to manage the debt service to increase cash flow earlier in the Strategic Plan
- Total debt service will be lower potentially increasing bonding capacity allowing for another bond issuance in three to four years.

The Authority priced the refunding bonds on April 4th with the following results:

- Debt service was reduced by \$25,357,719.58 over the remaining 24 years of Measure K
- The full Series 2011A debt service reserve fund (approximately \$8.3 million) will be released and available for projects after closing
- Approximately \$23million of the debt service savings occurs in years 2020-2029 improving annual cash flows on the average \$2.3million.
- The value of the negative arbitrage for the escrow account was \$9.44million
- The average coupon dropped from 5.62% to 4.76%

The transaction will close April 28, 2017.

SUMMARY OF REFUNDING RESULTS

San Joaquin County Transportation Authority Measure K Sales Tax Revenue Refunding Bonds, Series 2017 Final Verified Pricing Numbers

Dated Date	04/28/2017
Delivery Date	04/28/2017
Arbitrage yield	2.898681%
Escrow yield	1.719090%
Value of Negative Arbitrage	9,443,273.72
Bond Par Amount	209,075,000.00
True Interest Cost	3.501086%
Net Interest Cost	3.824943%
All-In TIC	3.520390%
Average Coupon	4.764955%
Average Life	15.328
Par amount of refunded bonds	210,170,000.00
Average coupon of refunded bonds	5.616713%
Average life of refunded bonds	15.038
PV of prior debt to 04/28/2017 @ 2.898681%	278,807,549.37
Net PV Savings	20,777,682.86
Percentage savings of refunded bonds	9.886132%
Percentage savings of refunding bonds	9.937909%

Savings						
San Joaquin County Transportation Authority						
Refunding of 2011A Sales Tax Bonds						
Final Verified Pricing Numbers						
Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 04/28/2017 @ 2.8986810%
06/30/2018	14,322,412.50	2,387,068.75	11,935,343.75	11,872,136.67	63,207.08	69,053.52
06/30/2019	15,502,412.50		15,502,412.50	15,409,200.00	93,212.50	100,381.23
06/30/2020	16,351,812.50		16,351,812.50	13,657,600.00	2,694,212.50	2,494,730.74
06/30/2021	16,350,562.50		16,350,562.50	13,212,000.00	3,138,562.50	2,821,244.70
06/30/2022	16,351,812.50		16,351,812.50	13,802,600.00	2,549,212.50	2,227,824.59
06/30/2023	16,350,962.50		16,350,962.50	13,337,350.00	3,013,612.50	2,556,422.44
06/30/2024	16,349,887.50		16,349,887.50	13,571,850.00	2,778,037.50	2,289,650.84
06/30/2025	16,347,800.00		16,347,800.00	14,340,850.00	2,006,950.00	1,608,887.48
06/30/2026	16,348,912.50		16,348,912.50	13,934,600.00	2,414,312.50	1,878,794.75
06/30/2027	16,347,175.00		16,347,175.00	13,764,350.00	2,582,825.00	1,952,026.60
06/30/2028	16,349,675.00		16,349,675.00	14,608,600.00	1,741,075.00	1,280,130.29
06/30/2029	16,347,850.00		16,347,850.00	15,466,350.00	881,500.00	632,015.37
06/30/2030	16,351,300.00		16,351,300.00	16,234,100.00	117,200.00	85,657.30
06/30/2031	16,348,300.00		16,348,300.00	16,233,350.00	114,950.00	81,608.34
06/30/2032	16,352,100.00		16,352,100.00	16,234,600.00	117,500.00	81,039.77
06/30/2033	16,351,100.00		16,351,100.00	16,231,600.00	119,500.00	79,765.08
06/30/2034	16,351,500.00		16,351,500.00	16,233,350.00	118,150.00	76,396.99
06/30/2035	16,351,200.00		16,351,200.00	16,233,350.00	117,850.00	73,745.32
06/30/2036	16,348,100.00		16,348,100.00	16,235,350.00	112,750.00	68,350.40
06/30/2037	16,350,100.00		16,350,100.00	16,232,850.00	117,250.00	68,583.16
06/30/2038	16,352,050.00		16,352,050.00	16,234,600.00	117,450.00	66,589.02
06/30/2039	16,351,050.00		16,351,050.00	16,232,700.00	118,350.00	64,738.99
06/30/2040	16,350,175.00		16,350,175.00	16,233,050.00	117,125.00	61,793.60
06/30/2041	16,347,225.00		16,347,225.00	16,234,300.00	112,925.00	57,417.90
	389,525,475.00	2,387,068.75	387,138,406.25	361,780,686.67	25,357,719.58	20,776,848.39
<u>Savings Summary</u>						
	PV of savings from cash flow			20,776,848.39		
	Plus: Refunding funds on hand			834.47		

	Net PV Savings			20,777,682.86		