



# City of Fircrest

## VOTED BOND INFORMATION

August 27, 2019 6:00 PM



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# ESTIMATED BOND LEVY RATES

Option	Structure	Estimated Bond Levy Rate (1)	Annual Tax Increase for \$400,000 Home (1)	Monthly Tax Increase for \$400,000 Home (1)
1	Fund 8.5MM in 2019 and 5.0MM in 2021	\$0.66	\$264	\$22.00
2	Fund 9.0MM in 2019 and 4.5MM in 2021	\$0.66	\$264	\$22.00
3	Fund 9.5MM in 2019 and 4.0MM in 2021	\$0.66	\$264	\$22.00
4	Fund 9.0MM in 2019 and 4.0MM in 2021	\$0.61	\$244	\$20.33
5	Fund 9.5MM in 2019 and 3.5MM in 2021	\$0.61	\$244	\$20.33
6	Fund 13.0MM in 2019	\$0.67	\$268	\$22.33
7	Fund 12.5MM in 2019	\$0.65	\$260	\$21.67

## Assumptions:

1. Preliminary and subject to change.
2. Assumes Assessed Value growth of 4.5% thru 2025, then 2.5% per year.
3. Assumes a rating of AA- from S&P Global Ratings, 20 year financing.

# BOND RATING

A rating helps to achieve a lower interest cost.

Investors view the rating as an indication of risk.



Source: D.A. Davidson & Co.

	S&P	Moody's
Highest/Best Quality	AAA	Aaa
High Investment Grade	AA+	Aa1
	AA	Aa2
	AA-	Aa3
Medium Investment Grade	A+	A1
	A	A2
	A-	A3
Low Investment Grade	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3

Source: S&P Global Ratings and Moody's Investors Service

# INTEREST RATE TRENDS

Source: The Bond Buyer

## Bond Buyer 20-Year General Obligation Index\* (10 year history) *As of August 23, 2019*



Source: The Bond Buyer

## 10-Year Treasury Notes (1 year history) *As of August 23, 2019*



# SCHEDULE GOING FORWARD

Steps	Target Date	Action
1	September 9	Release draft Preliminary Official Statement ("POS") for review and comments.
2	September 24	Possible 1st reading of the Bond Ordinance.
3	September 30	Rating presentation (via conference call) to S&P Global Ratings.
4	October 1	Release POS and begin marketing bonds to prospective investors.
5	October 8	2nd Reading and approval of the Bond Ordinance.
6	October 9	Receive rating from S&P Global Ratings.
7	October 15	Review market conditions and comparable interest rates for similar type of bonds.
8	October 16	Set the final interest rates.
9	October 30	Delivery Date for wiring funds to the City.

# APPENDIX

# SUMMARY OF OPTIONS

## Option 1: Fund 8.5MM in 2019 and 5.0MM in 2021

<i>Estimated Tax Levy Rate of 66 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	200,000	300,000	400,000	500,000
<i>Annual Tax Increase (1):</i>	132.00	198.00	264.00	330.00
<i>Monthly Tax Increase (1):</i>	11.00	16.50	22.00	27.50

## Option 2: Fund 9.0MM in 2019 and 4.5MM in 2021

<i>Estimated Tax Levy Rate of 66 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	200,000	300,000	400,000	500,000
<i>Annual Tax Increase (1):</i>	132.00	198.00	264.00	330.00
<i>Monthly Tax Increase (1):</i>	11.00	16.50	22.00	27.50

## Option 3: Fund 9.5MM in 2019 and 4.0MM in 2021

<i>Estimated Tax Levy Rate of 66 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	200,000	300,000	400,000	500,000
<i>Annual Tax Increase (1):</i>	132.00	198.00	264.00	330.00
<i>Monthly Tax Increase (1):</i>	11.00	16.50	22.00	27.50

## Option 4: Fund 9.0MM in 2019 and 4.0MM in 2021

<i>Estimated Tax Levy Rate of 61 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	200,000	300,000	400,000	500,000
<i>Annual Tax Increase (1):</i>	122.00	183.00	244.00	305.00
<i>Monthly Tax Increase (1):</i>	10.17	15.25	20.33	25.42

## Option 5: Fund 9.5MM in 2019 and 3.5MM in 2021

<i>Estimated Tax Levy Rate of 61 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	200,000	300,000	400,000	500,000
<i>Annual Tax Increase (1):</i>	122.00	183.00	244.00	305.00
<i>Monthly Tax Increase (1):</i>	10.17	15.25	20.33	25.42

## Option 6: Fund 13.0MM in 2019

<i>Estimated Tax Levy Rate of 67 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	200,000	300,000	400,000	500,000
<i>Annual Tax Increase (1):</i>	134.00	201.00	268.00	335.00
<i>Monthly Tax Increase (1):</i>	11.17	16.75	22.33	27.92

## Option 7: Fund 12.5MM in 2019

<i>Estimated Tax Levy Rate of 65 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	200,000	300,000	400,000	500,000
<i>Annual Tax Increase (1):</i>	130.00	195.00	260.00	325.00
<i>Monthly Tax Increase (1):</i>	10.83	16.25	21.67	27.08

### Assumptions:

1. Preliminary and subject to change.

For Options 1 thru 3, assumes interest rate increase of 0.50% for 2019 Bond and 1.00% for 2nd series.

For Options 4 thru 7, assumes an interest rate increase of 0.00%.

2. Assumes Assessed Value growth of 4.5% thru 2025, then 2.5% per year.

3. Assumes a rating of AA- from S&P Global Ratings, 20 year financing.

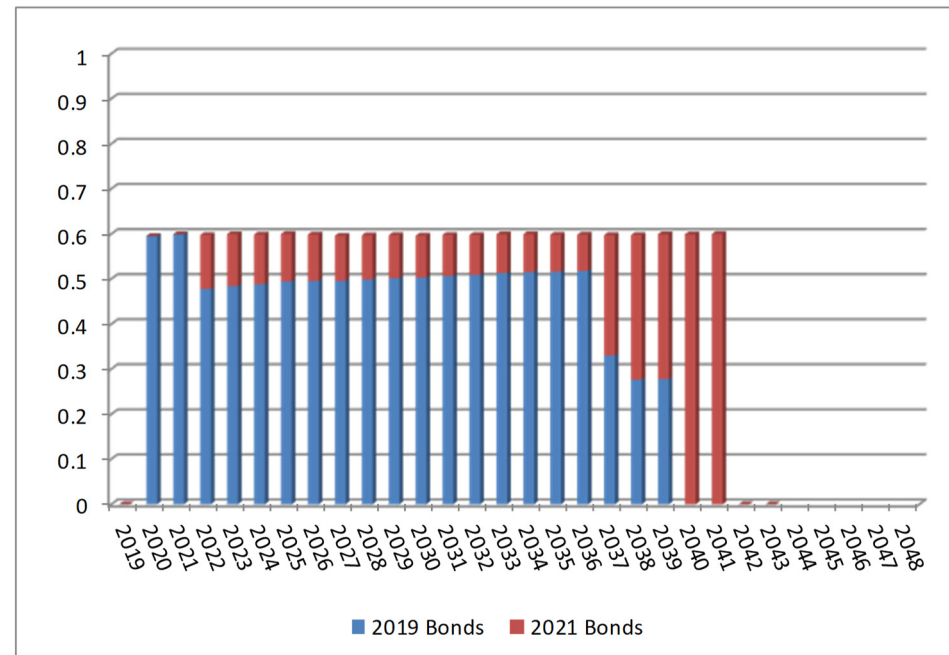
# EXAMPLE OF DETAIL WITH OPTION 5

Option 5: Fund 9.5MM in 2019 and 3.5MM in 2021, 4.5% & 2.5% AV growth  
For Discussion Purposes (As of 8/23/2019)

Level Levy	<u>2019</u>	<u>2021</u>		
	20-Years	20-Years	Combined	
Funding Amount:	<u>9,500,000</u>	<u>4,000,000</u>	<u>13,500,000</u>	
Est. Average Payment (1):	NA	NA	NA	
Est. Net Borrowing Cost (1):			2.77%	
<b>Tax Levy Impact (1):</b>	<b>0.60-0.28</b>	<b>0.10-0.60</b>	<b>0.61</b>	
<i>(\$ per \$1,000 of AV)</i>				
<i>Estimated Tax Levy Rate of 61 cents per \$1,000 of Assessed Value</i>				
<i>Home value of:</i>	<b>200,000</b>	<b>300,000</b>	<b>400,000</b>	<b>500,000</b>
<i>Annual Tax Increase (1):</i>	122.00	183.00	244.00	305.00
<i>Monthly Tax Increase (1):</i>	<b>10.17</b>	<b>15.25</b>	<b>20.33</b>	<b>25.42</b>

## Assumptions:

1. Net Borrowing Cost (i.e., All In True Interest Cost %) is preliminary and subject to change. Assumes current rates for the 2019 Bond and 2021 Bond.
2. Est. Assessed Value for the 2019 Tax Collection year: \$905,643,718
3. Assumes Assessed Value growth of 4.5% thru 2025, then 2.5% per year.
4. Assumes the tax delinquency will add 1 cent to the bond levy rate.





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