



# **City of Alameda Financing Authority\***

## **2023 Lease Revenue Bonds**

### **For the City Aquatic Center**

September 19, 2023

\*City of Alameda Financing Authority is the correct entity, not the Alameda Public Financing Authority, including all references and legislation.

- On February 21, 2023, City Council authorized funding the City Aquatic Center, estimated to cost \$30 million as follows:
  - Up to 50% (\$15 million) of the construction cost of the Center project from the Residual General Fund Balance
  - Financing the remainder through the issuance of long-term debt
- This recommended action is to authorize the issuance and sale of the 2023 Bonds for the Center *in an amount not-to-exceed \$16,000,000* to fund critical additional pool space to meet the increasing and unmet community needs for competitive and recreational aquatic programs.
- The additional \$1,000,000 of the 2023 Bond proceeds are to pay 2023 Bonds issuance costs (e.g., bond counsel fees, trustee fees, printing expenses, etc.), *as well as approval of contingency for dramatic changes in market conditions prior to issuance to ensure project funds of \$15 million.*
- The remaining funding for the Center will be provided from the GF Balance.
- The cost of issuance of the 2023 Bonds is expected to remain within the total aquatic center funding of \$30 million based on conceptual design.



# Plan of Finance

# 2023 Lease Revenue Bonds



## **Leased Asset**

- Alameda Police Administration Building located at 1555 Oak Street

## **Issuer**

- The City of Alameda Financing Authority (“Authority”)
- A joint-powers authority between the City and the California Municipal Finance Authority

## **Purpose**

- Finance a portion of the acquisition, construction, and equipping of a new City Aquatic Center and pay the costs of issuing the Bonds

## **Security**

- Semi-annual Lease Payments made by the City’s General Fund for use and occupancy of the Leased Asset
  - The Authority has assigned its right to receive Lease Payments from the City to the trustee to pay debt service
- City agrees to annually budget and appropriate Lease Payments
- Standard general and hazard insurance plus 2 years of rental interruption
- City has right to withhold lease payments if use of the Leased Asset is reduced
- No requirement by investors to set aside monies in a Debt Service Reserve Fund due to City’s high bond rating

## Capital Project – Series 2023 Bonds

- Funding of the project at this time provides financial certainty to lock in interest rates for the Bonds and ensure funds are available when needed

## Aquatic Center (located at western side of Sweeney Park)

- Projected Cost = \$30 million
  - (\$15 million from General Fund Reserves and \$15 million from Bond Proceeds)
- Competitive and recreational pools, building with locker rooms, office space and community room, and associated lighted parking lot plus other improvements
- City hired Griffin Structures, Inc., as project manager in July 2023
- Design starting late 2023/early 2024 and construction anticipated to start by summer 2025
- Project completion estimated for fall 2026



# Preliminary Financing Details\*



## Estimated principal amount of \$15.065\* million

- Project fund deposit of \$15 million plus costs of issuance not to exceed \$1 million
- Issuance costs anticipated lower (table below) so this includes contingency for issuance

## Debt Structure

- Level annual debt service of approximately \$907,000\* with final maturity in 2053
- Payment dates of May and November, principal paid in May
- Current market true interest cost of 4.37%
- Lease payments securing the proposed 2023 Bonds repayment paid from General Fund

## Not-to-Exceed Parameters in Resolution

- Not-to-exceed parameters of principal, true interest cost, and Underwriter's fee allow for contingency should market conditions shift prior to securing the bond
- Bonds will be issued in the amount to generate \$15 million in project funds and to cover costs of issuance only

Preliminary Sources & Uses*	
<b>Sources</b>	
Principal Amount	\$15,065,000
Premium	323,260
<b>Total</b>	<b>\$15,388,260</b>
<b>Uses</b>	
Acquisition and Construction Fund	\$15,000,000
Costs of Issuance	388,260
<b>Total</b>	<b>\$15,388,260</b>

\* Preliminary, subject to change

# Financing Schedule of Next Steps



**Sept 5**            Rating Meeting

**Sept 18**          Rating received

**Sept 19**          Council consideration of financing

***If City Council approves financing on September 19:***

**Sept 20\***        Preliminary Official Statement posted

**Sept 28\***        Pricing

**Oct 17\***         Closing (Bond Proceeds Received)