



City of Beaumont

Proposed Refunding of Outstanding CFD Bonds

*Direction on Establishing a Minimum Savings Threshold and
Eliminating the Escalating Debt Structure on Certain Bonds*

March 18, 2025



Summary

- ▶ There is an opportunity to refinance outstanding bonds associated with several community facilities districts (CFDs) or improvement areas within such districts to generate savings for property owners
 - ▶ In total, 17 bond issues totaling \$121 million of par value outstanding are eligible to be refinanced in 2025
 - ▶ Bond issues not callable in 2025 will be eligible to be refinanced in future years
- ▶ Given that savings vary by CFD, staff is seeking direction from City Council on minimum savings thresholds that it would like to achieve
 - ▶ Minimum % net present value (NPV) savings and/or \$ savings per parcel
- ▶ Staff is also seeking direction on whether to remove the escalating debt structure in certain CFDs or provide more immediate savings to property owners
 - ▶ CFD 93-1 Improvement Areas 17C (Tournament Hills) and 8D (Sundance)

CFD Debt Profile

- ▶ In total, 31 bond issues currently outstanding totaling \$244 million in par value
 - ▶ Of these, 17 are eligible to be refinanced in 2025 (100% - 103% call premiums)

CFD Debt Profile										
Issuer ¹	Issue	District	Community Name at Issuance	Issue Date	Outstanding Par Value ²	Final Term	Final Coupon	Earliest Date to Refinance @ Premium	S&P Rating ³	
BFA	2015A	93-1 IA-7A1	Four Seasons	Mar 15	\$8,755,000	2045	5.00%	September 1, 2025 @ 100	None	
BFA	2015B	93-1 IA-19A	Oak Valley	Apr 15	12,640,000	2035	5.00%	September 1, 2025 @ 100	None	
BFA	2015C	93-1 IA-18	Stetson	Jun 15	3,100,000	2034	4.13%	September 1, 2025 @ 100	None	
BFA	2015D	93-1 IA-16	Shadow Creek	Jun 15	4,555,000	2034	4.25%	September 1, 2025 @ 100	None	
CFD ⁴	2017	93-1 IA-19C	Fairway Canyons	Jul 17	10,234,704	2036	3.83%	September 1, 2027 @ 100	None	
CFD ⁴	2017	93-1 IA-6A1	Seneca Springs	Jul 17	20,708,610	2035	3.81%	September 1, 2027 @ 100	None	
CFD ⁴	2017	93-1 IA-8B	Sundance	Jul 17	4,220,000	2037	3.94%	September 1, 2025 @ 100	None	
CFD ⁴	2017	93-1 IA-14A	Oak Valley	Jul 17	8,455,000	2033	3.52%	September 1, 2025 @ 100	None	
CFD ⁴	2017	93-1 IA-14	Oak Valley	Jul 17	4,135,000	2032	3.45%	September 1, 2025 @ 100	None	
CFD ⁴	2017	93-1 IA-14B	Oak Valley	Jul 17	2,847,371	2037	3.80%	September 1, 2027 @ 100	None	
CFD ⁴	2017	93-1 IA-8	Sundance	Jul 17	4,370,000	2032	3.47%	September 1, 2025 @ 100	None	
CFD ⁴	2017	93-1 IA-8D	Sundance	Jul 17	560,860	2039	3.82%	September 1, 2027 @ 100	None	
CFD ⁴	2017	93-1 IA-8A	Sundance	Jul 17	4,288,967	2035	3.78%	September 1, 2027 @ 100	None	
CFD ⁴	2017	93-1 IA-8C	Sundance	Jul 17	4,687,558	2038	3.89%	September 1, 2027 @ 100	None	
CFD	2018	93-1 IA-17C	Tournament Hills	Jun 18	8,390,000	2048	5.00%	September 1, 2025 @ 103	None	

1. Issuer: **BFA**: Beaumont Financing Authority; **CFD**: Community Facilities District; **PIA**: Public Improvement Authority

2. Outstanding: par amount outstanding as of September 2, 2024

3. Ratings: assigned underlying rating from Standard & Poor's (bond insurance rating)

4. Private placement

CFD Debt Profile (cont'd)

CFD Debt Profile									
Issuer ¹	Issue	District	Community Name at Issuance	Issue Date	Outstanding Par Value ²	Final Term	Final Coupon	Earliest Date to Refinance @ Premium	S&P Rating ³
CFD	2018	93-1 IA-8C	Sundance	Jun 18	\$16,520,000	2048	5.00%	September 1, 2025 @ 103	None
CFD	2018	93-1 IA-8D	Sundance	Jun 18	7,495,000	2048	5.00%	September 1, 2025 @ 103	None
CFD	2018	93-1 IA-7B	Four Seasons	Nov 18	1,685,000	2039	4.00%	September 1, 2025 @ 103	None
CFD	2018	93-1 IA-7D	Four Seasons	Nov 18	3,250,000	2048	4.13%	September 1, 2025 @ 103	None
CFD	2018	93-1 IA-8E	Sundance	Dec 18	12,075,000	2048	5.00%	September 1, 2025 @ 103	None
CFD	2019	2016-1	Fairway Canyon	Mar 19	7,940,000	2049	5.00%	September 1, 2025 @ 103	None
PIA	2019	93-1 IAs 3, 9, 10A, 11, 12A	Multiple	Aug 19	3,695,000	2032	4.00%	September 1, 2029 @ 100	A (AA)
CFD	2019	2016-2	Sundance	Aug 19	9,335,000	2049	5.00%	September 1, 2025 @ 102	None
CFD	2019	2016-4	Four Seasons	Nov 19	3,760,000	2049	5.00%	September 1, 2025 @ 103	None
CFD	2020	93-1 IA-8F	Sundance	June 20	12,450,000	2050	4.00%	September 1, 2026 @ 103	None
PIA	2020	93-1 IAs 17, 8C	Multiple	Aug 20	15,125,000	2042	3.04%	September 1, 2030 @ 100	A- (AA)
CFD	2020	2019-1	Sundance	Sept 20	2,165,000	2050	3.25%	September 1, 2026 @ 103	None
PIA	2021	93-1 IAs 7B, 7C, 17A, 19C, 20	Multiple	June 21	14,610,000	2039	2.98%	September 1, 2030 @ 100	A (AA)
CFD	2023	2016-3	Sundance	May 23	8,665,000	2053	5.00%	September 1, 2030 @ 103	None
CFD	2024	2021-1	Fairway Canyon	Jan 24	14,240,000	2054	5.00%	September 1, 2030 @ 103	None
CFD	2024	93-1 IA-17D	Tournament Hills	Oct 24	9,400,000	2054	5.00%	September 1, 2031 @ 103	None

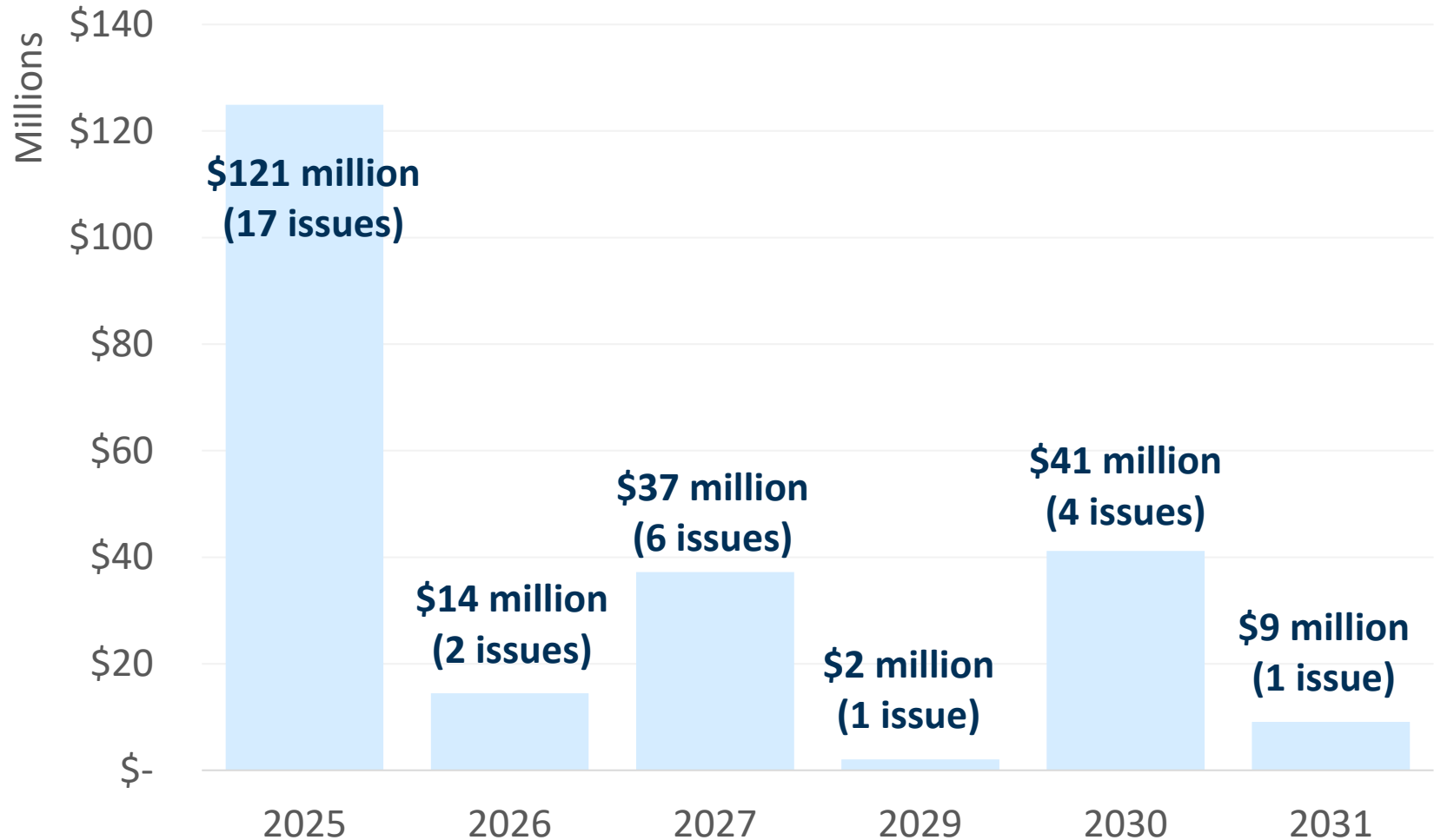
1. Issuer: **BFA**: Beaumont Financing Authority; **CFD**: Community Facilities District; **PIA**: Public Improvement Authority

2. Outstanding: par amount outstanding as of September 2, 2024

3. Ratings: assigned underlying rating from Standard & Poor's (bond insurance rating)

CFD Bonds Eligible to be Refinanced by Year

Par Value (\$ in Millions) and Issues Callable by Year



Market Overview (Tax-Exempt Interest Rates)

- ▶ Compared to the start of 2025, the 2 and 10-year tax-exempt rates are lower while the 30-year tax-exempt rate is higher



Council Guidance: Establish Savings Thresholds

- ▶ Council guidance to set threshold for NPV % savings and per parcel savings
 - ▶ GFOA frequently mentions a 3% NPV % savings threshold to evaluate a refinancing; of the 14 CFD bond issues eligible to be refinanced, 11 currently fall below the 3% threshold
 - ▶ Assuming rates decline by 0.10%, CFD 93-1 IAs 18 and 8B increase above 3% NPV savings

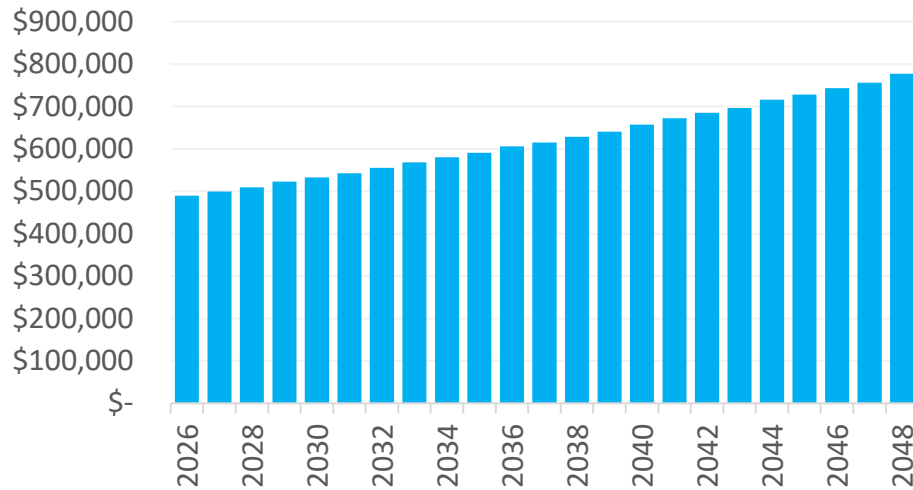
Summary of Savings Analysis												
Issuer	Year Issued	District	Community Name at Issuance	Debt Homes	Debt Structure	Par Value Refunded	Call Premium	NPV \$	NPV %	Total Savings	Annual Savings	Savings /Parcel
BFA	2015	93-1 IA-7A1	Four Seasons	484	Level	\$8,755,000	100	\$585,897	6.7%	\$1,605,290	\$80,265	\$166
BFA	2015	93-1 IA-19A	Oak Valley	546	Level	12,640,000	100	791,702	6.3%	2,614,750	261,475	479
BFA	2015	93-1 IA-18	Stetson	194	Level	3,100,000	100	85,198	2.7%	518,220	57,580	297
BFA	2015	93-1 IA-16	Shadow Creek	241	Level	4,555,000	100	141,416	3.1%	771,584	85,732	356
CFD	2017	93-1 IA-8B	Sundance	192	Level	4,220,000	100	113,900	2.7%	306,977	25,581	133
CFD	2017	93-1 IA-14A	Oak Valley	1,261	Level	8,455,000	100	60,305	0.7%	231,708	28,963	23
CFD	2017	93-1 IA-14	Oak Valley	1,908	Level	4,135,000	100	18,182	0.4%	114,596	16,371	9
CFD	2017	93-1 IA-8	Sundance	946	Level	4,370,000	100	19,145	0.4%	123,747	17,678	19
CFD	2018	93-1 IA-17C	Tournament Hills	215	Escalating	8,390,000	103	120,899	1.4%	1,112,743	48,380	225
CFD	2018	93-1 IA-8C	Sundance	686	Level	16,520,000	103	214,200	1.3%	2,238,898	97,343	142
CFD	2018	93-1 IA-8D	Sundance	279	Escalating	7,495,000	103	122,207	1.6%	1,028,197	44,704	160
CFD	2018	93-1 IA-7B	Four Seasons	232	Level	1,685,000	103	(24,545)	-1.5%	169,635	12,117	52
CFD	2018	93-1 IA-7D	Four Seasons	296	Level	3,250,000	103	(173,229)	-5.3%	(22,037)	(958)	(3)
CFD	2018	93-1 IA-8E	Sundance	374	Escalating	12,185,000	103	(81,637)	-0.7%	1,174,659	51,072	137
CFD	2019	2016-1	Fairway Canyon	372	Level	7,940,000	103	114,071	1.4%	830,174	34,591	93
CFD	2019	2016-2	Sundance	527	Level	9,335,000	102	171,751	1.8%	1,016,604	42,359	80
CFD	2019	2016-4	Four Seasons	346	Level	3,760,000	103	(171,201)	-4.6%	17,840	743	2

All number are preliminary and subject to change. Based on market conditions as of March 10, 2025.

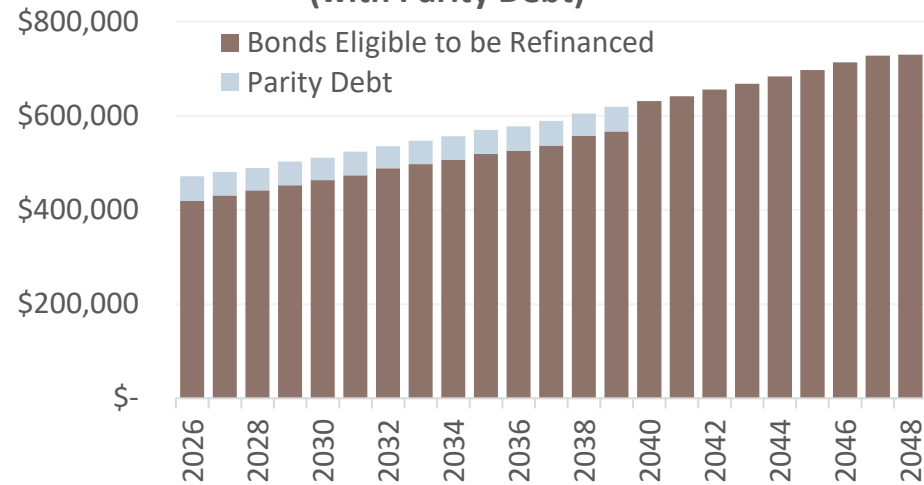
Council Guidance: Remove Escalating Structure

- ▶ City staff practice with all refinancing opportunities: evaluate the economics of removing an escalating debt structure, when possible
 - ▶ Of the CFDs callable in 2025 that exhibit positive NPV savings, *CFD 93-1 IA-17C* and *CFD 93-1 IA-8D* have escalating debt structures

CFD 93-1 IA-17C: Current Annual Payments



CFD 93-1 IA-8D: Current Annual Payments (with Parity Debt)



Council Guidance: Remove Escalating Structure (17C)

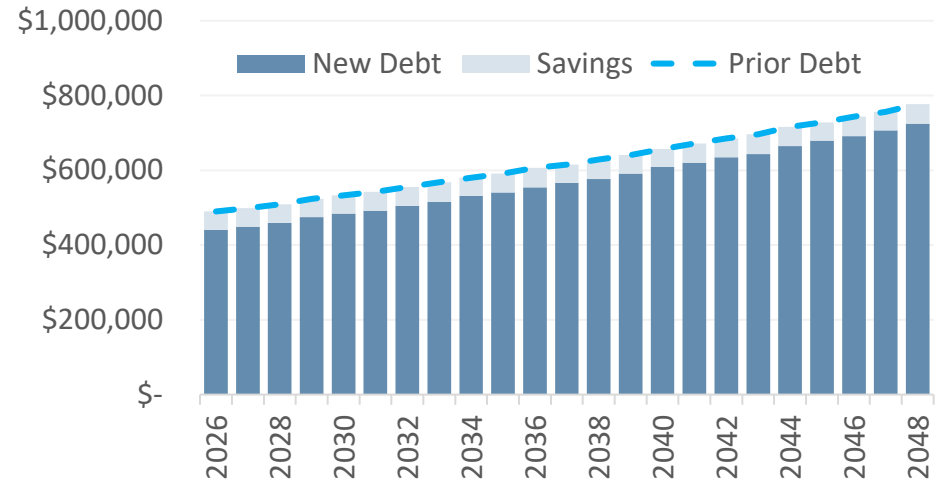
▶ Level Annual Savings (MAINTAIN Escalator)

- ▶ \$225 in annual savings per homeowner (2026-48)

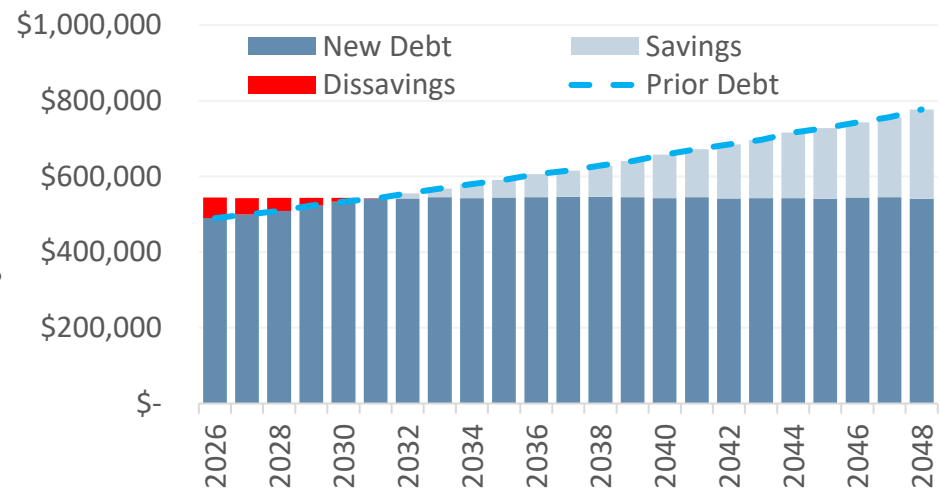
▶ Level Annual Payments (REMOVE Escalator)

- ▶ New payments are higher 2026-31
- ▶ Savings start in 2032 and increase over time
- ▶ Per parcel dissavings of **\$259** (2026) to savings of \$1,074 (2048)
- ▶ *Interest rates would need to decline by more than 1.4% for there to be no years of dissavings*

CFD 93-1 IA-17C: MAINTAIN Escalator



CFD 93-1 IA-17C: REMOVE Escalator



Council Guidance: Remove Escalating Structure (8D)

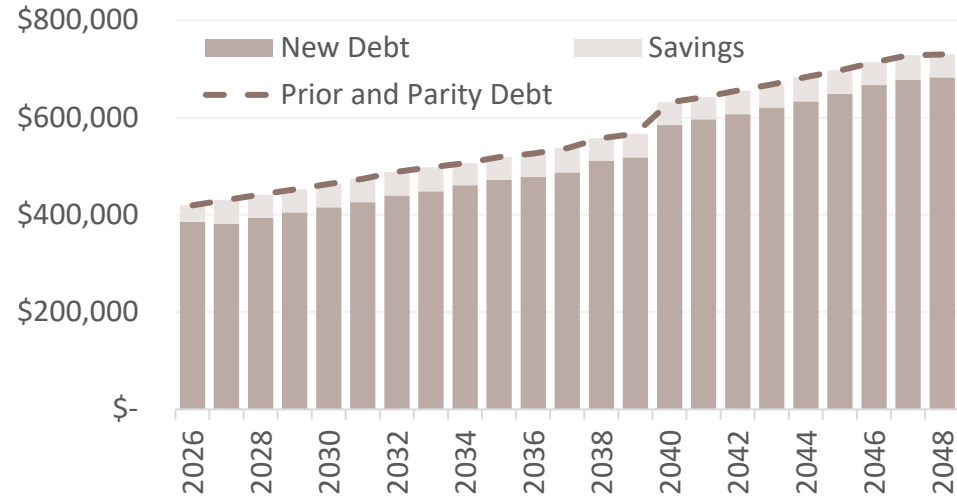
▶ Level Annual Savings (MAINTAIN Escalator)

- ▶ \$160 in annual savings per homeowner (2026-48)

▶ Level Annual Payments (REMOVE Escalator)

- ▶ New payments are higher 2026-31
- ▶ Savings start in 2032 and increase over time
- ▶ Per parcel dissavings of **\$204** (2026) to savings of \$733 (2048)
- ▶ *Interest rates would need to decline by more than 1.4% for there to be no years of dissavings*

CFD 93-1 IA-8D: MAINTAIN Escalator



CFD 93-1 IA-8D: REMOVE Escalator

