



City of Beaumont

Proposed Refunding of the Outstanding Beaumont Public Improvement Authority Wastewater Revenue Bonds, Series 2018A

June 3, 2025



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1. Financing Overview

Background – 2018A Bonds

- ▶ In September 2018, the Beaumont Public Improvement Authority (Authority) issued \$81,105,000 of the 2018A Bonds to finance improvements to the City-owned Wastewater Treatment Plant
- ▶ 2018A Bonds:
 - ▶ Payable from revenues of the wastewater system
 - ▶ \$79,290,000 of par amount outstanding
 - ▶ Final term of 2049 and a final interest rate of 5.00%
 - ▶ Optional redemption date of September 1, 2025, at a redemption price of 103%

Proposed 2025 Bonds

- ▶ Proposed 2025 Bonds will be issued through the Authority (similar structure as 2018A Bonds)
- ▶ Final maturity of September 1, 2049 (no extension of final maturity)
- ▶ Annual debt payments will not exceed existing 2018A Bond payments
- ▶ 2025 Bonds plan of finance includes:
 - ▶ Refunding of the 2018A Bonds and
 - ▶ Financing of certain capital improvements to the wastewater system
- ▶ It is expected that the 2025 Bonds will receive at least the same rating as the 2018A Bonds (A+ from S&P) and qualify for bond insurance

2. Items Subject to Council Approval

Items Subject to Approval

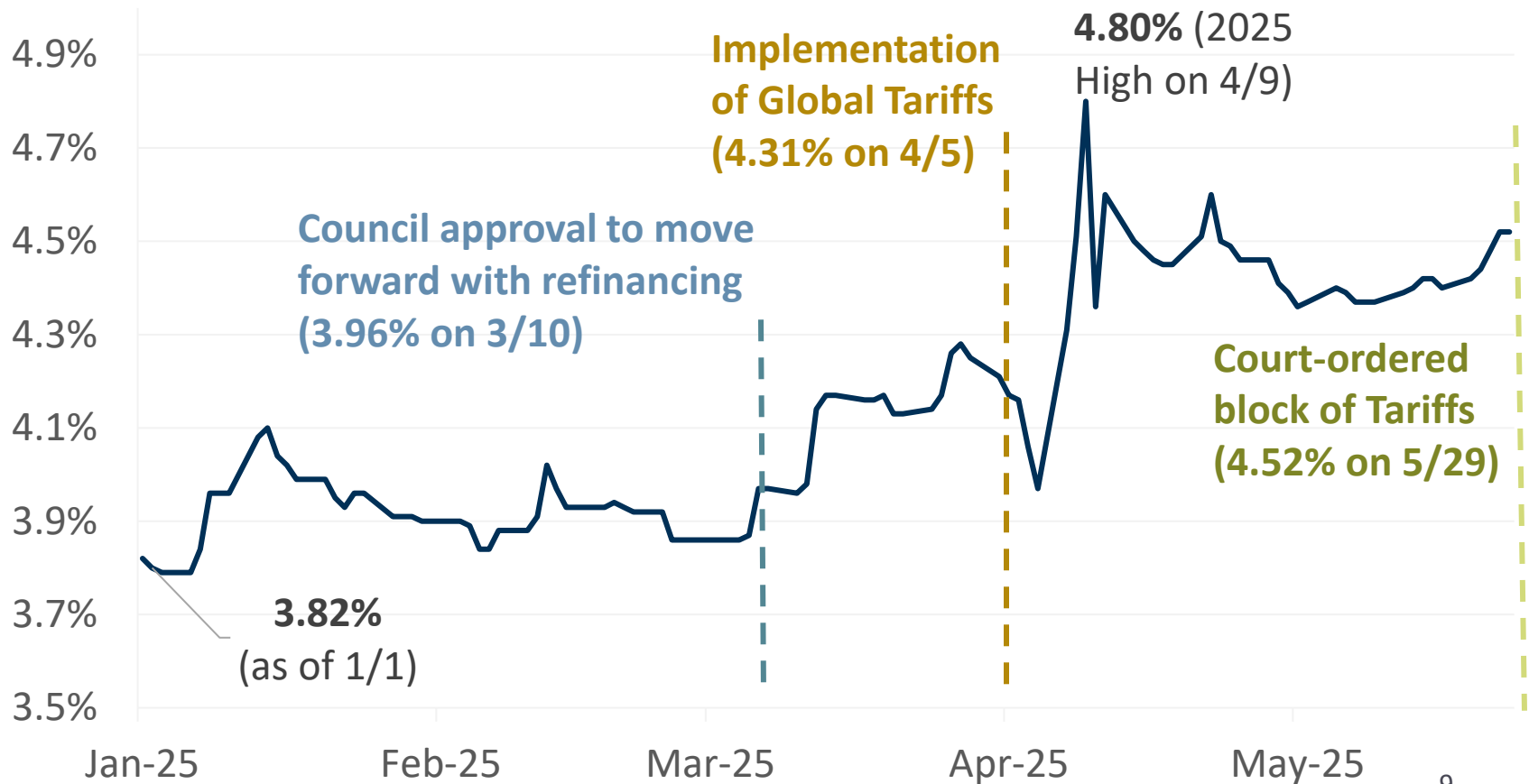
- ▶ Resolutions of the City Council of the City of Beaumont and the Board of Directors of the Beaumont Public Improvement Authority
 - ▶ Authorizing the issuance of the 2025 Bonds in an amount not to exceed \$80,000,000
 - ▶ Approving certain documents and taking certain other actions
 - ▶ Documents:
 - Preliminary Official Statement
 - Bond Indenture
 - Installment Purchase Agreement
 - Escrow Agreement
 - Bond Purchase Contract

3. Financing Details and Schedule

Municipal Market Overview

- ▶ 30-year tax-exempt interest rate (AAA MMD) has increased by +0.70% since 1/1 and by +0.56% since Council meeting 3/10

30-Year AAA MMD Yield 2025 YTD



Updated Financing Statistics

- ▶ Based on market conditions as of 5/29, a refunding of the outstanding 2018A Bonds is estimated to generate 1.7% NPV savings (below the City's threshold of 3%)
- ▶ City's plan is to leverage the savings to finance capital improvements
 - ▶ Estimated \$1.2 million based on market conditions as of 5/29

| Based on 5/29 Market Conditions | |
|--|--------------|
| Par Amount | \$72,360,000 |
| True Interest Cost | 4.39% |
| New Money Generated | 1,195,614 |
| Net PV Savings (\$)* | 1,271,951 |
| Net PV Savings (%)* | 1.74% |
| Total Cash Flow Savings* | 1,995,456 |
| Average Annual Savings* | 79,818 |

Estimated Costs of Issuance*

| Estimated Issuance Costs* | | |
|----------------------------------|---------------------|---------------------|
| <u>Role</u> | <u>Party</u> | <u>Total</u> |
| Bond/Disclosure Counsel | Stradling | \$85,000 |
| Municipal Advisor | Urban Futures, Inc. | 62,500 |
| Trustee | Zions Bank | 3,000 |
| Trustee's Counsel | Dorsey | 2,250 |
| Rating Agency | Standard & Poor's | 50,000 |
| Verification Agent | Causey | 2,500 |
| Printer | AVIA | 2,500 |
| Underwriter | Stifel | 181,520 |
| Contingency | -- | <u>7,250</u> |
| Estimated Costs | | \$396,520 |

*Preliminary and subject to change.

Financing Schedule

- ▶ Assuming Council approval this evening, staff and the financing team will continue to monitor market conditions
- ▶ Assuming market conditions are favorable (support 3% NPV savings), the financing team will proceed with next steps:
 - ▶ Post preliminary official statement (make available to prospective investors)
 - ▶ Price the 2025 Bonds
 - ▶ Close the 2025 Bonds