

CAPISTRANO BAY DISTRICT
AGENDA REPORT
December 5, 2017

Old Business

ITEM 9a

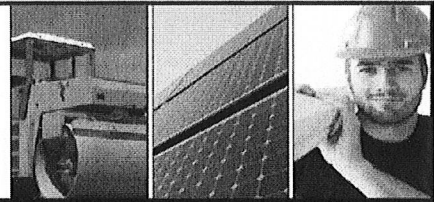
Undergrounding Utilities – Possible Financing Options

1. Our local depository agency with Farmers & Merchants Bank cannot provide a capital improvement loan to the District without there being sufficient collateral to support amount of money required. The District does own the road but that does not meet FMB's collateral requirements.
2. A second possible source, the Local Agency Investment Fund (LAIF), was also pursued. This is an investment agency that is happy to take our money and invest it at, low risk, but is not in the bank loan business, except for a department dedicated to Industrial Development Bond Financing for purposes of construction of facilities such as wastewater treatment plants, manufacturing businesses, etc.
3. Also contacted was California Special Districts Association (CSDA) Finance Corporation. The following two pages show two different financing scenarios for our consideration, based on the estimates provided by our undergrounding consultant, Utility Specialists Inc.
4. As was discussed at the last meeting, another method of generating funds for capital improvement projects available to a Special District is by forming an *Assessment District* (as was done for the Road Improvement Project in 2003) and selling bonds to raise the capital required.

Formation costs for creating the funding mechanism for items 3 and 4 are largely dependent on what interest rates are available at the time the loan is locked in. For comparison, in 2003, bonds were sold with an interest rate of about 8%, whereas today the rates are down below 4%, making this a good time for borrowing money.



CSDA Finance Corporation



1112 I Street, Suite 200
 Sacramento, CA 95814
 t: 916.442.7887 f: 916.442.7889
 www.csdafinance.net

PREPARED BY CSDA FINANCE CORPORATION

DATE: March 14, 2017

PROPOSED LEASE PURCHASE FOR: Capistrano Bay Community Services District

RE: **Utilities Undergrounding Project**

NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED

Purchase Option amount is exclusive of the rental payment due on same date.

Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

Payments: Annually in arrears			Financing Amount	Interest Rate	Term
			\$3,100,000	3.40%	15 Years
PMT #	Due Date	Rent Payment	To Principal	To Interest	Purchase Option
1		\$267,247.10	\$161,847.10	105,400.00	
2		267,247.10	167,349.90	99,897.20	
3		267,247.10	173,039.80	94,207.30	
4		267,247.10	178,923.15	88,323.95	
5		267,247.10	185,006.54	82,240.56	
6		267,247.10	191,296.76	75,950.34	
7		267,247.10	197,800.85	69,446.25	1,881,630.62
8		267,247.10	204,526.08	62,721.02	1,673,014.02
9		267,247.10	211,479.97	55,767.13	1,457,304.45
10		267,247.10	218,670.29	48,576.81	1,234,260.75
11		267,247.10	226,105.07	41,142.03	1,003,633.58
12		267,247.10	233,792.65	33,454.45	765,165.08
13		267,247.10	241,741.60	25,505.50	518,588.64
14		267,247.10	249,960.81	17,286.29	263,628.62
15		267,247.10	258,459.43	8,787.67	0.00
TOTALS:		<u>\$4,008,706.50</u>	<u>\$3,100,000.00</u>	<u>\$908,706.50</u>	

Approved and agreed to: Capistrano Bay Community Services District

By: _____

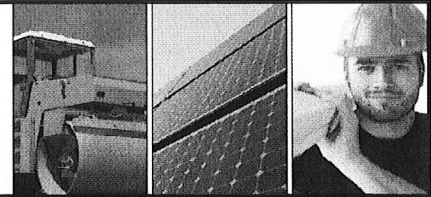
Date: _____

Title: _____

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RE: Utilities Undergrounding Project

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Purchase Option amount is exclusive of the rental payment due on same date.

Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

Payments: Annually in arrears			Financing Amount	Interest Rate	Term
			\$3,700,000	3.65%	20 Years
PMT #	Due Date	Rent Payment	To Principal	To Interest	Purchase Option
1		\$263,881.94	\$128,831.94	135,050.00	
2		263,881.94	133,534.31	130,347.63	
3		263,881.94	138,408.31	125,473.63	
4		263,881.94	143,460.21	120,421.73	
5		263,881.94	148,696.51	115,185.43	
6		263,881.94	154,123.93	109,758.01	
7		263,881.94	159,749.46	104,132.48	
8		263,881.94	165,580.31	98,301.63	2,578,167.32
9		263,881.94	171,623.99	92,257.95	2,403,110.85
10		263,881.94	177,888.27	85,993.67	2,221,664.82
11		263,881.94	184,381.19	79,500.75	2,033,596.00
12		263,881.94	191,111.10	72,770.84	1,838,662.68
13		263,881.94	198,086.66	65,795.28	1,636,614.29
14		263,881.94	205,316.82	58,565.12	1,427,191.13
15		263,881.94	212,810.88	51,071.06	1,210,124.03
16		263,881.94	220,578.48	43,303.46	985,133.98
17		263,881.94	228,629.60	35,252.34	751,931.79
18		263,881.94	236,974.58	26,907.36	510,217.72
19		263,881.94	245,624.15	18,257.79	259,681.09
20		263,881.94	254,589.30	9,292.64	0.00
TOTALS:		\$5,277,638.80	\$3,700,000.00	\$1,577,638.80	

Approved and agreed to: Capistrano Bay Community Services District

By: _____

Date: _____

Title: _____

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California State Treasurer
John Chiang



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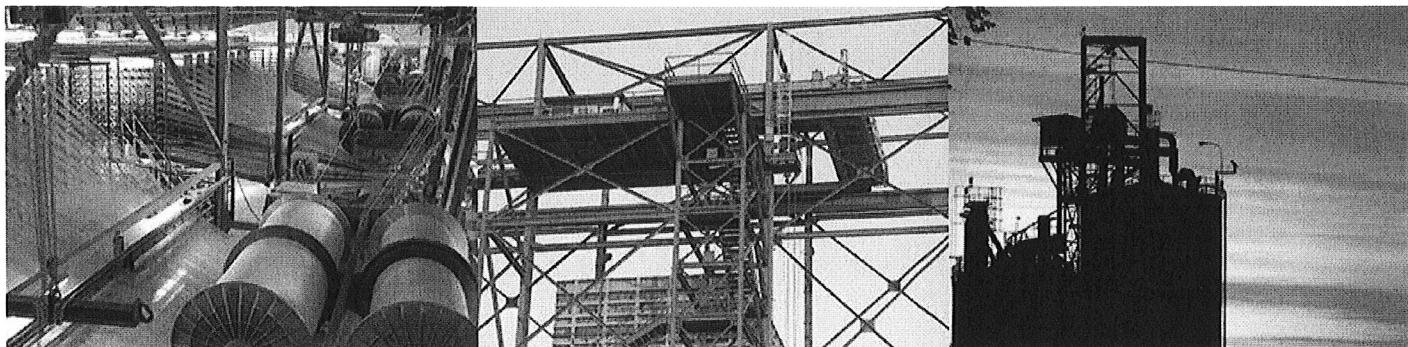
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CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION

Industrial Development Bond (IDB) Financing Program

Designed to help communities grow their economies and provide good-paying jobs through tax-exempt bonds.



Contact Information

If you have any questions about the IDB program, please contact [CIDFAC](#).

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Connect With Us



Private, tax-exempt industrial bonds are an important tool to help communities grow their economies and provide good-paying jobs. The bonds offer interest-rate savings with the goal of creating new jobs. CIDFAC approves the issuance of IDBs in the State of California as a partner with local governments. The program allows businesses to borrow funds at competitive rates.

Eligible capital expenditures include the acquisition of land, building construction, building renovation and the purchase of machinery and equipment.

The Prospective User (Principals and Financial Officers of Manufacturing Business) Should Contact:

- Bond counsel, preferably a law firm specializing in tax-exempt bonds.
- The local issuing authority to initiate the application process.
- The local issuing authority or [CIDFAC](#) to get a recommendation on a financing team such as the underwriter, financial advisor, etc. and to discuss the Industrial Development Bond (IDB) eligibility requirements.
- A financial institution willing to issue a letter of credit for the face amount of the bonds or a qualified institutional investor willing to purchase the bonds through a private placement.

Local IDB Issuing Authority

The California Government Code authorizes local agencies, cities, counties and joint powers authorities to approve IDB projects that create jobs and provide public benefits to the local community. The local government approval process must be completed prior to CIDFAC acceptance of the IDB application. CIDFAC's review, final resolution approval, and allocation approval rely on the public benefit and job creation documentation provided by the local issuing authority.

CIDFAC Application and Approval

The local issuing authority submits the IDB application to CIDFAC. CIDFAC staff reviews the application to determine overall public benefits and the financial security of the project. Federal and state revenues do not guarantee IDB bond financings. The bonds issued are purchased by the private sector and the repayment is not an obligation of the state or federal government. CIDFAC holds its monthly commission meetings in Sacramento.

How to Apply

Please read the application package carefully and provide the information requested. Approval by the local industrial development authority must be received prior to consideration by CIDFAC.

Two copies of the application, all supporting documents including local authority approval, and a \$1,250.00 application fee must be sent to the Sacramento office. Applications must be received in the Sacramento office 30 days prior to the next scheduled CIDFAC meeting.

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