



Office of the City Manager

INFORMATION CALENDAR

June 16, 2020

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Henry Oyekanmi, Director, Finance

Subject: Refunding of \$7,790,000 City of Berkeley 2020 Refunding General Obligation Bonds, Series A; Refunding of \$11,690,000 City of Berkeley 2020 Refunding General Obligation Bonds, Series B; and Issuance of \$38,000,000 City of Berkeley 2020 General Obligations Bonds (Post Sale Report)

BACKGROUND**Measure FF Refunding Bonds:**

At an election held on November 4, 2008, more than two-thirds of the voters of the City Berkeley (the “City”) approved a proposition, designated as Measure FF, authorizing the issuance by the City of general obligation bonds in the aggregate principal amount of \$26,000,000, for the purpose of providing funds to finance renovations, construction, seismic and access improvements, and expansion of program areas at four neighborhood branch libraries in the City.

Pursuant to the Measure FF authorization, the City issued two series of bonds:

- \$10,000,000 City of Berkeley General Obligation Bonds, Series 2009 (Measure FF – Neighborhood Branch Library Improvements Project) (the “2009 Bonds”)
- \$16,000,000 City of Berkeley General Obligation Bonds, Series 2010 (Measure FF – Neighborhood Branch Library Improvements Project) (the “2010 Bonds”)

On February 25, 2020, the City Council adopted two resolutions authorizing the issuance of refunding bonds to refinance the 2009 Bonds (Resolution No. 69,307-N.S.) and the 2010 Bonds (Resolution No. 69,308-N.S.).

**Measure O Bonds:**

At an election held on November 6, 2018, more than two-thirds of the voters of the City approved a proposition, designated as Measure O, authorizing the issuance by the City of general obligation bonds in the aggregate principal amount of \$135,000,000 for the purpose of providing funds for the acquisition and improvement of affordable housing.

On February 25, 2020, the City Council authorized the issuance of the initial series of Measure O Bonds (Resolution No. 69,306-N.S.).

## RESULTS

### **Measure FF Refunding Bonds:**

Refunding of 2009 Bonds. On April 16, 2020, the City issued its \$7,790,000 City of Berkeley 2020 Refunding General Obligation Bonds, Series A (2008 Election Measure FF: Neighborhood Branch Library Improvements Project) to refund the 2009 Bonds.

The refunding bonds were sold in a competitive sale to Morgan Stanley & Co., LLC. The total financing costs for the transaction totaled \$132,318.89, including \$43,279.19 of general financing costs and \$89,039.70 for underwriting fees and expenses.

The competitive sale resulted in an all-inclusive interest rate (including all transaction costs) of 2.70%.

The refunding generated net present value savings (including all transaction costs) equal to 24.27% of the outstanding principal amount of the 2009 Bonds for the benefit of property taxpayers in the City.

Refunding of 2010 Bonds. On June 3, 2020, the City will issue its \$11,690,000 City of Berkeley 2020 Refunding General Obligation Bonds, Series B (2008 Election Measure FF: Neighborhood Branch Library Improvements Project) to refund the 2010 Bonds.

The refunding bonds were sold in a competitive sale to Morgan Stanley & Co., LLC. The total financing costs for the transaction totaled \$112,429.97, including \$75,002.80 of general financing costs and \$37,427.17 for underwriting fees and expenses.

The competitive sale resulted in an all-inclusive interest rate (including all transaction costs) of 2.26%.

The refunding generated net present value savings (including all transaction costs) equal to 17.31% of the outstanding principal amount of the 2010 Bonds for the benefit of property taxpayers in the City.

**Measure O Bonds.**

On April 16, 2020, the City issued its \$38,000,000 City of Berkeley 2020 General Obligation Bonds (2018 Election Measure O: Affordable Housing) (Federally Taxable), which was the first series of bonds under the Measure O authorization.

The Measure O bonds were sold in a competitive sale to Wells Fargo. The total financing costs for the transaction totaled \$785,000, including \$215,000 of general financing costs and \$570,000 for underwriting fees and expenses.

The competitive sale resulted in an all-inclusive interest rate (including all transaction costs) of 3.44%.

**ENVIRONMENTAL SUSTAINABILITY**

There are no identifiable environmental effects or opportunities associated with the subject of this report.

**ALTERNATIVE ACTIONS CONSIDERED**

None.

**CONTACT PERSON**

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