



# 2017 Refunding Revenue Bonds

Napa Sanitation District  
Board of Directors Meeting  
January 10, 2018



# S&P Rating

- Improved from “AA/Stable” to “AA/Positive Outlook”

## Issue

## Rating

1998 COPs

A+ / Stable

2009B COPs

AA- / Stable

2012 COPs

AA- / Stable

2016 Annual Review

AA / Stable

2017 Refunding Rev Bonds

AA / Positive

# S&P Rating

- Reasons for Improved Rating
  - Affordable sewer rates
  - Pre-authorized rate increases to FY21
  - Very strong operational management assessment
  - Comprehensive asset management practices
  - Well-defined financial management practices and policies



# Revenue Bonds

- Dec. 6 Board Meeting
  - Authorization to Advance Refund 2009B COPs
  - Not to Exceed \$17 million Par Amount
  - At least 3% Net PV savings
  - Estimated 6.37% Net PV Savings



# Revenue Bonds

- Dec. 11 Bond Pricing
  - \$14,185,000 Bond Par Amount
  - \$2,071,429 Premium Payment
  - Savings:
    - \$1,168,600 Net PV Savings
    - \$135,000 Annual Debt Service Savings
    - 6.67% of Refunded Bonds Net PV Savings



# Revenue Bonds

FY Ending 6/30	Existing 2009B Payments	Existing DSRF	District Cash Contribution	Existing Net Payments	2017 Bonds Payments	Savings (Nominal)	Savings (PV)
2018	\$316,827	\$21,694	\$316,827	(\$21,694)		(\$21,694)	(\$21,659)
2019	1,953,554	42,292		1,911,262	1,777,225	134,037	132,788
2020	1,952,064	42,292		1,909,772	1,776,900	132,872	129,412
2021	1,952,518	42,292		1,910,226	1,776,700	133,526	127,859
2022	1,949,371	42,292		1,907,080	1,774,500	132,580	124,823
2023	1,947,781	42,292		1,905,490	1,770,300	135,190	125,148
2024	1,947,634	42,292		1,905,343	1,769,000	136,343	124,109
2025	1,948,431	42,292		1,906,140	1,770,400	135,740	121,504
2026	1,941,088	42,292		1,898,796	1,761,625	137,171	120,684
2027	1,944,200	42,292		1,901,908	1,766,750	135,158	116,887
2028	1,937,500	42,292		1,895,208	1,757,875	137,333	116,742
2029	1,938,000	1,997,391		(59,391)		(59,391)	(49,695)
	<u>\$21,728,968</u>	<u>\$2,442,001</u>	<u>\$316,827</u>	<u>\$18,970,140</u>	<u>\$17,701,275</u>	<u>\$1,268,865</u>	<u>\$1,168,602</u>



# Revenue Bonds

## Sources

Par Amount:	\$14,185,000
Bond Premium:	2,071,429
Prior Debt Service Reserve Fund: <sup>1</sup>	1,976,793
District Contribution: <sup>2</sup>	<u>316,827</u>
Total Source:	\$18,550,049

## Uses

Refunding Escrow Deposit: <sup>3</sup>	\$18,263,784
Costs of Issuance: <sup>4</sup>	216,325
Underwriter's Discount: <sup>5</sup>	47,441
Yield Reduction Payment: <sup>6</sup>	<u>22,500</u>
Total Uses:	\$18,550,049

True Interest Cost: <sup>6</sup>	1.75%
Present Value Savings (\$): <sup>7</sup>	<b>\$1,168,602</b>
Present Value Savings (%): <sup>7</sup>	<b>6.67%</b>
Average Annual Savings: <sup>8</sup>	\$134,995

<sup>1</sup> Existing debt service reserve fund balance for 2009B Bonds and other funds on hand.

<sup>2</sup> Equal to interest payment scheduled for February 1, 2018 for 2009B Bonds.

<sup>3</sup> Based upon escrow bid of open market securities on December 11th.

<sup>4</sup> Includes costs for Bond and Disclosure Counsel, Municipal Advisor, credit rating, trustee, printer

<sup>5</sup> Final underwriter's discount at \$3.34 per \$1,000 of bond par amount.

<sup>6</sup> Reflects final pricing numbers on December 11, 2017.

<sup>7</sup> Present values calculated based upon arbitrage yield of the bonds, 1.69%.

<sup>8</sup> Excludes current 2017-18 fiscal year and FY2028-29 in which existing debt service reserve fund of full debt service payment.





# Favorable Pricing

- The table below shows NapaSan's final pricing spreads to the benchmark "AAA" Municipal Market Data ("MMD") index, as well as pricing performance against comparable maturities.
- NapaSan was able to lock in lower spreads to MMD, as compared to comparable transactions, even against higher-rated transactions.

Issuer: **Napa Sanitation District**  
Pricing Date: 12/11/2017  
Par: \$14,185,000  
Transaction: 2017 Refunding Revenue Bonds  
Rating: AA

Maturity	Par (000s)	Coupon	Yield	Spread to MMD <sup>1</sup>
2018	1,125	4.00%	1.09%	-0.09%
2019	1,230	4.00%	1.34%	-0.08%
2020	1,280	4.00%	1.41%	-0.07%
2021	1,330	4.00%	1.45%	-0.08%
2022	1,380	4.00%	1.53%	-0.08%
2023	1,435	4.00%	1.61%	-0.09%
2024	1,495	4.00%	1.69%	-0.08%
2025	1,555	5.00%	1.72%	-0.10%
2026	1,640	5.00%	1.78%	-0.11%
2027	1,715	5.00%	1.87%	-0.12%

CA Department of Water Resources  
12/6/2017  
\$350,670,000  
Central Valley Project Water Sys Rev Bonds  
Aa1 / AAA

	Par (000s)	Coupon	Yield	Spread to MMD <sup>1</sup>	Napa San. Spread to CA DWR <sup>2</sup>
	24,480	5.00%	1.16%	-0.05%	-0.04%
	22,740	5.00%	1.38%	-0.06%	-0.02%
	20,865	5.00%	1.41%	-0.06%	-0.01%
	25,890	5.00%	1.47%	-0.06%	-0.02%
	26,745	5.00%	1.52%	-0.07%	-0.01%
	14,140	5.00%	1.58%	-0.07%	-0.02%
	22,295	5.00%	1.63%	-0.07%	-0.01%
	24,050	5.00%	1.68%	-0.07%	-0.03%
	20,300	5.00%	1.74%	-0.07%	-0.04%
	32,500	5.00%	1.79%	-0.09%	-0.03%

Sacramento Municipal Utility District  
12/5/2017  
\$202,500,000  
Electric Revenue Refunding Bonds, 2017 Series E  
Aa3 / AA / AA

	Par (000s)	Coupon	Yield	Spread to MMD <sup>1</sup>	Napa San. Spread to Sac. MUD
	14,985	5.00%	1.16%	-0.06%	-0.03%
	16,760	5.00%	1.41%	-0.06%	-0.02%
	18,195	5.00%	1.48%	-0.04%	-0.03%
	19,690	5.00%	1.54%	-0.03%	-0.05%
	21,285	5.00%	1.60%	-0.04%	-0.04%
	22,170	5.00%	1.68%	-0.03%	-0.06%
	27,845	5.00%	1.72%	-0.05%	-0.03%
	14,050	5.00%	1.76%	-0.06%	-0.04%
	14,905	5.00%	1.82%	-0.07%	-0.04%
	15,825	5.00%	1.88%	-0.09%	-0.03%

City of Milpitas  
12/4/2017  
\$4,725,000  
Wastewater Revenue Ref. Bonds, Series 2017  
AA+

	Par (000s)	Coupon	Yield	Spread to MMD <sup>1</sup>	Napa San. Spread to Milpitas
	480	2.00%	1.22%	-0.02%	-0.07%
	460	3.00%	1.49%	-0.03%	-0.05%
	475	4.00%	1.53%	-0.03%	-0.04%
	495	4.00%	1.60%	-0.03%	-0.05%
	515	5.00%	1.68%	-0.03%	-0.05%
	535	5.00%	1.76%	-0.02%	-0.07%
	560	5.00%	1.83%	-0.01%	-0.07%
	590	5.00%	1.91%	0.01%	-0.11%
	615	5.00%	1.99%	0.02%	-0.13%

<sup>1</sup> Represents yield pricing spreads to benchmark "AAA" MMD index on respective day of sale.

<sup>2</sup> Represents difference between Napa Sanitation District yield spread to MMD and pricing comparable yield spread to MMD.