

# Refinancing CalPERS Unfunded Liability Using Pension Obligation Bonds



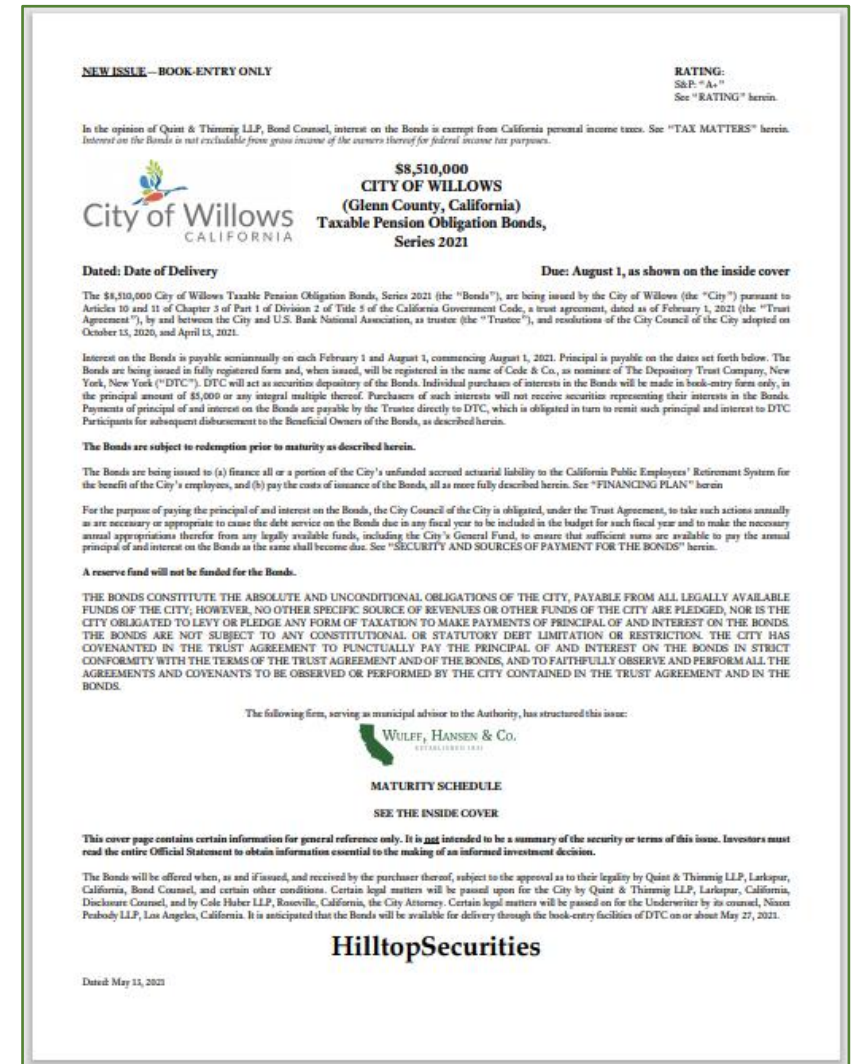
*Transaction Closed as of: May 27, 2021*

Presented by:



# Summary

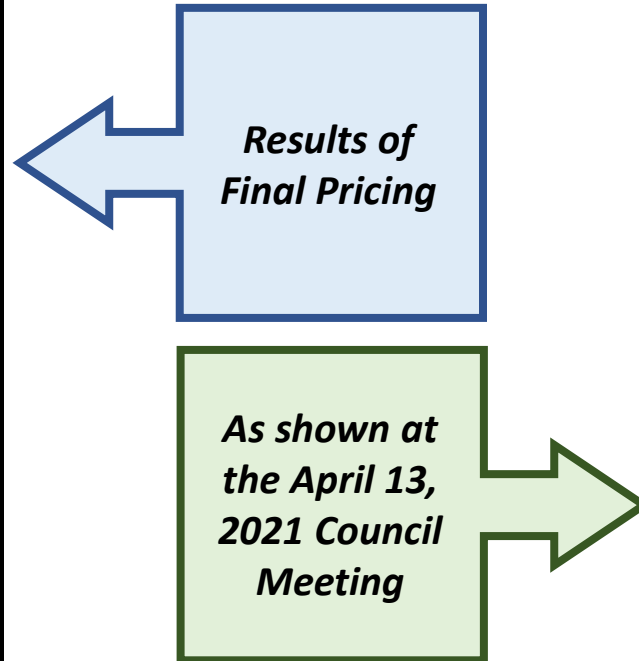
- On October 10, 2020, the Council adopted a Resolution authorizing the commencement of proceedings in connection with the issuance of Pension Obligation Bonds.
- On April 13, 2021, the Council adopted a Resolution approving the sale of Pension Obligation Bonds.
- On April 28, 2021, the City's Pension Obligation Bond offering received an A+ (stable) rating from S&P Global Ratings.
- On May 13, 2021, the Bonds were sold to Hilltop Securities and the pricing was finalized.
- The transaction closed on May 27, 2021, and the CalPERS UAL was paid off.
- Today we will be presenting the result of the final pricing.



# Sources & Uses

<b>Debt Service Savings Analysis</b>	
City of Willows	
Taxable Pension Obligation Bonds, Series 2021	
<b>Sources &amp; Uses</b>	
	CalPERS UAL Financing
<b>Sources</b>	
Par Amount	8,510,000
<b>Total Sources</b>	<b>8,510,000</b>
<b>Uses</b>	
Project Fund Deposits	
Miscellaneous Plan	3,624,000
Safety Plan	4,660,000
	8,284,000
Delivery Date Expenses	
Cost of Issuance	166,600
Underwriter's Discount	59,400
	226,000
<b>Total Uses</b>	<b>8,510,000</b>

Figures are final as of May 13, 2021 pricing



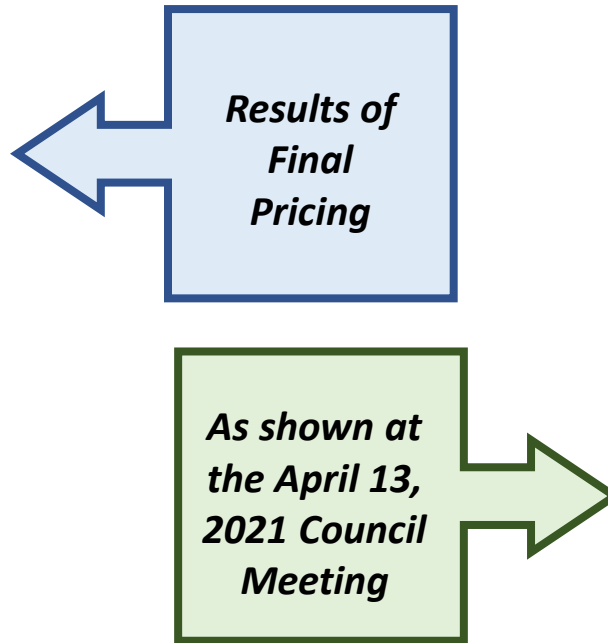
<b>Debt Service Savings Analysis</b>	
City of Willows	
Taxable Pension Obligation Bonds, Series 2021	
<b>Sources &amp; Uses</b>	
	CalPERS UAL Financing
<b>Sources</b>	
Par Amount	9,075,000
<b>Total Sources</b>	<b>9,075,000</b>
<b>Uses</b>	
Project Fund Deposits	
Miscellaneous Plan	3,805,000
Safety Plan	4,892,000
FYE2021 Monthly Payments	137,989
	8,834,989
Delivery Date Expenses	
Cost of Issuance	176,668
Underwriter's Discount	63,344
	240,012
<b>Total Uses</b>	<b>9,075,000</b>

Numbers were run on April 12, 2021 at current market rates  
 Figures were preliminary, estimated, and subject to change

# Bond Debt Service

Debt Service Savings Analysis City of Willows Taxable Pension Obligation Bonds, Series 2021				
New Bonds Debt Service				
Period Ending	CalPERS UAL Financing			
	Principal	Interest Rate	Interest	Debt Service
Jun-22	525,000	0.620%	126,345.08	651,345
Jun-23	540,000	0.720%	183,613.00	723,613
Jun-24	590,000	0.770%	179,397.50	769,398
Jun-25	460,000	0.970%	174,895.00	634,895
Jun-26	380,000	1.400%	170,004.00	550,004
Jun-27	405,000	1.670%	163,962.25	568,962
Jun-28	435,000	2.070%	156,078.25	591,078
Jun-29	465,000	2.220%	146,414.50	611,415
Jun-30	495,000	2.450%	135,189.25	630,189
Jun-31	530,000	2.560%	122,341.50	652,342
Jun-32	565,000	2.660%	108,043.00	673,043
Jun-33	575,000	2.810%	92,449.75	667,450
Jun-34	580,000	2.960%	75,787.00	655,787
Jun-35	570,000	3.420%	57,456.00	627,456
Jun-36	550,000	3.420%	38,304.00	588,304
Jun-37	360,000	3.420%	22,743.00	382,743
Jun-38	180,000	3.420%	13,509.00	193,509
Jun-39	135,000	3.420%	8,122.50	143,123
Jun-40	95,000	3.420%	4,189.50	99,190
Jun-41	75,000	3.420%	1,283	76,283
<b>Total:</b>	<b>8,510,000</b>		<b>1,980,127</b>	<b>10,490,127</b>

Figures are final as of May 13, 2021 final pricing



Debt Service Savings Analysis City of Willows Taxable Pension Obligation Bonds, Series 2021				
Estimated New Bonds Debt Service				
Period Ending	CalPERS UAL Financing			
	Principal	Interest Rate	Interest	Estimated Debt Service
Jun-22	545,000	0.919%	159,158.91	704,159
Jun-23	545,000	1.019%	230,734.13	775,734
Jun-24	600,000	1.169%	224,450.36	824,450
Jun-25	475,000	1.452%	217,494.86	692,495
Jun-26	395,000	1.935%	210,224.73	605,225
Jun-27	420,000	2.085%	202,024.60	622,025
Jun-28	450,000	2.487%	192,050.35	642,050
Jun-29	485,000	2.687%	179,938.63	664,939
Jun-30	520,000	2.919%	165,833.26	685,833
Jun-31	555,000	3.069%	149,727.38	704,727
Jun-32	595,000	2.969%	132,378.13	727,378
Jun-33	605,000	3.119%	114,110.38	719,110
Jun-34	610,000	3.219%	94,857.45	704,857
Jun-35	610,000	3.738%	73,638.60	683,639
Jun-36	590,000	3.738%	51,210.60	641,211
Jun-37	400,000	3.738%	32,707.50	432,708
Jun-38	225,000	3.738%	21,026.25	246,026
Jun-39	180,000	3.738%	13,456.80	193,457
Jun-40	145,000	3.738%	7,382.55	152,383
Jun-41	125,000	3.738%	2,336	127,336
<b>Total:</b>	<b>9,075,000</b>		<b>2,474,742</b>	<b>11,549,742</b>

Numbers were run on April 12, 2021 at current market rates  
Figures were preliminary, estimated, and subject to change

# Potential Savings

Period Ending	Potential Cash Flow Savings (UAL Financing)		
	CALPERS Amortization Schedule	2021 UAL Financing Debt Service	Potential Savings
Jun-22	821,746	651,345	170,401
Jun-23	890,883	723,613	167,270
Jun-24	937,310	769,398	167,913
Jun-25	805,865	634,895	170,970
Jun-26	720,701	550,004	170,697
Jun-27	739,893	568,962	170,931
Jun-28	759,611	591,078	168,533
Jun-29	779,874	611,415	168,460
Jun-30	800,693	630,189	170,504
Jun-31	822,080	652,342	169,739
Jun-32	844,061	673,043	171,018
Jun-33	833,969	667,450	166,519
Jun-34	822,702	655,787	166,915
Jun-35	798,040	627,456	170,584
Jun-36	756,567	588,304	168,263
Jun-37	549,409	382,743	166,666
Jun-38	362,488	193,509	168,979
Jun-39	310,743	143,123	167,621
Jun-40	269,816	99,190	170,627
Jun-41	243,436	76,283	167,154
Jun-42	172,141	-	172,141
Jun-43	164,165	-	164,165
Jun-44	129,771	-	129,771
Jun-45	60,996	-	60,996
<b>Total</b>	<b>14,396,960</b>	<b>10,490,127</b>	<b>3,906,833</b>
<b>Net Present Value of Savings (\$)</b>			<b>2,827,102</b>
<b>Net Present Value of Savings (%)</b>			<b>34.1%</b>

Figures are final as of May 13, 2021 final pricing

**Results of Final Pricing**

Savings are marked as "Potential" because the CalPERS amortization schedule is subject to change over time due to overperformance or underperformance by CalPERS investments. The debt service on the Bonds is not subject to change.

**As shown at the April 13, 2021, Council Meeting**

Period Ending	Potential Cash Flow Savings (UAL Financing)		
	CALPERS Amortization Schedule	2021 UAL Financing Estimated Debt Service	Potential Savings
Jun-21	137,989	-	137,989
Jun-22	821,746	704,159	117,587
Jun-23	890,883	775,734	115,149
Jun-24	937,310	824,450	112,860
Jun-25	805,865	692,495	113,370
Jun-26	720,701	605,225	115,476
Jun-27	739,893	622,025	117,868
Jun-28	759,611	642,050	117,561
Jun-29	779,874	664,939	114,935
Jun-30	800,693	685,833	114,860
Jun-31	822,080	704,727	117,353
Jun-32	844,061	727,378	116,683
Jun-33	833,969	719,110	114,859
Jun-34	822,702	704,857	117,845
Jun-35	798,040	683,639	114,401
Jun-36	756,567	641,211	115,356
Jun-37	549,409	432,708	116,702
Jun-38	362,488	246,026	116,462
Jun-39	310,743	193,457	117,286
Jun-40	269,816	152,383	117,433
Jun-41	243,436	127,336	116,100
Jun-42	172,141	-	172,141
Jun-43	164,165	-	164,165
Jun-44	129,771	-	129,771
Jun-45	60,996	-	60,996
<b>Total</b>	<b>14,534,949</b>	<b>11,549,742</b>	<b>2,985,207</b>
<b>Net Present Value of Savings (\$)</b>			<b>1,956,609</b>
<b>Net Present Value of Savings (%)</b>			<b>22.1%</b>

Numbers were run on April 12, 2021 at current market rates  
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# Summary Statistics of Final Pricing

<b>City of Willows Taxable Pension Obligation Bonds, Series 2021</b>	
Amount of CalPERS UAL paid down	\$ 8,284,000
True Interest Cost (TIC)	2.87%
All-in True Interest Cost	3.15%
Average Annual Potential Savings (thru FYE 2044)	\$ 167,210
Total Potential Savings	\$ 3,906,833
Net Present Value of Savings (\$)	\$ 2,827,102
Net Present Value of Savings (%)	34.1%

*Savings are marked as "Potential" because the CalPERS amortization schedule is subject to change over time due to overperformance or underperformance by CalPERS investments. The debt service on the Bonds is not subject to change.*

*Figures are final as of the May 13, 2021 final pricing*