

Yolo County Debt Committee

Item #6 – Landfill – Construction of New Waste Management Unit & Leachate Pond

May 6, 2022

Financing Mechanism:	Private Purchase Installment Sale Agreement
Requesting Department/Agency:	Community Services Department, Division of Integrated Waste Management
Time Duration:	20 Years
Debt Amount Requested:	\$10,120,000
Reason before Debt Committee:	<p>1) Amount of debt or obligation exceeds \$500,000.</p> <p>2) Annual debt service or obligation may exceed \$150,000</p> <p>3) Borrowing, debt or obligation may result in significant change in County Financial Health.</p>

Purpose/Project

The Community Services Department, Division of Integrate Waste Management (IWM) anticipated two projects in the County's 2022-26 Capital Improvement Plan that required debt funding to complete. The projects are the construction of the new Waste Management Unit (WMU) 6H and reconstruction of the WMU G Leachate Pond (G-Pond). The WMU 6H construction is necessary to prepare new space for accepting waste at the landfill. The G-Pond reconstruction will increase the height of the levee around the pond which is essential for flood protection and will provide a better means of access for customers.

Bids for the construction of WMU 6H closed on January 13, 2022 and was awarded to the apparent low bidder at a cost of \$5.5 million. Plans and specifications for the G-Pond project will be taken to the Board of Supervisors for approval at a later date. The estimated cost for the G-Pond is \$4.5 million.

The financing for the above projects was presented to the Debt Committee on January 20, 2022 and approval was obtained to move forward with a Direct Purchase method of financing. The workgroup dedicated to the financing solicited a Placement Agent to assist in issuing an RFP to financing institutions. The RFP resulted in eight proposals with rates ranging from 2.29% to 3.30% for a 15-year term and 2.77% to 3.24% for a 20-year term (*as summarized in Exhibit A*). County staff elected to move forward with the proposal from First Foundation Public Finance for a 20-year term at a rate of 2.77%. Staff believed this proposal was the most advantageous based on factors such as interest rate, rate lock provision, lender costs, and prepayment terms. A 20-year term also provides the most flexibility to ensure the department is able to maintain certain provisions as it relates to the required revenue pledge. The financing will be issued as a parity debt to the 2019 Solid Waste Revenue Bonds.

The Sanitation Enterprise Fund is the source of repayment for the debt and will have an average annual debt service of \$660,000. The first debt payment is due in December 2022 and will mature in December 2041. Fees related to the financing includes payment to the Municipal Financial Advisor, Bond Counsel, Placement Agent, Bank Counsel, and the California Debt and Investment Advisory Commission for an estimated cost of \$125,025. The fees will be paid from debt proceeds received at closing. The details of the financing are further described in *Attachment B*.

Staff is seeking approval for the 2022 Installment Sale Agreement by the Yolo County Public Agencies Financing Authority to finance the projects previously mentioned. In an environment where interest rates have risen rapidly, the rate obtained is favorable. The collaboration of the workgroup has produced competitive financing terms and rates.

Attachment:

Attachment A – Summary of Proposals

Attachment B – 2022 Installment Sale Numbers Packet

Yolo County
2022 Solid Waste Financing
Summary of Proposals Received
March 24, 2022



	<u>Bank of the West</u>	<u>Capital One</u>	<u>First Foundation</u>	<u>JPMorgan Chase</u>	<u>Key Bank</u>	<u>Signature Bank</u>	<u>Truist Bank</u>	<u>Webster Bank</u>
Interest Rate:								
15 Year Term:	3.30%	2.89%	2.66%	2.29% / 2.55%	2.92%	2.827%	2.95%	2.63%
20 Year Term:		3.19%	2.77%	(as of March 21st)			3.24%	2.85%
21 Year Term:								2.93%
Rate Lock Terms:	Locked through May 30, 2022	Locked through May 26, 2022	Locked for 60 days	Floating until Commitment Letter Signed Requires BOS Approval		Locked through April 21, 2022	Locked through May 20, 2022	Locked through May 20, 2022
Prepayment Terms:	Callable Years 1-5 at 101% Thereafter at par	15 Year Term: 12/1/29 20 Year Term: 12/1/32 in whole on any int pmt date at par	Callable Years 1-2 at 103% Years 3-4 at 102% Years 5-6 101% Year 7 at par	2.29% rate is non-callable 2.55% rate is callable on 12/1/27	Callable anytime at par	Callable 12/1/29 in whole on any pmt date at par	Callable in whole halfway through the term on any pmt date at par	Callable in year 3 at 102% DTP in year 7 for 15 year term DTP in year 9 for 20 year term DTP in year 10 for 25 year term
Costs(1):								
Bank Counsel:	\$25,000	None	\$10,000	None	None	\$2,500	\$7,500	None
Rate Covenant:	1.50x		1.50x	1.50x			1.50x	1.50x
Expiration:	April 30, 2022	March 28, 2022		May 5, 2022				March 28, 2022

(1) Additionally, bond counsel, municipal advisor, placement agent, and miscellaneous costs apply.

In addition the following banks declined to submit a bid:

Banner Bank	Five Star Bank	Umpqua Bank
Bank of Marin	MFC/City National Bank	West America Bank
Cal B&T	Pacific Western Bank	Western Alliance Bank
Co-Bank	Pinnacle Public Finance	

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Solid Waste System Projects
20-year Financing Term, Interest Rate of 2.77%

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SOURCES AND USES OF FUNDS

Yolo County
2022 Installment Sale Agreement
Solid Waste System Projects
20-year Financing Term, Interest Rate of 2.77%

Dated Date	05/20/2022
Delivery Date	05/20/2022

Sources:

Bond Proceeds:	
Par Amount	10,120,000.00
	<hr/> 10,120,000.00 <hr/>

Uses:

Project Fund Deposits:	
Project Fund	9,991,543.48
Delivery Date Expenses:	
Cost of Issuance	125,025.00
Other Uses of Funds:	
Additional Proceeds	3,431.52
	<hr/> 10,120,000.00 <hr/>

BOND SUMMARY STATISTICS

Yolo County
 2022 Installment Sale Agreement
 Solid Waste System Projects
 20-year Financing Term, Interest Rate of 2.77%

Dated Date	05/20/2022
Delivery Date	05/20/2022
First Coupon	12/01/2022
Last Maturity	12/01/2041
Arbitrage Yield	2.769933%
True Interest Cost (TIC)	2.769933%
Net Interest Cost (NIC)	2.770000%
All-In TIC	2.907505%
Average Coupon	2.770000%
Average Life (years)	10.958
Weighted Average Maturity (years)	10.958
Duration of Issue (years)	9.186
Par Amount	10,120,000.00
Bond Proceeds	10,120,000.00
Total Interest	3,071,769.96
Net Interest	3,071,769.96
Total Debt Service	13,191,769.96
Maximum Annual Debt Service	662,352.25
Average Annual Debt Service	675,442.64
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	10,120,000.00	100.000	2.770%	10.958
	10,120,000.00			10.958

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,120,000.00	10,120,000.00	10,120,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-125,025.00	
- Other Amounts			
Target Value	10,120,000.00	9,994,975.00	10,120,000.00
Target Date	05/20/2022	05/20/2022	05/20/2022
Yield	2.769933%	2.907505%	2.769933%

BOND PRICING

Yolo County
 2022 Installment Sale Agreement
 Solid Waste System Projects
 20-year Financing Term, Interest Rate of 2.77%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	12/01/2022	375,000	2.770%	2.770%	100.000
	12/01/2023	395,000	2.770%	2.770%	100.000
	12/01/2024	405,000	2.770%	2.770%	100.000
	12/01/2025	420,000	2.770%	2.770%	100.000
	12/01/2026	430,000	2.770%	2.770%	100.000
	12/01/2027	440,000	2.770%	2.770%	100.000
	12/01/2028	455,000	2.770%	2.770%	100.000
	12/01/2029	465,000	2.770%	2.770%	100.000
	12/01/2030	480,000	2.770%	2.770%	100.000
	12/01/2031	495,000	2.770%	2.770%	100.000
	12/01/2032	505,000	2.770%	2.770%	100.000
	12/01/2033	520,000	2.770%	2.770%	100.000
	12/01/2034	535,000	2.770%	2.770%	100.000
	12/01/2035	550,000	2.770%	2.770%	100.000
	12/01/2036	565,000	2.770%	2.770%	100.000
	12/01/2037	585,000	2.770%	2.770%	100.000
	12/01/2038	600,000	2.770%	2.770%	100.000
	12/01/2039	615,000	2.770%	2.770%	100.000
	12/01/2040	635,000	2.770%	2.770%	100.000
	12/01/2041	650,000	2.770%	2.770%	100.000
		10,120,000			

Dated Date	05/20/2022	
Delivery Date	05/20/2022	
First Coupon	12/01/2022	
Par Amount	10,120,000.00	
Original Issue Discount		
Production	10,120,000.00	100.000000%
Underwriter's Discount		
Purchase Price	10,120,000.00	100.000000%
Accrued Interest		
Net Proceeds	10,120,000.00	

BOND DEBT SERVICE

Yolo County
2022 Installment Sale Agreement
Solid Waste System Projects

20-year Financing Term, Interest Rate of 2.77%

Dated Date 05/20/2022
Delivery Date 05/20/2022

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2022	375,000	2.770%	148,727.46	523,727.46	
06/01/2023			134,968.25	134,968.25	
06/30/2023					658,695.71
12/01/2023	395,000	2.770%	134,968.25	529,968.25	
06/01/2024			129,497.50	129,497.50	
06/30/2024					659,465.75
12/01/2024	405,000	2.770%	129,497.50	534,497.50	
06/01/2025			123,888.25	123,888.25	
06/30/2025					658,385.75
12/01/2025	420,000	2.770%	123,888.25	543,888.25	
06/01/2026			118,071.25	118,071.25	
06/30/2026					661,959.50
12/01/2026	430,000	2.770%	118,071.25	548,071.25	
06/01/2027			112,115.75	112,115.75	
06/30/2027					660,187.00
12/01/2027	440,000	2.770%	112,115.75	552,115.75	
06/01/2028			106,021.75	106,021.75	
06/30/2028					658,137.50
12/01/2028	455,000	2.770%	106,021.75	561,021.75	
06/01/2029			99,720.00	99,720.00	
06/30/2029					660,741.75
12/01/2029	465,000	2.770%	99,720.00	564,720.00	
06/01/2030			93,279.75	93,279.75	
06/30/2030					657,999.75
12/01/2030	480,000	2.770%	93,279.75	573,279.75	
06/01/2031			86,631.75	86,631.75	
06/30/2031					659,911.50
12/01/2031	495,000	2.770%	86,631.75	581,631.75	
06/01/2032			79,776.00	79,776.00	
06/30/2032					661,407.75
12/01/2032	505,000	2.770%	79,776.00	584,776.00	
06/01/2033			72,781.75	72,781.75	
06/30/2033					657,557.75
12/01/2033	520,000	2.770%	72,781.75	592,781.75	
06/01/2034			65,579.75	65,579.75	
06/30/2034					658,361.50
12/01/2034	535,000	2.770%	65,579.75	600,579.75	
06/01/2035			58,170.00	58,170.00	
06/30/2035					658,749.75
12/01/2035	550,000	2.770%	58,170.00	608,170.00	
06/01/2036			50,552.50	50,552.50	
06/30/2036					658,722.50
12/01/2036	565,000	2.770%	50,552.50	615,552.50	
06/01/2037			42,727.25	42,727.25	
06/30/2037					658,279.75
12/01/2037	585,000	2.770%	42,727.25	627,727.25	
06/01/2038			34,625.00	34,625.00	
06/30/2038					662,352.25
12/01/2038	600,000	2.770%	34,625.00	634,625.00	
06/01/2039			26,315.00	26,315.00	
06/30/2039					660,940.00
12/01/2039	615,000	2.770%	26,315.00	641,315.00	
06/01/2040			17,797.25	17,797.25	
06/30/2040					659,112.25
12/01/2040	635,000	2.770%	17,797.25	652,797.25	
06/01/2041			9,002.50	9,002.50	
06/30/2041					661,799.75
12/01/2041	650,000	2.770%	9,002.50	659,002.50	
06/30/2042					659,002.50
	10,120,000		3,071,769.96	13,191,769.96	13,191,769.96

BOND DEBT SERVICE

Yolo County
2022 Installment Sale Agreement
Solid Waste System Projects
20-year Financing Term, Interest Rate of 2.77%

Dated Date 05/20/2022
Delivery Date 05/20/2022

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2023	375,000	2.770%	283,695.71	658,695.71
06/30/2024	395,000	2.770%	264,465.75	659,465.75
06/30/2025	405,000	2.770%	253,385.75	658,385.75
06/30/2026	420,000	2.770%	241,959.50	661,959.50
06/30/2027	430,000	2.770%	230,187.00	660,187.00
06/30/2028	440,000	2.770%	218,137.50	658,137.50
06/30/2029	455,000	2.770%	205,741.75	660,741.75
06/30/2030	465,000	2.770%	192,999.75	657,999.75
06/30/2031	480,000	2.770%	179,911.50	659,911.50
06/30/2032	495,000	2.770%	166,407.75	661,407.75
06/30/2033	505,000	2.770%	152,557.75	657,557.75
06/30/2034	520,000	2.770%	138,361.50	658,361.50
06/30/2035	535,000	2.770%	123,749.75	658,749.75
06/30/2036	550,000	2.770%	108,722.50	658,722.50
06/30/2037	565,000	2.770%	93,279.75	658,279.75
06/30/2038	585,000	2.770%	77,352.25	662,352.25
06/30/2039	600,000	2.770%	60,940.00	660,940.00
06/30/2040	615,000	2.770%	44,112.25	659,112.25
06/30/2041	635,000	2.770%	26,799.75	661,799.75
06/30/2042	650,000	2.770%	9,002.50	659,002.50
	10,120,000		3,071,769.96	13,191,769.96

COST OF ISSUANCE

Yolo County
2022 Installment Sale Agreement
Solid Waste System Projects
20-year Financing Term, Interest Rate of 2.77%

Cost of Issuance	\$/1000	Amount
Bond Counsel	3.45850	35,000.00
Bond Counsel (NTE Expenses)	0.09881	1,000.00
Municipal Advisor (Pre-transaction, NTE)	0.74111	7,500.00
Municipal Advisor (Transaction fee)	4.94071	50,000.00
Placement Agent	1.72925	17,500.00
Bank Counsel	0.98814	10,000.00
CDIAC	0.24951	2,525.00
Contingency	0.14822	1,500.00
	12.35425	125,025.00

PROOF OF ARBITRAGE YIELD

Yolo County
 2022 Installment Sale Agreement
 Solid Waste System Projects
 20-year Financing Term, Interest Rate of 2.77%

Date	Debt Service @ 2.7699326500%	Present Value to 05/20/2022
12/01/2022	523,727.46	516,139.07
06/01/2023	134,968.25	131,195.65
12/01/2023	529,968.25	508,117.46
06/01/2024	129,497.50	122,462.21
12/01/2024	534,497.50	498,554.71
06/01/2025	123,888.25	113,978.70
12/01/2025	543,888.25	493,548.34
06/01/2026	118,071.25	105,679.47
12/01/2026	548,071.25	483,849.08
06/01/2027	112,115.75	97,626.11
12/01/2027	552,115.75	474,193.84
06/01/2028	106,021.75	89,814.65
12/01/2028	561,021.75	468,768.43
06/01/2029	99,720.00	82,184.02
12/01/2029	564,720.00	459,054.98
06/01/2030	93,279.75	74,790.31
12/01/2030	573,279.75	453,368.15
06/01/2031	86,631.75	67,575.29
12/01/2031	581,631.75	447,492.12
06/01/2032	79,776.00	60,539.10
12/01/2032	584,776.00	437,703.18
06/01/2033	72,781.75	53,732.75
12/01/2033	592,781.75	431,656.08
06/01/2034	65,579.75	47,101.99
12/01/2034	600,579.75	425,467.71
06/01/2035	58,170.00	40,646.34
12/01/2035	608,170.00	419,154.17
06/01/2036	50,552.50	34,365.12
12/01/2036	615,552.50	412,730.70
06/01/2037	42,727.25	28,257.46
12/01/2037	627,727.25	409,473.25
06/01/2038	34,625.00	22,277.72
12/01/2038	634,625.00	402,739.85
06/01/2039	26,315.00	16,471.66
12/01/2039	641,315.00	395,942.12
06/01/2040	17,797.25	10,837.76
12/01/2040	652,797.25	392,095.18
06/01/2041	9,002.50	5,333.38
12/01/2041	659,002.50	385,081.91
	13,191,769.96	10,120,000.00

Proceeds Summary

Delivery date	05/20/2022
Par Value	10,120,000.00
Target for yield calculation	10,120,000.00

FORM 8038 STATISTICS

Yolo County
 2022 Installment Sale Agreement
 Solid Waste System Projects
 20-year Financing Term, Interest Rate of 2.77%

Dated Date 05/20/2022
 Delivery Date 05/20/2022

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	12/01/2022	375,000.00	2.770%	100.000	375,000.00	375,000.00
	12/01/2023	395,000.00	2.770%	100.000	395,000.00	395,000.00
	12/01/2024	405,000.00	2.770%	100.000	405,000.00	405,000.00
	12/01/2025	420,000.00	2.770%	100.000	420,000.00	420,000.00
	12/01/2026	430,000.00	2.770%	100.000	430,000.00	430,000.00
	12/01/2027	440,000.00	2.770%	100.000	440,000.00	440,000.00
	12/01/2028	455,000.00	2.770%	100.000	455,000.00	455,000.00
	12/01/2029	465,000.00	2.770%	100.000	465,000.00	465,000.00
	12/01/2030	480,000.00	2.770%	100.000	480,000.00	480,000.00
	12/01/2031	495,000.00	2.770%	100.000	495,000.00	495,000.00
	12/01/2032	505,000.00	2.770%	100.000	505,000.00	505,000.00
	12/01/2033	520,000.00	2.770%	100.000	520,000.00	520,000.00
	12/01/2034	535,000.00	2.770%	100.000	535,000.00	535,000.00
	12/01/2035	550,000.00	2.770%	100.000	550,000.00	550,000.00
	12/01/2036	565,000.00	2.770%	100.000	565,000.00	565,000.00
	12/01/2037	585,000.00	2.770%	100.000	585,000.00	585,000.00
	12/01/2038	600,000.00	2.770%	100.000	600,000.00	600,000.00
	12/01/2039	615,000.00	2.770%	100.000	615,000.00	615,000.00
	12/01/2040	635,000.00	2.770%	100.000	635,000.00	635,000.00
	12/01/2041	650,000.00	2.770%	100.000	650,000.00	650,000.00
		10,120,000.00			10,120,000.00	10,120,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	12/01/2041	2.770%	650,000.00	650,000.00		
Entire Issue			10,120,000.00	10,120,000.00	10.9579	2.7699%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	125,025.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00