

SECTION 13: LONG-TERM DEBT

The City has various long-term commitments for payments to debt obligations to be repaid from various revenue sources. These obligations are discussed in this section and supported with the June 30, 2012 audited information.

REVENUE BONDS

2008 Sales Tax Revenue Bonds- Street Improvements

In FY 2008, \$11.75 million of Sales Tax Revenue Bonds were issued at 4.4%-4.75% interest with approximately \$10 million of bond proceeds to be used to finance the City's Street Improvement Project. The estimated cost of the initial four-year project was approximately \$17 million. After use of bond proceeds, remaining project funding will come from ongoing sales tax revenues not required for debt service and other funds available for this type of work. The City continues efforts to obtain all possible Federal and State funding for street improvements, including utilizing proceeds of the bonds as matching funds for Federal and State grant funding. The bond interest is payable each November 1 and May 1 through May 1, 2037.

Table 13-1
2008 Sales Tax Revenue Bonds- Street Improvements

	Original Issue Amount	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Street Improvement Bonds	\$11,750,000	\$11,055,000	\$0	\$245,000	\$10,810,000

Table 13-2
Future debt service payments on the 2008 Sales Tax Revenue Bonds – Street Improvements

Fiscal Year Ending June 30	Principal	Interest	Total
2013	255,000	484,077	739,077
2014	265,000	475,152	740,152
2015	270,000	466,407	736,407
2016	280,000	457,228	737,228
2017	290,000	447,078	737,078
2018-2037	9,450,000	4,582,868	14,032,868
	\$10,810,000	\$6,912,810	\$17,722,810

Storm Drain Revenue Bonds

The City of El Cerrito 1993 Storm Drain Revenue Bonds were issued in the principal amount of \$6,300,000, bearing interest from 4.3% to 5.5% and maturing each August 1 through 2013. Interest was payable each February and August 1. The bonds consisted of \$4,440,000 in serial bonds and \$1,860,000 in term bonds. Bonds maturing on or after August 1, 2004 were subject to optional redemption by the City with premium. Bonds maturing August 1, 2013, (the term bonds) were subject to mandatory sinking fund redemption commencing August 1, 2010.

In FY 2012, the City issued Storm Drain Revenue Refunding Bonds in the original principal amount of \$1,026,800 at 1.683% interest. The bonds are secured by a first pledge of all revenues

derived from ownership and operation of the storm drain system and the monies held in funds established by the Bond Indenture in amount sufficient to pay the bond debt service, maintenance and operations costs of the system, and to maintain the bond reserve fund. The interest is payable each August 1 and February 1 through August 1, 2013.

Table 13-3
Storm Drain Bonds

	Original Issue Amount	Balance June 30,2011	Additions	Retirements	Balance June 30,2012
1993 Storm Drain Revenue Bonds	\$6,300,000	\$1,435,000	\$0	\$1,435,000	\$0
2012 Storm Drain Revenue Refunding Bonds	\$1,026,800	\$0	\$1,026,800	\$0	\$1,026,800

Table 13-4
Future Debt Service Payments on the Storm Drain Bonds

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$512,300	\$6,202	\$518,502
2014	514,500	4,330	518,830
	\$1,026,800	\$10,532	\$1,037,332

Measure A Lease Revenue Bonds- Swim Center Project

The El Cerrito Public Financing Authority issued 2002 Lease Revenue Bonds, which consisted of \$4,615,000 in bonds bearing interest at 3.00% to 4.75%. The interest is payable each August 15 and February 15. Principal is payable each August 15, through August 15, 2020. The outstanding principal balance of the bonds at June 30, 2012 was \$2,685,000.

The bonds are secured by a pledge, security interest in, and a first and exclusive lien on all base rental payments and other payments paid by the City and received by the Authority and the monies in the funds and accounts established pursuant to the Bond Indenture of Trust. The payment of bond principal and interest is also covered by a financial guaranty insurance policy.

In FY 2013, the 2002 Lease Revenue Bonds were refinanced at a rate of 1.80% on a refunded principal amount of \$2,516,500 with the first principal payment due on September 1, 2013. The interest is payable each September 1 and March 1 through September 1, 2020.

Table 13-5
2002 Lease Revenue Bonds

	Original Issue Amount	Balance June 30,2011	Additions	Retirements	Balance June 30,2012
2002 Measure A Lease Revenue Bonds	\$4,615,000	\$2,930,000	\$0	\$245,000	\$2,685,000

Table 13-6
Future scheduled annual minimum debt service requirements for the Measure A Lease Refunding

Fiscal Year Ending June 30	Principal	Interest	Total
2013	0	21,236	21,236
2014	312,800	46,258	359,058
2015	323,300	40,024	363,324
2016	328,200	33,639	361,839
2017	332,300	27,167	359,467
2018-2021	1,219,900	43,353	1,263,253
	\$2,516,500	\$211,678	\$2,728,178

City Hall Lease Revenue Bonds

The El Cerrito Public Financing Authority issued 2006 Lease Revenue Bonds, which consisted of \$9,610,000 in bonds bearing interest at 3.75% to 5.0%. The interest is payable each June 1 and December 1, with the final payment on November 15, 2036.

The bonds are secured by a pledge, security interest in, and a first and exclusive lien on all base rental payments and other payments paid by the City and received by the Authority and the monies in the funds and accounts established pursuant to the Bond Indenture of Trust.

Table 13-7
2006 City Hall Lease Revenue Bonds

	Original Issue Amount	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
2006 City Hall Lease Revenue Bonds	\$9,610,000	\$9,225,000	\$0	\$205,000	\$9,020,000

Table 13-8
Future Debt Service Payments on City Hall Lease Revenue Bonds

Fiscal Year Ending June 30	Principal	Interest	Total
2013	215,000	384,008	599,008
2014	220,000	375,308	595,308
2015	230,000	366,767	596,767
2016	240,000	357,246	597,246
2017	250,000	347,240	597,240
2018-2036	7,865,000	3,970,219	11,835,219
	\$9,020,000	\$5,800,788	\$14,820,788

CAPITAL LEASE OBLIGATIONS

Master Equipment Lease- Fire Trucks, Recycling Trucks and Toters

Between FY 2005-06 and FY 2009-10, the City entered into lease agreements to finance the acquisition of three fire trucks. The leases interest rates varied from 3.90% to 4.80% with annual payments of about \$165,000 through 2017.

Recycling Trucks and Toters

In FY 2008-09 and FY 2009-20, the City entered into lease agreements to finance the acquisition of recycling trucks and toters. The lease interest rates varied from 3.980% to 4.85% with annual payments of about \$183,000 through 2018.

Master Equipment Lease

In FY 2013, the City entered into a single master equipment lease agreement with Chase Bank to refinance the leases for the above fire trucks, recycling trucks, and recycling toters. The lease arrangement bears interest at a yield of 1.98% with interest payments due on July 25 and January 25 through July 25, 2019. Future minimum lease payments at June 30, 2012 are:

Table 13-9
Master Equipment Lease

Fiscal Year Ending June 30	Amount
2013	124,210
2014	248,420
2015	248,420
2016	248,420
2017	248,420
2018-2020	621,050
Total minimum lease payments	1,738,940
Less amounts representing interest	(110,766)
Present value of net minimum lease payments	\$1,628,174

Recycling Center Capital Lease

On November 1, 2010, the City entered into a capital lease agreement in the amount of \$3,500,000 at 3.88% interest with Holman Capital to finance the reconstruction of the Recycling Center. The term of the lease provided for quarterly principal and interest payments of \$80,225 through October 1, 2025.

In July 2012, the Recycling Center Capital Lease was refinanced reducing the interest rate from 3.88% to 2.50%. The interest is payable each July 1, October 1, January 1, and April 1 through October 1, 2025.

Table 13-10
Recycling Center Capital Lease

	Original Issue Amount	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Recycling Center Capital Lease	\$3,500,000	\$3,500,000	\$0	\$140,175	\$3,359,825

Table 13-11
Future Recycling Center Lease Payments

Fiscal Year Ending June 30	Amount
2013	153,313
2014	306,523
2015	306,619
2016	306,477
2017	306,497
2018-2026	2,605,821
Total minimum lease payments	3,985,251
Less amounts representing interest	(579,651)
Present value of net minimum lease payments	\$3,405,600

Solar Equipment Capital Lease

On December 5, 2012, the City entered into a capital lease agreement in the amount of \$1,595,000 at 2.75% interest with Green Campus Partners to finance the purchase and installation of solar equipment on City facilities. The term of the lease provides for semi-annual principal and interest payments of \$65,236 on December 1 and June 1 through December 1, 2027.

Table 13-12
Solar Equipment Capital Lease

Fiscal Year Ending June 30	Amount
2013	65,236
2014	130,473
2015	130,473
2016	130,473
2017	130,473
2018-2028	1,369,959
Total minimum lease payments	1,957,087
Less amounts representing interest	(361,787)
Present value of net minimum lease payments	\$1,595,300

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012 was as follows:

Table 13-13
Long-term Liabilities
City of El Cerrito
Long Term Debt
June 30, 2012

	Original Issue Amount	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
General LTD Fund 792					
Street Improvement Bonds	\$ 11,750,000	\$ 11,055,000		\$ 245,000	\$ 10,810,000
Storm Drain Revenue Bonds	6,300,000	1,435,000	\$ 1,026,800	1,435,000	1,026,800
Measure A Lease Revenue Bonds	4,615,000	2,930,000		245,000	2,685,000
City Hall Lease Revenue Bonds	9,610,000	9,225,000		205,000	9,020,000
Total GLTD	<u>\$ 32,275,000</u>	<u>\$ 24,645,000</u>	<u>\$ 1,026,800</u>	<u>\$ 2,130,000</u>	<u>\$ 23,541,800</u>
Internal Service Fund 601					
Fire Truck Capital Leases	\$ 1,429,108	\$ 976,658		\$ 88,970	\$ 887,688
Total IS Commitments	<u>\$ 1,429,108</u>	<u>\$ 976,658</u>		<u>\$ 88,970</u>	<u>\$ 887,688</u>
Enterprise Activity Debt					
Recycling Trucks Capital Lease	770,577	564,360		79,293	485,067
Recycling Toters Capital Lease	540,450	347,498		63,077	284,421
Recycling Center Capital Lease	\$ 3,500,000	\$ 3,500,000		\$ 140,175	\$ 3,359,825
Total Enterprise Activity	<u>\$ 4,811,027</u>	<u>\$ 4,411,858</u>		<u>\$ 282,545</u>	<u>\$ 4,129,313</u>

Deferred Debt Expense

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.



SECTION 14:
APPENDICES AND STATISTICS

