



**City of Glendale, Arizona**  
**Summary of 2015 Bond Refinancings**

**April 21, 2015**



**RBC Capital Markets**

## Overview

- ❖ In September 2014, RBC Capital Markets (“RBCCM”), as Financial Advisor to the City, identified opportunities to refinance various of the City’s outstanding bonds for significant debt service savings
- ❖ The Bonds recommended for refinancing and the City fund or area benefitted by the refinancing were as follows:

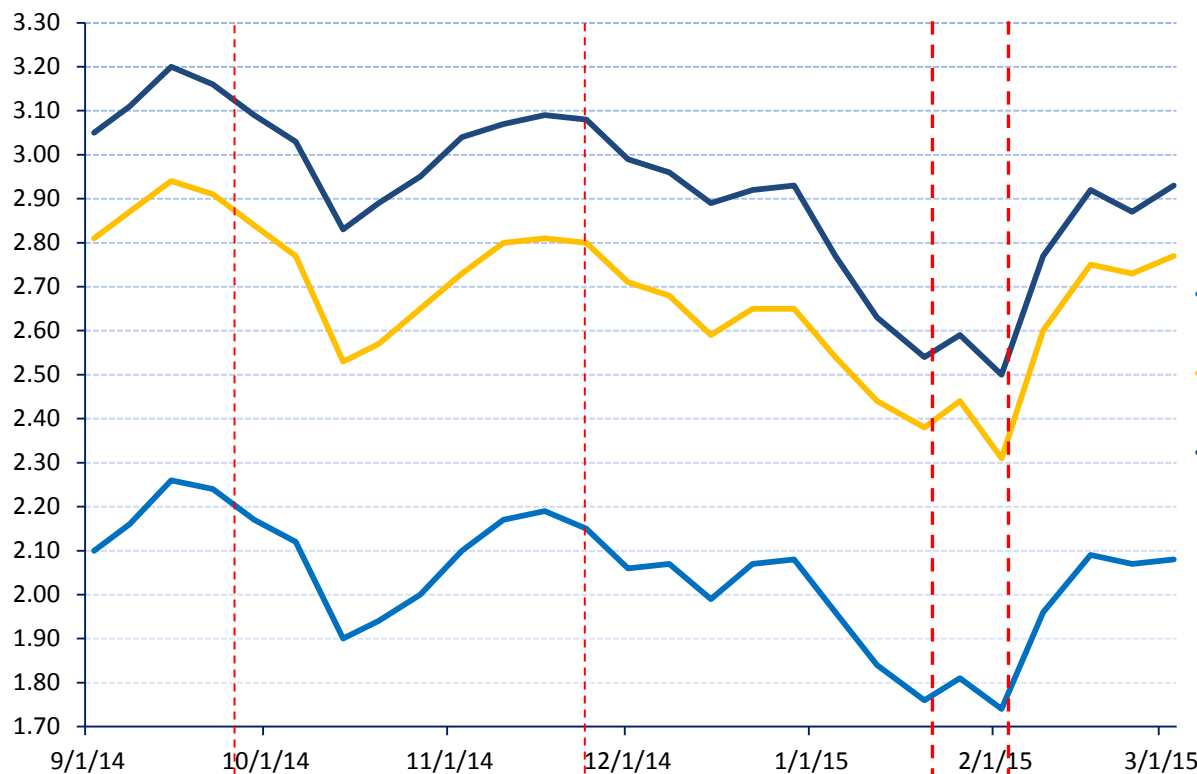
Type of Bonds	Financing Savings Benefit
Excise Tax Revenue Bonds	General Fund
General Obligation Bonds	Property Tax Levy
Water & Sewer Revenue Bonds	Water & Sewer Enterprise Fund
Transportation Excise Tax Revenue Bonds	Transportation Sales Tax Fund

- ❖ City staff worked diligently with RBCCM to coordinate and execute the refinancings to take advantage of favorable market conditions and low interest rates
- ❖ Refinancing bonds were expected to be sold in mid to late January. Actual bond sales occurred on: January 21 (Transportation Excise Tax), January 28 (Water & Sewer), January 29 (Excise Tax) and February 3 (General Obligation)
- ❖ **The four refinancing transactions generated a combined net present value savings to the City of \$48.043 million**

## Interest Rates: September 1, 2014 – February 17, 2015

- ❖ The City's bond sales occurred from 1/21/15 through 2/3/15
- ❖ As highlighted in the interest rate chart below, from September 2014 through February 17, 2015, market conditions at the time of the City's bond sales were highly favorable

"AAA" MMD Since September 2014



10yr MMD  
20yr MMD  
30yr MMD

Changes in MMD					
"AAA" MMD	9/25/14	11/24/14	1/21/15	Change from 9/25/14 (bps)	Change from 11/24/14 (bps)
10 Yr	2.18	2.15	1.80	-0.38	-0.35
20 Yr	2.85	2.80	2.44	-0.41	-0.36
30 Yr	3.10	3.08	2.59	-0.51	-0.49

9/25/14

RBCCM/City Staff Meeting  
(Refinancings Identified)

11/24/14

City Council Meeting

Bond Sales (1/21 - 2/3)

Trans Excise Tax: 1/21  
Water & Sewer: 1/28  
City Excise Tax: 1/29  
General Oblig: 2/3

# Transportation Excise Tax Revenue Bond Refinancing

Transportation Excise Tax Revenue Bond Refinancing		
	11/24/14 Council	Final Pricing Results
Par Amount of 2015 Refunding Bonds	Est. \$30,000,000	\$55,635,000
Par Amount of Refunded Bonds	Est. \$31,195,000	\$59,110,000
<b>Debt Service Savings (net of all costs)</b>		
Future Value Savings	\$1.2 - \$2.6 million	\$6,812,242
Present Value Savings	\$1.0 - \$2.4 million	\$5,323,335
Savings as % of Refinanced Bonds	3.000% - 3.500%	9.01%
Interest rate on Refinancing Bonds	Est. 3.00% 3.50%	2.82%
Underlying Ratings	"A3" (Moody's) / "AA" (S&P)	A3 (Moody's) / AA (S&P)
Insured Ratings (Assured Guaranty)	N/A	A2 (Moody's) / AA (S&P)

- ❖ Transaction well received in the market with \$116.46 million in total orders
- ❖ True Interest Cost: 2.82%
- ❖ Broad investor participation from 20 Institutional Investors including:
  - ❖ Fidelity Investments
  - ❖ Goldman Asset Mgmt
  - ❖ Eaton Vance
  - ❖ Citizens First Bank
  - ❖ M D SASS Investors
  - ❖ Allstate Insurance Co
  - ❖ Eagle Asset Mgmt
  - ❖ Alliance Bernstein
  - ❖ RNC Capital Mgmt
  - ❖ Boston Company
  - ❖ Delaware Inv. Mgmt
  - ❖ SB Value Partners
  - ❖ Conning & Co.
  - ❖ MPAM Credit Trading
  - ❖ Mullins Invest. Mgmt
  - ❖ Wells Fargo Asset Mgmt
  - ❖ Cincinatti Financial Corp.
  - ❖ Assured Guaranty Mun.
  - ❖ Miami Corporation
  - ❖ Merrill Lynch Arb Fund

# Water & Sewer Revenue Bond Refinancing

Water and Sewer Revenue Bond Refinancing		
	11/24/14 Council	Final Pricing Results
Par Amount of 2015 Refunding Bonds	Est. \$96,195,000	\$121,245,000
Par Amount of Refunded Bonds	Est. \$102,810,000	\$129,455,000
<b>Debt Service Savings (net of all costs)</b>		
Future Value Savings	\$5.5 - \$9.1 million	\$14,839,615
Present Value Savings	\$5.0 - \$8.6 million	\$14,302,935
Savings as % of Refinanced Bonds	4.75% - 8.00%	11.049%
Interest rate on Refinancing Bonds	Est. 2.60% 3.05%	2.09%
Underlying Ratings	A1 (Moody's) / AA (S&P)	A1 (Moody's) / AA (S&P)

- ❖ Transaction well received in the market with \$230.505 million in total orders
- ❖ True Interest Cost: 2.09%
- ❖ Broad investor participation from Arizona & National retail investors and 14 Institutional Investors including:
  - ❖ State Farm Insurance
  - ❖ Goldman Sachs Asset Mgmt
  - ❖ UBS Asset Management
  - ❖ Chubb
  - ❖ Aquila
  - ❖ Allstate Insurance Company
  - ❖ Blackrock
  - ❖ Citizens First Bank
  - ❖ Gentrust Wealth Mgmt
  - ❖ Sterling Capital Mgmt
  - ❖ Sanford C. Bernstein & Co.
  - ❖ Columbia Asset Mgmt
  - ❖ Breckenridge Capital
  - ❖ ASA Taxable Advisors

# Excise Tax Revenue Bond Refinancing

Excise Tax Revenue Bond Refinancing		
	11/24/14 Council	Final Pricing Results
Par Amount of 2015 Refunding Bonds	Est. \$132,400,000	\$114,130,000
Par Amount of Refunded Bonds	Est. \$132,175,000	\$130,625,000
<b>Debt Service Savings (net of all costs)</b>		
Future Value Savings	\$8.8 - \$15 million	\$24,329,943
Present Value Savings	\$7.8 - \$14 million	\$25,660,830
Savings as % of Refinanced Bonds	6.20% - 11.20%	19.645%
Interest rate on Refinancing Bonds	Est. 3.75% 4.25%	2.92%
Underlying Ratings	A3 (Moody's) / AA+ (S&P)	A3 (Moody's) / AA+ (S&P)

- ❖ \$147.605 million of orders for some but not all of the maturities; approximately 35% of transaction underwritten by the syndicate
- ❖ True Interest Cost: 2.92%
- ❖ Participation from 10 Investors including:
  - ❖ J.P. Morgan
  - ❖ Alliance Bernstein
  - ❖ Fidelity Investments
  - ❖ Charles Schwab
  - ❖ Citizens First Bank
  - ❖ E-Trade Securities
  - ❖ Genworth Financial
  - ❖ Mesilla Valley Investments
  - ❖ CL King & Associates
  - ❖ Tsalis Asset Management

# General Obligation Bond Refinancing

General Obligation Bond Refinancing		
	11/24/14 Council	Final Pricing Results
Par Amount of 2015 Refunding Bonds	Est. \$24,500,000	\$34,490,000
Par Amount of Refunded Bonds	Est. \$24,620,000	\$41,985,000
<b>Debt Service Savings (net of all costs)</b>		
Future Value Savings	\$1.1 - \$1.9 million	\$3,472,483
Present Value Savings	\$1.0 - \$1.8 million	\$2,756,890
Savings as % of Refinanced Bonds	4.25% - 5.00%	6.566%
Interest rate on Refinancing Bonds	Est. 2.00% 2.40%	1.81%
Underlying Ratings	A3 (Moody's) / BBB+ (S&P)	A3 (Moody's) / BBB+ (S&P)
Insured Ratings (Assured Guaranty)	N/A	A2 (Moody's) / AA (S&P)

- ❖ Transaction well received in the market with \$148.245 million in total orders
- ❖ True Interest Cost: 1.81%
- ❖ Strong participation from 9 Institutional Investors including:
  - ❖ Fidelity Funds
  - ❖ Goldman Asset Mgmt
  - ❖ Management
  - ❖ Vanguard Funds
  - ❖ Eaton Vance
  - ❖ Wamco
  - ❖ SWBC
  - ❖ Longfellow Investment Mgmt
  - ❖ Bel Air Investment Advisors

## Disclaimer

---

This presentation was prepared exclusively for the benefit of and internal use by the recipient for the purpose of considering the transaction or transactions contemplated herein. This presentation is confidential and proprietary to RBC Capital Markets, LLC ("RBC CM") and may not be disclosed, reproduced, distributed or used for any other purpose by the recipient without RBCCM's express written consent.

By acceptance of these materials, and notwithstanding any other express or implied agreement, arrangement, or understanding to the contrary, RBC CM, its affiliates and the recipient agree that the recipient (and its employees, representatives, and other agents) may disclose to any and all persons, without limitation of any kind from the commencement of discussions, the tax treatment, structure or strategy of the transaction and any fact that may be relevant to understanding such treatment, structure or strategy, and all materials of any kind (including opinions or other tax analyses) that are provided to the recipient relating to such tax treatment, structure, or strategy.

The information and any analyses contained in this presentation are taken from, or based upon, information obtained from the recipient or from publicly available sources, the completeness and accuracy of which has not been independently verified, and cannot be assured by RBC CM. The information and any analyses in these materials reflect prevailing conditions and RBC CM's views as of this date, all of which are subject to change.

To the extent projections and financial analyses are set forth herein, they may be based on estimated financial performance prepared by or in consultation with the recipient and are intended only to suggest reasonable ranges of results. The printed presentation is incomplete without reference to the oral presentation or other written materials that supplement it.

IRS Circular 230 Disclosure: RBC CM and its affiliates do not provide tax advice and nothing contained herein should be construed as tax advice. Any discussion of U.S. tax matters contained herein (including any attachments) (i) was not intended or written to be used, and cannot be used, by you for the purpose of avoiding tax penalties; and (ii) was written in connection with the promotion or marketing of the matters addressed herein. Accordingly, you should seek advice based upon your particular circumstances from an independent tax advisor.