

Watsonville Public Finance Authority Lease Revenue Bonds, Series 2025

May 27, 2025

Financing Team

Urban Futures, Inc.
Municipal Advisor

Anzel Galvan LLP
Bond Counsel and Disclosure Counsel

Samuel A. Ramirez & Co., Inc
Underwriter

U.S. Bank
Trustee

Plan of Finance: 2025 Lease Revenue Bonds

Issuer

- Watsonville Public Finance Authority
- A joint-powers authority between the City and the Industrial Development Authority of the City of Watsonville

Purpose

- Generate \$12 million in proceeds to finance a portion of the costs of the design, acquisition, construction and installation of certain public capital improvements to the City's Ramsay Park and City Plaza, and related infrastructure improvements and pay the costs of issuing the Bonds

Security

- Semi-annual lease payments made by the City for use and occupancy of the leased property
 - The Authority assigns its right to receive lease payments from the City to the Trustee to pay debt service
- City agrees to annually budget and appropriate lease payments
- Standard general and hazard insurance plus 2 years of rental interruption insurance
- City's obligation to make lease payments will be reduced, in full or in part, to the extent there's substantial interference with its right to use and occupy any portion of the leased property

Leased Property

- City Hall, Youth Center, Parks and Community Services Building, and Police/IT Building

Projects

Ramsay Park Renaissance Project (City's largest park)

- Improvements include renovated Sotomayer soccer field, new multi-use sports field, inclusive playground, dog play areas, and a 3,500-sf nature center
- \$33 million total project cost
- Funded by Measure R, State grants, ARPA funds, the City of Watsonville General Fund, and bond proceeds

City Plaza Expansion and Revitalization Project

- Renovation of gazebo and historic fountain, enhanced landscaping and lighting
- New permanent stage with seating, picnic areas, play station, public art, and circular walkway
- Additional upgrades include bottle-filling station, bike parking, upgraded electrical infrastructure, and interpretive signage
- Funded by Measure R, State grants and bond proceeds

Preliminary Financing Details*

Estimated par or principal amount of \$11.375 million

- Project fund deposit of \$12 million

Debt Structure

- Level annual debt service of approximately \$1,485,201 with final maturity in 2035
- Payment dates of May and November, principal paid in May
- Current market true interest cost of 3.47%

Not-to-Exceed Parameters in Resolution

- Not-to-exceed parameters of principal (\$13 million), true interest cost (4.5%), and Underwriter's fee (0.8% of par) allow some room should market conditions shift

Sources and Uses

2025 Bonds

Sources	
Par Amount	\$11,375,000
Net Premium	962,749
Total	\$12,377,749

Uses	
Project Fund	\$12,000,000
Costs of Issuance	337,749
Total	\$12,337,749

City Council and Board of Directors Actions

City Council and Board of Directors consider adoption of Resolutions to authorize/approve issuance of Lease Revenue Bonds, Series 2025 (not to exceed \$13 million), approve financing team, and approve final form of financing documents

City Documents

- City Council Resolution
- Ground Lease
- Lease Agreement
- Indenture
- Bond Purchase Agreement
- Preliminary Official Statement
- Continuing Disclosure Certificate

Board Documents

- Authority Resolution
- Ground Lease
- Lease Agreement
- Assignment Agreement
- Indenture
- Bond Purchase Agreement
- Preliminary Official Statement

Financing Schedule:

Next Steps

May 22

Rating Meeting

May 30

Rating Received

Jun 2*

Preliminary Official Statement Posted

Jun 10*

Bond Sale

Jun 26*

Closing (Bond Proceeds Received)

** Preliminary, subject to change*