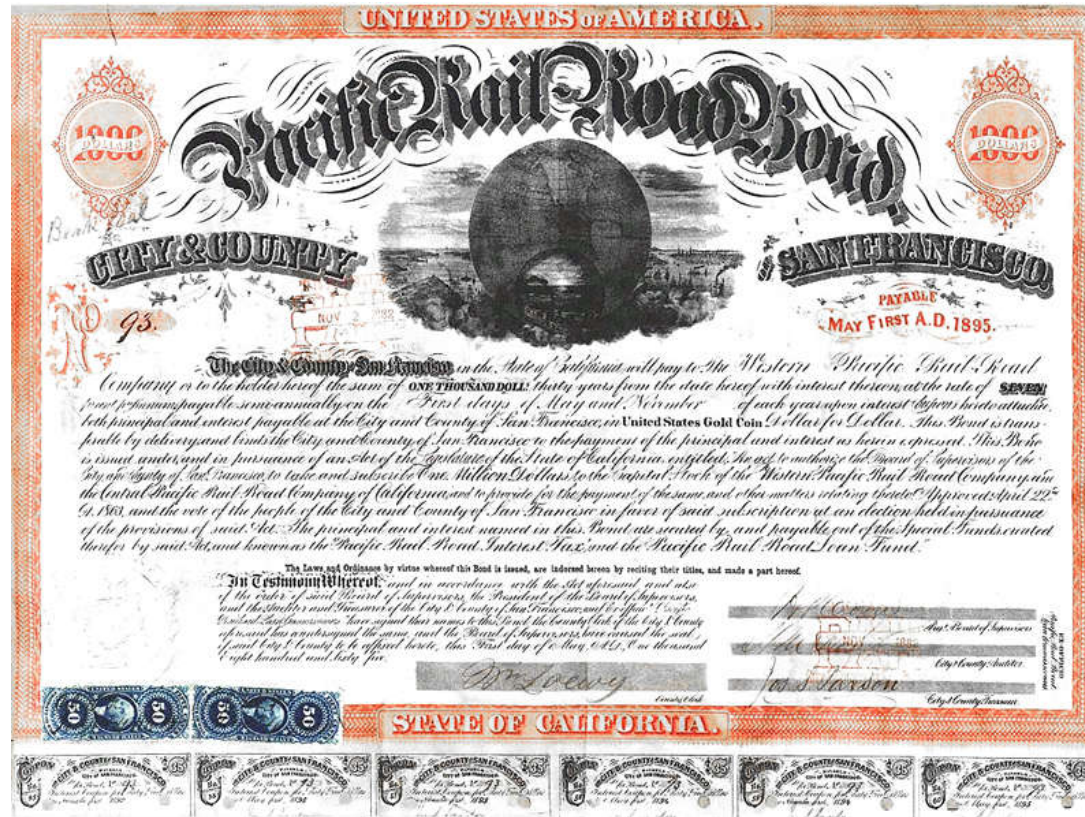


# SMART Debt Refinancing Update

## November 4, 2020



# Background

- SMART bonds first issued in 2011 to provide for construction of the initial 43 miles of service
- Prior to new sale, SMART's outstanding debt: \$136.9 million
- Prior annual debt service escalated from \$17.4 million this FY to **\$22 million** in 2028

# Background

- At November 4th meeting, Board authorized issuance of new debt for the purpose of achieving annual debt service savings
- Total authorization of \$160 million designed to provide flexibility in the use of sources of funds and debt structure, including use of reserve account
- Estimated bond sale amount in that authorization was **\$123 million**

# Background

- Since Board authorization in October, we received a successful bond rating of AA from Standard and Poor's (October 9)
- Conducted a successful pricing (sale) on October 21
- Transaction closed (completed) on October 29



# Refinancing Success

- Construction debt of \$136.9 million replaced by new **Green Bonds** totaling \$122.97 million
- Maximum annual debt service reduced from \$22 million to \$17 million
- True Interest Cost for life of debt: 1.72% compared to 3.31% on existing bonds
- Costs of Issuance: \$605,626

# Refinancing Success

- Investors have many choices – **\$71 Billion** in municipal bonds issued in month of October
- Combination of our successful management of the District, a stellar bond rating, and a top notch team led to the successful sale
- Bonds primarily purchased by
  - Firms with managed retail investment accounts
  - Institutional accounts such as bond funds and insurance companies
  - Very small amount by individual retail investors
- In total, 17 different accounts placed orders – totaled \$199 million – approximately 1.6 times the size of the offering



# The SMART Team

- **SMART Financial Advisors:** PFM  
Sarah Hollenbeck & Bob Rich,  
Managing Directors
- **SMART Bond Counsel:** Nixon Peabody  
Rudy Salo, Partner
- **Bond Underwriters**  
Michael Fleishman, Director, Barclays  
Holly Vocal, Director, Bank of America Securities
- **SMART Staff**



# Resulting New Debt Service

Fiscal Year	Original Debt Service	New Debt Service	Savings
2021	\$ 17,405,850	\$ 14,284,259	\$ 3,121,591
2022	\$ 18,060,000	\$ 14,936,756	\$ 3,123,244
2023	\$ 18,717,750	\$ 15,596,193	\$ 3,121,557
2024	\$ 19,368,250	\$ 16,244,444	\$ 3,123,806
2025	\$ 20,023,750	\$ 16,904,116	\$ 3,119,634
2026	\$ 20,680,750	\$ 16,996,844	\$ 3,683,906
2027	\$ 21,335,750	\$ 16,998,869	\$ 4,336,881
2028	\$ 21,990,250	\$ 16,999,931	\$ 4,990,320
2029	\$ 16,495,500	\$ 13,899,281	\$ 2,596,219

- Average annual debt service savings: **\$3.47 million**
- Savings this fiscal year: \$3.1 million, \$2.1 million better than budgeted

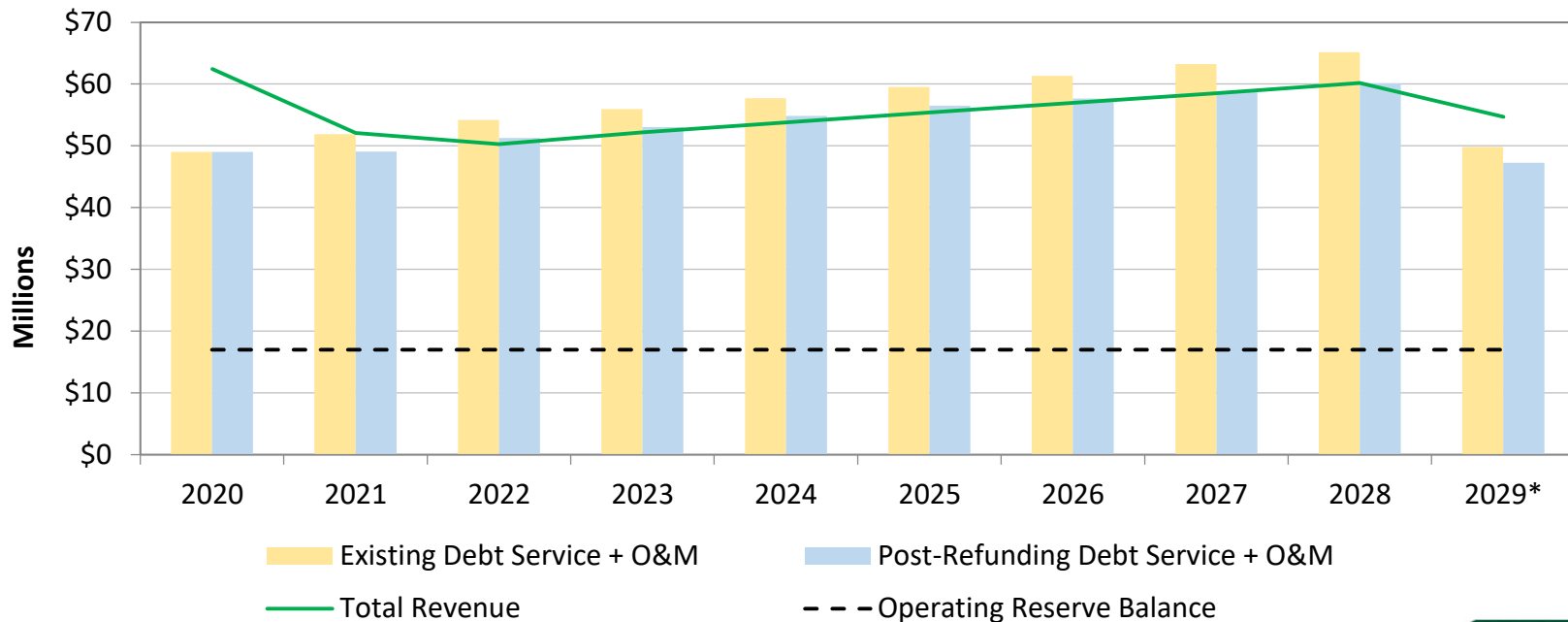




# New Financial Forecast

- Brings Operating costs, which includes debt service, in line with revenue over the long term
- Preserves reserves for the foreseeable future

SMART Revenue and Expense Estimates by Fiscal Year



\*FY 2029 is a partial year

# Conclusion

- Outstanding result in a difficult year
- Estimate of **\$3.47 million** average annual reduction provides operating breathing room to survive the continued COVID-19 crisis
- SMART is now on solid ground with a solid future reserve through 2029