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Legislation Text

File #: 19-748, **Version:** 1

TO: **Mayor and Members of City Council**

THRU: **Telly C. Whitfield, PhD. - Assistant City Manager**

FROM: **Jay C. Toland, CMA - Chief Financial Officer**

DATE: **May 13, 2019**

RE:
Approval of sale and issuance of Limited Obligation Bonds - Baseball Stadium and Parking Deck Improvements and A New Pool

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

Goal V: Sustainable Organizational Capacity - Objective A: To ensure strong financial management with fiduciary accountability and plan for the future resource sustainability by aligning resources with City priorities.

Executive Summary:

Council is asked to consider the final approving resolution to authorize the city to sell an amount not to exceed $7,300,000 in limited obligation bonds. The purpose is to finance one or more of the following projects: (a) certain additional costs relating to the acquisition, construction and equipping of a baseball stadium, (b) certain additional costs relating to the acquisition, construction and equipping of a parking deck and (c) the cost of constructing and equipping a new pool at the Lake Rim Recreation Center.

The current forecasts are as follows; Baseball Stadium $2.5M, Lake Rim Pool $3M, and the Parking Garage is $1.5M, grand estimated total $7M. Actual figures and issuance costs will be used for the application to the Local Government Commission.

Background:

On April 8, 2019, City Council held a public hearing to receive comments on a financing agreement in the form of limited obligation bonds to provide funds to pay the costs of one or more of the following projects: (a) certain additional costs relating to the acquisition, construction and equipping of a

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baseball stadium, (b) certain additional costs relating to the acquisition, construction and equipping of a parking deck and (c) the cost of constructing and equipping a new pool at the Lake Rim Recreation Center.

Actual bond principal will be the amount necessary to provide sufficient funds, together with any other available funds, to pay (a) certain additional costs relating to the acquisition, construction and equipping of a baseball stadium, (b) certain additional costs relating to the acquisition, construction and equipping of a parking deck and (c) the cost of constructing and equipping a new pool at the Lake Rim Recreation Center (d) the fees and expenses incurred in connection with the sale and issuance of the bonds. The principal amount will not exceed $7,300,000.

Drafts of the following documents relating to the transaction are attached to this agenda item.

By adopting the attached resolution, City Council approves these attached draft documents in substantially the form presented at this meeting, and authorizes and directs the Mayor, City Manager, Chief Financial Officer, City Attorney and City Clerk, and any other officers, agents and employees of the City, to take such actions and to deliver such certificates, opinions and other items of evidence as shall be deemed necessary to execute the bond sale. This resolution shall take effect immediately upon its adoption.

Issues/Analysis:

A portion of the baseball stadium budget changes and Lake Rim pool costs have been paid from City reserves. Bond proceeds can be used to reimburse these funds. Furthermore the additional request from PCH LLC can be financed using bond proceeds as well. Packaging these financing as one transaction creates synergies and cost savings towards issuance costs.

The issuance of this series of LOBs will not affect the City's credit rating, which has been affirmed at AA (S&P Global Ratings)

Preliminary analysis determined that financing using a LOBs is less expensive and more palatable to investors/banks opposed to an installment financing. The baseball stadium budget changes must be included to execute the transaction as presented.

Pricing is scheduled for 5/23/2019 and closing scheduled for 6/11/2019.

Budget Impact:

City Council has already approved or given preliminary/tentative consensus for capital project ordinances, and amendments to the ordinances, for the baseball stadium, parking deck, and Lake Rim Pool.

The proposed financing is the primary source of cash for all three projects, if needed. Furthermore, the debt service for the Baseball Stadium and Lake Rim Pool will be paid out of CIP and the debt service for the Parking Garage will be paid for with an increase in tax revenue as proposed by PCH

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at Council's April Work Session.

Options:
1) Adopt Resolution Approving and Authorizing the Sale and Issuance of Limited Obligation Bonds and the Execution and Delivery of a Second Supplemental Trust Agreement, and Related Documents in Connection with the Financing improvements to the Baseball Stadium and Parking Deck and A Pool.

2) Do not adopt the resolution and provide direction to staff.

Recommended Action:
Approve Option 1 above

Attachments:
City Council Proceedings - Resolution
LOBs - Presentation
Amortization Schedule
LGC agenda item - LOBs City of Fayetteville
Debt Model
Second Supplemental Trust Agreement
S&P rating GO_LOBs