



Legislation Text

File #: 19-832, Version: 1

TO: Mayor and Members of City Council

THRU: Telly C. Whitfield, Ph.D., Assistant City Manager

FROM: Tracey Broyles, Budget and Evaluation Director
Jay C. Toland, Chief Financial Officer

DATE: May 28, 2019

RE:
Adoption of Budget Ordinance Amendment 2019-14 for the Refunding of the General Obligation Public Improvement Bonds, Series 2005

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:

On April 23, 2019, Council adopted a resolution providing for the sale and issuance of not to exceed \$2,600,000 General Obligation Refunding Bonds, Series 2019. Bonds with a face value of \$2,270,000 were sold on May 7, 2019 providing \$2,531,739 of proceeds inclusive of the premium on the sale. Budget Ordinance Amendment 2019-14 will appropriate the gross proceeds from the sale to fund the refunding of the bonds and the payment of bond issuance costs.

Background:

Analysis of current market rates indicated that the City was able to realize debt service savings by refunding the outstanding maturities of its General Obligation Public Improvement Bonds, Series 2005, maturing June 1, 2020 through June 1, 2025. Proceeds from the sale of the Series 2019 General Obligation Refunding Bonds totaled \$2,531,739, including a premium in the amount of \$261,739 with the \$2,270,000 bonds. The total expenditures include the \$2,500,000 to refund the bonds, as well as bond issuance costs totaling \$31,739.

Issues/Analysis:

On the date of the sale of the Series 2019 General Obligation Refunding Bonds, the net present

value savings were \$188,590. The average annual savings are \$33,420.

Budget Impact:

The General Fund capital funding plan will benefit from the future savings on the debt repayment, and the bond issuance costs are to be funded from the proceeds from the refunding.

Options:

- Adopt Budget Ordinance Amendment 2019-14 to provide the budgetary authority to refund the General Obligation Public Improvement, Series 2005 Bonds.
- Do not adopt the budget ordinance amendment as presented, and provide guidance to staff.

Recommended Action:

Staff recommends that Council move to adopt Budget Ordinance Amendment 2019-14 as presented.

Attachments:

Budget Ordinance Amendment 2019-14