



Legislation Text

File #: ID 15-0362, **Version:** 1

Order Authorizing The Sale And Issuance By The City Of Greensboro, North Carolina Of Not To Exceed \$37,000,000 Combined Enterprise System Revenue Refunding Bonds, Series 2015 And Authorizing The Execution And Delivery Of Certain Documents In Connection Therewith

Department: Finance and Legal
Council District: All

Public Hearing:
Advertising Date/By:

Contact 1 and Phone: Richard Lusk, Finance Director, 373-2077

Contact 2 and Phone: Tom Carruthers, City Attorney, 373-2320

PURPOSE:

To approve the attached bond order authorizing the issuance and sale of up to \$37.0 million Combined Enterprise (water and sewer) Revenue Refunding Bonds on or about May 21, 2015 to refinance certain outstanding bonds to a lower rate of interest.

BACKGROUND:

On April 7, 2015, the City Council, by resolution, authorized the filing of an application with the N.C. Local Government Commission requesting approval of the issuance of up to \$37.0 million Combined Enterprise System (Water & Sewer) Revenue Refunding Bonds. The Commission, by resolution, on May 5, 2015 approved the sale of the Series 2015 Bonds.

The proposed bond issue consists of refinancing \$35.8 million in outstanding bonds to a lower interest rate, in the aggregate, to reduce debt service costs over the next 14 years (includes \$25.8 million fixed rate bonds issued in 2007, maturing in 2029 with an average interest rate of 4.8%, and \$10.0 million of the City's \$70.7 million variable rate bonds, maturing in 2021). A portion of the combined enterprise variable rate bonds are being refinanced to reduce the City's variable interest rate exposure and to maintain the percentage of outstanding variable rate bonds below the 30% maximum debt policy objective. Based on current market rates we expect to sell the refunding bonds at an average net interest rate of 2.5%. Debt service savings are projected to exceed \$3.0 million over the remaining 14-year term of the bonds.

The revenue refunding bonds will be issued pursuant to a supplemental trust agreement with U.S. Bank, N.A. (bond trustee) and a bond purchase agreement with Wells Fargo Bank, N.A. and Loop Capital Markets LLC.

BUDGET IMPACT:

Annual debt service on the bonds will be paid from the Water Resources Fund budget. The average annual reduction in debt service savings is currently projected at \$214,000 a year over the next 14 years.

RECOMMENDATION / ACTION REQUESTED:

The Finance and Legal Departments recommend approval of the attached bond order authorizing the issuance and sale of up to \$37.0 million Series 2015 Combined Enterprise System Revenue Refunding Bonds.