



Legislation Text

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Ordinance Amending the Debt Service Fund to Provide Appropriations to Record the Refinancing of General Obligation (GO) Bond Anticipation Notes Issued in 2014 and Refinancing of Certain 2006 and 2008A GO Bonds

Department: Financial and Administrative Services

Department: Legal

Council District: All

Public Hearing: N/A

Advertising Date/By: N/A

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PURPOSE:

To amend the Debt Service Fund to provide appropriations in the amount of \$72,866,035 to record the refinancing of GO Bond Anticipation Notes issued in 2014 and the refinancing of certain 2006 and 2008A GO bonds.

BACKGROUND:

In March 2014, the City issued a \$50 million GO Bond Anticipation Note under a short-term interest-only construction draw program to fund certain general government capital project expenses. On August 16, 2016, Council adopted proceedings to issue up to \$72.5 million in GO Refunding Bonds, Series 2016 to pay off the \$50 short-term note and to refinance up to \$22.5 million in GO bonds issued in 2006 and 2008, to achieve future interest savings. The refunding bonds were approved by the Local Government Commission at its September 6, 2016 meeting. The bonds were sold in September and closed on October 20, 2016. The \$50 million note was refinanced to 20-year long-term bonds with an interest rate of 2.36% and \$21.5 million of previously issued GO bonds were refinanced at 1.27% with projected debt service savings of \$2.4 million over the next 9 years.

BUDGET IMPACT:

Annual debt service will be paid from the Debt Service Fund. No increase in property taxes is needed to service the debt related to the portion of the Series 2016 GO Refunding Bonds that paid off the \$50 million note, projected at \$2,175,000 over the next 20 years. Savings from refunding the 2006 and 2008A bonds will offset debt service costs spread over their remaining 7-year and 9-year respective terms.

RECOMMENDATION / ACTION REQUESTED:

The Financial and Administrative Services and Legal Departments recommend approval of the attached

ordinance to provide appropriations to record the refinancing of \$50 million GO Bond Anticipation Notes issued in 2014 and certain GO bonds issued in 2006 and 2008.