

**CITY OF GOODYEAR
CFD BOARD ACTION REPORT**

SUBJECT: Adopt resolution CFUD#1 RES 2018-104 authorizing the defeasance of a portion of the District's District General Obligation Refunding Bonds, Series 2014.	STAFF PRESENTER: Doug Sandstrom, District Treasurer
	CASE NUMBER: None
	OTHER PRESENTER: None

PROPOSED ACTION:

ADOPT RESOLUTION CFUD#1 RES 2018-104 AUTHORIZING AND PROVIDING FOR THE DISTRICT TREASURER OR DESIGNEE TO TRANSFER DISTRICT FUNDS TO AN IRREVOCABLE TRUST FUND TO BE USED TO DEFEASE A PORTION OF THE OUTSTANDING COMMUNITY FACILITIES UTILITIES DISTRICT NO. 1 (CITY OF GOODYEAR, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014; AUTHORIZING THE EXECUTION OF A DEPOSITORY TRUST AGREEMENT FOR THE SAFEKEEPING AND HANDLING OF SECURITIES AND MONEYS TO BE USED TO PAY THE BONDS BEING DEFEASED; APPROVING IN SUBSTANCE THE FORM OF CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY FOR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RATIFYING THE ACTIONS OF ALL OFFICERS AND AGENTS OF THE DISTRICT AND OTHERS WITH RESPECT TO THE TRANSFER, PREPAYMENT, DEFEASANCE AND REDEMPTION.

BACKGROUND AND PREVIOUS ACTIONS:

The District previously issued General Obligation Refunding Bonds, Series 2014 (the "Prior Bonds "). In connection with the bankruptcy of a Suncor, a former property owner in the District, as part of the bankruptcy Suncor funded a special debt service reserve fund that is available to the District for this purpose.

STAFF ANALYSIS:

The District staff, with the advice of the District's Financial Advisor, has determined that by prepaying and defeasing \$2.8 million of Bonds the District will be able to reduce the debt service tax rate for the District. District staff determines that prepayment and defeasance of the Bonds Being Defeased is in compliance with the purpose of the debt service reserve fund, state law and District policies.

FISCAL ANALYSIS:

The current tax levy of \$1.15 per \$100 of assessed value levied on all taxable property within the District pays debt service on the outstanding bonds of the District (\$0.90) and maintenance and operation expenses associated with the District (\$0.25). The secondary property tax levy for debt service, which is currently at \$0.90 for the District, was originally targeted to be \$0.75 per \$100 of assessed valuation.

By utilizing the debt service reserve fund to defease these bonds, it is estimated to result in a decrease of debt service of approximately \$2,839,000 which will reduce the required district tax levy. This reduction in the required levy will result in an anticipated rate decrease of \$0.10 to \$0.30 per \$100 of assessed value for fiscal years 2019 through 2022. The savings related to this defeasance have been structured to target a debt service tax rate of \$0.75 per \$100 of assessed valuation for the applicable years. Actual savings and tax rates will be based on a number of factors, including escrow yields in February or March 2018.

RECOMMENDATION:

Adopt resolution CFUD#1 RES 2018-104 to authorize the defeasance of the Bonds Being Defeased.

ATTACHMENTS:

- A. CFUD#1 RES 2018-104
- B. DRAFT Depository Trust Agreement