

AGENDA ITEM #: _____

DATE: April 8, 2019

CAR #: 2019-6620



CITY COUNCIL ACTION REPORT

SUBJECT: Ordering the sale of the City of Goodyear, Arizona, General Obligation Refunding Bonds, Series 2019.

STAFF PRESENTER(S): Jared Askelson, Finance Manager

OTHER PRESENTER(S): None

Summary: Resolution No. 2019-1952 authorizes the sale, issuance, and delivery of up to \$6,000,000 of the City of Goodyear, Arizona, General Obligation Refunding Bonds, Series 2019 ("Refunding Bonds"), in order to refund certain outstanding bonds of the City.

Recommendation:

ADOPT RESOLUTION NO. 2019-1952 AUTHORIZING THE ISSUANCE AND SALE OF CITY OF GOODYEAR, ARIZONA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS AND THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; APPOINTING A REGISTRAR AND PAYING AGENT AND A DEPOSITORY TRUSTEE FOR THE BONDS; APPROVING THE FORM OF CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; DELEGATING THE AUTHORITY TO APPROVE AND DEEM FINAL A FORM OF OFFICIAL STATEMENT; RATIFYING ALL ACTIONS TAKEN AND TO BE TAKEN WITH RESPECT TO THE BONDS IN FURTHERANCE OF THIS RESOLUTION; AND AUTHORIZING ANY NECESSARY BUDGET TRANSFERS RELATED TO THE BONDS.

Fiscal Impact: Based on interest rates from late March, the refunding is estimated to result in a present value savings of \$1,010,900. Actual savings will be based on interest rates at the time of bond issuance in late April. With the use of available debt service fund balance, the amount of principal due will decrease from \$5,580,000 to \$5,015,000.

Background and Previous Actions

In May of 2009, the City issued \$5,580,000 of general obligation refunding bonds with an average interest rate of just under 5.125%. Those bonds were issued with a call date of July 2019, which allows the City to now refund these bonds and reissue them at a lower interest rate. The market interest rate for this type bond is approximately 3.0% as of late March. Additionally, the City has an available balance in the debt service fund that will be used to pay off the portion of the principal that was used for general government infrastructure. Ad valorem property taxes will secure the payment of the Refunding Bonds, however, water and wastewater utility revenues

will be used to make the debt service payments since the remaining debt from this issue is for water and wastewater infrastructure. Based on the late March interest rates, the proposed resolution will reduce the City's debt service for this refunded issue by approximately 18%.

Staff Analysis

City staff has reviewed the proposed issuance and sale of the Refunding Bonds, and finds that the contemplated transaction is in compliance with State of Arizona law and City policies. City staff has consulted with Hilltop Securities Inc., as financial advisor to the City, with respect to the ad valorem property tax impact and debt service savings related to the Refunding Bonds.

The bonds will be issued in an aggregate original principal amount not to exceed \$6,000,000, with a yield not exceeding 5.00%, and a maximum maturity not to exceed July 1, 2029, which is equal to the current issue. The bonds are secured by ad valorem property taxes without limit as to rate, but limited in amount. As only principal for water and wastewater infrastructure remains in the new issue, water and wastewater revenue will be the planned source of repayment going forward.

Attachments

- A. Resolution No. 2019-1952
- B. DRAFT Bond Registrar Contract
- C. DRAFT Continuing Disclosure Certificate
- D. DRAFT Bond Purchase Agreement
- E. DRAFT Preliminary Official Statement
- F. DRAFT Depository Trust Agreement