

AGENDA ITEM #: _____

DATE: April 8, 2019

CAR #: 2019-6621



CITY COUNCIL ACTION REPORT

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

STAFF PRESENTER(S): Jared Askelson, Finance Manager

OTHER PRESENTER(S): None

Summary: Resolution No. 2019-1953 authorizes the sale, issuance, and delivery up to \$27,000,000 of the City of Goodyear, Arizona, General Obligation Bonds, Series 2019, in order to finance the construction, acquisition, equipping, and improvement of certain fire protection improvements, public safety improvements, and parks and recreation improvements.

Recommendation: ADOPT RESOLUTION NO. 2019-1953 AUTHORIZING THE ISSUANCE AND SALE OF CITY OF GOODYEAR, ARIZONA, GENERAL OBLIGATION BONDS, SERIES 2019; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; APPOINTING A REGISTRAR AND PAYING AGENT 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 AND THE PROJECTS FINANCED THEREBY.

Fiscal Impact: This action will make available approximately \$27 million to be used for city infrastructure. Based on interest rates from late March, the total debt service payments over the 20-year bond will be approximately \$38 million. Ad valorem property taxes will secure the payment of the bonds. Debt service on the bonds will be paid from the secondary property tax levy and structured to meet the Council's adopted policy of a total tax rate (primary and secondary) not to exceed \$1.74 per \$100 of assessed value.

Background and Previous Actions

As a part of the fiscal year 2019 budget, the five year Capital Improvements Plan (CIP) identified \$36.7 million of project funding from general obligation (G.O.) bonds. Per the adopted FY2019 budget and CIP, the current proposed issuance of the Bonds in an original principal amount not to exceed \$27,000,000 will be used to fund all, or a portion of, the following projects:

Fire Stations 181 – \$6,745,000

Police Radio – \$575,000

Recreation Center and Aquatics Center – \$19,655,000

Voter authorization for this general obligation (G.O.) bond issue was received from special bond elections held on May 17, 1988 and September 7, 2004. The timing of debt service payments will take into account other outstanding issues and keep the combined primary and secondary property tax rate below \$1.74 per \$100 of assessed value in total tax in accordance with Council policy.

Staff Analysis

The issuance of the Bonds will provide funds to finance the construction, acquisition, equipping, and improvement of the listed projects. The bonds were approved by the voters of the City. City staff has consulted with Hilltop Securities Inc., as financial advisor to the City, with respect to the ad valorem property tax impact related to the Bonds. City staff has reviewed the proposed issuance and sale of the bonds, and finds that the bonds will finance needed infrastructure for the City and the contemplated transaction is in compliance with State of Arizona law and City policies.

The bonds will be issued in an aggregate original principal amount not to exceed \$27,000,000, with a yield not exceeding 5.00%, and a maximum maturity not to exceed July 1, 2039. The bonds are secured by ad valorem property taxes without limit as to rate or amount.

Attachments

- A. Resolution No. 2019-1953
- B. DRAFT Bond Registrar Contract
- C. DRAFT Continuing Disclosure Certificate
- D. DRAFT Bond Purchase Agreement
- E. DRAFT Preliminary Official Statement