

AGENDA ITEM #: _____

DATE: February 24, 2020

CAR #: 2020-6878



CITY COUNCIL ACTION REPORT

SUBJECT: Ordering the sale of the City of Goodyear, Arizona, General Obligation Refunding Bonds, Series 2020.

STAFF PRESENTER(S): Jared Askelson, Finance Manager

OTHER PRESENTER(S): None

Summary: This action will refund bonds originally issued in 2010 and issue new bonds at a more advantageous interest rate to create savings in the Water and Wastewater enterprises. While debt service payments are made from the Water and Wastewater enterprises, these bonds are back with the property tax valuation of the City.

Recommendation: ADOPT RESOLUTION NO. 2020-2032 A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF GOODYEAR, ARIZONA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020; 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: The refunding is estimated to result in a net savings of approximately \$1.2 million in today's dollars. This represents an 11.3% savings from the prior debt amount for the Water and Wastewater operating funds. The actual savings will be based on interest rates available when the bonds are issued in April 2020. The date of the final payment will remain July 1, 2041.

Background and Previous Actions

After Council approval on January 11, 2010, the City issued \$5,815,000 of Taxable General Obligation Bonds, Series 2010 in January 2010. They were issued as taxable bonds to take advantage of the Build America Bonds program available at that time. On May 10, 2010, the Council approved an additional \$4,610,000 of General Obligation Refunding Bonds, Series 2010

that were issued in June 2010. These bonds are secured with the property taxing authority of the City, however, debt service payments will be made from the Water and Wastewater enterprises.

This action will refund both 2010 issues and reissue new general obligation bond taking advantage of current interest rates to create a net savings for the Water and Wastewater enterprises.

Staff Analysis

The refunding bonds will be issued in an aggregate original principal amount not to exceed \$10,425,000, with a yield not exceeding 5.00%, and a maximum maturity not to exceed July 1, 2030. Within these parameters, the City's staff, financial advisor, and underwriters will maximize savings available at the time of the sale of the bonds in April.

City staff has consulted with the financial advisor to the City, with respect to the ad valorem property tax impact and debt service savings related to the Refunding Bonds. City staff and bond counsel have 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.

Attachments

- A. Resolution No. 2020-2032
- B. Depository Trust Agreement
- C. Continuing Disclosure Certificate
- D. Registrar Contract
- E. Bond Purchase Agreement
- F. Preliminary Official Statement DRAFT
- G. Presentation