

ITEM # 9
DATE: 07-25-17

COUNCIL ACTION FORM

**SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$4,500,000
GENERAL OBLIGATION REFUNDING BONDS**

BACKGROUND:

On March 7, 2017, a public hearing was held to authorize the issuance of Essential Corporate Purpose General Obligations bonds in amount not to exceed \$8,000,000 to fund projects included in the FY 2017-18 Capital Improvements Plan. Sale of the G.O. Bonds to fund the CIP is planned for August 8, 2017. **In addition to the G.O. Bonds to fund capital improvement projects, staff has identified a refunding opportunity for bonds issued in 2009 that will provide savings in future debt service costs. Estimated net present value of savings for the refunding is \$136,889 or 3.19%.** The Council approved Debt Policy states “the City shall strive to achieve a minimum of three percent net present value savings for a current refunding”. The planned refunding meets the policy target.

Combining the refunding bonds with the planned bond sale reduces the City’s total cost of issuance and improves savings on future debt service. A public hearing for the refunding bonds is necessary to include as part of the upcoming bond sale.

ALTERNATIVES:

1. Set August 8, 2017, as the date of public hearing for the sale of General Obligation Refunding Bonds in an amount not to exceed \$4,500,000.
2. Reject setting a public hearing for the refunding bonds.

MANAGER’S RECOMMENDED ACTION:

Savings on future debt service costs can be achieved by refunding General Obligation Bonds issued in 2009. The most economical method of issuing the refunding bonds is to combine with the bond sale planned to fund the FY 2017-18 CIP projects. A public hearing is required to issue the refunding bonds and realize the savings in debt service costs.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby authorizing the issuance of General Obligation Refunding Bonds in an amount not to exceed \$4,500,000 and set the date of public hearing for August 8, 2017.