



City Council Report

Date: September 22, 2014
To: City Council
Through: Christopher J. Brady, City Manager
From: Mike Kennington, Chief Financial Officer
Subject: Series 2014 Utility Systems Revenue Refunding Bonds

Strategic Initiatives



Purpose and Recommendation

The City has an opportunity, due to municipal bond market conditions, to issue tax exempt Series 2014 Utility Systems Revenue Refunding Bonds for potential savings from the existing debt service schedules.

If the Council approves the tax exempt issuance, the attached resolutions will order the sale of:

Utility Systems Revenue Refunding Bonds, Series 2014, in an amount not to exceed \$200,000,000.

Background

The Utility Systems Revenue Refunding Bonds issuance proceeds will be used to redeem all or a portion of the City's outstanding Utility Systems Revenue Bonds and Utility Systems Revenue Refunding Bonds.

The recommended bond issuance meets all of the City's revenue bond coverage requirements and other parity bond tests.

Discussion and Fiscal Impact:

The municipal bond market will continue to be monitored to ensure all refunding issuances will result in net present value debt service savings of at least 3% of the principal amount of the bonds being refunded.

Each of the tax exempt refunding issuances are structured to incur most of the savings in fiscal year 2014-15 and do not extend the scheduled completion of the existing debt service payments. As of August 2014 estimates, the recommended tax exempt issuance may have resulted in the following savings:

	Utility Systems Revenue Refunding Bonds Estimated Savings
Total Savings	\$6,081,202
Net Present Value Savings	\$5,836,538
Net Present Value Savings Percentage	6.09%