

**City of Avondale
General Obligation Refunding
Bonds, Series 2017**

City Council Meeting
September 11, 2017

Background

- July 2009 – Issued \$29.8 million of Taxable General Obligation (GO) Bonds
 - Interest rates on outstanding bonds vary from 6.05% to 7.80%, with final payment in 2034
- October 2017 – Plan to issue \$20.8 million of 2017 GO Refunding Bonds
 - Estimated interest rates vary from 2.0% to 5.0% based on current market conditions
- Advance Refunding is projected to save about \$2.1 million
 - Net present value savings of about 10 percent (10%)

City of Avondale, Arizona
General Obligation Refunding Bonds, Series 2017
Estimated Savings

Date	2009 Series Bonds				2017 Series Bonds		Savings	PV Savings
	Debt Service	Rate	Interest Subsidy	Net Cash Flow	Debt Service	Rate		
7/1/18	\$ 2,386,763	6.05%	\$ (474,557)	\$ 1,912,205	\$ 3,235,018	2.00%	\$(1,322,813)	\$(1,295,542)
7/1/19	2,371,850	6.20%	(459,391)	1,912,459	1,630,650	3.00%	281,809	271,524
7/1/20	2,213,530	6.50%	(443,189)	1,770,341	1,506,650	4.00%	263,691	247,943
7/1/21	2,214,833	6.75%	(428,392)	1,786,441	1,523,650	4.00%	262,791	241,104
7/1/22	2,220,495	6.75%	(411,881)	1,808,614	1,543,850	3.00%	264,764	237,000
7/1/23	2,227,108	7.15%	(394,139)	1,832,968	1,570,000	5.00%	262,968	229,629
7/1/24	2,225,613	7.15%	(373,934)	1,851,679	1,587,750	5.00%	263,929	224,882
7/1/25	2,224,470	7.80%	(352,317)	1,872,153	1,607,500	5.00%	264,653	220,033
7/1/26	2,221,400	7.80%	(327,075)	1,894,325	1,634,000	5.00%	260,325	211,179
7/1/27	2,212,090	7.80%	(299,937)	1,912,153	1,651,750	5.00%	260,403	206,096
7/1/28	2,206,540	7.80%	(270,903)	1,935,637	1,676,000	5.00%	259,637	200,482
7/1/29	2,193,970	7.80%	(239,736)	1,954,234	1,696,250	5.00%	257,984	194,348
7/1/30	2,189,380	7.80%	(206,436)	1,982,944	1,722,500	5.00%	260,444	191,405
7/1/31	2,176,600	7.80%	(170,648)	2,005,952	1,749,250	5.00%	256,702	184,049
7/1/32	2,170,630	7.80%	(132,371)	2,038,259	1,781,250	5.00%	257,009	179,759
7/1/33	2,160,300	7.80%	(91,249)	2,069,051	1,813,000	4.00%	256,051	174,702
7/1/34	2,145,220	7.80%	(47,165)	2,098,055	1,846,000	4.00%	252,055	167,691
	<u>\$37,760,790</u>		<u>\$(5,123,320)</u>	<u>\$32,637,470</u>	<u>\$29,775,068</u>		<u>\$ 2,862,402</u>	<u>\$ 2,086,285</u>

Discussion

- Ordinance
 - Provides for the sale and issuance of refunding bonds
 - Delegates to the Mayor, City Manager and his designee, the Finance and Budget Director, the authority to:
 - Designate the final principal and payment amounts, maturities and payment dates, and interest rates and yields.
 - Appoint a Bond Registrar and Paying Agent and approve the form of the contract.
 - Accept a proposal for the purchase of the 2017 Bonds and approve the form of the contract.
 - Appoint an Escrow Trustee and approve the form of the contract.
 - Approve the form of the Preliminary Official Statement and Official Statement.

Discussion

- Ordinance
 - Ratifies all actions taken to prepare and distribute the Preliminary Official Statement.
 - Approves the continuing disclosure undertaking.
 - Ratifies all actions taken to further the Ordinance.
 - Declares an emergency, in order to have the Ordinance effective immediately.
- Sale of the 2017 Bonds will be a negotiated sale; RBC Capital Markets is the City's underwriter.
- Sale will not proceed if net present value debt service savings is less than minimum 3 percent (3%) .

Recommendation

- Staff recommends that City Council adopt the Ordinance authorizing the sale and issuance of the 2017 GO Refunding Bonds and authorize all actions necessary to proceed with the sale and issuance, refunding of the 2009 GO Bonds, and execution of necessary documents.