

City of Avondale General Obligation Refunding Bonds, Series 2017

City Council Meeting
November 20, 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
- September 2017 – Ordinance authorizing the issuance of \$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 \$3.2 million
 - Net present value savings of about 15 percent

Date	Prior Debt Service	Prior Adjustments	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 12/07/2017 @ 2.0912157%
07/01/2018	2,386,762.50	-476,072.06	1,910,690.44	3,231,421.79	-1,320,731.35	-1,299,643.55
07/01/2019	2,371,850.00	-460,857.24	1,910,992.76	2,356,126.56	-445,133.80	-429,291.71
07/01/2020	2,213,530.00	-444,603.70	1,768,926.30	2,216,636.66	-447,710.36	-422,933.30
07/01/2021	2,214,832.50	-429,759.24	1,785,073.26	2,231,521.60	-446,448.34	-413,072.03
07/01/2022	2,220,495.00	-413,195.54	1,807,299.46	2,252,550.00	-445,250.54	-403,424.95
07/01/2023	2,227,107.50	-395,397.28	1,831,710.22	2,277,750.00	-446,039.78	-395,709.16
07/01/2024	2,225,612.50	-375,127.60	1,850,484.90	2,299,350.00	-448,865.10	-389,925.46
07/01/2025	2,224,470.00	-353,441.24	1,871,028.76	2,317,350.00	-446,321.24	-379,623.36
07/01/2026	2,221,400.00	-328,119.00	1,893,281.00	2,341,750.00	-448,469.00	-373,526.48
07/01/2027	2,212,090.00	-300,894.66	1,911,195.34	2,357,250.00	-446,054.66	-363,697.13
07/01/2028	2,206,540.00	-271,768.14	1,934,771.86	2,382,000.00	-447,228.14	-356,988.06
07/01/2029	2,193,970.00	-240,501.72	1,953,468.28	740,250.00	1,213,218.28	955,861.34
07/01/2030	2,189,380.00	-207,095.40	1,982,284.60		1,982,284.60	1,528,158.08
07/01/2031	2,176,600.00	-171,192.54	2,005,407.46		2,005,407.46	1,513,809.39
07/01/2032	2,170,630.00	-132,793.08	2,037,836.92		2,037,836.92	1,506,255.35
07/01/2033	2,160,300.00	-91,540.44	2,068,759.56		2,068,759.56	1,497,256.09
07/01/2034	2,145,220.00	-47,315.70	2,097,904.30		2,097,904.30	1,486,704.21
	37,760,790.00	-5,139,674.58	32,621,115.42	27,003,956.61	5,617,158.81	3,260,209.28

Savings Summary

PV of savings from cash flow	3,260,209.28
Plus: Refunding funds on hand	4,464.31
Net PV Savings	<u>3,264,673.59</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.