



TO: T.C. Broadnax, City Manager
FROM: Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Ordinance for the issuance of Consolidated Local Improvement District Number 64 Bonds, Series 2016
DATE: November 23, 2015

SUMMARY:

This Ordinance (the "Ordinance") provides for the issuance of the Consolidated Local Improvement District ("CLID") No. 64 Bonds, Series 2016 to provide permanent financing for various improvements (including sewer, water, street lighting, power and roadway and storm improvements) within the ten local improvement districts ("LIDs") comprising CLID Number 64, including the repayment of that portion of the short-term bond anticipation note (revolving line of credit) which provided short-term financing of the improvements, and to pay the costs of issuing the bonds.

The CLID bonds will be issued in an approximate principal amount of \$2,341,350 with such principal amount not to exceed the total amount on the assessment rolls of the LIDs outstanding after the expiration of the respective 30-day interest free prepayment period for the assessments on those rolls.

STRATEGIC POLICY PRIORITY:

- Foster neighborhood, community and economic development vitality and sustainability.
- Strengthen and maintain a strong fiscal management position.

BACKGROUND:

The LIDs included in CLID number 64 include improvements in ten separate LIDs within the City and consist of upgrades to sanitary sewer systems, water systems, street lighting, power delivery and roadway and storm investments.

The bonds will be repaid through the collection of installments and interest thereon in each of the local improvement districts within the CLID.

It is currently anticipated that the CLID bonds will be sold to investors on or about January 26, 2016, with closing anticipated in early February.

ISSUES:

Security/Pledge of Revenues: The CLID bonds are repaid through the collection of installments and interest thereon in each of the local improvement districts within the CLID. In addition to the pledge of assessment payments, the bonds will be secured by a continuing claim and charge against the City's Guaranty Fund. The Guaranty Fund was established to satisfy payment on CLID bonds in the absence of sufficient assessment payments to make debt service on the bonds when due and payable.

Delegation: The authorizing ordinance will delegate authority to the Director of Finance or, in the absence of the Director of Finance, the Treasurer to approve the terms and conditions of the bonds, within the parameters outlined in the ordinance.



ALTERNATIVES:

The City could choose not to authorize the issuance of the bonds. This is not the recommended alternative as this would not provide for the permanent financing of the improvements within the LIDs which comprise the CLID.

FISCAL IMPACT: The bonds will be repaid through the collection of installments and interest thereon in each of the local improvement districts within the CLID.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: N/A

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? N/A

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED: N/A

RECOMMENDATION:

Staff recommends that the Council approve the ordinance for the issuance of the bonds.