



TO: Elizabeth Pauli, City Manager
FROM: Andy Cherullo, Finance Director
COPY: Government Performance & Finance Committee
SUBJECT: 2021 Limited Tax General Obligation (LTGO) and Unlimited Tax General Obligation (UTGO) Refunding
DATE: February 16, 2021

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

There will be a Bond ordinance (the Ordinance) coming for first reading at the March 2nd City Council meeting that would authorize the issuance and sale of limited tax general obligation (LTGO) refunding bonds and unlimited tax general obligation (UTGO) refunding bonds, to refinance certain outstanding obligations.

Given that interest rates are at or near historic lows, the proposed refunding of certain outstanding bonds is expected to result in significant debt service savings to the City.

BACKGROUND:

The bonds intended to be refunded were issued by the City in 2009 and 2010 to finance a number of capital improvements including: the Old Town dock, public infrastructure in the Salishan area, improvements to Cheney Stadium, street projects, and certain improvements to the police facility, along with capital improvements and acquisition of computer equipment, vehicles, fixtures and furniture.

ISSUE:

While an exact amount of savings is difficult to project, the approximate amount of savings based on current market conditions is projected to be in the range of \$2.5 - \$3 million over the life of the bonds.

ALTERNATIVES:

This is an informational briefing only. However, when the item comes before City Council, the alternatives will include:

1. The City could approve the Ordinance, authoring the sale and issuance of the bond to refinance previously issued obligations in order to realize debt service savings.
2. The City could choose not to approve the Ordinance. This would result in no savings on the City's current debt service schedule.
3. The City could propose modifications to the Ordinance for consideration at a later date. Market conditions at this later date would determine if there would be significant savings or not.

FISCAL IMPACT:

If approved, this action will generate savings in the City's current debt service schedule. While an exact amount of savings is difficult to project, the approximate amount of savings based on current market conditions is projected to be in the range of \$2.5 - \$3 million over the life of the bonds.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.