



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Andy Cherullo, Finance Director  
**COPY:** City Council and City Clerk  
**SUBJECT:** An ordinance providing for: the issuance and sale of one or more series of limited tax general obligation refunding bonds in an aggregate principal amount not to exceed \$15,000,000 and unlimited tax general obligation refunding bonds in an aggregate principal amount of not to exceed \$6,000,000 to refund certain outstanding bonds and to pay costs of issuing the bonds; delegating authority to certain individuals to approve the final terms of the bonds; and authorizing other matters related thereto.  
**DATE:** February 5, 2021

**SUMMARY:**

This ordinance (the Ordinance) authorizes the issuance and sale of limited tax general obligation (LTGO) refunding bonds and unlimited tax general obligation (UTGO) refunding bonds (Bonds), to refinance certain outstanding obligations for savings.

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.

**STRATEGIC POLICY PRIORITY:**

The issuance and sale of the Bonds will further the following City policy priorities:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**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 Shalishan 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.

With interest rates at current levels, the refunding of these bonds are expected to result in significant debt service savings.

**ISSUE:**

**Security/Pledge of Revenues:** The proposed Bonds will be secured by a pledge of the regular or excess property tax revenues of the City, as applicable.

**Delegation:** The Ordinance delegates authority to the City Finance Director, Treasurer, and Assistant Finance Director/Controller, or their designees, for a limited time, to approve final terms of the Bonds, in accordance with parameters more fully described in Section 11 of the Ordinance.

**ALTERNATIVES:**

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.

**RECOMMENDATION:**

It is recommended that City Council approve the Ordinance, which delegates authority to certain authorized individuals to approve the final terms of the Bonds, including selection of the bonds to be refunded and the interest rates, maturity dates and redemption or prepayment terms of the Bonds, subject to parameters as outlined in Section 11 of the Ordinance.

**FISCAL IMPACT:**

**EXPENDITURES:**

| FUND NUMBER & FUND NAME * | COST OBJECT (CC/WBS/ORDER) | COST ELEMENT | TOTAL AMOUNT |
|---------------------------|----------------------------|--------------|--------------|
|                           |                            |              |              |
|                           |                            |              |              |
| <b>TOTAL</b>              |                            |              |              |

\* General Fund: Include Department

**REVENUES:**

| FUNDING SOURCE | COST OBJECT (CC/WBS/ORDER) | COST ELEMENT | TOTAL AMOUNT |
|----------------|----------------------------|--------------|--------------|
|                |                            |              |              |
|                |                            |              |              |
| <b>TOTAL</b>   |                            |              |              |

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: ARE THE EXPENDITURES AND REVENUES**

**PLANNED AND BUDGETED?** If approved, this action will generate savings in the City’s current debt service schedule.