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<b>Title:</b>	BOND REFUNDING RECAP Staff Contact: Tom Duensing, Director, Finance and Technology Staff Presenter: Tom Duensing, Director, Finance and Technology Guest Presenter: Mr. Kurt Freund, Managing Director, RBC Capital Markets				
<b>Sponsors:</b>	Finance and Technology, Tom Duensing				
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**BOND REFUNDING RECAP**

Staff Contact: Tom Duensing, Director, Finance and Technology  
Staff Presenter: Tom Duensing, Director, Finance and Technology  
Guest Presenter: Mr. Kurt Freund, Managing Director, RBC Capital Markets

**Purpose and Policy Guidance**

The purpose of this item is to provide Council a final recap on the four bond refunding transactions which began in November 2014 and were completed in March 2015.

**Background**

On November 24, 2014, Mayor and Council took action to authorize staff to take the necessary action to refund (refinance) outstanding 1) Transportation bonds, 2) Water and Sewer bonds, 3) General Obligation (G.O.) bonds, and 4) Municipal Property Corporation (MPC) bonds.

Over the next several months, staff worked closely with RBC Capital Markets, the City's Financial Advisor and Greenberg Traurig, LLP, the City's Bond Counsel to develop the documentation, identify the structure of potential debt service cost savings through debt refinancing, and execute the transactions.

**Analysis**

Overall, the net present value savings on the four transactions totals \$48.1 million with total cash savings of \$49.4 million over the life of the bonds. Net present value (NPV) is the value of the transactions in current dollars and the total savings is the actual cash savings throughout the life of the new bonds. A summary of each of the four transactions is as follows.

### **Transportation Bonds**

Source of Repayment: Transportation Fund

Par Refunded: \$59.1 million

NPV Savings: \$5.3 million (9% of Par)

Total Savings: \$6.8 million

### **Water and Sewer Bonds**

Source of Repayment: Water and Sewer Fund

Par Refunded: \$129.5 million

NPV Savings: \$14.3 million (11% of Par)

Total Savings: \$14.8 million

### **General Obligation Bonds**

Source of Repayment: Debt Service Fund (Secondary Property Taxes)

Par Refunded: \$42.0 million

NPV Savings: \$2.8 million (7% of Par)

Total Savings: \$3.5 million

### **Municipal Property Corporation Bonds**

Source of Repayment: General Fund

Par Refunded: \$130.6 million

NPV Savings: \$25.7 million (19% of Par)

Total Savings: \$24.3 million

Representatives from RBC Capital Markets will present an overview of the bond refunding transactions and answer any questions from Mayor and Council.

### **Previous Related Council Action**

On November 24, 2014, Council approved four ordinances authorizing staff to take the necessary action to proceed with the transactions.

### **Community Benefit/Public Involvement**

Bond refinancing directly impacts the cost of borrowing (debt service costs) of the City and allows the City to structure debt service payments to its advantage. This is a complicated process involving City staff, the City's Financial Advisor, the City's Bond Counsel, and other financing participants. Financial advisors have a fiduciary responsibility to the City and are critical in structuring deals that minimize costs, create financial flexibility, or address financial challenges a City may face. Bond counsel provides assurance both to issuers and to investors who purchase the bonds that all legal and tax requirements are met and works closely with City staff and the City's financial advisor to ensure relevant legal issues are addressed.

### **Budget and Financial Impacts**

The net present value savings on the four transactions totals \$48.1 million and the total savings totals \$49.4

million over the life of the bonds.