



**AGENDA ITEM EXECUTIVE SUMMARY**

**Agenda Item Number: ID**

<b>Title:</b>	A Recommendation to Proceed with the Tax-Exempt Current Refunding of General Obligation (GO) Corporate Purpose Bonds, Series 2011A, GO Refunding Bonds, Series 2011C and 2011D and Taxable Advance Refunding of GO Corporate Purpose Bonds, Series 2013A.
<b>Presenter:</b>	Heather M. McGuire, City Administrator Colleen Lavery, Assistant Finance Director

**Meeting:** City Council                      **Date:** October 18, 2021

Proposed Cost: \$ -0-	Budgeted Amount: \$ N/A	Not Budgeted: <input type="checkbox"/>
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**Executive Summary** *(if not budgeted please explain):*

At the October 4, 2021 Governmental Operations Committee meeting RW Baird presented council with information regarding several bond refinancing opportunities.

A key element when evaluating a potential refunding is determining the net present value (NPV) cost savings (interest savings net of all debt issuance costs discounted by the refunding bond yield percentage) achieved by refinancing the debt. The City does not have a written policy establishing a minimum NPV cost savings threshold. The City has realized NPV savings approximating 7% to 16% for bonds refunded during the past ten years. The Government Finance Officers Association (GFOA) recommends an NPV cost savings threshold of 3% to 5%. The GFOA is recognized as an authority in government management and the City follows many of its best practices. Based on these parameters, staff recommends utilizing a 5% NPV threshold to evaluate the current refinancing opportunities. While the 5% is less than the costs savings realized by the City in the past, it adheres to the thresholds established by GFOA best practices.

Bearing in mind the information presented by RW Baird and desire to achieve a minimum NPV savings of 5%, staff recommends that the following bonds be refunded:

General Obligation (GO) bond series 2011 – Estimated gross debt service savings of \$527,000 and NPV of 10.48%.

GO bond series 2013A – Estimated gross debt service savings of \$3,889,000 and NPV of 14.72%.

**Attachments** *(please list):*

None

**Recommendation/Suggested Action** *(briefly explain):*

A Recommendation to Proceed with the Tax-Exempt Current Refunding of General Obligation (GO) Corporate Purpose Bonds, Series 2011A, GO Refunding Bonds, Series 2011C and 2011D and Taxable Advance Refunding of GO Corporate Purpose Bonds, Series 2013A.