

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY

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Bill Type and Number: Ordinance 2019-382

Introducer/Sponsor(s): Council President at the request of the Mayor

Date of Introduction: May 28, 2019

Committee(s) of Reference: F

Date of Analysis: May 30, 2019

Type of Action: Supplement to prior bond ordinance; Ordinance Code waiver

Bill Summary: The bill authorizes the issuance of Special Revenue and Refunding Bonds in an amount to produce net project funds of no more than \$85 million to refinance outstanding bond issues and to finance the acquisition and construction of certain capital equipment and improvements. The bill waives the provisions of Ordinance Code Sec. 104.211 – Procedure for Sale of Bonds – to allow the bonds to be awarded on a limited competitive basis, on a negotiated basis, or as a private placement to institutional investors rather than on a solely competitive basis.

Background Information: The bill authorizes borrowing to cover the costs of 187 previously authorized projects and fixes out existing short-term interim borrowing for 124 projects. As a result of this transaction, the City will have reimbursed itself for spending on previously-authorized projects, refunded certain bonds to achieve savings, fixed-out certain variable rate and short-term rate mode bonds, and fixed-out certain short-term debt in times of historically low interest rates. The waiver of the competitive award requirement is requested because of the flexibility it provides to time the issuance of the bonds during preferred market conditions. The use of a negotiated sale procedure using one or more investment banking firms acting in consultation with the City Treasury and the City's financial advisors is anticipated.

Policy Impact Area: Debt management

Fiscal Impact: The bill authorizes issuance of up to \$85 million in bonds for net project funds, which is estimated to cost less than \$6 million per year in debt service and will be amortized in accordance with the City's Debt Management Policy such that the useful life of the debt does not exceed the useful life of the various projects being financed. The bonds will be secured by the Special Revenue pledge of all City revenue sources except ad valorem taxes.

Analyst: Clements