



Legislation Details (With Text)

File #: 17-718 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 9/11/2017 **In control:** City Council

On agenda: 9/19/2017 **Final action:** 9/19/2017

Title: Pass an Ordinance authorizing a delegated sale of General Obligation (G.O.) Bonds for an amount not to exceed \$8,250,000

Sponsors:

Indexes:

Code sections:

Attachments: 1. Naperville 2017 - Authorizing Ordinance

Date	Ver.	Action By	Action	Result
9/19/2017	1	City Council	passed	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Pass an Ordinance authorizing a delegated sale of General Obligation (G.O.) Bonds for an amount not to exceed \$8,250,000

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City Council, at the Budget Workshops held on October 24, 2016, November 14, 2016 and November 28, 2016, reviewed the proposed Calendar Year 2017-2021 Capital Improvements Program (CIP). The final proposal included \$57.4 million in Capital Improvements with an \$8 million projected required borrowing. At the December 5, 2016 City Council meeting, the Council approved this budget.

On January 17, 2017, the City Council adopted a resolution of Official Intent for Reimbursement of Capital Projects. This allowed all projects approved through the CY2017 budget to be included in any future bond sale. However, the resolution did not provide the authorization to borrow, it only reserved the ability to fund current projects with a future G.O. bond sale.

While Staff had originally projected an issuance in June 2017, staff was able to postpone the borrowing based on cashflow needs and thus reduced incurring additional interest costs.

DISCUSSION:

Staff is proposing to issue \$8.25 million in general obligation bond for new projects at a projected rate of 3.50%. As part of the CY2017-2021 Capital Improvement Program (CIP), City Council conceptually approved borrowing for a portion of the projects. The City proposes to issue Series 2017 G.O. Bonds of which the proceeds of this sale will fund the current capital projects including the following:

Project List	Estimated Costs
E-Government Initiatives	\$1,560,000
Building Maintenance & Upgrade Projects	\$1,915,000
Stormwater Management Programs	\$305,000
Traffic Improvement Programs	\$4,470,000
TOTAL	\$8,250,000

The 2017 issuance for G.O. bonds will have their first payment in 2018 and their projected final payment will occur in 2037 and have an average annual debt service payment of \$560,000. The new bonds will follow the City's existing bond repayment schedule of 20% of principle and interest (P&I) in the first five (5) years and 50% of P&I in the first ten (10) years. Interest is payable semi-annually on June 1 and December 1 and principle is due each December 1st.

Staff has met with the Bond Counsel to review the details of the sale. Additionally, the City was awarded the highest bond rating from Moody's and Standard & Poor's. Moody's awarded an 'Aaa' rating and Standard & Poors issued an 'AAA' rating.

Regarding the City's financial principles, this issuance is consistent with the financial plan that was projected as part of the 2015 discussions related to the implementation of a 0.50% home rule sales tax. At the end of 2014 (when the principal was implemented), the City's debt position (including principle and interest) totaled \$121.3 million. At the end of 2017, the City is projected to have \$103.1 million in debt, a reduction of 13.7%.

The attached ordinance authorizes a delegated sale of general obligation.

FISCAL IMPACT:

Average Annual Debt Service Payments of approximately \$577,000.