



Legislation Text

File #: 20-638, Version: 1

CITY COUNCIL AGENDA ITEM

Memo Date: September 18, 2020
Agenda Date: September 23, 2020
Prepared By: Rebecca J. Bowman, MBA, CGFO, CGFM
Through: Rebecca J. Bowman MBA, CGFO, CGFM
Requested Action:

Authorize Staff to proceed with refinancing Outstanding Florida Department of Environmental Protection State Revolving Loans through Private Placement of a Bank Loan not to Exceed \$23,000,000

BACKGROUND:

Over the course of many years, the City financed costs of the acquisition, construction, and equipping of certain improvements to the City's Water and Sewer System through multiple loans with the Florida Department of Environmental Protection State Revolving Loan Fund (SRF) program. The current outstanding amount of the loans total \$21,065,082.44 as of June 30, 2020.

City staff is seeking authorization to proceed with advance refunding the below by issuing a Request for Proposal for a Refunding Bank Loan, Series 2020 to finance the defeasance of the multiple SRF loans with the assistance of the City's financial advisor. Advanced refunding is a practice whereby outstanding debt is refinanced by the proceeds of a new debt issue. Typically, an advanced refunding is done to take advantage of interest rates that are lower than those associated with the original debt issue. Interest rates on the outstanding loans range from 1.89% to 3.27%.

The City maintains a Debt Management Policy, as adopted by City Council in the Financial Operations Manual (FOM), which provides for refunding of outstanding debt, Section 21.2 (F), "when it is advantageous, legally permissible, prudent, and a net present value savings of at least three percent (3%) is provided." The estimated net present value savings on the refinancing is estimated at \$671,352, which is a savings of 4.8%. The City may also realize a return of the debt service reserve associated with the loans.

If the debt refinancing is authorized by City Council, the Financial Advisor will issue an RFP for the refinancing on 9/24/2020. An additional agenda item will be presented to Council for approval of the final refinancing documents on October 27, 2020. The closing is projected to be on November 12, 2020. Listed below are the SRF loans that are being considered for refinancing:

DSW517010, DW517020, DW517030, DWS517040, DW517050, DW517060, WWG12081202P, WW812030.

STRATEGIC PLAN CONNECTION:

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BUDGETARY IMPACT:

Budgeted _____ No
If not budgeted, is amendment/transfer attached? _____ No

Amount Requested \$ _____
Account Number _____
Account Name _____

Source of Funds: _____ State Revolving Loan
_____ Other Loan Source: _____
_____ Grant Source: _____
_____ Bond: _____
_____ Reserves Source: _____
_____ Transfer Acct #: _____

If a P.O. Change Order is involved please complete the following:

Change Order Amount \$ _____

Original Purchase Order _____
Original P.O. Amount \$ _____

For this Agenda Item note Prior Change Order Information:

Total number of change orders to date _____
Total amount in change orders to date \$ _____

PREVIOUS ACTION:

N/A

RECOMMENDED MOTION:

Authorize Staff to proceed with refinancing Outstanding Florida Department of Environmental Protection State Revolving Loans through Private Placement of a Bank Loan not to Exceed \$23,000,000