



Legislation Text

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CITY COUNCIL AGENDA ITEM

Memo Date: November 5, 2020
Agenda Date: November 10, 2020
Prepared By: Rebecca Bowman, MBA, CGFO, CGFM, Finance Director
Through: Stockton Whitten, City Manager

Requested Action:

Council Approval of Resolution 2020-231 Authorizing Execution of the Water and Sewer System Revenue Bond, Series 2020 and the Loan Agreement with STI Institutional & Government, Inc. and Resolution 2020-234 Authorizing the Composite Form of the Master Bond Resolution and Approval of Related BAF # 20-030-T for Bond Issuance Closing Costs.

BACKGROUND:

On September 23, 2020 City Council authorized staff to proceed with an advance refunding by issuing a Request for Proposal (RFP) for a Tax-Exempt Refunding Bank Loan, Series 2020, to finance the defeasance of the multiple State Revolving Fund (SRF) loans with the assistance of the City's financial advisor. The amount not-to-exceed was requested to be \$13,781,000. This request complied with the City's Debt Management Policy Sec. 21.2 (F) in the Financial Operations Manual (FOM), where the City can refund outstanding debt when the net present value exceeds 3%.

On October 27, 2020, City Council approved the financial advisor's recommendation to refinance the outstanding SRF loans in an amount not-to-exceed \$13,793,000. Council also approved the award for the RFP to go to Suntrust (now Truist), with the final interest rate of 1.21%. The net present value savings on this refinancing is \$762,381.55 or 5.66%.

Agenda Item #20-737 on 10/27/20 also noted that Suntrust (now Truist's) debt issuance will be a bond on parity with all other senior debt for the after and Sewer Fund secured by the pledged revenues of the Water and Sewer Fund. Staff, Bond Counsel, the City Attorney and the Financial Advisor have worked to finalize the terms of the loan after Council approval of Agenda Item #20-737.

Staff is requesting approval of Resolution 2020-231 authorizing execution of the Water and Sewer System Revenue Bond, Series 2020 and the Loan Agreement with STI Institutional & Government, Inc. (Suntrust (now Truist)) and Resolution 2020-234 authorizing the Composite Form of the Master Bond Resolution in order to close the refinancing with STI Institutional & Government, Inc. on November 12, 2020. Approval of BAF # 20-030-A is also requested to provide budget for the bond closing costs.

STRATEGIC PLAN CONNECTION:

Refunding the outstanding State Revolving Fund loans reduces debt service, which provides

additional funds for operating expenses of the utility system. Additionally, the reserves of approximately \$1.8M currently held for the SRF loans will be released and available for utility fund operations.

BUDGETARY IMPACT:

Budgeted Yes
If not budgeted, is amendment/transfer attached? Yes

Amount Requested \$75,000
Account Number 421-4010-536.73-00
Account Name Other Debt Service Cost

Source of Funds: Transfer Acct #:421-4010-536.39-00 Contingency

PREVIOUS ACTION:

On September 23, 2020 (Agenda #20-638) City Council authorized Staff to proceed with the advance refunding of the Florida Department of Environmental Protection State Revolving Fund loans through issuance of a Request for Proposal.

On October 27, 2020, (Agenda #20-737) City Council approved the recommendation of the financial advisor to award the refinancing to Suntrust (now Truist) in an amount not-to-exceed of \$13,793,000.

RECOMMENDED MOTION:

Council Approval of Resolution 2020-231 Authorizing Execution of the Water and Sewer System Revenue Bond, Series 2020 and the Loan Agreement with STI Institutional & Government, Inc. and Resolution 2020-234 Authorizing the Composite Form of the Master Bond Resolution and Approval of Related BAF # 20-030-T for Bond Issuance Closing Costs.