

General Obligation Bonds Series of 2020

The proposed General Obligation Bonds, Series of 2020 will provide additional liquidity to the General Fund to address the budgetary impact of COVID-19 pandemic and provide capital for the City's 2020-2022 Capital Improvement Programs. The estimated \$16.5 million issue will do the following:

- Refund the City's General Obligation Note, Series of 2009 for savings of approximately \$90,000 or 5% of the refunded Note.
- Refund between \$2.1 and \$2.6 million of debt service due on October 1, 2020 on the City's 2015 A&B and 2017 Bonds. This debt service will be re-amortized between 2023-2026. This is a restructuring and will cost an estimated \$200,000 in additional interest over the period 2021-2026. The present value cost of this restructuring is approximately \$30,000.
- Borrow \$2.5 million to reimburse the General Fund for 2020 Capital Budget expenditures. These projects were intended to be funded with bond financing when the 2020 budget was developed.
- Fund \$10 million for the City's 2021 & 2022 Capital Budget.

As was the case with the previous two General Obligation Bond issues, we ask the Council to approve maximum parameters for the issue as to issue price, issue size, final maturity, and annual debt service. As a result, the ordinance will approve a larger issue (\$19.2 million) than we expect based on current market conditions. The larger size allows us to respond to changing market conditions and address investor preferences for discount (larger issue size) or premium (smaller issue size) pricing.

Due to a compressed time schedule (we need to close before October 1) and familiarity with the City, we have recommended using the same financing team as the City used for the 2019 GO Issue.