

RECREATION PARK PROJECT FINANCING

Delegation Bond Ordinance

July 8, 2019

Presenter: Chun Saul, Finance Director

Delegation Bond Ordinance No. 999-B

- ▶ Authorizes Issuance and sale of Limited Tax General Obligation (LTGO) Bond
- ▶ Appoints Designated Representatives
 - City Manager (and Finance Director, in absence of the CM)
- ▶ Sets Parameters:
 - Purpose: Finance Recreation Park Renovation project and other capital Improvement authorized by City Council
 - Principal Amount: Not to exceed \$1 million
 - Issuance Date: No later than December 2019
 - Interest Rate: Not to exceed 4.5%
 - Final Maturity: No later than 15 years

Financing Team and Participants:

- ▶ City Council
 - Authorizes the Bond Ordinance
- ▶ City Designated Representatives:
 - City Manager (and Finance Director, in absence of the CM)
 - Authorized to approve the final terms of the Bond Sales
- ▶ City's Placement Agent: D. A. Davidson & Co.
 - Prepare terms of the financing
 - Development a marketing plan for the offering
 - Negotiate the pricing and other terms of the Bonds
 - Prepare and send out a Request for Proposal Term Sheet
- ▶ Bond Counsel: Foster Pepper PLLC
 - Advise the City concerning the legal requirements under federal and state laws relating to the sale of bonds
 - Prepare the necessary documents (i.e. Bond Ordinance and bonds closing documents)
 - Review bond purchase contract and provide legal opinion

Project Budget & Funding Sources Update 7.8.19

Project Budget As of 7/8/2019	Amount
Ballfield Complex Construction:	
Construction (plus 3% Contingency)	\$ 2,167,846
Construction Project Management (plus 5% Contingency)	<u>165,823</u>
Total for Ballfield Complex Construction	2,333,669
Penny Playground	1,350,000
Additional Improvements (Wish-list)	<u>388,000</u>
Total Estimated Project Budget	<u>\$ 4,071,669</u>
Secured Funds:	
City reserved fund	5,430
State and Federal Grants	1,600,000
Donations Received from Chehalis Foundation - Various Sources	927,246
Chehalis Foundation - Additional funds available (Engwersen) upon request	<u>522,754</u>
Total Secured Funds	3,055,430
Estimated Additional Funding Sources:	
Additional outstanding donations (pledges) to be received	208,239
Estimated proceed from City Bond Issue, net of issuance costs*	<u>808,000</u>
Total Estimated Funding Sources	<u>\$ 4,071,669</u>
<i>*Estimated Bond Issue: Par \$825,000, less estimated issuance costs \$17,000</i>	

Next Step & Schedule of Events

Preliminary Schedule of Events, As of July 2, 2019*		
Date	Event	Participants
Completed	City provides disclosure updates for RFP term sheet	Staff
July 8	First Reading of Bond Ordinance	Staff, Council, BC
July 9	Distribute first draft RFP term sheet to finance team	DAD
July 16	Provide comments on draft RFP term sheet	Staff, DAD, BC
July 22	Second Reading of Bond Ordinance	Staff, Council, BC
July 24	Distribute RFP term sheet to bidders	DAD
August 2	RFP bids due @ 12 P.M.	Staff, DAD
August 5	Bid summary; distribute final numbers, select bidder	Staff, DAD, BC, Purchaser
August 23	Bond closing, funds available	Staff, DAD, BC, Purchaser
Staff=city staff; DAD = D. A. Davidson & Co (Private Placement Agent); BC = Bond Counsel		
*Subject to change		

Fiscal Impact

- ▶ The Bond constitutes a general indebtedness of the City
- ▶ Pledge full faith, credit and resources of the City for annual debt service payment.
- ▶ Payable from tax revenues and all other revenues and moneys of the City legally available.
- ▶ On June 11, 2019, the Lodging Tax Advisory Committee (LTAC) voted to pay the annual debt service payments up to \$75,000 per year, over the life of the bond (15 years)
- ▶ The bond price, interest rate, and required annual debt service payment will be determined upon bond closing.
 - *Estimated annual debt service \$69,875 - \$71,125 (\$825,000 par, interest rates 2.95% - 3.38%)*

Questions & Recommendation

- ▶ What to expect (Schedule of Events)
 - Presented by: Dave Trageser, Placement Agent, Managing Director of D. A. Davidson & Co.
- ▶ Recommendation:
 - Pass Bond Ordinance No. 999-B on first reading.