

DELEGATION BOND ORDINANCE
FOR
NEW FIRE STAION LAND PURCHASE
AND TEMPORARY FIRE STATION
FINANCING

JULY 27, 2020

PRESENTER: CHUN SAUL, FINANCE DIRECTOR

Bond Par Amount \$1,725,000

Background:

July 13, 2020 – Council authorized staff to move forward with preparation of bond issue in an amount of \$1.525 million.

\$200K additional funding needed to prepare a portion of the new property for a long-term temporary fire station placement while the permanent fire station can be designed, funded, and constructed.

Recommend \$200K additional bond issue amount, increase to \$1.725 million:

- Full economic impacts of COVID-19 unknown
- Reduce the need to use General Fund reserves
- Low interest rates available at this time
- Estimated increase in annual debt service payment for additional \$200K is about \$16,000.

Bond Ordinance 1008-B is prepared for the bond issue amount not to exceed \$1.725 million.

Delegation Bond Ordinance No. 1008-B

Terms of the Bond Ordinance:

- 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 the purchase of land for a new fire station, preparing a temporary fire station, and other related capital improvements
 - Principal Amount: Not to exceed \$1.725 million*
 - Issuance Date: No later than December 2020
 - Interest Rate: Not to exceed 4.0%
 - Final Maturity: No later than 15 years

**Increased by \$200K from 7/13/2020 Council approved amount of \$1,525 million.*

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

New Fire Station Land and Temporary Fire Station	Amount
<u>Estimated Costs</u>	
Site Preparation at Arkansas Way	\$ 205,000
Temporary Fire Station Set Up	\$ 30,000
Purchase Apparatus Building and Tents	\$ 190,000
Site Feasibility Assessment & Preparing Preliminary A&E Document	\$ 45,000
Land Purchase - Earnest Deposit & Final Pay	\$ 1,200,000
Purchase Mobile Home Units	\$ 150,000
Site Preparation at new permanent fire station site	\$ 200,000
Bond Issuance Costs	\$ 25,000
Total Project Budget As of 7/23/2020	<u><u>\$ 2,045,000</u></u>
 <u>Funding Sources:</u>	
<u>Available funds:</u>	
Airport Fund	\$ 205,000
General Fund	\$ 30,000
Public Facilities Reserve Fund	\$ 85,000
Total available funds	\$ 320,000
Funding to be provided with bond issue	\$ 1,725,000
Total Funding Sources	<u><u>\$ 2,045,000</u></u>

Next Steps & Schedule of Events

Preliminary Schedule of Events, As of July 23, 2020		
Date	Event	Participants
July 20 (complete)	City provide updated City disclosures for RFP term sheet	Staff
27-Jul	First and Final Reading of Bond Ordinance	Staff, Council, BC
July 28 - Aug 7	Draft, Review and Finalize RFP term sheet	DAD, Staff, BC
Aug 17 - 20	Distribute RFP term sheet to bidders	Staff, DAD, BC
Sept 4 - 7	RFP bids due & select bidder	Staff, DAD, BC, Purchaser
Sept 24 - Oct 1	Bond closing, funds available	
Staff=city staff; DAD = D.A. Davidson & Co (Placement Agent); BC = Bond Counsel		

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.
- Annual debt service payment is proposed to be provided with REET funds.
- In the event that REET funds are not sufficient, the City's General Fund is obligated to pay the difference.
- The bond price, interest rate, and required annual debt service payment will be determined upon bond closing.
 - *Estimated annual debt service \$134,504 - \$139,281 (\$1,725,000 par, 15-year term, interest rates 2.00% - 2.50%)*

Questions & Recommendation

Questions?

Recommendation:

- Suspend the rules regarding two reading of an ordinance
- Pass Bond Ordinance No. 1008-B on first and final reading.