



## Staff Report

**File #:** 17-328

**Version:** 1

**Date:** 6/26/2017

**Item #:**

**TO:** Mayor and City Council  
**THROUGH:** Steve Powers, City Manager  
**FROM:** Kacey Duncan, Deputy City Manager

### **SUBJECT:**

Authorizing the Sale and Refunding of General Obligation Bonds.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

### **ISSUE:**

Shall City Council adopt Resolution No. 2017-38 authorizing the City to issue up to \$61,800,000 of new money general obligation bonds to finance a new public safety facility and other capital costs, and refund (refinance) all or a portion of the existing Series 2009 Streets and Bridges bonds?

### **RECOMMENDATION:**

Adopt Resolution No. 2017-38 authorizing the City to issue up to \$61,800,000 of new money general obligation bonds to finance a new public safety facility and other capital costs, and refund (refinance) all or a portion of the existing Series 2009 Streets and Bridges bonds.

### **SUMMARY AND BACKGROUND:**

On May 16, 2017, Salem voters approved Measure 24-420, authorizing the City to issue up to \$61,800,000 of general obligation (GO) bonds to finance a new public safety facility and other capital costs, including the cost of issuance. Resolution No. 2017-38 authorizes the sale of new money GO bonds for the public safety facility.

In addition to the new money bonds, there is an opportunity to refund (refinance) the Series 2009 Streets and Bridges bonds to generate additional savings. Resolution No. 2017-38 authorizes the sale of bonds to refund the outstanding 2009 GO bonds. By combining new money and refunding GO issuances, the City will streamline the debt issuance process and avoid the expense of a separate GO refunding in the future.

## **FACTS AND FINDINGS:**

Finance is currently working with the city's municipal advisor, Piper Jaffray & Co., to determine the optimal issuance structure for the new money GO public safety facility bonds. The City has the budget authority and ability to levy ad valorem taxes in FY 2017-18, and will issue debt based on estimated project timing and cash flow needs.

Finance also actively manages the City's existing debt portfolio based on Council Policy C-2. This includes recommending refinancing opportunities when expected savings exceed the 3% savings requirement set by State law. For the 2009 Streets and Bridges bonds, savings are currently estimated at 7.2% with net present value savings totaling approximately \$1.1 million.

David Lacy  
Financial Operations Manager

### **Attachments:**

1. Resolution No. 2017-38 Authorizing the Sale and Refunding of GO Bonds.