



City of YUMA

REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

December 16, 2020

DEPARTMENT:

Finance

DIVISION:

- ☐ Motion
- ☐ Resolution
- ☐ Ordinance - Introduction
- ☒ Ordinance - Adoption
- ☐ Public Hearing

TITLE:

Issuance of Pledged Revenue and Revenue Refunding Obligations

SUMMARY RECOMMENDATION:

Adopt an ordinance approving the sale, execution and delivery of pledged revenue and/or revenue refunding obligations, in one or more series; approving the form and authorizing the execution and delivery of necessary agreements, instruments and documents; and delegating authority to determine certain matters with respect to the foregoing and declaring an emergency. (City Administrator/Finance Department)(Philip Rodriguez/Lisa Marlin)

REPORT:

In order to take advantage of historically low interest rates, proceeds of the above-described obligations (Obligations) will be used to fund all or a portion of the City's liabilities to the Arizona Public Safety Personnel Retirement System (PSPRS) and pay off the higher interest rate (Series 2010) bonds used to refinance the long term debt associated with City Hall (approximately \$12,545,000 remaining).

The unfunded PSPRS debt of approximately \$140,000,000 accumulates interest at a presumed rate of 7.3% whereas current interest rates on municipal debt like the Obligations is approximately 3%. The long term savings to the City and City of Yuma taxpayers by issuing these bonds and paying the unfunded PSPRS liability is expected to exceed \$63,000,000 in net present value.

The proposed ordinance delegates to the City Administrator and Finance Director the authority to determine various terms with respect to such Obligations; approves the form of certain agreements and an official statement and the execution and delivery of the documents; adopts post-issuance tax and continuing disclosure compliance procedures; authorizes the taking of all other actions necessary to the consummation of the transactions contemplated by the ordinance; authorizes structuring a ground lease with lease-purchase documents; and in order to capture the current interest rates for the preservation of the peace, health and safety of the City on the most economic terms available, includes an emergency clause which will make the ordinance effective immediately with 5 of 7 affirmative votes by City Council. Adoption of the proposed ordinance is scheduled for the regular City Council meeting of December 16, 2020 in a not to exceed amount of \$173,000,000.

The actual sale of the Obligations is expected to occur in January 2021. Because of the volatility of interest rates, time is of the essence at the sale of the Obligations. To work within this timing, the ordinance delegates authority to the City Administrator and Finance Director to make the necessary decisions related to dates and maturities of the bonds, the aggregate principal of the bonds, credit enhancement and other transactions necessary to carry out the sale of the Obligations, within the limits

prescribed in the proposed Ordinance. The final sale, interest rate, and estimated actual savings to be realized will be reported to City Council as soon as the sale occurs.

At the October 26-27 City Council Vision and Goal setting event, City Council identified the issuance of bonds to fix the Public Safety Personnel Retirement System shortfall as their number one priority under the strategic outcome of Respected and Responsible. As a trusted steward of City resources, relied upon to provide premier services and regional leadership, this ordinance should protect City resources far into Yuma's future, and allow the City to continue providing premier services and regional leadership without the crushing burden of exponentially increasing PSPRS liabilities.

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$0.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
		\$0.00		
		\$0.00		
TOTAL:	\$0.00			
FISCAL IMPACT STATEMENT: An estimated savings of more than \$63 million (net present value) through this refinancing will be realized during the life of the refunding bonds (through FY 2039).				
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK: 1. All documents listed in Section 3 of corresponding Ordinance O2020-027 2. 3. 4. 5.			
	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL? <input type="radio"/> Department <input checked="" type="radio"/> City Clerk's Office			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	Philip A. Rodriguez		12/4/2020	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files (Electronic Signature)		12/4/2020	
	RECOMMENDED BY (DEPT/DIV HEAD):		DATE:	
Lisa Marlin		12/4/2020		
WRITTEN/SUBMITTED BY:			DATE:	