



Legislation Text

File #: 19-1002, **Version:** 1

TO: Mayor Richard C. Irvin

FROM: Martin Lyons, Chief Financial Officer/City Treasurer

DATE: November 6, 2019

SUBJECT:

An Ordinance providing for the issuance and sale of not to exceed \$9,000,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2019, of the City of Aurora, Kane, DuPage, Kendall and Will Counties, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds and Related Matters - Finance Committee Agenda Item - November 14, 2019 Meeting

PURPOSE:

To obtain the approval of the City Council of a proposed ordinance providing for the issuance of the City of Aurora Series 20019A General Obligation (G.O.) Bonds.

BACKGROUND:

In August 2009, the City issued G.O./Build America Bonds in the amount of \$15,460,000 (2009 A Issue) and G.O. Bonds in the amount of \$5,645,000 (2009B Issue). The remaining 2009A bonds of \$5,990,000 and the remaining 2009B of \$2,130,000 are now callable (total refunded bonds of \$8,115,000), and the refinancing of these bonds will reduce the remaining debt service costs by an estimated \$274,440 over the remaining life of the bonds. The original bonds were issued for the procurement of a new public radio system and other capital project and to refinance installment/promissory notes previously issued for the purchase of land.

DISCUSSION:

The City reviews the total debt portfolio each year to monitor current interest rates for bonds compared to the interest rates in place when bonds are originally issued. Similar to the refinancing of a "mortgage", the City can refinance previously issued bonds to accomplish savings or debt restructuring goals within the total economic development and capital infrastructure programs currently in place. The refinancing of the 2009A and 2009B bonds does not contemplate any restructuring of the debt through either the extension of the debt for a longer period of time or through a change in the timing of principle payments. This refinancing will focus on interest rate and cash flow savings resulting in an estimated savings of \$ 274,440.

The attached ordinance is a parameters ordinance which specifies a not to exceed bond amount, and also specifies limits on such items as amount to be paid in any given year (to preserve the integrity of the previous debt schedule), and the amount of premium or discount allowed from potential buyers of the bonds.

Attachment 1 is the bond analysis provided by Speer Financial. Attachment 2 shows the timetable for this refinancing with a final closing on December 19, 2019.

IMPACT STATEMENT:

If the refunding is not done, the City will pay higher debt service costs for the remaining life of the bonds.

RECOMMENDATIONS:

That the City Council approve the attached, proposed ordinance that would authorize the issuance of the city's 2019 Bonds.

cc: Finance Committee