



TO: Mayor and Council

CC: Howard Lazarus, City Administrator

FROM: Tom Crawford, Chief Financial Officer

DATE: November 16, 2018

SUBJECT: Response to Questions about Refinancing the Build America Bonds

At the November 8, 2018 City Council meeting, a resolution (#18-1737) was postponed until the November 19, 2018 meeting in order for staff to follow-up on a couple of questions. Staff captured the following questions and conferred with outside bond counsel to develop the following response:

Question: The existing underground parking structure has a portion of the spaces allocated and eligible for private use. Does the refinancing of the Build America Bond change the eligibility of the number of spaces?

Response: No. The proposed refinancing is a financial effort to reduce future debt service costs given the favorable interest rate environment. There is no change in the calculation of the number of spaces eligible for private use.

Question: If the re-financing is approved, what happens to the requirements of the Build America Bonds (ie. reporting requirements)?

Response: The Build America Bonds included an interest rate subsidy from the Federal government which requires regular reporting. Since the subsidy would discontinue, this reporting would discontinue. The reporting for other bond covenants regarding the maintenance of tax-advantaged / tax-exempt status would continue and be set forth in the closing documents for the refunding.

If you have additional questions, please let me know.