



Legislation Text

File #: 16-0517, **Version:** 1

An Ordinance Authorizing the Issuance and Sale of Water Supply System Revenue Refunding Bonds, Series 2016, of Equal Standing with Certain Outstanding Water Supply System Revenue Bonds (Ordinance No. ORD-16-08) **(Roll Call Vote Required - One Reading)**

Recommended for Council is an Ordinance approving the issuance by the City of Ann Arbor of its Water Supply System Revenue Refunding Bonds, Series 2016 in the maximum principal amount of \$17,500,000 (the "Refunding Bonds"), for the purpose of refinancing the City's outstanding Water Supply System Revenue Bonds, Series 2008-A (issued April 30, 2008), maturing in the years 2019 to 2028, inclusive. The City's municipal finance advisor, Public Financial Management, Inc., has calculated that, based on current interest rates and bond market conditions, after factoring in bond issuance costs, the refunding will yield net present value debt service savings of approximately \$1,690,000 over the proposed 11 year term of the Refunding Bonds.

The Refunding Bonds are proposed to mature in the years 2017 through 2027, but no later than 2028, and will be secured by the net revenues of the Water Supply System. The principal maturity schedule and other terms of the Refunding Bonds have been prepared by the City's municipal finance advisor.

The Refunding Bonds are to be issued as tax-exempt bonds for federal and Michigan income tax purposes, but will not be designated as 'qualified tax-exempt bonds' for purposes of the deduction of interest expense by financial institutions that purchase the Refunding Bonds.

The Refunding Bonds are to be sold through competitive bidding. The Ordinance authorizes the City Treasurer to execute an Order awarding the Bonds to the lowest bidder based on the lowest true interest cost to the City. The Ordinance authorizes the Mayor, City Clerk, Chief Financial Officer and City Treasurer to execute and deliver all required documentation in connection with the issuance, sale and delivery of the Refunding Bonds.

The City's bond counsel, Dykema Gossett PLLC, prepared the Ordinance, with further review by the City Attorney.

Prepared by: Matthew V. Horning, City Treasurer

Reviewed by: Mary Joan Fales, Senior Assistant City Attorney

Approved by: Tom Crawford, Interim City Administrator

(See Attached Ordinance)