

**ST. PETERSBURG CITY COUNCIL**

**Meeting of June 3, 2021**

**TO:** The Honorable Ed Montanari, Chair, and members of City Council

**FROM:** Anne A. Fritz, Chief Financial Officer *Aaf*

**SUBJECT:**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 CITY OF ST. PETERSBURG, FL SERIES 2021A PUBLIC UTILITY REVENUE BONDS; AND NOT TO EXCEED \$65,000,000 CITY OF ST. PETERSBURG, FL PUBLIC UTILITY TAXABLE REFUNDING REVENUE BONDS, SERIES 2021B**

As presented to BFT on May 27, 2021, the agenda package has been updated to include the latest changes to the Preliminary Official Statement (POS) and attachments including the following:

*The revisions to the Engineer's Report from the version approved by the BFT committee primarily reflect the inclusion of certain expensed pay go capital projects into the CIP. The revisions to the Preliminary Official Statement from the version approved by the BFT committee reflect the insertion of preliminary par amounts for the bonds, the corresponding changes made to the Engineer's Report, clarification revisions with respect to the bond refunding plan and identification of the verification agent.*

As mentioned in the BFT meeting, the POS tables were updated to reflect projects that are included in the City's CIP Budget but are expected from an accounting rules standpoint to be expensed as maintenance and reflected as such in the financial feasibility report.

Relating to the par amounts, the updated preliminary par amounts in the POS now reflect the expected original issue premium that the City will receive at closing based on the expected structure of the competitive bids for the 2021A Bonds and the release of the debt service reserve fund (DSRF) into the escrow for the 2021B Bonds. As is normal practice, we do not take these into account for purposes of the not to exceed par amounts in the Resolution because the final structure of the bid and the release of DSRF could change. However, based on the final competitive bid structure we will finalize the numbers and issue only the par amount required to fund the needed capital projects (\$81,408,000) and to refund the SRF loans, 2013A Bonds and 2013C Bonds.

The summary of the issue remains as follows as presented to the BFT Committee:

Series 2021A

Per the City's rate study conducted in summer 2020, the City planned to issue debt to finance a portion of its CIP for the current fiscal year (FY21) and for the estimated next fiscal year (FY22) for a net total of \$81,408,000 to the project fund. Due to the timing of this issue as well as current market conditions, the administration is recommending we combine FY21 and FY22 into one bond debt issue, Series 2021A. Also, due to the current low-rate environment, the City may achieve an additional \$226K in NPV savings and reduce the administrative burden relating to several existing SRF loans. Therefore, the administration is recommending the issuance of not to exceed \$85,000,000 in bonds, Series 2021A, to fund the FY21 and FY22 capital financing needs, as well as retiring \$5.4 million in SRF loans.

Series 2021B

The current low-rate environment also allows the City to advance refund certain 2013A and 2013C bonds on a taxable basis which achieves approximately \$5 million in net present value savings for the utility

system. While there are Federal legislative efforts to restore tax-exempt advance refunding, which could make a future refunding achieve additional savings, when or if that will happen remains uncertain. Following the City's fiscal policies relating to debt refunding, the administration recommends refunding the debt with the Series 2021B Taxable issue.

For each series, attached please find the preliminary source and use of funds analysis and the draft resolution for your consideration. Within the draft resolution contains current drafts of the Preliminary Official Statement, which includes both the Draft 2021 Engineer's Report for the Combined Public Utilities System, as well as the FY21 Combined Financial Feasibility and Rate Study.

**Recommendation:** The City staff recommends approval of the resolution authorizing the issuance of not to exceed \$85,000,000 million for Public Utility Revenue Bonds, Series 2021A, and not to exceed \$65,000,000 for Public Utility Taxable Refunding Revenue Bonds, Series 2021B.

**Attachments:**

- 1.) Pages Changed from the Preliminary Official Statement
- 2.) Preliminary Source and Use of Funds
- 3.) Updated Draft Bond Resolution and Attachments