



# CITY COUNCIL AGENDA ITEM

REQUESTED COUNCIL MEETING DATE 3/18/08

**SUBJECT:** Ordinance No. 2008- 11 - Bond Refunding

**DEPARTMENT:** Administration

## RECOMMENDED MOTION:

Staff recommends that Council approve the attached ordinance on bond refunding.

## SUMMARY:

As the Federal Reserve cuts interest rates, there may be an opportunity to refund some of the City's outstanding bond issues and reduce our debt service payment. Our City Charter requires all bonds to be authorized by ordinance. The actual selling of the bonds and authorizing the Mayor and City Manager to sign the bond documents is done by separate resolution at the time of bond sale.

The municipal bond market is not reacting in typical fashion to the drop in the Federal rate. The unsettling condition caused by the sub-price mortgages has created a problem for many credit sectors, including municipal bonds. Bond insurers have had problems maintaining their AAA bond rating because of their involvement in insuring mortgage backed securities. This is an ordinance that will allow us to take advantage of market conditions to lower our debt service payment if and when the market produces those savings. We would desire to see interest rates for municipal bonds fall so that we could achieve between 3 to 5 percent savings. Unless we can achieve at least that level of savings, it is not cost effective to refund a bond issue.

In reality, we do not believe we will see a settled down market until summer or even later; however, being prepared is essential to taking advantage of the situation when and if it does present itself. Sometimes there are very short windows of opportunity.

**ATTACHMENTS:**  Ordinance                       Resolution                       Budget Resolution

Other     Support Documents/Contracts Available for Review in Manager's Office

**DEPARTMENT HEAD**

Signed

Date

**FINANCE DEPARTMENT**

Approved as to Budget Requirements

Date

**CITY ATTORNEY**

Approved as to Form and Legality

Date

3-10-08

**CITY MANAGER**

Approved Agenda Item For:

3/18/08

**COUNCIL ACTION:**

Approved as Recommended

Disapproved

Tabled Indefinitely

Continued to Date Certain

Approved with Modification:

ORDINANCE NO. 2008-11

AN ORDINANCE OF THE CITY OF PORT ORANGE, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$15,000,000 CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 2008, NOT EXCEEDING \$6,000,000 STORMWATER UTILITY REFUNDING REVENUE BONDS, SERIES 2008 AND NOT EXCEEDING \$10,000,000 WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2008 (COLLECTIVELY, THE "REFUNDING BONDS") TO REFUND THE CITY'S OUTSTANDING CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2004, THE STORMWATER UTILITY REVENUE BONDS, SERIES 1998, AND CERTAIN WATER AND SEWER STATE REVOLVING FUND LOANS (COLLECTIVELY, THE "REFUNDED DEBT"); PROVIDING FOR THE PAYMENT OF SUCH REFUNDING BONDS FROM THE FUNDS PLEDGED TO THE PAYMENT OF THE REFUNDED DEBT; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PORT ORANGE, VOLUSIA COUNTY, FLORIDA:

**SECTION 1. AUTHORITY FOR THIS ORDINANCE.** This ordinance is enacted pursuant to the provisions of Chapter 166, Parts I and II, and Chapter 159, Part I, Florida Statutes; Chapter 2, Article VI, Division 4, Section 2-317 of the Code of Ordinances of the City of Port Orange, Florida (the "City"), as amended and other applicable provisions of law.

**SECTION 2. FINDINGS.** It is hereby ascertained, determined and declared that:

A. It is desirable to provide for the refunding of certain of the City's outstanding debt, including, but not limited to, some or all of the City's outstanding Capital Improvement Revenue Bonds, Series 2004 (the "2004 CIR Bonds"), some or all of the outstanding Stormwater Utility Revenue Bonds, Series 1998 (the "1998 Stormwater Utility Bonds") and some or all of the City's water and sewer state revolving fund loans (the "SRF Loans") (the 2004 CIR Bonds, the 1998 Stormwater Utility Bonds and the SRF Loans collectively, the "Refunded Debt") in order to reduce debt service on some of the City's outstanding debt, including the debt service on the Refunded Debt.

B. It is necessary and desirable to provide for the issuance of not exceeding \$15,000,000 Capital Improvement Refunding Revenue Bonds, Series 2008 (the "CIR Refunding Bonds"), not exceeding \$6,000,000 Stormwater Utility Refunding Revenue Bonds, Series 2008 (the "Stormwater Utility Refunding Bonds") and not exceeding \$10,000,000 Water and Sewer Refunding Revenue Bonds, Series 2008 (the "Water and Sewer Refunding Bonds") (the CIR Refunding Bonds, the Stormwater Utility Refunding Bonds and the Water and Sewer Refunding Bonds, collectively, the "Refunding Bonds") of the City to refund outstanding debt of the City, including the Refunded Debt.

**SECTION 3. AUTHORIZATION OF THE CIR REFUNDING BONDS.** The issuance by the City of the CIR Refunding Bonds for the purpose of refunding the 2004 CIR Bonds; to be dated, to bear interest at a rate not exceeding the maximum legal rate per annum, to be payable, to mature, to be subject to redemption and to have such other characteristics as shall be provided by subsequent resolution of the City Council prior to their delivery; and to be payable from and secured by a pledge of and lien on the net revenues derived by the City from Public Service Taxes and Franchise Fees, on a parity with the lien thereon in favor of holders of the outstanding Capital Improvement Revenue Bonds previously issued pursuant to Resolution No. 86-54 of the City, as amended and supplemented (the "Original CIR Resolution"), if and to the extent such previously issued bonds are not refunded, is hereby authorized. The Council shall adopt a bond resolution (including any resolutions supplemental thereto), supplemental to this ordinance, setting forth the fiscal details and other covenants and provisions necessary for the security, marketing, sale and issuance of the CIR Refunding Bonds. In addition, such bond resolution may establish special accounts and include provisions for the sole benefit of the holders of the CIR Refunding Bonds, as circumstances dictate, in order to fully protect the rights of the holders of the CIR Refunding Bonds. In the case of any inconsistency between the provisions of the Original CIR Resolution and such bond resolution, the provisions of the bond resolution shall control.

**SECTION 4. AUTHORIZATION OF THE STORMWATER UTILITY REFUNDING BONDS.** The issuance by the City of the Stormwater Utility Refunding Bonds for the purpose of refunding the 1998 Stormwater Utility Bonds; to be dated, to bear interest at a rate not exceeding the maximum legal rate per annum, to be payable, to mature, to be subject to redemption and to have such other characteristics as shall be provided by subsequent resolution of the City Council prior to their delivery, and to be payable from and secured by a pledge of and lien and on revenues derived by the City from stormwater utility fees, on a parity with the lien thereon in favor of the holders of the outstanding Stormwater Utility Revenue Bonds previously issued pursuant to Resolution No. 93-97 of the City, as amended and supplemented (as so amended and supplemented, the "Original Stormwater Utility Bond Resolution"), if and to the extent such previously issued bonds are not refunded, is hereby authorized. The City Council shall adopt a specific stormwater utility refunding bond resolution (including any resolutions supplemental to such bond resolution), supplemental to this ordinance, setting forth the fiscal details and other covenants and provisions necessary for the security, marketing, sale and issuance of the Stormwater Utility Refunding Bonds. In addition, such stormwater utility refunding bond resolution may establish special accounts and include provisions for the sole benefit of the holders of the Stormwater Utility Refunding Bonds, as circumstances dictate, in order to fully protect the rights of the holders of the Stormwater Utility Refunding Bonds. In the case of any inconsistency between the provisions of the Original Stormwater Utility Bond Resolution and such stormwater utility refunding bond resolution, the provisions of the stormwater utility refunding bond resolution shall control.

**SECTION 5. AUTHORIZATION OF THE WATER AND SEWER REFUNDING BONDS.** The issuance by the City of the Water and Sewer Refunding Bonds for the purpose of refunding some or all of the SRF Loans; to be dated, to bear interest at a rate not exceeding the maximum legal rate per annum, to be payable, to mature, to be subject to redemption and to have

such other characteristics as shall be provided by subsequent resolution of the City Council prior to their delivery; and to be primarily payable from and secured by a pledge of and lien on the net revenues derived by the City from its water and sewer system, on a parity with the lien thereon in favor of the holders of the outstanding Water and Sewer Revenue Bonds previously issued pursuant to Resolution No. 93-16 of the City, as amended and supplemented (the "Original Water and Sewer Resolution"), if and to the extent such previously issued bonds are not refunded, is hereby authorized. The Council shall adopt a water and sewer refunding bond resolution (including any resolutions supplemental thereto), supplemental to this ordinance, setting forth the fiscal details and other covenants and provisions necessary for the security, marketing, sale and issuance of the Water and Sewer Refunding Bonds. In addition, such water and sewer refunding bond resolution may establish special accounts and include provisions for the sole benefit of the holders of the Water and Sewer Refunding Bonds, as circumstances dictate, in order to fully protect the rights of the holders of the Water and Sewer Refunding Bonds. In the case of any inconsistency between the provisions of the Original Water and Sewer Resolution, and such water and sewer refunding bond resolution, the provisions of the water and sewer refunding bond resolution shall control.

**SECTION 6. REPEAL OF INCONSISTENT PROVISIONS.** All ordinances, resolutions or parts thereof in conflict with this ordinance are hereby repealed to the extent of such conflict.

**SECTION 7. SEVERABILITY.** In the event that any portion or section of this Ordinance is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining portions or sections of this Ordinance which shall remain in full force and effect.

**SECTION 8. EFFECTIVE DATE.** This Ordinance shall take effect immediately upon its final passage and adoption.

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Mayor Allen Green

ATTEST:

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Kenneth W. Parker, City Manager

Passed on first reading the \_\_\_th day of \_\_\_\_\_, 2008.

Passed and adopted on second and final reading on the \_\_\_th day of \_\_\_\_\_, 2008.

Reviewed and Approved:   
City Attorney