

Ordinance 23-XX

Refunding Utility System Refunding Revenue Bonds, Series 2014

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Background Information

- Series 2014 Utility Bonds set to mature 2023-2034.
- Originally issued to refund:
 - All outstanding Utility System Revenue Bonds, Series 2003.
 - All outstanding Utility System Revenue Bonds, Series 2004.
 - A portion of outstanding Utility System Revenue Bonds, Series 2006.

The Series 2003, 2004, and 2006 Bonds went pay for items such as the Construction of Glades WWTP; the design and permitting of a deep injection well located at Glades WWTP; expansion of Glades WWTP; the refunding and defeasance of various bonds.

Debt Policy

In September 2020, City Council adopted the City's Debt Management Policy 20-R90. 20-R90 established parameters and provided guidance governing the issuance, management, and continuing evaluation of and reporting on all debt obligations issued by the City of Port St Lucie.

The City's current debt policy states the City may issue current refunding bonds when the net present value savings equal or exceed 3 percent of the refunded bonds amount.

Refunding Opportunity

- Series 2014 Utility Bonds are callable as of Sept 1, 2023, with a principal balance of approximately \$25 million.
- Estimated that the City could realize a **net present value debt service savings** of **\$2.4M or 10%** of the refunded bonds par amount.
- This equates to approximately \$240,000 in annual savings through 2034.

Recommendation

To support one of the City Council's Strategic Plan goals to reduce debt, staff recommends the City issue Utility System Refunding Revenue Bonds, Series 2023, to refund the City's outstanding Utility System Refunding Revenue Bonds, Series 2014, to achieve debt service savings.

Questions?