



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

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Legislative File No: 2010-0156

TO: Mayor and City Council Members

FROM: Keith Sawdon, Director of Finance, Ext 2535

DATE: March 29, 2010

SUBJECT: RESOLUTION TO AUTHORIZE REFUNDING OF ROCHESTER HILLS BUILDING AUTHORITY BONDS, GOLT, SERIES 2002, CITY HALL BUILDING BONDS

REQUEST:

We are recommending that City Council approve and adopt the attached resolution in order to refund all or part of the outstanding Building Authority General Obligation Limited Tax Bonds, Series 2002 originally issued for the purpose of constructing, furnishing and equipping City Hall.

BACKGROUND:

From time to time the Fiscal Service Office conducts an analysis of potential net savings that can be achieved by refunding (refinancing) bonds the City has outstanding. In addition, the City established some minimum standards, through its Debt Management Policy, that needed to be achieved before a refunding would be recommended. Our current policy states that no bond can be considered for refunding unless the refunding will produce at least a Net Present Value Savings of 2% and have Net Savings to the City of at least \$100,000.

A recent analysis indicates that the bonds sold in 2002 to construct, furnish and equip City Hall have the potential to meet those minimum requirements. Based on recent estimates we have determined that there is a strong possibility that the 2002 Building Authority Bonds could achieve and exceed those minimum requirements. Estimates indicate a saving of over \$300,000 and Net Present Savings of 4.49% of the refunded bonds.

We have asked Terry Donnelly, Bond Counsel for the City, to draft the attach Resolution to begin the process of moving towards refunding the Building Authority Bonds.

RECOMMENDATION:

It is our recommendation that the attached Resolution be adopted by City Council.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		