



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Memorandum 19-035

TO: Mayor Castner and Homer City Council
THROUGH: Katie Koester, City Manager
FROM: Elizabeth Walton, Finance Director
DATE: March 11, 2019
SUBJECT: Police Station Bond Updates

Attorney Tom Klinkner, our bond counsel, will be available by phone during Committee of the Whole to answer any questions on the bond resolution.

History:

Ordinance 18-26 (A)(S)(A) put to the voters a question to bond for up to \$5 million for the construction of the new police station.

Special election was held on June 26, 2018 and voters approved the \$5 million bond proposition.

Terms:

The details of the bond terms are subject to change, but given the short timeframe to bond issuance there is a small likelihood of significant changes. The predicted interest rate for the bond begins at 3% and increases to 5% by the end of repayment. The term of the bond repayment is currently set for 20 years, but it prudent to explore a 15 year term as it would save the City roughly \$700,000 in interest payments over the 15 years. Enclosed are charts detailing the bond payment schedule for both a 20 and 15 year term.

Next Steps/Schedule:

The City of Homer has until the AMBB posts its preliminary official statement, currently scheduled for April 2nd, to adopt a resolution authorizing the issuance of the bond.

The closing date of bond sales is currently scheduled for May 2, 2019 and funds are set to be wired same day (subject to change).

The first payment is due on November 1, 2019 and will consist of only interest. Each year thereafter there will be two payments due (interest/debt service on May 1 and interest only on November 1).

Recommendation:

Approve Resolution 19-019 authorizing the issuance of General Obligation Bonds for Police Station Construction.

Enclosed:

Police Station Bond Debt Service Schedule

AMBB Bond Financing Schedule