



Council Request Update

September 21, 2017

Council Request: 17-036 – Follow Up

Assigned to: Police Department

Request: Update on the code enforcement of Sullivan and Hayes building on Broadway

Response: From Economic Development Manager Darren Hollingsworth:

The Simply the Best properties sold on August 7, 2017 and the new property owner is rehabbing the commercial buildings at 3494, 3496, and 3498 South Broadway. The property is listed with a new broker and tenant recruitment is actively underway.

Council Request: 17-156

Assigned to: City Manager's Office

Request: Information regarding the issuance of General Obligation Bonds

Response: Please see attached from City Manager Eric Keck.



City of Englewood, CO

Bond Basics

September 15, 2017

PFM Financial
Advisors LLC
pfm.com

633 17th Street
Suite 2250
Denver, CO 80202
303-467-1114

50 California Street
Suite 2300
San Francisco, CA 94111
415-982-5544

General Obligation Bonds (GO Bonds)

- GO Bonds are backed by the full faith and credit of the City
- Ad valorem taxes are levied in an amount sufficient to pay annual debt service on the GO Bonds
- Voters approved the annual tax levy and par amount in November 2016
- The City issued its GO Bonds within the parameters of the voter passed ballot initiative and the City GO Bond Ordinance

	Voter Approved Ballot Initiative	City GO Bond Ordinance	City's GO Bonds (Actual)
Par Amount	\$27,000,000	\$27,000,000	\$27,000,000
Annual Tax Increase (Annual Debt Service)	\$2,200,000	\$2,200,000	\$2,195,000
Total Repayment Cost (Total Debt Service)	\$47,900,000		\$42,855,000
Borrowing Rate		5.00%	2.85%
Final Maturity		2037	2036

Annual Debt Service

- Upon the issuance of the GO Bonds, the City must pay annual principal and interest in the amounts shown to the right
- Ad valorem taxes will be levied to pay annual debt service
- The GO Bonds were structured with a ten-year par call option
 - On or after 12/1/2027, the City may choose to redeem the bonds maturing after 2027

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	595,000	3.000%	598,657.26	1,193,657.26
12/01/2018	870,000	4.000%	1,320,762.50	2,190,762.50
12/01/2019	905,000	5.000%	1,285,962.50	2,190,962.50
12/01/2020	955,000	5.000%	1,240,712.50	2,195,712.50
12/01/2021	1,000,000	5.000%	1,192,962.50	2,192,962.50
12/01/2022	1,050,000	5.000%	1,142,962.50	2,192,962.50
12/01/2023	1,105,000	5.000%	1,090,462.50	2,195,462.50
12/01/2024	1,155,000	5.000%	1,035,212.50	2,190,212.50
12/01/2025	1,215,000	5.000%	977,462.50	2,192,462.50
12/01/2026	1,275,000	5.000%	916,712.50	2,191,712.50
12/01/2027	1,340,000	5.000%	852,962.50	2,192,962.50
12/01/2028	1,405,000	5.000%	785,962.50	2,190,962.50
12/01/2029	1,475,000	5.000%	715,712.50	2,190,712.50
12/01/2030	1,550,000	5.000%	641,962.50	2,191,962.50
12/01/2031	1,630,000	5.000%	564,462.50	2,194,462.50
12/01/2032	1,710,000	5.000%	482,962.50	2,192,962.50
12/01/2033	1,795,000	5.250%	397,462.50	2,192,462.50
12/01/2034	1,890,000	5.250%	303,225.00	2,193,225.00
12/01/2035	1,990,000	5.000%	204,000.00	2,194,000.00
12/01/2036	2,090,000	5.000%	104,500.00	2,194,500.00
	27,000,000		15,855,082.26	42,855,082.26

What is a Bond?

- Debt investment in which an investor loans money to a corporate or governmental entity (as the issuer). The Issuer borrows the funds for a defined period of time (typically) at a rate
- Bonds are used by companies, municipalities, states, the federal government, and foreign governments to finance a variety of projects and activities
- Bonds are commonly referred to as fixed-income securities
- The indebted entity (Issuer) issues a bond that states the interest rate (coupon) that will be paid and when the loaned funds (bond principal) are to be returned (maturity date)
- Interest on Bonds is typically paid every six months (semi-annually)
- The main categories of bonds are corporate bonds; municipal bonds; and U.S. Treasury bonds, notes, and bills (U.S. Treasury obligations are collectively referred to as simply "Treasuries")



General Bond Terminology

Principal or Par Amount

- Amount of the Bond Issue or the indebtedness

Maturity Date

- Repayment Date of Bond Issue

Coupon Rate

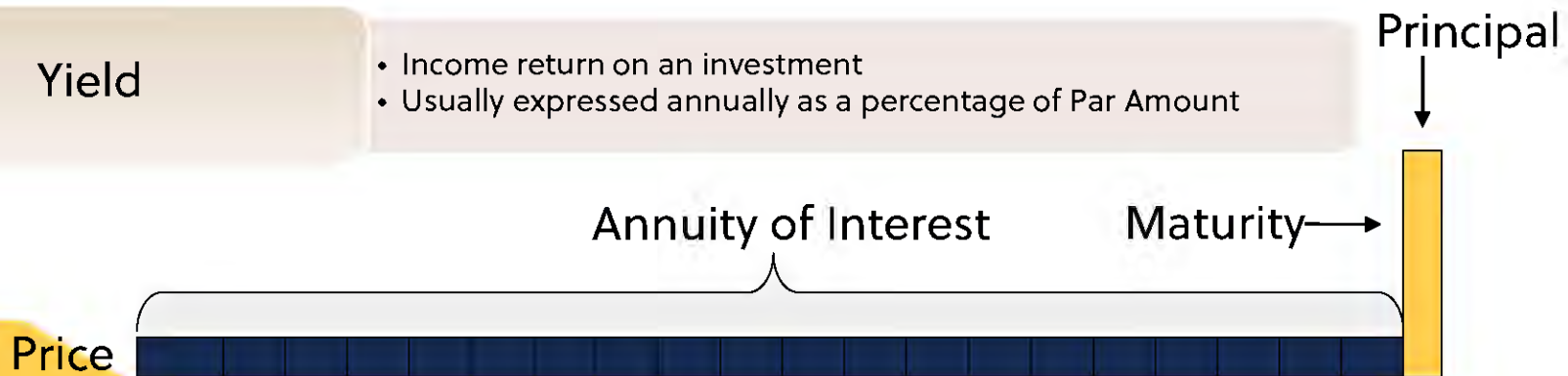
- Annual interest rate (usually paid semi-annually) on the Bond Issue
- Usually expressed as a percentage of Par Amount

Price

- The amount to be paid for a bond in consideration of future receipt of principal and interest payments

Yield

- Income return on an investment
- Usually expressed annually as a percentage of Par Amount





Terminology Reference

City of Englewood's GO Bonds

Maturity Date	Amount	Rate	Yield
12/01/2017	595,000	3.000%	0.780%
12/01/2018	870,000	4.000%	0.880%
12/01/2019	905,000	5.000%	0.970%
12/01/2020	955,000	5.000%	1.060%
12/01/2021	1,000,000	5.000%	1.190%
12/01/2022	1,050,000	5.000%	1.320%
12/01/2023	1,105,000	5.000%	1.480%
12/01/2024	1,155,000	5.000%	1.630%
12/01/2025	1,215,000	5.000%	1.780%
12/01/2026	1,275,000	5.000%	1.970%
12/01/2027	1,340,000	5.000%	2.050%
12/01/2028	1,405,000	5.000%	2.160%
12/01/2029	1,475,000	5.000%	2.260%
12/01/2030	1,550,000	5.000%	2.320%
12/01/2031	1,630,000	5.000%	2.390%
12/01/2032	1,710,000	5.000%	2.460%
12/01/2033	1,795,000	5.250%	2.510%
12/01/2034	1,890,000	5.250%	2.570%
12/01/2035	1,990,000	5.000%	2.670%
12/01/2036	2,090,000	5.000%	2.710%

Par Amount → 27,000,000

Principal Amount → Maturity Date

Coupon Rate → Rate

Bond Pricing Mechanics

Price is often quoted as a percentage of face value. A bond priced at 101, for example, will be worth 101% of the face value of the bond. This is known as a premium. Similarly, a bond priced at 95 will be worth only 95% of the face value of bond. This is known as a discount. The types of bonds are outlined below:

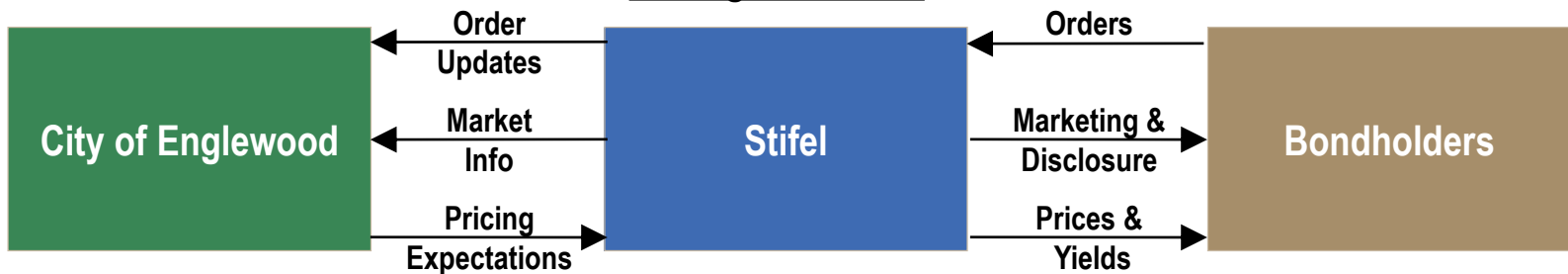
- Par Bonds
 - Coupon Rate is equal to Yield; investor pays the stated price, or "Par"
- Discount Bonds
 - Coupon Rate is less than Yield; investor pays less than the stated price, or "discount"
- Premium Bonds
 - Coupon Rate is greater than Yield; investor pays more than stated price, or "premium"

As reflected in the prior page, all of the City's bonds were sold at a premium given investor demand for premium bonds at the time of the sale

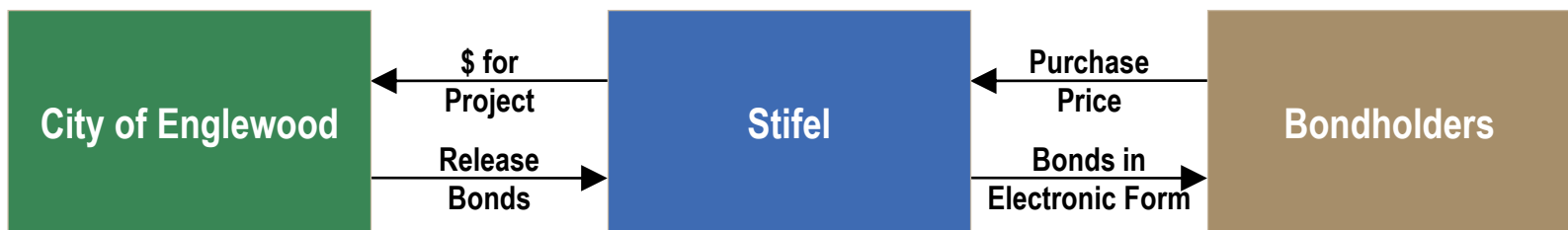
Pricing and Closing of the Bonds

- The City's GO Bonds priced on June 7th and closed on June 20th
- Investors (the bondholders) received their bonds in electronic form and provided Stifel the purchase price (par amount plus premium)
- The City received the bond proceeds on the closing date of June 20th

Pricing the Bonds



Closing the Bonds



Sources and Uses

- As of the closing, bondholders paid the premium and the par amount and delivered it to Stifel
- Stifel released the total proceeds (par amount plus premium) less their fees (Underwriter's Discount) to the City for the projects authorized by the GO Bond Ordinance and to pay costs of issuance
- The City received the project fund amount of \$32.6 million

Sources:

Bond Proceeds:	
Par Amount	27,000,000.00
Premium	5,826,363.50
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	32,826,363.50
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Uses:

Project Fund Deposits:	
Project Fund	32,631,778.50
Delivery Date Expenses:	
Cost of Issuance	93,200.00
Underwriter's Discount	101,385.00
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	194,585.00
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	32,826,363.50
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