

City of Las Cruces[®]

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 4 Ordinance/Resolution# 12-019

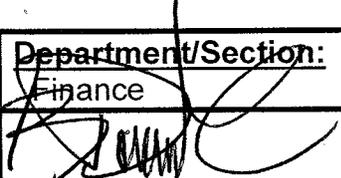
For Meeting of _____
(Ordinance First Reading Date)

For Meeting of August 1, 2011
(Adoption Date)

TITLE: A RESOLUTION TO AUTHORIZE AND APPROVE SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY.

PURPOSE(S) OF ACTION:

The proposed action will allow the City to realize significant interest savings by refinancing the 2000 Gas Tax Revenue Bonds.

COUNCIL DISTRICT: N/A		
Drafter/Staff Contact: Robert Scaling	Department/Section: Finance	Phone: 541-2035
City Manager Signature: 		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The City owes a remaining principal balance on the 2000 Gasoline Tax Revenue Bonds of approximately \$2,200,000 that is eligible for redemption as of June 1, 2011. Current interest rates in the capital markets will allow the City to create present value savings of approximately nine (9) percent by refinancing this remaining balance.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A"; NMFA Public Project Revolving Fund Infrastructure Application.
3. Attachment "A"; RBC Capital Markets summary of Refunding results.

SOURCE OF FUNDING:

N/A	Is this action already budgeted?		
	Yes	<input type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY _____.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

N/A

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will enable City staff to submit the refunding Application to NMFA.
2. Vote "No"; this will deny City staff the opportunity to submit the refunding Application to NMFA and realize the interest savings opportunity.
3. Vote to "Amend"; this could require staff to explore other financing options not currently Recommended by the City's Financial Advisor.
4. Vote to "Table"; this could delay this financing opportunity and reduce the projected interest savings.

REFERENCE INFORMATION:

N/A

(Continue on additional sheets as required)

RESOLUTION NO. 12-019**A RESOLUTION TO AUTHORIZE AND APPROVE SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY.**

The City Council is informed that:

WHEREAS, the City of Las Cruces ("Governmental Unit") is a qualified entity under the New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31, NMSA 1978 ("Act"), and the City of Las Cruces City Council ("Governing Body") is authorized to borrow funds and/or issue bonds for financing of public projects for benefit of the Governmental Unit; and

WHEREAS, the New Mexico Finance Authority ("Authority") has instituted a program for financing of projects from the public project revolving fund created under the Act and has developed an application procedure whereby the Governing Body may submit an application ("Application") for financial assistance from the Authority for public projects; and

WHEREAS, the Governing Body intends to undertake the refinancing of its outstanding Series 2000A Gas Tax Revenue Bonds ("Project") for the benefit of the Governmental Unit and its citizens; and

WHEREAS, the application prescribed by the Authority has been completed and submitted to the Governing Body and this resolution approving submission of the completed Application to the Authority for its consideration and review is required as part of the Application.

NOW THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT all action (not inconsistent with the provisions hereof) heretofore taken by the Governing Body and the officers and employees thereof directed toward the Application and the Project, be and the same is hereby ratified, approved and confirmed.

(II)

THAT the completed Application submitted to the Governing Body, be and the same is hereby approved and confirmed.

(III)

THAT the officers and employees of the Governing Body are hereby directed and requested to submit the completed Application to the Authority for its review and are further authorized to take such other action as may be requested by the Authority in its consideration and review of the Application and to further proceed with arrangements for financing the Project.

(IV)

THAT all acts and resolutions in conflict with this resolution are hereby rescinded, annulled and repealed.

(V)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 2011.

APPROVED:

Mayor

ATTEST:

City Clerk

(SEAL)

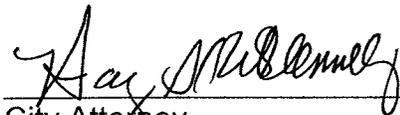
VOTE:

Mayor Miyagishima:	_____
Councillor Silva:	_____
Councillor Connor:	_____
Councillor Pedroza:	_____
Councillor Small:	_____
Councillor Sorg:	_____
Councillor Thomas:	_____

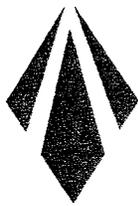
Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:



City Attorney



App. #:	
FA assigned:	
Legislative Authorization	

**PUBLIC PROJECT REVOLVING FUND
 INFRASTRUCTURE APPLICATION**

I. GENERAL INFORMATION

A. APPLICANT /ENTITY

		Application Date:	6/24/11
Applicant/Entity:	City of Las Cruces		
Address:	P.O. Box 20000, Las Cruces NM 88004-9002		
County	Dona Ana	Census Tract:	
Federal Employer Identification Number (EIN) as issued by the IRS:			
Legislative District:	Senate:	House:	
Phone: 575-646-4019	Fax: 575-646-4019	Email Address:	rscaling@las-cruces.org
Individual Completing Application: Erik Harrigan			
Address:	6301 Uptown Blvd. NE Suite 110 Albuquerque NM 87110		
Phone: 505-872-5992	Fax: 505-872-5979	Email Address:	Erik.harrigan@rbccm.com

B. CONSULTING PROFESSIONALS (Financial Advisor/Bond/Legal Counsel, Architect, Engineer, etc.), if available:

Firm:	RBC Capital Markets		
Contact:	Kevin Powers		
Address:	6301 Uptown Blvd. NE, Ste. 110, Albuquerque, NM 87110		
Phone: 505-872-5993	Fax: (505) 872-5979	Email Address:	kevin.f.powers@rbccm.com

C. BOND COUNSEL PRIMARY CONTACT PERSON:

Name:	Duane Brown		
Contact:	Modrall Law Firm		
Address:	P.O. Box 2168, Albuquerque, NM 87103		
Phone: 505-848-1807	Fax: 505-848-9710	Email Address:	duanebrown@modrall.com

II. PROJECT SUMMARY

- A. Project Description.** Complete the following information, using additional paper if necessary. Include any additional documents that may be useful in reviewing this project, i.e. architectural designs, feasibility studies, business plan, etc.

Description of the project. Refund the City's Series 2000A Gasoline Tax Improvement Revenue Bonds

1.

2. Proposed Project Start Date: N/A Proposed Project Completion Date: N/A
 When do you need NMFA funds available? September 2011

3. How will the ongoing maintenance, operation, and replacement of this project be funded? By the City of Las Cruces

4. Provide a detailed drawdown schedule for project payments. The schedule may reflect monthly or quarterly payments. N/A

B. Total Project Cost & Sources of Funds Detail.

Construction Activities	NMFA Funds Requested	Other Public Funds*	Private Funds	Total
Planning and Design	\$	\$	\$	\$ 0.00
Construction	\$	\$	\$	\$ 0.00
Equipment	\$	\$	\$	\$ 0.00
Infrastructure Activities				
Facility Acquisition	\$	\$	\$	\$ 0.00
Land Acquisition	\$	\$	\$	\$ 0.00
Utilities (Electric, Gas, Water, etc.)	\$	\$	\$	\$ 0.00
Project Proceeds	\$	\$	\$	\$ 0.00
Deposit to Refunding Fund	\$2,300,000.00	\$	\$	\$2,300,000.00
Cost of Issuance (Excluding NMFA processing fee)	\$50,000	\$	\$	\$50,000.00
Other	\$	\$	\$	\$ 0.00
Total Cost:	\$2,350,000.00	\$ 0.00	\$ 0.00	\$2,350,000.00

*Specify any other public funds, and amounts and terms of these funds, i.e. FmHA, CDBG, EPA, etc.

Source	Amount	Terms / # of Years
Prior Debt Service Reserve Fund	\$511,000	

42

\$

\$

\$511,000.00

Total:

Attach a letter verifying that each non-NMFA funding source has been approved, or is in the process of being approved for this project. Explain any exceptions.

C. Will this project require right-of-way acquisition? Yes No

If yes, specify any right-of-way needs, and whether acquisition may or may not delay beginning of project.

D. Who will hold title to the land where the project is to be located? City of Las Cruces

If this is land owned by the Bureau of Land Management, State Land Office, or Tribal Land, please attach lease agreements. (If there is no clear title, attach an explanation of ownership arrangements.)

E. Does this project require a Joint Powers Agreement (JPA)? Yes No

If yes, provide a copy of (attach) the JPA, which should include a list of the current membership

III. FINANCING

A. 1. Specify the revenue to be pledged as security for the NMFA loan (a revenue source must be pledged for this type of project).

Municipal Local Option GRT – please specify: Municipal Gross Receipts Tax

County Option GRT – please specify:

Other Tax-Based Revenue: General Gasoline and Municipal Road Gasoline Tax revenues distributed to the City by the State.

State-Shared GRT

Law Enforcement Funds

Fire Protection Funds

Net System Revenues:

Other Revenue:

2. Is there an alternative revenue source available to pledge to pay debt service in the event that the primary pledged revenue is unavailable or insufficient? Yes No If yes, specify:

3. Preferred financing term: Final maturity in 2016

B. Is any debt being repaid from the revenue source(s) referenced in A (1)? Yes No

The City has only one Gasoline Tax revenue bond outstanding which will be refunded in its entirety with this proposed NMFA borrowing.

If yes, provide bond or loan documents and payment schedule for any existing debt service being paid from the same revenues that would be used to repay a NMFA loan.

IV. READINESS TO PROCEED ITEMS

A. The following items must accompany this application in order for this application to be considered complete:

- Equipment cost breakdown (if applicable)
- Three most recently completed fiscal year audit reports
- Current unaudited financials
- Current fiscal year budget
- Verification of ownership of land where project will be located
- Documentation that each non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
- Joint Powers Agreement (if applicable)

B. In addition, complete the following information, using ⁴⁴ additional paper as necessary. **These items will be required prior to disbursement of NMFA proceeds:**

- Provide a detailed drawdown schedule for project payments
 - Final technical information for the project, stamped and approved by a registered engineer
 - Cost breakdown of the project, certifiable by either an engineer or architect
 - Area map, site map, and floor map (if applicable)
 - Verification of ownership of land where project will be located
 - Documentation that each Non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
 - Documentation showing status of right-of-way acquisition (if applicable)
 - Explanation of land ownership arrangements (if applicable)
 - List all required permits and licenses necessary to complete this project. Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses. Also provide a copy of all permits and licenses.
 - Is there litigation pending which would have a bearing on this project or applicant? Yes No
If yes, provide a complete summary of all circumstances relating to such litigation.
- _____ Indicate the regular meeting dates for your authorizing body: _____

V. CERTIFICATION

I certify that:

We have the authority to request and incur the debt described in this application and, upon award, will enter into a contract for the repayment of any NMFA loans and/or bonds.

We will comply with all applicable state and federal regulations and requirements.

To the best of my knowledge all information contained in this application is valid and accurate and the submission of this application has been authorized by the governing body of the undersigned jurisdiction.

Signature:

Title:

(highest elected official)

Jurisdiction:

Print Name:

Date:

Signature:

Date:

Finance Officer/Director:

SERIES 2000A				
FYE 6/30	Principal	Coupon	Interest	Total Gross D/S
2012	405,000	5.20%	120,898	525,898
2013	425,000	5.38%	99,838	524,838
2014	445,000	5.38%	76,994	521,994
2015	470,000	5.50%	53,075	523,075
2016	495,000	5.50%	27,225	522,225
TOTAL	\$2,240,000		\$378,029	\$2,618,029

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City of Las Cruces, New Mexico
Gas Tax Refunding Revenue Bonds
Series 2011
Refund 2000 Bonds

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SOURCES AND USES OF FUNDS

City of Las Cruces, New Mexico
 Gas Tax Refunding Revenue Bonds
 Series 2011
 Refund 2000 Bonds

Dated Date 09/01/2011
 Delivery Date 09/01/2011

Sources:

Bond Proceeds:	
Par Amount	2,045,000.00
Other Sources of Funds:	
Prior DSRF	511,000.00
	2,556,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	2,270,508.13
Other Fund Deposits:	
Debt Service Reserve Fund	204,500.00
Delivery Date Expenses:	
Cost of Issuance	50,000.00
Underwriter's Discount	30,675.00
	80,675.00
Other Uses of Funds:	
Additional Proceeds	316.87
	2,556,000.00

SUMMARY OF REFUNDING RESULTS

City of Las Cruces, New Mexico
Gas Tax Refunding Revenue Bonds
Series 2011
Refund 2000 Bonds

Dated Date	09/01/2011
Delivery Date	09/01/2011
Arbitrage yield	1.235600%
Escrow yield	
Bond Par Amount	2,045,000.00
True Interest Cost	1.797992%
Net Interest Cost	1.782345%
Average Coupon	1.238342%
Average Life	2.757
Par amount of refunded bonds	2,240,000.00
Average coupon of refunded bonds	5.502535%
Average life of refunded bonds	2.850
PV of prior debt to 09/01/2011 @ 1.235600%	2,536,190.13
Net PV Savings	185,007.00
Percentage savings of refunded bonds	8.259241%
Percentage savings of refunding bonds	9.046797%

SUMMARY OF BONDS REFUNDED

City of Las Cruces, New Mexico
Gas Tax Refunding Revenue Bonds
Series 2011
Refund 2000 Bonds

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2000 Bonds, 2000:					
SERIAL	06/01/2012	5.200%	405,000.00	09/01/2011	100.000
TERM	06/01/2014	5.450%	870,000.00	09/01/2011	100.000
TERM01	06/01/2016	5.550%	965,000.00	09/01/2011	100.000
			2,240,000.00		

SAVINGS

City of Las Cruces, New Mexico
 Gas Tax Refunding Revenue Bonds
 Series 2011
 Refund 2000 Bonds

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/01/2011 @ 1.2356002%
06/01/2012	527,032.50	426,195.50	100,837.00	100,283.20
06/01/2013	525,972.50	424,216.00	101,756.50	99,833.62
06/01/2014	522,810.00	421,097.50	101,712.50	98,509.03
06/01/2015	523,557.50	421,885.50	101,672.00	97,205.25
06/01/2016	522,472.50	421,432.50	101,040.00	95,359.03
	2,621,845.00	2,114,827.00	507,018.00	491,190.13

Savings Summary

PV of savings from cash flow	491,190.13
Less: Prior funds on hand	-511,000.00
Plus: Refunding funds on hand	204,816.87
Net PV Savings	185,007.00

BOND SUMMARY STATISTICS

City of Las Cruces, New Mexico
Gas Tax Refunding Revenue Bonds
Series 2011
Refund 2000 Bonds

Dated Date	09/01/2011
Delivery Date	09/01/2011
Last Maturity	06/01/2016
Arbitrage Yield	1.235600%
True Interest Cost (TIC)	1.797992%
Net Interest Cost (NIC)	1.782345%
All-In TIC	2.742008%
Average Coupon	1.238342%
Average Life (years)	2.757
Duration of Issue (years)	2.702
Par Amount	2,045,000.00
Bond Proceeds	2,045,000.00
Total Interest	69,827.00
Net Interest	100,502.00
Bond Years from Dated Date	5,638,750.00
Bond Years from Delivery Date	5,638,750.00
Total Debt Service	2,114,827.00
Maximum Annual Debt Service	426,195.50
Average Annual Debt Service	445,226.74
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	15.000000
Total Underwriter's Discount	15.000000
Bid Price	98.500000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	2,045,000.00	100.000	1.238%	2.757	549.50
	2,045,000.00			2.757	549.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,045,000.00	2,045,000.00	2,045,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-30,675.00	-30,675.00	
- Cost of Issuance Expense		-50,000.00	
- Other Amounts			
Target Value	2,014,325.00	1,964,325.00	2,045,000.00
Target Date	09/01/2011	09/01/2011	09/01/2011
Yield	1.797992%	2.742008%	1.235600%

BOND PRICING

City of Las Cruces, New Mexico
 Gas Tax Refunding Revenue Bonds
 Series 2011
 Refund 2000 Bonds

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	06/01/2012	410,000	0.580%	0.580%	100.000
	06/01/2013	405,000	0.770%	0.770%	100.000
	06/01/2014	405,000	1.040%	1.040%	100.000
	06/01/2015	410,000	1.330%	1.330%	100.000
	06/01/2016	415,000	1.550%	1.550%	100.000
		2,045,000			

Dated Date	09/01/2011	
Delivery Date	09/01/2011	
First Coupon	06/01/2012	
Par Amount	2,045,000.00	
Original Issue Discount		
Production	2,045,000.00	100.000000%
Underwriter's Discount	-30,675.00	-1.500000%
Purchase Price	2,014,325.00	98.500000%
Accrued Interest		
Net Proceeds	2,014,325.00	

BOND DEBT SERVICE

City of Las Cruces, New Mexico
Gas Tax Refunding Revenue Bonds
Series 2011
Refund 2000 BondsDated Date 09/01/2011
Delivery Date 09/01/2011

Period Ending	Principal	Coupon	Interest	Debt Service
06/01/2012	410,000	0.580%	16,195.50	426,195.50
06/01/2013	405,000	0.770%	19,216.00	424,216.00
06/01/2014	405,000	1.040%	16,097.50	421,097.50
06/01/2015	410,000	1.330%	11,885.50	421,885.50
06/01/2016	415,000	1.550%	6,432.50	421,432.50
	2,045,000		69,827.00	2,114,827.00