



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

## CITY COUNCIL AGENDA ITEM

Date: November 15, 2021

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager  
Rob Maleszyk, Chief Financial Officer

Subject: Approval of Bond Refunding Resolution – (Introduced by:  
Rob Maleszyk, Chief Financial Officer)

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Periodically, City Administration investigates potential savings measures, such as favorable refunding of existing debt. This process led to the exploration of a refund of the Golf Course Refunding Bonds, Series 2012. In September 2012, the City issued \$9,655,000 in bonds. Of the amount, we look to refinance \$4,920,000.

Approval of the proposed bond issuance resolution, which was prepared by the City's outside bond counsel Laura Bassett of Dickinson Wright, will result in a new assessment of the City's bond rating. The City's bond rating was recently affirmed in 2020 utilizing Standard & Poor's new rating criteria. According to the City's financial advisor, Robert Bendzinski, if the City retains its AAA bond rating, then the estimated savings from this refunding is approximately \$230,000 (or almost \$40,000 per year). This issuance will not extend the maturity date and the final bonds will be paid off in fiscal 2028. Please see the attached Refunding Analysis for the various details of this transaction. The refunding is expected to free up revenues that would otherwise be used for debt service.

City Administration recommends approval of the attached resolution, initiating a refunding of City bonds. In addition to City Administration, bond counsel Laura Bassett and financial advisor Robert Bendzinski will be available at the November 22, 2021 meeting to address any additional questions.

### **Legal Review**

This item was submitted to the City Attorney for review pursuant to City Charter Section 3.17.

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**SOURCES AND USES OF FUNDS**

**TROY\_City\_MI**  
**County of Oakland, State of Michigan**  
**Golf Course Refunding Bonds**  
**(Limited Tax General Obligation), Series 2021**  
**Current Refunding of 2012 Bonds**  
**Matched Maturity**

Dated Date	12/20/2021
Delivery Date	12/20/2021

**Sources:**

Bond Proceeds:	
Par Amount	4,675,000.00
Premium	356,354.55
	<b>5,031,354.55</b>

**Uses:**

Refunding Escrow Deposits:	
Cash Deposit	0.51
SLGS Purchases	4,937,475.00
	<b>4,937,475.51</b>
Delivery Date Expenses:	
Cost of Issuance	55,000.00
Underwriter's Discount	37,400.00
	<b>92,400.00</b>
Other Uses of Funds:	
Additional Proceeds	1,479.04
	<b>5,031,354.55</b>

**BOND PRICING**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:	12/01/2022	730,000.00	3.000%	0.280%	102.571	18,768.30
	12/01/2023	710,000.00	3.000%	0.380%	105.077	36,046.70
	12/01/2024	795,000.00	3.000%	0.510%	107.274	57,828.30
	12/01/2025	780,000.00	3.000%	0.690%	108.979	70,036.20
	12/01/2026	815,000.00	3.000%	0.890%	110.189	83,040.35
	12/01/2027	845,000.00	3.000%	1.130%	110.726	90,634.70
<b>4,675,000.00</b>						<b>356,354.55</b>

Dated Date	12/20/2021	
Delivery Date	12/20/2021	
First Coupon	06/01/2022	
Par Amount	4,675,000.00	
Premium	356,354.55	
Production	5,031,354.55	107.622557%
Underwriter's Discount	(37,400.00)	(0.800000%)
Purchase Price	4,993,954.55	106.822557%
Accrued Interest		
Net Proceeds	4,993,954.55	

# BOND SUMMARY STATISTICS

## TROY\_City\_MI County of Oakland, State of Michigan Golf Course Refunding Bonds (Limited Tax General Obligation), Series 2021 Current Refunding of 2012 Bonds Matched Maturity

Dated Date	12/20/2021
Delivery Date	12/20/2021
First Coupon	06/01/2022
Last Maturity	12/01/2027
Arbitrage Yield	0.804992%
True Interest Cost (TIC)	1.024991%
Net Interest Cost (NIC)	1.073162%
All-In TIC	1.352751%
Average Coupon	3.000000%
Average Life (years)	3.541
Weighted Average Maturity (years)	3.585
Duration of Issue (years)	3.404
Par Amount	4,675,000.00
Bond Proceeds	5,031,354.55
Total Interest	496,597.92
Net Interest	177,643.37
Bond Years from Dated Date	16,553,263.89
Bond Years from Delivery Date	16,553,263.89
Total Debt Service	5,171,597.92
Maximum Annual Debt Service	892,050.00
Average Annual Debt Service	869,582.09
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	8.000000
Total Underwriter's Discount	8.000000
Bid Price	106.822557

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	4,675,000.00	107.623	3.000%	3.541	3.410	1,712.35
	<b>4,675,000.00</b>			<b>3.541</b>		<b>1,712.35</b>

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,675,000.00	4,675,000.00	4,675,000.00
+ Accrued Interest			
+ Premium (Discount)	356,354.55	356,354.55	356,354.55
- Underwriter's Discount	(37,400.00)	(37,400.00)	
- Cost of Issuance Expense		(55,000.00)	
- Other Amounts			
Target Value	4,993,954.55	4,938,954.55	5,031,354.55
Target Date	12/20/2021	12/20/2021	12/20/2021
Yield	1.024991%	1.352751%	0.804992%

**SUMMARY OF REFUNDING RESULTS**

**TROY\_City\_MI**  
**County of Oakland, State of Michigan**  
**Golf Course Refunding Bonds**  
**(Limited Tax General Obligation), Series 2021**  
**Current Refunding of 2012 Bonds**  
**Matched Maturity**

Dated Date	12/20/2021
Delivery Date	12/20/2021
Arbitrage yield	0.804992%
Escrow yield	0.020406%
Value of Negative Arbitrage	3,113.22
Bond Par Amount	4,675,000.00
True Interest Cost	1.024991%
Net Interest Cost	1.073162%
All-In TIC	1.352751%
Average Coupon	3.000000%
Average Life	3.541
Weighted Average Maturity	3.585
Duration	3.404
Par amount of refunded bonds	4,920,000.00
Average coupon of refunded bonds	2.772389%
Average life of refunded bonds	3.533
Remaining weighted average maturity of refunded bonds	3.536
PV of prior debt to 12/20/2021 @ 0.804992%	5,262,082.01
Net PV Savings	232,206.50
Percentage savings of refunded bonds	4.719644%

**SAVINGS**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

<b>Date</b>	<b>Prior Debt Service</b>	<b>Refunding Debt Service</b>	<b>Savings</b>	<b>Present Value to 12/20/2021 @ 0.8049922%</b>
12/01/2022	901,675.00	862,847.92	38,827.08	38,545.18
12/01/2023	867,425.00	828,350.00	39,075.00	38,456.75
12/01/2024	933,550.00	892,050.00	41,500.00	40,522.06
12/01/2025	892,550.00	853,200.00	39,350.00	38,120.48
12/01/2026	902,050.00	864,800.00	37,250.00	35,802.89
12/01/2027	911,550.00	870,350.00	41,200.00	39,280.11
	<b>5,408,800.00</b>	<b>5,171,597.92</b>	<b>237,202.08</b>	<b>230,727.46</b>

**Savings Summary**

Dated Date	12/20/2021
Delivery Date	12/20/2021
PV of savings from cash flow	230,727.46
Plus: Refunding funds on hand	1,479.04
Net PV Savings	232,206.50

**BOND DEBT SERVICE**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

Dated Date 12/20/2021  
Delivery Date 12/20/2021

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2022			62,722.92	62,722.92	
12/01/2022	730,000.00	3.000%	70,125.00	800,125.00	862,847.92
06/01/2023			59,175.00	59,175.00	
12/01/2023	710,000.00	3.000%	59,175.00	769,175.00	828,350.00
06/01/2024			48,525.00	48,525.00	
12/01/2024	795,000.00	3.000%	48,525.00	843,525.00	892,050.00
06/01/2025			36,600.00	36,600.00	
12/01/2025	780,000.00	3.000%	36,600.00	816,600.00	853,200.00
06/01/2026			24,900.00	24,900.00	
12/01/2026	815,000.00	3.000%	24,900.00	839,900.00	864,800.00
06/01/2027			12,675.00	12,675.00	
12/01/2027	845,000.00	3.000%	12,675.00	857,675.00	870,350.00
	<b>4,675,000.00</b>		<b>496,597.92</b>	<b>5,171,597.92</b>	<b>5,171,597.92</b>



**SUMMARY OF BONDS REFUNDED**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

Bond	Maturity Date	CUSIP	Interest Rate	Par Amount	Call Date	Call Price
2012 - 903232 09/06/2012 \$9,655(M), 2012:						
Serial903232, 903232	12/01/2022	897387SQ0	2.500%	770,000.00	01/19/2022	100.000
Term Ending 2025, TERM25	12/01/2023	897387ST4	2.500%	755,000.00	01/19/2022	100.000
	12/01/2024	897387ST4	2.500%	840,000.00	01/19/2022	100.000
	12/01/2025	897387ST4	2.500%	820,000.00	01/19/2022	100.000
Term Ending 2027, TERM27	12/01/2026	897387SV9	3.000%	850,000.00	01/19/2022	100.000
	12/01/2027	897387SV9	3.000%	885,000.00	01/19/2022	100.000
				<b>4,920,000.00</b>		

**PRIOR DEBT SERVICE PAYMENT SCHEDULE**

TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity

**Prior Debt Service (Paid by the Escrow Account or Called)**

Date	Prior Principal	Prior Coupon	Prior Interest	Total Prior Debt Service	Prior Principal Paid by Escrow	Prior Interest Paid by Escrow	Total Debt Paid by the Escrow
01/19/2022					4,920,000.00	17,556.67	4,937,556.67
06/01/2022			65,837.50	65,837.50			
12/01/2022	770,000.00	2.500%	65,837.50	835,837.50			
06/01/2023			56,212.50	56,212.50			
12/01/2023	755,000.00	2.500%	56,212.50	811,212.50			
06/01/2024			46,775.00	46,775.00			
12/01/2024	840,000.00	2.500%	46,775.00	886,775.00			
06/01/2025			36,275.00	36,275.00			
12/01/2025	820,000.00	2.500%	36,275.00	856,275.00			
06/01/2026			26,025.00	26,025.00			
12/01/2026	850,000.00	3.000%	26,025.00	876,025.00			
06/01/2027			13,275.00	13,275.00			
12/01/2027	885,000.00	3.000%	13,275.00	898,275.00			
	<b>4,920,000.00</b>		<b>488,800.00</b>	<b>5,408,800.00</b>	<b>4,920,000.00</b>	<b>17,556.67</b>	<b>4,937,556.67</b>

**Unrefunded Debt Service (Issuer is Responsible for Paying)**

Date

**ESCROW DESCRIPTIONS**

TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Total Cost
Dec 20, 2021:							
SLGS	Certificate	01/19/2022	01/19/2022	4,937,475.00	0.020%	0.020%	4,937,475.00
				<b>4,937,475.00</b>			<b>4,937,475.00</b>

**SLGS Summary**

SLGS Rates File	08OCT21
Total Certificates of Indebtedness	4,937,475.00

**ESCROW REQUIREMENTS**

**TROY\_City\_MI**  
**County of Oakland, State of Michigan**  
**Golf Course Refunding Bonds**  
**(Limited Tax General Obligation), Series 2021**  
**Current Refunding of 2012 Bonds**  
**Matched Maturity**

Dated Date 12/20/2021  
Delivery Date 12/20/2021

Period Ending	Interest	Principal Redeemed	Total
01/19/2022	17,556.67	4,920,000.00	4,937,556.67
	<b>17,556.67</b>	<b>4,920,000.00</b>	<b>4,937,556.67</b>

**ESCROW COST**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	01/19/2022	4,937,475.00	0.020%	4,937,475.00
4,937,475.00				4,937,475.00

  

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
12/20/2021	4,937,475.00	0.51	4,937,475.51	0.020406%
	4,937,475.00	0.51	4,937,475.51	

**ESCROW CASH FLOW**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Net Escrow Receipts</b>	<b>PV Factor</b>	<b>Present Value to 12/20/2021 @ 0.0204061%</b>
01/19/2022	4,937,475.00	81.16	4,937,556.16	0.999983563	4,937,475.00
	<b>4,937,475.00</b>	<b>81.16</b>	<b>4,937,556.16</b>		<b>4,937,475.00</b>

**Escrow Cost Summary**

Purchase date	12/20/2021
Purchase cost of securities	4,937,475.00
Target for yield calculation	4,937,475.00

**ESCROW SUFFICIENCY**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

<b>Date</b>	<b>Escrow Requirement</b>	<b>Net Escrow Receipts</b>	<b>Excess Receipts</b>	<b>Excess Balance</b>
12/20/2021		0.51	0.51	0.51
01/19/2022	4,937,556.67	4,937,556.16	(0.51)	
	<b>4,937,556.67</b>	<b>4,937,556.67</b>	<b>0.00</b>	

**ESCROW STATISTICS**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

<b>Total Escrow Cost</b>	<b>Modified Duration (years)</b>	<b>PV of 1 bp change</b>	<b>Yield to Receipt Date</b>	<b>Yield to Disbursement Date</b>	<b>Perfect Escrow Cost</b>	<b>Value of Negative Arbitrage</b>	<b>Cost of Dead Time</b>
Global Proceeds Escrow: 4,937,475.51	0.081	39.77	0.020406%	0.020406%	4,934,362.29	3,113.22	
<b>4,937,475.51</b>		<b>39.77</b>			<b>4,934,362.29</b>	<b>3,113.22</b>	<b>0.00</b>

Delivery date 12/20/2021  
Arbitrage yield 0.804992%  
Composite Modified Duration 0.081



**HUNTINGTON SECURITIES, INC. DISCLAIMER LANGUAGE**

**TROY\_City\_MI  
County of Oakland, State of Michigan  
Golf Course Refunding Bonds  
(Limited Tax General Obligation), Series 2021  
Current Refunding of 2012 Bonds  
Matched Maturity**

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