CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM
Council Bill 2019-512 – Authorizing the prepayment of the Certificates of Participation (COPS) issued in 2014 for the renovation of Joe Becker Stadium

MEETING DATE
July 15, 2019

ORIGINATING DEPT
Finance

ATTACHMENTS
CB 2019-512 Ordinance; Summary of Prepayment of Series 2014 COPS; Schedule "A", Budget Amendment

REVIEWED BY
Department Head: Leslie Haase; City Attorney: Peter Edwards; Interim City Manager: Dan Pekarek

SUMMARY
This Council Bill authorizes the prepayment of the outstanding Series 2014 Certificates of Participation issued for the renovation of Joe Becker Stadium.

BACKGROUND
In 2014, the City renovated Joe Becker Stadium at a cost of approximately $5 million. The City paid cash for a portion of the project and also issued Certificates of Participation (COPS) in the net amount of $2 million for the remainder. The COPS were issued to mature on September 1, 2034 at an interest rate of 4%. The annual debt payment ranges from $147,000.00 to $151,000.00. The City currently makes this annual payment by assessing ourselves a "rent" payment of $150,000.00. This is an added annual expenditure assessed to the general fund through the parks subsidy.

The first callable or prepayment date for the COPS is September 1, 2019. On September 1, 2014, the remaining principal outstanding on the Series 2014 COPS will be $1,620,000.00. As discussed at the May work session, this ordinance authorizes the prepayment of this debt on September 1, 2019. With the prepayment of this debt, there will be interest savings of $565,400.00 and an estimated $39,000.00 in trustee fees. The financial objective of the City is to have a balanced budget, while maintaining sufficient reserves for emergencies, the replacement of large capital assets and projects, as well as the retirement of debt. The City will use a portion of unrestricted fund balance of the general fund to reduce the annual expenditure of the general fund and ultimately save over $604,000.00 in interest and fees.

While the payment of the outstanding debt will be on September 2, 2019, we are required to give 30-day notice to the certificate holders.

FUNDING SOURCE

This council bill also amends the budget as shown in Schedule "A" to transfer cash from the general fund to the debt service fund in order to make the one-time payment.

RECOMMENDATION

Staff recommends approval of this council bill on an emergency basis.