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**MEMORANDUM
VIA EMAIL**

TO: Ms. Linda Senne, CPA
Finance Director
City of Venice, Florida

CC: Mr. Ed Lavallee
City Manager
City of Venice, Florida

FROM: Jeff Larson – President, Larson Consulting Services (“LCS”)
Nicole Larson Sydney, Vice President
Financial Advisor to the City

DATE: November 6, 2020

RE: City of Venice, Florida –Up to \$19,000,000 Taxable Utility System Refunding Revenue Bonds, Series 2020- Full Refunding of Series 2012 Utility Bonds; City Resolution No. 2020-48

As the Financial Advisor to the City, and following earlier discussions this summer, we have continued to check on the potential benefits of refunding the Series 2012 Utility System bonds. We also understand that any new money bond issue will be reviewed in 2021. Therefore, with interest rates still at historically low levels, and based on Federal Tax law that prohibits a tax-exempt advanced refunding, we have worked to update the refunding analysis with the City’s Senior Underwriter, RBC Capital Markets on a taxable advanced refunding basis. Your Debt Management Policy stipulates a minimum refunding threshold of 3 to 5% present value savings based on the refunded bonds, and current analysis puts up at an estimated 5.75%.

A. BENEFITS TO THE CITY:

Summary comparison of the benefits of defeasing the higher coupon debt having an average interest rate of 3.75%, and issuing the taxable advanced refunding Series 2020 bonds at these low rates (an estimated True Interest Cost (“TIC” of 2.43%), resulted in lower total debt service of around \$2.77 Million, or \$1.61 Million after netting out the planned release of the \$1.16 Million 2012 Debt Service Reserve Fund. The present value potential debt service benefit in this comparison is approximately \$1 Million and 5.75% on a PV basis.

B. RECOMMENDATION AND SUMMARY :

Based on the above, we recommend the City Council approve the Resolution and Refunding Plan developed for the City. As an “AA” rated Utility issuer, refunding the Utility 2012 bonds at these historically low interest rates provides a strong level of annual debt service reduction of approximately \$119,000 and total budgetary savings of over \$1.6 Million. If approved, the bonds would be expected to be priced before Thanksgiving and close in mid-December.

We recommend the City Council’s consideration of:

Approving Resolution No. 2020-48 for the City’s Series 2020 Refunding Utility Bonds, that includes the delegation parameters recommended by Larson Consulting and your Finance Director.

We will be happy to address any of City Council’s questions at your upcoming November 17th Council Meeting.

JTL