MUNICIPAL BUILDING
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To: Mayor, Members of Council and City Administrator

From: Jason Carr, CPA, Finance Director

Date: October 6, 2021

RE: Finance Director Report

Ordinance 2021-050 – Bond Retirement Fund Bond

The Ohio Revised Code prescribes that before a taxing authority sells any securities of the subdivision to others, the taxing authority may offer the securities at their purchase price and accrued interest to the subdivision. The securities may be offered to the officer or officers who have charge of the bond retirement fund of the subdivision, or in the case of a municipal corporation, to the treasury investment board, or an officer or similar treasury investment board having the authority under a charter.

This type of debt is often referred to as "manuscript debt" or "treasury debt." Manuscript or treasury debt can be outstanding for five years, unless it is matched to a specific obligation or debt of the subdivision (such as obligations of the debt retirement fund).

Any securities sold under this section shall bear interest at a rate(s) that is a fair market rate(s) for such securities at the time of the sale, and a certificate of the fiscal officer that the interest rate(s) borne by the securities is the fair market rate(s) is binding as to the statements set forth.

Ordinance 2021-050 authorizes the City's Debt Service Fund to issue bonds in an amount not to exceed $1,200,000 which will be allocated proportionately between the Rarey's Port Capital Projects Fund and the Wert's Grove Capital Project Fund to address interior buildout costs for each building. The bonds issued by the Debt Service Fund will be at an interest rate not to exceed 3.50% and principal and interest payments will be made from the City's General Fund over 20 years, which matches the maximum maturity of the bonds issued during 2021.

The City of Groveport will serve as the bondholder (instead of a financial institution) and in essence will be paying itself back noting this approach does not decrease the City's total deposits or investment balances. We believe this makes prudent financial sense based on excess fund balance within the Debt Service Fund and also the timing of funds needed for construction. The 2022 budget reflects principal and interest repayment from the General Fund to the Debt Service Fund of $39,700 and $35,216, respectively.