BILL NO. S-16-04-13

SPECIAL ORDINANCE NO. S- _______

AN ORDINANCE APPROVING THE CREATION OF A DEBT SERVICE RESERVE FUND FROM THE CITY OF FORT WAYNE COMMUNITY LEGACY FUND

WHEREAS, the Fort Wayne Building Corp. ("Corporation") has issued its First Mortgage Bonds, Series 2006 ("Original Bonds") in the original principal amount of $20,825,000 and now outstanding in the principal amount of $11,995,000;

WHEREAS, the Corporation, as lessor, entered into a lease with the City of Fort Wayne, Indiana ("City"), as lessee, dated as of February 1, 2006 ("Lease");

WHEREAS, pursuant to the Lease, the City pays lease rental payments to the Corporation which, in turn, are used to pay the principal of and interest on the Original Bonds;

WHEREAS, the Original Bonds were sold to the Indiana Bond Bank ("Bond Bank") which funded the purchase with the issuance of its Indiana Bond Bank Special Program Bonds, Series 2006 C (Fort Wayne Regional Public Safety Academy Project) ("Bond Bank Bonds");

WHEREAS, the Bond Bank is proposing to refund the Bond Bank Bonds to achieve a savings ("Refunding Program");

WHEREAS, the Bond Bank has requested that the City and the Corporation take certain actions to permit the Original Bonds to receive a credit and share in the savings to be generated under the Refunding Program;

WHEREAS, the City has determined to participate in the Refunding Program and provide the authority for all required actions of the City under the Refunding Program;

WHEREAS, in connection with the Refunding Program, the Corporation will authorize a form of amendment to the Original Bonds to reflect the changes effectuated as a result of the Refunding Program ("Amended Bonds");

WHEREAS, in connection with the Refunding Program, the City and the Corporation have an opportunity to release the funds held in the reserve fund established for the Original Bonds and replace it with funds already on hand in the Legacy Fund (as hereinafter defined);

WHEREAS, the City has created the City of Fort Wayne Community Legacy Fund ("Legacy Fund") to invest in projects that will have a collective impact that leads to transformational change within the community;

WHEREAS, the City through the Legacy process has received unprecedented public input from across the community and has worked with citizens, business leaders and elected officials to develop implementation priorities;

WHEREAS, the City seeks to advance transformational projects for our community with a focus on economic development, downtown and riverfront development, and youth development/prep sports;

WHEREAS, each Legacy project provides our community with an opportunity to make our City stronger and better positioned for growth;

WHEREAS, the City has been advised that the Original Bonds were issued pursuant to a Trust Indenture ("Indenture") between the Corporation and LaSalle Bank National Association, succeeded by U.S. Bank ("Trustee"), and that under the Indenture, the Fort Wayne Building Corp. Reserve Fund

("Reserve Fund") was created for the Original Bonds and said Reserve Fund contains $2,086,241.50;

WHEREAS, the City has been advised that in connection with the Refunding Program, the Reserve Fund can be satisfied for the Amended Bonds in an amount which equals but does not exceed the least of: (i) maximum annual principal and interest payable on the Amended Bonds; (ii) one hundred twenty five percent (125%) of average annual principal and interest due on the Amended Bonds; or (iii) ten percent (10%) of the proceeds of the Amended Bonds ("Reserve Requirement");

WHEREAS, the City has been advised that the Reserve Requirement may be satisfied by using funds already on hand in the Legacy Fund which will release funds on deposit in the Reserve Fund to increase the savings realized by the City and provide funds that can be used for other necessary capital projects;

WHEREAS, the City would like to utilize funds from the Legacy Fund to fulfill the Reserve Requirement;

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA, THAT:

Section 1. The Common Council hereby authorizes the Board of Trustees of the Legacy Fund to instruct the financial institution serving as the trustee of the Legacy Fund to establish a subaccount within the Legacy Fund as follows:

Reserve Fund for the First Mortgage Bonds, Series 2006

Funds in an amount equal to the Reserve Requirement will be held in a subaccount of the Legacy Fund to serve as the Reserve Fund containing the Reserve Requirement for the Amended Bonds. Such funds held as the Reserve Fund in the subaccount shall be used in accordance with the Indenture and may not be used for any other purpose. If any portion of the subaccount is used to pay the Amended Bonds under the Indenture, such subaccount will be replenished to a level equal to the Reserve Requirement from available funds held under the Indenture. If the Reserve Fund is still in need of funds to attain a balance equal to the Reserve Requirement, the Common Council shall consider an appropriation of funds from the Legacy Fund to attain a balance equal to the Reserve Requirement. Such deficiency and an appropriation from the Legacy Fund shall be considered by the Common Council within six months after the deficiency is created.

If the Trustee for the Amended Bonds requires funds from the Reserve Fund for the payment of principal of or interest on the Amended Bonds, a request shall be filed by the Trustee with the City's Controller. The City agrees to make funds available to the Trustee within one business day of the filing of such request. The request filed with the City's Controller may be made in writing, via e-mail or by phone, followed up either in writing or via e-mail. The request shall state the amount needed from the Reserve Fund and the instructions for wiring the funds to the Trustee.

Any final payments made on the Amended Bonds, whether at maturity or upon earlier redemption, shall not be made from the subaccount if funds pledged under the Indenture are available and sufficient to make such final payments. When the Amended Bonds are no longer outstanding or defeased under the Indenture, the subaccount serving as the Reserve Requirement for the Reserve Fund shall cease to exist, and such funds shall remain a part of the Legacy Fund and shall no longer be subject to the Indenture or this ordinance.

If the City determines that the Reserve Requirement for the Amended Bonds can be satisfied with another source permitted under the Indenture and such alternative source is indeed funded to serve as all or a part of the Reserve Requirement for the Amended Bonds, the Common Council shall authorize the Board of Trustees of the Legacy Fund to provide instructions to the trustee of the Legacy Fund to modify as necessary, including elimination, the subaccount serving as the Reserve Fund.

Section 2. This ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

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Councilmember

APPROVED AS TO FORM AND LEGALITY

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Carol Helton, City Attorney

City Controller

Interoffice Memo

Date: **April 6, 2016**

To: **Common Council Members**

From: **Len Poehler**, Controller, City of Fort Wayne

RE: Debt Refinancing – Public Safety Academy Bond
Debt Service Reserve funded as Restriction to Legacy Fund

In 2006, the Municipal Building Corp issued bonds through the Indiana Bond Bank to finance the construction of the Public Safety Academy, purchase equipment and cover the financing costs of the bonds. The bond was for $20,825,000 over 15 years at interest rates ranging from 4.10% to 5.01%. The bonds are now callable in a favorable interest rate environment. The refunding bonds will be accomplished through the Indiana Bond Bank over the remaining life of the original bonds, terminating in 2022. Overall savings are expected to exceed $1.3 million.

A companion ordinance requests that the Debt Service Reserve (DSR) be funded as a limited duration restriction to the Legacy Fund. As of March 31, 2016, The Legacy Fund's market value is approximately $39.4 million, with similar type DSR restrictions (as of 2016) of $13.9 million. This new DSR request would increase the restriction to no more than $16.0 million in 2016 but the cumulative restriction drops to $12.5 million in 2017 as two other Debt Service Reserves drop off. The restriction from this request will not be required beyond 2022.

CC: Diane Brown
Stephanie Crandall