



CITY OF SANTA FE

Memorandum

Date: May 15, 2025

To: Governing Body, Public Works and Utilities Committee, Finance Committee

From: Emily K. Oster, Finance Director *EKO*

Via: Mark Scott, City Manager *MS*
MS

RE: General Obligation Bond Parameters

EXECUTIVE SUMMARY:

The proposed bill would authorize the issuance and sale of up to \$25,000,000 of City of Santa Fe (“City”), tax-exempt general obligation bonds payable from ad valorem property taxes.

The proposed bond sale was approved at the General Election held November 5, 2024 with 34,469 “yes” votes, which was over 84% of total votes. As stated in the ballot question, the bond proceeds would be used to construct, design, equip, and improve roads and streets within the City.

The bonds would be sold by either competitive sale or negotiated sale. The proposed bill delegates authority to the City’s Finance Director to either accept the best bid for the Bonds if sold by competitive sale or, if the Bonds are sold in a negotiated sale to an underwriter, to execute a certificate and bond purchase agreement establishing the final terms of the Bonds. The proposed bill also authorizes the Finance Director to determine final terms of the Bonds within specified parameters and conditions including: (A) The aggregate principal amount of the bonds shall not exceed \$25,000,000; (B) The net effective interest rate on the Bonds shall not exceed 10% per annum; (C) The final maturity of the Bonds shall not be later than August 1, 2045; (D) The Bonds shall not be sold at less than 100% of par, or at greater than 115% of par; and (E) The underwriting discount on the Bonds shall not exceed 3% of the par amount of the Bonds.

Interest expense of \$593,750 for FY 2026 and \$1,187,500 for FY 2027 was estimated based on the following assumptions: the bonds are sold at an interest rate of 4.75%, the full \$25,000,000 of bonds is sold in July/August 2025, the first interest payment is due February 1, 2026, and principal repayment begins in 2031. Estimated interest expense for the full 20-year term of the bonds is approximately \$17,500,000.

Approval of the proposed bill would provide the funding necessary to allow the Public Works Department to move forward with planned efforts to construct, design, equip, and improve City of Santa Fe roads and streets.

ATTACHMENTS:

Bill
FIR
Memo Attachment - Memo to City re. GO Bond Parameters Ordinance