

Agenda Item:



## COUNCIL COMMUNICATION

### City Manager's Office

**GENERAL INFORMATION**

Agenda Date:	1/26/04	Communication
No.:	04-033	
Agenda Item Type:	Resolution	Roll Call
No.:		

Submitted by: Merrill Stanley, Finance Director

**SUBJECT—**

Setting the date of a Public Hearing (Feb 9, 2004) on the issuance of General Obligation Refunding Bonds not to exceed \$23,500,000.

**SYNOPSIS—**

General Obligation Refunding Bonds, not to exceed \$23,500,000, would be issued to refund the Series 1996D Refunding Bonds, replacing the 1996D bonds with new bonds issued at a lower interest rate.

**FISCAL IMPACT—**

Refinancing of the Series 1996D bonds will result in net debt service savings estimated to total \$850,000, averaging \$90,000 per year. The savings will be allocated to the sources responsible for debt service payments, which are the debt service levy – 17.23%, tax increment – 80.5%, and airport – 2.27%. The estimated savings resulting from the refinancing have already been included in the proposed FY 2004-05 operating budget.

**RECOMMENDATION—**

Approval

**BACKGROUND—**

The General Obligation Refunding Bonds, Series 1996D were originally issued in the amount of \$57,250,000 on May 1, 1996 to refinance five Capital Improvement Program bond issues that were issued from 1985 to 1989. The current timeline anticipates holding the public hearing on February 9, 2004 so that we are in a position to move ahead with the bond issue if it appears that interest rates are rising significantly. Staff's preference is to wait until March 22 or April 5 to sell the bonds so we can seek a bond rating after the FY2004-05 Operating Budget has been adopted.