

Agenda Item:



COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date:	1/26/04	Communication
No.:	04-034	
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 \$36,000,000.

SYNOPSIS—

General Obligation (G.O.) Refunding Bonds, not to exceed \$36,000,000, would be issued to refund the Series 1995C G.O. Bonds, Series 1996E G.O. Bonds, and 1997B G.O. Bonds, replacing them with new bonds issued at a lower interest rate.

FISCAL IMPACT—

Refinancing of the three series of bonds will result in net debt service savings estimated to total \$1,300,000, averaging \$150,000 per year. The savings will be allocated to the sources responsible for debt service payments, which are the debt service levy – 80% and tax increment – 20%. The estimated savings resulting from the refinancing will not be realized until the FY 2005-06 operating budget.

RECOMMENDATION—

Approval

BACKGROUND—

The General Obligation Bonds, Series 1995C were originally issued in the amount of \$17,400,000 on June 1, 1995, the Series 1996E bonds were issued in the amount of \$16,150,000 on November 1, 1996, and the Series 1997B bonds were issued on June 1, 1997. All three series were issued to fund the annual Capital Improvement Program. 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. Our 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.