

Agenda
Item:

048



COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 5/3/04
205

Communication No.: 04-

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Merrill Stanley, Finance Director

SUBJECT—

Awarding the sale of \$34,490,000 2004B General Obligation Refunding Bonds.

SYNOPSIS—

Directing the sale of \$34,490,000 2004B General Obligation Refunding Bonds, and authorizing the redemption of outstanding General Obligation Bonds, Series 1995C, Series 1996E, and Series 1997B.

FISCAL IMPACT—

Refinancing of the three series of bonds will result in net debt service savings estimated to total \$1,000,000, averaging \$90,000 per year. The savings will be allocated to the sources responsible for debt service payments, which are the debt service levy – 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. All three series become eligible for early redemption on June 1, 2005.

The City will receive competitive bids from underwriters at 10 AM on Monday, May 3, 2004. At the May 3 City Council meeting, Council will be asked to award the sale to the firm or group of firms with the best bid (lowest interest rate) and to authorize issuance of the bonds. Information regarding bids received will be provided just prior to the Council meeting. The Series 1995C, Series 1996E, and Series 1997B bonds will be called for early redemption on June 1, 2005. The City has maintained its G.O. Bond rating for these bonds at Aa2 from Moody's and AA+ from Standard & Poor's.