

Agenda Item:
047



COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 5/3/04
206

Communication No.: 04-

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Merrill Stanley, Finance Director

SUBJECT—

Awarding the sale of \$22,335,000 2004A General Obligation Refunding Bonds.

SYNOPSIS—

Directing the sale of \$22,335,000 2004A General Obligation Refunding Bonds, and authorizing the redemption of outstanding General Obligation Refunding Bonds, Series 1996D.

FISCAL IMPACT—

Refinancing of the Series 1996D bonds will result in net debt service savings estimated to total \$1,200,000, averaging \$120,000 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 Series 1996D bonds become eligible for early redemption on June 1, 2004.

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 1996D bonds will be called for early redemption on June 7, 2004. The City has maintained its G.O. Bond rating for these bonds at Aa2 from Moody's and AA+ from Standard & Poor's.