

**CITY OF GREAT FALLS, MONTANA**  
**A G E N D A R E P O R T**

**AGENDA# 5**  
**DATE August 20, 2002**

**ITEM** Resolution No. 9258, Authorizing Staff to Proceed with Issuance of Tax Increment Refunding Bonds to Refund Outstanding Tax Increment Bonds, Series 1993

**INITIATED BY** Fiscal Services Department

**ACTION REQUESTED** **Adopt Resolution No. 9258**

**PREPARED BY** Coleen Balzarini, City Controller

**RECOMMENDATION:**

Staff recommends the City Commission adopt Resolution No. 9258 authorizing staff to proceed with the issuance of refunding bonds to refund the outstanding Tax Increment Urban Renewal Bonds issued in 1993 and provide funding to pay for costs of the 2002 issuance.

**MOTION:**

"I move the City Commission adopt Resolution No. 9258".

**SYNOPSIS:**

City staff has reviewed a proposal from DA Davidson & Co. and has determined it is advantageous to refund the 1993 Tax Increment Urban Renewal Bonds.

**BACKGROUND:**

DA Davidson & Co. has presented a proposal to refund the 1993 Tax Increment Urban Renewal Bonds. Compensation for this underwriting is proposed at 1% of the principal amount of the bonds. This compares to 1.15% for the recently issued water and sewer bonds, which was a larger transaction and was insured. The Tax Increment refunding bonds will be rated but not insured. The timing of this transaction closely follows another major bond issue (water and sewer bonds) which presents a time savings to the City.

Refunding the 1993 bonds will save the Tax Increment District approximately \$53,000 annually in debt payments per year through 2009 when the debt will be fully repaid. These Bonds are callable by the City on February 15, 2003. Unless market interest rates fall substantially from current, historically low levels, available savings will fall with the passage of time. Estimated savings are net of all financing expenses.

It should be noted, the 1998 Tax Increment Bonds issued to finance the City-County Health Department do not appear to be good refunding candidates at this time.