

A G E N D A R E P O R T

DATE November 19, 2002

**ITEM** Resolution No. 9268, Relating to \$5,685,000 Tax Increment Urban Renewal Revenue Refunding Bonds, Series 2002; Authorizing and Directing the Issuance, Awarding the Sale and Prescribing the Form and Terms Thereof and the Security Therefor

**INITIATED BY** Fiscal Services Department

**ACTION REQUESTED** Adopt Resolution No. 9268

**PREPARED BY** Coleen Balzarini, City Controller

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**RECOMMENDATION:**

Staff recommends the City Commission adopt Resolution No. 9268 authorizing and directing the issuance, awarding the sale, and prescribing the form and terms of the \$5,685,000 Tax Increment Urban Renewal Revenue Refunding Bonds, Series 2002.

**MOTION:**

"I move the City Commission adopt Resolution No. 9268".

**SYNOPSIS:**

The City Commission adopted Resolution 9258 on August 20, 2002. This resolution authorized staff to enter into an agreement with DA Davidson & Co, as underwriter, to refund the 1993 Tax Increment Urban Renewal Bonds. On November 7, 2002, a bond purchase agreement was entered into authorizing the issuance of \$5,685,000 in Tax Increment, Series 2002, Refunding Bonds at an average coupon rate of 2.852834%. The refunding will result in lower interest payments which in turn result in a cumulative cash savings of \$339,051 between now and 2009. The first payment in February of 2003 will include the release and use of existing bond reserves. Subsequently, refunding the 1993 bonds will save the Tax Increment District approximately \$110,000 annually in debt payments per fiscal year from 2004 through 2009 when the debt will be fully repaid.

**BACKGROUND:**

In July of 2002, DA Davidson & Co. presented a proposal to refund the 1993 Tax Increment Urban Renewal Bonds. The Commission approved moving ahead with this proposal when they adopted Resolution 9258 in August. Compensation for this underwriting is 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 insured but not rated. This is a change from the original plan presented in August. Bond raters were reluctant to rate this refunding issue due to the short period of time the refunding bonds will be outstanding. It was determined to forego the bond rating and acquire bond insurance instead.