



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: June 5, 2006
Subject: Ordinance Providing for Issuance of General Obligation Refunding Bonds

List of committees that have reviewed: Finance and Administration

Background: This is a draft bond ordinance and all financial information will be provided before final reading. It is an approximate \$21,185,000 tax exempt general obligation bond issue. It provides \$6.3 million to refinance the Prop S bonds, \$8.5 million to establish the Family Sports Park, \$6.0 million for economic development at the Shoppes at Greenmount and associated funding cost. The sources of revenue are an annual \$1.5 Million from the ½ cent sales tax, \$400,000 from Hotel/Motel tax and (pending approval) \$400,000 from a 1% food and beverage tax. Bernardi Securities is working with staff to increase our current bond rating and we could realize savings of up to \$200,000 if the upgrade is successful. This is a very conservative bond issue with bond expense at less than 70% of current bond revenue. With increased sales tax, projected new motels and restaurants the expense to revenue ratio could drop under 50% in the next 5-7 years.

Legal Considerations, if any: Attorney Kurt Froehlich has drafted the ordinances. He will represent the City to protect the tax exempt status of the bonds.

Budget Impact: This bond issue will provide funds for the Family Sports Park and is included in the Capital Improvement Budget, the additional Prop S funds generated by a reduction in bond payments will be applied to on going infrastructure projects as promised in the 2000 referendum and the Food and Beverage Tax (pending approval) will go to the payment of the portion of the bond going to economic development at the Shoppes at Greenmount.

Staff recommendation: .Staff recommends approval.