



## CITY COUNCIL ACTION REPORT

November 12, 2007

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Administration

SUBJECT: General Obligation Unlimited Tax Refunding Bonds

### Background:

- After reviewing the City's outstanding bonds with our financial advisor, we have determined that it would be in the best interest of the City to refinance the callable maturities of the 2000 Street Improvement Bonds. The bonds to be refunded bear interest at rates in the 4.75% to 5.50% range.
- The process entails purchasing governmental securities tied to the maturity dates of the bonds. The securities and interest earnings will then be used to pay the principal and interest on the refunded bonds.

### Financial Considerations:

- It is estimated that the net present value benefit of this transaction to the City will be approximately \$200,000.00 in saved interest cost, after paying the cost of completing this transaction.

### Legal Considerations:

- City Attorney Lori Grigg Bluhm has reviewed the resolution authorizing the issuance of general obligation unlimited refunding bonds prepared by bond counsel Dickinson Wright, PLLC.

### Policy Considerations:

- Refunding the 2000 Streets, Roads and Streetscape Improvement Bonds relates to Goal II "Minimize the cost and increase the efficiency and effectiveness of City government", by upholding fiscal integrity.

Options:

- It is recommended that City Council approve the attached resolution, prepared by bond counsel and reviewed by our city attorney to authorize the issuance of general obligation unlimited tax refunding bonds.

Reviewed as to form and legality:

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Lori Grigg Bluhm, City Attorney