

## AGENDA



Thursday, July 23, 2009

**Budget****Item No. 10****RECOMMENDATION FOR COUNCIL ACTION**

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**Subject:** Approve the 2009 General Obligation Bond Sale Schedule (\$110,085,000 in Public Improvement Bonds, \$12,500,000 in Certificates of Obligation, and \$13,800,000 in Contractual Obligations).

**Amount and Source of Funding:** \$110,085,000 in Public Improvement Bonds, \$12,500,000 in Certificates of Obligation, and \$13,800,000 in Contractual Obligations.

**For More Information:** Leslie Browder, Chief Financial Officer, 974-2283 or Art Alfaro, Treasurer, 974-7882

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The City Manager is requesting approval of the attached proposed bond sale schedule. Approval of this schedule will allow for the necessary preparation of documents for presentation to Council on August 27, 2009 for the sale of the debt included for Fiscal Year (FY) 2009-10.

The proposed bond sale for FY 2009-10 includes Public Improvement Bonds, Certificates of Obligation, and Contractual Obligations.

Public Improvement Bonds are secured by and payable from ad valorem taxes and require voter approval. The City generally uses these bonds to purchase land or make improvements to real property. The proposed Public Improvement Bond sale for FY 2009-10 is \$110,085,000.

Certificates of Obligation may be issued with or without voter approval. State law requires publication of a Notice of Intent to Issue Certificates. An election is required only if, before the Certificates are authorized by the City Council, a petition is signed by at least 5% of the qualified voters of the City, protesting the issuance of the Certificates. The proposed projects to be financed with Certificates of Obligation total \$12,500,000.

Contractual Obligations do not require voter approval and there is no provision in state law for notice or petition. Contractual Obligations may only be issued for the purchase of personal property. The City generally limits Contractual Obligations to property with a minimum life expectancy of 5 years. The proposed Contractual Obligation sale totals \$13,800,000.

This year's bond sale includes debt related to several reimbursement resolutions approved by Council during FY 2008-09. Reimbursement resolutions allow City projects to begin and allow the City to borrow against the investment pool until bonds relating to the project are sold. The use of reimbursement resolutions as a cash management tool is encouraged by the City's Financial Policies. Of the \$110,085,000 in Public Improvement Bonds that is being issued, \$108,085,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council. Of the \$12,500,000 in Certificates of Obligation that is being issued, \$6,500,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council. Of the \$13,800,000 in Contractual Obligations that is being issued, \$5,000,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council.

\$110,085,000 in Public Improvement Bonds, \$12,500,000 in Certificates of Obligation and \$13,800,000 in Contractual Obligations will be issued as general obligation debt of the City paid from a tax levy.  
\$12,500,000 in Certificates of Obligation and \$13,800,000 in Contractual Obligations will be issued as general obligation debt of the City paid from transfers from the Department's operating funds.

The debt service costs are estimated as follows:

Total Bond Sale - \$136,385,000  
\$110,085,000 Public Improvement Bonds  
\$ 2,500,000 Certificates of Obligation  
\$ 13,800,000 Contractual Obligations

Debt Service Requirements:

	FY 2009-10	Total Requirements
Principal	\$14,855,000	\$136,385,000
Interest	\$ 7,426,255	\$ 80,023,149
Total Debt Service	\$22,281,255	\$216,408,149