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Staff Report

ITEM 11

To: Lemoore Successor Agency to the Former Redevelopment Agency
From: Cheryl Silva, Finance Director *CS*
Date: November 26, 2013
Subject: Refunding of the Series 1998 and 2003 Bonds

Discussion:

The Lemoore Redevelopment Agency issued its \$6,180,000 Tax Allocation Refunding Bonds ("1998 Bonds") in 1998, and its \$13,835,000 Tax Allocation Refunding Bonds ("2003 Bonds") in 2003 (collectively, the "Prior Bonds"). In 2011, another \$19,150,000 Tax Allocation Bond ("2011 Bonds") was issued prior to the dissolution of the Redevelopment Agency. The proceeds from the 2011 Bonds are being held by the trustee due to the dissolution of redevelopment and the position of the State Department of Finance.

Subsequent to the dissolution of the Lemoore Redevelopment Agency, staff consulted with Cooperman Associates, a financial advising firm, regarding the potential savings associated with refunding of the bonds held by the Successor Agency to the Former Redevelopment Agency. The recommendation is to Refund the 1998 and 2003 Bonds into a combined estimated \$16,700,000 refunding at a market interest rate, currently estimated at 4%. The 1998 Bonds carry a fixed interest rate ranging from 5.0% to 5.2% for the remainder of the term of the bonds. The 2003 Bonds carry a fixed interest rate ranging from 3.9% to 4.75% for the remainder of the term on the bonds. The potential savings for the refunding is estimated at \$1,000,000. This savings would be realized over the next 20 years.

The potential savings on the debt payments of the Lemoore Successor Agency would have the effect of increasing the funds available at the County to distribute to the local taxing entities. The City of Lemoore receives approximately 19.8% of the savings, which calculates out to approximately \$198,000 over the term on the refunded bond issue. Also included in this proposal is a one time fiscal consultant fee of \$20,000 payable to the City for costs associated with the refunding.

In order to move forward, the Lemoore Successor Agency must approve a resolution authorizing the refunding of the 1998 and 2003 Bonds. The next step would be to hold a meeting of the Oversight Board for Successor Agency to the Former Lemoore Redevelopment Agency to receive approval to move forward with the refunding of the bonds. The final step would be for the State Department of Finance to approve the

refunding. Cooperman Associates representative, Josh Cooperman, will be taking the lead in completing this process and will be available at the meeting to answer any questions.

Budget Impact:

The proposed 20 year, \$16,700,000 Refunding Bonds would be paid with the existing funds received from the county as approved on the Recognized Obligation Payment Schedules that are approved twice a year. The potential savings associated with the debt over the 20 years is estimated at approximately \$1,000,000. This will be shared by all taxing entities, with the City receiving approximately 19.8% or \$198,000 over the 20 years. This fiscal year, the City would request a one-time fee of \$20,000 for serving as the fiscal consultant on the refunding of the bonds.

Recommendation:

That the Successor Agency adopt Resolution No. 2013-01, Approving the Final Form and Documents Relating to the Issuance and Sale of 2013 Tax Allocation Refunding Bonds to Refinance Outstanding Bonds of the Former Lemoore Redevelopment Agency, and Approving Related Matters and Official Actions.