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**Oversight Board for
the Successor
Agency**

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To: Oversight Board for the Successor Agency to the Lemoore Redevelopment Agency **Item# 3**

From: Cheryl Silva, Finance Director

Date: December 2, 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 has 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 carried 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 over the 20 year period of time.

The Lemoore Successor Agency is meeting on December 3, 2013 and will consider approving a resolution authorizing the refunding of the 1998 and 2003 Bonds. If the resolution is approved by the Lemoore Successor Agency, the Oversight Board for the Successor Agency to the Former Lemoore Redevelopment Agency would need to approve a resolution 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.

Recommendation:

That the Oversight Board for the Successor Agency to the Former Lemoore Redevelopment Agency adopt Resolution No. 2013-10, Directing and Approving the Issuance of Refunding Bonds by the Lemoore Successor Agency to the Former Redevelopment Agency.