

OFFICE OF THE  
CITY TREASURER

THOMAS P. FRIERY  
TREASURER

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April 8, 2005  
F072CBCD05.DOC

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: RESOLUTION AUTHORIZING THE CITY TREASURER TO PURSUE THE  
REFUNDING OPPORTUNITY OF VARIOUS OUTSTANDING CITY BONDS**

**LOCATION AND COUNCIL DISTRICT:**

Projects funded by the various financings are located city-wide.

**RECOMMENDATION:**

This report recommends that City Council adopt the attached resolution authorizing the City Treasurer to review possible options for refunding several series of outstanding City bonds and to proceed with a refunding financing if net present value savings are not less than 3.00%.

**CONTACT PERSON:** Thomas P. Friery, City Treasurer, 808-5168

**FOR COUNCIL MEETING OF:** April 19, 2005

**SUMMARY:**

The Office of the City Treasurer recommends that City Council adopt the attached resolution authorizing staff to review potential refunding opportunities of various outstanding City bonds and to proceed with a refunding financing if net present value savings are not less than 3.00%. A bond financing package of the legal documents would be brought to City Council for review and approval at a future meeting.

**COMMITTEE/COMMISSION ACTION:**

None.



**BACKGROUND INFORMATION:**

The Office of the City Treasurer is currently responsible for the management of over \$166 million in outstanding City bonds. In current market conditions, the City may be able to generate net present value savings by refunding some or all maturities of several series of outstanding City bonds. Refunding is the process whereby an old debt obligation is replaced by a new one, usually in order to take advantage of lower interest rates. This is not unlike refinancing a home mortgage. However, in a home mortgage refinancing you lower your monthly mortgage payments whereas, on City bonds we would lower our interest payments to investors. Recent issues to be included in this analysis, but not limited to, includes the most recently issued Capital Improvement Revenue Bonds.

	Par at Issuance	Call Date
1999 Capital Improvement Revenue Bonds	\$71,180,000	12/1/2009
2000 Capital Improvement Revenue Bonds	\$40,745,000	6/1/2010
2001 Capital Improvement Revenue Bonds	\$206,780,000	6/1/2011
2002 Revenue Bonds	\$160,475,000	12/1/12

If analysis of the outstanding City bonds indicates a refunding would be prudent and economical at this time, City staff will need to engage its financing team to prepare legal documents and an official statement, solicit bond insurance bids and see ratings on the proposed refunding bonds. A bond financing package of the legal documents would be brought to City Council for review and approval at a future meeting.

**FINANCIAL CONSIDERATIONS:**

In recent years the City has marketed \$479 million in lease revenue bonds at favorable interest rates. However, at current rates the City may be able to generate net present value savings by refunding some or all of the maturities of several series of outstanding City bonds, including those listed. A refunding would only be undertaken if the net present value savings is not less than 3.00%.

**ENVIRONMENTAL CONSIDERATIONS:**

The City Council's action in adopting the resolution is not a project for purposes of the California Environmental Quality Act.

**POLICY CONSIDERATIONS:**

This action is consistent with the City of Sacramento Core Value of Fiscal Responsibility, as well as City Council Three-year Goals to provide opportunities and mechanisms to expand economic development throughout the City, improve and expand public safety, achieve sustainability and livability, and to increase opportunities for all Sacramento residents to live in safe and affordable housing.

City Council  
Authorize CTO to Pursue Possible Refunding  
April 19, 2005

**ESBD CONSIDERATIONS:**

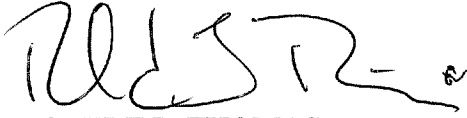
None, no goods or services are being purchased.

Respectfully Submitted,



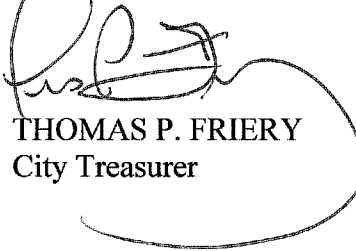
Janelle Gray  
Senior Debt Analyst

RECOMMENDATION APPROVED



ROBERT P. THOMAS  
City Manager

APPROVED:



THOMAS P. FRIERY  
City Treasurer

**RESOLUTION NO.**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**RESOLUTION AUTHORIZING THE CITY TREASURER TO PURSUE REFUNDING OPPORTUNITIES ON OUTSTANDING CITY BONDS**

**THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

The City Treasurer is hereby authorized to pursue refunding opportunities on outstanding City Bonds if the net present value savings of the refunded bonds is not less than 3.00%.

APPROVED:

\_\_\_\_\_  
Mayor of the City of Sacramento

[Seal]

ATTEST:

\_\_\_\_\_  
City Clerk of the City of Sacramento

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

