MINUTES OF THE

SPECIAL MEETING OF THE CORONADO FINANCING AUTHORITY

POLICE DEPARTMENT
EMERGENCY OPERATIONS CENTER
700 ORANGE AVENUE
CORONADO, CALIFORNIA
TUESDAY, APRIL 6, 2004, 2:30 P.M.

The Special Meeting of the Coronado Financing Authority was called to order at 2:32 p.m. by Chair Ruth K. (Patty) Schmidt.

1. ROLL CALL:

Present: Authority Members Ruth K. (Patty) Schmidt (City Council), and Casey Tanaka (CDA).

Absent: Julie Grazian (School District)

Also Present: Executive Director Mark Ochenduszko
Authority Attorney Morgan Foley
Authority Secretary Diane Shea

2. MINUTES: The minutes of the regular meeting of February 3, 2004, a copy having been delivered to each member of the Coronado Financing Authority prior to the meeting, were approved as submitted and the reading waived.

MSUC **Motion of Tanaka, seconded by Schmidt, to approve the minutes of the Coronado Financing Authority's regular meeting of February 3, 2004 as submitted.**

AYES: **SCHMIDT and TANAKA**
NAYS: **NONE**
ABSENT: **GRAZIAN**
ABSTAIN: **NONE**

3. COMMUNICATIONS - ORAL: None.

4. <u>CORONADO FINANCING AUTHORITY BUSINESS:</u>

a. **Approval of Resolution of the Coronado Financing Authority Approving the Preparation and Sale of Approximately Five Million Five Hundred Thousand Dollars ($5,500,000) Principal Amount of 2004 Storm Drain System Refunding Revenue Bonds and Approving Certain Documents and Authorizing Certain Actions in Connection Therewith; and Authorizing the Execution of a Bond Purchase Agreement with Stone & Youngberg, LLC.** Leslie Suelter, Director of Administrative Services, introduced the item proposing to refund outstanding storm drain bonds in order save money. She introduced the Finance Authority's financial advisor Keith Curry of Public Finance Management and Ken Holman, underwriter from Stone and Youngberg, who are working on this bond transaction.

Keith Curry, Public Finance Management, stated that his firm has been working on this transaction for about 8 weeks. This transaction is called an advance refunding. The Authority is refunding the storm water bonds in order to achieve substantial interest rate savings and budgetary savings going forward. PFM has identified that the Authority would achieve at least a 3 percent present value savings. In order for the refunding to be cost effective, it is recommended that the net present value savings exceed $150,000 or 3% of the outstanding bonds, the industry standard. Even with the recent volatility in the bond market, he is pleased to report in this case, this transaction is still achieving over 3% present value savings $156,000 in terms of present value on refunding these bonds and being able to reduce the amount of money expended by the City on debt service for the storm water bonds. It is his expectation that if approved today it will be in the market next Wednesday and this transaction will close shortly thereafter.

Authority Member Tanaka asked if it is in the Authority's advantage to wait since there is only once chance to do this. Mr. Curry said that it would be advantageous to wait if it fell below a reasonable threshold. Many people believe the market may have seen the bottom during the first week of March. If you have a view that the economy is going accelerate that would support a view that the rates are going to be higher in the future. His advice is if you are able to refund your bonds within a reasonable industry standard threshold which is above 3% present value savings, you should do so rather than trying to speculate on the market.

MSUC **Motion of Tanaka, seconded by Schmidt, to adopt the Resolution as prepared by the Bond Counsel and to direct staff to proceed with the financing only if the net present value savings is at least $150,000, and direct the Executive Director to execute a Bond Purchase Agreement with Stone & Youngberg, LLC. The Resolution was read by Title, the reading in its entirety unanimously waived and adopted by Coronado Financing Authority as RESOLUTION NO. CFA-19.**

AYES: **SCHMIDT and TANAKA**
NAYS: **NONE**
ABSENT: **GRAZIAN**
ABSTAIN: **NONE**

5. <u>ADJOURNMENT.</u> The meeting adjourned at 2:40 p.m.

Dated: February 1, 2005

Approved_____
Casey Tanaka
Coronado Financing Authority Chair

Attest:

_____
Mary L. Clifford
Coronado Interim Financing Authority Secretary