


**General Obligation Bond
Work-Out Plan**

December 14, 2011



The Challenge

- Current levy for 2011-12 is \$2.1 million (set by previous Council).
- Without Council action, the debt service payment and required tax levy will be \$3.5 million in 2012-13, an increase of \$1.4 million (70%).
- This would result in an increase in the annual tax levy on property owners of \$106 per \$100,000 of assessed valuation.



Results of “Bond Work-Out” Plan

- KNN report confirms feasibility of significantly reducing tax levy otherwise required next fiscal year (2012-13) to fully meet the City's general obligation bond requirements.
- With this plan, annual tax levy will be very close to existing one, with possible decrease.

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Limits to Paying Off Bonds Early

- Just like some mortgages have limits on early pay-offs, the G.O. Bonds also have limits: ten year “early call” provision:
 - 2014 for 2004 bonds
 - 2017 for 2007 bonds

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Current and Revised Levies

	Annual Levy	Levy Per \$100,000 Assessed Value	Change from 2011-12
Current: 2011-12	\$2.1 M	\$153	--
Required: 2012-13	\$3.5 M	\$259	\$106
Work-Out Plan			
Tender	\$2.0 M	\$151	(\$2)
Defeasance	\$2.2 M	\$167	\$14

Combination of tender/defeasance most likely outcome: new levy very close to existing one

Next Steps

- Assemble remaining team members for complex undertaking
 - Tender offer: Bond Communications Group (BCG)
 - Bond counsel (selection via RFP)
 - Arbitrage consultant
 - Escrow agent
- Reduced debt service requirements can be in place by March 2012



Questions?



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