

# City Council Agenda Cover Memorandum

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Meeting Date: October 26, 2009

Item Title: Increase Cash in Uptown TIF to Repay General Operating Fund

Action Requested:

- Approval
- For discussion
- Feedback requested
- For your information

Staff Contact: Diane Lembesis

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Background:

Some elected officials have asked staff to look at the possibility of issuing bonds to generate cash in the Uptown TIF. The cash would be used to repay the general operating fund. As of April 30, 2009, the Uptown TIF owed the general operating fund \$4.3 million.

This scenario has several disadvantages. The disadvantages include:

The City would pay approximately \$2.4 million in interest to raise 5 million.

The bond issue would be taxable. Deficit financing is not eligible for tax exemption.

The schedule assumes the City could not afford any more capital projects within the Uptown TIF. If the City purchased additional capital projects, the time to retire the bonds would expand, thereby increasing interest expense. The City cannot afford any more capital projects until the deficit financing is repaid.

This new bond issue would use virtually all property tax increment available through 2017.

This scenario has one advantage:

It would create cash in the general operating fund.

Recommendation:

Do not issue bonds to create cash in the Uptown TIF which could then be used to repay the general operating fund.

If the City decides it needs cash in the General Operating fund, the City can execute a revolving line of credit. Estimated rate would be LIBOR plus 250 basis points or 3%.

Budget Implications:

Does Action Require an Expenditure of Funds:  Yes  No

If Yes, Total Cost: \$

If Yes, is this a Budgeted Item:  Yes  No

Attachments:

- Possible Debt Service Schedule
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**PARK RIDGE - TAXABLE FUNDING BONDS**

<u>Period Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Capitalized Interest</u>	<u>Net Debt Service</u>	<u>Annual Net Debt Service</u>	<u>Available Revenues</u>	<u>Coverage</u>
6/1/2010	\$ -		\$ 205,616.67	\$ 205,616.67	\$ (205,616.67)	\$ -	-	\$ 62,689.74	N/A
12/1/2010	-		177,937.50	177,937.50	(177,937.50)	-	-		
6/1/2011	-		177,937.50	177,937.50		177,937.50			
12/1/2011	445,000.00	6.50%	177,937.50	622,937.50		622,937.50	800,875.00	916,336.24	114.42%
6/1/2012	-		163,475.00	163,475.00		163,475.00			
12/1/2012	385,000.00	6.50%	163,475.00	548,475.00		548,475.00	711,950.00	810,186.74	113.80%
6/1/2013	-		150,962.50	150,962.50		150,962.50			
12/1/2013	625,000.00	6.50%	150,962.50	775,962.50		775,962.50	926,925.00	1,056,055.50	113.93%
6/1/2014	-		130,650.00	130,650.00		130,650.00			
12/1/2014	1,000,000.00	6.50%	130,650.00	1,130,650.00		1,130,650.00	1,261,300.00	1,435,762.00	113.89%
6/1/2015	-		98,150.00	98,150.00		98,150.00			
12/1/2015	820,000.00	6.50%	98,150.00	918,150.00		918,150.00	1,016,300.00	1,156,349.50	113.78%
6/1/2016	-		71,500.00	71,500.00		71,500.00			
12/1/2016	870,000.00	6.50%	71,500.00	941,500.00		941,500.00	1,013,000.00	1,157,924.50	114.31%
6/1/2017	-		43,225.00	43,225.00		43,225.00			
12/1/2017	1,330,000.00	6.50%	43,225.00	1,373,225.00		1,373,225.00	1,416,450.00	1,613,149.00	113.89%
	<b>5,475,000.00</b>		<b>2,055,354.17</b>	<b>7,530,354.17</b>	<b>(383,554.17)</b>	<b>7,146,800.00</b>	<b>7,146,800.00</b>	<b>8,208,453.22</b>	

Dated Date                    11/3/2009  
 Delivery Date                11/3/2009