

City bond sale a huge success and will save taxpayers hundreds of thousands of dollars in payments beyond the millions already projected

Last Wednesday Oct. 4, Costa Mesa officially went on the bond market for the Lions Park Projects and the 2007 COPs refinancing. A total of \$29.8 million in bonds were offered for both the project and refinancing of existing debt.

Orders were exceptionally strong. A diverse mix of investors including 33 investor accounts and many individual investors ordered six times the amount available. As a result, the City was able to obtain better pricing (lower interest rates) resulting in additional interest cost savings over the life of the bonds.

Final pricing results in a total of \$29.7 million in bonds and compares to our Sept. 19, 2017 Council agenda report as follows:

- True interest cost is 2.76% vs. 3.11%.
- For the 2007 COPs, the new annual payment averages \$1.76 million, which equals a savings of \$514,000 vs. the prior estimated savings of \$503,000 per year.
- Total savings from the refinancing increased to \$4.625 million over the remaining nine years compared to \$4.524 million previously reported.
- For the new money portion, the annual payment averages \$1.084 million compared to \$1.133 million previously estimated and compared to the former 2003 COPs payment

of \$1.24 million which was the original target not-to-exceed amount when staff took the first financing concept to Council nearly two years ago.

The success of this financing plan is credited to members of the City Finance department, Public Services and the City Manager's office as well as outside advisors including Fieldman-Rolapp, Stradling Yocca Carlson & Rauth and Stifel Nicolaus & Co.

Pictured above is the city's bond financing team of Interim Finance Director Steve Dunivent, policy and legal analyst Michelle Manu with Chelsea Redmon and Anna Sarabian of Fieldman-Rolapp.