

MINUTES

of a special meeting of the Governing Board of the Redlands Financing Authority of the City of Redlands held in the City Council Chambers, Civic Center, 35 Cajon Street, at 5:28 P.M. on October 21, 2003.

PRESENT

Karl N. (Kasey) Haws, Chairman
Susan Pepler, Vice Chairman
Pat Gilbreath, Member
Gary George, Member
Jon Harrison, Member

ABSENT

None

STAFF

John Davidson, Executive Director; Daniel J. McHugh, Attorney; Michael Reynolds, Treasurer; Tina Kundig, Controller; and Beatrice Sanchez, Acting Secretary.

The minutes of the special meeting of June 3, 2003, were unanimously approved as submitted on motion of Mrs. Gilbreath, seconded by Mrs. Pepler.

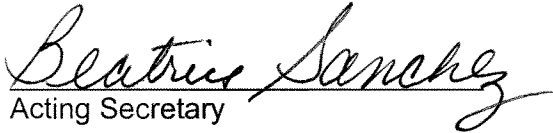
JOINT MEETING - REDLANDS FINANCING AUTHORITY, REDEVELOPMENT AGENCY, AND CITY COUNCIL

Controller Tina Kundig introduced John Rottschaefer, Bond Counsel; Marshal Linn, President, Urban Futures, Inc.; and Robert Porr, Sr. Vice President, O'Connor Southwest Securities. Controller Director Kundig then explained that the purpose of the Redevelopment Agency Tax Allocation bond issue is to take advantage of the low rates available in today's financial market and to allow the Agency to generate funds for needed capital improvements in the Project Area; maximize proceeds to meet anticipated expenditures in connection with the Redevelopment Plan; and generate proceeds to meet anticipated expenses for projects associated with low and moderate income housing needs. In order to sell the Redevelopment Agency's proposed Tax Allocation Bonds Series 2003A on a negotiated basis, it will be necessary for the Redlands Financing Authority to purchase the bonds from the Redevelopment Agency. The Redlands Financing Authority will immediately sell the bonds to the underwriter, O'Connor Southwest Securities, Inc. Based on Fiscal Year 2003-04 San Bernardino County Tax Roll and projections of anticipated growth within the Project Area, the Redevelopment Agency could issue \$16,895,000 of Tax Allocation Bonds, with an underwriter's discount of not more than 1.5 percent of the principal amount of bonds. The Agency will have immediate access to approximately \$5.1 million of the proceeds for non-housing related projects. Approximately another \$2.1 million will be placed in an escrow account which will be released over the next two years, as the assessed valuation in the Project Area increases. Additionally, the Agency will have immediate access to approximately \$7.8 million in proceeds that can be used for low and moderate-income housing-related purposes. The Tax Allocation Bonds Series 2003A will be issued on a parity basis with the Agency 1998 Tax Allocation Bond Issue and will have an equal right to tax increments generated

in the Project Area. By escrowing a small portion of the bonds' proceeds, the Agency will achieve significant cost savings by not paying additional cost of issuance for a near-term new-money issuance in the future. With long and short-term bond rates at a 25-year low, the Agency can access the market place and expect to pay between 4.80 percent and 5.15 percent on its term bonds. Mrs. Gilbreath inquired if there are any projects in mind for the issuance of the bonds. City Manager Davidson listed a parking structure, hotel and the expansion of infrastructure. Mrs. Gilbreath expressed concern that the City does not have a definite plan but we are incurring debt. Chairman Haws stated that if funding is in place we are better able to make plans for the area. Mr. Harrison moved to approve Resolution No. 2003-05, a resolution of the Redlands Financing Authority approving the issuance of Redlands Redevelopment Project Tax Allocation Bonds, Series 2003A, by the Redevelopment Agency, approving a form of purchase contract and approving certain other matters relating thereto. Motion seconded by Mr. George and carried with Mrs. Gilbreath voting NO. (Also see City Council and Redevelopment Agency minutes dated October 21, 2003.)

ADJOURNMENT

There being no further business, the Governing Board's meeting of the Redlands Financing Authority adjourned at 5:43 P.M.


Acting Secretary