

DISCUSSION:

Staff has prepared the following analysis of the total interest costs and other related charges for the issuance of debt under option 2 or 3 for the Museum Rehabilitation and Expansion Project. The interest and subsequent costs are estimates only and are based on today’s current market environment which may be different from the market environment at the time that the Project is initiated. The timing of debt issuance could have an effect on estimated total interest and other related costs.

	Scenario 1 (Measure Z)	Scenario 2 (Measure Z)
Construction Fund	\$22,053,000	\$24,468,000
Cost of Issuance	\$350,000	\$350,000
Underwriter's Discount	\$165,398	\$183,510
Total Financed	<u>\$22,568,398</u>	<u>\$25,001,510</u>
Term (Years)	17	17
Projected TIC (Interest)	3.50%	3.50%
Annual Payment (Average)	\$1,783,877	\$1,976,198
Total Interest Cost	<u>\$7,757,508</u>	<u>\$8,593,850</u>
Total Cost of Debt	<u>\$30,325,906</u>	<u>\$33,595,360</u>
Measure Z Funding	13,700,000	13,700,000
Additional Funding Needed	<u>\$16,625,906</u>	<u>\$19,895,360</u>

FISCAL IMPACT:

There is no fiscal impact associated with discussion of this report. However, a recommendation to proceed with Option 2 or Option 3 increases the impact on the need for additional Measure Z funds, or a combination of Measure Z and other funding sources, at an estimated level of \$16,625,906, or \$19,895,360, respectively.

Prepared by: Edward Enriquez, Chief Financial Officer/Treasurer
 Approved as to availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
 Approved by: Lea Deesing, Assistant City Manager

Attachment: Presentation