



February 5, 2021

**TO:** CADA Board of Directors

**SUBJECT: February 12, 2021 Board Meeting  
AGENDA ITEM 7  
CADA TAX ALLOCATION BOND BUDGET REVISION**

**CONTACT PERSON:** Noelle Mussen, Finance Director

**RECOMMENDED ACTION:**

Staff recommends the Board adopt a resolution approving a revision to the FY 20-21 Annual General Operation Budget to increase the Bond Interest Payable and Tax Increment Revenue amount by \$325,271.

**BACKGROUND**

On December 3, 2020 CADA issued a 30-year Taxable Allocation Bond with an average interest rate of 3.5% for a total \$31.5 million, which made available \$30 million in bond proceeds to both replenish funds committed to current projects and to pay for new and currently planned projects. This was possible due to the current bond market's very low interest rate environment for taxable bond issues, CADA's significant increase in tax increment in the last several years in both agency development areas (Capitol Area and R Street Area), and CADA's favorable position reflecting very little debt.

Tax Allocation Bonds usually have payments due in April and October of each year, with interest due in April and interest and principal due in October. When it was preparing the Mid-Year budget revision in November, which the Board approved on December 18, 2020, staff only had the estimated total annual debt service schedule for the 2020 bonds, so staff elected to not amend the budgeted debt service accounts. With the closing on December 3rd, staff received the final debt service schedule (see **Attachment A**) and now have the final annual amounts for interest and principal payments. \$325,271 is the April Bond Interest Payable amount. Since CADA maintains a balanced budget, the offsetting Tax Increment revenue amount that will fund the interest must also be \$325,271.

**POLICY ISSUES**

The General Operations Budget reflect the revenues and expenses associated with implementing the priorities established by the Board. The proposed revisions continue to adhere to the CADA balanced budget directive such that total budgeted revenues equal total budgeted expenditures.

## **FINANCIAL IMPACT**

Staff is proposing an increase to the Bond Interest Payable account of \$325,271 for the upcoming 2020 bond interest payment in April. Proposed funding would be from the \$397,879 received in August 2020 of unbudgeted supplemental tax increment from both CADA development areas.

CADA is pledging both the Capitol Area and R Street Area tax increment for the repayment of the debt, which enables expenditure of bond money in both areas and payment of debt out of both areas without geographic limitation. Staff requested and received DGS's concurrence on this use of Tax Increment. Accordingly, CADA is able to use both the Capitol Area and R Street Area funds for debt service.

## **STRATEGIC PLAN**

The Strategic Plan Goal most directly pertinent to this action is "Fiscal Responsibility," but adoption of a well-conceived budget will assist in the fulfillment of all of CADA's Strategic Plan goals.

## **ENVIRONMENTAL REVIEW**

Not applicable – the recommended action is not a project pursuant to the California Environmental Quality Act (CEQA) guidelines and does not require environmental review.

## **CONTRACT AWARD CONSIDERATIONS**

Not applicable – the recommended action will not involve the awarding of contracts.

Attachments:

1. Debt Service Schedule

**Capitol Area Development Authority  
Tax Allocation Revenue Bonds, Series 2020**

**Attachment 1**

Total Debt Service

	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
4/1/2021		325,270.84	325,270.84	
10/1/2021	880,000.00	496,175.85	1,376,175.85	1,701,446.69
4/1/2022		491,965.05	491,965.05	
10/1/2022	715,000.00	491,965.05	1,206,965.05	1,698,930.10
4/1/2023		488,293.53	488,293.53	
10/1/2023	725,000.00	488,293.53	1,213,293.53	1,701,587.06
4/1/2024		484,037.78	484,037.78	
10/1/2024	730,000.00	484,037.78	1,214,037.78	1,698,075.56
4/1/2025		478,741.63	478,741.63	
10/1/2025	745,000.00	478,741.63	1,223,741.63	1,702,483.26
4/1/2026		472,703.40	472,703.40	
10/1/2026	755,000.00	472,703.40	1,227,703.40	1,700,406.80
4/1/2027		465,277.98	465,277.98	
10/1/2027	770,000.00	465,277.98	1,235,277.98	1,700,555.96
4/1/2028		456,896.53	456,896.53	
10/1/2028	785,000.00	456,896.53	1,241,896.53	1,698,793.06
4/1/2029		447,248.88	447,248.88	
10/1/2029	805,000.00	447,248.88	1,252,248.88	1,699,497.76
4/1/2030		436,952.93	436,952.93	
10/1/2030	825,000.00	436,952.93	1,261,952.93	1,698,905.86
4/1/2031		425,988.68	425,988.68	
10/1/2031	850,000.00	425,988.68	1,275,988.68	1,701,977.36
4/1/2032		414,182.18	414,182.18	
10/1/2032	870,000.00	414,182.18	1,284,182.18	1,698,364.36
4/1/2033		401,662.88	401,662.88	
10/1/2033	895,000.00	401,662.88	1,296,662.88	1,698,325.76
4/1/2034		387,665.08	387,665.08	
10/1/2034	925,000.00	387,665.08	1,312,665.08	1,700,330.16
4/1/2035		373,198.08	373,198.08	
10/1/2035	955,000.00	373,198.08	1,328,198.08	1,701,396.16
4/1/2036		358,261.88	358,261.88	
10/1/2036	985,000.00	358,261.88	1,343,261.88	1,701,523.76
4/1/2037		340,458.00	340,458.00	
10/1/2037	1,020,000.00	340,458.00	1,360,458.00	1,700,916.00
4/1/2038		322,021.50	322,021.50	
10/1/2038	1,055,000.00	322,021.50	1,377,021.50	1,699,043.00
4/1/2039		302,952.38	302,952.38	
10/1/2039	1,095,000.00	302,952.38	1,397,952.38	1,700,904.76
4/1/2040		283,160.25	283,160.25	
10/1/2040	1,135,000.00	283,160.25	1,418,160.25	1,701,320.50
4/1/2041		262,645.13	262,645.13	
10/1/2041	1,175,000.00	262,645.13	1,437,645.13	1,700,290.26
4/1/2042		240,819.50	240,819.50	
10/1/2042	1,220,000.00	240,819.50	1,460,819.50	1,701,639.00
4/1/2043		218,158.00	218,158.00	
10/1/2043	1,265,000.00	218,158.00	1,483,158.00	1,701,316.00
4/1/2044		194,660.63	194,660.63	
10/1/2044	1,310,000.00	194,660.63	1,504,660.63	1,699,321.26
4/1/2045		170,327.38	170,327.38	
10/1/2045	1,360,000.00	170,327.38	1,530,327.38	1,700,654.76
4/1/2046		145,065.38	145,065.38	
10/1/2046	1,410,000.00	145,065.38	1,555,065.38	1,700,130.76
4/1/2047		118,169.63	118,169.63	
10/1/2047	1,465,000.00	118,169.63	1,583,169.63	1,701,339.26
4/1/2048		90,224.75	90,224.75	
10/1/2048	1,520,000.00	90,224.75	1,610,224.75	1,700,449.50
4/1/2049		61,230.75	61,230.75	
10/1/2049	1,575,000.00	61,230.75	1,636,230.75	1,697,461.50
4/1/2050		31,187.63	31,187.63	
10/1/2050	1,635,000.00	31,187.63	1,666,187.63	1,697,375.26
	<u>31,455,000.00</u>	<u>19,549,761.49</u>	<u>51,004,761.49</u>	<u>51,004,761.49</u>

**RESOLUTION NO. 21 - 01**

Adopted by the Capitol Area Development Authority

February 12, 2021

**RESOLUTION ADOPTING  
REVISION TO THE GENERAL OPERATIONS BUDGET**

**WHEREAS**, the FY 2020-2021 General Operations Budget and Capital Investment Program Budgets are prepared in accordance with the business development goals set forth in the Authority's Strategic Plan and the Annual Business Plan for FY 2020-2021 and were adopted at the June 2020 Board Meeting; and

**WHEREAS**, at the time of the Mid-Year Budget Revision, staff had only the estimated total annual debt service schedule as regards the Tax Allocation Bond issued in December 2020, and

**WHEREAS**, subsequent to the bond being issued on December 3, 2020 staff received the final debt service schedule, which exceeded the estimates presented in the Mid-Year Budget Revision by \$325,271; and

**WHEREAS**, the revision recommended for adoption has been presented and reviewed at this meeting of the Board of Directors,

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that this Revision effects the following changes, as presented at this meeting, and is hereby adopted:

Revision to the FY 20-21 Annual General Operation Budget to increase the Bond Interest Payable and Tax Increment Revenue by \$325,271.

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Ann Bailey, Chair

ATTEST:

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Jill Azevedo  
Acting Secretary to the Board of Directors