

Capitola to refinance troubled bond deal

Sentinel staff report

CAPITOLA — The City Council gave the go-ahead to a \$36,000 contract for a consultant to coordinate the refinancing of a troubled bond.

The officials agreed to hire Evensen Dodge Inc., a Long Beach-based financial firm that recently prepared a short-term plan for the city. The company's senior vice president, Tim Schaefer, has been working with Capitola since May.

He has urged the city to refinance its \$10 million bond deal as well as sell excess city property.

Under the new agreement, his firm will guide the city through the next phase of his plan — refinancing of the certificates of participation, a form of bond financing.

The city is in jeopardy of defaulting on the bonds after having misused more than \$2 million on projects not listed in the original deal.

A refunding aims to help the city eliminate problems with the first deal as well as ease the city's cash flow problems next year.

According to a report from the firm, refinancing the 1986 bonds "represents the most expeditious cure for the 'technical defaults' which have been alleged on the existing issue."

Mayor Margaret Fabrizio and councilmen Mick Routh and Ron Graves approved the city entering into a new contract with Evensen Dodge at a special meeting Monday. Council members Bob Garcia and Stephanie Harlan did not attend.

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