



## City Council

### Approval of Designating Ordinance for the Issuance and Sale of General Obligation Bonds Not to Exceed \$9 Million

**Agenda Date:** 5/7/2013  
**Agenda Item Number:** 6.B  
**File Number:** 13-0324

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**Type:** ordinance **Version:** 2 **Status:** Passed

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**Agenda Item:**

Approval of Designating Ordinance for the Issuance and Sale of General Obligation Bonds Not to Exceed \$9 Million

**Issue:**

Approve issuance of bonds and designate Administrative Services Director as the representative appointed to conduct the sale of bonds in a manner advantageous to the City and to approve the final terms within the parameters established by Council

**City Manager's Recommendation:**

Move to approve the ordinance on second reading authorizing the issuance of debt and appointing a "designated representative".

**Staff Contact:**

Jane Kirkemo, Administrative Services Director, 753.8499

**Other Presenter(s):**

(Available to answer questions): Nancy Neraas, Bond Counsel, Foster Pepper PLLC

**Background and Analysis:**

In 2011, the Legislature gave authority to Cities to appoint a "designate representative" to conduct the sale of bonds in the manner and upon the terms deemed most advantageous to the City with parameters set by Council.

In order to get the best borrowing terms, we need to be flexible and respond quickly. However, Council only meets once a week in the evening. The most propitious time to set the terms of the bond sale might turn out to be another time or day. Even the ability to call a special meeting is often not helpful because of the amount of notice that must be given. For example, this Ordinance assumes the City does not receive the State Building for the Arts grant for the Washington Center. However, if the City receives the grant, we can change the dollar amount right up until the day of the sale.

*The parameters set by Council:*

- Amount - not to exceed \$9 million

- \$4.2 million for Washington Center
  - \$1.9 million for taking out the Parks Bond Anticipation Note (BAN)
  - \$1.9 million for LED Streetlight Conversion
- **Date(s):** No later than December 31, 2014. I am anticipating a sale date of May 21, 2013. However, this is close to Memorial Day and the market may not be good, so this ordinance provides the flexibility to push the sale date out until the end of next year.

This sale includes \$1.9 million for the Street Light Conversion program. The project will be brought to the Council on May 7. If the Council agrees to move forward, the amount will be included in the sale. If the Council chooses not to accept the grant to convert the streetlights to LED, we would simply subtract the amount from the bond sale.

**Final maturity:** For the Washington Center repairs, they want a 20-year bond for the LED Conversion, they want a 10-year bond and the Parks BAN will mature in eight years.

**Interest date(s) and payment dates:** To be determined based on sale date.

**Options:**

- 1) Approve the ordinance authorizing the issuance of debt and appointing a “designated representative”.
- 2) Do not approve the ordinance. Staff would issue the debt and Council would then approve individual issuances on the evening of the sale. The sale typically occurs at 8:30 a.m. PST but the award would not be until 8:00 p.m. PST. This could impact both the rate and the number of prospective bidders.

**Financial Impact:**

The financial impact of the bond issuances is not to exceed \$9 million. The total cost of both the projects is approximately \$11 million including grants and cash contributions.