



City Council

Approval of Designating Ordinance for the Issuance and Sale of Revenue Bonds not to Exceed \$9.2 Million

Agenda Date: 7/16/2013
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Type: ordinance **Version:** 2 **Status:** Passed

Agenda Item:

Approval of Designating Ordinance for the Issuance and Sale of Revenue Bonds not to Exceed \$9.2 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, 360.753.8499

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 "designated 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.

The parameters set by Council:

- Amount not to exceed \$9.2 million.
- Approximately \$5.2 million for purchase and installation of automated meter reading system.
- Approximately \$4 million for refunding of 2001 water / sewer bonds.
- Date(s): No later than December 31, 2013. The anticipated sale date is September 10, 2013. However, this is close to Labor Day and the market may not be good, so this ordinance provides the flexibility to push

the sale date out until the end of the year.

This sale includes the purchase and installation of a water automated meter reading system previously adopted by the Council.

Final Maturity: These will be 10-year bonds - 2024.

Interest date(s) and payment dates: To be determined based on sale date. The total "all in" (TIC) interest cost may not exceed 4 percent.

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 \$9.2 million. The net present value of the 2001 refunding bonds is approximately \$210,000 (3 percent).