



## City Council

### **Approval of an Ordinance to Refinance a Bond Anticipation Note (BAN) for \$10,000,000 and Add Additional Funding for Parks Land Acquisition in the amount of \$4,000,000**

**Agenda Date:** 5/21/2019  
**Agenda Item Number:** 4.D  
**File Number:** 19-0454

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

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#### **Title**

Approval of an Ordinance to Refinance a Bond Anticipation Note (BAN) for \$10,000,000 and Add Additional Funding for Parks Land Acquisition in the amount of \$4,000,000

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to approve the Ordinance to refinance the Bond Anticipation Note for \$10,000,000 and add additional funding for Parks Land Acquisition in the amount of \$4,000,000 on second reading.

#### **Report**

##### **Issue:**

Whether the City Council should approve the Ordinance to refinance the Bond Anticipation Note and add additional funding for Parks Land Acquisition.

##### **Staff Contact:**

Nanci Lien, Fiscal Services Director, Administrative Services Department, 360.753.8465

##### **Presenter(s):**

None - Consent Calendar Item.

##### **Background and Analysis:**

Background and analysis has not changed from first to second reading.

In 2018, the City of Olympia obtained a BAN (bond anticipation note) with Cashmere Valley Bank for \$10 million for the purchase of several park properties. The BAN matures on June 1, 2019. The City has \$4 million of financial obligations for property acquisition due later this year. The City had originally planned to refinance the BAN before it matured in June 2019, and include the additional \$4

million financial obligation.

In consultation with the City's financial consultant, staff recommends refinancing the original \$10 million BAN for one year with Cashmere Valley Bank and add the additional \$4 million obligation, for a total of \$14 million. As part of the decision to refinance the bank loan, the financial consultant checked rates with Cashmere Valley Bank and two other banks. The rate of the bank loan was comparable or less than current General Obligation bond rates and the issuance is less costly and allows the City to pay it off early with no penalty.

Prior to the 2020 maturity, staff will reassess the market and bring forward a recommendation for long-term refinancing of the \$14 million loan.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

1. Approve the ordinance to refinance the BAN for 10,000,000 and add additional funding for Parks Land Acquisition in the amount of \$4,000,000.
2. Do not approve the ordinance. Not approving the ordinance may jeopardize the City's ability to complete the purchase of a park property.
3. Direct the staff to another course of action for park acquisition financing.

**Financial Impact:**

Approval of the ordinance provides financing for immediate park acquisition needs. Funding for payment of debt service to refinance the BAN will come from existing voter-approved utility taxes identified for park purposes or other general revenues. Interest on the BAN is expected to be 2.50%. Annual interest will depend on the final amount of the BAN. Interest on the BAN will be paid semi-annually from Park impact fees and/ or voted utility taxes.

**Attachments:**

Ordinance

Bond Anticipation Note, preliminary offer from Cashmere Valley Bank