

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Special Meeting

September 30, 2010
2:00 p.m.

Conference Room 1E-118
Bellevue, Washington

PRESENT: Mayor Davidson, Deputy Mayor Lee, and Councilmembers Robertson and Wallace

ABSENT: Councilmembers Balducci, Chelminiak, and Degginger

1. Sale of Limited Tax General Obligation (LTGO) Bonds

Resolution No. 8143 accepting a bid for the sale of the City's Limited Tax General Obligation (LTGO) Bonds, 2010, and authorizing the terms of such Bonds, all as provided by Ordinance No. 5955.

Mayor Davidson called the meeting to order at 2:07 p.m. for the purpose of the Limited Tax General Obligation (LTGO) 2010 Bonds sale.

Finance Director Jan Hawn provided a brief overview of the sale of Limited Tax General Obligation (LTGO) bonds in an aggregate amount not to exceed \$12 million, to provide funding for certain Mobility and Infrastructure Initiative projects supported by the 3 percent property tax levy adopted by the Council on December 1, 2008. Five bidders participated, resulting in a favorable interest rate of 3.22 percent.

Responding to Councilmember Robertson, Ms. Hawn said the terms of the bond sale enabled the City to increase its proceeds by \$843,898. Ms. Hawn noted that the City received five bids.

Responding to Councilmember Wallace, Ms. Hawn confirmed that ultimately the bond sale equates to using sales tax proceeds to repay the bonds. This reduces the amount of sales tax distribution to the General Fund, because the property tax banked capacity cannot be used to repay debt.

In further response to Mr. Wallace, Ms. Hawn said the par amount is the actual amount of the bonds issued, which is \$11,825,000. The premium was \$843,898. Zemed Yitref, Investment and Debt Manager, explained that the premium is paid to the City by the buyer, in addition to the par amount of the bonds. The project fund receives \$12,512,137, and the cost of issuance is \$156,760.

Responding to Deputy Mayor Lee, Mr. Yitref said the premium is essentially a bonus to the City and not part of the amount to be repaid. Ms. Hawn said there is always a tradeoff between the interest rates and the premium that is paid. The net result in this case is an interest rate of 3.22 percent.

Mr. Yitref noted that, lately, a number of bonds have been selling at a premium. That was also the case with the City's refunding bonds approved on September 14. Ms. Hawn said the practice of paying premiums is a function of what is currently happening within a local bid market.

- Deputy Mayor Lee moved to approve Resolution No. 8143 accepting a bid for the sale of the City's Limited Tax General Obligation (LTGO) Bonds 2010. Councilmember Robertson seconded the motion.
- The motion to approve Resolution No. 8143 carried by a vote of 4-0.

At 2:16 p.m., Mayor Davidson declared the meeting adjourned.

Michelle Murphy, MMC
Deputy City Clerk

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