



**CITY OF KIRKLAND**  
Department of Finance & Administration  
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## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Tracey Dunlap, Director of Finance and Administration  
Michael Olson, Deputy Director

**Date:** July 7, 2011

**Subject:** BOND REFUNDING INTRODUCTION

### RECOMMENDATION:

Council receives a briefing on the planned refunding of selected outstanding bonds to realize interest savings.

### BACKGROUND DISCUSSION:

SDM Advisors was selected as the City's Financial Advisor in October 2010 through a competitive process (Request for Proposals). The primary role of the Financial Advisor is to support the debt issuance activity of the City including making recommendations on the timing, sizing, maturity schedules, call provisions and other details of bond issues and reviewing and making appropriate recommendations on all ordinances, official statements, and other documents necessary for debt issuance.

At that time, SDM Advisors reviewed all outstanding general obligation debt issuances of the City to determine if any outstanding debt could be refunded at a net present value savings. The 1999 Limited Tax General Obligation Bonds (LTGO) are callable now and the 2001 LTGO can be advance refunded to produce interest rates savings.

Due to the small size of the 1999 LTGO (\$610,000 outstanding), it is more cost effective to combine this refunding with the 2001 LTGO refunding (\$4,730,000 outstanding). The combined 1999 and 2001 refunding will provide a net present value savings to the City, estimated at over \$300,000.

SDM Advisors has provided the following preliminary schedule to accomplish a bond sale for this refunding:

<u>DATE</u>	<u>ACTIVITY</u>
7/19	City Council briefing
7/27	Bond rating application submitted
8/1 <sup>(1)</sup>	City Council approval of Bond Ordinance (tentative)

Wk of 8/1	Bond rating update calls
8/10	Ratings Received
8/23	Bond Sale
9/7	Bond Closing
10/7	Redemption of the 1999 Bonds
12/1	Redemption of the 2001 Bonds

<sup>(1)</sup> The Bond Ordinance may take a form that provides for delegation of sale activities to the City Manager, Director of Finance and Administration or others, with or without consultation with the Finance Committee or others. This would provide greater flexibility relative to selection of market timing.