

INFORMATIONAL MEMORANDUM
Tukwila Metropolitan Park District

TO: Tukwila Pool MPD Board President

FROM: Rick Still, Parks and Recreation Director
 Craig Zellerhoff, Fiscal Coordinator

DATE: October 10, 2012

SUBJECT: Tukwila Pool Metropolitan Park District – Capital Projects Financing Authorization

ISSUE

Authorization to obtain financing for Pool Capital Projects.

FINANCIAL IMPACT

An average of \$82,263 in annual payment for 15 years.

BACKGROUND

The Tukwila Pool Metropolitan Park District (MPD) has determined the need for capital improvements in the amount of \$1,666,666 to sustain operations of the pool for the next 20 plus years. The MPD has committed \$1,250,000 as the match towards the Department of Commerce Grant in the amount of \$416,666. Funding alternatives and options have been provided to the Board at meetings on May 14, June 18, and August 20 (minutes attached). At this time, the Board is being asked to provide formal approval to authorize the funding mechanism to obtain the \$1,000,000 needed to fund the Capital projects.

DISCUSSION

The Tukwila Pool Metropolitan Park District has secured a total of \$666,666.66 toward the financing of the capital improvement projects to cover a portion of the financing requirements.

Table 1 – Capital Project Fund Source

| Funding Source | Amount |
|-----------------------|---------------------|
| Cash/Operating Loan | \$ 250,000 |
| Federal Grant | 416,666 |
| Financing Needed | 1,000,000 |
| Total | \$ 1,666,666 |

The following financing two options are available to the Tukwila Pool MPD for the remaining \$1.0 million needed to proceed with the project.

Table 2 – Funding Options’ Descriptions

| Investment Information | Background Information | Financing Summary |
|--|--|---|
| Green Campus Partners - Tax Exempt Lease Purchase (TELP) | | |
| <p>A TELP is an installment purchase contract used to finance equipment and capital projects at a low interest rate. Interest rates depend on the strength of collateral, the borrower's credit worthiness, the duration of financing, and market conditions</p> | <ul style="list-style-type: none"> The transaction would be structured as an LTGO lease purchase between the District and Green Campus Partners. The District and the City will enter into an Interlocal agreement prior to closing, under which the City will guarantee the District's payment obligation. The guarantee will remain in place during the 15 year term of the financing. It is anticipated that the proceeds will be deposited into escrow with a bank during the construction period. The financed amount is net of utility rebates, District capital contribution and State grants and includes a 1% origination fee and estimated costs of issuance: The interest rate is 3.25%, which will float until shortly before closing. The District has the option to prepay the lease purchase on any payment date at a price of 103%. | <p>Financed Amount: \$1.0M Term: 15 years Payments: Quarterly</p> <p>Financing Cost: \$ 35,000</p> <p>Interest Rate = 3.25%</p> <p><i>See attached worksheet for sample payment schedule (amounts will change based on final construction amount)</i></p> <p>EST ANN/UAL PMTS: \$ 87,454 TERM: 15 YEARS</p> |
| Seattle Northwest Securities - Long-term General Obligation Bond (LTGO) | | |
| <p>Issuing a bond for \$1 million using the City bond rating of Aa3 would result in the annual debt payments ranging from \$79,000 to \$85,000 which is dependent on interest rates at time of issuance.</p> | <p>Current interest rates as of 10/2/2012:</p> <p><i>15 years – 2.69% = \$82,263 per year</i></p> | <p>Financed Amount: \$1.0M Term: 15 years Payments: Semi Annually</p> <p>Financing Cost: \$ 36,536</p> <p>Interest Rate = 2.69%</p> <p><i>See attached bond schedule from Seattle Northwest Securities worksheet for sample payment schedule (amounts will change based on final bond issuance date.)</i></p> <p>EST ANNUAL PMTS: \$ 82,263 TERM: 15 YEARS</p> |

Based on the information available at this time issuing LTGO Bonds is the optimal financing method requiring annual debt service payments of \$82,263 annually for total payments of approximately \$1,233,950 over 15 years.

Table 3 – Investment Term Payment Review

| Investment Type | Rate | Annual Payments | Term | Total Payments |
|-----------------|-------|-----------------|----------|----------------|
| TELP | 3.25% | 87,454 | 15 years | 1,311,816 |
| LTGO Bond | 2.69% | 82,263 | 15 years | 1,233,950 |

RECOMMENDATION

It is recommended that the Board authorize the issuance of LTGO Bonds through Seattle Northwest Securities with a proceed amount of \$1 million to fund pool improvements beginning November 5th, 2012.

ATTACHMENTS

- Seattle Northwest Securities Amortization Schedule for \$1.0 million financing
- Green Campus Partners Amortization Schedule for \$1.0 million financing
- Minutes from the May 14, June 18, and August 20 MPD Meetings

SOURCES AND USES OF FUNDS

City of Tukwila, Washington
 Sample GO Bonds
 Assumes current Aa3 interest rates as of October 5, 2012

Dated Date 12/01/2012
 Delivery Date 12/01/2012

Sources:

| | |
|----------------|--------------|
| <hr/> | |
| Bond Proceeds: | |
| Par Amount | 945,000.00 |
| Premium | 91,538.05 |
| <hr/> | |
| | 1,036,538.05 |
| <hr/> | |

Uses:

| | |
|-------------------------|--------------|
| <hr/> | |
| Project Fund Deposits: | |
| Project Fund | 1,000,000.00 |
| | |
| Delivery Date Expenses: | |
| Cost of Issuance | 20,500.00 |
| Underwriter's Discount | 12,000.00 |
| | <hr/> |
| | 32,500.00 |
| | |
| Other Uses of Funds: | |
| Additional Proceeds | 4,038.05 |
| <hr/> | |
| | 1,036,538.05 |
| <hr/> | |

BOND DEBT SERVICE

City of Tukwila, Washington
Sample GO Bonds

Assumes current Aa3 interest rates as of October 5, 2012

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|----------|--------------|---------------------|
| 06/01/2013 | | | 14,975 | 14,975 | |
| 12/01/2013 | 50,000 | 2.000% | 14,975 | 64,975 | 79,950 |
| 06/01/2014 | | | 14,475 | 14,475 | |
| 12/01/2014 | 55,000 | 2.000% | 14,475 | 69,475 | 83,950 |
| 06/01/2015 | | | 13,925 | 13,925 | |
| 12/01/2015 | 55,000 | 2.000% | 13,925 | 68,925 | 82,850 |
| 06/01/2016 | | | 13,375 | 13,375 | |
| 12/01/2016 | 55,000 | 2.000% | 13,375 | 68,375 | 81,750 |
| 06/01/2017 | | | 12,825 | 12,825 | |
| 12/01/2017 | 55,000 | 2.000% | 12,825 | 67,825 | 80,650 |
| 06/01/2018 | | | 12,275 | 12,275 | |
| 12/01/2018 | 60,000 | 3.000% | 12,275 | 72,275 | 84,550 |
| 06/01/2019 | | | 11,375 | 11,375 | |
| 12/01/2019 | 60,000 | 3.000% | 11,375 | 71,375 | 82,750 |
| 06/01/2020 | | | 10,475 | 10,475 | |
| 12/01/2020 | 60,000 | 3.000% | 10,475 | 70,475 | 80,950 |
| 06/01/2021 | | | 9,575 | 9,575 | |
| 12/01/2021 | 65,000 | 3.000% | 9,575 | 74,575 | 84,150 |
| 06/01/2022 | | | 8,600 | 8,600 | |
| 12/01/2022 | 65,000 | 4.000% | 8,600 | 73,600 | 82,200 |
| 06/01/2023 | | | 7,300 | 7,300 | |
| 12/01/2023 | 65,000 | 4.000% | 7,300 | 72,300 | 79,600 |
| 06/01/2024 | | | 6,000 | 6,000 | |
| 12/01/2024 | 70,000 | 4.000% | 6,000 | 76,000 | 82,000 |
| 06/01/2025 | | | 4,600 | 4,600 | |
| 12/01/2025 | 75,000 | 4.000% | 4,600 | 79,600 | 84,200 |
| 06/01/2026 | | | 3,100 | 3,100 | |
| 12/01/2026 | 75,000 | 4.000% | 3,100 | 78,100 | 81,200 |
| 06/01/2027 | | | 1,600 | 1,600 | |
| 12/01/2027 | 80,000 | 4.000% | 1,600 | 81,600 | 83,200 |
| | 945,000 | | 288,950 | 1,233,950 | 1,233,950 |

BOND PRICING

City of Tukwila, Washington
Sample GO Bonds

Assumes current Aa3 interest rates as of October 5, 2012

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Premium (-Discount) |
|------------------|---------------|---------|--------|--------|-----------|---------------------|
| Bond Component: | | | | | | |
| | 12/01/2013 | 50,000 | 2.000% | 0.380% | 101.615 | 807.50 |
| | 12/01/2014 | 55,000 | 2.000% | 0.520% | 102.940 | 1,617.00 |
| | 12/01/2015 | 55,000 | 2.000% | 0.640% | 104.034 | 2,218.70 |
| | 12/01/2016 | 55,000 | 2.000% | 0.780% | 104.795 | 2,637.25 |
| | 12/01/2017 | 55,000 | 2.000% | 1.000% | 104.865 | 2,675.75 |
| | 12/01/2018 | 60,000 | 3.000% | 1.190% | 110.451 | 6,270.60 |
| | 12/01/2019 | 60,000 | 3.000% | 1.440% | 110.352 | 6,211.20 |
| | 12/01/2020 | 60,000 | 3.000% | 1.700% | 109.685 | 5,811.00 |
| | 12/01/2021 | 65,000 | 3.000% | 1.930% | 108.801 | 5,720.65 |
| | | 515,000 | | | | 33,969.65 |
| 2027 Term Bonds: | | | | | | |
| | 12/01/2022 | 65,000 | 4.000% | 2.480% | 113.388 C | 8,702.20 |
| | 12/01/2023 | 65,000 | 4.000% | 2.480% | 113.388 C | 8,702.20 |
| | 12/01/2024 | 70,000 | 4.000% | 2.480% | 113.388 C | 9,371.60 |
| | 12/01/2025 | 75,000 | 4.000% | 2.480% | 113.388 C | 10,041.00 |
| | 12/01/2026 | 75,000 | 4.000% | 2.480% | 113.388 C | 10,041.00 |
| | 12/01/2027 | 80,000 | 4.000% | 2.480% | 113.388 C | 10,710.40 |
| | | 430,000 | | | | 57,568.40 |
| | | 945,000 | | | | 91,538.05 |

| | | |
|------------------------|--------------|-------------|
| Dated Date | 12/01/2012 | |
| Delivery Date | 12/01/2012 | |
| First Coupon | 06/01/2013 | |
| Par Amount | 945,000.00 | |
| Premium | 91,538.05 | |
| Production | 1,036,538.05 | 109.686566% |
| Underwriter's Discount | -12,000.00 | -1.269841% |
| Purchase Price | 1,024,538.05 | 108.416725% |
| Accrued Interest | | |
| Net Proceeds | 1,024,538.05 | |

BOND SUMMARY STATISTICS

City of Tukwila, Washington
 Sample GO Bonds
 Assumes current Aa3 interest rates as of October 5, 2012

| | |
|---------------------------------|--------------|
| Dated Date | 12/01/2012 |
| Delivery Date | 12/01/2012 |
| Last Maturity | 12/01/2027 |
| Arbitrage Yield | 2.045208% |
| True Interest Cost (TIC) | 2.423510% |
| Net Interest Cost (NIC) | 2.586930% |
| All-In TIC | 2.697612% |
| Average Coupon | 3.569487% |
| Average Life (years) | 8.566 |
| Duration of Issue (years) | 7.494 |
| Par Amount | 945,000.00 |
| Bond Proceeds | 1,036,538.05 |
| Total Interest | 288,950.00 |
| Net Interest | 209,411.95 |
| Total Debt Service | 1,233,950.00 |
| Maximum Annual Debt Service | 84,550.00 |
| Average Annual Debt Service | 82,263.33 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 12.698413 |
| Total Underwriter's Discount | 12.698413 |
| Bid Price | 108.416725 |

| Bond Component | Par Value | Price | Average Coupon | Average Life |
|-----------------|------------|---------|----------------|--------------|
| Bond Component | 515,000.00 | 106.596 | 2.692% | 5.175 |
| 2027 Term Bonds | 430,000.00 | 113.388 | 4.000% | 12.628 |
| | 945,000.00 | | | 8.566 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 945,000.00 | 945,000.00 | 945,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 91,538.05 | 91,538.05 | 91,538.05 |
| - Underwriter's Discount | -12,000.00 | -12,000.00 | |
| - Cost of Issuance Expense | | -20,500.00 | |
| - Other Amounts | | | |
| Target Value | 1,024,538.05 | 1,004,038.05 | 1,036,538.05 |
| Target Date | 12/01/2012 | 12/01/2012 | 12/01/2012 |
| Yield | 2.423510% | 2.697612% | 2.045208% |

COST OF ISSUANCE

City of Tukwila, Washington
Sample GO Bonds

Assumes current Aa3 interest rates as of October 5, 2012

| Cost of Issuance | \$/1000 | Amount |
|--------------------|----------|-----------|
| Bond Counsel | 12.69841 | 12,000.00 |
| Moody's rating fee | 8.46561 | 8,000.00 |
| P/OS distribution | 0.52910 | 500.00 |
| | 21.69312 | 20,500.00 |



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October 11, 2012

Ms. Peggy McCarthy
Finance Director
City of Tukwila
6500 Southcenter Boulevard
Tukwila, WA 98188

RE: Lease Purchase Financing Proposal for the Tukwila Pool Metropolitan Park District

Dear Ms. McCarthy:

Green Campus Partners, LLC is pleased to present the following Summary of Terms and Conditions dated October 11, 2012 (collectively, the "*Financing Proposal*") to the Tukwila Pool Metropolitan Park District.

SUMMARY OF TERMS AND CONDITIONS

DATE: October 11, 2012

DISTRICT: Tukwila Pool Metropolitan Park District

CITY: City of Tukwila

LESSOR: Green Campus Partners, LLC, its successor and/or assigns

ESCROW AGENT: To Be Determined

SPECIAL COUNSEL: To Be Determined

CONTRACTOR: McKinstry

PURPOSE: The purpose of this transaction is to provide financing for certain facility improvement measures (collectively, the "*Equipment*"), which will be installed by the Contractor.

BACKGROUND: In August 2011, the voters of the City created the District, the boundaries of which are coextensive with the boundaries of the City. The District has the

authority to levy a general tax on the property not to exceed 15 cents per thousand dollars of assessed valuation each year.

STRUCTURE: This transaction will be structured as an Equipment Lease Purchase Agreement (the "*Lease Purchase*") between the District and the Lessor.

SECURITY: The Lease Purchase will be a limited tax general obligation of the District. The District will covenant and agree that it will include in its annual budget and levy ad valorem taxes, annually, within the constitutional and statutory tax limitations provide by law without a vote of the electors of the District, upon all the taxable property within the District in amounts sufficient, together with all other money of the District legally available for such purposes, to pay the Lease Payments. Regardless of the status of installation or performance of the Equipment, the District's obligation to make payments commence on that certain date as set forth in the Lease Purchase. Legal title to the Equipment shall be vested in the District. The Lease Purchase will be a net financial contract of the District, and all expenses (including, but not limited to, insurance, maintenance and taxes) will be the responsibility of the District.

CITY GUARANTEE: Prior to closing of the Lease Purchase, the City and the District will enter into an Interlocal Agreement (the "*Guarantee*"), under which the City will guarantee the District's Lease Purchase financial obligations. The Guarantee will be a limited tax general obligation of the City and will be in a form similar to other Interlocal agreements that the City has executed to support previous financing transactions. The Guarantee will remain in place during the Term of the Lease Purchase and the Lessor will only look to the Guarantee in the event the District is unable to fulfill its obligations under the Lease Purchase.

ESCROW: At closing, proceeds from the Lease Purchase will be deposited into an Acquisition Fund established pursuant to an Escrow Agreement (the "*Escrow*") by and among the District, the Lessor and the Escrow Agent. The Escrow Agent will be selected by the District, subject to the Lessor's approval. The Lessor has a relationship with Deutsche Bank National Trust Company, under which escrow services for these types of transactions are provided at a cost of \$1,000 (which can be included in the Financed Amount, if desired). During the installation period, the District will requisition funds in the manner outlined in the Escrow. No funds will be disbursed without the written approval of the District and the Lessor. The District will direct the investments in the Acquisition Fund and all interest earnings will accrue to the District's benefit.

| | | |
|-------------------------|-------------------------------|------------------|
| FINANCED AMOUNT: | Equipment Cost | \$1,841,252 |
| | Utility Rebates | (21,667) |
| | District Capital Contribution | (402,919) |
| | WA Jobs Now Grant | <u>(416,666)</u> |
| | Net Equipment Costs | \$1,000,000 |
| | Lessor Origination Fee | 10,000 |
| | Costs of Issuance (estimated) | <u>25,000</u> |
| | Financed Amount | \$1,035,000 |

CLOSING DATE: To Be Determined (estimated November 15, 2012)

TERM: 15 years

INTEREST RATE: 3.25% tax-exempt, fixed rate

Interest Rate Adjustment: The Interest Rate above is based upon the 10-Year U.S. Treasury Swap Interest Rate (the "Index") as reported on the October 10, 2012 Federal Reserve H.15 Daily Update of 1.77% and is locked through November 11, 2012 (30 days). Thereafter, the final interest rate will subject to adjustment until approximately 15 business days prior to the Closing Date (the "Interest Rate Set Date"), based on the following formula:

Interest Rate = (the Index on the Interest Rate Set Date) * .65 + 2.10%

PAYMENTS: The District will make 60 quarterly level principal and interest payments beginning 3 months after the Closing Date. Please see the attached Sample Payment Schedule, which assumes a Closing Date of November 15, 2012.

PREPAYMENT: The District will have the option to prepay its obligations under the Lease Purchase in whole on any payment date with a prepayment premium of 3%.

ASSIGNMENT: The Lessor will agree that the Lease Purchase will not be re-offered publicly. The Lessor reserves the right to assign, sell or otherwise transfer the Lease Purchase (or interests therein) to an institution that the Lessor reasonably believes is either a Qualified Institutional Buyer, an Institutional Accredited Investor or to a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Institutional Accredited Investors within the meaning of the applicable federal securities law.

DOCUMENTATION: All documentation will be provided by Special Counsel and will include all documents, certificates and opinions as are reasonably necessary to evidence and carry out the transaction. All documents must be acceptable to all parties.

CLOSING COSTS: The Lessor is charging an origination fee of \$10,000 (1% of the net Equipment costs). The District will be responsible for paying the costs of the Special Counsel, Escrow Agent and its other direct transaction costs or fees.

CREDIT APPROVAL: The transaction is subject to final credit approval by the Lessor, subject to additional due diligence and the negotiation of mutually acceptable documentation.

FINANCING PROPOSAL

EXPIRATION: Unless accepted by the District or extended in writing by the Lessor (at its sole discretion), this Financing Proposal shall expire on October 19, 2012. Once accepted, this Financing Proposal shall expire if the transaction has not funded by December 31, 2012.

Capitalized terms used but not defined herein shall have the meaning given such terms in the transaction documents (i.e. the Lease Purchase, Guarantee, Escrow, etc.). Upon receipt of the signed Financing Proposal, GCP will endeavor to provide you with a timely commitment, and shall use good faith efforts to negotiate and finance the Lease Purchase based on the terms & conditions provided herein. It is a pleasure to offer this Financing Proposal to the Tukwila Pool Metropolitan Park District and we look forward to your review and response.

Very truly yours,



Neal E. Skiver
Senior Vice President

Agreed to and Accepted by:
Tukwila Pool Metropolitan Park District

_____ (Name)

_____ (Title)

_____ (Date)

**Tukwila Pool Metropolitan Park District
Equipment Lease Purchase Agreement
Sample Payment Schedule
(15 Year Financing Term, Level Payments)**

| | |
|--|---------------------|
| Equipment Costs | \$ 1,841,252 |
| Utility Rebates | \$ (21,667) |
| Up-Front Capital Contribution | \$ (402,919) |
| WA Jobs Now Grant | \$ (416,666) |
| Net Project Costs | \$ 1,000,000 |
| Origination Fee (1% of Net Project Costs) | \$ 10,000 |
| Costs of Issuance (Legal, etc.) | \$ 25,000 |
| Financed Amount | \$ 1,035,000 |
| Tax-Exempt Interest Rate | 3.25% |
| Annual Payments | \$ 87,454 |
| Financing Term (years) | 15.00 |
| Average Life (years) | 8.23 |
| Closing/Funding Date (estimated) | 11/15/12 |

| Pmt. No. | Payment Date | Payment Amount | Interest Portion | Principal Portion | Outstanding Balance | Purchase Price |
|-----------------|---------------------|-----------------------|-------------------------|--------------------------|----------------------------|-----------------------|
| 1 | 2/15/13 | \$ 21,864 | \$ 8,409 | \$ 13,454 | \$ 1,021,546 | \$ 1,052,192 |
| 2 | 5/15/13 | \$ 21,864 | \$ 8,300 | \$ 13,564 | \$ 1,007,982 | \$ 1,038,222 |
| 3 | 8/15/13 | \$ 21,864 | \$ 8,190 | \$ 13,674 | \$ 994,309 | \$ 1,024,138 |
| 4 | 11/15/13 | \$ 21,864 | \$ 8,079 | \$ 13,785 | \$ 980,524 | \$ 1,009,939 |
| 5 | 2/15/14 | \$ 21,864 | \$ 7,967 | \$ 13,897 | \$ 966,627 | \$ 995,626 |
| 6 | 5/15/14 | \$ 21,864 | \$ 7,854 | \$ 14,010 | \$ 952,617 | \$ 981,196 |
| 7 | 8/15/14 | \$ 21,864 | \$ 7,740 | \$ 14,124 | \$ 938,494 | \$ 966,648 |
| 8 | 11/15/14 | \$ 21,864 | \$ 7,625 | \$ 14,238 | \$ 924,255 | \$ 951,983 |
| 9 | 2/15/15 | \$ 21,864 | \$ 7,510 | \$ 14,354 | \$ 909,901 | \$ 937,198 |
| 10 | 5/15/15 | \$ 21,864 | \$ 7,393 | \$ 14,471 | \$ 895,431 | \$ 922,293 |
| 11 | 8/15/15 | \$ 21,864 | \$ 7,275 | \$ 14,588 | \$ 880,842 | \$ 907,268 |
| 12 | 11/15/15 | \$ 21,864 | \$ 7,157 | \$ 14,707 | \$ 866,136 | \$ 892,120 |
| 13 | 2/15/16 | \$ 21,864 | \$ 7,037 | \$ 14,826 | \$ 851,309 | \$ 876,849 |
| 14 | 5/15/16 | \$ 21,864 | \$ 6,917 | \$ 14,947 | \$ 836,363 | \$ 861,453 |
| 15 | 8/15/16 | \$ 21,864 | \$ 6,795 | \$ 15,068 | \$ 821,294 | \$ 845,933 |
| 16 | 11/15/16 | \$ 21,864 | \$ 6,673 | \$ 15,191 | \$ 806,104 | \$ 830,287 |
| 17 | 2/15/17 | \$ 21,864 | \$ 6,550 | \$ 15,314 | \$ 790,790 | \$ 814,514 |
| 18 | 5/15/17 | \$ 21,864 | \$ 6,425 | \$ 15,438 | \$ 775,351 | \$ 798,612 |
| 19 | 8/15/17 | \$ 21,864 | \$ 6,300 | \$ 15,564 | \$ 759,788 | \$ 782,581 |
| 20 | 11/15/17 | \$ 21,864 | \$ 6,173 | \$ 15,690 | \$ 744,097 | \$ 766,420 |

**Tukwila Pool Metropolitan Park District
Equipment Lease Purchase Agreement
Sample Payment Schedule
(15 Year Financing Term, Level Payments)**

| Pmt. No. | Payment Date | Payment Amount | Interest Portion | Principal Portion | Outstanding Balance | Purchase Price |
|-----------------|---------------------|-----------------------|-------------------------|--------------------------|----------------------------|-----------------------|
| 21 | 2/15/18 | \$ 21,864 | \$ 6,046 | \$ 15,818 | \$ 728,279 | \$ 750,128 |
| 22 | 5/15/18 | \$ 21,864 | \$ 5,917 | \$ 15,946 | \$ 712,333 | \$ 733,703 |
| 23 | 8/15/18 | \$ 21,864 | \$ 5,788 | \$ 16,076 | \$ 696,257 | \$ 717,145 |
| 24 | 11/15/18 | \$ 21,864 | \$ 5,657 | \$ 16,207 | \$ 680,051 | \$ 700,452 |
| 25 | 2/15/19 | \$ 21,864 | \$ 5,525 | \$ 16,338 | \$ 663,713 | \$ 683,624 |
| 26 | 5/15/19 | \$ 21,864 | \$ 5,393 | \$ 16,471 | \$ 647,242 | \$ 666,659 |
| 27 | 8/15/19 | \$ 21,864 | \$ 5,259 | \$ 16,605 | \$ 630,637 | \$ 649,556 |
| 28 | 11/15/19 | \$ 21,864 | \$ 5,124 | \$ 16,740 | \$ 613,897 | \$ 632,314 |
| 29 | 2/15/20 | \$ 21,864 | \$ 4,988 | \$ 16,876 | \$ 597,022 | \$ 614,932 |
| 30 | 5/15/20 | \$ 21,864 | \$ 4,851 | \$ 17,013 | \$ 580,009 | \$ 597,409 |
| 31 | 8/15/20 | \$ 21,864 | \$ 4,713 | \$ 17,151 | \$ 562,858 | \$ 579,743 |
| 32 | 11/15/20 | \$ 21,864 | \$ 4,573 | \$ 17,290 | \$ 545,567 | \$ 561,934 |
| 33 | 2/15/21 | \$ 21,864 | \$ 4,433 | \$ 17,431 | \$ 528,137 | \$ 543,981 |
| 34 | 5/15/21 | \$ 21,864 | \$ 4,291 | \$ 17,572 | \$ 510,564 | \$ 525,881 |
| 35 | 8/15/21 | \$ 21,864 | \$ 4,148 | \$ 17,715 | \$ 492,849 | \$ 507,634 |
| 36 | 11/15/21 | \$ 21,864 | \$ 4,004 | \$ 17,859 | \$ 474,990 | \$ 489,239 |
| 37 | 2/15/22 | \$ 21,864 | \$ 3,859 | \$ 18,004 | \$ 456,985 | \$ 470,695 |
| 38 | 5/15/22 | \$ 21,864 | \$ 3,713 | \$ 18,151 | \$ 438,835 | \$ 452,000 |
| 39 | 8/15/22 | \$ 21,864 | \$ 3,566 | \$ 18,298 | \$ 420,537 | \$ 433,153 |
| 40 | 11/15/22 | \$ 21,864 | \$ 3,417 | \$ 18,447 | \$ 402,090 | \$ 414,153 |
| 41 | 2/15/23 | \$ 21,864 | \$ 3,267 | \$ 18,597 | \$ 383,493 | \$ 394,998 |
| 42 | 5/15/23 | \$ 21,864 | \$ 3,116 | \$ 18,748 | \$ 364,746 | \$ 375,688 |
| 43 | 8/15/23 | \$ 21,864 | \$ 2,964 | \$ 18,900 | \$ 345,846 | \$ 356,221 |
| 44 | 11/15/23 | \$ 21,864 | \$ 2,810 | \$ 19,054 | \$ 326,792 | \$ 336,596 |
| 45 | 2/15/24 | \$ 21,864 | \$ 2,655 | \$ 19,208 | \$ 307,584 | \$ 316,811 |
| 46 | 5/15/24 | \$ 21,864 | \$ 2,499 | \$ 19,364 | \$ 288,219 | \$ 296,866 |
| 47 | 8/15/24 | \$ 21,864 | \$ 2,342 | \$ 19,522 | \$ 268,697 | \$ 276,758 |
| 48 | 11/15/24 | \$ 21,864 | \$ 2,183 | \$ 19,680 | \$ 249,017 | \$ 256,487 |
| 49 | 2/15/25 | \$ 21,864 | \$ 2,023 | \$ 19,840 | \$ 229,176 | \$ 236,052 |
| 50 | 5/15/25 | \$ 21,864 | \$ 1,862 | \$ 20,002 | \$ 209,175 | \$ 215,450 |
| 51 | 8/15/25 | \$ 21,864 | \$ 1,700 | \$ 20,164 | \$ 189,011 | \$ 194,681 |
| 52 | 11/15/25 | \$ 21,864 | \$ 1,536 | \$ 20,328 | \$ 168,683 | \$ 173,744 |
| 53 | 2/15/26 | \$ 21,864 | \$ 1,371 | \$ 20,493 | \$ 148,190 | \$ 152,636 |
| 54 | 5/15/26 | \$ 21,864 | \$ 1,204 | \$ 20,660 | \$ 127,530 | \$ 131,356 |
| 55 | 8/15/26 | \$ 21,864 | \$ 1,036 | \$ 20,827 | \$ 106,703 | \$ 109,904 |
| 56 | 11/15/26 | \$ 21,864 | \$ 867 | \$ 20,997 | \$ 85,706 | \$ 88,278 |
| 57 | 2/15/27 | \$ 21,864 | \$ 696 | \$ 21,167 | \$ 64,539 | \$ 66,475 |
| 58 | 5/15/27 | \$ 21,864 | \$ 524 | \$ 21,339 | \$ 43,200 | \$ 44,496 |
| 59 | 8/15/27 | \$ 21,864 | \$ 351 | \$ 21,513 | \$ 21,687 | \$ 22,338 |
| 60 | 11/15/27 | \$ 21,864 | \$ 176 | \$ 21,687 | \$ (0) | \$ (0) |

TUKWILA METROPOLITAN PARK DISTRICT

**May 14, 2012 – 5:30 p.m.
Council Chambers – Tukwila City Hall**

BOARD OF COMMISSIONERS MEETING MINUTES

CALL TO ORDER

Board President Seal called the Special Meeting of the Tukwila Metropolitan Park District (MPD) to order at 5:34 p.m.

TUKWILA METROPOLITAN PARK DISTRICT COMMISSIONERS

Present were Joe Duffie, Dennis Robertson, Allan Ekberg, Verna Seal, Kathy Hougardy, De'Sean Quinn, Kate Kruller.

TUKWILA METROPOLITAN PARK DISTRICT REPRESENTATIVES

Lisa M. Marshall, MPD Attorney; Peggy McCarthy, Treasurer.

CITY OF TUKWILA OFFICIALS

Jim Haggerton, Mayor; David Cline, City Administrator; Rick Still, Parks and Recreation Director; Robert Eaton, Parks and Recreation Project Coordinator; Malcolm Neely, Aquatics Program Coordinator; Kimberly Matej, Council Analyst; Melissa Hart, Deputy City Clerk.

CITIZEN COMMENTS

There were no citizen comments.

CONSENT AGENDA

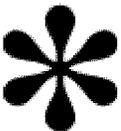
- a. Approval of minutes: 4/09/12
- b. Approval of vouchers: #360237, 360270, 360296, 360330, 360359, 360370, 360484 and #120399 and 120405 in the amount of \$13,807.84.

MOVED BY DUFFIE, SECONDED BY ROBERTSON TO APPROVE THE CONSENT AGENDA AS SUBMITTED. MOTION CARRIED 7-0.

BUSINESS ITEMS

a. Funding Alternatives for Capital Improvement Projects.

Peggy McCarthy, MPD Treasurer, explained the Tukwila MPD has determined the need for capital improvements to sustain operations of the pool for the next 20-30 years. To make the capital improvements a reality, the Tukwila Finance Department has researched and reviewed potential financing options. The financing options available to the Tukwila MPD are listed below. Of the options listed, only two are viable options; bond financing and the state LOCAL program. A third option, tax exempt lease purchase, will be considered when the scope of the project has been determined. The following information is being provided to the Board at this time for review and information only.



Ms. McCarthy conducted a detailed review of the following funding alternatives for Capital Improvement Projects, as identified on page 1 of the agenda packet.

| Investment Vehicle | Investment Information | Interest Rate | Viable Option |
|--|--|--|---------------|
| Public Works Trust Fund | The MPD is not eligible for this program as the loans are limited to the following systems: Drinking water, Sanitary sewer, Storm water, Solid waste/recycling, Bridges, Roadways and Streets | 10 years - .50% 15 years - .75% 20 years - 1.00% 25 years - 1.50% 30 years - 2.00% | NO |
| Seattle Northwest Securities - Long-term General Obligation Bond (LTGO) | Issuing a bond for \$1.35 million using the City bond rating of Aa3 would result in the annual debt payments ranging from \$111,000 to \$115,180 which is dependent on interest rates at time of issuance. | Current interest rates as of 4/25/2012: 15 years - 3.82% = debt service of payment of \$111,000 per year Interest rates plus 50 basis points: 15 years - 4.32% = debt service payment of 115,180 per year | YES |
| King County Investment Pool | The MPD is not eligible for funding through the King County Investment Pool per Scott Matheson. | | NO |
| Local Option Capital Asset Loan program (LOCAL) - Washington State Treasurer | The program began in 1989 for state agencies but was expanded in 1998 to allow local governments to participate. Essentially the State Treasurer aggregates the financing needs of many local government agencies in order to reduce borrowing and issuance costs for all participants. There are two loan programs for financing: Real Estate and Equipment. The MPD would qualify for both types of financing due to the nature of the construction project. The LOCAL program approves loans twice a year in late March with first payment due June 1 and mid/late August with first payment due December 1. Loan applications are due January 10 th for March funding and June 20 th for August funding. | Real Estate - Loans for construction projects can be financed for 20 years. The interest rate as of 3/29/12 was 3.98%; actual rates are determined by competitive bids on the date of sale. Equipment - Loans for purchase of equipment can be financed for 10 years. The interest rate as of 3/29/12 was 2.17%; actual rates are determined by competitive bids on the date of sale. | YES |
| Tax Exempt Lease Purchase (TELP) | A TELP is an installment purchase contract used to finance equipment and capital projects at a low interest rate. Interest rates depend on the strength of collateral, the borrower's credit worthiness, the duration of financing, and market conditions. | Cost to finance will be determined after review of feasibility study. | Possibly |
| Department of Commerce grant program | The Department of Commerce (DOC) established a grant program through legislation this past session. The grant is limited to \$500,000. The project cannot be under 'construction' when the grant is applied for or possibly awarded; final procedures have not been adopted yet. The criteria matches up well for this project: 1) leverage of money 2:1 or 3:1 is best, 2) energy efficiencies, and 3) ready to construct in 2012. | Rick Still to complete review. | Possibly |

b. Review of 20-year Financial Plan.

Rick Still, Parks and Recreation Director, explained the MPD Board reviewed a 20-Year Financial Plan at the November 14, 2011 meeting to help determine policy and direction prior to adopting the 2012 MPD budget. The Board determined it was not necessary to receive regular updates on the financial plan, i.e. every time the City's Assessed Value is updated. However, the Board is looking at pursuing a large capital investment in the pool and taking a "big picture" view of the financial implications is prudent.

Mr. Still provided a review of the elements of the 20-year plan as identified on pages 5 and 7 of the agenda packet.

Commissioner Robertson requested staff provide a list that defines the equipment that would be replaced as part of line item 9, Capital Improvement Program (CIP) and Life-Cycle Replacement.

Mr. Still stated he will provide that information for the Board.

Commissioner Robertson asked for clarification relating to the reduction of expenses associated with staff salaries.

Mr. Still explained the 2 full-time Pool staff will be reassigned to the Tukwila Parks and Recreation Department during the Tukwila Pool remodel.

Commissioner Robertson thanked the staff for the information provided on the 2 loan repayment options and the conservative approach used to draft the 20-year Financial Plan.

Commissioner Duffie asked if the City would be responsible if the MPD was not able to make a debt service payment.

Peggy McCarthy, Treasurer, explained responsibility of the debt service payment would be dependent upon the structure of the debt payment plan and if the City guarantees the debt.

Commissioner Kruller asked if the Board could receive an electronic copy of the draft 20-year Financial Plan.

Mr. Still explained the spreadsheet is a working document and is still changing, and a copy will be provided to the Board.

Vanessa Zaputil, 15171 52nd Avenue South, #5, stated that the CIP reserve balance verbiage has been changed from the original language on the draft 20-year Financial Plan. On previous versions it was listed as the "demolition fund." She reminded the Board that the current lease with the Tukwila School District stipulates that at the end of the 20-year lease, if the facility does not continue as a pool, the MPD is required to demolish the facility.

David Puki, 3748 South 152nd Street, commented that he has reviewed the draft 20-year Financial Plan, and he feels Attachment A, with a 15-year bond repayment plan, is the best choice.

The Commissioners exchanged comments and asked clarifying questions of staff on the above topic.

It was determined that there was Board consensus on the 20-year Financial Plan, with the 15-year repayment plan for the capital improvements.

c. Energy Services:

1. Presentation of draft Energy Services Proposal (ESP).

On January 12th, the MPD Board approved the Energy Service Performance Contracting (ESPC) process, authorized McKinstry Energy Services (McKinstry) as the Energy Services Company (ESCO), and authorized the initiation of the investment grade audit for the Tukwila Pool. At the April 9, 2012 Board meeting the Rough Order of Magnitude (ROM), was brought forth as a special item to update the Board

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT AMENDING RESOLUTION NO. 1 §12 (PART) TO CHANGE THE MEETING DAY OF THE BOARD OF COMMISSIONERS.

MOVED BY HOUGARDY, SECONDED BY DUFFIE THAT THE PROPOSED RESOLUTION BE ADOPTED AS READ. MOTION CARRIED 6-0, TO ADOPT RESOLUTION NUMBER 12.

Ellen Gengler, 13727 Macadam Road South, expressed concern regarding the meeting time change to 8:00 p.m. From her standpoint, this will limit residents from attending, and she has heard from multiple people that this later time is problematic. She wondered about having the meeting on a different day of the week such as Tuesday.

b. Financing options for capital projects.

Peggy McCarthy, Treasurer, explained that the financing options remain basically the same since the discussion at the last meeting, with the exception of the local financing program. The equipment improvements planned for the pool qualify for a 15-year payback period. The viable financing options for the pool are issuing bonds, the local program, tax exempt lease purchase, and Department of Commerce grant program. Additionally, should issuance of bonds be determined to be the optimal financing vehicle, the MPD could take advantage of the City's bond rating by obtaining a pledge from the City to pay the bond debt service if the MPD has insufficient funds to do so.

Vanessa Zaputil, Tukwila Pool Advisory Committee (TPAC) member, relayed that in talking with Ms. McCarthy, she learned that the cut-off date for this round of financing is June 20, 2012. We will have to wait for the next round which will be December. She stated that the 15-year financing option is attractive. They are unclear as to whether the loan payment for equipment would include engineering, design, and labor associated with the equipment.

Board President Seal announced that the recommendations from TPAC are included in the packet materials.

c. Solar thermal energy presentation and discussion.

Board President Seal explained that TPAC has recommended against moving forward with the solar thermal energy option.

Rick Still, Parks and Recreation Director, clarified that there are multiple heating methods, and the payback time range for solar thermal energy was approximately 28 years to 99 years. This did not meet the 15-year payback criteria for the project. The return was not there on the investment.

Vanessa Zaputil, TPAC member, concurred that solar thermal energy is not a priority at this time.

d. Approve the Capital Projects List as outlined in the Informational Memorandum dated June 13, 2012 in the packet. (page 45)

Mr. Still explained that the Capital Projects List needs to be prioritized and approved so the project can move forward, and it is an essential part of the grant application. The Capital Projects List has been examined and ordered using many different priority rankings over the last year. The latest ordering of the list was based upon continued building operations and the budget prices associated with each item, with the line of affordability being tentatively drawn after item 13. The TPAC recommendations were factored in when prioritizing the items. The pool cover is item 14, and that is important to many people. If the grant is received and/or there are cost savings from the first 13 items, then it would be possible to move further down the list. Once the list has been finalized and submitted with the grant application, the project scope cannot be reduced. This is a commitment that all the items on the project scope will be completed.

MOVED BY EKBERG, SECONDED BY HOUGARDY TO APPROVE THE CAPITAL PROJECTS LIST AS OUTLINED IN THE INFORMATIONAL MEMORANDUM DATED JUNE 13, 2012 IN THE PACKET.*

BUSINESS ITEMS

a. Funding alternatives for capital improvements.

Peggy McCarthy, Board Treasurer, provided an overview of this topic.

The Tukwila Pool MPD has determined the need for capital improvements in the amount of \$1.66 million to sustain operations of the pool for the next 20-30 years. The MPD has secured a total of \$666,666.66 toward the financing of the capital improvement projects to cover a portion of the financing requirements. An additional \$1,000,000 is needed to proceed with the project. To make the capital improvements a reality, financing options have been reviewed.

Ms. McCarthy provided a summary of each of the financing options:

- Green Campus Partners – Tax Exempt Lease Purchase (TELP)
- Seattle Northwest Securities – Long-term General Obligation Bond (LTGO)
- Local Option Capital Asset Loan Program (LOCAL) – Washington State Treasurer

Based on the current information, the Tax Exempt Lease Purchase is the optimal financing method requiring annual debt service payments of \$85,605 for total payments of \$1,284,070 over 15 years. While a funding decision will be necessary in the near future, this item is for information only at this time.

The Board Members discussed the options and offered the following comments: concern regarding whether the MPD could afford the \$134,284 annual payment associated with the LOCAL program; the need for greater details regarding payments guaranteed from the City versus not guaranteed and the risks involved; a desire to investigate interest rates acquired without City backing; review of any financial policies in place for a Board or for a City with a bond rating.

David Cline, City Administrator, clarified that this information was provided a couple of months ago in the 20-year plan. At that time the Board provided clear direction to go with the lower annual payments to ensure there is a policy of putting money away for investments. An 8-10 year payment plan would deviate from that model. All information will be presented prior to the decision on a financing option.

Vanessa Zaputil, 15171 52nd Avenue South, indicated that she will be placing this item on the next Tukwila Pool Advisory Committee (TPAC) meeting for discussion. She is interested in knowing the rates without City backing to ensure the big picture is evident before decisions are made.

Bryan Nelson, 3223 South 136th Street, noted the majority of the line items outlined in the LOCAL program show a 5-year payback. There has been analysis that 15-20 years is more reasonable, and he inquired if there is a way to appeal to have the number of years changed.

Board Member Robertson asked the Board Attorney if a future governance change would have any impact on the bond as it relates to a City guarantee.

Lisa Marshall, Board Attorney, responded that the RCWs are silent as to a change in governance and how that would affect a bond. The assumption would be that it would not have an impact.

b. Authorize the Board President to sign the grant acceptance agreement in a form approved by the Commission Attorney to accept the \$416,666 grant from the Department of Commerce 2012 Energy Efficiency Grants for Higher Education and Local Governments.

MOVED BY EKBERG, SECONDED BY ROBERTSON TO AUTHORIZE THE BOARD PRESIDENT TO SIGN THE GRANT ACCEPTANCE AGREEMENT IN A FORM APPROVED BY THE COMMISSION ATTORNEY TO ACCEPT THE \$416,666 GRANT FROM THE DEPARTMENT OF COMMERCE 2012 ENERGY EFFICIENCY GRANTS FOR HIGHER EDUCATION AND LOCAL GOVERNMENTS.*

Board Member Robertson referenced the completion date of June 30, 2013 and inquired about the implications if the project runs over and if the grant funding would have to be returned.

