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COMMISSION

AGENDA MEMORANDUM Item No. 10b

ACTION ITEM Date of Meeting June 28, 2022

DATE: June 8, 2022

TO: Stephen Metruck, Executive Director

FROM: Elizabeth Morrison, Director, Corporate Finance

Scott Bertram, Manager Corporate Financial Analysis

SUBJECT: Resolution No. 3804 – Amending Resolution No. 3801 which authorized the Issuance and Sale of Intermediate Lien Revenue and Refunding Bonds.

ACTION REQUESTED

Request introduction and adoption of Resolution No. 3804: A Resolution of the Commission of the Port of Seattle amending Resolution N. 3801 that authorizes the issuance and sale of Intermediate Lien revenue and refunding bonds; amending the maximum interest rate under which the Executive Director may approve the sale of the bonds from 4.5 percent to 5.5 percent. Consolidation of the readings per Commission Bylaws and Rules of Procedure is requested in the interest of an efficient bond sale.

EXECUTIVE SUMMARY

On April 26, 2022, the Commission adopted Resolution No. 3801 authorizing the sale and issuance of Intermediate Lien Revenue and Refunding bonds in an amount not to exceed \$1,000,000,000. Section 7(b) of Resolution No. 3801 delegates approval of the bond sale to the Executive Director so long as the total interest rate is no greater than 4.5 percent (maximum interest rate). Staff requests that the maximum interest rate be amended to 5.5 percent.

JUSTIFICATION

From the beginning of 2022 to the adoption of Resolution No. 3801 ten-year Treasury rates increased over 130 basis points (1.3 percent). The maximum interest rate of 4.5 percent incorporated both the known rate increase through adoption plus an anticipated additional rate increase. Since that time, however, rates have increased more significantly than forecasts anticipated, and municipal bond rates have increased disproportionately and been more volatile than treasury rates. Many investors have moved funds out of municipal bonds creating a supply and demand imbalance. Therefore, staff recommends an increase to 5.5 percent to provide flexibility to proceed with the sale if rates continue to rise more than anticipated.

Template revised September 22, 2016.

COMMISSION AGENDA – Action Item No. 10b Page 2 of 2

Meeting Date: June 28, 2022

DETAILS

Resolution No. 3804 amends Resolution No. 3801 Section 7(b). This section provides for the sale of bonds and delegates the approval of the sale to the Executive Director within certain limitations. The current limitations are:

Maximum size: \$1,000,000,000

Maximum interest rate: 4.5%

Expiration of Delegation of Authority: December 31, 2022

Staff is recommending that the maximum interest rate be amended to 5.5% .

ATTACHMENTS TO THIS REQUEST

(1) Draft Resolution No. 3804

(2) Previously Adopted Resolution No.3801

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 26, 2022 – Adoption of Resolution No. 3801

April 12, 2022 – Introduction of Resolution No. 3801

October 26, 2021 – The Commission was briefed on the Draft Plan of Finance

Template revised September 22, 2016.