

City of Seattle Redemption of 2014 LTGO Bonds for Aurora Stone

Dan Eder, Interim Director, City Budget Office

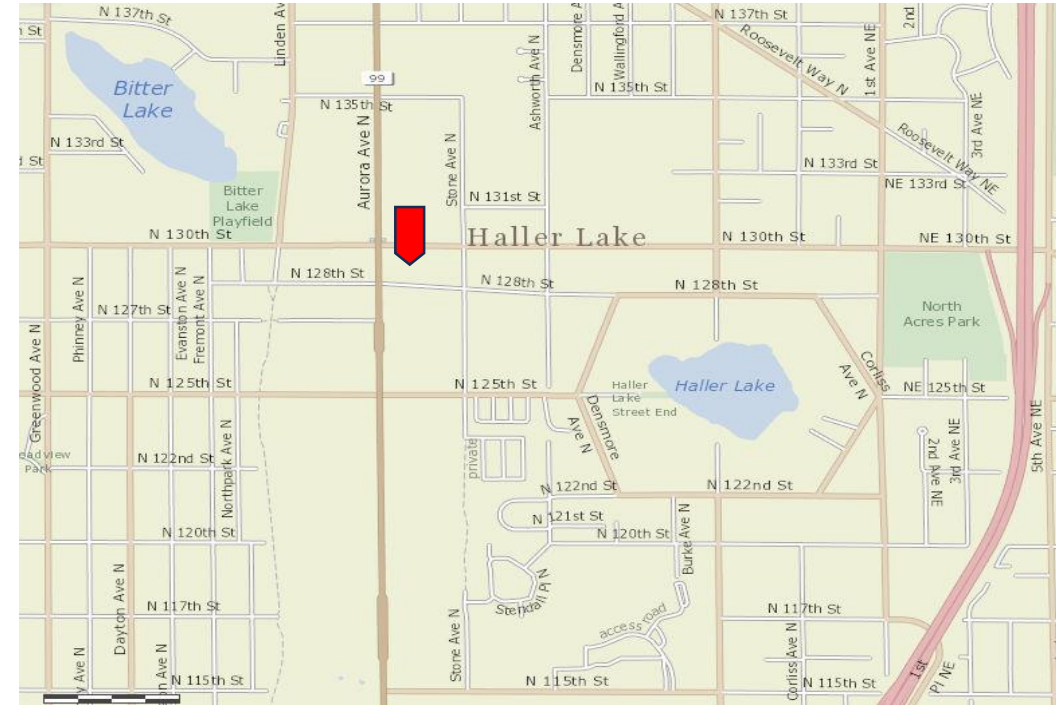
Jamie Carnell, City Finance Director, Office of City Finance

Finance, Native Communities & Tribal Governments Committee
May 21, 2025



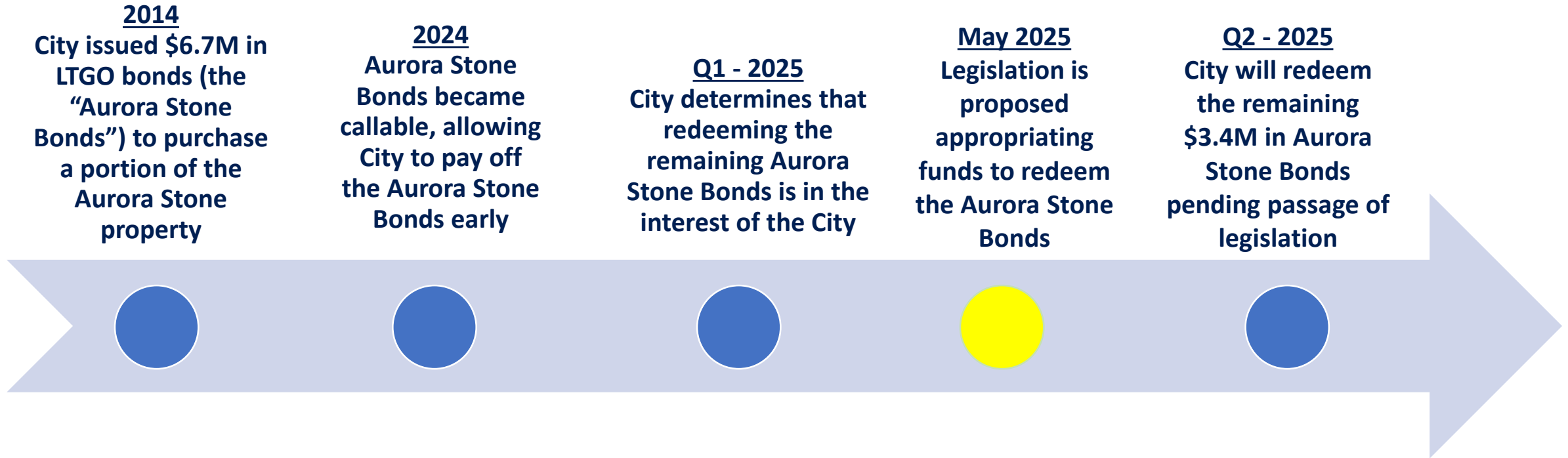
Overview

- In 2014, the City issued \$6.7M in tax-exempt Limited Tax General Obligation (“LTGO”) bonds to purchase a property (“Aurora Stone”) intending to develop a new North Precinct, which has not proceeded since that time
- The City temporarily leased the site to a private business pending a permanent decision on use of the property
- The City has identified an interest in redeeming (paying off) the remaining \$3.4 million in principal on the bonds
 - **This will eliminate debt service on the bonds, saving ~\$75K annually in interest expense otherwise paid through 2034 (totaling \$675K over 9 years), and will provide flexibility in how the site is used going forward**



12800 Aurora Ave N, Seattle, WA 98133

Timeline



Funding Sources to Redeem the Bonds

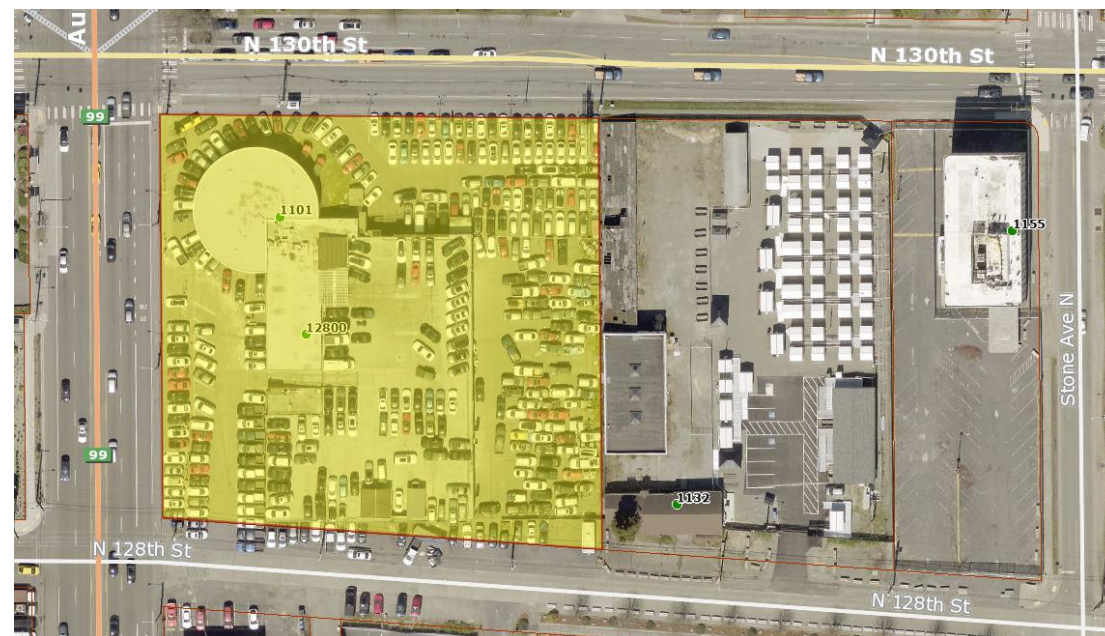
- **Interest Earnings on Taxable LTGO Bonds**
 - Interest earnings remaining in various taxable LTGO bond funds
- **Unrestricted Cumulative Reserve Funds**
 - 2024 revenue above forecast
- **REET I Capital Fund**
 - 2024 revenue above forecast

| Fund Name and Number | Type | Amount |
|---------------------------------------------|-------------------|-------------|
| 2017 LTGO Taxable Bond Fund | Interest Earnings | \$472,000 |
| 2018 LTGO Taxable Bond Fund | Interest Earnings | \$547,000 |
| 2019 LTGO Taxable Bond Fund | Interest Earnings | \$314,000 |
| 2021 LTGO Taxable Bond Fund | Interest Earnings | \$537,000 |
| Unrestricted Cumulative Reserve Fund (UCRF) | UCRF Funds | \$1,345,000 |
| REET I Capital Fund | REET Revenue | \$285,000 |
| TOTAL* | | \$3,500,000 |

**Will redeem principal remaining on the bonds, plus interest*

Financial Benefits

- Eliminates the City's future debt service payments on these bonds that would be paid primarily by REET I through 2034
- This results in a savings of \$75K per year that otherwise would be paid as interest on the bonds, for a total of \$675K in debt service savings through maturity of the bonds in 2034



Legislation Summary

Does the Council authorize the legislation appropriating funds to redeem the Bonds?

If the legislation is approved:

- ✓ The City will redeem the bonds shortly after passage of the legislation, and debt service on these bonds will conclude
- ✓ The City will realize interest savings in the funds budgeted to pay debt service through 2034 (REET I and Unrestricted Cumulative Reserve Fund)

If the legislation is not approved:

- ✓ The City will not redeem the bonds, and the City will continue to pay the debt service on the bonds

Questions?

