

# Jefferson Transit Authority Board

## Special Meeting Minutes

Tuesday, April 29, 2014, 9:00 am  
1615 West Sims Way, Port Townsend, WA

### CALL TO ORDER/WELCOME

The meeting was called to order by Jefferson Transit Authority (JTA) Board Chair David Sullivan at 9:05 am. Other members present were Catharine Robinson, Phil Johnson, Robert Gray and Lloyd Eisenman.

### STAFF PRESENT

General Manager Tammi Rubert and Finance Manager Sara Crouch

### NEW AGENDA ITEMS

#### **Resolution 14-09: Authorization for Jefferson Transit to Pursue and Obtain an Agreement with Martin Nelson & Company to Issue Bonds for the Financing of the Construction of the New Maintenance and Administration Facility**

Rubert requested the Board adopt Resolution 14-09.

Jim Blumenthal gave a presentation about Martin Nelson & Company (MN&C) and how bond issue works. Unlike a bank, which takes your deposits and then lends them to the community, with a bond issue an underwriter is hired who finds buyers or investors to invest in your project. MN&C pool all those funds together and the competitive market works to compete to keep the interest rate low. When the lowest rate is determined, a contract is established with the investor and then MN&C contracts with JTA to fix that rate. Once the rate is fixed, the documentation is put together, the issue closes and the funds come directly to JTA. JTA will receive the entire amount up front which will then be invested according to State statutes and the proceeds spent as needed.

What is achieved with a MN&C bond is a twenty year repayment with a fixed rate and the ability to repay part or all of the debt early. For example, when the Sims Way property is sold, those funds could be used to prepay part of the debt. There is the option to decide at any point whether to keep the debt outstanding without a change in interest rate, or pay it off entirely anytime after a three (3) year period.

MN&C will be issuing a bond in the amount of \$1,100,000 with a 20 year term option. This bond is at an approximate interest rate of 4.06% and is tax exempt. JTA's average payment will fall between \$6,500 and \$7,000 per month. This payment would be comparable to the bank loan payment which was for an adjustable rate loan of \$600,000. This bond will give us the funding needed without attaching the property as collateral and will also give us more time flexibility with reserves at the end of 2014.

Crouch explained that what is to be decided today is whether to pursue bonds for financing. JTA will still have to get approval from the Board in a future meeting to actually issue the bonds.

Robinson asked if partial prepayment of the bonds works the same as a principle payment on a mortgage which leaves the payments unchanged. Mr. Blumenthal answered that any prepayment will be amortized which will make the payments less.

**Motion: David Sullivan moved to approve Resolution 14-10. Catharine Robinson seconded.**

**Vote: The motion carried unanimously, 4-0 by voice vote.**

#### ADJOURNMENT

The meeting was adjourned 9:54 am. The next regular meeting will be held Tuesday, May 20, 2014, at 1:30 p.m.

  
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Laura Smedley, Clerk of the Board

6-27-14  
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Date