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FEB 06 2017
CITY CLERK

Edwards,Michelle

From: Elliott,Earl
Sent: Friday, February 03, 2017 4:21 PM
To: Bennett,Duke A; Nation,Todd
Cc: Crossen,Martha; Morris,Don; DeBaun,Curtis; Azar, George; Nasser,Karrum; Garrison,Neil; Auler,Amy; Edwards,Michelle; Felling,Darrell; Ellis,Leslie; Edwards,Michelle; Felling,Darrell
Subject: Re: re: Question about Interest Rate in SO 44, 2016

Mayor, 4% is fine with me. This interest rate issue should help administration understand why council asks questions. Borrowing at 6, 7, or 8% would be foolish. Earl

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From: Bennett,Duke A
Sent: Friday, February 3, 2017 3:20 PM
To: Nation,Todd
Cc: Elliott,Earl; Crossen,Martha; Morris,Don; DeBaun,Curtis; Azar, George; Nasser,Karrum; Garrison,Neil; Auler,Amy; Edwards,Michelle; Felling,Darrell; Ellis,Leslie
Subject: re: Question about Interest Rate in SO 44, 2016

Todd,

My research today on the interest rate cap found in the TAW ordinance is as follows:

1. The City Council has approved three TAW Special Ordinances during my administration. SO 15, 2008 (2008), SO 16, 2012 (2012) and SO 41, 2013 (2014, 2015 & 2016). In 2008, the ordinance interest rate cap was 6% and in both 2012 and 2013 the cap was 8%. Three different attorney's created those documents and we have been unable to determine their reasoning for the 6% and 8% amounts. Note: I also pulled out a TAW Ordinance (SO 18, 2003) from the Judy Anderson administration and the interest rate cap was 8%.

2. The current proposed TAW Ordinance (SO 44, 2016) was prepared by yet another attorney (Dennis Otten) and he simply used the number from the most recent ordinance. He stated he does not know why the original cap amounts were used but advised us that it really makes no difference other than we know we have proposed a cap that likely won't be reached.

3. We can amend the ordinance to change the cap to a lower number but he also advises that if we drop it too low and the bids are higher, we will have to start the process all over again. Based on current market rates we believe the rate will likely be in the 2-3% range but there is no guarantee until we get the bids back. If the council wants to amend the ordinance to lower the maximum interest rate cap, I would suggest no lower than 4%.

Duke