



## Legislation Text

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### Ordinance in the Amount of \$30,400,000 Amending the FY 15-16 Water Resources Enterprise Fund for Refinancing of a 2014 Revenue Bond Anticipation Note

Department: Finance and Legal  
Council District: All

Public Hearing:  
Advertising Date/By:

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#### **PURPOSE:**

To amend the Water Resources Enterprise Fund to provide appropriations in the amount of \$30.4 million to record the proposed January 2016 revenue bond issue to refinance a \$30.0 million bond anticipation note issued February 2014.

#### **BACKGROUND:**

In February 2014, the City authorized a \$30.0 million Revenue Bond Anticipation Note (BAN) under an interest-only construction draw program, with the short-term note to be redeemed by March 2017. The City proposes to sell up to \$32.0 million in Revenue Bonds in January 2016, to refinance \$30 million borrowed under the note program, for the purposes below. The revenue bonds are expected to have an average fixed interest cost of less than 4.00% over their 30-year term. The revenue bonds will be issued pursuant to a supplemental trust agreement with U.S. Bank (bond trustee) and a bond purchase agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated (Bank of America) and Loop Capital Markets LLC.

The proposed bond issue consists of refinancing a \$30.0 million bond anticipation note issued in 2014 for various water and sewer system improvements, including replacement of incinerator no. 1 and the initial phase of upgrades to the TZO Wastewater Treatment Plant to meet regulations regarding biologic nutrient removal. The bonds are being issued for the following purposes:

<i>Wastewater System Improvements</i>	\$22,521,000
<i>Water System Improvements</i>	7,479,000
<i>Costs of Issuance</i>	<u>400,000</u>
Total	\$30,400,000

In December, the City Council will be asked to authorize additional related upgrades funded through the issuance of a revenue bond anticipation note of \$50.0 million, the second note in a series of five BANs for the \$165 million in proposed bond funded capital projects scheduled between 2014 and 2019.

#### **BUDGET IMPACT:**

Annual debt service on the \$30.0 million revenue bonds will be paid from the Water Resources Fund budget, projected at \$1.7 million annually over the next 30 years.

**RECOMMENDATION / ACTION REQUESTED:**

The Finance and Legal Departments recommend approval of the attached ordinance in the amount of \$30.4 million to provide appropriations to record the refinancing of the 2014 \$30.0 million bond anticipation note.

**COMMITTEE ACTION:** This item was referred to Council by the General Government Committee.