



Legislation Text

File #: ID 20-0428, **Version:** 1

Ordinance in the Amount of \$133,575,513 Amending the FY 19-20 Water Resources Enterprise Fund for Refinancing 2018 Revenue Bond Anticipation Note and Series 2014A Combined Enterprise System (CES) Revenue Bonds

Department: Financial & Administrative Services
Council District: All

Public Hearing: N/A
Advertising Date/By: N/A

Contact 1 and Phone: Richard Lusk, 373-2077
Contact 2 and Phone: Chuck Watts, 373-2320

PURPOSE:

To amend the Water Resources Enterprise Fund to provide appropriations in the amount of \$133,575,513 to record June 2020 CES revenue bond issue to refinance an \$85.0 million bond anticipation note issued in 2018 and Series 2014A CES Revenue Bonds.

BACKGROUND:

In June 2018, the City authorized an \$85.0 million Revenue Bond Anticipation Note (BAN) under an interest-only construction draw program. The City sold \$116.3 million in fixed interest Revenue Bonds on June 4, 2020, (closing on June 25, 2020) to refinance approximately \$72.1 million borrowed under the short-term variable rate bond anticipation note program, and to refinance \$60.7 million variable rate water and sewer revenue bonds issued in 2014.

City Council approved the refinancing at its April 14, 2020 meeting, with additional approval of the transaction received by the Local Government Commission on May 5, 2020. Improvements funded by the bonds include improvements to the Osborne Wastewater Treatment Plant to meet regulations regarding biologic nutrient removal, the Young's Mill Road outfall and Mitchell Water Plant improvements.

The Series 2020A CES revenue bonds of approximately \$133.6 million have a combined average fixed interest cost of 2.29% over the 30-year term; 1.30% for the remaining 14-year term of the refinanced variable rate bonds and 2.62% for the 30-year term of the refinanced bond anticipation note.

The revenue bonds will be issued pursuant to a supplemental trust agreement with U.S. Bank (bond trustee) and a bond purchase agreement with PNC Capital Markets, LLC and co-underwriters Loop Capital Markets and Bank of America Securities.

BUDGET IMPACT:

Annual debt service will be paid from the Water Resources Fund. Average debt service on the refunded variable rate bonds will be \$3.8 million over the 14-year term (currently included in the budget) and \$4.8 million for the

refunded bond anticipation note over the 30-year term (additional debt service expense beginning FY20-21).

RECOMMENDATION / ACTION REQUESTED:

The Finance and Legal Departments recommend approval of the attached ordinance in the amount of \$133,575,513 to provide appropriations to record the refinancing for the 2018 Bond Anticipation Note and Series 2014A CES Revenue Bonds.